

Standard Life UK Smaller Companies Trust

Trust Update Quarter Ended 30 June 2010



Harry Nimmo

As Investment Director and Head of the UK Smaller Companies Desk for Standard Life Investments, Harry manages the Standard Life UK Smaller Companies Trust. He spent the early years of his career as a Land Surveyor working both in the UK and in Saudi Arabia. In 1984 Harry graduated with an MBA and joined Standard Life Investments the following year. He has held various investment analyst and manager roles covering US equity funds, larger UK quoted company funds and UK equity smaller company funds. In 1997, Harry launched the UK Smaller Companies unit trust as Fund Manager and was appointed to his current role a year later. In July 2001 Harry was awarded the Investment Week UK Smaller Companies Fund Manager of the Year. Harry was appointed Manager of the Standard Life UK Smaller Companies Trust in September 2003 and in 2008 and 2009 he was named 'Citywire Top 100 Fund Manager of the Year'.



Features of the Trust

- The Trust invests in an actively managed portfolio of smaller and mid sized companies in the UK equity market.
- The Trust is designed to produce long term capital growth and outperformance of the Hoare Govett Smaller Companies Index (excluding investment trusts).

Investment Objective

To achieve long term capital growth by investment in UK quoted smaller companies.

Benchmark

The Hoare Govett Smaller Companies Index (excluding investment trusts).

Trust Managers	Standard Life Investments Limited (Since 01/09/2003)
Gross Assets	£100.3m (30/06/2010 Source: Standard Life Investments)
Share Price	136.50p (30/06/2010 Source: Standard Life Investments)
Net Asset Value	153.31p (30/06/2010 Source: Standard Life Investments)
Discount	Current: -10.96% (30/06/2010 Source: Thomson Datastream) 12 Month High: -5.61% (Source: Thomson Datastream) 12 Month Low: -14.04% (Source: Thomson Datastream)
Trust Annual Management Fee	0.65% on equity holdings 0.20% on cash holdings

Launch Date	1993
Sedol	0295958
Reuters	SLS.L
Yield (Net)	1.17% (30/06/2010 Source: SLI)
Current Equity Gearing	2.0% (30/06/2010 Source: SLI)
Dividends Annually	October
Note: The level of gearing and yields change on a daily basis.	

Net Assets Breakdown - Sector 30 June 2010

Stocks	Fund %
Consumer Services	27.5
Technology	16.5
Industrials	14.3
Consumer Goods	12.6
Health Care	11.2
Financials	9.3
Basic Materials	4.2
Oil & Gas	3.3
Telecommunications	2.4
Utilities	0.7
Net Borrowings	-2.0

Source: Standard Life Investments

Largest Ten Holdings	Percentage of Total Assets
ASOS	5.4
Abcam	4.3
Domino's Pizza	3.8
Chloride Group	3.7
Paddy Power	3.1
PZ Cussons	3.0
Hargreaves Lansdown	3.0
Victrex	2.7
Telecom Plus	2.6
Homeserve	2.5
Assets in largest ten holdings	34.1



Investment Review & Outlook

Review

- Strong outperformance in the second quarter
- Macroeconomic concerns dominated investor sentiment
- New coalition government announced budget to tackle UK debt

Environment

UK smaller companies outperformed their large cap counterparts over the second quarter but delivered an overall negative return. The period started positively, with upbeat corporate results and continued merger and acquisition activity leading to positive returns for UK smaller companies in April. However, macroeconomic concerns dragged smaller companies and the wider equity market lower. This included fears over Greece's ability to pay its sovereign debt and the possible impact on the rest of the Euro-zone subsequently dragged equities lower. Sentiment was also dented by Australia's decision to potentially impose a 40% mining tax, tensions in the Korean peninsula and BP's oil leak in the Gulf of Mexico.

Doubts over the sustainability of the global economic recovery weighed heavily on UK

Environment (Continued)

equities during the quarter. Worries over the sovereign debt crisis in Europe persisted, despite a €750 billion rescue package from the EU. The UK market initially reacted positively to the announcement but this proved short-lived given concerns over the ability of some countries to deliver large debt cuts. In June, mixed economic data from a number of countries was a further drag on the market.

