

30 June 2010

The fund is invested in the Standard Life Investments Global Absolute Return Strategies Fund which aims to provide positive investment returns in all market conditions over the medium to long term. The investment team who actively manage the fund have a wide investment remit to help them try to achieve this aim. The team look to exploit market inefficiencies through active allocation to highly diversified market positions. The fund manager utilises a combination of traditional assets (such as equities and bonds) and investment strategies based on advanced derivative techniques resulting in a highly diversified portfolio. The fund can take long and short positions in markets, securities and groups of securities through derivative contracts.

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 purpose of efficient portfolio management and to meet its investment objective. The sterling value of overseas assets held in the fund may rise and fall as a result of exchange rate fluctuations.

Pension  
Investment  
Fund

Absolute Returns  
Fund

Quarterly

Fund Manager	Multi Asset Investing Team
Fund Manager start	29/01/2008
Launch Date	19/05/2008
Current Fund Size	£188.5m
Fund Code	YX

This document is intended for use by individuals who are familiar with investment terminology. Please contact your financial adviser if you need an explanation of the terms used.

## Fund Information

### Portfolio Exposures as at 30 June 2010

Physical Allocation	Fund %
UK Equity	13.5
EU Corporate Bonds	9.5
UK Corporate Bonds	9.4
Global Index Linked Bonds	9.3
Global Equity	9.0
European Equity	9.0
US Equity	2.8
Cash & Other	37.5

### \* Percentage of Market Risk Exposure

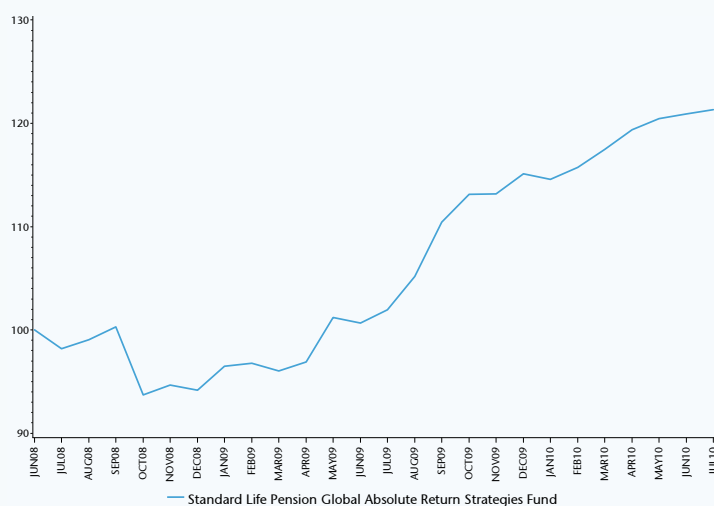
US v Japanese Medium-Term Duration	2.2
Australian medium-term duration	1.7
Global equity	1.6
European long-term duration	1.6
Relative variance income	1.4
Long USD v EUR	1.2
High yield v equity	1.1
European equity	0.9
Long BRL v CLP	0.9
Financial sector v broad credit	0.8
US equity large v small cap	0.8
High yield credit	0.7
UK corporate bonds	0.7
Global index-linked bonds	0.7
Long USD v JPY	0.7
UK v German short rates	0.6
Stock Selection	0.6
UK equity	0.6
Australian v German short rates	0.6
US equity	0.5
HSCEI v FTSE Variance	0.5
Long PLN v CZK	0.4
EU corporate bonds	0.4
Swedish Short-Term Interest Rates	0.4
Long GBP v EUR	0.3
SMI v DAX	0.3
FX Hedging	0.2
Long GBP v ZAR	0.1
Short UK Inflation	0.1
FTSE dividends	0.1

\* The foundation of our investment process is built on managing risks and involves measuring each strategy's contribution to overall risk. This provides a more informative view of the Fund's investment positions as it includes the effect of our derivative exposures.

## Year on Year Performance

	Year to 30/06/2010 (%)	Year to 30/06/2009 (%)	Year to 30/06/2008 (%)	Year to 30/06/2007 (%)	Year to 30/06/2006 (%)
Standard Life Pension Global Absolute Return Strategies Fund	19.0	3.8	-	-	-

## Price Indexed



Figures quoted are calculated on a bid to bid basis over periods to 30 June 2010 with gross income reinvested and are based on units which contain 1.50% AMC.

