

Pacific Basin Fund

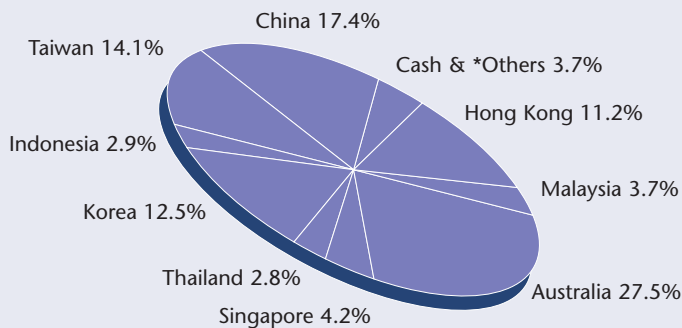
Quarterly Report 30 September 2008

Fund Profile

The Fund is designed for investors who are looking to obtain exposure to equities in the Pacific Basin area including Australia, Hong Kong, Singapore and Korea, but excluding Japan. 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 and its financial strength. 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.

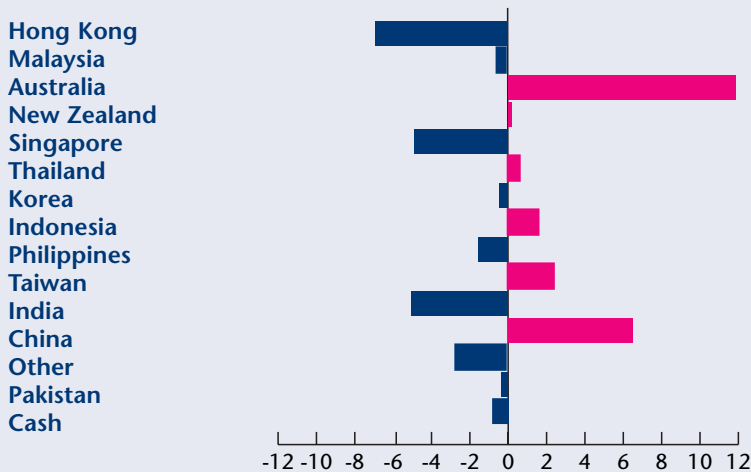
This communication is intended for investment professionals only and must not be relied on by anyone else.

Composition of Portfolio as at 30 September 2008



*Others is the sum of those countries <1.0%

Sector Positions Relative to the Lipper Median (%)



Fund Manager	Ronnie Petrie
Launch Date	May 1990
Current Fund Size	£105.30m
ABI Sector	Far East Ex Japan
No. of Holdings	50 - 100
Tracking Error Range	4.5% - 7.5%

Alpha	-0.21
Beta	1.02
Volatility	5.90%

Fund ratios are calculated against the MSCI Pacific Basin Ex Japan index. 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	21.7
BHP Billiton	3.3
China Mobile	2.9
Taiwan Semiconductors Manufacturing	2.8
Australia & New Zealand Banking Group	2.2
Samsung Electronics	2.1
DBS Group	1.9
China Merchants Bank	1.7
National Australia Bank	1.6
Hutchison Whampoa	1.6
Kookmin Bank	1.6



Environment

Pacific Basin 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. Economically sensitive stocks suffered on evidence of the decline in Chinese manufacturing output, while Chinese industrial production growth dragged commodities stocks lower. In response to the depressed domestic environment, the Chinese monetary authorities were obliged to cut interest rates for the first time in six years.

Activity

We purchased 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. Samsung Techwin was eliminated from the portfolio, as several of its new product launches looked likely to be delayed until next year. We also sold our holding in South Korea's DC Chemical, as we believed the firm would struggle to sustain its run of outperformance.

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. 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.

Performance Commentary

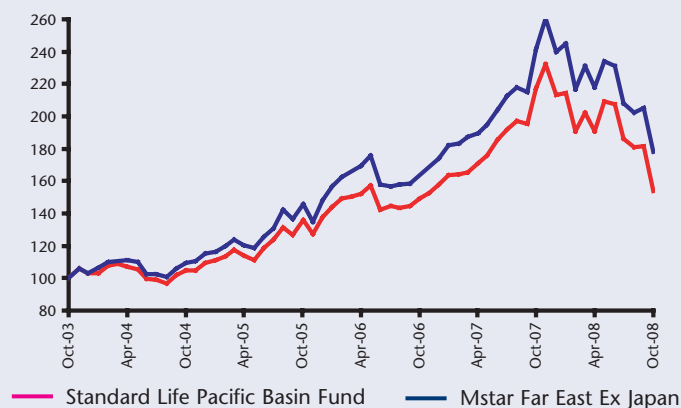
During the third quarter of 2008, the unit price of the Pacific Basin Fund fell in value by -17.27%, compared with the peer group mean return of -14.93% (source: Morningstar).

Several of the Fund's Chinese stock picks hurt performance over the quarter. 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. Elsewhere, Australia's Babcock & Brown Infrastructure dented Fund returns, in light of its parent group's difficulties with capital funding. On the upside, defensive holdings delivered solid returns, with Thai convenience

store operator CP ALL making a positive contribution. Our well-timed sale of both BHP Billiton and Rio Tinto also helped performance, as commodity prices continued to fall.

Fund Performance - Price Indexed



Investment Market Line

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

0845 60 60 062

Performance

1 Oct 07- 30 Sept 08	1 Oct 06- 30 Sept 07	1 Oct 05- 30 Sept 06	1 Oct 04- 30 Sept 05	1 Oct 03- 30 Sept 04
-29.3%	45.0%	9.4%	29.1%	4.6%

Cumulative Performance

	1 Year	3 Years	5 Years
Fund Return	-29.3%	12.1%	51.3%
Mstar Far East Ex Japan	-25.7%	21.7%	77.0%

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, Datastream 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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