

American Equity Unconstrained Fund

Fund Update - 31 May 2009



Exceptional investments, extraordinary world

Fund Facts

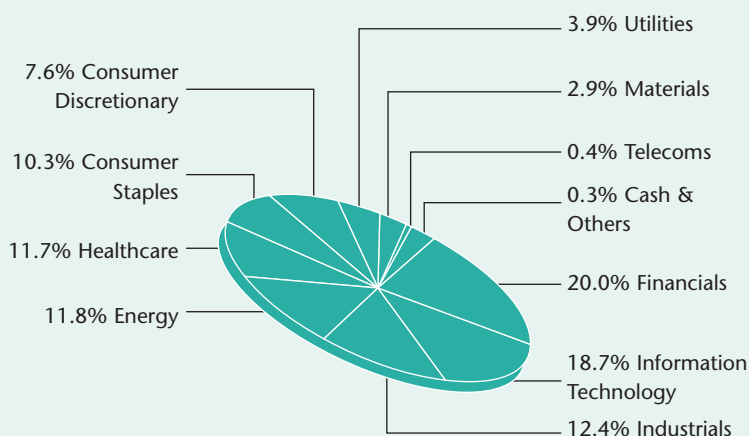
Fund Launch Date		16/11/1998
Fund Manager	Jeff Morris (since January 2007)	
Base Currency		GBP
IMA Sector		IMA North America
Benchmark		IMA North America
Type of Share		Accumulation
Initial Charge		4.0%
Annual Management Charge		1.5%
TER*		1.6%
Reporting Dates	Interim	Annual
	31 August	28 (29) February
XD Dates	Interim	Annual
	n/a	28 (29) February
Payment Dates	Interim	Annual
	n/a	30 April
Valuation Point		7.30am

Lipper	Ret Acc	Ret Inc	Inst Acc	Inst Inc
	60011496	n/a	60011495	n/a
Bloomberg (Retail Acc)				STAEGIR:LN
Bloomberg (Institutional Acc)				STAEGII:LN
ISIN (Retail Acc)				GB0004483326
ISIN (Institutional Acc)				GB0004483094
SEDOL	Ret Acc	Ret Inc	Inst Acc	Inst Inc
	448332	n/a	448309	n/a
OBSR Rating				n/a
S&P Rating				A
ISA Option				Yes
PEP Transfers				Yes
Number of Holdings				91
Fund Size				£10.70m

*TER: ratio of total operating costs to average net assets.
Unless stated otherwise, all information refers to the Retail Accumulation share class.

Fund Holdings as at 31 May 2009

Economic Allocation



Ten Largest Holdings

Holding	Percentage of Fund
Exxon Mobil	4.2
JPMorgan Chase	3.5
Google	2.8
Apple Computer	2.4
Monsanto	2.0
Itron	1.9
Qualcomm	1.8
Wells Fargo & Co	1.8
Lorillard	1.7
Chevron	1.6

Fund Update - 31 May 2009 (continued)

Investment Strategy & Goal*

The Fund aims to provide capital appreciation investing in a portfolio of mainly US equities. Holdings are concentrated in mid to large capitalisation companies and the number of stocks held currently ranges between 40-100, to allow a focused investment approach whilst ensuring proper diversification. Value is added through our superior 'focus on change' stock selection process, which is accomplished through our commitment to disciplined in-house research and leveraging insights from our integrated global platform. Our fundamental research orientation emphasises thorough industry knowledge, detailed on-going financial analysis, and management interviews to identify those companies offering the best investment opportunities. The aim is for investment performance to be consistently above the average Fund in the IMA North America sector for periods of up to one year, and to be top quartile for all longer periods.

Investment Review - May 2009

Review

US equity markets ended May in positive territory, despite mid-month fluctuations. Notable weakness in the US dollar, a spike in the oil price, and the looming General Motors bankruptcy were not sufficient to dampen market enthusiasm over an economic recovery. News of better-than-expected corporate earnings also boosted investor confidence. Meanwhile, consumer sentiment improved, and evidence emerged of an increase in manufacturing activity. Financials and energy were among the strongest performers, by a considerable margin, while the consumer discretionary and telecoms sector posted negative returns.