For the relevant charges on your policy please refer to your policy documentation.

**Note: The information shown relates to the past. Past performance is not a guide to the future. The value of your investment can go down as well as up.**

Sources: Datastream and Standard Life Investments.

	Q2 2010 %	1 Year %
Standard Life Pension Global Absolute Return Strategies Fund	1.6	19.0
Cash*	0.3	1.0

\*Benchmark is UK 6 Month LIBOR

### Definitions

Cash and Other - may include bank and building society deposits, other money market instruments such as Certificates of Deposits (CDs), Derivatives, Floating Rate Notes (FRNs) including Asset Backed Securities (ABSs) and allowances for tax, dividends and interest due if appropriate.

## Key Risks

### Standard Risks

What you get back depends on future investment performance and is not guaranteed. Past performance is not a guide to future returns. The value of your investment, and any income from it, may go down as well as up.

### Intangible risks and volatility

The risks of a fund can be measured in different ways. Volatility (a measure of how much a fund's price has varied in the past) will not necessarily always provide a complete picture of a fund's risk. Some risks are not represented in the movement of the unit price until they emerge and only then will they have a significant effect on a portfolio.

The fund can invest in a wide variety of investment strategies and assets. Below we document the specific or heightened risks applicable to the GARS fund rather than an exhaustive list of risks for all potential strategies or asset classes.

#### 1. Extensive use of Derivatives

In order to achieve its objectives an absolute return fund utilises a combination of traditional investments (such as equities, bonds and foreign exchange) and advanced techniques where it can use derivatives extensively. Derivatives are financial instruments which derive their value from an underlying asset, such as a share or bond, and are used routinely in global financial markets. Used carefully, derivatives offer an effective and cost-efficient way of investing in markets. However, derivatives can lead to increased volatility of returns in a fund, thus requiring a robust and extensive risk management process. While the fund will not borrow cash for investment purposes, the total value of exposures to markets will routinely exceed the Fund's net asset value. Derivatives may be Exchange Traded or Over the Counter (OTC).

#### 2. Use of 'short' positions

Typically, UK authorised collective investment schemes invest on a 'long only' basis. The fund, by employing certain derivative techniques, will establish both 'long' and 'short' positions in individual stocks and markets. Investing on a 'long' basis means that the value of the derivative will rise or fall in the same direction as the underlying market value of the asset from which it is derived. If investments are made on a 'short' basis the value of the derivative will rise and fall in the opposite direction to the underlying market value of the asset from which it is derived.

**3. Counterparty risk**

The Investment Adviser may use one or more separate counterparties to undertake derivative transactions on behalf of the fund. From time to time the fund may be required to pledge collateral, and when this is required it will be paid from within the assets of the fund. When a derivatives contract moves in favour of the fund there is a risk that the counterparty may wholly or partially fail to honour their contractual obligations under the arrangement. The Investment Adviser assesses the creditworthiness of counterparties as part of the risk management process and will ordinarily hold collateral to mitigate this.

**4. Active Fund Management**

The majority of risks within traditional investment funds are driven by the type of investments held (i.e. equities, fixed interest or property, etc). The risks that fund management decisions add are generally of a smaller magnitude than those of the asset types themselves. The GARS fund however doesn't have a structure where most of the returns are generated from traditional asset types. Rather, it derives most of its returns from very specific strategies. As a result of this the risks of the fund are driven primarily by these fund management decisions, and less by the characteristics of the underlying traditional asset types.

**5. Correlation**

The fund will invest in a diverse set of investment strategies, which in the opinion of the investment adviser have attractive risk reward characteristics. While the breadth of the strategies is significant, should they start to exhibit closer correlation ie move in the same direction as one another, the fund may be subject to a higher level of risk and volatility than anticipated.

[www.standardlife.com](http://www.standardlife.com)

**Useful numbers -**

Customer Information 0845 27 93 003.

Market and Fund Specific Information

0845 60 60 062.

**Call charges may vary.**

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