



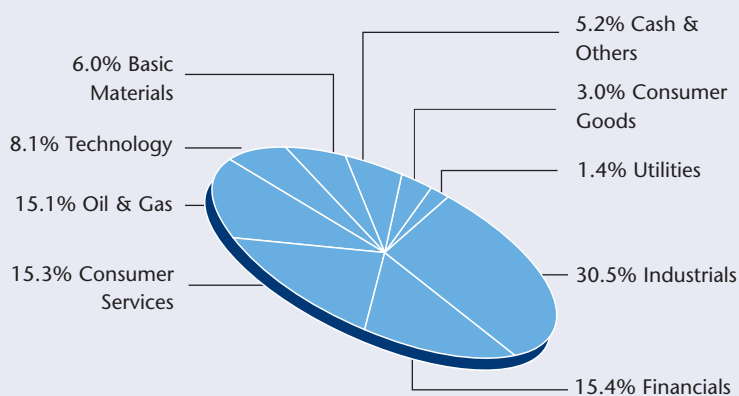
Standard Life UK Equity Unconstrained - June 2008

Fund Description

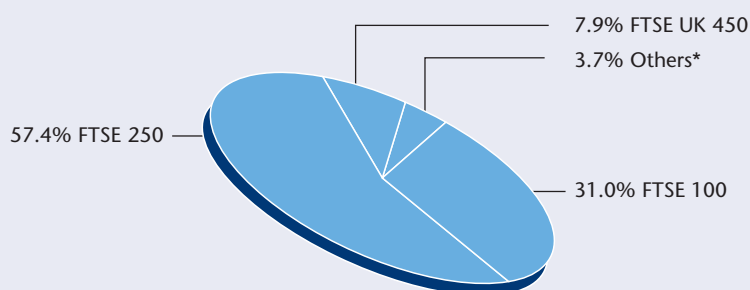
The UK Equity Unconstrained Fund is a high conviction portfolio which uses the established UK investment process to generate strong investment ideas. Our robust stock selection process aims to identify improving situations which are not fully recognised by the market. We look for situations where we believe the consensus opinion is wrong. The Fund Manager is able to exploit the best ideas from across our entire UK equity desk, including large, mid and small cap stocks, leveraging the power of our in-house quantitative screening tool, the Matrix, and the Winners List. The Fund will aim to have a concentrated portfolio, holding 40 -60 stocks, with each holding contributing significantly to the overall performance.

Asset Allocation as at 30 June 2008

Economics



Portfolio Weighting



*Others is sum of New Issues, AIM etc.

All data on this page relates to underlying OEIC fund.

Fund Manager	Wesley McCoy
Launch Date	September 2005
Current Fund Size	£170.27m

Top Ten Holdings	(%)
Micro Focus	4.3
Xstrata	4.1
Tullow Oil	4.1
Kier Group	3.8
BP	3.7
Invensys	3.6
Royal Bank of Scotland	3.1
Cookson	2.8
easyJet	2.7
Xchanging	2.6

Investment Review & Outlook

Environment

The UK stock market retreated in the second quarter, led by financial and consumer related stocks. Further asset writedowns and cash calls by banks crushed the nascent optimism early in the period. Meanwhile, surging fuel, food and commodity prices led the Bank of England to issue more inflation-focused rhetoric. Economically sensitive stocks suffered as a result, with consumer services, consumer goods and industrials among the worst performing sectors after banks.

Activity

We initiated a new holding in BP, which looked attractively valued with oil over \$100 per barrel. Likewise, we purchased Heritage Oil, as the high oil price and promising oil exploration programmes in Uganda and Kurdistan have huge upside potential. We added to our holding in Restaurant Group at a good valuation as it continues to trade well with a strong balance sheet. Where valuations looked stretched, we took some profits, including mining companies Vedanta Resources, Kazakhmys and Blinkx.

Outlook

Macroeconomic factors will continue to buffet the UK stock market over the coming months, as investors focused on the slowing economy and rising inflation. The effects of the credit crisis on the financial system and wider economy will continue to drive volatility and risk aversion. Over the longer term, a resolution of the credit crisis and a fall in inflation will be key triggers for a recovery. The current environment provides some compelling investment opportunities, but effective stock selection will remain critical.

Performance Commentary

During the second quarter of 2008, the UK Equity Unconstrained Fund returned -3.4% against the FTSE 350 ex IT return of -9.4%. Over the year to 30 June 2008, the Fund returned -16.6%, against the index return of -13.0%.

Oil exploration and production stocks, including Tullow Oil and Expro International, advanced on the high oil price, new oil finds and bid activity in the sector. Our holdings in mining companies Xstrata and Vedanta Resources benefited performance as metals prices were strong through most of the

quarter. Any stocks with exposure to slowing consumer demand, or having high levels of operational debt, fell sharply, affecting our holdings in Northgate Vans and Laird. Two of our preferred stocks, software firm Micro Focus and industrial stock Invensys advanced strongly on the back of better-than-expected earnings news.

Fund Performance

	Q2	1 Year	3 Years	5 Years	Since Launch
	(%)	(%)	(% p.a.)	(% p.a.)	(% p.a.)
	-3.4	-16.6	n/a	n/a	14.8

Investment Market Line

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

0845 60 60 062

	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
	(%)	(%)	(%)	(%)	(%)
UK Equity Unconstrained	-16.6	36.4	n/a	n/a	n/a
FTSE 350 ex IT Equally Weighted	-13.0	18.4	n/a	n/a	n/a

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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