Activity

We initiated positions in clearing houses CME Group and Intercontinental Exchange (ICE), on a positive outlook for both exchanges. We believe the companies will benefit from the movement of various over-the-counter derivatives onto more transparent clearing platforms. Within the retail sector, we started an investment in clothing firm Urban Outfitters, while reducing our exposure towards Nordstrom and Target. Elsewhere, Shaw Group was eliminated from the Fund. This followed the announcement of a delay in nuclear power plant revenues with Progress Energy, which called the firm's nuclear backlog into question.

Outlook

Our strategy within the portfolio is to avoid an excessively defensive approach, despite the volatile market conditions. We are striving to maintain a balance of the degree of economic cyclicality within the Fund as the market vacillates on the timing and strength of a potential economic recovery. Our stock selection process has resulted in an overweight position in the technology, financial and industrial sectors, while we are generally more cautious on those companies within energy, telecom services and healthcare.

Performance

The American Equity Unconstrained Fund returned -2.91% during May, ahead of the IMA sector average return of -4.21%.

Our preference for financial stock State Street significantly boosted Fund returns. The company's share price rose after it successfully passed the banks' 'stress test', reassuring investors over its balance sheet strength. Holding engineering and construction firm McDermott International was also beneficial. Expectations rose that the company would gain further orders and projects, on the back of the improvement in the economy and easing of conditions in the capital markets. However, our position in Ciena detracted from performance. Investors began to take profits in the stock, anticipating relatively weak quarterly earnings in light of a reduction in telecom spending. Agricultural company Monsanto was also negative, amid concerns that a rival generic version of its flagship weedkilling product would impact

*For full details of the fund's objective, policy and investment and borrowing powers please refer to the full prospectus.

Source: Morningstar performance figures are calculated on a bid-to-bid basis over periods to 31 May 2009

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.

Fund Update - 31 May 2009 (continued)

Fund Performance

1 Apr 08- 1 Apr 09	1 Apr 07- 1 Apr 08	1 Apr 06- 1 Apr 07	1 Apr 05- 1 Apr 06	1 Apr 04- 1 Apr 05
-16.8%	-8.3%	1.5%	17.2%	4.9%

The performance has been calculated over the stated periods using bid-to-bid basis for a UK basic rate taxpayer.

Cumulative Performance to 1 June 2009

	American Equity Unconstrained Fund (%)	Sector Average (%)*	Ranking
6 Months	8.2	2.6	9/79
1 Year	-20.1	-19.3	44/77
3 Years	-10.6	-12.5	30/65
5 Years	-0.9	0.6	31/59
Since Launch	-17.2	-1.1	28/43

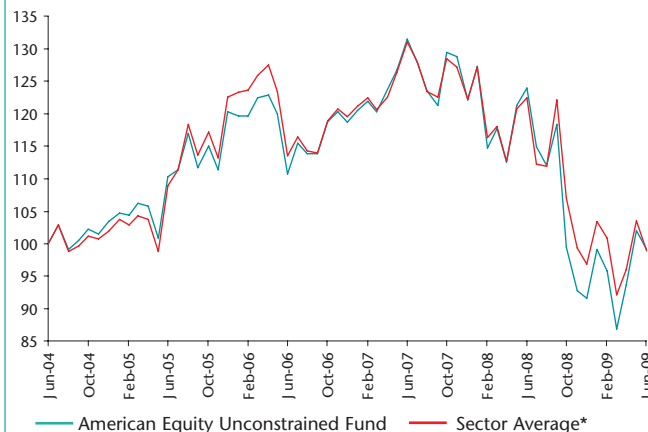
The performance has been calculated over the stated periods to 1 June 2009 using bid-to-bid basis for the UK basic rate taxpayer.

Source: Morningstar

*IMA North America Sector

1 June 2004 to 1 June 2009, Bid-Bid, UK Basic Rate, Based in UK Sterling, Calculation Indexed

Price Indexed



Source: Morningstar

*Sector Average is the Mstar (IMA) North American Sector.

Performance shown on a bid-to-bid basis for the UK basic rate taxpayer.

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Contact us

For further information on the Standard Life American Equity Unconstrained Fund contact your Standard Life Consultant.

For more details on our current market views please call the Investment Market Line on 0845 60 60 062

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www.standardlifeinvestments.co.uk