



# **Annual Report**

**Standard Life Investments  
Company II**

**Annual Report & Financial  
Statements for the year ended  
31 October 2012**



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\*Collectively, these items comprise the Authorised Corporate Director's Report for the purposes of the rules contained in the Collective Investment Schemes sourcebook ("the COLL Sourcebook").

# Company Information

## The Company

Standard Life Investment Company II

### Head Office

1 George Street  
Edinburgh  
EH2 2LL  
Tel: 0131 245 2676

### Director

The Authorised Corporate Director (ACD) is Standard Life Investments (Mutual Funds) Limited which is the sole director and is authorised and regulated by the Financial Services Authority for investment business.

### Authorised Corporate Director (ACD)

Standard Life Investments (Mutual Funds) Limited

#### Registered Office

1 George Street  
Edinburgh  
EH2 2LL

### Board of Directors of the ACD

A.S. Acheson  
D.G. Doran  
S.A. Fitzgerald  
J. Lowe  
D.E. Thomas  
S.R. Wemyss  
R. McKillop

D.E. Thomas was appointed as a Director on 17 January 2012.  
J. Kerr's name changed to J. Lowe on 31 January 2012.  
D.G. Doran, S.A. Fitzgerald and S.R. Wemyss were appointed as Directors on 8 February 2012.  
W.R. Littleboy, H.S. Nimmo and N.K. Skeoch resigned as Directors on 8 February 2012.  
R. McKillop was appointed as a Director on 20 February 2012.

### Secretary of the ACD

S.E. Crewes

## Depository

Citibank International plc

### Registered Office and Head Office

Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

## Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Erskine House  
68-73 Queen Street  
Edinburgh  
EH2 4NH

## Registrar

The Bank of New York Mellon (International) Limited  
One Canada Square  
London  
E14 5AL

## Investment Adviser

Standard Life Investments Limited  
1 George Street  
Edinburgh  
EH2 2LL

## Company Information (continued)

I enclose your copy of the Annual Report and Accounts for the Standard Life Investment Company II. These reports cover the 12-month period from 1 November 2011 to 31 October 2012.

### Market background

The year under review was marked by elevated volatility as financial markets were buffeted by concerns over global growth and the ability of sovereign nations to repay their debt. Understandably, with so much uncertainty around both these issues, market conditions remained difficult. Sudden swings in sentiment saw investors sell out of riskier assets, in favour of those they deemed to be safer, only for this trend to be abruptly reversed on the back of any favourable economic news. Action by central banks to support the fragile global economy, including more unconventional measures, did provide some reassurance to investors, particularly later in the period. The European Central Bank's latest bond-buying scheme, announced in September, was well received and aims to provide stability to sovereign bond markets. The combination of an easing of Euro-zone worries and more encouraging signs out of the US was sufficient to drive a rally in global equity markets and pushed the S&P 500 Index to its highest level since June 2008. Other risk markets also rebounded as investor appetite returned. For a more in-depth look at markets, please refer to the enclosed global overview and outlook.

### Performance

Most market indices delivered positive returns in the reporting period, excepting peripheral Europe and some of the emerging markets. Over the year, there was some rotation from defensive stocks like pharmaceuticals into areas more geared to a pick-up in the economy. Similarly in bond markets, with safe-haven government bonds yielding less than the rate of inflation, a move to higher yielding areas was apparent. For example, corporate bonds from financial issuers have been one of the best performing areas so far in 2012.

Against a volatile and uncertain market backdrop, the last 12 months proved challenging. More details are provided in the individual performance reports for each fund. We retain our focus on high conviction stock selection, allowing us to identify the companies that are best placed to perform well in changing and challenging conditions. It is encouraging that for the most part company balance sheets remain healthy. Strong fundamentals should reward investors willing to take a longer-term view.

### Keeping you informed

Keep up to date with the performance of your investment by visiting [www.fundaccess.co.uk](http://www.fundaccess.co.uk). There you can find your latest valuation and view your transaction history. Alternatively, if you would rather speak to us, please call 0845 279 3003 between 8am and 5.30pm Monday to Friday. You can also visit our website, where you will find further information about our funds and capabilities. Access this by visiting [www.standard-lifeinvestments.com](http://www.standard-lifeinvestments.com).

I hope you find this Report and Accounts helpful, and thank you for continuing to support Standard Life Investments.

Yours sincerely,

**Jacqueline Lowe**  
**Head of UK Wholesale**  
**Standard Life Investments**

## Background to the Company

Standard Life Investment Company II (“the Company”) is an Open-Ended Investment Company with variable capital. The Company is incorporated by the Financial Services Authority, having its head office in Scotland with registered number IC000281 and is currently authorised pursuant to Regulation 14 of the Open-Ended Investment Companies Regulations 2001 (“the OEIC Regulations”). The effective date of the authorisation order made by the FSA was 22 April 2004.

The Company is constituted as a “UCITS scheme” for the purposes of the FSA Rules. It has an umbrella structure and currently consists of eight active sub-funds (“Funds”) as follows:

Standard Life Investments Global Index Linked Bond Fund	(launched 19 May 2004)
Standard Life Investments Cash Fund	(launched 15 September 2004)
Standard Life Investments Corporate Debt Fund	(launched 20 December 2004)
Standard Life Investments UK Equity Unconstrained Fund	(launched 29 September 2005)
Standard Life Investments Ethical Corporate Bond Fund	(launched 2 November 2005)
Standard Life Investments Global REIT Fund	(launched 16 January 2007)
Standard Life Investments UK Equity Income Unconstrained Fund	(launched 22 February 2007)
Standard Life Investments European Ethical Equity Fund	(launched 24 September 2007)

The following funds have redeemed all shares during the year and the Funds' net asset value was reduced to nil. These funds are no longer open to investors:

Standard Life Investments Japanese Equity Index Tracker Fund; Standard Life Investments US Equity Index Tracker Fund; Standard Life Investments Pacific Basin Equity Index Tracker Fund; Standard Life Investments European Equity Index Tracker Fund; Standard Life Investments Overseas Bond Index Tracker Fund and Standard Life Investments UK Gilt Index Tracker Fund.

It is intended that additional Funds will be launched at a future date, to be determined by the ACD.

Each Fund is invested as if it belonged to the “UCITS scheme” type specified in the FSA Rules.

The base currency for the Company is sterling. The minimum share capital of the Company is £1.00 and the maximum share capital is £50 billion.

The holders of shares in the Company are not liable for the debts of the Company.

# Investment Report

## Global overview

The year to 31 October was characterised by elevated volatility in global equity markets as investors adopted a risk-on/risk-off approach. The period began with ongoing concerns over both the outlook for global growth and the ability of sovereign nations to repay their debt weighing on markets. However, in December, the European Central Bank's (ECB) efforts to relieve the difficulties in funding markets through its longer-term refinancing operations (LTRO) began to bear fruit. As such, 2012 began in a more positive fashion with the ECB's refinancing efforts supporting sovereign debt markets and easing concerns about solvency within the financial sector. However, by April, investors suffered another bout of risk aversion, with the sovereign debt crisis in the Euro-zone — in particular, the possibility of a disorderly Greek exit from the Euro-zone — once again emerging as a headwind. Markets recovered some poise over the summer months as policymakers re-asserted their effort to support global growth, with a series of interest rate cuts and further liquidity provisioning. By September, global policymakers finally pulled the trigger on the much anticipated policy action, with the Federal Reserve announcing a third round of quantitative easing (QE3) and the ECB providing details of its bond-buying programme.

## Individual market overviews

### UK

UK equities struggled to make progress over the year, with persistent concerns over the global recovery, a stagnant domestic economy and the ongoing Euro-zone debt crisis creating a volatile backdrop. The year started with the political and policy efforts toward resolving the Euro-zone's debt difficulties providing support for the UK equity market, which consequently ended the year on a relatively strong note. This positive market mood continued into 2012, with investors taking encouragement from better-than-expected US economic data, renewed attempts at tackling the Euro-zone crisis and lessening fears of a hard landing for the Chinese economy. However, as the year progressed, concerns about the Euro-zone crisis again took centre stage. Investor risk appetite was further undermined by signs of weaker economic growth in the US. By the early summer, though, the market steadied its nerve as hopes were raised that the ECB would step in decisively to support peripheral European bond markets. Indeed, this rally was sustained into the autumn, with risk assets boosted by the Federal Reserve's announcement of QE3 and the ECB finally providing details of its bond-buying programme.

### US

US equity markets had a difficult start to the period as investors worried that Europe's political leaders were failing to address the sovereign debt crisis. Investors were also frustrated by the inability of the US congress to come to an agreement on budget cuts. However, at the same time, more positive macro data eased fears that the US economy was heading back towards recession. US equity markets enjoyed a positive start to 2012. Amid this improved sentiment, many of the shares that had been sold off heavily in 2011 came back into favour, as investors rewarded strong stock fundamentals. As 2012 progressed, markets responded more positively as investors once again focused on the improving domestic growth story. There were also encouraging signs that the housing market had stabilised, supporting stock prices into July. Equities extended their rally over the summer as expectations for further stimulus from the Federal Reserve increased. Indeed, September saw these expectations realised when the Federal Reserve announced that it was to embark on its third round of quantitative easing. As a result, the US equity market hit four-year highs during the month. In addition to the boost provided by supportive central bank action, investor risk appetite was bolstered by some easing Euro-zone sovereign debt tensions and continued evidence of domestic economic recovery.

### Europe

Political and economic developments continued to weigh on European equities early in the period. Yet in spite of the difficulties, stock markets had a strong finish to 2011. Markets responded positively to the decision of the ECB to cut its base interest rate from 1.25% to 1%, and continued to make gains during the first three months of 2012; however, renewed fears about a Greek default and Euro-zone break-up emerged in April, encouraging investors to take profits and markets slumped. As it was, the Armageddon scenario failed to emerge, with markets recovering in June. Throughout the summer months, there was a growing sense that the ECB may find a solution, this sentiment was given further impetus when ECB president Mario Draghi's pledged to do 'whatever it takes' to support the euro. These words were swiftly followed by positive action, with the ECB announcing a potentially unlimited bond-buying facility in the shape of the Outright Monetary Transactions scheme. This development eased immediate tensions in the bond markets of Italy and Spain, thereby reducing the risk of a near-term break-up of the Euro-zone. While considerable uncertainties persist, it appeared that the resulting fragile stalemate might endure for some time.

### Japan

Japanese equities were moved lower during the early stages of the reporting period as worries regarding a slowdown in the global economy, and further yen strength, saw earlier optimism on reconstruction efforts evaporate. However, an improvement in investor sentiment in January had a particularly positive impact on Japanese stocks: a key driver of performance was a weaker yen as the Bank of Japan ramped up its monetary easing policy. However, a further bout of risk-off sentiment in global markets negatively impacted Japan in April, pushing the yen higher and reversing earlier optimism on the currency. As 2012 progressed, Japanese equities struggled to make progress, stymied by a marked slowdown in economic growth, with GDP slowing to a 1.4% annualised rate in the second quarter, after expanding at an annualised rate of 5.5% earlier in 2012. There were also concerns over a hard landing for the Chinese economy, with retail sales and exports disappointing. Despite the general softness in the economic numbers, employment levels remained relatively sound, with the unemployment rate stalling at 4.3% in July. At a corporate level, M&A activity by Japanese companies remained elevated — in particular, there was a more proactive approach by some Japanese companies, reflecting their improved financial positions and efforts to exploit the stronger yen.

### Pacific Basin

Pacific-Basin equities began the period lower as worries about the future of the Euro-zone weighed on investors. However, an interest rate cut from the People's Bank of China at the end of November 2011 shifted market sentiment and ensured a more positive end to the year. Pacific-Basin equities were still in upbeat mood at the start of 2012, with better-than-expected manufacturing activity in China fuelling expectations for a soft economic landing in the country. The emergence of further political and economic headwinds from the Euro-zone and the US saw in Europe were finally easing. As 2012 progressed, positive policy action in the US and Euro-zone provided a further boost to risk assets, this was despite continued fears over a hard landing for the Chinese economy. The potential for further policy loosening in China, and a renewal of infrastructure spending, added further momentum.

# Investment Report (continued)

## Individual market overviews (continued)

### Bond markets

Overseas government bond markets remained heavily influenced by events in the Euro-zone, in particular, peripheral European sovereign spreads. A sharp rise in Spanish and Italian government yields in April prompted fresh alarm, as it became clear that earlier measures to contain the crisis would be insufficient. Peripheral European credit markets bore the brunt of the sell-off, while those in the core held up relatively well, a trend that persisted in subsequent months. Risk appetite was further curbed by Spanish bank Bankia's plea for emergency funding, which served to underline the frailty of Spain's bank system, while upcoming Greek elections in June rekindled speculation about a Greek exit and its wider ramifications. In the event, worst case scenarios were not realised and nerves settled. Throughout the review period, the ECB under its president Mario Draghi was again instrumental in directing investor sentiment. The ECB's latest bond-buying scheme, widely speculated ahead of its announcement in September, aims to stabilise sovereign bond markets. Market reaction was initially positive, and peripheral European spreads narrowed. Risk appetite later sagged, as doubts grew over how or whether the scheme might be put into practice - peripheral European governments have shown no great haste to cede budgetary control or to undertake yet harsher economic reforms, which would be the price paid for ECB support.

UK gilts continued to perform remarkably well in the final months of 2011, considerably outperforming bunds and US Treasuries. The most influential factor was the ongoing programme of QE from the Bank of England, while the coalition government sticking rigidly to its deficit reduction plan also appears to have underpinned the safe-haven status of the UK market. QE, and the debate as to whether it would be continued, was again the main driver of gilts through the start of 2012. All economic data was interpreted with this in mind and while, in general, growth signals pointed towards a slow recovery, inflation again failed to decline at the pace outlined by the Bank of England. As the spring and early summer progressed, volatility returned to bond markets as yet again uncertainty within the Euro-zone reared its head. A surge towards safe-haven assets pushed core government bond markets to peak at near record low yields. In addition, concerns grew about slowing global economic growth. Since then, the protracted crisis within the Euro-zone has overridden all attempts at normal valuation criteria in bond markets. The safety premia for gilts has never been so expensive, as overseas investors look favourably on the UK's relatively coherent fiscal plans and accommodative central bank policy. Despite the ongoing slippage in government finances, with a considerable deficit overshoot relative to forecasts brewing in this financial year, the bond market has offered little reaction. The yield curve has continued to steepen as the digestion of any long issuance has proved problematic, notwithstanding Bank of England support.

Ongoing quantitative easing programmes (QE) have helped to keep both conventional and index-linked bond yields low. Early in 2012, inflation breakevens (i.e. the bond market's expectations of future inflation levels) widened as improved sentiment filtered through into the market. Euro-zone concerns escalated during the second quarter of 2012. Fears of a Greek exit increased and peripheral European bond yields moved sharply higher again. This had a knock on impact on risk sentiment in general and weighed on inflation breakevens globally. UK index-linked breakevens fell to three-year lows, reacting adversely to fears that the upward calculation bias of RPI versus CPI might be removed. This is under review by the Consumer Prices Advisory Committee (CPAC) and clarity is not expected until the first quarter of 2013. The third quarter of 2012 was much more positive for risk assets. A third round of QE by the Federal Reserve, plus the ECB's announcement of the Outright Monetary Transactions programme, supported inflation breakevens in the US and Europe, while peripheral bond spreads narrowed sharply. UK inflation breakevens underperformed the US and European markets due to the ongoing uncertainty about the RPI formula.

After a robust first quarter performance, resurgent Euro-zone issues caused corporate bonds to lose momentum in April and May, when they underperformed government bonds. In subsequent months, credit made steady upward progress, although markets in Europe were afflicted to a greater extent by the political uncertainty and sovereign/bank debt pressures in the region, and were more volatile. In late summer, the ECB's pledge to support the euro at all costs heartened investors and revived risk appetites, particularly towards peripheral European names, to the extent that most of the near term upside appears now to be priced into spreads in this segment of the market.

### Outlook for equities

Markets are likely to remain vulnerable to intermittent sentiment swings as investors remain nervous about the trajectory of global growth. This volatility will continue to provide investment opportunities: many stocks with strong company-specific drivers are being sold off on concerns that are fairly generic. We still see many end-markets that can grow in a slowing economic environment and many companies with powerful niche positions and pricing power to offset slowing demand. We remain focused on stock-specific global investment opportunities, which we see as the most repeatable source of investment returns.

#### US

In the US, despite signs that corporate earnings growth is slowing, US stocks have continued to rally. We continue to see room for US markets to move higher as the clouds of Europe's sovereign debt crisis and US election/federal budget uncertainty dissipate. Given our expectation for a gradual economic recovery, we continue to focus on identifying companies that have underappreciated secular growth drivers or company-specific efficiency programmes.

#### UK

Sentiment towards UK equities remains fragile due to the Euro-zone crisis. However, investors are starting to recognise the resilience of UK corporate earnings and balance sheets, as well as the attractive dividend yields on offer. Following a period of intense investor concern, markets have largely priced in continued macroeconomic uncertainties. As a result, the UK equity market now trades on an attractive valuation, reflecting the challenging macroeconomic backdrop. Nevertheless, many UK stocks have continued to thrive, providing investment opportunities for those taking a bottom-up, stock-specific approach.

# Investment Report (continued)

## Outlook for equities (continued)

### Europe

In Europe, initiatives from policymakers appear to have made steps in the right direction and have provided support to regional equity markets, but do not mark a definitive solution to the Euro-zone's problems. Ongoing economic weakness appears to be exerting a drag on corporate profits. Against a clearly challenging macroeconomic backdrop, our bottom-up focus continues to allow us to identify stocks with the potential for good long-term returns and which are trading at attractive valuations.

### Japan

The Japanese market appears to have priced in a number of key drivers such as easing monetary policy, the flagging political situation and a recovery in Japanese corporate business momentum in 2012. However, those companies which have a sound financial position or strong competitive advantage are likely to adopt an increasingly aggressive business attitude, resulting in strong price movements. Consequently, this is a supportive environment for active stock-picking.

### Pacific Basin

Pacific-Basin markets are likely to remain heavily dependent on US and European drivers, with sovereign debt and economic growth developments to the fore. However, with excessive investor optimism for the region having receded the longer term virtues of the Pacific Basin – growth, healthy banking systems and strong fiscal regimes – should ensure a higher rating. This is a supportive environment for active stock-picking.

## Outlook for bonds

At present global central banks are treading a precarious line of support for economies which is at least working in boosting investor confidence in risk markets. Europe continues to exert a considerable negative influence and the uncertainty is ensuring strong underlying support to core government bonds. More than ever, there is a clear divergence between the views of risk and safe-haven markets. We believe that while weak, the ingredients for economic growth should be sufficiently resilient to overcome recent headwinds. This is particularly the case in the US, whereas the fiscal headwinds in Europe are more long-term and awkward.

We are encouraged by the ECB's unlimited bond-buying programme and believe it could eventually help repair Europe's dysfunctional banking system. That said, there will inevitably be problems and political logjams, and the crisis has potential to re-ignite. Otherwise, the frail economic picture in the UK and elsewhere precludes any increase in interest rates or reversal of government stimulatory policies for the time being. This sets a generally favourable backdrop for corporate bonds, together with ample cash inflows and sound corporate fundamentals. However, recent outperformance leaves many valuations stretched, necessitating even greater diligence in security selection.

## Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

## Authorised Corporate Director's (ACD's) Report

The Authorised Corporate Director (ACD) is Standard Life Investments (Mutual Funds) Limited which is the sole director, authorised and regulated by the Financial Services Authority (FSA) for investment business.

Standard Life Investment Company II ("the Company") is an Open-Ended Investment Company with variable capital under Regulation 12 (Authorisation) of the Open-Ended Investment Companies Regulations 2001 ("the Regulations") and the shareholders are not liable for the debts of the Company.

Standard Life Investment Company II is structured as an umbrella company. Each Fund has the investment powers equivalent to those of a securities company.

The following items within each sub-fund report form part of the Authorised Corporate Director's report: investment report, portfolio statement, ongoing charges figure, synthetic risk and reward indicator, comparative tables and treatment by corporate shareholders.

Distributions are made from positive net revenue where gross revenue exceeds expenses and tax. The total return consists of investment and currency gains and losses in addition to net revenue. In situations where Funds have a negative total return but a positive net revenue position, there will be a distribution.

Material differences may arise between a Fund's net revenue after tax and its distribution if the ACD's periodic charge and transaction costs are borne by the capital property of the Fund for distribution purposes. The expenses in the Statement of Total Return includes these expenses even if they are met from the capital property of the Fund. In such cases, the amount a Fund has to distribute will exceed its net revenue and this is detailed in the notes to the financial statements where it occurs.

Names and addresses of the ACD, Registrar, Investment Advisor and Auditors are contained on page 1 of the Annual Report and Financial Statements. The investment objectives of each Fund, how they were achieved and investment activities during the year are disclosed within the individual Funds' reports.

Copies of the most recent Prospectus are available, on request, from the Manager.

With effect from 21 December 2011, the Open-ended Investment Companies (amendment) Regulations 2011 introduced a protected cell regime for UK Open-ended Investment Companies. This legislative change ring-fences the assets and liabilities of individual Funds, with assets of a particular Fund not to be used to discharge the liabilities of, or claims against, the Umbrella company or any other Fund. The legislation allows for a transitional period of up to two years to implement this change. The Standard Life Investment Company II moved to a protected cell regime on 4 January 2013.

The ACD has elected to dispense with the holding of an Annual General Meeting for the Company for this and all future years. Shareholders have been given sixty days' written notice of this election in accordance with the Regulations 2005.

In the future, the Company may launch other Funds.

I hereby certify the Annual Report and Financial Statements on behalf of the Directors of Standard Life Investments (Mutual Funds) Limited.

**Director**  
**Standard Life Investments (Mutual Funds) Ltd**

## Statement of Authorised Corporate Director's Responsibilities

The Open-Ended Investment Companies Regulations 2001 and the rules contained in the Collective Investment Schemes sourcebook require the ACD to prepare financial statements for each annual and half-yearly accounting period which give a true and fair view of the financial position of the Company and of its net revenue/expenses and net gains/losses on the property of the Company for the period.

In preparing the financial statements the ACD is required to:

- select suitable accounting policies then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice for the Financial Statements of Authorised Funds issued by the Investment Management Association in October 2010;
- follow generally accepted accounting principles and applicable accounting standards;
- make judgements and estimates which are reasonable and prudent;
- keep proper accounting records, which enable it to demonstrate that the Report and Financial Statements, as prepared, comply with the above requirements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the scheme will continue in operation.

The ACD is responsible for the management of the Company in accordance with the Instrument of Incorporation, Prospectus, the COLL Sourcebook and the Regulations and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD confirms that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 October 2012. The ACD also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis with the exception of the six funds listed in the Basis of Preparation note on page 13. These funds have been prepared under a break-up basis as they are in the process of termination.

## Statement of Depositary's Responsibilities in relation to the Financial Statements

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of income that arises from that property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Services Authority's Collective Investment Scheme Sourcebook ("the COLL Sourcebook"), the Open-ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation and Prospectus, as appropriate, in relation to the pricing of, and dealings in, the shares of the Company, the application of the income of the Company, and the investment and borrowing powers of the Company.

## Depositary's Report to Shareholders

Having carried out such procedures as we consider necessary to discharge our responsibilities and duties as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided that in all material respects the Company, acting through the ACD:

- (i) has carried out the issue, sale, redemption and cancellation of shares in the Company, the calculation of the price of the Company's shares and the application of the Company's income in accordance with the COLL Sourcebook and where applicable, the OEIC Regulations and the Instrument of Incorporation of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**Citibank International plc**  
**London**

# Independent Auditors' Report to the Shareholders of the Investment Funds of the Standard Life Investment Company II ("The Company")

We have audited the financial statements of the Standard Life Investment Company II (the "Company") for the year ended 31 October 2012 which comprise the aggregated statement of total return, the aggregated statement of change in net assets attributable to shareholders, the aggregated balance sheet and related notes and for each of the Company's sub-funds, the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, the related notes and the distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

## Respective responsibilities of director and auditors

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds at 31 October 2012 and of the net revenue/(expenses) and the net capital gains/losses of the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

## Emphasis of matter - Basis of preparation

Without modifying our opinion, we draw your attention to Note 1(a) to the financial statements which explains that the directors have the intent to terminate six sub-funds and have concluded that preparing the financial statements on the going concern basis of accounting is no longer appropriate for those six sub-funds. No adjustments have been made in these financial statements to provide for liabilities arising from this decision as it is intended that the ACD will bear any costs in relation to the termination.

## Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**Edinburgh**

- a) The financial statements are published on the website of Standard Life Investments Limited. The maintenance and integrity of the Standard Life Investments Limited website is the responsibility of the Directors of Standard Life Investments Limited; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Ethical Committee Report

## The Standard Life Ethical Funds Committee

The Standard Life Ethical Funds Committee is chaired by the Chief Operating Officer of Standard Life Investments and is comprised of investors in Standard Life's Ethical Funds and senior Standard Life group managers with involvement in managing the Funds and their associated products. The Committee generally meets four times a year and is responsible for ensuring that Standard Life's Ethical Policy is applied correctly, that the Policy continues to reflect the concerns of investors in the Ethical Funds and that the processes supporting the application of the Policy are robust.

This involves:

- reviewing investment and marketing reports
- ensuring that Standard Life Investments' process for ethical investment is observed
- reviewing and addressing customer queries
- commissioning market and customer research on ethical issues and
- reviewing the annual Fund report

## Positive bias

The Ethical Funds are invested according to the negative and positive criteria set out in the Ethical Policy. The Funds do not invest in companies that fail the negative criteria and favour investment in companies that meet the positive criteria.

## Issues arising

The Committee received a presentation from the Royal Bank of Scotland Group on its approach to Corporate Responsibility. The Committee also benefited from a presentation from Cairn Energy plc on its approach to sustainability issues.

## Voting record – Standard Life Investments European Ethical Equity Fund

We voted the Fund's shares in favour of most resolutions at shareholder meetings during the period under review.

We abstained on a resolution to elect directors at Galp Energia as the company had failed to disclose the independence classification of the nominees and we believed this could result in poor board balance.

We voted against resolutions at Abertis Infraestructuras, Inditex SA, Luxottica Group, Publicis Groupe SA and SAP AG because there were features of the companies proposed remuneration policies and their application that were not consistent with our Corporate Governance guidelines.

We voted against resolutions at AXA SA to appoint candidates as employee directors as we did not believe they were suitable for the role. We also voted against a resolution at AXA SA to amend the Articles of Association as we did not believe this was in the best interest of shareholders.

We voted against an employee shareholder resolution at France Telecom SA to pay a smaller dividend as we did not believe this was in the best interest of shareholders. We voted against a resolution to amend bye laws at the company for the same reason.

At Galp Energia we voted against a resolution to increase the term of office of the directors to four years as we believe it reduces their accountability.

We voted against a resolution at Luxottica Group to elect one of the proposed directors as we did not believe this was in the best interest of shareholders. We also voted against a resolution at the company to appoint internal auditors nominated by an external shareholder for the same reason.

At Publicis Groupe SA we voted against a number of resolutions that sought authority to issue securities because they did not observe the normal international guideline limits of institutional investors on matters of pre-emption and share buy back authorities.

We voted against a resolution at Sodexo to approve the auditors report on related party transactions due to a lack of disclosure regarding the Chief Executives service contract arrangements. We also voted against a resolution at Sodexo where the company had sought authority from shareholders to issue shares in ways which were not consistent with our views of best practice.

At Statoil ASA we voted against a resolution requesting the company to withdraw from its tar/oil sand activities in Canada because the proposal may not be in the best interest of all shareholders and the company already provides transparency to shareholders on its efforts to mitigate climate change, environmental and social impacts in its oil sands operations.

We voted against a resolution at Swedbank AB put forward by an external investor as we did not believe this was in the best interest of shareholders.

## Voting record – Standard Life Investments Ethical Corporate Bond Fund

The Fund's holdings did not provide any voting opportunities during the period covered by this report.

## **Ethical Committee Report (continued)**

### **Investor opinion**

Investors in the Ethical Funds continue to make a valuable contribution to the Committee's understanding of ethical concerns, in particular through participation of investors on the Committee.

Standard Life is committed to actively engage its investor base in the Ethical Funds. We will be conducting the next annual survey at the beginning of 2013.

### **Further information**

If you would like to find out more about the Standard Life Ethical Funds Committee please visit the below link:

[http://www.standardlifeinvestments.com/ethical\\_investing/our\\_ethical\\_committee/index.html](http://www.standardlifeinvestments.com/ethical_investing/our_ethical_committee/index.html)

For any additional information, please write to David Scott, Ethical Committee Secretary, Standard Life Investments, 1 George Street, Edinburgh, EH2 2LL or e-mail [david\\_x\\_scott@standardlife.com](mailto:david_x_scott@standardlife.com).

**David Scott**  
**Secretary to the Ethical Committee**

# Aggregated Financial Statements for Standard Life Investment Company II

## Aggregated Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
Income:					
Net capital gains	1		226,234		2,349
Revenue	3	82,955		75,314	
Expenses	4	(17,683)		(13,614)	
Finance costs: Interest	6	(71)		(61)	
Net revenue before taxation		65,201		61,639	
Taxation	5	(1,179)		(1,467)	
Net revenue after taxation			64,022		60,172
<b>Total return before distributions</b>			290,256		62,521
Finance costs: Distributions	6		(65,692)		(60,838)
<b>Change in net assets attributable to shareholders from investment activities</b>			224,564		1,683

## Aggregated Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012 £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		2,443,754		1,843,383
Amounts receivable on issue of shares	625,285		834,487	
Less: Amounts payable on cancellation of shares	(1,009,378)		(283,101)	
		(384,093)		551,386
Stamp duty reserve tax		(521)		(399)
Amounts transferred in from Standard Life Investments (Mutual Funds) Limited		0		3
Change in net assets attributable to shareholders from investment activities (see above)		224,564		1,683
Retained distribution on accumulation shares		46,705		47,698
<b>Closing net assets attributable to shareholders</b>		2,330,409		2,443,754

## Aggregated Balance Sheet

as at 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
<b>Assets</b>					
Investment Assets			2,376,987		2,493,729
Debtors	7	27,490		61,444	
Cash and bank balances	8	5,574		29,238	
Total other assets			33,064		90,682
Total assets			2,410,051		2,584,411
<b>Liabilities</b>					
Investment Liabilities			(58,981)		(77,274)
Creditors	9	(16,983)		(59,337)	
Balances due to futures clearing houses		(28)		(311)	
Bank overdrafts		(381)		(600)	
Distribution payable on income shares		(3,269)		(3,135)	
Total other liabilities			(20,661)		(63,383)
Total liabilities			(79,642)		(140,657)
<b>Net assets attributable to shareholders</b>			2,330,409		2,443,754

## Accounting Policies

### (a) Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in October 2010.

As described in the investment review, the following sub-funds are no longer open to investors, having redeemed all shares in the period. It is the intention to terminate the funds at a later date once the residual assets and liabilities are settled. As a result the financial statements for the following sub-funds have been prepared on a break up basis, rather than as a going concern:

Standard Life Investments Japanese Equity Index Tracker Fund  
Standard Life Investments Overseas Bond Index Tracker Fund  
Standard Life Investments Pacific Basin Equity Index Tracker Fund  
Standard Life Investments UK Gilt Index Tracker Fund  
Standard Life Investments US Equity Index Tracker Fund  
Standard Life Investments European Equity Index Tracker Fund

The assets and liabilities of the sub-fund have been recorded at their recoverable value. No liabilities have been recorded for costs of the termination of the sub-fund as the intention is that the ACD will bear any such costs which may arise. There are no differences in the carrying value of assets and liabilities as compared to presenting the financial statements on a going concern basis.

### (b) Revenue

- I. Dividend revenue is recognised when the securities are first quoted on an ex-dividend basis.
- II. Interest from fixed interest securities, interest rate swaps and short-term deposits is recognised on a daily accruals basis.
- III. Underwriting commission is accounted for when the issue underwritten takes place. It is treated as part of the income property of the Fund unless it has been necessary to take up all or part of the shares underwritten in which case an appropriate portion is deducted from the cost of those shares.
- IV. Where stocks are received in lieu of cash dividends the value of that dividend is recognised in the gross revenue of the Fund. Where enhanced scrip dividends are received the value of the enhancement is not recognised as revenue within the Fund but is recognised in capital. Any ordinary element of scrip dividends received is treated as revenue and will form part of the distribution.
- V. Revenue from debt securities is accounted for on an effective yield basis in accordance with the policy detailed below (see effective yield below).
- VI. Special dividends are treated as either revenue or capital depending on the nature of each individual case.

### (c) Treatment of management expenses

The ACD's periodic charges are charged to the revenue property of the Funds (with the exception of the UK Equity Income Unconstrained Fund and the Global REIT Fund which make the charge to the capital property for distribution purposes). Handling charges are borne by the capital property of the Fund for distribution purposes.