Activity

During the quarter, we bought shares in Jordanian pharmaceuticals firm Hikma Pharmaceuticals, which listed on the FTSE-250 Index and is a market leader in North Africa and the Middle East. Regarding sales, we took profits in online retailer Asos and defence company Chemring Group following very strong performance. We sold financial services software company Fidessa Group following deterioration in its stock selection screening score. We also took profits in real estate company Shaftesbury as it no longer matched our investment criteria.

Outlook

The outlook for the UK small-cap sector remains positive. Companies are reporting better earnings figures, boosted by cost cutting and increased sales growth. In addition, we are starting to see a number of new issues which provide exciting investment opportunities. Increased merger and acquisition activity should also be supportive. As the economic recovery moves forward, we think that investors will seek out high-quality, resilient businesses with predictable growth and solid earnings streams. Therefore, our preference for companies with sustainable growth should help deliver strong performance for investors.

Performance

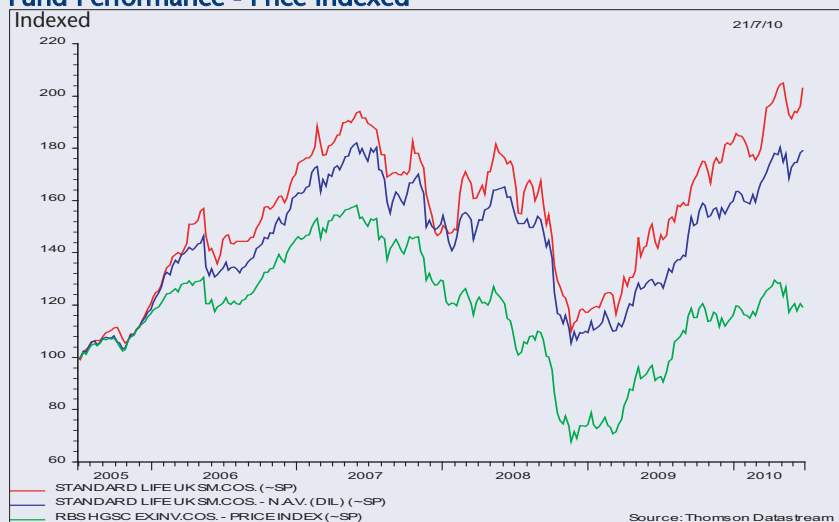
The UK Smaller Companies Trust performed extremely well during the period under review, significantly outperforming its benchmark index. Over the quarter, the net asset value of the Trust rose by 3.29% against a -7.51% return for the Hoare Govett Smaller Companies Index. Online retailer Asos made the largest positive contribution towards performance following strong results, while Chloride Group boosted returns following an

increased bid for the company. Robust results were also beneficial for the holdings in Andor Technology and speciality chemicals company Victrex. Meanwhile, First Quantum detracted from performance as the Democratic Republic of Congo sequestered one of its mines.

Performance	3 Months (%)	1 Year (%)	2 Years (%)	3 Years (%)	4 Years (%)	5 Years (%)
SL UK Smaller Companies Trust (Share Price)	0.0	35.8	14.2	4.2	34.5	97.1
SL UK Smaller Companies Trust (NAV)	3.3	39.3	11.0	0.4	31.2	78.0
HGSC (ex Investment Cos)	-7.5	24.5	5.2	-23.1	-5.5	15.6

Source: Thomson Datastream - The percentage growth figures above are calculated over periods to 30 June 2010 on a mid to mid basis. Standard Life Investments was appointed to manage the Standard Life UK Smaller Companies Trust in September 2003.

Fund Performance - Price Indexed



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

How to invest

For information on your investment options please call:

0845 60 24 247

Investment Market Line

For more details on our current market views please call:

0845 60 60 062

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 Standard Life Investments (Private Equity) Limited. 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. ©2010 Standard Life Investments. www.standardlifeinvestments.com