

Cautious Managed Fund Quarterly Report 31 March 2009

Fund Profile

The fund aims to provide long term growth whilst investing in a diversified portfolio of assets (including equities, fixed interest and property) in order to reduce the risk associated with being solely invested in any one asset class. These assets can be from both the UK and overseas. It aims to be less volatile than the Standard Life Managed Fund, investing a higher proportion in assets that are traditionally less volatile (such as fixed interest assets). The fund is actively managed by our investment team, who will vary the proportions held in each asset class to try to take advantage of opportunities they have identified.

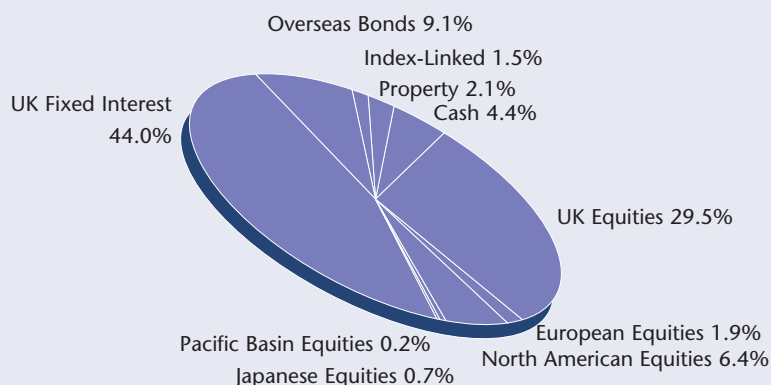
The value of investments within the fund can fall as well as rise and is not guaranteed – you may get back less than you pay in.

The fund may use derivatives for the purposes of; efficient portfolio management, reduction of risk or to meet its investment objective if this is permitted and appropriate.

The sterling value of overseas assets held in the fund may rise and fall as a result of exchange rate fluctuations.

Composition of Portfolio as at 31 March 2009

Sector Allocation

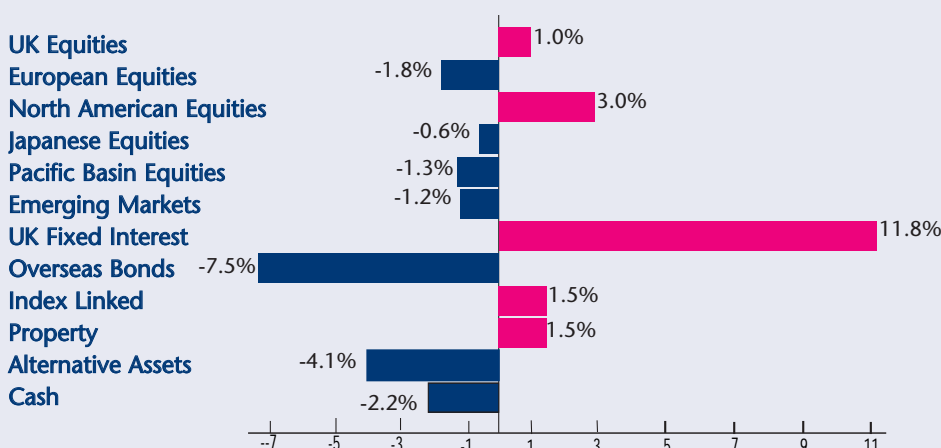


Fund Manager	Matt Savage
Launch Date	November 1995
Current Fund Size	£1,136.3m
ABI Sector	Cautious Managed

Volatility 8.7%

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

Sector Positions Relative to the Lipper Median (%)



Top Ten Holdings	%
Assets in top ten holdings	15.9
BP	2.7
SL Pension Property Fund	2.1
Vodafone	2.0
UK (Govt of) 8.75% 2017	1.5
GlaxoSmithKline	1.5
UK (Govt of) 4.75% 2015	1.4
UK (Govt of) 5% 2014	1.2
UK (Govt of) 4.25% 2032	1.2
UK (Govt of) 4% 2016	1.2
HSBC	1.1



Environment

UK and overseas equity markets continued to decline during much of the first quarter before recovering somewhat towards the end of the period. Corporate bonds also posted negative returns and credit spreads widened, as insurance giant AIG reported the largest quarterly loss in US corporate history. In government bonds, positive momentum from rate cuts began to fade in the face of higher levels of government supply. Meanwhile, the fall in capital values of UK commercial property continued, but at a much less pronounced rate than in the previous quarter.