### (d) Distribution policy

- I. All of the net revenue available for distribution at the end of both the interim (where applicable) and final distribution years will be distributed to shareholders or reinvested in the Fund.
- II. Where the ACD has discretion about the extent to which income and expenses are recognised within the distributable income property of the Fund, the approach adopted, at all times, will be governed by the aim of maximising the total return to shareholders through limiting avoidable taxation costs.

### (e) Valuation of investments

- I. The listed investments of the Fund have been valued at the bid price at the close of business on the reporting date. Unquoted investments are valued based on the Manager's opinion of fair value, the intention of which is to estimate market value.
- II. Any open positions in derivative contracts or forward foreign currency transactions at the year end are included in the balance sheet at their mark to market value.

### (f) Foreign exchange

- I. Assets and liabilities in foreign currencies are translated into Sterling at the exchange rates ruling on the reporting date.
- II. Income in foreign currencies is translated into Sterling at the exchange rates ruling when the income is received.

### (g) Taxation

- I. Tax is calculated using the marginal basis i.e. the tax effect of income and expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates.
- II. Withholding tax on accrued overseas dividends is netted off against accrued income in the debtors note. The tax charge relating to the movement in withholding tax on accrued overseas dividends is disclosed as current tax.
- III. Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised on permanent differences. Deferred tax assets are only recognised where it is more likely than not that there will be suitable taxable profits against which the future reversal of underlying timing differences can be deducted.

### (h) Derivatives

The Funds may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where those transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the statement of total return. Where the transactions are undertaken to protect or enhance investments, the gains or losses are treated as capital and included within gains/losses on investments in the statement of total return.

## Accounting Policies (continued)

### (i) Effective yield

The Funds apply the concept of effective yield in daily pricing, for the recognition of revenue and for the periodic distribution of revenue, in accordance with the IMA SORP October 2010.

Effective yield as defined by the IMA SORP is an income calculation that takes into account amortisation of any discount or premium on the purchase price over the remaining life of the security.

Applying effective yield to the income calculation may result in either higher or lower revenue than would be recognised on a coupon basis. Where the Funds hold bonds mainly purchased at a discount to their par value, revenue is likely to be higher. Where the Funds hold bonds mainly purchased at a premium, revenue is likely to be lower. This will affect the distributions of the Fund.

### (j) Equalisation

In order that each shareholder in the same share class shall receive the same rate of distribution per share the buying price of each share contains an amount called equalisation. This is equivalent to the net of distributable revenue less expenses accrued in the Fund at the time of purchase. As part of the distribution payment the average amount of this equalisation is returned to Group 2 shareholders. The equalisation element of the distribution to Group 2 shareholders is treated as a repayment of capital and is therefore not liable to income tax. This amount should, however, be deducted from the cost of the shares for capital gains tax purposes.

### (k) Financial instruments disclosure

#### Financial instruments

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks that each Fund may be affected by are market price, foreign currency, interest rate, liquidity and credit risk. The ACD's policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year, across the appropriate Funds.

#### Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Investment Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

#### Foreign currency risk

An element of the investment portfolio and cash on deposit in some of the Funds may be invested in overseas securities and the balance sheet can be affected by movements in foreign exchange rates. In certain circumstances where this is significant, the Investment Manager may seek to manage exposure to currency movements by using forward currency contracts. Included within the notes to the accounts of individual Funds are details of any foreign currency exposures.

#### Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts and interest receivable or payable on interest rate swaps will be affected by fluctuations in interest rates. The Investment Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listing is included within the notes to the accounts of the individual Funds.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Funds also rise but the value of fixed rate securities will decline (along with certain expenses, calculated by reference to the assets of the Funds). A decline in interest rates will in general have the opposite effect.

#### Liquidity risk

Each Fund's assets comprise mainly readily realisable securities. The main liabilities of each Fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Investment Manager reviews the cash and liability position continuously and should an increase in liquidity be required, the Investment Manager will sell securities.

#### Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this business. Some Funds deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. These Funds are deliberately taking credit risk in order to seek additional rewards.

#### Fair value of financial assets and liabilities

Securities held by the Fund are valued at bid-market value. There is no significant difference between market value and fair value. Unquoted investments are valued based on the ACD's opinion of fair value, the intention of which is to estimate market value.

Other financial assets and liabilities of the Fund are included in the balance sheet at the ACD's opinion of fair value.

Numerical disclosures of the financial instruments are disclosed within the individual sub-fund's financial statements.

# Notes to the Aggregated Financial Statements for the Standard Life Investment Company II

<b>1 Net Capital Gains</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	183,831	(45,652)
Derivative contracts	19,094	46,273
Forward currency contracts	22,405	1,877
Derivative contracts currency gains	34	48
Non-derivative securities currency gains/(losses)	987	(34)
Handling charges taken from the capital account	(117)	(163)
Net capital gains	<u>226,234</u>	<u>2,349</u>
<b>2 Purchases, Sales and Transaction Costs</b>		
Analysis of total transaction costs is disclosed within the individual sub-funds' financial statements.		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
UK dividends	14,785	9,147
Overseas dividends	14,276	15,853
Scrip dividends	374	510
Property income distributions	145	91
Interest on debt securities	52,902	49,403
Interest on money market instruments	64	60
Bank interest	288	201
Underwriting commission	121	19
Net interest received from interest rate swaps	0	30
Total revenue	<u>82,955</u>	<u>75,314</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	12,359	9,416
Authorised Corporate Director's periodic charge taken from the capital account	1,660	901
Registration fees	1,063	774
Registration fees taken from the capital account	103	64
	<u>15,185</u>	<u>11,155</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	311	244
Safe custody fees	104	91
	<u>415</u>	<u>335</u>
<b>Other expenses:</b>		
Audit fee*	53	60
Net interest paid on interest rate swaps	2,030	2,064
	<u>2,083</u>	<u>2,124</u>
Total expenses	<u>17,683</u>	<u>13,614</u>

\*The total audit fee for 2012 is £77,764 (2011: £116,333). A reduced amount is shown due to a rebate from the ACD.

# Notes to the Aggregated Financial Statements for the Standard Life Investment Company II (continued)

## 5 Taxation

	2012 £'000	2011 £'000
<b>(a) Analysis of charge in the year</b>		
UK corporation tax	221	180
UK corporation tax taken from the capital account	47	(82)
Double tax relief	(187)	(148)
Adjustments in respect of prior years	20	43
Overseas withholding tax	1,085	1,567
Total taxation	1,186	1,560
Deferred tax:		
Origination and reversal of timing differences	(7)	(93)
Total deferred tax (Note 5(c))	(7)	(93)
Total taxation	1,179	1,467

## (b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	65,201	61,639
Corporation tax at 20% (2011: 20%)	13,040	12,328
Effects of:		
UK dividends	(2,957)	(1,829)
Scrip dividends	(74)	(97)
Non taxable overseas dividends	(2,519)	(2,867)
Tax on realised offshore gains taken from the capital account	47	(82)
Overseas withholding tax	898	1,420
Indexation relief	(1,579)	(1,667)
Excess management expenses	2,541	1,801
Interest distributions	(8,239)	(7,478)
Revenue taxable in different years	8	(11)
Adjustments in respect of prior years	20	42
Current tax charge (Note 5(a))	1,186	1,560

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

In December 2006, the European Court of Justice found that the taxation of portfolio dividends received from EU/EEA countries in the UK prior to 1 July 2009 was discriminatory, however judgement is still to be given in the UK courts in respect of this. The company has assessed the current status of this and determined that it is more likely than not that such reclaims will not be received, hence no asset has been recognised in the financial statements.

## (c) Provision for deferred taxation

Provision at start of the year	13	106
Deferred tax charge in Statement of Total Return for the year (Note 5(a))	(7)	(93)
Provision at end of the year	6	13
Tax on future revenue receipts	8	16
Tax on unrealised offshore gains taken from the capital account	0	4
Double tax relief	(2)	(7)
Provision at end of the year	6	13

Additional information relating to unrecognised deferred tax assets is disclosed in the individual sub-funds' accounts.

## Notes to the Aggregated Financial Statements for the Standard Life Investment Company II (continued)

<b>6 Finance Costs</b>	<b>2012</b>	<b>2011</b>
<b>Distributions and interest</b>	<b>£'000</b>	<b>£'000</b>
<b>(a)</b> The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:		
First Interim distribution	11,297	9,432
Second Interim distribution	22,529	17,833
Third Interim distribution	11,499	11,498
Final distribution	17,555	23,440
	<u>62,880</u>	<u>62,203</u>
Add: Income deducted on cancellation of shares	4,436	1,264
Deduct: Income received on issue of shares	(1,624)	(2,629)
Net distribution for the year	<u>65,692</u>	<u>60,838</u>
 Interest	 71	 61
Total finance costs	<u>65,763</u>	<u>60,899</u>
 <b>(b)</b> Difference between net revenue and distribution		
Net revenue after taxation for the year	64,022	60,172
Add: ACD periodic charge taken from the capital account	1,660	901
Add: Registration fees taken from the capital account	103	64
Add: Taxation on offshore gains taken from capital account	47	(179)
Add: Share class deficit paid from capital	0	1
Deduct: Marginal tax benefit	(139)	(121)
Deduct: Undistributed income carried forward	(1)	0
Net distribution for the year	<u>65,692</u>	<u>60,838</u>
 <b>7 Debtors</b>	 <b>2012</b>	 <b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	2,200	13,533
Sales awaiting settlement	6,147	26,918
Accrued revenue	18,326	20,256
Expenses rebate due from the ACD	26	137
Accrued expenses receivable from the Depositary	13	0
Income tax recoverable	2	0
Refund due from Standard Life Investments (Mutual Funds) Limited	0	1
Corporation tax recoverable	18	9
Due from Standard Life Investments (Mutual Funds) Limited to cover deficit positions on termination	43	0
Withholding tax recoverable	715	590
Total debtors	<u>27,490</u>	<u>61,444</u>
 <b>8 Cash and Bank Balances</b>	 <b>2012</b>	 <b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts held at futures clearing houses and brokers	859	497
Cash and bank balances	4,715	28,741
Total cash and bank balances	<u>5,574</u>	<u>29,238</u>

## Notes to the Aggregated Financial Statements for the Standard Life Investment Company II (continued)

<b>9 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	3,117	2,707
Purchases awaiting settlement	6,767	41,844
Accrued expenses payable to the ACD	1,364	1,104
Accrued expenses payable to the Depositary	61	86
Other accrued expenses	87	108
Collateral cash	3,753	11,929
Accrued interest payable on interest rate swap contracts	0	318
Deferred taxation	6	13
Income tax payable	1,070	1,155
Expenses rebate due to the ACD	11	0
Amounts due to ACD in respect of payment for withholding tax reclaims	567	0
Residual payment to shareholders from termination	107	0
Corporation tax payable	73	73
Total creditors	<u>16,983</u>	<u>59,337</u>

### 10 Financial Instruments

Derivatives and other financial instruments are disclosed within the individual sub-funds' financial statements.

### 11 Related Party Transactions

Related party transactions are disclosed within the individual sub-funds' financial statements.

### 12 Shareholder Funds

The share class details and charges thereon are disclosed within the individual sub-funds' financial statements.

# Cash Fund

## Investment Report

**Fund Manager:** Stuart Lindsay

**Launched:** 15 September 2004

**Benchmark:** IMA Money Market Sector

## Investment objective

The investment objective of the Fund is to achieve the best level of income return, combined with a high degree of security.

## Investment policy

The investment policy of the Fund is to invest in a portfolio of mainly cash and near cash in accordance with the FSA rules. The Fund may also invest in bills of exchange, debentures and other investments (including, from time to time, other forms of transferable securities, money market instruments and collective investment schemes) in accordance with the FSA rules.

## Risk

The Fund will invest principally in deposits. There is, however, power for up to 100% of the scheme property of the Fund to be invested in warrants. If more than 5% of the scheme property of the Fund is invested in warrants the net asset value of the Fund may, at times, be highly volatile.

## Performance

The Cash Fund returned 0.16% over the year, compared to 0.26% for the IMA Money Market Sector (fund and sector return source: Morningstar).

Over the 12 months under review, credit exposures continued to reflect the ongoing European sovereign debt crisis. As a result, exposure to European banks was very restricted and subject to close monitoring. In the UK, we continue to believe the Bank of England base rate is unlikely to change in the near future given the current domestic economic situation. Therefore, we prefer to maintain the Fund's weighted average maturity as high as possible, subject to the constraints imposed because of the European situation.

## Investment activity

Throughout the year, we focused activity on capital preservation, with liquidity remaining key to the operation of the Fund. We also made selective investments further out on the yield curve in order to obtain additional return and maintain a higher weighted average maturity.

During the year the following material changes were made to the portfolio:

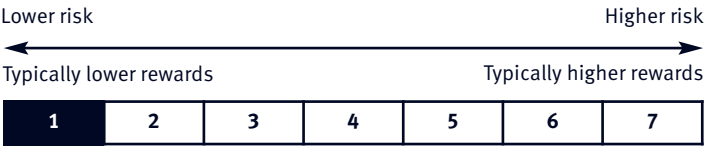
<b>Purchases</b>	<b>Cost £'000</b>	<b>Sales</b>	<b>Proceeds £'000</b>
ING Bank 1.30% 20/06/2012	1,000	ING Bank 1.30% 20/06/2012	1,000
Others (those not listed above)	20,492	ING Bank 1.1% 13/01/2012	1,000
		Others (those not listed above)	21,750
<b>Total</b>	<b>21,492</b>	<b>Total</b>	<b>23,750</b>

## Outlook

The 3-month London Interbank Offered Rate (LIBOR) continued to fall during the year under review, as excess liquidity created by the European Central Bank (ECB) remained high and money market issuance levels from the European banking sector remained correspondingly low. In the near term, wholesale money market issuance levels will drive Fund performance. In turn, this will be driven by the European situation and policy response from various authorities, most notably the ECB.

# Cash Fund (continued)

## Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

### Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

## Cash Fund

### Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	16,365	57.65	28,387,470
	31 October 2011	12,638	57.72	21,893,689
	31 October 2012	10,684	57.80	18,484,331
Standard Life accumulation	31 October 2010	0	58.75	500
	31 October 2011	0	58.76	500
	31 October 2012	0	59.01	500
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007	2.0928	55.68	53.60
	2008	2.0957	58.37	55.69
	2009	0.2129	57.67	57.60
	2010	0.0259	57.67	57.65
	2011	0.0594	57.73	57.67
	2012*	0.0857	57.82	57.73
Standard Life accumulation	2007	2.1304	56.18	54.05
	2008	2.3664	58.37	56.19
	2009	0.4576	58.66	58.38
	2010	0.1472	58.81	58.65
	2011	0.1568	58.93	58.81
	2012*	0.1472	59.01	58.61

\*to 31 October

### Ongoing Charges Figure (OCF)

	2012	2011
Retail accumulation	0.65%	0.63%
Standard Life accumulation	0.20%	0.18%

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

## Cash Fund

### Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
Income:					
Net capital (losses)/gains	1		(2)		4
Revenue	3	100		101	
Expenses	4	(77)		(85)	
Net revenue before taxation		23		16	
Taxation	5	0		2	
Net revenue after taxation			23		18
<b>Total return before distributions</b>			21		22
Finance costs: Distributions	6		(23)		(18)
<b>Change in net assets attributable to shareholders from investment activities</b>			(2)		4

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012 £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		12,638		16,365
Amounts receivable on issue of shares	12,281		7,017	
Less: Amounts payable on cancellation of shares	(14,249)		(10,761)	
		(1,968)		(3,744)
Change in net assets attributable to shareholders from investment activities (see above)		(2)		4
Retained distribution on accumulation shares		16		13
<b>Closing net assets attributable to shareholders</b>		10,684		12,638

### Balance Sheet

as at 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			10,795		12,698
Debtors	7	11		34	
Cash and bank balances		1		0	
Total other assets			12		34
Total assets			10,807		12,732
<b>Liabilities</b>					
Creditors	8	(123)		(94)	
Total other liabilities			(123)		(94)
Total liabilities			(123)		(94)
<b>Net assets attributable to shareholders</b>			10,684		12,638

# Cash Fund

## Portfolio Statement

as at 31 October 2012

Holding	Bid-Market value £'000	Percentage of total net assets
<b>Bonds (0.00%)</b>	<b>501</b>	<b>4.69</b>
500,000 Rabobank International FRN 2013	501	4.69
<b>Cash Held For Investment Purposes (95.54%)</b>	<b>9,779</b>	<b>91.53</b>
<b>Money Market Instruments (57.35%)</b>	<b>4,499</b>	<b>42.11</b>
500,000 Bank of Tokyo 0.76% 06/12/2012	500	4.68
250,000 Banque Federative du Credit Mutuel 0.79% 06/03/2013	249	2.33
250,000 BNP Paribas 1.08% 11/03/2013	250	2.34
250,000 Credit Agricole 0.75% 08/02/2013	250	2.34
500,000 ING Bank 1.13% 20/11/2012	500	4.68
500,000 Nationwide Building Society 0.71% 12/04/2013	500	4.68
250,000 Natixis 1.05% 01/03/2013	250	2.34
500,000 Nordea Bank 0.82% 12/12/2012	500	4.68
250,000 Skandinaviska Enskilda 1.04% 08/11/2012	250	2.34
250,000 Societe Generale 0.96% 04/03/2013	250	2.34
500,000 Sumitomo Mitsui Trust 0.61% 12/04/2013	500	4.68
500,000 UBS 0.73% 11/03/2013	500	4.68
<b>Call Deposits (0.00%)</b>	<b>1,000</b>	<b>9.36</b>
Santander 0.5% 01/11/2012	1,000	9.36
<b>Term Deposits (38.19%)</b>	<b>4,280</b>	<b>40.06</b>
Danske Bank 0.48% 01/11/2012	1,002	9.38
DZ Bank 0.42% 01/11/2012	1,001	9.37
HSBC Bank 0.4% 01/11/2012	276	2.58
Lloyds TSB 0.4% 01/11/2012	1,001	9.37
Sumitomo Mitsui Bank 0.36% 02/11/2012	1,000	9.36
<b>Collective Investment Schemes (4.93%)</b>	<b>515</b>	<b>4.82</b>
514,979 Standard Life Investments GBP VNAV Liquidity Fund	515	4.82
Total investment assets	10,795	101.04
Net other liabilities	(111)	(1.04)
<b>Total Net Assets</b>	<b>10,684</b>	<b>100.00</b>
All investments are “approved securities” or “regulated collective investment schemes” within the meaning of the FSA rules unless otherwise stated.		
The percentage figures in brackets show the comparative holding as at 31 October 2011.		
	Bid-Market value £'000	
<b>Credit Rating Analysis</b>		
Investment Grade Bonds	501	
<b>Total Value of Securities</b>	<b>501</b>	

# Cash Fund

## Notes to the Financial Statements

<b>1 Net Capital (Losses)/Gains</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	0	6
Handling charges taken from the capital account	(2)	(2)
Net capital losses/gains	(2)	4
<b>2 Purchases, Sales and Transaction Costs</b>		
There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Interest on debt securities	6	0
Interest on money market instruments	64	60
Bank interest	30	41
Total revenue	100	101
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	60	67
Registration fees	10	11
	70	78
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	2	2
<b>Other expenses:</b>		
Audit fee	5	5
Total expenses	77	85
<b>5 Taxation</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Analysis of charge in the year</b>		
Adjustments in respect of prior years	0	(2)
Total taxation	0	(2)
<b>(b) Factors affecting current tax charge for year</b>		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	23	16
Corporation tax at 20% (2011: 20%)	5	3
Effects of:		
Interest distributions	(5)	(3)
Adjustments in respect of prior years	0	(2)
Current tax charge (Note 5(a))	0	(2)

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

# Cash Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2012</b>	<b>2011</b>
<b>Distributions and interest</b>	<b>£'000</b>	<b>£'000</b>
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Final distribution	17	15
Add: Income deducted on cancellation of shares	15	8
Deduct: Income received on issue of shares	(9)	(5)
Net distribution for the year	<u>23</u>	<u>18</u>
Details of the distribution per share are set out in the distribution table on page 27.		

<b>7 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	0	16
Accrued revenue	9	17
Corporation tax recoverable	2	1
Total debtors	<u>11</u>	<u>34</u>

<b>8 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	111	82
Accrued expenses payable to the ACD	5	6
Accrued expenses payable to the Depositary	0	1
Other accrued expenses	5	4
Income tax payable	2	1
Total creditors	<u>123</u>	<u>94</u>

## 9 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 8.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the period end in note 8.

The Fund holds shares in the Standard Life Investments GBP VNAV Liquidity Fund as detailed in the portfolio statement.

## 10 Shareholder Funds

The Fund currently has two share classes: Retail accumulation and Standard Life accumulation.

The ACD periodic charge on each share class is as follows:-

	<b>2012</b>	<b>2011</b>
Retail accumulation	0.50%	0.50%
Standard Life accumulation	0.05%	0.05%

The initial charge on each share class is as follows:-

Retail accumulation	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 21.

The distribution per share class is given in the distribution table on page 27. All classes have the same rights on winding up.

# Cash Fund

## Notes to the Financial Statements (continued)

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 14.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets is:

	Floating rate financial assets	Fixed rate financial assets	Total
	£'000	£'000	£'000
<b>2012</b>			
<b>Currency</b>			
Sterling	6,297	4,499	10,796
<b>2011</b>			
<b>Currency</b>			
Sterling	5,450	7,248	12,698

Floating rate interest was earned at rates based on LIBOR.

# Cash Fund

## Distribution Table

for the year ended 31 October 2012

### Interest distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 31 October 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.1071	0.0214	0.0857	-	0.0857*	0.0594
Group 2	0.0560	0.0112	0.0448	0.0409	0.0857*	0.0594
<b>Standard Life accumulation</b>						
Group 1	0.1840	0.0368	0.1472	-	0.1472*	0.1568
Group 2	-	-	-	-	-	-

\*Distribution accumulated on 31 October 2012

# Corporate Debt Fund

## Investment Report

**Fund Manager:** Roger Sadewsky

**Launched:** 20 December 2004

**Benchmark:** Merrill Lynch Sterling Non-Gilts BBB/AAA Index

## Investment objective

The investment objective of the Fund is to provide a total return from both capital appreciation and income.

## Investment policy

The investment policy of the Fund is to invest primarily in interest-bearing securities, money market instruments, derivatives and forward currency transactions anywhere in the world. Additionally, from time to time, the Fund may invest in other forms of transferable securities, deposits and collective investment schemes in accordance with the FSA rules.

## Risk

Up to 100% of the scheme property of the Fund may be invested in transferable securities which are warrants. If more than 5% of the scheme property of the Fund is invested in warrants the net asset value of the Fund may, at times, be highly volatile.

## Performance

Over the year to 31 October 2012, the Corporate Debt Fund returned 18.76% (gross of fees) compared to the Merrill Lynch Non-Gilt All Stocks benchmark index return of 14.38% (fund return sources: internal and index return source: Thomson Reuters Datastream).

Markets were exceptionally volatile at the start of the review period, as Euro-zone leaders struggled to contain the escalating sovereign debt crisis. In early December, the European Central Bank (ECB) finally intervened, providing cheap, longer-term funding for banks. While not in itself a solution to the crisis, the move greatly promoted investor confidence, driving a sharp rebound in credit in January and February. In the rally, financials and riskier asset classes outperformed the more defensive end of the credit spectrum. This benefited our exposure to lower tier two bank debt and to insurance issues, including AXA, Swiss Re and Legal & General. Among non-financials, telecoms names performed well, in particular Mexican operator America Movil.

After corporate bonds' strong start to 2012, Euro-zone concerns resurfaced in April, driving profit-taking and a flight to more defensive bonds. In this climate, our decision at the end of March to scale back exposure to financials and riskier asset classes was rewarded. Through the summer and beyond, despite intermittent bouts of volatility created by political and economic turbulence in Europe, credit markets posted further steady gains. In particular, investors were heartened by the ECB's pledge to support the euro at all costs. In this environment, higher quality investment grade bonds were shunned as risk appetite recovered. This favoured our underweight positions in KfW, AstraZeneca and London & Continental Railways. At the same time, the Fund was well positioned to participate in the rally in Italian and Spanish bonds, names like Intesa Sanpaolo and Telecom Italia making notable contributions. Similarly, selected financials including AXA, Credit Agricole, Citibank and Bank of America did well, while Lloyds TSB Bank, Barclays Bank and Royal Bank of Scotland all responded favourably to senior debt buybacks.

## Investment activity

In the early part of the review period, we responded to the deepening Euro-zone crisis by adding quality defensive issues. Financial debt from Old Mutual and Northern Trust was bought, together with bonds from Tesco, BAA, IPIC and Annheuser-Busch. Australian AAA rated government bonds were also purchased.

In anticipation of renewed turmoil in Europe, we used the strong first quarter rally to subsequently lower financial risk, scaling back names like Societe Generale, Credit Agricole, Lloyds TSB Bank and Prudential. Likewise, cyclical credits Finmeccanica and Saint-Gobain were reduced, along with Enterprise Inns' pub-backed bonds, which had rebounded. We meanwhile increased exposure to asset-backed securities, taking advantage of the underperformance of this group and mindful of its relatively defensive qualities. Nationwide and Annington were among the issues purchased. We also added to our holding of gilts, as part of our risk reduction strategy. In June, we experienced a sizeable outflow of £80 million, prompting us to reduce positions across the portfolio on a pro rata basis.

Later in the summer, as we became more constructive on Europe, we selectively added French bonds such as Societe Generale to narrow the extent of our underweight in the region. Elsewhere, we increased US corporate exposure through names like DirecTV and Amgen. Additionally, we bought SP Manweb, Centrica and other utility bonds, which are less vulnerable than telecoms to regulatory and competitive pressures.

We were active in the primary market throughout the review period, participating in attractively priced new issuance from Direct Line, BMW, WM Morrison, Transport for London and Sanctuary Capital, to name a few.

# Corporate Debt Fund

## Investment Report (continued)

### Outlook

We are encouraged by the ECB's more proactive role in recent months and believe the proposed bond-buying programme could eventually help repair Europe's dysfunctional banking system. That said, there will inevitably be problems and political logjams, and the crisis has potential to re-ignite. Otherwise, the frail global economic picture precludes any increase in interest rates or reversal of government stimulatory policies for the time being. This sets a generally favourable backdrop for credit, together with ample cash inflows and sound corporate fundamentals.

### Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

### Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

## Corporate Debt Fund

### Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	0	54.87	500
	31 October 2011	0	60.77	500
	31 October 2012	0	70.05	500
Standard Life accumulation	31 October 2010	1	58.96	2,462
	31 October 2011	1	65.91	2,462
	31 October 2012	2	77.77	2,462
Institutional regulated accumulation - Gross	31 October 2010	320,362	59.67	536,894,675
	31 October 2011	419,269	67.93	617,167,505
	31 October 2012	372,580	80.65	461,981,363

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007	1.5880	53.70	45.83
	2008	1.4008	53.04	45.17
	2009	1.6104	53.92	41.30
	2010	1.7008	60.19	51.36
	2011	1.9072	66.93	54.35
	2012*	1.3882	73.73	64.89
Standard Life accumulation	2007	2.3506	54.94	47.20
	2008	2.0756	55.59	46.87
	2009	2.2149	57.26	43.48
	2010	2.3864	64.54	54.70
	2011	2.8101	72.68	58.52
	2012*	2.7538	80.77	70.73
Institutional regulated accumulation - Gross	2007	2.1053	54.63	46.96
	2008	2.6416	55.83	46.82
	2009	2.7309	57.99	43.84
	2010	2.7747	65.91	55.36
	2011	3.2069	75.00	59.97
	2012*	3.4119	83.63	73.06

\*to 31 October

### Ongoing Charges Figure (OCF)

	2012	2011
Retail accumulation	1.61%	1.61%
Standard Life accumulation	0.11%	0.11%
Institutional regulated accumulation - Gross	0.38%	0.46%

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

# Corporate Debt Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
<b>Income:</b>					
Net capital gains	1		54,035		31,052
Revenue	3	22,061		22,902	
Expenses	4	(3,602)		(3,516)	
Finance costs: Interest	6	(33)		(18)	
Net revenue before taxation		18,426		19,368	
Taxation	5	0		0	
Net revenue after taxation			18,426		19,368
<b>Total return before distributions</b>			72,461		50,420
Finance costs: Distributions	6		(18,426)		(19,368)
<b>Change in net assets attributable to shareholders from investment activities</b>			54,035		31,052

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012 £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		419,270		320,363
Amounts receivable on issue of shares	60		48,324	
Less: Amounts payable on cancellation of shares	(118,510)		(154)	
		(118,450)		48,170
Change in net assets attributable to shareholders from investment activities (see above)		54,035		31,052
Retained distribution on accumulation shares		17,727		19,685
<b>Closing net assets attributable to shareholders</b>		372,582		419,270

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			419,124		480,269
Debtors	7	9,500		10,711	
Cash and bank balances	8	873		13,377	
Total other assets			10,373		24,088
Total assets			429,497		504,357
<b>Liabilities</b>					
Investment liabilities			(52,770)		(71,940)
Creditors	9	(4,145)		(13,113)	
Bank overdrafts		0		(34)	
Total other liabilities			(4,145)		(13,147)
Total liabilities			(56,915)		(85,087)
<b>Net assets attributable to shareholders</b>			372,582		419,270

# Corporate Debt Fund

## Portfolio Statement

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>Bonds (95.74%)</b>	<b>363,105</b>	<b>97.46</b>
<b>Euro Denominated Bonds (7.22%)</b>	<b>28,824</b>	<b>7.73</b>
<b>Less than 5 years to maturity</b>		
290,000 Abbey National 3.625% 2017	257	0.07
683,000 Ardagh Glass 9.25% 2016	595	0.16
2,404,000 ASIF III 4.75% 2013	1,988	0.53
931,000 Banco Popolare 4% 2013	751	0.20
1,500,000 Bank of America 7% 2016	1,412	0.38
450,000 BBVA 4.25% 2015	374	0.10
400,000 Conti-Gummi 7.5% 2017	345	0.09
252,000 Dong Energy 4% 2016	225	0.06
1,050,000 ESB 6.25% 2017	940	0.25
775,000 FCE Bank 4.75% 2015	665	0.18
334,719 German Residential 'D' FRN 2016	251	0.07
446,292 German Residential 'F' FRN 2016	330	0.09
1,008,000 Hammerson 4.875% 2015	879	0.24
775,000 HeidelbergCement 6.5% 2015	683	0.18
581,000 Morgan Stanley 4.5% 2016	496	0.13
200,000 Pernod Ricard 5% 2017	183	0.05
1,783,000 Pohjola Bank 3% 2017	1,536	0.41
1,096,000 RCI Banque FRN 2015	946	0.25
480,000 Saint-Gobain 3.5% 2015	410	0.11
1,050,000 WPP 4.375% 2013	876	0.24
<b>Between 5 and 10 years to maturity</b>		
250,000 Alba 8% 2018	212	0.06
1,550,000 Barclays Bank FRN 2019	1,216	0.33
450,000 Brambles Finance 4.625% 2018	414	0.11
410,000 Dong Energy 4.875% 2021	390	0.10
892,000 Fiat Industrial 6.25% 2018	765	0.21
670,000 Lloyds TSB Bank 6.5% 2020	568	0.15
1,300,000 Mondi Finance 3.375% 2020	1,054	0.28
300,000 Morgan Stanley 5.375% 2020	264	0.07
1,221,000 Nationwide 6.75% 2020	1,086	0.29
775,000 Nordea Bank FRN 2018	645	0.17
540,000 Saint-Gobain 4.5% 2019	479	0.13
473,000 Unitymedia 8.125% 2017	410	0.11
130,000 UPCB Finance 7.625% 2020	113	0.03
884,000 Ziggo Bond 8% 2018	780	0.21
775,000 Zinc Capital 8.875% 2018	616	0.17
<b>Greater than 25 years to maturity</b>		
800,000 Allianz 5.625% 2042	674	0.18
600,000 AXA FRN 2040	463	0.12
775,000 Linde Finance FRN 2066	728	0.20
<b>Perpetual bonds</b>		
850,000 BNP Paribas FRN Perpetual	581	0.16
2,943,000 RWE FRN Perpetual	2,403	0.64
1,000,000 Suez Environnement FRN Perpetual	821	0.22
<b>Sterling Denominated Bonds (86.12%)</b>	<b>320,055</b>	<b>85.90</b>
<b>Less than 5 years to maturity</b>		
685,000 Abbey National 5.5% 2014	721	0.19
322,000 Anheuser-Busch 6.5% 2017	389	0.10
888,000 Arkle Master Issuer 3.986% 2017	973	0.26
1,165,000 Blue Circle Industries 10.75% 2013	1,268	0.34
1,783,000 British Telecom 6.625%	2,128	0.57
447,000 British Telecom FRN 2016	560	0.15
1,950,000 Centrica 5.5% 2016	2,229	0.60
1,230,000 Chester Asset Receivable 4.65% 2015	1,260	0.34

