

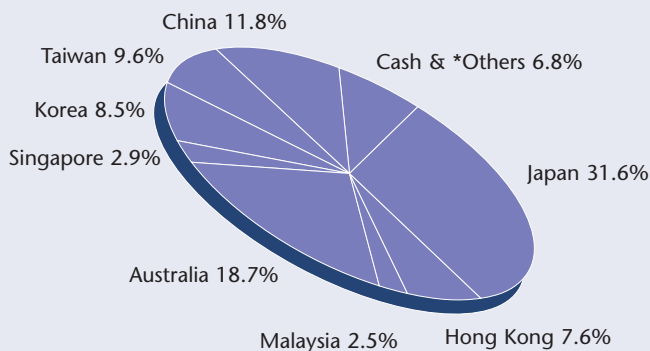
Far East Fund Quarterly Report 30 September 2008

Fund Profile

The Fund is designed for investors who are looking to obtain exposure to both Japanese and Pacific Basin equities. The Pacific portfolio will include areas such as Australia, Hong Kong, Singapore and Korea. Central to the decision making process is our 'Focus On Change' investment philosophy, which combines top down and bottom up insights to identify changes to the key drivers for specific sectors and stocks. A broad range of criteria is used in this process including company visits, traditional valuation measures and insights into a company's management. There is no style bias in the 'Focus On Change' philosophy, it is not inherently growth or value biased and is therefore able to perform through all phases of the market.

This communication is intended for investment professionals only and must not be relied on by anyone else.

Composition of Portfolio as at 30 September 2008



*Others includes those countries with less than 2.0% exposure

Fund Manager	Matt Savage
Launch Date	July 1988
Current Fund Size	£114.12m
ABI Sector	Far East Inc Japan

Volatility 5.13%

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

Top Ten Holdings	%
Assets in top ten holdings	16.2
BHP Billiton	2.2
Toyota	2.2
China Mobile	2.0
Taiwan Semiconductors Manufacturing	1.9
Australia & New Zealand Banking Group	1.5
Samsung Electronics	1.4
Mitsubishi UFJ Financial	1.4
DBS Group	1.3
China Merchants Bank	1.2
National Australia Bank	1.1



Environment

Asian markets fell sharply over the third quarter, as fears over the health of the global financial system intensified. The inflationary concerns that had dominated investor sentiment over previous months began to moderate, as oil and metal prices finally showed signs of falling back. In July, equity markets with a heavy weighting in resource stocks, such as Australia and Thailand, fell heavily as a consequence. Japanese equities were also dragged down with other world markets. Having previously benefited from limited exposure to western financial markets, the Japanese market eventually succumbed to widespread negative momentum.

Activity

We established several new positions including chemicals group Asahi Kasei, which has several niche products that will enable it to retain pricing power, and Taiwanese technology stock Hon Hai, on positive signs of increasing sales momentum. We also added to blood plasma manufacturer CSL, as recent cost-cutting efforts looked set to have secured the company's future profitability. Sales included pharmaceutical stock Shionogi after excellent performance, and Samsung Techwin, as several of its new product launches looked likely to be delayed until next year.

Outlook

As oil and commodity prices trend lower, inflationary pressures across the region have begun to abate. Coupled with ongoing weakness in domestic economic data, central banks are poised to adopt a more neutral monetary stance. As recessionary concerns intensify, many companies have a cautious outlook, although few have witnessed a dramatic deterioration in profitability. Earnings revisions remain subdued in light of a slowing global economy, however, Asian equity markets should gain support from a combination of relatively resilient domestic consumption, undervalued currencies, and strong corporate fundamentals. Meanwhile, in the current environment, the balance sheet strength of Japanese companies remains solid compared to western peers, and provides some protection.

Performance Commentary

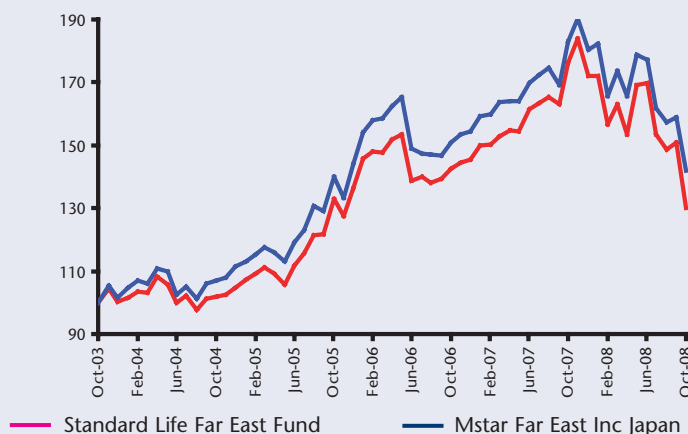
During the third quarter of 2008, the unit price of the Far East Fund fell in value by -15.36%, compared with the peer group mean return of -12.26% (source: Standard & Poor's Micropal).

Performance was negatively impacted by our positions in stocks exposed to slowing global growth, including shipping firm Mitsui OSK Lines, and export-focused companies such as

Toshiba. Several of the Fund's Chinese stock picks also hurt performance. For example, both Angang Steel and Shougang Concord International retreated sharply on fears over slowing Chinese economic growth and the likelihood of a declining housing market into 2009. On the upside, defensive holdings delivered solid returns, with Thai convenience store operator CP ALL making a positive

contribution. Our well-timed sale of BHP Billiton and Rio Tinto helped performance, as commodity prices continued to fall. Holding cosmetics firm Kao was also beneficial, supported by the falling price of both crude oil and palm oil, which are used in its products.

Fund Performance - Price Indexed



Performance

Period	Standard Life Far East Fund	Mstar Far East Inc Japan
1 Oct 07-30 Sept 08	-26.5%	-22.5%
1 Oct 06-30 Sept 07	22.9%	22.9%
1 Oct 05-30 Sept 06	6.8%	6.8%
1 Oct 04-30 Sept 05	30.2%	30.2%
1 Oct 03-30 Sept 04	1.4%	1.4%

Cumulative Performance

	1 Year	3 Years	5 Years
Fund Return	-26.5%	-3.5%	27.4%
Mstar Far East Inc Japan	-22.5%	2.9%	45.3%

Investment Market Line

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

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Figures quoted are calculated on a bid to bid basis over periods to 30 September 2008, with gross income reinvested.

Sources: Morningstar - www.morningstar.com and Standard Life Investments.

Figures are based on units which contain 1.0% AMC. For the relevant charges on your policy please refer to your policy documentation.

Note: Past performance is not a guide to future performance and the value of units can go down as well as up.

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