Activity

In the basic materials sector, we bought Rio Tinto, as an investment by Chinalco will reduce pressure on its balance sheet. In Europe, we bought Adecco, on a cautiously optimistic view of US temporary staffing volumes, and sold Alpha Bank, as we expect Greece's economy to deteriorate further. Within bonds, we continued to gradually add to our holdings in corporate bonds by taking part in issues from Imperial Tobacco and Unilever. In property, we completed the sale of £130 million of properties. Most significant of these was the sale of London office building 40 Portman Square.

Outlook

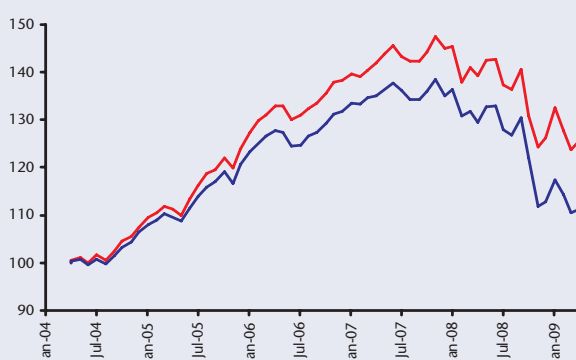
We expect the earnings outlook for UK companies to deteriorate further, although parts of the market remain on excessively depressed valuations, providing opportunities for investment. Central bank and political initiatives will provide support to the corporate bond market, as will companies' self-help efforts. We anticipate another challenging year ahead for UK property, as the occupier market weakens further and rents generally contract. The prospects for UK property for 2010 and beyond, however, are more promising.

Performance Commentary

During the first quarter, the unit price of the Cautious Managed Fund fell by -5.20%, against the peer group mean return of -5.55% (source: Morningstar). In the UK, strong trading by Thomas Cook was a major positive contributor. Elsewhere, holding Tullow Oil and Xstrata added value as commodity prices rallied. Within the overseas portfolio, our holding in US drugs company Genentech benefited from a takeover bid from Roche, while AB Inbev was boosted by

greater optimism over its capital position. Within gilts, the portfolio benefited from the government's programme to buy £60 billion of gilts. Turning to property, our underweight position in offices proved beneficial given the weakness in the city office market.

Fund Performance - Price Indexed*



— Standard Life Cautious Managed — Mstar Cautious Managed

Performance*

1 Apr 08 - 31 Mar 09	1 Apr 07 - 31 Mar 08	1 Apr 06 - 31 Mar 07	1 Apr 05 - 31 Mar 06	1 Apr 04 - 31 Mar 05
-10.1%	-2.2%	6.5%	18.9%	10.3%

Cumulative Performance*

	1 Year	3 Years	5 Years
Fund Return	-10.1%	-6.4%	22.7%
Mstar Cautious Managed	-16.2%	-14.8%	8.9%

Investment Market Line

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

0845 60 60 062

Figures quoted are calculated on a bid to bid basis over periods to 31 March 2009, 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.

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

Standard Life Investments Limited, tel. +44 131 225 2345, a company registered in Scotland (SC 123321) Registered Office 1 George Street Edinburgh EH2 2LL.

The Standard Life Investments group includes Standard Life Investments (Mutual Funds) Limited, SLTM Limited, Standard Life Investments (Corporate Funds) Limited and SL Capital Partners LLP. Standard Life Investments Limited acts as Investment Manager for Standard Life Assurance Limited and Standard Life Pension Funds Limited.

Standard Life Investments may record and monitor telephone calls to help improve customer service. All companies are authorised and regulated by the Financial Services Authority.

©2009 Standard Life Investments. www.standardlifeinvestments.com

INVRT25 0409 F8