# Corporate Debt Fund

## Portfolio Statement (continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>			
<b>Less than 5 years to maturity (continued)</b>			
300,000	Chester Asset Receivables FRN 2016	299	0.08
200,000	Saint-Gobain 5.625% 2016	225	0.06
857,000	CPUK Finance 4.811% 2017	910	0.24
1,729,000	CRH Finance 8.25% 2015	1,975	0.53
464,000	Daimler International 1.75% 2014	467	0.13
548,000	Daimler International 2.125% 2013	554	0.15
691,000	FCE Bank 4.825% 2017	750	0.20
200,000	FCE Bank 5.125% 2015	216	0.06
162,000	GUS 5.625% 2013	169	0.05
651,000	Heathrow Funding 5.85% 2015	680	0.18
698,000	Hutchison Ports FRN 2015	797	0.21
2,650,000	Imperial Tobacco 5.5% 2016	3,005	0.81
1,650,000	JPMorgan Chase 5.375% 2016	1,822	0.49
500,000	JPMorgan Chase FRN 2017	460	0.12
220,000	JTI (UK) Finance FRN 2013	223	0.06
775,000	Lloyds TSB Bank 6.625% 2015	824	0.22
1,163,000	London Stock Exchange 6.125% 2016	1,278	0.34
775,000	Marks & Spencer 5.625% 2014	811	0.22
447,000	Morgan Stanley 5.75% 2017	489	0.13
670,000	National Express 6.25% 2017	736	0.20
1,150,000	Northern Trust 5.375% 2015	1,199	0.32
1,783,000	Northumbrian Water 6% 2017	2,097	0.56
581,000	QBE Insurance 6.125% 2015	642	0.17
1,388,000	QBE Insurance 10% 2014	1,527	0.41
1,692,000	Royal Bank of Scotland 6.375% 2014	1,809	0.49
200,000	Santander International Debt 3.16% 2015	195	0.05
310,000	Segro 5.25% 2015	333	0.09
1,772,000	Skandinaviska Enskilda 6.625% 2014	1,924	0.52
750,000	Societe Generale 3.875% 2015	787	0.21
1,550,000	Stagecoach 5.75% 2016	1,721	0.46
1,550,000	Svenska Handelsbanken 5.5% 2016	1,760	0.47
950,000	Telefonica Emisiones 5.888% 2014	982	0.26
969,000	UBS 6.375% 2016	1,122	0.30
447,000	UniCredit 5% 2016	407	0.11
370,000	United Utilities Water 6.125% 2015	421	0.11
400,000	Volkswagen 1.25% 2015	399	0.11
<b>Between 5 and 10 years to maturity</b>			
2,000,000	ABN Amro 4.875% 2019	2,206	0.59
162,375	Annington Finance No 1 8% 2021	205	0.06
1,615,000	Atlantia 6.25% 2022	1,730	0.46
1,938,000	Australia & New Zealand Bank FRN 2018	1,970	0.53
2,220,000	B.A.T. International Finance 6.375% 2019	2,764	0.74
277,000	Bank Of Scotland 6.375% 2019	281	0.08
1,031,000	Barclays Bank 4.25% 2022	1,155	0.31
2,036,000	Barclays Bank 5.75% 2021	2,462	0.66
1,237,000	Barclays Bank 10% 2021	1,547	0.42
350,000	Bayer 5.625% 2018	416	0.11
1,008,000	BG Energy Capital 5.125% 2017	1,167	0.31
1,155,000	BMW Finance 3.375% 2018	1,222	0.33
1,550,000	Citigroup 5.125% 2018	1,636	0.44
750,000	Citigroup 6.25% 2019	887	0.24
2,072,000	Citigroup 7.625% 2018	2,543	0.68
775,000	Danske Bank FRN 2021	715	0.19
966,000	Enterprise Inns 6.5% 2018	862	0.23
800,000	Experian 4.75% 2018	900	0.24

# Corporate Debt Fund

## Portfolio Statement (continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>			
<b>Between 5 and 10 years to maturity (continued)</b>			
150,000	France Telecom 8% 2017	190	0.05
908,000	G4S FRN 2019	1,125	0.30
886,000	GE Capital 4.375% 2019	961	0.26
1,938,000	GE Capital 5.625% 2019	2,237	0.60
1,163,000	GE Capital FRN 2017	1,376	0.37
460,000	GKN Holdings 5.375% 2022	465	0.12
154,000	Hammerson 6.875% 2020	189	0.05
814,000	Heathrow Funding 6.25% 2018	922	0.25
775,000	HSBC 6.25% 2019	904	0.24
650,000	HSBC 6.375% 2022	700	0.19
1,163,000	Imperial Tobacco Finance 7.75% 2019	1,492	0.40
1,124,000	Imperial Tobacco Finance FRN 2022	1,592	0.43
791,000	ING Bank 5.375% 2021	911	0.24
1,500,000	Intesa Sanpaolo 5.25% 2022	1,424	0.38
1,381,000	KPN 6% 2019	1,604	0.43
1,163,000	Land Securities FRN 2019	1,312	0.35
853,000	LBG Capital No.1 7.869% 2020	849	0.23
800,000	LBG Capital No.2 15% 2019	1,056	0.28
1,237,000	Lloyds TSB Bank FRN 2021	1,422	0.38
536,000	Marks & Spencer 6.125% 2019	604	0.16
1,550,000	Merrill Lynch 5.5% 2021	1,582	0.42
150,000	Merrill Lynch 7.75% 2018	181	0.05
1,189,000	Metlife 5.25% 2020	1,380	0.37
1,241,000	National Australia Bank 3.625% 2017	1,334	0.36
1,047,000	National Express 6.625% 2020	1,196	0.32
1,163,000	Nationwide 5.625% 2019	1,360	0.37
969,000	Old Mutual 8% 2021	1,017	0.27
1,861,000	Petroleos Mexicanos 8.25% 2022	2,394	0.64
1,055,000	Rabobank Nederland 4% 2022	1,119	0.30
89,000	Reseau Ferre de France 5.5% 2021	106	0.03
400,000	Royal Bank of Scotland 6.625% 2018	486	0.13
775,000	Segro 6.75% 2021	931	0.25
853,000	Societe Generale 5% 2018	945	0.25
775,000	Southern Gas Networks 5.125% 2018	884	0.24
150,000	Southern Water Services 5% 2021	165	0.04
500,000	SPI (Australia) Assets 5.125% 2021	566	0.15
2,350,000	Standard Chartered FRN 2018	2,345	0.63
2,750,000	Telecom Italia 6.375% 2019	2,918	0.78
832,000	Telefonica Emisiones 5.375% 2018	859	0.23
900,000	Telefonica Emisiones 5.597% 2020	912	0.24
536,000	Tesco 5.5% 2019	626	0.17
757,000	UBS 6.625% 2018	920	0.25
853,000	UBS FRN 2021	866	0.23
1,644,000	Virgin Media 7% 2018	1,784	0.48
780,000	Wessex Water Services 4% 2021	835	0.22
171,000	Western Power 9.25% 2020	245	0.07
1,130,000	Westfield UK and Europe Finance 4.25% 2022	1,180	0.32
775,000	Xstrata Finance 7.375% 2020	946	0.25
<b>Between 10 and 15 years to maturity</b>			
830,000	Abbey National 5.75% 2026	1,044	0.28
1,148,000	ABP 6.25% 2026	1,241	0.33
775,000	America Movil 5% 2026	898	0.24
671,000	Amgen 5.5% 2026	798	0.21
646,000	Anglian Water 6.875% 2023	860	0.23
1,340,000	Annington Finance 6.568% 2023	1,419	0.38
324,555	Annington Finance FRN 2023	320	0.09
950,000	Annington Repackaging 5.3236% 2023	1,049	0.28
1,550,000	B.A.T. International Finance 7.25% 2024	2,075	0.56
300,000	Barclays Bank FRN 2023	311	0.08

# Corporate Debt Fund

## Portfolio Statement (continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>			
<b>Between 10 and 15 years to maturity (continued)</b>			
295,000	Broadgate Finance FRN 2025	243	0.07
250,000	Cie de Saint-Gobain 5.625% 2024	284	0.08
767,000	CPUK Finance 7.239% 2024	881	0.24
900,000	Credit Agricole 7.375% 2023	950	0.25
434,443	Dignity Finance 6.31% 2023	531	0.14
1,008,000	Eastern 8.5% 2025	1,473	0.40
1,704,000	Electric North West 8.875% 2026	2,591	0.70
814,000	Eversholt Funding 6.359% 2025	992	0.27
550,000	Gatwick Funding 6.125% 2026	661	0.18
1,738,000	GE Capital 5.125% 2023	1,968	0.53
125,000	Hammerson FRN 2026	149	0.04
1,550,000	Heathrow Funding FRN 2025	1,772	0.48
625,000	HSBC 6.5% 2024	801	0.21
1,163,000	HSBC FRN 2023	1,208	0.32
268,000	Land Securities FRN 2026	318	0.09
625,000	Linde Finance 5.875% 2023	809	0.22
645,000	Lloyds TSB Bank 7.5% 2024	852	0.23
759,000	Lloyds TSB Bank 7.625% 2025	809	0.22
1,629,000	Lloyds TSB Bank FRN 2025	1,443	0.39
775,000	London Power 5.125% 2023	892	0.24
700,000	Metro Life 3.5% 2026	715	0.19
400,000	Morrison (WM) Supermarkets 3.5% 2026	400	0.11
271,000	Motability Operations 4.375% 2027	294	0.08
1,365,000	National Grid 4% 2027	1,396	0.37
1,924,000	Royal Bank of Scotland 5.125% 2024	2,284	0.61
2,000,000	Royal Bank of Scotland 6.875% 2025	2,541	0.68
1,100,000	Siemens 2.75% 2025	1,077	0.29
1,333,000	Southern Gas Networks 4.875% 2023	1,512	0.41
420,000	SP Manweb 4.875% 2027	430	0.12
850,000	TDC 5.625% 2023	1,002	0.27
300,000	Telefonica Emisiones 5.289% 2022	291	0.08
447,000	Tesco 5% 2023	504	0.14
1,280,000	Thames Water 5.375% 2025	1,397	0.37
654,000	Unique Pub Finance 5.659% 2027	569	0.15
604,000	Unique Pub Finance 7.395% 2024	453	0.12
2,350,000	Wells Fargo 5.25% 2023	2,647	0.71
<b>Between 15 and 25 years to maturity</b>			
1,201,000	America Movil 5.75% 2030	1,488	0.40
1,320,000	Amgen 4% 2029	1,322	0.35
1,550,000	Anglian Water 6.625% 2029	2,097	0.56
2,600,000	Aviva 6.125% 2036	2,439	0.65
2,750,000	Bank of America 7% 2028	3,492	0.94
835,000	BL Superstore 5.27% 2030	923	0.25
644,000	British Telecom FRN 2028	764	0.21
540,000	Broadgate 4.851% 2033	596	0.16
832,822	Canary Wharf Finance 6.455% 2033	1,045	0.28
616,000	Centrica 4.375% 2029	662	0.18
1,320,000	Delamare Finance 5.5457% 2029	1,490	0.40
2,327,000	Deutsche Telekom 8.875% 2028	3,616	0.97
750,000	Dignity Finance 8.151% 2031	1,055	0.28
700,000	DirectTV Holdings 4.375% 2029	704	0.19
775,000	Dong Energy 4.875% 2032	838	0.22
1,550,000	EDF 6.125% 2034	1,889	0.51
388,000	Enterprise Inns FRN 2031	279	0.07
2,200,000	E.On International 5.875% 2037	2,760	0.74
2,510,000	Eversholt Funding 6.697% 2035	3,117	0.84
1,952,000	France Telecom 5.625% 2034	2,287	0.61
1,767,000	GE Capital 4.875% 2037	1,759	0.47
1,938,000	GE Capital 5.875% 2033	2,311	0.62
240,000	Great Portland Estates 5.625% 2029	255	0.07
2,450,000	Great Rolling Stock 6.5% 2031	3,007	0.81

# Corporate Debt Fund

## Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>		
<b>Between 15 and 25 years to maturity</b>		
402,000 Heathrow Funding 6.45% 2033	503	0.14
3,527,000 Heathrow Funding 6.75% 2028	4,603	1.24
775,000 HSBC 5.75% 2027	837	0.22
1,142,929 Integrated Accommodation Services 6.48% 2029	1,462	0.39
713,000 KPN 5.75% 2029	807	0.22
670,000 Land Securities FRN 2036	782	0.21
2,889,000 Legal & General 5.875% 2033	3,529	0.95
616,850 Mitchells & Butlers 5.574% 2030	675	0.18
450,000 Motability Operations 5.625% 2030	559	0.15
1,163,000 National Grid 7.375% 2031	1,654	0.44
1,200,000 National Grid FRN 2028	1,584	0.43
1,814,000 Punch Taverns 8.374% 2029	1,007	0.27
134,000 Severn Trent Finance 6.25% 2029	173	0.05
2,236,000 Southern Electric FRN 2032	2,717	0.73
361,000 Spirit Issuer FRN 2027	318	0.09
1,566,000 Spirit Issuer FRN 2028	1,049	0.28
2,016,000 SSE 8.375% 2028	3,110	0.83
1,157,488 Telereal 6.1645% 2031	1,303	0.35
230,000 Thames Water 5.75% 2030	256	0.07
1,550,000 United Utilities 5.625% 2027	1,866	0.50
1,800,000 Veolia Environment 6.125% 2037	2,095	0.56
812,000 Vodafone 5.9% 2032	1,019	0.27
625,000 Wal-Mart Stores 5.25% 2035	757	0.20
250,574 Wellington Pub 6.735% 2029	198	0.05
1,135,000 Wells Fargo 4.625% 2035	1,230	0.33
899,000 Western Power 5.75% 2032	1,062	0.29
310,000 Yorkshire Water 3.625% 2029	306	0.08
900,000 Yorkshire Water 5.5% 2037	1,076	0.29
<b>Greater than 25 years to maturity</b>		
700,000 Aegon 6.625% 2039	810	0.22
700,000 Affinity Sutton 4.25% 2042	705	0.19
2,491,000 Aspire Defence Finance 4.674% 2040	2,605	0.70
2,078,000 AT&T 4.875% 2044	2,224	0.60
800,000 AT&T 7% 2040	1,138	0.31
946,000 Aviva FRN 2041	915	0.25
1,260,000 Centrica 4.25% 2044	1,226	0.33
447,000 Citigroup 6.8% 2038	556	0.15
1,200,000 CNP Assurances 7.375% 2041	1,150	0.31
640,000 Direct Line Insurance 9.25% 2042	705	0.19
2,350,000 EDF 5.125% 2050	2,430	0.65
1,800,000 EDF 5.5% 2041	2,012	0.54
3,900,000 Enel Finance 5.75% 2040	3,432	0.92
900,000 E.On International 6.75% 2039	1,251	0.34
860,000 Gatwick Funding 6.5% 2041	1,045	0.28
1,350,000 GDF Suez 5% 2060	1,437	0.39
447,000 GE Capital 5.375% 2040	501	0.13
3,000,000 GE Capital 5.5% 2066	2,635	0.71
1,008,000 GlaxoSmithKline 6.375% 2039	1,426	0.38
866,000 Heathrow Funding FRN 2041	1,009	0.27
375,000 Holmes Master Issuer FRN 2054	410	0.11
1,758,000 HSBC 4.75% 2046	1,579	0.42
1,259,000 HSBC 6% 2040	1,376	0.37
700,000 HSBC 7% 2038	853	0.23
301,000 Libra (Longhurst) 5.125% 2038	315	0.08
518,000 London & Quadrant Housing 5.5% 2040	641	0.17
700,000 Muenchener Rueckver FRN 2042	784	0.21
148,000 Northumbrian Water 5.125% 2042	163	0.04
530,000 Notting Hill Housing 5.25% 2042	626	0.17
310,389 Peel Land and Property 8.375% 2040	327	0.09
1,629,000 Permanent Master Issuer 4.805% 2042	1,832	0.49
1,150,000 Pfizer 6.5% 2038	1,628	0.44
775,000 Rabobank Nederland 5.25% 2041	863	0.23

# Corporate Debt Fund

## Portfolio Statement (continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>			
<b>Greater than 25 years to maturity (continued)</b>			
1,765,740	RMPA Services 5.337% 2038	1,996	0.54
1,629,000	RSA Insurance FRN 2039	1,996	0.54
2,350,000	RWE Finance 6.125% 2039	2,933	0.79
830,000	Sanctuary Capital 5% 2047	937	0.25
450,000	Severn Trent Finance 4.875% 2042	478	0.13
200,000	Silverstone Master Issuer FRN 2055	225	0.06
1,000,000	SLM Student Loan 5.45% 2038	820	0.22
993,914	Tesco Property 5.774% 2040	1,081	0.29
2,485,967	Tesco Property 5.8006% 2040	2,721	0.73
800,000	Thames Water Cayman Finance 4.625% 2046	822	0.22
460,000	THFC (Funding No.2) 6.35% 2039	564	0.15
670,000	THFC (Funding No.3) 5.2% 2045	702	0.19
390,000	Transport for London 3.875% 2042	393	0.11
866,000	Vattenfall 6.875% 2039	1,243	0.33
1,024,000	Wal-Mart Stores 4.875% 2039	1,184	0.32
<b>Perpetual bonds</b>			
775,000	AXA 6.6862% fixed to float Perpetual	641	0.17
727,000	AXA 6.772% fixed to float Perpetual	623	0.17
950,000	Barclays Bank 6% Perpetual	706	0.19
1,438,000	Danske Bank FRN Perpetual	1,281	0.34
1,938,000	DNB Bank FRN Perpetual	1,945	0.52
2,150,000	ELM FRN Perpetual	2,087	0.56
1,300,000	Generali Finance FRN Perpetual	956	0.26
2,350,000	HSBC Capital Funding FRN Perpetual	2,099	0.56
530,000	Lloyds TSB Bank FRN Perpetual	690	0.19
1,312,000	Nationwide 7.971% Perpetual	1,365	0.37
876,000	RL Finance Bonds FRN Perpetual	698	0.19
2,327,000	Scottish Widows FRN Perpetual	1,975	0.53
881,000	Societe Generale 8.875% fixed to float Perpetual	808	0.22
300,000	SSE 5.453% Perpetual	312	0.08
792,000	Standard Chartered FRN Perpetual	854	0.23
775,000	Zurich Finance FRN Perpetual	797	0.21
<b>UK Gilts (1.65%)</b>		<b>11,017</b>	<b>2.96</b>
681,000	UK (Govt of) 1.25% Index-Linked 2017	978	0.26
1,500,000	UK (Govt of) 1.875% Index-Linked 2022	2,249	0.60
226,000	UK (Govt of) 4% 2016	256	0.07
465,000	UK (Govt of) 4.25% 2036	568	0.15
650,000	UK (Govt of) 4.75% 2020	807	0.22
1,276,000	UK (Govt of) 5% 2018	1,550	0.42
3,492,000	UK (Govt of) 5% 2025	4,609	1.24
<b>US Dollar Denominated Bonds (0.75%)</b>		<b>3,209</b>	<b>0.87</b>
<b>Less than 5 years to maturity</b>			
1,160,000	IPIC GMTN 3.75% 2017	763	0.20
<b>Between 5 and 10 years to maturity</b>			
291,000	Altria 9.25% 2019	255	0.07
260,000	SABMiller 3.75% 2022	177	0.05
<b>Greater than 25 years to maturity</b>			
390,000	Altria 4.25% 2042	247	0.07
850,000	Altria 10.2% 2039	927	0.25
1,302,000	CSG Guernsey 7.875% 2041	840	0.23

# Corporate Debt Fund

## Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Derivatives (1.65%)</b>	<b>(1,749)</b>	<b>(0.47)</b>
<b>Forward Currency Contracts</b>		
Buy AUD 1,400,978 Sell GBP 897,707 28/11/2012	2	0.00
Buy EUR 90,365 Sell GBP 71,663 28/11/2012	1	0.00
Buy EUR 90,649 Sell GBP 72,033 28/11/2012	1	0.00
Buy EUR 136,106 Sell GBP 108,943 28/11/2012	1	0.00
Buy EUR 321,672 Sell GBP 254,424 28/11/2012	4	0.00
Buy EUR 554,319 Sell GBP 439,024 28/11/2012	7	0.00
Buy EUR 566,029 Sell GBP 450,330 28/11/2012	5	0.00
Buy GBP 911,763 Sell AUD 1,400,978 28/11/2012	11	0.00
Buy GBP 637,117 Sell EUR 792,432 28/11/2012	(1)	0.00
Buy GBP 830,590 Sell EUR 1,050,000 28/11/2012	(14)	0.00
Buy GBP 1,036,320 Sell EUR 1,299,727 28/11/2012	(10)	0.00
Buy GBP 1,511,740 Sell EUR 1,875,850 28/11/2012	2	0.00
Buy GBP 25,022,443 Sell EUR 31,576,332 28/11/2012	(391)	(0.10)
Buy GBP 128,342 Sell USD 208,123 28/11/2012	(1)	0.00
Buy GBP 3,614,307 Sell USD 5,723,840 28/11/2012	61	0.02
Buy USD 807,141 Sell GBP 497,605 28/11/2012	3	0.00
<b>Futures</b>		
220 Long Gilt Future 27/12/2012	(252)	(0.07)
<b>Inflation Swaps</b>		
GBP 6,714,000 Pay fixed 2.8195% receive floating UK RPI Index 05/12/2024	(55)	(0.01)
GBP 4,191,000 Pay fixed 3.0225% receive floating UK RPI Index 02/12/2032	(61)	(0.02)
GBP 8,806,000 Pay fixed 3.1725% receive floating UK RPI Index 05/12/2039	(316)	(0.08)
GBP 638,000 Pay fixed 3.215% receive floating UK RPI Index 05/12/2012	7	0.00
GBP 6,190,000 Pay fixed 3.2415% receive floating UK RPI Index 02/12/2043	(283)	(0.08)
GBP 2,612,000 Pay fixed 3.267% receive floating UK RPI Index 31/12/2012	18	0.00
GBP 5,483,000 Pay fixed 3.2825% receive floating UK RPI Index 05/12/2052	(321)	(0.09)
GBP 8,558,000 Pay fixed 3.3055% receive floating UK RPI Index 05/12/2057	(580)	(0.15)
GBP 175,000 Pay fixed 3.375% receive floating UK RPI Index 05/12/2056	(19)	(0.01)
GBP 7,500,000 Pay fixed 3.4425% receive floating UK RPI Index 05/12/2035	(849)	(0.23)
GBP 435,000 Pay fixed 3.4425% receive floating UK RPI Index 05/12/2047	(59)	(0.02)
GBP 1,047,000 Pay fixed 3.445% receive floating UK RPI Index 05/12/2022	(107)	(0.03)
GBP 2,860,000 Pay fixed 3.478% receive floating UK RPI Index 03/12/2048	(460)	(0.12)
GBP 1,498,000 Pay fixed 3.48% receive floating UK RPI Index 05/12/2027	(193)	(0.05)
GBP 5,473,000 Pay fixed 3.5875% receive floating UK RPI Index 03/12/2020	(426)	(0.11)
GBP 2,741,000 Pay fixed 3.6825% receive floating UK RPI Index 03/12/2030	(398)	(0.10)
GBP 750,000 Pay fixed 3.72% receive floating UK RPI Index 06/12/2035	(133)	(0.04)
GBP 2,617,000 Pay fixed 3.855% receive floating UK RPI Index 03/12/2028	(616)	(0.17)
GBP 4,533,000 Pay fixed 3.865% receive floating UK RPI Index 31/12/2047	(1,663)	(0.44)
GBP 1,380,000 Pay fixed 4.434% receive floating UK RPI Index 03/12/2023	(440)	(0.12)
<b>Interest Rate Swaps</b>		
GBP 4,800,000 Pay fixed 1.8425% receive floating GBP-LIBOR 14/10/2013	(53)	(0.01)
GBP 33,430,000 Pay fixed 2.49% receive floating GBP-LIBOR 03/12/2015	(1,737)	(0.47)
GBP 14,500,000 Pay fixed 3.2825% receive floating GBP-LIBOR 14/10/2018	(1,734)	(0.47)
GBP 21,030,000 Pay fixed 3.565% receive floating GBP-LIBOR 03/12/2020	(3,161)	(0.85)
GBP 32,800,000 Pay fixed 3.68% receive floating GBP-LIBOR 05/06/2022	(5,323)	(1.43)
GBP 11,980,000 Pay fixed 3.985% receive floating GBP-LIBOR 03/12/2025	(2,377)	(0.64)
GBP 24,846,000 Pay fixed 4.0775% receive floating GBP-LIBOR 04/06/2019	(4,335)	(1.16)
GBP 7,690,000 Pay fixed 4.0975% receive floating GBP-LIBOR 03/12/2030	(1,715)	(0.46)
GBP 2,630,000 Pay fixed 4.1225% receive floating GBP-LIBOR 03/12/2035	(618)	(0.17)
GBP 8,508,000 Pay fixed 4.2398% receive floating GBP-LIBOR 05/08/2019	(1,589)	(0.42)
GBP 49,92,000 Pay fixed 4.495% receive floating GBP-LIBOR 14/09/2015	(526)	(0.14)
GBP 12,026,000 Pay fixed 4.526% receive floating GBP-LIBOR 06/04/2026	(3,169)	(0.85)
GBP 10,057,000 Pay fixed 4.6775% receive floating GBP-LIBOR 05/09/2026	(2,854)	(0.77)
GBP 11,796,000 Pay fixed 4.741% receive floating GBP-LIBOR 06/04/2016	(1,564)	(0.42)
GBP 7,745,000 Pay fixed 4.9025% receive floating GBP-LIBOR 17/03/2013	(117)	(0.03)
GBP 19,496,000 Pay fixed 4.9325% receive floating GBP-LIBOR 05/09/2016	(2,991)	(0.80)
GBP 1,813,000 Pay fixed 4.9625% receive floating GBP-LIBOR 17/03/2018	(365)	(0.10)

# Corporate Debt Fund

## Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Derivatives (continued)</b>		
<b>Interest Rate Swaps (continued)</b>		
GBP 13,350,000 Pay fixed 5.4125% receive floating GBP-LIBOR 02/06/2018	(3,094)	(0.83)
GBP 5,271,000 Pay fixed 5.61% receive floating GBP-LIBOR 05/09/2017	(1,145)	(0.31)
GBP 16,280,000 Pay fixed 5.6575% receive floating GBP-LIBOR 04/06/2013	(471)	(0.13)
GBP 21,160,000 Pay fixed 5.79% receive floating GBP-LIBOR 01/08/2017	(4,701)	(1.26)
GBP 810,000 Pay floating GBP-LIBOR receive fixed 2.69% 04/10/2032	(18)	0.00
GBP 18,300,000 Pay floating GBP-LIBOR receive fixed 3.02% 25/10/2056	(750)	(0.20)
GBP 4,970,000 Pay floating GBP-LIBOR receive fixed 3.064% 07/09/2052	(136)	(0.04)
GBP 64,000,000 Pay floating GBP-LIBOR receive fixed 3.075% 05/06/2047	(579)	(0.16)
GBP 1,815,000 Pay floating GBP-LIBOR receive fixed 3.755% 10/02/2019	267	0.07
GBP 3,010,000 Pay floating GBP-LIBOR receive fixed 4% 10/07/2056	595	0.16
GBP 34,080,000 Pay floating GBP-LIBOR receive fixed 4.0125% 03/12/2060	7,025	1.89
GBP 4,400,000 Pay floating GBP-LIBOR receive fixed 4.0175% 17/03/2051	871	0.23
GBP 40,400,000 Pay floating GBP-LIBOR receive fixed 4.0375% 03/12/2050	8,198	2.20
GBP 8,335,000 Pay floating GBP-LIBOR receive fixed 4.0825% 02/10/2048	1,779	0.48
GBP 9,940,000 Pay floating GBP-LIBOR receive fixed 4.095% 03/12/2040	2,086	0.56
GBP 22,842,000 Pay floating GBP-LIBOR receive fixed 4.125% 04/06/2049	5,096	1.37
GBP 9,980,000 Pay floating GBP-LIBOR receive fixed 4.1445% 04/06/2039	2,166	0.58
GBP 13,193,000 Pay floating GBP-LIBOR receive fixed 4.16% 05/11/2049	3,057	0.82
GBP 13,832,000 Pay floating GBP-LIBOR receive fixed 4.215% 05/08/2049	3,365	0.90
GBP 25,954,000 Pay floating GBP-LIBOR receive fixed 4.35% 05/09/2046	7,030	1.89
GBP 28,478,000 Pay floating GBP-LIBOR receive fixed 4.3615% 06/04/2036	7,183	1.93
GBP 6,822,000 Pay floating GBP-LIBOR receive fixed 4.56% 17/03/2048	2,180	0.59
<b>Collective Investment Schemes (0.00%)</b>	<b>4,998</b>	<b>1.34</b>
1,632,329 Standard Life Investments EUR VNAV Liquidity Fund	1,313	0.35
3,684,544 Standard Life Investments GBP VNAV Liquidity Fund	3,685	0.99
Total investment assets and liabilities	366,354	98.33
Net other assets	6,228	1.67
<b>Total Net Assets</b>	<b>372,582</b>	<b>100.00</b>
All investments are listed on recognised stock exchanges and are “approved securities” or “approved derivatives” or “regulated collective investment schemes” within the meaning of the FSA rules unless otherwise stated.		
The percentage figures in brackets show the comparative holding as at 31 October 2011.		
	<b>Bid-market value £'000</b>	
<b>Reconciliation of Investment Assets and Liabilities to the Balance Sheet</b>		
Investment Assets	419,124	
Investment Liabilities	(52,770)	
Net Investment Assets	366,354	
Net Other Assets	6,228	
<b>Total Net Assets</b>	<b>372,582</b>	
	<b>Bid-market value £'000</b>	
<b>Credit Rating Analysis</b>		
Investment Grade Bonds	345,860	
Below Investment Grade Bonds	16,663	
Unrated Bonds	582	
<b>Total Value of Securities</b>	<b>363,105</b>	

# Corporate Debt Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	32,585	(14,159)
Derivative contracts	19,213	44,940
Forward currency contracts	2,300	233
Non-derivative securities currency (losses)/gains	(51)	45
Handling charges taken from the capital account	(12)	(7)
Net capital gains	<u>54,035</u>	<u>31,052</u>
<b>2 Purchases, Sales and Transaction Costs</b>		
There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Interest on debt securities	22,038	22,875
Bank interest	23	27
Total revenue	<u>22,061</u>	<u>22,902</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	<u>1,465</u>	<u>1,353</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	63	57
Safe custody fees	<u>32</u>	<u>30</u>
	<u>95</u>	<u>87</u>
<b>Other expenses:</b>		
Audit fee	12	12
Net interest paid on interest rate swaps	<u>2,030</u>	<u>2,064</u>
	<u>2,042</u>	<u>2,076</u>
Total expenses	<u>3,602</u>	<u>3,516</u>
<b>5 Taxation</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Analysis of charge in the year</b>		
Total taxation	<u>0</u>	<u>0</u>
<b>(b) Factors affecting current tax charge for year</b>		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	18,426	19,368
Corporation tax at 20% (2011: 20%)	<u>3,685</u>	<u>3,874</u>
Effects of:		
Indexation Relief	(22)	(30)
Excess management expenses	22	30
Interest distributions	<u>(3,685)</u>	<u>(3,874)</u>
Current tax charge (Note 5(a))	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

# Corporate Debt Fund

## Notes to the Financial Statements (continued)

### 5 Taxation (continued)

#### (c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £78,000 (2011: £56,000) due to surplus Management expenses.

It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

<b>6 Finance Costs</b>	<b>2012</b>	<b>2011</b>
<b>Distributions and interest</b>	<b>£'000</b>	<b>£'000</b>
The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:		
First interim distribution	5,419	4,694
Second interim distribution	3,678	4,532
Third interim distribution	4,589	5,221
Final distribution	4,041	5,238
	<u>17,727</u>	<u>19,685</u>
Add: Income deducted on cancellation of shares	700	2
Deduct: Income received on issue of shares	(1)	(319)
Net distribution for the year	<u>18,426</u>	<u>19,368</u>
 Interest	 33	 18
Total finance costs	<u>18,459</u>	<u>19,386</u>

Details of the distribution per share are set out in the distribution tables on pages 45 and 46.

<b>7 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Sales awaiting settlement	1,284	0
Accrued revenue	8,216	10,710
Refund due from Standard Life Investments (Mutual Funds) Limited	0	1
Total debtors	<u>9,500</u>	<u>10,711</u>
 <b>8 Cash and Bank Balances</b>	 <b>2012</b>	 <b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts held at futures clearing houses and brokers	859	478
Cash and bank balances	14	12,899
Total cash and bank balances	<u>873</u>	<u>13,377</u>

# Corporate Debt Fund

## Notes to the Financial Statements (continued)

<b>9 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Purchases awaiting settlement	256	716
Accrued expenses payable to the ACD	113	126
Accrued expenses payable to the Depositary	11	12
Other accrued expenses	12	12
Collateral cash	3,753	11,929
Accrued interest payable on interest rate swap contracts	0	318
Total creditors	<u>4,145</u>	<u>13,113</u>

## 10 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the year end in note 9.

The Fund holds shares in the Standard Life Investments Liquidity Funds as detailed in the portfolio statement.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	53	48,643
Purchase of shares by Fund	119,203	156
The percentage value of the Fund held by Standard Life group companies is:	100.0%	100.0%

## 11 Shareholder Funds

The Fund currently has three share classes: Retail accumulation, Standard Life accumulation and Institutional regulated accumulation - Gross.

The ACD periodic charge on each share class is as follows:-

	<b>2012</b>	<b>2011</b>
Retail accumulation	1.50%	1.50%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation - Gross	0.35%	0.35%

The initial charge on each share class is as follows:-

Retail accumulation	7.50%	7.50%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation - Gross	0.00%	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 30.

The distributions per share class are given in the distribution tables on pages 45 and 46. All classes have the same rights on winding up.

# Corporate Debt Fund

## Notes to the Financial Statements (continued)

### 12 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 14.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2012 £'000	2011 £'000
Australian Dollar	(1)	0
Euro	857	(11,451)
US Dollar	28	(651)

#### Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the Fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>2012</b>				
<b>Currency</b>				
Sterling	10,325	331,071	23,693	365,089
Australian Dollar	0	0	(1)	(1)
Euro	1,323	28,824	(28,036)	2,111
US Dollar	0	3,209	(3,181)	28

#### 2011

##### Currency

Sterling	106,628	298,123	16,451	421,202
Euro	6,782	23,503	(30,550)	(265)
US Dollar	0	2,438	(2,410)	28

	Fixed rate financial assets	
	Weighted average interest rate	Weighted average maturity
<b>2012</b>		
<b>Currency</b>		
Sterling	3.79%	14.58 years
Euro	4.87%	7.04 years
US Dollar	5.52%	19.38 years

#### 2011

##### Currency

Sterling	5.36%	15.40 years
Euro	6.62%	6.62 years
US Dollar	6.25%	18.48 years

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent.

# Corporate Debt Fund

## Notes to the Financial Statements (continued)

### 12 Financial Instruments (continued)

#### Derivatives

Forward currency contracts are used to hedge the exchange rate risk associated with holding investments denominated in foreign currencies or to hedge the exchange rate risk associated with outstanding purchases and sales of foreign currency investments.

Bond futures are used with the intention of generating capital gains from movements in the underlying interest rate markets or to reduce the risk associated with adverse movements in underlying interest rates.

Interest rate swaps are held with the intention of generating capital gains from movements in the underlying swap curves or to reduce the risks associated with adverse movements in interest rates.

Inflation rate swaps are held with the intention of generating capital gains from movements in the underlying swap curves or to reduce the risks associated with adverse movements in inflation rates.

# Corporate Debt Fund

## Distribution Tables

for the three months ended 31 January 2012

### Interest distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 31 January 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.7800	0.1560	0.6240	-	0.6240*	0.3280
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	1.0356	0.2071	0.8285	-	0.8285*	0.4946
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation - Gross</b>						
Group 1	0.8926	-	0.8926	-	0.8926*	0.7690
Group 2	-	-	-	-	-	0.7690

\* Distribution accumulated on 31 January 2012

for the three months ended 30 April 2012

### Interest distribution

Group 1 - shares purchased prior to 1 February 2012

Group 2 - shares purchased between 1 February 2012 and 30 April 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.1880	0.0376	0.1504	-	0.1504*	0.4416
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	0.5738	0.1147	0.4591	-	0.4591*	0.7490
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation - Gross</b>						
Group 1	0.6512	-	0.6512	-	0.6512*	0.7406
Group 2	-	-	-	-	-	0.7406

\* Distribution accumulated on 30 April 2012

# Corporate Debt Fund

## Distribution Tables (continued)

for the three months ended 31 July 2012

### Interest distribution

Group 1 - shares purchased prior to 1 May 2012

Group 2 - shares purchased between 1 May 2012 and 31 July 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.5032	0.1006	0.4026	-	0.4026*	0.5712
Group 2	0.1233	0.0246	0.0987	0.3039	0.4026*	-
<b>Standard Life accumulation</b>						
Group 1	0.9973	0.1994	0.7979	-	0.7979*	0.7861
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation - Gross</b>						
Group 1	0.9934	-	0.9934	-	0.9934*	0.8486
Group 2	-	-	-	-	-	0.8486

\* Distribution accumulated on 31 July 2012

for the three months ended 31 October 2012

### Interest distribution

Group 1 - shares purchased prior to 1 August 2012

Group 2 - shares purchased between 1 August 2012 and 31 October 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.2640	0.0528	0.2112	-	0.2112*	0.5664
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	0.8353	0.1670	0.6683	-	0.6683*	0.7804
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation - Gross</b>						
Group 1	0.8747	-	0.8747	-	0.8747*	0.8487
Group 2	0.0172	-	0.0172	0.8575	0.8747*	0.8487

\* Distribution accumulated on 31 October 2012

# Ethical Corporate Bond Fund

## Investment Report

**Fund Manager:** Andrew Sutherland

**Launched:** 2 November 2005

**Benchmark:** IMA UK Corporate Bond Sector

## Investment objective

The objective of the Fund is to provide a high and stable level of income. Capital appreciation is of secondary importance.

## Investment policy

The investment policy of the Fund is to invest in a portfolio consisting mainly of corporate fixed interest and interest bearing securities that comply with certain ethical criteria. The Fund will also invest in other interest bearing securities anywhere in the world that meet the ethical criteria.

The ethical criteria will be agreed with the Standard Life Ethical Committee and may be amended from time-to-time as considered necessary. In addition to excluding such companies which fail to meet the prescribed ethical standards, the ACD will seek to include companies whose business activities are regarded as making a positive contribution in terms of preserving the environment or improving the quality and safety of human life.

## Risk

Whilst the income generated should remain relatively stable, the investor must be able to accept small fluctuations in the income due to the higher risk nature of some of the securities held in the Fund. The investor must also be able to accept temporary capital losses due to the volatile nature of bond markets, and the potentially restricted investment universe enforced by the ethical criteria and should therefore have an investment time horizon of at least 5 years.

Ethical criteria: further information about the ethical criteria applied to this Fund can be obtained from the ACD.

## Performance

During the year under review, the UK Ethical Corporate Bond Fund returned 13.33% compared to the IMA UK Corporate Bond sector average return of 12.18% (fund and sector return source: Morningstar).

Markets were exceptionally volatile at the start of the review period, as Euro-zone leaders struggled to contain the escalating sovereign debt crisis. In early December, the European Central Bank (ECB) finally intervened, providing cheap, longer-term funding for banks. While not in itself a solution to the crisis, the move greatly promoted investor confidence, driving a sharp rebound in credit in January and February. In the rally, financials and riskier asset classes outperformed the more defensive end of the credit spectrum. This benefited our exposure to subordinated financial debt, including Lloyds, Barclays and AXA. Likewise, high yield exposures such as Bombardier were supportive in the risk-on environment. The main detractors from performance were underweight positions in certain strongly performing financial bonds, which we are unable to hold as they do not comply with the Fund's ethical criteria.

After a strong start to 2012, Euro-zone concerns resurfaced in April, driving profit-taking and a flight to more defensive areas of credit. In this climate, our positions in Italian debt were notably unhelpful, along with our lack of exposure to certain strongly performing US financial and utility names, which we avoided for ethical reasons.

Through the summer and beyond, despite intermittent bouts of volatility created by political and economic turbulence in Europe, credit markets posted further steady gains. In particular, investors were heartened by the ECB's pledge to support the euro at all costs. The Fund was well positioned to participate in the rally, as positions in Italian and Spanish corporate bonds like Autostrade and Telefonica rebounded. Financials such as Credit Agricole and AXA also benefited from increased risk appetite, while Lloyds, Royal Bank of Scotland and Barclays Bank all responded favourably to buybacks of their senior debt.

## Investment activity

Early in the period, as the economic outlook continued to deteriorate, we pared back exposure to cyclical credit from Daily Mail. Elsewhere, Italian bank Intesa Sanpaolo redeemed a bond early, while our holding of IFFI bonds reached maturity. The proceeds of these transactions plus new cash were reinvested in senior debt from Credit Suisse and, with the purpose of increasing duration, long-dated EIB bonds. Subsequently, we took advantage of the rally in January and February to lower telecoms exposure, selling Telecom Italia and Deutsche Telekom. We also took profits in Enterprise Inns' pub-backed bonds, and lowered certain more volatile financial names, Santander and Credit Agricole for instance. These sales were used to fund purchases of more stable financials, among them Rabobank and Nordea Bank, plus utility bonds from DONG Energy, Veolia Environment, Northumbrian Water and Anglian Water.

In April, we lowered exposure to Morgan Stanley, switching into French corporate bonds like France Telecom and Renault after their weakness in the preceding month. In May, new cashflow was invested across a range of bonds, such as UBS, ING Bank and Old Mutual. Spanish risk was lowered by selling Santander. In July and August, we reduced holdings of retailer Metro and of G4S, which had performed well ahead of the Olympics, while trimming Autostrade into the rally in peripheral European credit. We were active in the primary market, participating in new issuance from WM Morrison, Volkswagen, Suez Environnement, Virgin Media and travel group Go-Ahead. In September, GKN and Reed Elsevier were added, while more volatile names including Roadchef, Renault and Lafarge were reduced after their strong upward moves.

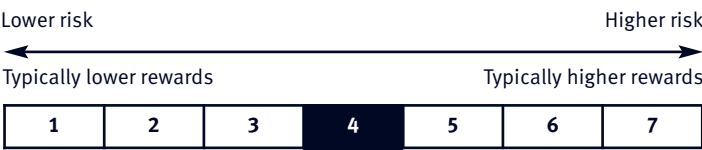
# Ethical Corporate Bond Fund

## Investment Report (continued)

### Outlook

The more proactive role of the ECB in recent months has reduced systemic risk for the market as a whole and for peripheral European corporates in particular. In addition, the confirmation of Spain’s sovereign rating by agencies S&P and Moody’s has allayed immediate concerns of a downgrade to high yield, helping underpin confidence. These factors have opened up the new issuance market for peripheral European companies in the past two months. Uncertainties remain however. Specifically, the frail economic environment and ongoing political/fiscal uncertainty in Southern Europe give cause for concern. After the strong rally in peripheral European corporate credit, we believe most of the near-term upside is now priced into spreads in this segment of the market. Given the weaker growth outlook, we have become increasingly selective in single names, avoiding those that look overpriced or are reliant on a benign growth outlook to stabilise their credit profiles. We remain constructive on the overall credit market: valuations remain historically attractive, while low interest rates will continue to draw inflows to the asset class.

### Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the fund’s objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

### Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

# Ethical Corporate Bond Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	16,525	57.70	28,636,859
	31 October 2011	20,824	57.98	35,912,130
	31 October 2012	27,800	65.12	42,687,785
Institutional accumulation	31 October 2010	279	58.77	475,128
	31 October 2011	338	59.29	570,695
	31 October 2012	500	66.86	747,942
Retail income	31 October 2010	10,386	48.21	21,544,761
	31 October 2011	11,851	46.65	25,406,782
	31 October 2012	13,968	50.60	27,606,869
Institutional income	31 October 2010	11,256	48.21	23,345,995
	31 October 2011	11,965	46.65	25,649,322
	31 October 2012	15,556	50.71	30,677,269
Standard Life accumulation	31 October 2010	0	60.35	500
	31 October 2011	0	60.55	500
	31 October 2012	0	68.79	500
Institutional regulated accumulation	31 October 2010	1	59.44	2,500
	31 October 2011	2	60.11	2,500
	31 October 2012	2	68.09	2,500
Standard Life B accumulation	31 October 2010	74,811	59.40	125,940,135
	31 October 2011	81,543	60.22	135,400,792
	31 October 2012	92,740	68.23	135,916,225
Platform 1 accumulation	31 October 2012	1	54.46	1,200
Platform 1 income	31 October 2012	1	53.92	1,200

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007	1.8956	51.44	49.15
	2008	1.7591	51.64	47.21
	2009	1.6871	53.69	47.35
	2010	1.9438	58.63	52.92
	2011	2.1679	59.15	55.62
	2012***	2.0150	65.74	57.93
Institutional accumulation	2007	2.1048	51.74	49.42
	2008	1.9739	52.04	47.72
	2009	1.9231	54.49	47.95
	2010	2.1939	59.69	53.76
	2011	2.4495	60.43	56.69
	2012***	2.3101	67.49	59.28
Retail income	2007	1.8051	49.27	46.53
	2008	1.6147	47.97	42.43
	2009	1.4900	46.87	42.03
	2010	1.6572	49.43	45.46
	2011	1.7920	48.20	45.24
	2012***	1.5937	51.46	46.63
Institutional income	2007	2.0090	49.29	46.56
	2008	1.7960	47.99	42.41
	2009	1.6665	46.89	42.05
	2010	1.8477	49.48	45.47
	2011	1.9763	48.25	45.26
	2012***	1.7773	51.62	46.67
Standard Life accumulation	2007	1.7515	51.97	49.78
	2008	2.2432	52.53	48.27
	2009	2.2648	55.52	48.71
	2010	2.5472	61.31	54.83
	2011	2.8864	62.33	58.31
	2012***	2.7232	69.98	61.32

# Ethical Corporate Bond Fund

## Comparative Tables (continued)

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Institutional regulated accumulation	2007	2.2348	51.84	49.63
	2008	2.0872	52.29	48.00
	2009	2.0560	54.96	48.32
	2010	2.3492	60.37	54.25
	2011	2.6164	61.23	57.37
	2012***	2.4814	68.61	60.16
Standard Life B accumulation	2007*	0.2715	51.10	49.99
	2008	2.2067	51.88	47.68
	2009	2.1857	54.81	48.08
	2010	2.4986	60.32	54.12
	2011	2.7729	61.30	57.36
	2012***	2.6639	68.88	60.30
Platform 1 accumulation	2012**	0.9330	54.62	50.00
Platform 1 income	2012**	0.9330	54.93	50.00

\*from commencement of the share class on 17 September

\*\*from commencement of the share class on 30 May to 31 October

\*\*\*to 31 October

## Ongoing Charges Figure (OCF)

	2012	2011
Retail accumulation	1.11%	1.11%
Institutional accumulation	0.61%	0.61%
Retail income	1.11%	1.11%
Institutional income	0.61%	0.61%
Standard Life accumulation	0.11%	0.11%
Institutional regulated accumulation	0.41%	0.41%
Standard Life B accumulation	0.00%	0.00%
Platform 1 accumulation	0.66%	-
Platform 1 income	0.66%	-

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

# Ethical Corporate Bond Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
Income:					
Net capital gains/(losses)	1		11,812		(3,856)
Revenue	3	7,262		7,029	
Expenses	4	(492)		(412)	
Finance costs: Interest	6	(2)		0	
Net revenue before taxation		6,768		6,617	
Taxation	5	0		0	
Net revenue after taxation			6,768		6,617
<b>Total return before distributions</b>			18,580		2,761
Finance costs: Distributions	6		(6,768)		(6,617)
<b>Change in net assets attributable to shareholders from investment activities</b>			11,812		(3,856)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012 £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		126,523		113,258
Amounts receivable on issue of shares	22,012		17,097	
Less: Amounts payable on cancellation of shares	(14,269)		(4,409)	
		7,743		12,688
Change in net assets attributable to shareholders from investment activities (see above)		11,812		(3,856)
Retained distribution on accumulation shares		4,490		4,433
<b>Closing net assets attributable to shareholders</b>		150,568		126,523

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			145,014		123,126
Debtors	7	4,211		3,903	
Cash and bank balances		2,633		529	
Total other assets			6,844		4,432
Total assets			151,858		127,558
<b>Liabilities</b>					
Investment liabilities			(142)		(7)
Creditors	8	(922)		(783)	
Distribution payable on income shares		(226)		(245)	
Total other liabilities			(1,148)		(1,028)
Total liabilities			(1,290)		(1,035)
<b>Net assets attributable to shareholders</b>			150,568		126,523

# Ethical Corporate Bond Fund

## Portfolio Statement

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>Bonds (97.13%)</b>	<b>144,995</b>	<b>96.30</b>
<b>Euro Bonds (10.33%)</b>	<b>8,918</b>	<b>5.92</b>
300,000 Allianz Finance 5.625% 2042	253	0.17
500,000 Banco Popolare 4% 2013	403	0.27
1,057,000 Bombardier 7.25% 2016	878	0.58
1,300,000 Experian Finance 4.75% 2020	1,228	0.82
1,000,000 HeidelbergCement Finance 8% 2017	935	0.62
620,000 Mondi Finance 3.375% 2020	503	0.33
2,600,000 Morgan Stanley 5.375% 2020	2,289	1.52
990,000 Nationwide Building Society 6.75% 2020	880	0.58
1,000,000 Royal Bank of Scotland FRN 2049	402	0.27
200,000 Suez Environnement 5.5% 2024	203	0.13
500,000 TUI FRN Perpetual	400	0.27
600,000 Valeo 5.75% 2017	544	0.36
<b>Sterling Bonds (86.31%)</b>	<b>136,077</b>	<b>90.38</b>
300,000 Affinity Sutton 4.25% 2042	302	0.20
700,000 Anglian Water 5.25% 2015	775	0.52
1,500,000 Anglian Water 6.293% 2030	1,958	1.30
1,500,000 Anglo American Capital 6.875% 2018	1,756	1.17
1,200,000 AT&T 5.875% 2017	1,407	0.93
2,418,000 Atlantia 6.25% 2022	2,590	1.72
1,000,000 Aviva 6.125% 2036	938	0.62
1,000,000 Aviva FRN 2058	916	0.61
500,000 AXA FRN Perpetual	414	0.27
800,000 AXA FRN Perpetual	686	0.46
331,000 Barclays Bank 10% 2021	414	0.27
2,000,000 Barclays Bank FRN 2026	1,989	1.32
1,640,000 BMW Finance 3.375% 2018	1,735	1.15
1,500,000 BNP Paribas 5.75% 2022	1,585	1.05
563,418 British Land 5.0055% 2035	556	0.37
500,000 British Telecom 6.375% 2037	618	0.41
1,000,000 British Telecom FRN 2016	1,252	0.83
1,000,000 Carrefour 5.375% 2012	1,004	0.67
1,900,000 Citigroup 5.875% 2024	2,007	1.33
500,000 CNP Assurances 7.375% 2041	479	0.32
750,000 Commonwealth Bank of Australia 3% 2026	737	0.49
500,000 Compass Group 7% 2014	559	0.37
1,000,000 Co-operative Bank FRN 2019	976	0.65
1,000,000 Credit Agricole 7.375% 2023	1,056	0.70
450,000 Danske Bank 4% 2015	473	0.31
1,000,000 Danske Bank FRN Perpetual	879	0.58
500,000 Deutsche Telekom 6.5% 2022	628	0.42
1,300,000 DnB NOR Bank Perpetual	1,305	0.87
292,000 DONG Energy 4.875% 2032	316	0.21
6,000,000 EIB 5% 2039	7,457	4.95
1,000,000 EIB 5.5% 2025	1,268	0.84
3,490,000 EIB FRN 2032	4,636	3.08
1,000,000 ELM FRN Perpetual	971	0.64
985,000 Enterprise Inns 6.5% 2018	879	0.58
1,000,000 France Telecom 5.375% 2050	1,071	0.71
1,000,000 France Telecom 5.625% 2034	1,172	0.78
500,000 France Telecom FRN 2020	646	0.43
210,000 Funding For Homes 10.125% 2018	287	0.19
1,300,000 G4S FRN 2019	1,611	1.07
180,000 GKN 5.375% 2022	182	0.12
200,000 GKN 6.75% 2019	225	0.15
1,000,000 Go-Ahead 5.375% 2017	1,096	0.73

# Ethical Corporate Bond Fund

## Portfolio Statement (continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Sterling Bonds (continued)</b>			
1,080,000	Guardian Royal Exchange 6.625% 2023	1,243	0.83
150,000	Guoman Hotels 10.75% 2014	158	0.10
600,000	Hammerson 6.875% 2020	736	0.49
1,300,000	HBOS FRN Perpetual	1,138	0.76
2,000,000	HSBC 6% 2040	2,186	1.45
1,220,000	HSBC Bank FRN Perpetual	1,163	0.77
1,800,000	HSBC Capital Funding FRN Perpetual	1,607	1.07
2,000,000	ING Bank 5.375% 2021	2,303	1.53
1,000,000	International Finance Facility for Immunisation 3.375% 2014	1,038	0.69
650,000	Intesa Sanpaolo 5.25% 2022	617	0.41
1,200,000	JP Morgan Chase 4.25% 2017	1,303	0.87
600,000	KfW 4.875%	783	0.52
500,000	KfW 5% 2036	638	0.42
1,400,000	KfW 5.5% 2025	1,824	1.21
700,000	Lafarge 8.75% 2017	833	0.55
500,000	Land Securities Capital Markets FRN 2019	564	0.38
500,000	Land Securities Capital Markets FRN 2032	599	0.40
2,000,000	LBG Capital No.1 11.04% 2020	2,214	1.47
1,500,000	Legal & General 5.875% 2031	1,818	1.21
1,580,000	Lloyds 6.5% 2040	1,957	1.30
1,500,000	Marks & Spencer 5.625% 2014	1,570	1.04
100,000	Morrison (WM) Supermarkets 3.5% 2026	100	0.07
1,000,000	Motability Operations 5.25% 2016	1,137	0.76
2,000,000	Motability Operations 6.625% 2019	2,543	1.69
800,000	Muenchener Rueckversicherungs Finance FRN 2028	940	0.62
900,000	National Express 6.625% 2020	1,028	0.68
1,500,000	National Grid Electricity Transmission 5.875% 2024	1,842	1.22
900,000	Nationwide Building Society 5.769% Perpetual	744	0.49
1,500,000	Nordea Bank Finland FRN Perpetual	1,507	1.00
413,000	Northumbrian Water Finance 5.125% 2042	455	0.30
700,000	Northumbrian Water Finance 6.875% 2023	923	0.61
1,500,000	Old Mutual 8% 2021	1,574	1.05
270,000	Rabobank Nederland 4% 2022	286	0.19
1,200,000	Rabobank Nederland 5.25% 2041	1,337	0.89
500,000	Reed Elsevier 7% 2017	611	0.41
1,212,000	Royal Bank of Scotland 5.125% 2024	1,439	0.96
303,000	Royal Bank of Scotland 6.375% 2014	324	0.22
1,000,000	Royal Bank of Scotland 6.625% 2018	1,214	0.81
2,000,000	Safeway FRN 2018	2,441	1.62
1,350,000	SEGRO 5.75% 2035	1,420	0.94
370,000	SEGRO FRN 2019	425	0.28
900,000	Severn Trent 6.125% 2024	1,118	0.74
700,000	Skandinaviska Enskilda 6.625% 2014	760	0.50
800,000	Societe Generale 5% 2018	886	0.59
850,000	Societe Generale 5.4% 2018	868	0.58
1,250,000	SSE 5% 2018	1,437	0.95
550,000	SSE 5.875% 2022	682	0.45
1,000,000	Standard Chartered FRN Perpetual	1,042	0.69
2,000,000	StatoilHydro 6.875% 2031	2,875	1.91
2,000,000	Svenska Handelsbanken 4% 2019	2,214	1.47
1,080,000	Tate & Lyle International Finance 6.75% 2019	1,333	0.89
700,000	Telecom Italia 6.375% 2019	743	0.49
1,000,000	Telefonica Emisiones 5.375% 2026	943	0.63
1,000,000	Telefonica Emisiones 5.445% 2029	912	0.61
1,000,000	Tesco 4.875% 2042	1,001	0.66
1,000,000	Tesco 5% 2014	1,049	0.70
482,000	Tesco 5% 2023	543	0.36
1,490,871	Tesco Property 5.774% 2040	1,621	1.08
210,000	THFC (Social Housing Finance) 8.75% 2021	251	0.17
1,500,000	THFC Funding No. 2 6.35% 2041	1,840	1.22
1,900,000	UBM 6.5% 2016	2,175	1.45

# Ethical Corporate Bond Fund

## Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Sterling Bonds (continued)</b>		
1,500,000 UBS 6.625% 2018	1,823	1.21
2,000,000 Veolia Environment 6.125% 2037	2,328	1.55
1,500,000 Virgin Media Secured Finance 7% 2018	1,628	1.08
500,000 Volkswagen International Finance 1.25% 2015	499	0.33
2,798,000 Wells Fargo 4.625% 2035	3,033	2.01
1,007,000 Xstrata 7.375% 2020	1,229	0.82
655,000 Yorkshire Water 6.5876% 2023	851	0.57
<b>US Bonds (0.49%)</b>	-	-
<b>Derivatives (0.18%)</b>	<b>(123)</b>	<b>(0.08)</b>
<b>Forward Currency Contracts</b>		
Buy EUR 228,854 Sell GBP 183,108 03/12/2012	1	0.00
Buy EUR 294,947 Sell GBP 234,860 03/12/2012	2	0.00
Buy EUR 1,639,843 Sell GBP 1,302,605 03/12/2012	16	0.01
Buy GBP 238,944 Sell EUR 297,162 03/12/2012	0	0.00
Buy GBP 334,447 Sell EUR 416,889 03/12/2012	(1)	0.00
Buy GBP 494,261 Sell EUR 619,870 03/12/2012	(5)	0.00
Buy GBP 8,992,352 Sell EUR 11,340,892 03/12/2012	(136)	(0.09)
Total investment assets and liabilities	144,872	96.22
Net other assets	5,696	3.78
<b>Total Net Assets</b>	<b>150,568</b>	<b>100.00</b>
All investments are listed on recognised stock exchanges and are "approved securities" or "approved derivatives" within the meaning of the FSA rules unless otherwise stated.		
The percentage figures in brackets show the comparative holding as at 31 October 2011.		
	Bid-market value £'000	
<b>Reconciliation of Assets and Liabilities.</b>		
Investment assets	145,014	
Investment liabilities	(142)	
Net investment assets	144,872	
Net other assets	5,696	
<b>Total Net Assets</b>	<b>150,568</b>	
	Bid-market value £'000	
<b>Credit Rating Analysis</b>		
Investment Grade Bonds	134,779	
Below Investment Grade Bonds	8,964	
Unrated Bonds	1,252	
<b>Total Value of Securities</b>	<b>144,995</b>	

# Ethical Corporate Bond Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains/(Losses)</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	10,860	(3,934)
Forward currency contracts	954	70
Non-derivative securities currency gains	1	10
Handling charges taken from the capital account	(3)	(2)
Net capital gains/(losses)	<u>11,812</u>	<u>(3,856)</u>

## 2 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Interest on debt securities	7,256	7,021
Bank interest	6	8
Total revenue	<u>7,262</u>	<u>7,029</u>

<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	435	365
Registration fees	41	34
	<u>476</u>	<u>399</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	8	6
Safe custody fees	4	3
	<u>12</u>	<u>9</u>
<b>Other expenses:</b>		
Audit fee*	4	4
Total expenses	<u>492</u>	<u>412</u>

\* The total Audit fee for 2012 is £11,345 (2011: £11,252). A reduced amount is shown due to a rebate from the ACD.

<b>5 Taxation</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Analysis of charge in the year</b>		
Total taxation	<u>0</u>	<u>0</u>
<b>(b) Factors affecting current tax charge for year</b>		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	6,768	6,617
Corporation tax at 20% (2011: 20%)	1,354	1,323
Effects of:		
Interest distributions	(1,354)	(1,323)
Current tax charge (Note 5(a))	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

# Ethical Corporate Bond Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Distributions and interest</b>		
The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:		
First interim distribution	1,731	1,507
Second interim distribution	1,624	1,638
Third interim distribution	1,765	1,768
Final distribution	1,656	1,779
	<u>6,776</u>	<u>6,692</u>
Add: Income deducted on cancellation of shares	62	25
Deduct: Income received on issue of shares	<u>(70)</u>	<u>(100)</u>
Net distribution for the year	<u>6,768</u>	<u>6,617</u>
Interest	<u>2</u>	<u>0</u>
Total finance costs	<u>6,770</u>	<u>6,617</u>
Details of the distribution per share are set out in the distribution tables on pages 59 to 61.		
<b>7 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	293	208
Sales awaiting settlement	164	7
Accrued revenue	3,741	3,661
Expenses rebate due from the ACD	<u>13</u>	<u>27</u>
Total debtors	<u>4,211</u>	<u>3,903</u>
<b>8 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	44	377
Purchases awaiting settlement	487	0
Accrued expenses payable to the ACD	46	36
Accrued expenses payable to the Depositary	5	4
Other accrued expenses	11	11
Income tax payable	<u>329</u>	<u>355</u>
Total creditors	<u>922</u>	<u>783</u>

# Ethical Corporate Bond Fund

## Notes to the Financial Statements (continued)

### 9 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 8.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the period end in note 8.

	2012 £'000	2011 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	6,000	5,600
Purchase of shares by Fund	6,000	5
The percentage value of the Fund held by Standard Life group companies is:	61.6%	64.4%

### 10 Shareholder Funds

The Fund currently has nine share classes: Retail accumulation, Institutional accumulation, Retail income, Institutional income, Standard Life accumulation, Institutional regulated accumulation, Standard Life B accumulation, Platform 1 accumulation and Platform 1 income.

The ACD periodic charge on each share class is as follows:-

	2012	2011
Retail accumulation	1.00%	1.00%
Institutional accumulation	0.50%	0.50%
Retail income	1.00%	1.00%
Institutional income	0.50%	0.50%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.30%	0.30%
Standard Life B accumulation	0.00%	0.00%
Platform 1 accumulation	0.50%	-
Platform 1 income	0.50%	-

The initial charge on each share class is as follows:-

Retail accumulation	4.00%	4.00%
Institutional accumulation	0.00%	0.00%
Retail income	4.00%	4.00%
Institutional income	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Platform 1 accumulation	0.00%	-
Platform 1 income	0.00%	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 49.

The distributions per share class are given in the distribution tables on pages 59 to 61. All classes have the same rights on winding up.

# Ethical Corporate Bond Fund

## Notes to the Financial Statements (continued)

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 14.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2012	2011
	£'000	£'000
Euro	(31)	589
US Dollar	0	13

#### Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the Fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>2012</b>				
<b>Currency</b>				
Sterling	2,633	136,077	8,339	147,049
Euro	0	8,917	(8,461)	456
<b>2011</b>				
<b>Currency</b>				
Sterling	26,928	82,807	13,653	123,388
Euro	1,622	11,446	(12,791)	277
US Dollar	0	620	(637)	(17)

	Fixed rate financial assets	
	Weighted average interest rate	Weighted average maturity
<b>2012</b>		
<b>Currency</b>		
Sterling	5.17%	14.67 years
Euro	5.34%	6.03 years
<b>2011</b>		
<b>Currency</b>		
Sterling	5.76%	13.86 years
Euro	5.37%	8.34 years
US Dollar	5.10%	0.04 years

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent.

#### Derivatives

During the year currency forwards were used to hedge the exchange rate risk associated with holding investments denominated in foreign currencies or to hedge the exchange rate risk associated with outstanding purchases and sales of foreign currency investments.

# Ethical Corporate Bond Fund

## Distribution Tables

for the three months ended 31 January 2012

### Interest distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 31 January 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.6762	0.1352	0.5410	-	0.5410*	0.5140
Group 2	0.4035	0.0807	0.3228	0.2182	0.5410*	0.5140
<b>Institutional accumulation</b>						
Group 1	0.7673	0.1534	0.6139	-	0.6139*	0.5810
Group 2	0.2586	0.0517	0.2069	0.4070	0.6139*	0.5810
<b>Retail income</b>						
Group 1	0.5440	0.1088	0.4352	-	0.4352**	0.4301
Group 2	0.2905	0.0581	0.2324	0.2028	0.4352**	0.4301
<b>Institutional income</b>						
Group 1	0.6025	0.1205	0.4820	-	0.4820**	0.4785
Group 2	0.2678	0.0535	0.2143	0.2677	0.4820**	0.4785
<b>Standard Life accumulation</b>						
Group 1	0.9000	0.1800	0.7200	-	0.7200*	0.6864
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation</b>						
Group 1	0.8195	0.1639	0.6556	-	0.6556*	0.6216
Group 2	-	-	-	-	-	-
<b>Standard Life B accumulation</b>						
Group 1	0.8706	0.1741	0.6965	-	0.6965*	0.6580
Group 2	-	-	-	-	-	-

\* Distribution accumulated on 31 January 2012

\*\* Distribution paid on 31 March 2012

for the three months ended 30 April 2012

### Interest distribution

Group 1 - shares purchased prior to 1 February 2012

Group 2 - shares purchased between 1 February 2012 and 30 April 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.6132	0.1226	0.4906	-	0.4906*	0.5326
Group 2	0.2518	0.0503	0.2015	0.2891	0.4906*	0.5326
<b>Institutional accumulation</b>						
Group 1	0.7017	0.1403	0.5614	-	0.5614*	0.5999
Group 2	0.4087	0.0817	0.3270	0.2344	0.5614*	0.5999
<b>Retail income</b>						
Group 1	0.4866	0.0973	0.3893	-	0.3893**	0.4406
Group 2	0.2410	0.0482	0.1928	0.1965	0.3893**	0.4406
<b>Institutional income</b>						
Group 1	0.5467	0.1093	0.4374	-	0.4374**	0.4865
Group 2	0.3547	0.0709	0.2838	0.1536	0.4374**	0.4865
<b>Standard Life accumulation</b>						
Group 1	0.8220	0.1644	0.6576	-	0.6576*	0.7040
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation</b>						
Group 1	0.7485	0.1497	0.5988	-	0.5988*	0.6412
Group 2	-	-	-	-	-	-
<b>Standard Life B accumulation</b>						
Group 1	0.8090	0.1618	0.6472	-	0.6472*	0.6784
Group 2	-	-	-	-	-	0.6784

\* Distribution accumulated on 30 April 2012

\*\* Distribution paid on 30 June 2012

# Ethical Corporate Bond Fund

## Distribution Tables (continued)

for the three months ended 31 July 2012

### Interest distribution

Group 1 - shares purchased prior to 1 May 2012

Group 2 - shares purchased between 1 May 2012 and 31 July 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution payable 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.6266	0.1253	0.5013	-	0.5013*	0.5620
Group 2	0.2885	0.0577	0.2308	0.2705	0.5013*	0.5620
<b>Institutional accumulation</b>						
Group 1	0.7242	0.1448	0.5794	-	0.5794*	0.6370
Group 2	0.1786	0.0357	0.1429	0.4365	0.5794*	0.6370
<b>Retail income</b>						
Group 1	0.4977	0.0995	0.3982	-	0.3982**	0.4620
Group 2	0.2001	0.0400	0.1601	0.2381	0.3982**	0.4620
<b>Institutional income</b>						
Group 1	0.5687	0.1137	0.4550	-	0.4550**	0.5102
Group 2	0.2797	0.0559	0.2238	0.2312	0.4550**	0.5102
<b>Standard Life accumulation</b>						
Group 1	0.8440	0.1688	0.6752	-	0.6752*	0.7504
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation</b>						
Group 1	0.7662	0.1532	0.6130	-	0.6130*	0.6800
Group 2	-	-	-	-	-	-
<b>Standard Life B accumulation</b>						
Group 1	0.8306	0.1661	0.6645	-	0.6645*	0.7159
Group 2	0.7792	0.1558	0.6234	0.0411	0.6645*	-
<b>Platform 1 accumulation</b>						
Group 1	0.4812	0.0962	0.3850	-	0.3850*	-
Group 2	-	-	-	-	-	-
<b>Platform 1 income</b>						
Group 1	0.4812	0.0962	0.3850	-	0.3850**	-
Group 2	-	-	-	-	-	-

\* Distribution accumulated on 31 July 2012

\*\* Distribution paid on 30 September 2012

# Ethical Corporate Bond Fund

## Distribution Tables (continued)

for the three months ended 31 October 2012

### Interest distribution

Group 1 - shares purchased prior to 1 August 2012

Group 2 - shares purchased between 1 August 2012 and 31 October 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution payable 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.6026	0.1205	0.4821	-	0.4821*	0.5593
Group 2	0.3291	0.0658	0.2633	0.2188	0.4821*	0.5593
<b>Institutional accumulation</b>						
Group 1	0.6942	0.1388	0.5554	-	0.5554*	0.6316
Group 2	0.4441	0.0888	0.3553	0.2001	0.5554*	0.6316
<b>Retail income</b>						
Group 1	0.4637	0.0927	0.3710	-	0.3710**	0.4593
Group 2	0.2445	0.0489	0.1956	0.1754	0.3710**	0.4593
<b>Institutional income</b>						
Group 1	0.5036	0.1007	0.4029	-	0.4029**	0.5011
Group 2	0.1452	0.0290	0.1162	0.2867	0.4029**	0.5011
<b>Standard Life accumulation</b>						
Group 1	0.8380	0.1676	0.6704	-	0.6704*	0.7456
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation</b>						
Group 1	0.7675	0.1535	0.6140	-	0.6140*	0.6736
Group 2	-	-	-	-	-	-
<b>Standard Life B accumulation</b>						
Group 1	0.8196	0.1639	0.6557	-	0.6557*	0.7206
Group 2	-	-	-	-	-	-
<b>Platform 1 accumulation</b>						
Group 1	0.6850	0.1370	0.5480	-	0.5480*	-
Group 2	-	-	-	-	-	-
<b>Platform 1 income</b>						
Group 1	0.6850	0.1370	0.5480	-	0.5480**	-
Group 2	-	-	-	-	-	-

\* Distribution accumulated on 31 October 2012

\*\* Distribution payable on 31 December 2012

# European Equity Index Tracker Fund

## Investment Report

**Fund Manager:** David Kirkpatrick

**Launched:** 11 April 2005

**Benchmark:** FTSE World Europe ex UK Index

## Investment objective

The investment objective of the Fund is to achieve a return in line with the total return of the FTSE World Europe ex UK Index over all years before charges and tax.

## Investment policy

The Fund (before charges and tax) aims to closely track the performance of the FTSE World Europe ex UK Index (£), allowing for reinvestment of dividends. The Fund invests in a broad spread of the European listed equities which are constituents of the FTSE World Europe ex UK Index (£). The return of the Fund will be affected by exchange rate fluctuations.

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

## Risk

Up to 100% of the scheme property of the Fund may be invested in transferable securities which are warrants. If more than 5% of the scheme property of the Fund is invested in warrants the net asset value of the Fund may, at times, be highly volatile. Call options are not deemed to be warrants for the purposes of this 5% restriction.

## Performance

The Fund returned -8.96% for the period 1 November 2011 to 14 June 2012, compared to the FTSE World Europe ex UK Index return of -6.94% (source: Morningstar).

All the shares in this Fund were redeemed and cancelled on 14 June 2012. The Fund will formally terminate at a later date after all residual assets and liabilities are settled.

The Fund is not open to new investors.

# European Equity Index Tracker Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	291	72.06	404,617
	31 October 2011	108	64.39	167,646
	31 October 2012	0	0.00	0
Institutional accumulation	31 October 2010	1	75.69	1,000
	31 October 2011	1	68.25	1,000
	31 October 2012	0	0.00	0
Standard Life accumulation	31 October 2010	1	77.43	1,000
	31 October 2011	1	70.10	1,000
	31 October 2012	0	0.00	0
Standard Life B accumulation	31 October 2010	95,889	49.61	193,304,492
	31 October 2011	102,671	44.90	228,649,929
	31 October 2012	0	0.00	0
Standard Life A accumulation	31 October 2010	12,257	50.14	24,447,384
	31 October 2011	12,498	45.37	27,545,125
	31 October 2012	0	0.00	0
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007	0.4574	80.60	69.43
	2008	1.1909	80.78	46.76
	2009	1.1064	73.51	42.96
	2010	0.9795	74.65	60.94
	2011	1.5074	81.30	56.72
	2012**	0.7049	69.14	57.17
Institutional accumulation	2007	1.0621	82.48	70.60
	2008	1.8081	82.94	48.24
	2009	1.6771	76.41	44.43
	2010	1.6042	78.43	63.74
	2011	2.2393	85.87	60.13
	2012**	1.0923	73.63	61.00
Standard Life accumulation	2007	1.4684	83.36	71.14
	2008	2.1242	83.94	48.92
	2009	1.9489	77.78	45.11
	2010	1.9871	80.17	65.08
	2011	2.6888	87.96	61.73
	2012**	1.3103	75.76	62.81
Standard Life B accumulation	2007*	0.0271	53.40	50.00
	2008	1.3698	53.78	31.34
	2009	1.2451	49.86	28.90
	2010	1.2708	51.36	41.71
	2011	1.6846	56.35	39.55
	2012**	0.8540	48.53	40.64
Standard Life A accumulation	2007*	0.0522	54.04	49.74
	2008	1.3867	54.42	31.72
	2009	1.2526	50.43	29.25
	2010	1.1916	51.91	42.17
	2011	1.6849	56.93	39.95
	2012**	0.8544	49.02	40.23

\*from the commencement of the share class on 24 September

\*\*to 14 June

## European Equity Index Tracker Fund

### Ongoing Charges Figure (OCF)

	2012*	2011
Retail accumulation	1.62%	1.62%
Institutional accumulation	0.62%	0.62%
Standard Life accumulation	0.12%	0.12%
Standard Life B accumulation	0.02%	0.00%
Standard Life A accumulation	0.04%	0.04%

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

\*As the shares on the Fund were redeemed and cancelled on 14 June 2012, the OCF's have been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period.

# European Equity Index Tracker Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
Income:					
Net capital losses	1		(12,827)		(17,564)
Revenue	3	3,886		4,531	
Expenses	4	(3)		(8)	
Finance costs: Interest	6	(5)		(2)	
Net revenue before taxation		3,878		4,521	
Taxation	5	(224)		(459)	
Net revenue after taxation			3,654		4,062
<b>Total return before distributions</b>			(9,173)		(13,502)
Finance costs: Distributions	6		(3,654)		(4,062)
<b>Change in net assets attributable to shareholders from investment activities</b>			(12,827)		(17,564)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012* £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		115,279		108,439
Amounts receivable on issue of shares	4,058		29,013	
Less: Amounts payable on cancellation of shares	(108,686)		(8,755)	
		(104,628)		20,258
Change in net assets attributable to shareholders from investment activities (see above)		(12,827)		(17,564)
Retained distribution on accumulation shares		2,176		4,146
<b>Closing net assets attributable to shareholders</b>		0		115,279

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			0		114,349
Debtors	7	528		467	
Cash and bank balances		59		655	
Total other assets			587		1,122
Total assets			587		115,471
<b>Liabilities</b>					
Creditors	8	(587)		(178)	
Balances due to futures clearing houses		0		(14)	
Total other liabilities			(587)		(192)
Total liabilities			(587)		(192)
<b>Net assets attributable to shareholders</b>			0		115,279

\* All shares were redeemed and cancelled on 14 June 2012.

# European Equity Index Tracker Fund

## Portfolio Statement

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>Austria (0.70%)</b>	<b>0</b>	<b>0.00</b>
<b>Belgium (1.93%)</b>	<b>0</b>	<b>0.00</b>
<b>Czech Republic (0.30%)</b>	<b>0</b>	<b>0.00</b>
<b>Denmark (2.36%)</b>	<b>0</b>	<b>0.00</b>
<b>Finland (1.91%)</b>	<b>0</b>	<b>0.00</b>
<b>France (21.78%)</b>	<b>0</b>	<b>0.00</b>
<b>Germany (20.77%)</b>	<b>0</b>	<b>0.00</b>
<b>Greece (0.27%)</b>	<b>0</b>	<b>0.00</b>
<b>Hungary (0.29%)</b>	<b>0</b>	<b>0.00</b>
<b>Ireland (0.65%)</b>	<b>0</b>	<b>0.00</b>
41,850 Anglo Irish Bank Corporation*	0	0.00
<b>Italy (5.69%)</b>	<b>0</b>	<b>0.00</b>
<b>Luxembourg (0.50%)</b>	<b>0</b>	<b>0.00</b>
<b>Netherlands (5.06%)</b>	<b>0</b>	<b>0.00</b>
<b>Norway (2.26%)</b>	<b>0</b>	<b>0.00</b>
<b>Poland (0.94%)</b>	<b>0</b>	<b>0.00</b>
<b>Portugal (0.62%)</b>	<b>0</b>	<b>0.00</b>
<b>Spain (7.87%)</b>	<b>0</b>	<b>0.00</b>
<b>Sweden (6.58%)</b>	<b>0</b>	<b>0.00</b>
<b>Switzerland (17.73%)</b>	<b>0</b>	<b>0.00</b>
<b>Turkey (0.90%)</b>	<b>0</b>	<b>0.00</b>
<b>Derivatives (0.08%)</b>	<b>0</b>	<b>0.00</b>
<b>Total investment assets</b>	<b>0</b>	<b>0.00</b>
<b>Net other assets</b>	<b>0</b>	<b>0.00</b>
<b>Total Net Assets</b>	<b>0</b>	<b>0.00</b>

All investments are listed on recognised stock exchanges and are “approved securities” within the meaning of the FSA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2011.

\*Delisted

# European Equity Index Tracker Fund

## Notes to the Financial Statements

<b>1 Net Capital Losses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	(12,683)	(17,332)
Derivative contracts	(74)	(160)
Forward currency contracts	6	(8)
Non-derivative securities currency losses	(64)	(38)
Derivative contracts currency (losses)/gains	(1)	4
Handling charges taken from the capital account	(11)	(30)
Net capital losses	<u>(12,827)</u>	<u>(17,564)</u>
<b>2 Purchases, Sales and Transaction Costs</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Purchases in year before transaction costs	5,771	42,802
Commissions	13	19
Taxes	0	3
Total purchase transaction costs	13	22
Purchases including transaction costs	<u>5,784</u>	<u>42,824</u>
Gross sales before transaction costs	107,402	18,929
Commissions	(25)	(10)
Total sale transaction costs	(25)	(10)
Total sales net of transaction costs	<u>107,377</u>	<u>18,919</u>
Transaction handling charges*	<u>11</u>	<u>30</u>
*These amounts have been deducted in determining net capital losses.		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Overseas dividends	3,726	4,257
Scrip dividends	160	273
Bank interest	0	1
Total revenue	<u>3,886</u>	<u>4,531</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	<u>1</u>	<u>3</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	1	2
Safe custody fees	1	2
	<u>2</u>	<u>4</u>
<b>Other expenses:</b>		
Audit fee*	0	1
Total expenses	<u>3</u>	<u>8</u>

\*The total Audit Fee for 2012 is £1,760 (2011 £7,260). A reduced amount is shown due to a rebate from the ACD.

# European Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

5 Taxation	2012 £'000	2011 £'000
<b>(a) Analysis of charge in the year</b>		
UK corporation tax	11	7
Double tax relief	(9)	(7)
Adjustments in respect of prior years	1	(6)
Overseas withholding tax	221	465
Total taxation	<u>224</u>	<u>459</u>

### (b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	3,878	4,521
Corporation tax at 20% (2011: 20%)	<u>776</u>	<u>904</u>
Effects of:		
Scrip dividends	(32)	(55)
Non taxable overseas dividends	(733)	(842)
Overseas withholding tax	212	458
Adjustments in respect of prior years	1	(6)
Current tax charge (Note 5(a))	<u>224</u>	<u>459</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

In December 2006, the European Court of Justice found that the taxation of portfolio dividends received from EU/EEA countries in the UK prior to 1 July 2009 was discriminatory, however judgement is still to be given in the UK courts in respect of this. The Fund has assessed the current status of this and determined that it is more likely than not that such reclaims will not be received, hence no asset has been recognised in the financial statements.

6 Finance Costs	2012 £'000	2011 £'000
<b>Distributions and interest</b>		
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	2,176	1,688
Final distribution	-	2,458
	<u>2,176</u>	<u>4,146</u>
Add: Income deducted on cancellation of shares	1,497	137
Deduct: Income received on issue of shares	(19)	(221)
Net distribution for the year	<u>3,654</u>	<u>4,062</u>
Interest	5	2
Total finance costs	<u>3,659</u>	<u>4,064</u>

Details of the distribution per share are set out in the distribution table on page 71.

7 Debtors	2012 £'000	2011 £'000
Accrued revenue	0	31
Expenses rebate due from the ACD	0	26
Corporation tax recoverable	0	5
Withholding tax recoverable	528	405
Total debtors	<u>528</u>	<u>467</u>

# European Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

<b>8 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Purchases awaiting settlement	0	158
Accrued expenses payable to the Depositary	0	13
Other accrued expenses	5	7
Amounts due to ACD in respect of payment for withholding tax reclaims	567	0
Residual payment to share holders from termination	14	0
Corporation tax payable	1	0
Total creditors	<u>587</u>	<u>178</u>

## 9 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 9.

Amounts payable to or due from Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge, registration services and expense rebates, are disclosed in note 4 and any amounts due at the period end in notes 7 and 8.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	3,936	35,487
Purchase of shares by Fund	110,067	13,099
The percentage value of the Fund held by Standard Life group companies is:	0.0%	99.9%

## 10 Shareholder Funds

The Fund currently has five share classes: Retail accumulation, Institutional accumulation, Standard Life accumulation, Standard Life B accumulation and Standard Life A accumulation.

The ACD periodic charge on each share class is as follows:-

	<b>2012</b>	<b>2011</b>
Retail accumulation	1.50%	1.50%
Institutional accumulation	0.50%	0.50%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Standard Life A accumulation	0.00%	0.00%

The initial charge on each share class is as follows:-

Retail accumulation	4.00%	4.00%
Institutional accumulation	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Standard Life A accumulation	0.00%	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 63.

The distribution per share class is given in the distribution tables on page 71. All classes have the same rights on winding up.

# European Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 15.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2012	2011
	£'000	£'000
Czech Koruna	0	342
Danish Krone	5	2,727
Euro	194	74,697
Hungarian Forint	0	337
Norwegian Krone	9	2,637
Polish Zloty	0	1,091
Swedish Krona	0	7,750
Swiss Franc	182	20,740
Turkish Lira	0	1,031

#### Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>2012</b>			
<b>Currency</b>			
Sterling	57	0	57
Euro	2	0	2
<b>2011</b>			
<b>Currency</b>			
Sterling	153	3,869	4,022
Czech Koruna	0	342	342
Danish Krone	0	2,722	2,722
Euro	326	74,209	74,535
Hungarian Forint	0	337	337
Norwegian Krone	0	2,614	2,614
Polish Zloty 1	1	1,090	1,091
Swedish Krona	162	7,588	7,750
Swiss Franc	0	20,546	20,546
Turkish Lira	0	1,031	1,031

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent.

#### Derivatives

During the year currency forwards were used to hedge the exchange rate risk associated with holding investments denominated in foreign currencies or to hedge the exchange rate risk associated with outstanding purchases and sales of foreign currency investments.

# European Equity Index Tracker Fund

## Distribution Table

for the six months ended 30 April 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 to 30 April 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.7049	-	0.7049	0.6059
Group 2	0.6133	0.0916	0.7049	0.6059
<b>Institutional accumulation</b>				
Group 1	1.0923	-	1.0923	0.9025
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	1.3103	-	1.3103	1.1214
Group 2	-	-	-	-
<b>Standard Life B accumulation</b>				
Group 1	0.8540	-	0.8540	0.7258
Group 2	0.6691	0.1849	0.8540	0.7258
<b>Standard Life A accumulation</b>				
Group 1	0.8544	-	0.8544	0.7258
Group 2	0.6379	0.2165	0.8544	0.7258

\*Distribution accumulated on 30 April 2012

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	Interim Dividend Distribution
Treat as a UK corporate dividend	98.67%
Treat as unfranked investment income*	1.33%

\*After deduction of income tax at the lower rate. This amount is liable to corporation tax.

# European Ethical Equity Fund

## Investment Report

**Fund Manager:** Chris Haimendorf

**Launched:** 24 September 2007

**Benchmark:** IMA Europe (ex UK) Sector

## Investment objective

The investment objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

## Investment policy

The investment policy of the Fund is to invest in equities and equity type investments that comply with certain ethical criteria of companies listed predominantly on the main European markets or which, in the opinion of the ACD, carry on a significant part of their operations in Europe (including the UK). 'Equity type investments' will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares.

## Risk

The nature of the portfolio affords investors a focused investment approach, whilst providing proper diversification across ethically acceptable mainly European equities. Investors must be able to accept significant temporary losses due to both the volatile nature of equity markets and the potentially restricted investment universe enforced by ethical criteria, and should therefore have an investment horizon of at least 5 years.

Ethical criteria: further information about the ethical criteria applied to this Fund can be obtained from the ACD.

## Performance

Over the year under review, the Fund returned 4.52% compared to the IMA Europe (excluding UK) average of 6.30% (source: Morningstar).

Food producers and pharmaceuticals were among the best-performing stockmarket sectors over the review period, reflecting investors' preference for large, stable companies with defensive earnings. The Fund's zero-weight in many of these stocks, for ethical reasons, hurt performance. In particular, our lack of exposure to pharmaceuticals Novo Nordisk, Bayer, Roche and Sanofi and to index-heavyweight food producer Nestle all proved detrimental. In addition, our overweight position in Norwegian insurance group Storebrand was disappointing following a dividend cut and uncertainty regarding new industry regulations. Given concerns that the regulatory approach might constrain returns to shareholders, we opted to sell shares in Storebrand over the review period.

On the upside, Fund performance over the period benefited from our exposure to Spanish retailing group Inditex, whose brands include Zara, Massimo Dutti and Pull & Bear. The group continued to thrive despite the weakness of its domestic market as a result of its diversified brand profile, its international presence and its strong fashion credentials. An overweight position in French cement producer Lafarge was also positive. Its share price rose on higher cement prices and cost control success. Also positive was our exposure to Symrise, the global flavour and fragrances producer, which reported better-than-expected results and recovered from a period of underperformance.

## Investment activity

We bought shares in Swedish tool and manufacturing company Sandvik whose profit margins are proving better-than-expected. Shares were also purchased in electronic payments company Wirecard, which is well positioned to benefit from online commerce and mobile payments. We sold shares in Swiss engineering conglomerate ABB as its growth outlook began to look less certain. Shares were sold in French financial group AXA because of concerns about increasing political risks to its business (which might result in higher taxation levels) in France.

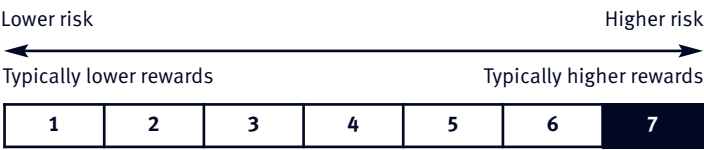
# European Ethical Equity Fund

## Investment Report (continued)

### Outlook

Initiatives from policymakers appear to have made steps in the right direction and have provided support to regional equity markets, but do not mark a definitive solution to the Euro-zone's problems. Ongoing economic weakness appears to be exerting a drag on corporate profits. Against a clearly challenging macroeconomic backdrop, our bottom-up focus continues to allow us to identify stocks with the potential for good long-term returns and which are trading at attractive valuations. In particular, we are finding opportunities to invest in companies with sufficiently strong market positions and/or balance sheets to take advantage of the difficulties of their competitors, as well as those which can continue to pay, and even grow, dividends.

### Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Fund price may have behaved over the period. The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free. All investment involves risk. This Fund offers no guarantee against loss or that the fund's objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

### Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

# European Ethical Equity Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	1,000	40.98	2,440,168
	31 October 2011	1,186	35.22	3,368,063
	31 October 2012	1,360	38.18	3,562,560
Institutional accumulation	31 October 2010	727	41.80	1,740,003
	31 October 2011	285	36.15	788,792
	31 October 2012	216	39.46	546,900
Standard Life accumulation	31 October 2010	1	42.71	2,500
	31 October 2011	1	37.32	2,500
	31 October 2012	1	40.92	2,500
Institutional regulated accumulation	31 October 2010	631	42.28	1,493,216
	31 October 2011	551	36.81	1,495,177
	31 October 2012	621	40.23	1,544,122
Standard Life B accumulation	31 October 2010	40,034	42.80	93,535,984
	31 October 2011	36,411	37.40	97,352,663
	31 October 2012	45,712	41.02	111,432,404
Platform 1 accumulation	31 October 2012	1	57.32	1,200

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007*	0.0000	52.17	49.60
	2008	0.8165	50.42	26.59
	2009	0.5641	42.92	25.47
	2010	0.6104	42.98	34.82
	2011	0.9255	45.52	30.92
	2012***	0.9371	39.09	32.14
Institutional accumulation	2007*	0.0000	52.21	49.61
	2008	1.0281	50.51	26.77
	2009	0.7741	43.45	25.70
	2010	0.8713	43.88	35.40
	2011	1.1822	46.58	31.73
	2012***	1.2431	40.42	33.14
Standard Life accumulation	2007*	0.0000	52.23	49.61
	2008	1.3137	50.59	26.96
	2009	1.0057	44.06	25.95
	2010	1.1673	44.87	36.08
	2011	1.5734	47.76	32.66
	2012***	1.4161	41.98	34.31
Institutional regulated accumulation	2007*	0.0000	52.22	49.61
	2008	1.1888	50.54	26.87
	2009	0.8927	43.77	25.83
	2010	1.0153	44.41	35.75
	2011	1.4299	47.21	32.23
	2012***	1.2806	41.24	33.76
Standard Life B accumulation	2007*	0.0000	52.23	49.61
	2008	1.3114	50.59	26.96
	2009	1.0097	44.10	25.95
	2010	1.1808	44.97	36.11
	2011	1.5956	47.87	32.75
	2012***	1.4458	42.10	34.40
Platform 1 accumulation	2012**	0.1063	58.80	48.16

\*from the launch of the Fund on 24 September

\*\*from commencement of the share class on 30 May to 31 October

\*\*\*to 31 October

## European Ethical Equity Fund

### Ongoing Charges Figure (OCF)

	2012	2011
Retail accumulation	1.66%	1.62%
Institutional accumulation	0.91%	0.87%
Standard Life accumulation	0.16%	0.12%
Institutional regulated accumulation	0.46%	0.42%
Standard Life B accumulation	0.04%	0.00%
Platform 1 accumulation	0.96%	-

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

# European Ethical Equity Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
Income:					
Net capital gains/(losses)	1		2,501		(7,276)
Revenue	3	1,430		1,781	
Expenses	4	(24)		(29)	
Finance costs: Interest	6	0		(1)	
Net revenue before taxation		1,406		1,751	
Taxation	5	(34)		(132)	
Net revenue after taxation			1,372		1,619
<b>Total return before distributions</b>			3,873		(5,657)
Finance costs: Distributions	6		(1,372)		(1,619)
<b>Change in net assets attributable to shareholders from investment activities</b>			2,501		(7,276)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012 £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		38,434		42,393
Amounts receivable on issue of shares	8,186		5,058	
Less: Amounts payable on cancellation of shares	(2,721)		(3,360)	
		5,465		1,698
Change in net assets attributable to shareholders from investment activities (see above)		2,501		(7,276)
Retained distribution on accumulation shares		1,511		1,619
<b>Closing net assets attributable to shareholders</b>		47,911		38,434

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			46,466		36,443
Debtors	7	145		142	
Cash and bank balances		1,417		2,059	
Total other assets			1,562		2,201
Total assets			48,028		38,644
<b>Liabilities</b>					
Creditors	8	(117)		(210)	
Total other liabilities			(117)		(210)
Total liabilities			(117)		(210)
<b>Net assets attributable to shareholders</b>			47,911		38,434

# European Ethical Equity Fund

## Portfolio Statement

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>European Equities (94.82%)</b>	<b>46,466</b>	<b>96.98</b>
<b>Austria (3.48%)</b>	<b>1,464</b>	<b>3.06</b>
61,066 Oesterreich Post	1,464	3.06
<b>Belgium (1.74%)</b>	<b>798</b>	<b>1.67</b>
28,055 Telenet	798	1.67
<b>Denmark (2.58%)</b>	<b>2,128</b>	<b>4.45</b>
115,867 Danske Bank	1,124	2.35
24,789 Tryg	1,004	2.10
<b>Finland (1.38%)</b>	<b>1,847</b>	<b>3.85</b>
35,779 Sampo	695	1.45
45,934 Wartsila	1,152	2.40
<b>France (15.03%)</b>	<b>7,986</b>	<b>16.66</b>
30,851 BNP Paribas	963	2.01
11,884 Gelmalto	665	1.39
14,971 Ingenico	491	1.02
30,555 Lafarge	1,110	2.32
23,130 Publicis	773	1.61
26,362 Renault	732	1.53
47,278 SCOR	783	1.63
60,573 SES	1,037	2.16
45,147 Societe Generale	890	1.86
11,360 Sodexho	542	1.13
<b>Germany (15.76%)</b>	<b>9,633</b>	<b>20.10</b>
13,118 BMW	649	1.35
11,139 Continental	695	1.45
36,344 Deutsche Bank	1,023	2.14
74,759 Deutsche Post	922	1.92
62,835 Deutsche Wohnen	713	1.49
13,650 HeidelbergCement	449	0.94
100,407 Infineon Technology	425	0.89
24,087 Kabel Deutschland	1,078	2.25
32,193 SAP	1,454	3.03
65,413 Symrise	1,458	3.04
54,062 Wirecard	767	1.60
<b>Ireland (0.62%)</b>	<b>1,662</b>	<b>3.47</b>
165,875 Dragon Oil	921	1.92
115,311 Kingspan	741	1.55
<b>Italy (2.77%)</b>	<b>2,834</b>	<b>5.92</b>
65,929 ENI	939	1.96
16,630 Luxottica	392	0.82
364,514 Snam	1,000	2.09
215,715 Terna	503	1.05

# European Ethical Equity Fund

## Portfolio Statement (continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Netherlands (9.22%)</b>		<b>3,112</b>	<b>6.49</b>
38,013	ASML	1,298	2.71
226,856	ING	1,243	2.59
68,550	Reed Elsevier	571	1.19
<b>Norway (14.88%)</b>		<b>3,666</b>	<b>7.65</b>
146,494	Prosafe	756	1.58
45,979	Statoil	704	1.47
77,708	Subsea 7	1,056	2.20
94,363	Telenor	1,150	2.40
<b>Portugal (2.59%)</b>		<b>890</b>	<b>1.86</b>
89,608	Galp Energia	890	1.86
<b>Spain (5.74%)</b>		<b>2,643</b>	<b>5.52</b>
149,253	Banco Santander	694	1.45
24,724	Inditex	1,949	4.07
<b>Sweden (8.27%)</b>		<b>5,728</b>	<b>11.95</b>
45,461	Atlas Copco	694	1.45
55,756	Kinnevik Investment	660	1.38
38,776	Lundin Petroleum	576	1.20
72,900	Sandvik	627	1.31
64,727	Svenska Cellulosa 'B'	782	1.63
35,348	Svenska Handelsbanken 'A'	751	1.57
58,930	Swedbank	678	1.41
92,696	Tele2	960	2.00
<b>Switzerland (10.76%)</b>		<b>2,075</b>	<b>4.33</b>
18,406	Swiss Re	790	1.65
8,398	Zurich Insurance	1,285	2.68
Total investment assets		46,466	96.98
Net other assets		1,445	3.02
<b>Total Net Assets</b>		<b>47,911</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges and are "approved securities" within the meaning of the FSA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2011.

# European Ethical Equity Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains/(Losses)</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	2,547	(7,261)
Forward currency contracts	0	(1)
Non-derivative securities currency (losses)/gains	(32)	2
Handling charges taken from the capital account	(14)	(16)
Net capital gains/(losses)	<u>2,501</u>	<u>(7,276)</u>
<b>2 Purchases, Sales and Transaction Costs</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Purchases in year before transaction costs	<u>27,153</u>	<u>30,312</u>
Commissions	33	47
Taxes	23	1
Total purchase transaction costs	<u>56</u>	<u>48</u>
Purchases including transaction costs	<u>27,209</u>	<u>30,360</u>
Gross sales before transaction costs	<u>19,677</u>	<u>28,936</u>
Commissions	(28)	(42)
Total sale transaction costs	<u>(28)</u>	<u>(42)</u>
Total sales net of transaction costs	<u>19,649</u>	<u>28,894</u>
Transaction handling charges*	<u>14</u>	<u>16</u>
*These amounts have been deducted in determining net capital gains/(losses).		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Overseas dividends	1,409	1,684
Scrip dividends	18	93
Bank interest	3	4
Total revenue	<u>1,430</u>	<u>1,781</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	22	26
Registration fees	2	2
	<u>24</u>	<u>28</u>
<b>Other expenses:</b>		
Audit fee*	0	1
Total expenses	<u>24</u>	<u>29</u>

\* The total Audit fee for 2012 is £7,320 (2011: £7,260). A reduced amount is shown due to a rebate from the ACD.

# European Ethical Equity Fund

## Notes to the Financial Statements (continued)

### 5 Taxation

	2012 £'000	2011 £'000
<b>(a) Analysis of charge in the year</b>		
Adjustments in respect of prior years	7	0
Overseas withholding tax	27	132
Total taxation	<u>34</u>	<u>132</u>

### (b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	1,406	1,751
Corporation tax at 20% (2011: 20%)	<u>281</u>	<u>350</u>
Effects of:		
Scrip dividends	(4)	(18)
Non taxable overseas dividends	(275)	(335)
Overseas withholding tax	27	132
Excess management expenses	(2)	3
Adjustments in respect of prior years	7	0
Current tax charge (Note 5(a))	<u>34</u>	<u>132</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

In December 2006 the European Court of Justice found that the taxation of portfolio dividends received from EU/EEA countries in the UK prior to 1 July 2009 was discriminatory, however judgement is still to be given in the UK courts in respect of this. The Fund has assessed the current status of this and determined that it is more likely than not that such claims will not be received, therefore no asset has been recognised in the financial statements.

### (c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,000 (2011:£3,000) due to surplus Management expenses.

It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

### 6 Finance Costs

	2012 £'000	2011 £'000
<b>Distributions and interest</b>		
The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:		
Interim distribution	753	631
Final distribution	<u>758</u>	<u>987</u>
	1,511	1,618
Add: Income deducted on cancellation of shares	13	22
Deduct: Income received on issue of shares	<u>(152)</u>	<u>(21)</u>
Net distribution for the year	<u>1,372</u>	<u>1,619</u>
Interest	<u>0</u>	<u>1</u>
Total finance costs	<u>1,372</u>	<u>1,620</u>

Details of the distribution per share are set out in the distribution tables on page 83.

# European Ethical Equity Fund

## Notes to the Financial Statements (continued)

<b>7 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	5	5
Accrued revenue	14	0
Expenses rebate due from the ACD	0	15
Withholding tax recoverable	126	122
Total debtors	<u>145</u>	<u>142</u>

<b>8 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Purchases awaiting settlement	86	196
Accrued expenses payable to the ACD	2	2
Accrued expenses payable to the Depositary	4	5
Other accrued expenses	7	7
Expenses rebate due to the ACD	11	0
Corporation tax payable	7	0
Total creditors	<u>117</u>	<u>210</u>

## 9 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 8.

Amounts payable to and reimbursed by Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the period end in note 8.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	8,088	4,535
Purchase of shares by Fund	2,470	2,833
The percentage value of the Fund held by Standard Life group companies is:	96.7%	96.2%

## 10 Shareholder Funds

The Fund currently has six share classes: Retail accumulation, Institutional accumulation, Standard Life accumulation, Institutional regulated accumulation, Standard Life B accumulation and Platform 1 accumulation.

The ACD periodic charge on each share class is as follows:-

	<b>2012</b>	<b>2011</b>
Retail accumulation	1.50%	1.50%
Institutional accumulation	0.75%	0.75%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.30%	0.30%
Standard Life B accumulation	0.00%	0.00%
Platform 1 accumulation	0.75%	-

The initial charge on each share class is as follows:-

	<b>2012</b>	<b>2011</b>
Retail accumulation	4.00%	4.00%
Institutional accumulation	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Platform 1 accumulation	0.00%	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 74. The distribution per share class is given in the distribution table on page 83. All classes have the same rights on winding up.

# European Ethical Equity Fund

## Notes to the Financial Statements (continued)

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 14.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2012	2011
	£'000	£'000
Danish Krone	2,045	995
Euro	33,022	22,510
Norwegian Krone	3,693	5,782
Swedish Krona	5,728	3,176
Swiss Franc	2,076	4,177

#### Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the Fund's financial assets and liabilities is:

	Floating rate financial assets	Financial assets/(liabilities) not carrying interest	Total
	£'000	£'000	£'000
<b>2012</b>			
<b>Currency</b>			
Sterling	1,373	0	1,373
Danish Krone	0	2,129	2,129
Euro	17	32,869	32,886
Norwegian Krone	27	3,666	3,693
Swedish Krone	0	5,728	5,728
Swiss France	0	2,074	2,074
<b>2011</b>			
<b>Currency</b>			
Sterling	1,984	(197)	1,787
Danish Krone	0	992	992
Euro	36	22,420	22,456
Norwegian Krone	40	5,913	5,953
Swedish Krone	0	3,177	3,177
Swiss Franc	0	4,137	4,137

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent.

#### Derivatives

During the year currency forwards were used to hedge the exchange rate risk associated with holding investments denominated in foreign currencies or to hedge the exchange rate risk associated with outstanding purchases and sales of foreign currency investments.

# European Ethical Equity Fund

## Distribution Tables

for the six months ended 30 April 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 30 April 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.4592	-	0.4592*	0.2594
Group 2	0.3963	0.0629	0.4592*	0.2594
<b>Institutional accumulation</b>				
Group 1	0.6012	-	0.6012*	0.4212
Group 2	-	-	-	0.4212
<b>Standard Life accumulation</b>				
Group 1	0.7804	-	0.7804*	0.6123
Group 2	-	-	-	-
<b>Institutional regulated accumulation</b>				
Group 1	0.6994	-	0.6994*	0.5251
Group 2	0.5771	0.1223	0.6994*	0.5251
<b>Standard Life B accumulation</b>				
Group 1	0.7921	-	0.7921*	0.6246
Group 2	-	-	-	0.6246

\*Distribution accumulated on 30 April 2012

for the six months ended 31 October 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 May 2012

Group 2 - shares purchased between 1 May 2012 and 31 October 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.4779	-	0.4779*	0.6661
Group 2	0.0000	0.4779	0.4779*	0.6661
<b>Institutional accumulation</b>				
Group 1	0.6419	-	0.6419*	0.7610
Group 2	0.0042	0.6377	0.6419*	0.7610
<b>Standard Life accumulation</b>				
Group 1	0.6357	-	0.6357*	0.9611
Group 2	-	-	-	-
<b>Institutional regulated accumulation</b>				
Group 1	0.5812	-	0.5812*	0.9048
Group 2	-	-	-	-
<b>Standard Life B accumulation</b>				
Group 1	0.6537	-	0.6537*	0.9710
Group 2	0.0000	0.6537	0.6537*	-
<b>Platform 1 accumulation</b>				
Group 1	0.1063	-	0.1063*	-
Group 2	-	-	-	-

\*Distribution accumulated on 31 October 2012

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	96.63%
Treat as unfranked investment income*	0.00%	3.37%

\*After deduction of income tax at the lower rate. This amount is liable to corporation tax.

# Global Index Linked Bond Fund

## Investment Report

**Fund Manager:** Jonathan Gibbs

**Launched:** 19 May 2004

**Benchmark:** Barclays Inflation Linked Bond Index (hedged to Sterling)

## Investment objective

The investment objective of the Fund is to provide a total return from income and capital appreciation.

## Investment policy

The investment policy of the Fund is to invest primarily in sovereign-issued and corporate inflation-linked debt. The Fund may also invest in conventional government bonds, investment grade corporate entities and other interest bearing securities issued anywhere in the world. Additionally, from time to time, the Fund may invest in other forms of transferable securities, deposits, money market instruments and collective investment schemes in accordance with the FSA Rules.

## Risk

Investors must be able to accept some fluctuation in the income generated and accept some losses in the capital value of their investment due to the volatile nature of the assets held and they should, therefore, have an investment time horizon of at least 5 years.

## Performance

Over the year under review, the Fund returned 6.90%, versus the Barclays Global Inflation Linked (£) Index return of 7.55%. Please note Fund return is net of charges, while index return is gross (fund return source: Morningstar and index return source: Thomson Reuters Datastream).

The Fund's underweight position in European bonds was a negative contributor at the end of 2011 and in the first quarter of 2012 as peripheral bonds rallied sharply in response to the European Central Bank's (ECB) longer-term refinancing operation. An overweight UK duration position was positive for performance although we diversified out of this position during March and April to buy Australian and Swedish issues. These switches were beneficial overall, despite the continued fall in UK real yields.

In the second quarter, overweight positions in Australia, Canada and Sweden added to returns. Being underweight duration in Italian inflation-linked bonds contributed positively. Yield curve positioning in the US and France was also beneficial. On the downside, the Fund's underweight duration in US and UK detracted from returns since both markets rallied in the risk-averse market conditions. Being long of 3-year UK RPI, 2-years forward (i.e. long of RPI between 2013 and 2016) was also a negative contributor.

Our preference for 10-year versus 30-year UK inflation added to returns in the third quarter as the inflation curve continued to flatten, and we took profits ahead of announcements on the RPI formula review. The Fund's overweight position in New South Wales inflation-linked bonds also added value. The yield differential compared to Australian government bonds contracted following an improvement in risk attitudes. On the downside, an underweight position in France detracted from returns. However, ongoing issues within the Euro-zone and the fiscal dynamics of France encouraged us to remain underweight. In October, our underweight positioning in the longer-dated end of the US and UK yield curves contributed positively as a sell-off in yields benefited these positions.

## Investment activity

The Fund's overweight in the US was switched into the UK in late 2011 since we anticipated further increases in quantitative easing. We also increased the overweight position in Australia relative to Sweden, with the Reserve Bank of Australia giving clear signals that further monetary easing was to come there. In January, we took the decision to reduce the Fund's exposure to Italy following the country's downgrade by Standard & Poor's. The Fund's overweight position in Australia was reduced in early February with the proceeds going into Swedish index-linked bonds. We also reduced the curve flattening bias in the US exposure as the yield curve steepened in response to the Federal Reserve's commitment to maintain lower interest rates. Exposure to UK index-linked gilts was lightened during March as we diversified into index-linked credit from BAA and Swedish index-linked government bonds. The additional yield available more than compensated for the resultant risk and liquidity profiles.

We took profits on our overweight position in Australia in April, reducing the Fund's exposure to neutral versus the benchmark. We also took profits on our existing UK yield curve positioning ahead of a syndicated issue on 29 May of 2062 index linked. In July, we bought 10-year European inflation and sold 10-year US equivalents. Pessimism surrounding the outlook for the region's economy led to reduced European inflation expectations. This had been taken to an excessive level, particularly relative to US inflation expectations.

Following the downgrade by Moody's on 13 July, we sold all the Fund's Italian holdings by the end of July. We took profits on our overweight position in the UK versus the US in August by selling 10-year UK index-linked bonds and buying 10-year US Treasury inflation-protected securities. The overweight position in Sweden versus the US was profitably closed with a switch from 10-year Swedish inflation-linked bonds into US equivalents. We added to the Fund's long-dated Australian holdings, which we expected would perform well as domestic data continued to soften. In October, New Zealand inflation-linked 2025s were bought for the Fund through a syndicated issue, switching from a comparable Australian bond for a 1.25% yield advantage.

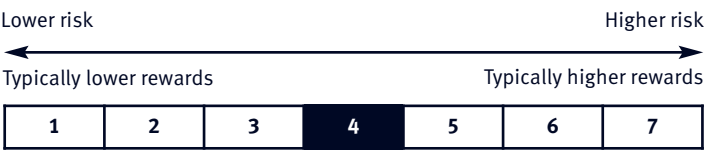
# Global Index Linked Bond Fund

## Investment Report (continued)

### Outlook

We believe that the economic outlook has become marginally more positive in recent months. This is reflected in the portfolio by reducing duration slightly in core markets, particularly in the UK where we are also concerned about the potential withdrawal of Quantitative Easing (QE) from the gilt market. Should the Bank of England stop their bond-buying programme, even temporarily, we think yields in the UK are vulnerable to a sell-off. In light of this potential bond weakness and economic optimism, we are maintaining long breakeven positions in the UK and Europe and may look to add to these as the debate over the RPI formula develops. We do not see the same degree of value in US breakevens as they have already widened on the back of the Federal Reserve's dovish outlook for monetary policy.

### Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

### Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

# Global Index Linked Bond Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	107,867	141.41	76,281,849
	31 October 2011	208,571	150.22	138,845,673
	31 October 2012	220,956	159.39	138,627,764
Institutional accumulation	31 October 2010	33,954	144.41	23,511,787
	31 October 2011	54,477	154.00	35,374,727
	31 October 2012	74,842	164.07	45,615,467
Retail income	31 October 2010	110,536	128.21	86,216,985
	31 October 2011	131,397	134.13	97,960,676
	31 October 2012	104,140	140.91	73,905,061
Institutional income	31 October 2010	263,717	128.22	205,671,845
	31 October 2011	405,596	134.22	302,198,101
	31 October 2012	603,676	141.04	428,005,718
Standard Life income	31 October 2010	1	57.41	2,500
	31 October 2011	2	60.01	2,500
	31 October 2012	2	63.05	2,500
Standard Life accumulation	31 October 2010	8,134	147.90	5,499,576
	31 October 2011	4,612	158.30	2,913,247
	31 October 2012	50,160	169.41	29,608,552
Institutional regulated accumulation	31 October 2010	24,403	66.14	36,896,472
	31 October 2011	30,952	70.65	43,811,067
	31 October 2012	35,888	75.38	47,608,454
Platform 1 accumulation	31 October 2012	20	50.39	39,868
Platform 1 income	31 October 2012	32	50.11	64,430

# Global Index Linked Bond Fund

## Comparative Tables (continued)

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007	1.2100	122.7	111.9
	2008	3.1143	129.4	114.9
	2009	2.3597	134.7	120.0
	2010	2.2291	143.3	131.8
	2011	1.9415	155.3	137.0
	2012**	1.5513	160.8	154.2
Institutional accumulation	2007	1.6378	124.0	112.9
	2008	3.6279	131.2	116.6
	2009	2.8723	137.1	121.9
	2010	2.7453	146.3	134.3
	2011	2.5095	159.3	140.1
	2012**	2.2380	165.4	158.3
Retail income	2007	1.1654	118.0	108.1
	2008	3.0211	123.6	108.0
	2009	2.2412	124.2	112.0
	2010	2.0414	130.4	121.0
	2011	1.7438	138.6	123.7
	2012**	1.3758	142.9	137.2
Institutional income	2007	1.5728	118.0	108.2
	2008	3.4175	123.5	108.0
	2009	2.6334	124.2	112.0
	2010	2.4592	130.6	121.0
	2011	2.2102	138.8	123.7
	2012**	1.9402	143.0	137.3
Standard Life income	2007	0.9152	52.91	48.58
	2008	1.7696	55.43	48.45
	2009	1.3428	55.67	50.23
	2010	1.3612	58.48	54.18
	2011	1.2720	62.10	55.37
	2012**	1.1548	63.97	61.41
Standard Life accumulation	2007	2.0780	125.5	114.1
	2008	4.1708	133.1	118.4
	2009	3.4710	139.9	123.9
	2010	3.3462	149.8	137.1
	2011	3.1610	163.8	143.6
	2012**	2.9711	170.7	163.0
Institutional regulated accumulation	2007	0.8357	56.55	51.45
	2008	1.7443	59.90	53.25
	2009	1.3680	62.71	55.67
	2010	1.3485	67.00	61.41
	2011	1.2592	73.07	64.16
	2012**	1.1482	75.95	72.64
Platform 1 accumulation	2012*	0.2886	50.77	49.87
Platform 1 income	2012*	0.2806	50.75	49.83

\* from commencement of the share class on 10 February to 31 October

\*\* to 31 October

## Ongoing Charges Figure (OCF)

	2012	2011
Retail accumulation	1.10%	1.10%
Institutional accumulation	0.60%	0.60%
Retail income	1.10%	1.10%
Institutional income	0.60%	0.60%
Standard Life income	0.02%	0.02%
Standard Life accumulation	0.10%	0.10%
Institutional regulated accumulation	0.40%	0.40%
Platform 1 accumulation	0.65%	-
Platform 1 income	0.65%	-

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

# Global Index Linked Bond Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
Income:					
Net capital gains	1		44,777		36,089
Revenue	3	23,342		19,007	
Expenses	4	(7,687)		(5,268)	
Finance costs: Interest	6	(3)		(4)	
Net revenue before taxation		15,652		13,735	
Taxation	5	0		(6)	
Net revenue after taxation			15,652		13,729
<b>Total return before distributions</b>			60,429		49,818
Finance costs: Distributions	6		(15,651)		(13,729)
<b>Change in net assets attributable to shareholders from investment activities</b>			44,778		36,089

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012 £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		835,607		548,612
Amounts receivable on issue of shares	401,341		344,426	
Less: Amounts payable on cancellation of shares	(196,258)		(97,103)	
		205,083		247,323
Change in net assets attributable to shareholders from investment activities (see above)		44,778		36,089
Retained distribution on accumulation shares		4,248		3,583
<b>Closing net assets attributable to shareholders</b>		1,089,716		835,607

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			1,094,583		843,152
Debtors	7	5,659		30,163	
Cash and bank balances	8	257		132	
Total other assets			5,916		30,295
<b>Total assets</b>			1,100,499		873,447
<b>Liabilities</b>					
Investment liabilities			(5,794)		(4,524)
Creditors	9	(2,950)		(31,299)	
Balances due to futures clearing houses		(28)		0	
Distribution payable on income shares		(2,011)		(2,017)	
Total other liabilities			(4,989)		(33,316)
<b>Total liabilities</b>			(10,783)		(37,840)
<b>Net assets attributable to shareholders</b>			1,089,716		835,607

# Global Index Linked Bond Fund

## Portfolio Statement

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>Index-Linked Bonds (98.69%)</b>	<b>1,064,007</b>	<b>97.63</b>
<b>Australian Dollar Denominated (3.79%)</b>	<b>23,037</b>	<b>2.11</b>
15,235,000 Australia (Govt of) 2.5% 2030	13,190	1.21
321,000 Australia (Govt of) 3% 2025	290	0.03
3,919,000 Australia (Govt of) 4% 2015	4,601	0.42
5,821,000 New South Wales Treasury 2.75% 2025	4,956	0.45
<b>Canadian Dollar Denominated (4.09%)</b>	<b>41,979</b>	<b>3.85</b>
4,732,000 Canada (Govt of) 2% 2041	4,684	0.43
14,192,000 Canada (Govt of) 4% 2031	20,491	1.88
8,093,000 Canada (Govt of) 4.25% 2021	10,511	0.96
4,495,000 Canada (Govt of) 4.25% 2026	6,293	0.58
<b>Euro Denominated (19.68%)</b>	<b>177,051</b>	<b>16.25</b>
3,400,000 France (Govt of) 0.25% 2018	2,896	0.27
3,129,000 France (Govt of) 0.45% 2016	2,760	0.25
36,321,000 France (Govt of) 1.1% 2022	33,651	3.09
2,135,000 France (Govt of) 1.3% 2019	2,014	0.19
17,300,000 France (Govt of) 1.6% 2015	17,659	1.62
5,629,000 France (Govt of) 1.8% 2040	6,340	0.58
11,000 France (Govt of) 1.85% 2027	11	0.00
22,616,000 France (Govt of) 2.1% 2023	23,583	2.17
2,160,000 France (Govt of) 2.5% 2013	2,115	0.19
5,060,000 France (Govt of) 3.15% 2032	7,066	0.65
3,401,000 France (Govt of) 3.4% 2029	4,895	0.45
18,159,000 Germany (Fed Rep) 0.1% 2023	15,499	1.42
6,220,000 Germany (Fed Rep) 0.75% 2018	5,660	0.52
28,222,000 Germany (Fed Rep) 1.5% 2016	28,221	2.59
18,043,000 Germany (Fed Rep) 1.75% 2020	18,352	1.68
6,918,000 Germany (Fed Rep) 2.25% 2013	6,329	0.58
<b>Japanese Yen Denominated (3.13%)</b>	<b>23,635</b>	<b>2.17</b>
358,000,000 Japan (Govt of) 0.8% 2015	2,877	0.26
75,100,000 Japan (Govt of) 1.1% 2014	594	0.06
146,200,000 Japan (Govt of) 1.1% 2016	1,213	0.11
737,300,000 Japan (Govt of) 1.4% 2018	6,230	0.57
1,500,600,000 Japan (Govt of) 1.4% 2018	12,721	1.17
<b>New Zealand Denominated (0.00%)</b>	<b>7,166</b>	<b>0.66</b>
13,660,000 New Zealand 2% 2025	7,166	0.66
<b>Sterling Denominated (26.58)</b>	<b>257,233</b>	<b>23.61</b>
1,940,000 BAA Funding 3.334% 2041	2,598	0.24
200,000 HBOS 1.83% 2016	263	0.02
4,200,000 Network Rail 1.375% 2037	5,988	0.55
560,000 Network Rail 1.75% 2027	813	0.07
1,700,000 Southern Water Services 3.706% 2034	2,818	0.26
90,000 Tesco 1.982% 2036	109	0.01
4,269,000 UK (Govt of) 0.125% 2024	4,542	0.42
15,230,000 UK (Govt of) 0.125% 2029	15,850	1.45
2,643,000 UK (Govt of) 0.25% 2052	2,549	0.23
19,046,000 UK (Govt of) 0.375% 2062	20,353	1.87

# Global Index Linked Bond Fund

## Portfolio Statement (continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated (continued)</b>			
11,672,000	UK (Govt of) 0.5% 2050	14,164	1.30
7,231,000	UK (Govt of) 0.625% 2040	8,919	0.82
7,020,000	UK (Govt of) 0.625% 2042	8,907	0.82
14,933,000	UK (Govt of) 0.75% 2034	17,524	1.61
7,419,000	UK (Govt of) 0.75% 2047	9,999	0.92
6,001,000	UK (Govt of) 1.125% 2037	8,823	0.81
3,231,000	UK (Govt of) 1.25% 2027	4,896	0.45
10,864,500	UK (Govt of) 1.25% 2032	14,984	1.38
13,552,000	UK (Govt of) 1.25% 2055	23,691	2.17
19,028,000	UK (Govt of) 1.875% 2022	28,533	2.62
4,120,000	UK (Govt of) 2% 2035	7,989	0.73
22,000	UK (Govt of) 2.5% 2013	62	0.01
3,217,000	UK (Govt of) 2.5% 2016	11,035	1.01
2,906,000	UK (Govt of) 2.5% 2020	10,716	0.98
3,774,000	UK (Govt of) 2.5% 2024	12,508	1.15
6,013,000	UK (Govt of) 4.125% 2030	18,600	1.71
<b>Swedish Krona Denominated (0.17%)</b>		<b>12,144</b>	<b>1.11</b>
21,495,000	Sweden (Kingdom of) 0.25% 2022	2,057	0.19
10,400,000	Sweden (Kingdom of) 3.5% 2015	1,330	0.12
50,960,000	Sweden (Kingdom of) 3.5% 2028	8,757	0.80
<b>US Dollar Denominated (41.25%)</b>		<b>521,762</b>	<b>47.87</b>
30,290,000	US Treasury 0.125% 2016	20,687	1.90
17,000	US Treasury 0.125% 2022	12	0.00
92,500,000	US Treasury 0.5% 2015	63,764	5.85
23,813,000	US Treasury 0.625% 2013	16,174	1.48
26,913,000	US Treasury 0.625% 2021	19,538	1.79
5,850,000	US Treasury 0.75% 2042	4,122	0.38
38,000,000	US Treasury 1.125% 2021	29,376	2.70
33,345,000	US Treasury 1.125% 2040	32,816	3.01
7,080,000	US Treasury 1.25% 2014	4,946	0.46
27,765,000	US Treasury 1.25% 2020	21,712	1.99
93,742,000	US Treasury 1.375% 2018	72,557	6.66
11,793,000	US Treasury 1.375% 2020	9,303	0.85
35,696,000	US Treasury 1.75% 2028	31,934	2.93
16,000,000	US Treasury 1.875% 2013	12,742	1.17
37,599,000	US Treasury 1.875% 2015	30,210	2.77
9,300,000	US Treasury 1.875% 2019	7,622	0.70
6,630,000	US Treasury 2% 2014	5,323	0.49
2,200,000	US Treasury 2% 2026	2,103	0.19
10,900,000	US Treasury 2.125% 2041	10,679	0.98
49,510,000	US Treasury 2.375% 2017	40,938	3.76
31,230,000	US Treasury 2.375% 2025	32,393	2.97
20,955,000	US Treasury 2.375% 2027	20,726	1.90
4,632,000	US Treasury 3.375% 2032	6,242	0.57
17,695,000	US Treasury 3.875% 2029	25,843	2.37
<b>Collective Investment Schemes (1.40%)</b>		<b>15,622</b>	<b>1.43</b>
15,622,337	Standard Life Investments GBP VNAV Liquidity Fund	15,622	1.43

# Global Index Linked Bond Fund

## Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Derivatives (0.27%)</b>	<b>9,160</b>	<b>0.85</b>
<b>Forward Currency Contracts</b>		
Buy AUD 290,335 Sell GBP 192,412 26/11/2012	(6)	0.00
Buy AUD 10,980,605 Sell GBP 7,062,386 26/11/2012	(10)	0.00
Buy AUD 516,536 Sell GBP 325,774 04/12/2012	6	0.00
Buy AUD 789,398 Sell GBP 503,102 04/12/2012	4	0.00
Buy AUD 632,527 Sell GBP 405,496 12/12/2012	0	0.00
Buy CAD 5,947,424 Sell GBP 3,776,572 04/12/2012	(87)	(0.01)
Buy CAD 667,100 Sell GBP 426,418 12/12/2012	(12)	0.00
Buy EUR 5,044,826 Sell GBP 4,038,156 26/11/2012	19	0.00
Buy EUR 5,749,839 Sell GBP 4,539,065 26/11/2012	86	0.01
Buy GBP 306,726 Sell AUD 476,566 26/11/2012	0	0.00
Buy GBP 368,791 Sell AUD 576,256 26/11/2012	(1)	0.00
Buy GBP 10,941,565 Sell AUD 16,539,434 26/11/2012	310	0.03
Buy GBP 168,899 Sell AUD 263,803 04/12/2012	(1)	0.00
Buy GBP 175,159 Sell AUD 268,793 04/12/2012	2	0.00
Buy GBP 291,819 Sell AUD 455,275 04/12/2012	(1)	0.00
Buy GBP 293,673 Sell AUD 459,983 04/12/2012	(2)	0.00
Buy GBP 310,793 Sell AUD 492,521 04/12/2012	(6)	0.00
Buy GBP 2,060,135 Sell AUD 3,231,596 04/12/2012	(16)	0.00
Buy GBP 5,545,545 Sell AUD 8,633,715 04/12/2012	(1)	0.00
Buy GBP 3,837,587 Sell AUD 6,025,875 12/12/2012	(31)	0.00
Buy GBP 7,481,609 Sell AUD 11,572,740 12/12/2012	52	0.00
Buy GBP 552,733 Sell CAD 863,682 26/11/2012	16	0.00
Buy GBP 20,418,185 Sell CAD 31,838,995 26/11/2012	644	0.06
Buy GBP 3,547,529 Sell CAD 5,550,252 04/12/2012	101	0.01
Buy GBP 635,801 Sell CAD 1,009,040 12/12/2012	9	0.00
Buy GBP 21,853,916 Sell CAD 34,321,466 12/12/2012	544	0.05
Buy GBP 66,222,405 Sell EUR 84,099,846 26/11/2012	(1,461)	(0.13)
Buy GBP 4,463,532 Sell EUR 5,620,728 04/12/2012	(60)	(0.01)
Buy GBP 10,242,695 Sell EUR 12,760,207 04/12/2012	(28)	0.00
Buy GBP 46,305,314 Sell EUR 58,165,856 04/12/2012	(511)	(0.05)
Buy GBP 56,595,264 Sell EUR 71,589,734 12/12/2012	(1,033)	(0.09)
Buy GBP 16,655,581 Sell JPY 2,060,783,412 26/11/2012	641	0.06
Buy GBP 411,202 Sell JPY 50,952,884 04/12/2012	15	0.00
Buy GBP 10,996,307 Sell JPY 1,366,434,122 12/12/2012	375	0.03
Buy GBP 122,451 Sell NZD 240,271 12/12/2012	0	0.00
Buy GBP 6,981,215 Sell NZD 13,779,437 12/12/2012	(36)	0.00
Buy GBP 7,402,744 Sell SEK 77,948,885 26/11/2012	112	0.01
Buy GBP 22,491,523 Sell SEK 241,641,501 12/12/2012	(101)	(0.01)
Buy GBP 72,464,728 Sell USD 113,653,607 26/11/2012	1,901	0.17
Buy GBP 127,534,916 Sell USD 200,000,000 26/11/2012	3,361	0.31
Buy GBP 5,115,379 Sell USD 8,126,910 04/12/2012	70	0.01
Buy GBP 5,831,723 Sell USD 9,455,947 04/12/2012	(39)	0.00
Buy GBP 203,494,160 Sell USD 321,054,365 04/12/2012	4,157	0.38
Buy GBP 20,391,237 Sell USD 33,065,104 F12/12/2012	(138)	(0.01)
Buy GBP 138,903,762 Sell USD 220,184,549 12/12/2012	2,192	0.20
Buy JPY 433,896,557 Sell GBP 3,478,767 04/12/2012	(109)	(0.01)
Buy SEK 1,368,849 Sell GBP 128,078 26/11/2012	0	0.00
Buy SEK 1,753,495 Sell GBP 165,989 12/12/2012	(2)	0.00
Buy SEK 186,559,506 Sell GBP 17,953,771 04/12/2012	(525)	(0.05)
Buy USD 12,777,686 Sell GBP 8,144,406 26/11/2012	(214)	(0.02)
Buy USD 12,941,762 Sell GBP 8,032,619 04/12/2012	0	0.00
Buy USD 3,357,876 Sell GBP 2,083,405 04/12/2012	1	0.00
Buy USD 37,985,505 Sell GBP 24,007,059 26/11/2012	(431)	(0.04)

# Global Index Linked Bond Fund

## Portfolio Statement (continued)

			Bid-market value £'000	Percentage of total net assets
<b>Derivatives (continued)</b>				
<b>Futures</b>				
	424	Long US 10 Year Note Future 19/12/2012	43	0.00
	(125)	Short US Ultra Bond Future (CBT) 19/12/2012	116	0.01
<b>Inflation Swaps</b>				
EUR 16,604,632		Pay fixed 2.115% receive floating EUR ex Tobacco Unrevised Series NSA 24/09/2022	(130)	(0.01)
EUR 16,695,368		Pay fixed 2.165% receive floating EUR ex Tobacco Unrevised Series NSA 19/09/2022	(199)	(0.02)
GBP 4,750,000		Pay fixed 3.19% receive floating UK RPI Index 04/10/2042	(121)	(0.01)
GBP 9,200,000		Pay fixed 3.205% receive floating UK RPI Index 20/09/2042	(281)	(0.03)
USD 19,619,048		Pay floating USD CPI rate receive fixed 2.7625% 24/09/2022	(50)	0.00
USD 21,580,952		Pay floating USD CPI rate receive fixed 2.8475% 19/09/2022	73	0.01
<b>Interest Rate Swaps</b>				
GBP 56,400,000		Pay fixed 1.0925% receive floating GBP-LIBOR 19/10/2017	(151)	(0.01)
USD 73,300,000		Pay floating USD-LIBOR receive fixed 0.8825% 23/10/2017	85	0.01
USD 16,900,000		Pay floating USD-LIBOR receive fixed 0.8825% 24/10/2017	19	0.00
Total investment assets and liabilities			1,088,789	99.91
Net other assets			927	0.09
<b>Total Net Assets</b>			<b>1,089,716</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges and are "approved securities" or "regulated collective investment schemes" or "approved derivatives" within the meaning of the FSA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2011.

	Bid-market value £'000
<b>Reconciliation of Assets and Liabilities.</b>	
Investment Assets	1,094,583
Investment Liabilities	(5,794)
Net Investment Assets	1,088,789
Net Other Assets	927
<b>Total Net Assets</b>	<b>1,089,716</b>
<b>Credit Rating Analysis</b>	
Investment Grade Bonds	1,064,007
<b>Total Value of Securities</b>	<b>1,064,007</b>

# Global Index Linked Bond Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	25,576	31,978
Derivative contracts	(260)	1,463
Forward currency contracts	18,695	2,356
Non-derivative securities currency gains	779	300
Handling charges taken from the capital account	(13)	(8)
Net capital gains	<u>44,777</u>	<u>36,089</u>
<b>2 Purchases, Sales and Transaction Costs</b>		
There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Interest on debt securities	23,173	18,904
Bank interest	169	73
Net interest received from interest rate swaps	0	30
Total revenue	<u>23,342</u>	<u>19,007</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	6,681	4,568
Registration fees	800	553
	<u>7,481</u>	<u>5,121</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	148	101
Safe custody fees	47	35
	<u>195</u>	<u>136</u>
<b>Other expenses:</b>		
Audit fee	11	11
Total expenses	<u>7,687</u>	<u>5,268</u>
<b>5 Taxation</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Analysis of charge in the year</b>		
Overseas withholding tax	0	6
Total taxation	<u>0</u>	<u>6</u>
<b>(b) Factors affecting current tax charge for year</b>		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	15,652	13,735
Corporation tax at 20% (2011: 20%)	3,130	2,747
Effects of:		
Overseas withholding tax	0	6
Indexation relief	(1,557)	(1,637)
Excess management expenses	1,538	1,054
Interest distributions	(3,111)	(2,164)
Current tax charge (Note 5(a))	<u>0</u>	<u>6</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

# Global Index Linked Bond Fund

## Notes to the Financial Statements (continued)

### 5 Taxation (continued)

#### (c) Factors that may affect the future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £3,781,000 (2011: £2,223,000), of which £3,179,000 (2011: £1,641,000) relates to surplus management expenses and £602,000 (2011: £582,000) relates to non-trade loan relationship deficits.

It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

### 6 Finance Costs

**2012**  
**£'000**

**2011**  
**£'000**

#### Distributions and interest

#### (a) The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

First interim distribution	3,821	2,885
Second interim distribution	3,610	3,385
Third interim distribution	4,714	4,104
Final distribution	3,724	3,759
	<u>15,869</u>	<u>14,133</u>
Add: Income deducted on cancellation of shares	164	159
Deduct: Income received on issue of shares	<u>(382)</u>	<u>(563)</u>
Net distribution for the year	<u>15,651</u>	<u>13,729</u>
Interest	3	4
Total finance costs	<u>15,654</u>	<u>13,733</u>

Details of the distribution per share are set out in the distribution tables on pages 97 and 98.

#### (b) Difference between net revenue and distribution

Net revenue after taxation for the year	15,652	13,729
Deduct: Undistributed revenue carried forward	(1)	0
Net distribution for the year	<u>15,651</u>	<u>13,729</u>

### 7 Debtors

**2012**  
**£'000**

**2011**  
**£'000**

Amounts receivable from the ACD for issue of shares	1,492	3,582
Sales awaiting settlement	0	22,719
Accrued revenue	<u>4,167</u>	<u>3,862</u>
Total debtors	<u>5,659</u>	<u>30,163</u>

# Global Index Linked Bond Fund

## Notes to the Financial Statements (continued)

<b>8 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	1,528	1,612
Purchases awaiting settlement	0	28,383
Accrued expenses payable to the ACD	647	528
Accrued expenses payable to the Depositary	25	19
Other accrued expenses	11	11
Income tax payable	739	746
Total creditors	<u>2,950</u>	<u>31,299</u>

## 9 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund. The aggregate monies received through issue and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 8.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the period end in note 8.

The Fund holds shares in the Standard Life Investments GBP VNAV Liquidity Fund as detailed in the portfolio statement.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	89,497	67,672
Purchase of shares by Fund	60,551	38,012
The percentage value of the Fund held by Standard Life group companies is:	4.6%	7.4%

## 10 Shareholder Funds

The Fund currently has nine share classes: Retail accumulation, Institutional accumulation, Retail income, Institutional income, Standard Life income, Standard Life accumulation, Institutional regulated accumulation, Platform 1 accumulation and Platform 1 income.

The ACD periodic charge on each share class is as follows:-

	<b>2012</b>	<b>2011</b>
Retail accumulation	1.00%	1.00%
Institutional accumulation	0.50%	0.50%
Retail income	1.00%	1.00%
Institutional income	0.50%	0.50%
Standard Life income	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.30%	0.30%
Platform 1 accumulation	0.50%	-
Platform 1 income	0.50%	-

The initial charge on each share class is as follows:-

Retail accumulation	4.00%	4.00%
Institutional accumulation	0.00%	0.00%
Retail income	4.00%	4.00%
Institutional income	0.00%	0.00%
Standard Life income	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.00%	0.00%
Platform 1 accumulation	0.00%	-
Platform 1 income	0.00%	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 86.

The distributions per share class are given in the distribution tables on pages 97 to 98. All classes have the same rights on winding up.

# Global Index Linked Bond Fund

## Notes to the Financial Statements (continued)

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 14.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2012 £'000	2011 £'000
Australian Dollar	72	31
Canadian Dollar	390	509
Euro	(1,519)	(1,668)
Japanese Yen	(28)	(135)
New Zealand Dollar	26	0
Swedish Krona	(18)	(5)
US Dollar	1,686	1,080

#### Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the Fund's financial assets and liabilities is:

	Floating rate financial assets/(liabilities) £'000	Fixed rate financial assets £'000	Financial assets/(liabilities) not carrying interest £'000	Total £'000
<b>2012</b>				
<b>Currency</b>				
Sterling	15,451	257,234	815,751	1,088,436
Australian Dollar	0	23,037	(22,992)	45
Canadian Dollar	1	41,979	(41,590)	390
Euro	1	177,049	(178,569)	(1,519)
Japanese Yen	0	23,635	(23,663)	(28)
New Zealand Dollar	0	7,166	(7,140)	26
Swedish Krona	1	12,144	(12,163)	(18)
US Dollar	351	521,761	(520,426)	1,686
<b>2011</b>				
<b>Currency</b>				
Sterling	11,713	222,087	609,253	843,053
Australian Dollar	0	31,661	(20,381)	11,280
Canadian Dollar	1	34,172	(33,664)	509
Euro	0	164,394	(166,063)	(1,669)
Japanese Yen	0	26,114	(26,249)	(135)
Swedish Krona	0	1,382	(10,779)	(9,397)
US Dollar	42	344,729	(349,652)	(4,881)

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent.

#### Derivatives

During the year currency forwards were used to hedge the exchange rate risk associated with holding investments denominated in foreign currencies or to hedge the exchange rate risk associated with outstanding purchases and sales of foreign currency investments.

During the year interest rate swaps were held with the intention of generating capital gains from movements in the underlying swap curves or to reduce the risks associated with adverse movements in interest rates.

During the year inflation rate swaps were held with the intention of generating capital gains from movements in the underlying swap curves or to reduce the risks associated with adverse movements in inflation rates.

# Global Index Linked Bond Fund

## Distribution Tables

for the three months ended 31 January 2012

### Interest distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 31 January 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.5320	0.1064	0.4256	-	0.4256*	0.4542
Group 2	0.3391	0.0678	0.2713	0.1543	0.4256*	0.4542
<b>Institutional accumulation</b>						
Group 1	0.7442	0.1488	0.5954	-	0.5954*	0.5932
Group 2	0.4502	0.0900	0.3602	0.2352	0.5954*	0.5932
<b>Retail income</b>						
Group 1	0.4733	0.0946	0.3787	-	0.3787**	0.4164
Group 2	0.3010	0.0602	0.2408	0.1379	0.3787**	0.4164
<b>Institutional income</b>						
Group 1	0.6475	0.1295	0.5180	-	0.5180**	0.5255
Group 2	0.3925	0.0785	0.3140	0.2040	0.5180**	0.5255
<b>Standard Life income</b>						
Group 1	0.3805	0.0761	0.3044	-	0.3044**	0.3048
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	0.9626	0.1925	0.7701	-	0.7701*	0.7508
Group 2	-	-	-	-	-	0.7508
<b>Institutional regulated accumulation</b>						
Group 1	0.3776	0.0755	0.3021	-	0.3021*	0.3037
Group 2	0.2216	0.0443	0.1773	0.1248	0.3021*	0.3037

\* Distribution accumulated on 31 January 2012

\*\* Distribution paid on 31 March 2012

for the three months ended 30 April 2012

### Interest distribution

Group 1 - shares purchased prior to 1 February 2012

Group 2 - shares purchased between 1 February 2012 and 30 April 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.4598	0.0919	0.3679	-	0.3679*	0.4768
Group 2	0.3401	0.0680	0.2721	0.0958	0.3679*	0.4768
<b>Institutional accumulation</b>						
Group 1	0.6661	0.1332	0.5329	-	0.5329*	0.6132
Group 2	0.4031	0.0806	0.3225	0.2104	0.5329*	0.6132
<b>Retail income</b>						
Group 1	0.4057	0.0811	0.3246	-	0.3246**	0.4261
Group 2	0.3245	0.0649	0.2596	0.0650	0.3246**	0.4261
<b>Institutional income</b>						
Group 1	0.5805	0.1161	0.4644	-	0.4644**	0.5422
Group 2	0.3835	0.0767	0.3068	0.1576	0.4644**	0.5422
<b>Standard Life income</b>						
Group 1	0.3460	0.0692	0.2768	-	0.2768**	0.3100
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	0.8980	0.1796	0.7184	-	0.7184*	0.7749
Group 2	0.8942	0.1788	0.7154	0.0030	0.7184*	-
<b>Institutional regulated accumulation</b>						
Group 1	0.3456	0.0691	0.2765	-	0.2765*	0.3015
Group 2	0.1885	0.0377	0.1508	0.1257	0.2765*	0.3015

\* Distribution accumulated on 30 April 2012

\*\* Distribution payable on 30 June 2012

# Global Index Linked Bond Fund

## Distribution Tables (continued)

for the three months ended 31 July 2012

### Interest distribution

Group 1 - shares purchased prior to 1 May 2012

Group 2 - shares purchased between 1 May 2012 and 31 July 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.5530	0.1106	0.4424	-	0.4424*	0.5492
Group 2	0.3923	0.0784	0.3139	0.1285	0.4424*	0.5492
<b>Institutional accumulation</b>						
Group 1	0.7850	0.1570	0.6280	-	0.6280*	0.6906
Group 2	0.4990	0.0998	0.3992	0.2288	0.6280*	0.6906
<b>Retail income</b>						
Group 1	0.4915	0.0983	0.3932	-	0.3932**	0.4896
Group 2	0.3150	0.0630	0.2520	0.1412	0.3932**	0.4896
<b>Institutional income</b>						
Group 1	0.6703	0.1340	0.5363	-	0.5363**	0.6086
Group 2	0.4886	0.0977	0.3909	0.1454	0.5363**	0.6086
<b>Standard Life income</b>						
Group 1	0.3900	0.0780	0.3120	-	0.3120**	0.3444
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	1.0056	0.2011	0.8045	-	0.8045*	0.8663
Group 2	0.5970	0.1194	0.4776	0.3269	0.8045*	0.8663
<b>Institutional regulated accumulation</b>						
Group 1	0.3968	0.0793	0.3175	-	0.3175*	0.3444
Group 2	0.2577	0.0515	0.2062	0.1113	0.3175*	0.3444
<b>Platform 1 accumulation</b>						
Group 1	0.1707	0.0341	0.1366	-	0.1366*	-
Group 2	-	-	-	-	-	-
<b>Platform 1 income</b>						
Group 1	0.1707	0.0341	0.1366	-	0.1366**	-
Group 2	-	-	-	-	-	-

\* Distribution accumulated on 31 July 2012

\*\* Distribution payable on 30 September 2012

# Global Index Linked Bond Fund

## Distribution Tables (continued)

for the three months ended 31 October 2012

### Interest distribution

Group 1 - shares purchased prior to 1 August 2012

Group 2 - shares purchased between 1 August 2012 and 31 October 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution payable 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.3942	0.0788	0.3154	-	0.3154*	0.4613
Group 2	0.3257	0.0651	0.2606	0.0548	0.3154*	0.4613
<b>Institutional accumulation</b>						
Group 1	0.6021	0.1204	0.4817	-	0.4817*	0.6125
Group 2	0.4457	0.0891	0.3566	0.1251	0.4817*	0.6125
<b>Retail income</b>						
Group 1	0.3491	0.0698	0.2793	-	0.2793**	0.4117
Group 2	0.2865	0.0573	0.2292	0.0501	0.2793**	0.4117
<b>Institutional income</b>						
Group 1	0.5268	0.1053	0.4215	-	0.4215**	0.5339
Group 2	0.3795	0.0759	0.3036	0.1179	0.4215**	0.5339
<b>Standard Life income</b>						
Group 1	0.3270	0.0654	0.2616	-	0.2616**	0.3128
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	0.8476	0.1695	0.6781	-	0.6781*	0.7690
Group 2	0.6811	0.1362	0.5449	0.1332	0.6781*	-
<b>Institutional regulated accumulation</b>						
Group 1	0.3151	0.0630	0.2521	-	0.2521*	0.3096
Group 2	0.2137	0.0427	0.1710	0.0811	0.2521*	0.3096
<b>Platform 1 accumulation</b>						
Group 1	0.1900	0.0380	0.1520	-	0.1520*	-
Group 2	0.0827	0.0165	0.0662	0.0858	0.1520*	-
<b>Platform 1 income</b>						
Group 1	0.1800	0.0360	0.1440	-	0.1440**	-
Group 2	0.1390	0.0278	0.1112	0.0328	0.1440**	-

\* Distribution accumulated on 31 October 2012

\*\* Distribution payable on 31 December 2012

# Global REIT Fund

## Investment Report

**Fund Manager:** Andrew Jackson

**Launched:** 16 January 2007

**Benchmark:** FTSE EPRA NAREIT Global Index

## Investment objective

The investment objective of the Fund is to provide a total return from both income and capital appreciation.

## Investment policy

The investment policy of the Fund is to invest primarily in listed Real Estate Investment Trusts (REITs), listed securities and shares in companies principally engaged in real estate activities on a global basis.

## Risk

Investors must be able to accept some fluctuation in the income generated and accept some losses in the capital value of their investment due to the volatile nature of the assets held.

## Performance

Over the year to the end of October 2012, the Fund returned 13.72% against its benchmark, the sterling-hedged FTSE EPRA NAREIT Global Index return of 17.13% (source: Thomson Datastream).

Stock selection in the US was a key driver of returns over the period, particularly our exposure to mall REITs, given the relative resilience of US consumer spending. At the stock level, General Growth Properties, the second largest mall REIT in the US, was subject to merger and acquisition rumours which caused its share price to rise significantly. DDR, a US strip-centre REIT was another key contributor, driven by a successful turnaround story and strong demand from big box retailers. Our tactical trading approach to apartment REITs and a consistent underweight position in healthcare REITs was also beneficial. Another positive contributor was our timing in re-entering the Chinese market and a strong conviction, pro-active approach in anticipating changes to allocation and stock selection in China were also favourable. In continental Europe, stock selection was successful, particularly our holding in French retail operator, Klépierre, which had around 28% of its equity purchased by Simon Property Group, the largest mall operator in the US.

Negative influences included our exposure to AIM-listed stocks, as well as stock selection in the UK. Some of our longer-term UK holdings, such as LXB Retail Properties, and weakness in UK majors, like Land Securities and Segro, were a drag on performance. The weakness in the UK majors highlighted the fact that many global investors view the UK alongside continental Europe. Stock selection in Australia was also detrimental, as the unexpected delay in the cutting of interest rates in spring 2012 meant that the anticipated uplift in performance in residential stocks did not materialise. Finally, stock selection in Hong Kong was unhelpful, particularly our holding in Sun Hung Kai Properties, which sold off after corruption allegations surrounding its two chairmen emerged.

## Investment activity

At the start of the period, we trimmed our exposure to less liquid names, as well as those holdings in which we had less conviction. In light of the improving global economic prospects at the start of 2012, and the more positive tone in the markets, we added to some higher risk-reward US REITs, such as strip-centre operator DDR and hotel firm Starwood, while reducing lower-conviction holdings. We also began to close our underweight position in Chinese developers by increasing China Overseas Land and China Resources Land. In Hong Kong, we switched holdings in Cheung Kong Holdings for Wharf Holdings, which has a strong retail position and attractive exposure to off-central offices. We also reduced our exposure to Sun Hung Kai properties after corruption allegations emerged. In Australia, Stockland was reduced after a surprise downgrade to its earnings guidance. Proceeds were reinvested in Mirvac and Westfield Group, both of which should benefit from lower interest rates and the weakening Australian dollar. In Europe, we maintained our focus on higher-quality holdings, adding to German residential company Deutsche Wohnen, and French retail operator Klépierre, as the benefits of its association with US mall-giant Simon Property did not appear priced in.

During the second half of the period, we reduced our US large-cap hotel exposure, as well as our position in apartment REITs, as investors focused on the slowing rate of growth for the sector. At the same time, we increased our exposure to AvalonBay Communities and BRE Properties, which were attractively valued relative to their peers. Continued strong retail sales in the regional malls sector encouraged us to participate in Taubman Centers' overnight share offering and to add to Macerich and CBL. We also bought student accommodation REIT American Campus Communities, given its ability to acquire assets accretively, and Brookdale Senior Living, as consolidation in the senior-housing sector by healthcare REITs is likely to continue. Elsewhere, we increased exposure to the UK as our forecasts showed higher than previously expected rental growth in central London. We also took part in the Capital & Counties share placing, which the company will use to fund acquisitions in London's Covent Gardens. In continental Europe, we sold out of retail stock EuroCommercial Property, given the risks from its Italian exposure, and instead rotated into the Paris office market via Icade. We increased our exposure to Hong Kong developers following the third round of quantitative easing in the US, as we expected the residential sector to benefit from money flows. Finally, we further increased our positions in Chinese developers and later initiated a position in Country Garden, as economic indicators started to improve.

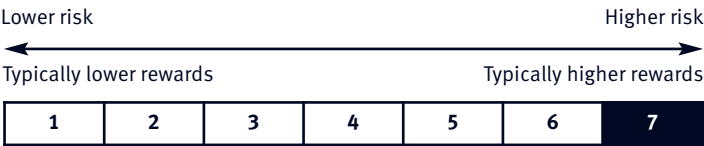
# Global REIT Fund

## Investment Report (continued)

### Outlook

Markets are likely to remain vulnerable to intermittent swings in sentiment while investors are nervous about the pace of global growth. This volatility will continue to provide investment opportunities, as many stocks with strong company-specific drivers are being sold off on concerns that are fairly generic. At the same time, the yield characteristics of real estate remain attractive to investors.

### Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

### Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

# Global REIT Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	23,824	32.42	73,492,643
	31 October 2011	23,015	31.38	73,333,570
	31 October 2012	26,736	36.18	73,897,081
Institutional accumulation	31 October 2010	3,309	33.18	9,973,649
	31 October 2011	603	32.64	1,847,644
	31 October 2012	581	37.49	1,549,283
Retail income	31 October 2010	4,733	29.26	16,174,133
	31 October 2011	5,075	27.73	18,298,788
	31 October 2012	7,324	31.23	23,455,010
Institutional income	31 October 2010	2,252	29.91	7,527,534
	31 October 2011	4,697	28.46	16,502,193
	31 October 2012	6,833	32.36	21,114,805
Standard Life income	31 October 2010	10,925	30.66	35,633,434
	31 October 2011	7,095	29.49	24,058,073
	31 October 2012	3,270	33.84	9,664,476
Standard Life accumulation	31 October 2010	1,274	34.04	3,743,627
	31 October 2011	1,250	33.39	3,743,627
	31 October 2012	1,463	39.08	3,743,627
Institutional regulated accumulation	31 October 2010	19,942	33.60	59,356,832
	31 October 2011	19,504	32.80	59,461,548
	31 October 2012	19,517	38.24	51,040,820
Platform 1 accumulation	31 October 2012	1	55.33	1,200
Platform 1 income	31 October 2012	1	54.92	1,200

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007*	0.8382	54.96	43.52
	2008	0.7703	44.50	16.55
	2009	0.7067	28.48	14.57
	2010	0.7140	34.33	26.36
	2011	0.6202	34.96	27.38
	2012***	0.7920	36.95	30.20
Institutional accumulation	2007*	0.8404	55.07	43.74
	2008	0.8377	44.74	16.72
	2009	0.7303	29.00	14.76
	2010	0.7710	35.19	26.87
	2011	0.6854	35.99	28.23
	2012***	0.8373	38.31	31.21
Retail income	2007*	0.8295	54.61	42.80
	2008	0.7633	43.76	15.81
	2009	0.6418	26.27	13.76
	2010	0.6532	30.88	24.14
	2011	0.5341	31.13	24.23
	2012***	0.6861	32.01	26.51
Institutional income	2007*	0.8505	54.73	43.01
	2008	0.8265	43.99	15.98
	2009	0.6633	26.73	13.92
	2010	0.7049	31.64	24.60
	2011	0.7122	32.06	24.99
	2012***	0.7135	33.17	27.39
Standard Life income	2007*	0.8373	54.82	43.25
	2008	0.8950	44.25	16.17
	2009	0.7087	27.25	14.12
	2010	0.7657	32.52	25.13
	2011	0.6503	33.09	25.83
	2012***	0.7817	34.71	28.38

## Global REIT Fund

### Comparative Tables (continued)

Standard Life accumulation	2007*	0.8416	55.17	43.97
	2008	0.9046	44.98	16.90
	2009	0.7506	29.49	14.93
	2010	0.8313	36.10	27.42
	2011	0.7050	37.13	29.18
	2012***	0.8518	39.95	32.32
Institutional regulated accumulation	2007*	0.8404	55.16	43.88
	2008	0.8665	44.88	16.81
	2009	0.7342	29.22	14.84
	2010	0.7943	35.60	27.13
	2011	0.6611	36.50	28.66
	2012***	0.8393	39.07	31.70
Platform 1 accumulation	2012**	0.4015	56.40	48.89
Platform 1 income	2012**	0.4004	56.66	48.89

\*from launch of the Fund on 16 January

\*\*from commencement of the share class on 24 May to 31 October

\*\*\*to 31 October

### Ongoing Charges Figure (OCF)

	2012	2011
Retail accumulation	1.65%	1.62%
Institutional accumulation	0.90%	0.87%
Retail income	1.65%	1.62%
Institutional income	0.90%	0.87%
Standard Life income	0.07%	0.04%
Standard Life accumulation	0.15%	0.12%
Institutional regulated accumulation	0.60%	0.57%
Platform 1 accumulation	0.95%	-
Platform 1 income	0.95%	-

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

# Global REIT Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
Income:					
Net capital gains/(losses)	1		8,299		(2,699)
Revenue	3	1,797		1,600	
Expenses	4	(660)		(626)	
Finance costs: Interest	6	(1)		(6)	
Net revenue before taxation		1,136		968	
Taxation	5	(165)		(22)	
Net revenue after taxation			971		946
<b>Total return before distributions</b>			9,270		(1,753)
Finance costs: Distributions	6		(1,479)		(1,261)
<b>Change in net assets attributable to shareholders from investment activities</b>			7,791		(3,014)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012 £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		61,239		66,259
Amounts receivable on issue of shares	8,484		13,341	
Less: Amounts payable on cancellation of shares	(12,861)		(16,243)	
		(4,377)		(2,902)
Change in net assets attributable to shareholders from investment activities (see above)		7,791		(3,014)
Retained distribution on accumulation shares		1,073		896
<b>Closing net assets attributable to shareholders</b>		65,726		61,239

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			66,673		64,478
Debtors	7	576		1,544	
Cash and bank balances		174		134	
Total other assets			750		1,678
Total assets			67,423		66,156
<b>Liabilities</b>					
Investment liabilities			(275)		(803)
Creditors	8	(1,352)		(4,023)	
Distribution payable on income shares		(70)		(91)	
Total other liabilities			(1,422)		(4,114)
Total liabilities			(1,697)		(4,917)
<b>Net assets attributable to shareholders</b>			65,726		61,239

# Global REIT Fund

## Portfolio Statement

as at 31 October 2012

Holding		Bid-market value £'000	Percentage of total net assets
<b>Equities (99.34%)</b>		<b>65,149</b>	<b>99.12</b>
<b>Australia (11.18%)</b>		<b>6,482</b>	<b>9.86</b>
464,952	Centro Retail Australia	640	0.97
387,170	CFS Retail Property Trust	487	0.74
814,871	Commonwealth Property Office Fund	564	0.86
1,124,297	Dexus Property	713	1.08
175,000	Investa Office Fund	335	0.51
795,000	Mirvac	770	1.17
231,586	Stockland Trust	516	0.79
252,933	Westfield	1,735	2.64
362,096	Westfield Retail Trust	722	1.10
<b>Canada (4.50%)</b>		<b>1,325</b>	<b>2.01</b>
11,100	Boardwalk REIT	442	0.67
23,900	Calloway REIT	429	0.65
27,000	RioCan REIT	454	0.69
<b>Cayman Islands (0.91%)</b>		<b>323</b>	<b>0.49</b>
228,000	China Resources Land	323	0.49
<b>China (0.00%)</b>		<b>260</b>	<b>0.40</b>
1,050,000	Country Garden	260	0.40
<b>France (5.35%)</b>		<b>2,303</b>	<b>3.50</b>
2,330	Gecina	160	0.24
4,614	ICADE	257	0.39
20,003	Klepierre	460	0.70
10,203	Unibail-Rodamco	1,426	2.17
<b>Germany (0.00%)</b>		<b>271</b>	<b>0.41</b>
23,862	Deutsche Wohnen	271	0.41
<b>Hong Kong (10.79%)</b>		<b>9,232</b>	<b>14.05</b>
288,000	China Overseas Land	466	0.71
195,000	Hang Lung Properties	419	0.64
469,000	Henderson Land Development	2,017	3.07
175,000	Hongkong Land	690	1.05
230,000	Hysan Development	631	0.96
187,500	Link REIT	579	0.88
1,138,000	New World Development	1,086	1.65
268,000	Sun Hung Kai Properties	2,316	3.52
70,000	Swire Pacific 'A'	516	0.79
88,000	Swire Properties	169	0.26
81,000	Wharf	343	0.52
<b>Japan (9.49%)</b>		<b>7,799</b>	<b>11.87</b>
71	Japan Real Estate REIT	438	0.67
300	Japan Retail Fund REIT	338	0.51
174,000	Mitsubishi Estate	2,131	3.24
137,000	Mitsui Fudosan	1,715	2.61
53	Nippon Building Fund	352	0.54
55,000	Sumitomo Realty & Development	941	1.43
1,642,244	LXB Retail Properties	1,884	2.87

# Global REIT Fund

## Portfolio Statement (continued)

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>Equities (continued)</b>		
<b>Norway (0.54%)</b>	<b>0</b>	<b>0.00</b>
<b>Singapore (2.21%)</b>	<b>2,757</b>	<b>4.19</b>
1,123,000 CapitaCommercial REIT	894	1.36
441,000 CapitaLand	734	1.12
491,800 CapitaMall Trust REIT	528	0.80
55,000 City Developments	321	0.49
163,000 Keppel Land	280	0.42
<b>Sweden (0.24%)</b>	<b>1,239</b>	<b>1.89</b>
77,493 Castellum	644	0.98
69,459 Faberge	427	0.65
21,364 Hufvudstaden	168	0.26
<b>United Kingdom (11.06%)</b>	<b>4,752</b>	<b>7.23</b>
128,605 British Land	679	1.03
181,776 Capital & Counties Properties	411	0.62
69,085 Capital Shopping Centres	230	0.35
36,519 Derwent London	753	1.15
224,828 Great Portland Estates	1,051	1.60
140,441 Hammerson	662	1.01
39,835 Land Securities	320	0.49
620,944 Quintain Estates & Development	331	0.50
132,679 Segro	315	0.48
<b>United States (43.07%)</b>	<b>28,406</b>	<b>43.22</b>
23,000 American Campus Communities	646	0.98
17,394 AvalonBay Communities	1,464	2.23
21,667 Boston Properties	1,430	2.18
11,000 BRE Properties 'A'	330	0.50
12,000 Brookdale Senior Living	175	0.27
16,000 Camden Property Trust	652	0.99
73,417 CBL & Associates Properties	1,018	1.55
48,000 CubeSmart	391	0.59
85,172 DDR	812	1.24
5,511 Digital Realty Trust	210	0.32
40,000 Equity One	518	0.79
22,067 Equity Residential	786	1.20
5,200 Essex Property Trust	477	0.73
12,800 Federal Realty Investment Trust	851	1.29
137,000 General Growth Properties	1,661	2.53
35,504 HCP	976	1.48
25,416 Health Care REIT	937	1.43
12,600 Home Properties	474	0.72
66,438 Host Hotels & Resorts	595	0.91
15,065 Kilroy Realty	416	0.63
103,815 Kimco Realty	1,258	1.91
39,824 Macerich	1,409	2.14
49,129 ProLogis	1,045	1.59
10,815 Public Storage	930	1.41
20,000 Regency Centers	596	0.91
46,332 Simon Property	4,377	6.66
18,730 SL Green Realty	877	1.33
98,000 Sunstone Hotel Investors	602	0.92
23,536 Tanger Factory Outlet Centers	460	0.70

# Global REIT Fund

## Portfolio Statement (continued)

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>United States (continued%)</b>		
6,518 Taubman Centers	318	0.48
29,000 UDR	437	0.66
12,500 Ventas	491	0.75
15,802 Vornado Realty Trust	787	1.20
<b>Collective Investment Schemes (4.04%)</b>	<b>372</b>	<b>0.57</b>
372,015 Standard Life Investments GBP VNAV Liquidity Fund	372	0.57
<b>Forward Currency Contracts (0.60%)</b>	<b>877</b>	<b>1.33</b>
Buy AUD 472,444 Sell GBP 313,081 06/11/2012	(9)	(0.01)
Buy AUD 8,034,339 Sell GBP 5,186,041 06/11/2012	(18)	(0.03)
Buy AUD 579,442 Sell GBP 372,309 10/12/2012	(1)	0.00
Buy CAD 609,430 Sell GBP 379,155 06/11/2012	(1)	0.00
Buy EUR 980,417 Sell GBP 790,650 06/11/2012	(2)	0.00
Buy EUR 142,569 Sell GBP 115,233 10/12/2012	(1)	0.00
Buy EUR 707,820 Sell GBP 572,003 10/12/2012	(3)	0.00
Buy GBP 371,960 Sell AUD 577,899 06/11/2012	0	0.00
Buy GBP 5,206,916 Sell AUD 7,928,884 06/11/2012	103	0.16
Buy GBP 1,149,256 Sell AUD 1,800,878 10/12/2012	(7)	(0.01)
Buy GBP 5,149,950 Sell AUD 8,034,339 06/02/2013	14	0.02
Buy GBP 385,243 Sell CAD 609,430 06/11/2012	7	0.01
Buy GBP 354,189 Sell CAD 554,143 04/12/2012	10	0.01
Buy GBP 572,372 Sell CAD 912,693 10/12/2012	6	0.01
Buy GBP 378,498 Sell CAD 609,430 06/02/2013	0	0.00
Buy GBP 768,616 Sell EUR 980,417 06/11/2012	(20)	(0.03)
Buy GBP 1,284,000 Sell EUR 1,612,881 04/12/2012	(14)	(0.02)
Buy GBP 948,327 Sell EUR 1,191,868 10/12/2012	(11)	(0.02)
Buy GBP 791,590 Sell EUR 980,417 06/02/2013	2	0.00
Buy GBP 374,524 Sell HKD 4,712,898 06/11/2012	(3)	0.00
Buy GBP 2,274,816 Sell HKD 27,312,094 06/11/2012	87	0.13
Buy GBP 158,398 Sell HKD 1,987,972 04/12/2012	(1)	0.00
Buy GBP 2,670,637 Sell HKD 32,689,772 04/12/2012	51	0.08
Buy GBP 5,226 Sell HKD 64,960 10/12/2012	0	0.00
Buy GBP 476,769 Sell HKD 5,993,324 10/12/2012	(3)	(0.01)
Buy GBP 3,177,846 Sell HKD 39,895,457 10/12/2012	(19)	(0.03)
Buy GBP 2,574,180 Sell HKD 32,024,992 06/02/2013	7	0.01
Buy GBP 321,659 Sell JPY 40,698,996 06/11/2012	5	0.01
Buy GBP 3,662,251 Sell JPY 442,992,519 06/11/2012	221	0.34
Buy GBP 1,734,208 Sell JPY 218,106,691 10/12/2012	39	0.06
Buy GBP 3,794,873 Sell JPY 483,691,515 06/02/2013	32	0.05
Buy GBP 18,960 Sell SEK 202,490 06/11/2012	0	0.00
Buy GBP 86,087 Sell SEK 918,058 06/11/2012	0	0.00
Buy GBP 452,000 Sell SEK 4,890,491 06/11/2012	(6)	(0.01)
Buy GBP 594,928 Sell SEK 6,355,904 10/12/2012	1	0.00
Buy GBP 560,538 Sell SEK 6,011,039 06/02/2013	(1)	0.00
Buy GBP 126,378 Sell SGD 246,452 06/11/2012	1	0.00
Buy GBP 206,280 Sell SGD 398,707 06/11/2012	3	0.00
Buy GBP 138,238 Sell SGD 274,694 04/12/2012	(2)	0.00
Buy GBP 1,536,441 Sell SGD 3,037,332 04/12/2012	(10)	(0.02)
Buy GBP 255,050 Sell SGD 507,350 10/12/2012	(3)	0.00
Buy GBP 322,134 Sell SGD 640,082 10/12/2012	(4)	(0.01)
Buy GBP 329,228 Sell SGD 645,159 06/02/2013	1	0.00
Buy GBP 26,803 Sell USD 41,945 06/11/2012	1	0.00
Buy GBP 75,685 Sell USD 120,953 06/11/2012	1	0.00
Buy GBP 608,148 Sell USD 990,103 06/11/2012	(7)	(0.01)
Buy GBP 616,148 Sell USD 962,346 06/11/2012	19	0.03
Buy GBP 699,638 Sell USD 1,135,739 06/11/2012	(5)	(0.01)
Buy GBP 5,835,439 Sell USD 9,032,810 06/11/2012	228	0.35
Buy GBP 184,025 Sell USD 292,364 04/12/2012	3	0.00

# Global REIT Fund

## Portfolio Statement (continued)

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>Forward Currency Contracts (continued)</b>		
Buy GBP 454,080 Sell USD 721,553 04/12/2012	6	0.01
Buy GBP 828,643 Sell USD 1,338,204 04/12/2012	(2)	0.00
Buy GBP 13,079,310 Sell USD 20,642,551 04/12/2012	263	0.40
Buy GBP 34,588 Sell USD 55,469 10/12/2012	0	0.00
Buy GBP 392,758 Sell USD 630,613 10/12/2012	1	0.00
Buy GBP 430,610 Sell USD 689,738 10/12/2012	2	0.00
Buy GBP 628,787 Sell USD 1,010,096 10/12/2012	2	0.00
Buy GBP 8,786,799 Sell USD 14,222,734 10/12/2012	(44)	(0.07)
Buy GBP 6,571,018 Sell USD 10,548,843 06/02/2013	20	0.03
Buy HKD 32,024,992 Sell GBP 2,572,948 06/11/2012	(8)	(0.01)
Buy HKD 171,912 Sell GBP 13,857 04/12/2012	0	0.00
Buy JPY 483,691,515 Sell GBP 3,790,175 06/11/2012	(35)	(0.05)
Buy SEK 6,011,039 Sell GBP 561,829 06/11/2012	0	0.00
Buy SGD 645,159 Sell GBP 329,153 06/11/2012	(1)	0.00
Buy USD 601,108 Sell GBP 370,933 06/11/2012	2	0.00
Buy USD 1,133,945 Sell GBP 715,874 06/11/2012	(12)	(0.02)
Buy USD 10,548,843 Sell GBP 6,569,361 06/11/2012	(22)	(0.03)
Buy USD 438,857 Sell GBP 272,312 04/12/2012	0	0.00
Buy USD 1,688,408 Sell GBP 1,040,246 04/12/2012	8	0.01
Buy USD 2,416,583 Sell GBP 1,493,991 04/12/2012	6	0.01
Buy USD 870,122 Sell GBP 539,791 10/12/2012	0	0.00
Total investment assets and liabilities	66,398	101.02
Net other liabilities	(672)	(1.02)
<b>Total Net Assets</b>	<b>65,726</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges and are "approved securities" or "regulated collective scheme" or "approved derivatives" within the meaning of the FSA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2011.

	Bid-market value £'000
<b>Reconciliation of Investment Assets and Liabilities to the Balance Sheet</b>	
Investment Assets	66,673
Investment Liabilities	(275)
Net Investment Assets	66,398
Net Other Assets	(672)
<b>Total Net Assets</b>	<b>65,726</b>

# Global REIT Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains/(Losses)</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	7,905	(1,803)
Derivative contracts	(1)	(6)
Forward currency contracts	452	(785)
Non-derivative securities currency losses	(35)	(84)
Handling charges taken from the capital account	(22)	(21)
Net capital gains/(losses)	<u>8,299</u>	<u>(2,699)</u>
<b>2 Purchases, Sales and Transaction Costs</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Purchases in year before transaction costs	56,760	80,413
Commissions	84	131
Taxes	43	88
Total purchase transaction costs	<u>127</u>	<u>219</u>
Purchases including transaction costs	<u>56,887</u>	<u>80,632</u>
Gross sales before transaction costs	60,320	83,079
Commissions	(88)	(134)
Taxes	(6)	(8)
Total sale transaction costs	<u>(94)</u>	<u>(142)</u>
Total sales net of transaction costs	<u>60,226</u>	<u>82,937</u>
Transaction handling charges*	<u>22</u>	<u>21</u>
*These amounts have been deducted in determining net capital gains/(losses).		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
UK dividends	30	33
Overseas dividends	1,666	1,466
Scrip dividends	0	20
Property income distributions	91	74
Bank interest	10	7
Total revenue	<u>1,797</u>	<u>1,600</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge taken from the capital account	589	557
Registration fees taken from the capital account	46	43
	<u>635</u>	<u>600</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	10	10
Safe custody fees	6	7
	<u>16</u>	<u>17</u>
<b>Other expenses:</b>		
Audit fee	9	9
Total expenses	<u>660</u>	<u>626</u>

# Global REIT Fund

## Notes to the Financial Statements (continued)

### 5 Taxation

	2012 £'000	2011 £'000
<b>(a) Analysis of charge in the year</b>		
UK corporation tax	157	121
UK corporation tax taken from the capital account	0	(89)
Double tax relief	(147)	(112)
Adjustments in respect of prior years	1	43
Overseas withholding tax	157	131
Total current tax (Note 5(b))	<u>168</u>	<u>94</u>
Deferred tax		
Origination and reversal of timing differences	(3)	(72)
Deferred tax: Total deferred tax (Note 5(c))	<u>(3)</u>	<u>(72)</u>
Total taxation	<u>165</u>	<u>22</u>

### (b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	1,136	968
Corporation tax at 20% (2011: 20%)	<u>227</u>	<u>194</u>
Effects of:		
UK dividends	(6)	(6)
Non taxable overseas dividends	(70)	(58)
Tax on realised offshore gains taken from the capital account	0	(89)
Overseas withholding tax	10	19
Revenue taxable in different years	6	(9)
Adjustments in respect of prior years	1	43
Current tax charge (Note 5(a))	<u>168</u>	<u>94</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

### (c) Provision for deferred taxation

Provision at start of the year	9	81
Deferred tax charge in Statement of Total Return for the year (Note 5(a))	<u>(3)</u>	<u>(72)</u>
Provision at end of the year	<u>6</u>	<u>9</u>
Tax on future revenue receipts	8	15
Double tax relief	<u>(2)</u>	<u>(6)</u>
Provision at end of the year	<u>6</u>	<u>9</u>

# Global REIT Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2012</b>	<b>2011</b>
<b>Distributions and interest</b>	<b>£'000</b>	<b>£'000</b>
(a) The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:		
First interim distribution	326	346
Second interim distribution	459	163
Third interim distribution	431	405
Final distribution	245	341
	<u>1,461</u>	<u>1,255</u>
Add: Income deducted on cancellation of shares	46	63
Deduct: Income received on issue of shares	(28)	(57)
Net distribution for the year	<u>1,479</u>	<u>1,261</u>
Interest	<u>1</u>	<u>6</u>
Total finance costs	<u>1,480</u>	<u>1,267</u>
Details of the distribution per share are set out in the distribution tables on pages 115 to 118.		
(b) Difference between net revenue and distribution		
Net revenue after taxation for the year	971	946
Add: ACD periodic charge taken from the capital account	589	557
Add: Registration fees taken from the capital account	46	43
Add: Taxation on offshore income gains taken from the capital account	0	(165)
Deduct: Marginal tax benefit	(127)	(120)
Net distribution for the year	<u>1,479</u>	<u>1,261</u>
<b>7 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	98	163
Sales awaiting settlement	398	1,268
Accrued revenue	62	111
Withholding tax recoverable	2	2
Corporation tax recoverable	16	0
Total debtors	<u>576</u>	<u>1,544</u>
<b>8 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	165	78
Purchases awaiting settlement	1,107	3,830
Accrued expenses payable to the ACD	60	47
Accrued expenses payable to the Depositary	5	6
Other accrued expenses	9	9
Deferred taxation	6	9
Corporation tax payable	0	44
Total creditors	<u>1,352</u>	<u>4,023</u>

# Global REIT Fund

## Notes to the Financial Statements (continued)

### 9 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 8.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the period end in note 8.

The Fund holds shares in the Standard Life Investments GBP VNAV Liquidity Fund as detailed in the Portfolio Statement.

	2012 £'000	2011 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	1,060	7,951
Purchase of shares by Fund	9,839	12,922
The percentage value of the Fund held by Standard Life group companies is:	42.9%	53.5%

### 10 Shareholder Funds

The Fund currently has nine share classes: Retail accumulation, Institutional accumulation, Retail income, Institutional income, Standard Life income, Standard Life accumulation, Institutional regulated accumulation, Platform 1 accumulation and Platform 1 income.

The ACD periodic charge on each share class is as follows:-

	2012	2011
Retail accumulation	1.50%	1.50%
Institutional accumulation	0.75%	0.75%
Retail income	1.50%	1.50%
Institutional income	0.75%	0.75%
Standard Life income	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.45%	0.45%
Platform 1 accumulation	0.75%	-
Platform 1 income	0.75%	-

The initial charge on each share class is as follows:-

	2012	2011
Retail accumulation	4.00%	4.00%
Institutional accumulation	0.00%	0.00%
Retail income	4.00%	4.00%
Institutional income	0.00%	0.00%
Standard Life income	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.00%	0.00%
Platform 1 accumulation	0.00%	-
Platform 1 income	0.00%	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 102.

The distributions per share class are given in the distribution tables on pages 115 to 118. All classes have the same rights on winding up.

# Global REIT Fund

## Notes to the Financial Statements (continued)

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 14.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2012	2011
	£'000	£'000
Australian Dollar	557	581
Brazilian Real	0	360
Canadian Dollar	42	70
Euro	334	(100)
Hong Kong Dollar	113	(969)
Japanese Yen	492	187
Norwegian Krone	2	8
Singapore Dollar	167	72
Swedish Krona	83	6
US Dollar	1,354	1,925

# Global REIT Fund

## Notes to the Financial Statements (continued)

### 11 Financial Instruments (continued)

#### Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the Fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>2012</b>			
<b>Currency</b>			
Sterling	394	62,711	63,105
Australian Dollar	0	557	557
Canadian Dollar	1	37	38
Euro	124	210	334
Hong Kong Dollar	0	111	111
Japanese Yen	0	454	454
Singapore Dollar	3	158	161
Swedish Krona	0	83	83
US Dollar	24	1,705	1,729
<b>2011</b>			
<b>Currency</b>			
Sterling	2,479	58,183	60,662
Australian Dollar	0	568	568
Canadian Dollar	0	64	64
Euro	133	1,234	1,367
Hong Kong Dollar	0	(985)	(985)
Japanese Yen	0	144	144
Norwegian Krone	0	6	6
Singapore Dollar	0	68	68
Swedish Krona	0	6	6
US Dollar	12	1,897	1,909

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent.

#### Derivatives

Forward currency contracts are used to hedge the exchange rate risk associated with holding investments denominated in foreign currencies or to hedge the exchange rate risk associated with outstanding purchases and sales of foreign currency investments.

# Global REIT Fund

## Distribution Tables

for the three months ended 31 January 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 31 January 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.1647	-	0.1647*	0.1672
Group 2	0.0540	0.1107	0.1647*	0.1672
<b>Institutional accumulation</b>				
Group 1	0.1826	-	0.1826*	0.1781
Group 2	-	-	-	-
<b>Retail income</b>				
Group 1	0.1449	-	0.1449**	0.1508
Group 2	0.0637	0.0812	0.1449**	0.1508
<b>Institutional income</b>				
Group 1	0.1603	-	0.1603**	0.1632
Group 2	0.0823	0.0780	0.1603**	0.1632
<b>Standard Life income</b>				
Group 1	0.1762	-	0.1762**	0.1787
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	0.2012	-	0.2012*	0.1971
Group 2	-	-	-	-
<b>Institutional regulated accumulation</b>				
Group 1	0.1901	-	0.1901*	0.1874
Group 2	0.0845	0.1056	0.1901*	0.1874

\* Distribution accumulated on 31 January 2012

\*\* Distribution paid on 31 March 2012

# Global REIT Fund

## Distribution Tables (continued)

for the three months ended 30 April 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 February 2012

Group 2 - shares purchased between 1 February 2012 and 30 April 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.2586	-	0.2586*	0.0755
Group 2	0.1666	0.0920	0.2586*	0.0755
<b>Institutional accumulation</b>				
Group 1	0.2696	-	0.2696*	0.0949
Group 2	0.0336	0.2360	0.2696*	0.0949
<b>Retail income</b>				
Group 1	0.2257	-	0.2257**	0.0673
Group 2	0.1627	0.0630	0.2257**	0.0673
<b>Institutional income</b>				
Group 1	0.2218	-	0.2218**	0.0787
Group 2	0.1380	0.0838	0.2218**	0.0787
<b>Standard Life income</b>				
Group 1	0.2347	-	0.2347**	0.0919
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	0.2528	-	0.2528*	0.0995
Group 2	-	-	-	-
<b>Institutional regulated accumulation</b>				
Group 1	0.2554	-	0.2554*	0.0954
Group 2	-	-	-	0.0954

\* Distribution accumulated on 30 April 2012

\*\* Distribution paid on 30 June 2012

# Global REIT Fund

## Distribution Tables (continued)

for the three months ended 31 July 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 May 2012

Group 2 - shares purchased between 1 May 2012 and 31 July 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.2505	-	0.2505*	0.1998
Group 2	0.1168	0.1337	0.2505*	0.1998
<b>Institutional accumulation</b>				
Group 1	0.2649	-	0.2649*	0.2266
Group 2	0.0353	0.2296	0.2649*	0.2266
<b>Retail income</b>				
Group 1	0.1992	-	0.1992**	0.1754
Group 2	0.0692	0.1300	0.1992**	0.1754
<b>Institutional income</b>				
Group 1	0.1995	-	0.1995**	0.2332
Group 2	0.0685	0.1310	0.1995**	0.2332
<b>Standard Life income</b>				
Group 1	0.2145	-	0.2145**	0.2269
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	0.2397	-	0.2397*	0.1899
Group 2	-	-	-	-
<b>Institutional regulated accumulation</b>				
Group 1	0.2382	-	0.2382*	0.1939
Group 2	0.1237	0.1145	0.2382*	0.1939
<b>Platform 1 accumulation</b>				
Group 1	0.2492	-	0.2492*	-
Group 2	-	-	-	-
<b>Platform 1 income</b>				
Group 1	0.3139	-	0.3139**	-
Group 2	-	-	-	-

\* Distribution accumulated on 31 July 2012

\*\* Distribution paid on 30 September 2012

# Global REIT Fund

## Distribution Tables (continued)

for the three months ended 31 October 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 August 2012

Group 2 - shares purchased between 1 August 2012 and 31 October 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution payable 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.1182	-	0.1182*	0.1777
Group 2	0.0000	0.1182	0.1182*	0.1777
<b>Institutional accumulation</b>				
Group 1	0.1202	-	0.1202*	0.2331
Group 2	0.0000	0.1202	0.1202	-
<b>Retail income</b>				
Group 1	0.1163	-	0.1163**	0.1540
Group 2	0.0137	0.1026	0.1163**	0.1540
<b>Institutional income</b>				
Group 1	0.1319	-	0.1319**	0.1461
Group 2	0.0000	0.1319	0.1319**	0.1461
<b>Standard Life income</b>				
Group 1	0.1563	-	0.1563**	0.1612
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	0.1581	-	0.1581*	0.1871
Group 2	-	-	-	-
<b>Institutional regulated accumulation</b>				
Group 1	0.1556	-	0.1556*	0.1828
Group 2	0.0335	0.1221	0.1556*	0.1828
<b>Platform 1 accumulation</b>				
Group 1	0.1523	-	0.1523*	-
Group 2	-	-	-	-
<b>Platform 1 income</b>				
Group 1	0.0865	-	0.0865**	-
Group 2	-	-	-	-

\* Distribution accumulated on 31 October 2012

\*\* Distribution payable on 31 December 2012

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	31.76%	40.09%	12.73%	36.43%
Treat as unfranked investment income*				
Foreign element of unfranked investment income	34.59%	34.90%	26.11%	36.98%
Non-foreign element of unfranked investment income	33.65%	25.01%	61.16%	26.59%

\*After deduction of income tax at the lower rate. This amount is liable to corporation tax.

# Japanese Equity Index Tracker Fund

## Investment Report

**Fund Manager:** David Kirkpatrick

**Launched:** 11 April 2005

**Benchmark:** FTSE Japan Index

## Investment objective

The objective of the Fund is to achieve a return in line with the total return of the FTSE Japan Index over all years before charges and tax.

## Investment policy

The investment policy of the Fund is to invest primarily in stocks included in the FTSE Japan Index. The Fund may also invest in stocks available outside this index, appropriate index futures contracts or exchange traded funds. Additionally, from time to time the Fund may invest in other forms of derivatives and forwards transactions, other forms of transferable securities, deposits, money market instruments and collective investment schemes in accordance with the FSA Rules.

## Risk

Up to 100% of the scheme property of the Fund may be invested in warrants. If more than 5% of the scheme property of the Fund is invested in warrants the net asset value of the Fund may, at times, be highly volatile.

## Performance

The Fund returned -3.08% over the period 1 November 2011 to 20 June 2012, compared to the FTSE Japan Index return of -0.53% (source: Morningstar).

All the shares in this Fund were redeemed and cancelled on 20 June 2012. The Fund will formally terminate at a later date after all residual assets and liabilities are settled.

The Fund is not open to new investors.

# Japanese Equity Index Tracker Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	137	55.04	248,245
	31 October 2011	128	52.87	243,110
	31 October 2012	0	0.00	0
Institutional accumulation	31 October 2010	1	57.23	1,000
	31 October 2011	1	56.43	1,000
	31 October 2012	0	0.00	0
Standard Life accumulation	31 October 2010	1	59.24	1,000
	31 October 2011	1	58.14	1,000
	31 October 2012	0	0.00	0
Standard Life B accumulation	31 October 2010	29,029	50.06	57,993,075
	31 October 2011	34,104	48.90	69,745,582
	31 October 2012	0	0.00	0
Standard Life A accumulation	31 October 2010	4,308	48.99	8,793,569
	31 October 2011	5,737	47.84	11,992,184
	31 October 2012	0	0.00	0
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007	0.0000	67.97	56.05
	2008	0.0000	61.64	42.17
	2009	0.3013	56.37	44.27
	2010	0.2092	62.81	53.56
	2011	0.2268	63.21	50.72
	2012*	0.2198	52.49	45.88
Institutional accumulation	2007	0.3405	69.21	57.42
	2008	0.0000	63.43	43.52
	2009	0.6641	58.47	45.85
	2010	0.6340	66.03	56.18
	2011	0.7716	66.56	53.45
	2012*	0.4754	58.01	50.55
Standard Life accumulation	2007	0.2890	69.75	57.98
	2008	0.0048	64.18	44.11
	2009	0.8787	59.44	46.52
	2010	1.0980	67.69	57.20
	2011	1.0885	68.28	54.85
	2012*	0.6464	61.89	54.06
Standard Life B accumulation	2007**	0.1967	53.79	48.93
	2008	0.7767	54.16	37.22
	2009	0.7715	50.19	39.26
	2010	0.9601	57.14	48.30
	2011	1.0550	57.64	46.31
	2012*	0.5571	63.64	55.65
Standard Life A accumulation	2007	1.1924	52.68	47.91
	2008	0.7564	53.04	36.45
	2009	0.7487	49.12	38.45
	2010	0.9222	55.90	47.26
	2011	1.0155	56.38	45.29
	2012*	0.5352	53.64	46.90

\*to 20 June

\*\* from commencement of the share class on 24 September

## Japanese Equity Index Tracker Fund

### Ongoing Charges Figure (OCF)

	2012*	2011
Retail accumulation	1.67%	1.62%
Institutional accumulation	0.67%	0.62%
Standard Life accumulation	0.17%	0.12%
Standard Life B accumulation	0.04%	0.00%
Standard Life A accumulation	0.09%	0.04%

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, OCF has replaced the Total Expense Ratio (TER). The main difference between the calculations is the inclusion of custody related transaction charges in the OCF.

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The comparative figures have not been restated, and the historic TER is disclosed.

\*As the shares on the Fund were redeemed and cancelled on 20 June 2012, the OCF's have been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period.

# Japanese Equity Index Tracker Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
Income:					
Net capital losses	1		(1,242)		(2,301)
Revenue	3	533		893	
Expenses	4	0		(4)	
Finance costs: Interest	6	(1)		(2)	
Net revenue before taxation		532		887	
Taxation	5	(35)		(63)	
Net revenue after taxation			497		824
<b>Total return before distributions</b>			(747)		(1,477)
Finance costs: Distributions	6		(497)		(824)
<b>Change in net assets attributable to shareholders from investment activities</b>			(1,242)		2,301

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012* £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		39,971		33,476
Amounts receivable on issue of shares	5,514		16,638	
Less: Amounts payable on cancellation of shares	(44,694)		(8,663)	
		(39,180)		7,975
Change in net assets attributable to shareholders from investment activities (see above)		(1,242)		(2,301)
Retained distribution on accumulation shares		451		821
<b>Closing net assets attributable to shareholders</b>		0		39,971

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			0		39,076
Debtors	7	15		366	
Cash and bank balances	8	4		1,235	
Total other assets			19		1,601
Total assets			19		40,677
<b>Liabilities</b>					
Creditors	9	(5)		(700)	
Bank overdrafts		(14)		0	
Balances due to futures clearing houses	8	0		(6)	
Total other liabilities			(19)		(706)
Total liabilities			(19)		(706)
<b>Net assets attributable to shareholders</b>			0		39,971

\* All shares were redeemed and cancelled on 20 June 2012

# Japanese Equity Index Tracker Fund

## Portfolio Statement

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>Japanese Equities (97.71%)</b>	<b>0</b>	<b>0.00</b>
<b>Derivatives (0.05%)</b>	<b>0</b>	<b>0.00</b>
Total investment assets	0	0.00
Net other assets	0	0.00
<b>Total Net Assets</b>	<b>0</b>	<b>0.00</b>

The percentage figures in brackets show the comparative holding as at 31 October 2011.

# Japanese Equity Index Tracker Fund

## Notes to the Financial Statements

<b>1 Net Capital Losses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	(1,216)	(2,245)
Derivative contracts	(50)	(110)
Forward currency contracts	0	6
Non-derivative securities currency gains	17	55
Derivative contracts currency gains	12	11
Handling charges taken from the capital account	(5)	(18)
Net capital losses	<u>(1,242)</u>	<u>(2,301)</u>
<b>2 Purchases, Sales and Transaction Costs</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Purchases in year before transaction costs	5,864	14,556
Commissions	10	11
Purchases including transaction costs	<u>5,874</u>	<u>14,567</u>
Gross sales before transaction costs	43,552	6,479
Commissions	(12)	(6)
Total sales net of transaction costs	<u>43,540</u>	<u>6,473</u>
Transaction handling charges*	<u>5</u>	<u>18</u>
*These amounts have been deducted in determining net capital losses.		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Overseas dividends	533	893
Total revenue	<u>533</u>	<u>893</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	<u>1</u>	<u>2</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	1	1
Safe custody fees	(3)	0
	<u>(2)</u>	<u>1</u>
<b>Other expenses:</b>		
Audit fee*	1	1
Total expenses	<u>0</u>	<u>4</u>

\* The total Audit fee for 2012 is £1,466 (2011: £6,049), a reduced amount is shown due to a rebate from the ACD

# Japanese Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

5	Taxation	2012 £'000	2011 £'000
(a)	<b>Analysis of charge in the year</b>		
	Overseas withholding tax	35	63
	Total current taxation (Note 5(b))	35	63
(b)	<b>Factors affecting current tax charge for year</b>		
	The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
	Net revenue before taxation	532	887
	Corporation tax at 20% (2011: 20%)	106	177
	Effects of:		
	Non taxable overseas dividends	(108)	(178)
	Overseas withholding tax	35	63
	Excess management expenses	2	1
	Current tax charge (Note 5(a))	35	63

Authorised Open Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore any capital capital return is not included in the above reconciliation.

**(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £3,000 (2011: £1,000) due to surplus Management expenses, and £nil (2011: £1,000) due to loan relationships.

It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

6	Finance Costs	2012 £'000	2011 £'000
	<b>Distributions and interest</b>		
	The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:		
	Interim distribution	451	400
	Final distribution	-	422
		451	822
	Add: Income deducted on cancellation of shares	51	31
	Deduct: Income received on issue of shares	(5)	(29)
	Net distribution for the year	497	824
	Interest	1	2
	Total finance costs	498	826

Details of the distributions per share are set out in the distribution table on page 128.

7	Debtors	2012 £'000	2011 £'000
	Sales awaiting settlement	0	1
	Accrued revenue	0	360
	Expenses rebate due from the ACD	2	5
	Accrued expenses receivable from the Depositary	13	0
	Total debtors	15	366

# Japanese Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

<b>8 Cash and Bank Balances</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Balances due to futures clearing houses	0	(6)
Cash and bank balances	4	1,235
Total cash and bank balances	4	1,229

<b>9 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	0	240
Accrued expenses payable to the Depositary	0	5
Purchases awaiting settlement	0	449
Other accrued expenses	1	6
Residual payment to shareholders from termination	4	0
Total creditors	5	700

## 10 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 9.

Amounts payable to or due from Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge, registration services and expense rebates, are disclosed in note 4 and any amounts due at the period end in notes 7 and 9.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	6,793	16,599
Purchase of shares by Fund	45,658	8,580
The percentage value of the Fund held by Standard Life group companies is:	0.0%	99.7%

## 11 Shareholder Funds

The Fund currently has five share classes: Retail accumulation, Institutional accumulation, Standard Life accumulation, Standard Life B accumulation and Standard Life A accumulation.

The ACD periodic charge on each share class is as follows:-

	<b>2012</b>	<b>2011</b>
Retail accumulation	1.50%	1.50%
Institutional accumulation	0.50%	0.50%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Standard Life A accumulation	0.00%	0.00%

The initial charge on each share class is as follows:-

Retail accumulation	4.00%	4.00%
Institutional accumulation	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Standard Life A accumulation	0.00%	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 120.

The distribution per share class is given in the distribution table on page 128. All classes have the same rights on winding up.

# Japanese Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

### 12 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 14.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2012	2011
	£'000	£'000
Euro	0	(449)
Japanese Yen	(14)	39,130

#### Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the Fund's financial assets and liabilities is:

	Floating rate financial assets/(liabilities)	Financial assets not carrying interest	Total
	£'000	£'000	£'000
<b>2012</b>			
<b>Currency</b>			
Sterling	4	0	4
Japanese Yen	(14)	0	(14)
<b>2011</b>			
<b>Currency</b>			
Sterling	19	1,517	1,536
Japanese Yen	1,193	37,577	38,770

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent.

#### Derivatives

Equity Index futures were used with the intention of generating capital gains from movements in the underlying equity indices or to reduce the risk associated with adverse movements in underlying equity indices.

During the year forward currency contracts were used to hedge the exchange rate risk associated with holding investments denominated in foreign currencies or to hedge the exchange rate risk associated with outstanding purchases and sales of foreign currency investments.

# Japanese Equity Index Tracker Fund

## Distribution Table

for the six months ended 30 April 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 30 April 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.2198	-	0.2198*	0.1368
Group 2	0.1918	0.0280	0.2198*	0.1368
<b>Institutional accumulation</b>				
Group 1	0.4754	-	0.4754*	0.3789
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	0.6464	-	0.6464*	0.5629
Group 2	-	-	-	-
<b>Standard Life B accumulation</b>				
Group 1	0.5571	-	0.5571*	0.5367
Group 2	0.5141	0.0430	0.5571*	0.5367
<b>Standard Life A accumulation</b>				
Group 1	0.5352	-	0.5352*	0.5147
Group 2	0.4635	0.0717	0.5352*	0.5147

\*Distribution accumulated on 30 April 2012

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	Interim Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as unfranked investment income*	0.00%

\*After deduction of income tax at the lower rate. This amount is liable to corporation tax.

# Overseas Bond Index Tracker Fund

## Investment Report

**Fund Manager:** David Kirkpatrick

**Launched:** 11 April 2005

**Benchmark:** JP Morgan Global (ex UK) Government Bond Index

## Investment objective

The investment objective of the Fund is to achieve a return in line with the total return of the JP Morgan Global (ex UK) Government Bond Index.

## Investment policy

The investment policy of the Fund is to invest primarily in stocks included in the JP Morgan Global (ex UK) Government Bond Index. The Fund may also invest in stocks available outside this index, appropriate index futures contracts or exchange traded funds. Additionally, from time to time the Fund may invest in other forms of derivatives and forwards transactions, other forms of transferable securities, deposits, money market instruments and collective investment schemes in accordance with the FSA Rules.

The Fund is intended for investors wanting to achieve exposure to index performance in the World Bond markets.

## Risk

Up to 100% of the scheme property of the Fund may be invested in transferable securities which are warrants. If more than 5% of the scheme property of the Fund is invested in warrants the net asset value of the Fund may, at times, be highly volatile. Call options are not deemed to be warrants for the purpose of this 5% restriction.

## Performance

The Fund returned 2.90% over the period 1 November 2011 to 7 June 2012, compared with the JPM Global (ex UK) Government Bond Index return of 3.65%. Please note Fund return is net of charges, while Index return is gross (fund return source: Morningstar and Index return source: Thomson Reuters Datastream).

All the shares in this Fund were redeemed and cancelled on 7 June 2012. The Fund will formally terminate at a later date after all residual assets and liabilities are settled.

The Fund is not open to new investors.

## Overseas Bond Index Tracker Fund

### Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	195	75.10	259,779
	31 October 2011	90	75.08	120,275
	31 October 2012	0	0.00	0
Institutional accumulation	31 October 2010	1	78.05	1,000
	31 October 2011	1	79.48	1,000
	31 October 2012	0	0.00	0
Standard Life accumulation	31 October 2010	1	80.07	1,000
	31 October 2011	1	81.10	1,000
	31 October 2012	0	0.00	0
Standard Life B accumulation	31 October 2010	1,115	81.38	1,370,536
	31 October 2011	933	82.82	1,127,136
	31 October 2012	0	0.00	0
Standard Life A accumulation	31 October 2010	2,220	81.36	2,728,445
	31 October 2011	1	82.43	1,000
	31 October 2012	0	0.00	0
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007	0.7768	50.46	45.09
	2008	0.4561	78.78	50.64
	2009	0.4384	79.93	64.58
	2010	0.3711	76.91	68.90
	2011	0.1981	80.06	70.30
	2012*	0.0425	86.94	81.30
Institutional accumulation	2007	1.0796	51.65	45.99
	2008	0.6948	81.57	51.84
	2009	1.1280	82.79	67.12
	2010	0.9608	80.75	72.01
	2011	0.8664	84.68	73.96
	2012*	0.3984	78.40	73.45
Standard Life accumulation	2007	0.6786	51.92	46.17
	2008	0.7852	82.39	52.11
	2009	1.4360	83.63	67.90
	2010	1.2776	82.12	73.00
	2011	1.1896	86.38	75.29
	2012*	0.5616	83.42	78.08
Standard Life B accumulation	2007**	0.2116	52.41	48.89
	2008	0.8615	83.00	52.60
	2009	1.7720	84.27	68.41
	2010	1.5657	83.51	73.98
	2011	1.6995	88.29	76.67
	2012*	0.8839	85.30	79.81
Standard Life A accumulation	2007**	0.2223	52.65	49.11
	2008	0.8876	83.61	52.84
	2009	1.4312	84.82	68.79
	2010	1.3924	83.33	73.94
	2011	0.0000	87.76	76.48
	2012*	0.5984	87.66	82.80

\*to 7 June

\*\* from commencement of the share class on 24 September

## Overseas Bond Index Tracker Fund

### Ongoing Charges Figure (OCF)

	<b>2012*</b>	<b>2011</b>
Retail accumulation	1.98%	1.98%
Institutional accumulation	0.98%	0.98%
Standard Life accumulation	0.48%	0.48%
Standard Life B accumulation	0.08%	0.00%
Standard Life A accumulation	0.40%	0.40%

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

\*As the shares on the Fund were redeemed and cancelled on 7 June 2012, the OCF's have been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period.

# Overseas Bond Index Tracker Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
Income:					
Net capital gains/(losses)	1		32		(93)
Revenue	3	16		38	
Expenses	4	(1)		(4)	
Net revenue before taxation		15		34	
Taxation	5	0		0	
Net revenue after taxation			15		34
<b>Total return before distributions</b>			47		(59)
Finance costs: Distributions	6		(15)		(35)
<b>Change in net assets attributable to shareholders from investment activities</b>			32		(94)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012* £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		1,026		3,532
Amounts receivable on issue of shares	1		4	
Less: Amounts payable on cancellation of shares	(1,069)		(2,438)	
		(1,068)		(2,434)
Change in net assets attributable to shareholders from investment activities (see above)		32		(94)
Retained distribution on accumulation shares		10		22
<b>Closing net assets attributable to shareholders</b>		0		1,026

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			0		994
Debtors	7	0		16	
Cash and bank balances		5		27	
Total other assets			5		43
Total assets			5		1,037
<b>Liabilities</b>					
Creditors	8	(5)		(11)	
Total other liabilities			(5)		(11)
Total liabilities			(5)		(11)
<b>Net assets attributable to shareholders</b>			0		1,026

\* All shares were redeemed and cancelled on 7 June 2012.

## Overseas Bond Index Tracker Fund

### Portfolio Statement

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>Bonds (96.88%)</b>	<b>0</b>	<b>0.00</b>
Total investment assets	0	0.00
Net other assets	0	0.00
<b>Total Net Assets</b>	<b>0</b>	<b>0.00</b>

All investments are listed on recognised stock exchanges and are “approved securities” within the meaning of the FSA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2011.

# Overseas Bond Index Tracker Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains/(Losses)</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	33	(92)
Forward currency contracts	0	4
Non-derivative securities currency losses	0	(4)
Handling charges taken from the capital account	(1)	(1)
Net capital gains/(losses)	<u>32</u>	<u>(93)</u>

## 2 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Interest on debt securities	16	38
Total revenue	<u>16</u>	<u>38</u>

<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	<u>1</u>	<u>2</u>
<b>Other expenses:</b>		
Audit fee*	0	2
Total expenses	<u>1</u>	<u>4</u>

\* The total Audit fee for 2012 is £2,142 (2011: £8,832), a reduced amount is shown due to a rebate from the ACD

<b>5 Taxation</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Analysis of charge in the year</b>		
Total taxation	<u>0</u>	<u>0</u>

## (b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	15	34
Corporation tax at 20% (2011: 20%)	<u>3</u>	<u>7</u>
Effects of:		
Interest distributions	(3)	(7)
Current tax charge (Note 5(a))	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

# Overseas Bond Index Tracker Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Distributions and interest</b>		
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	12	15
Final interim distribution	-	12
	<u>12</u>	<u>27</u>
Add: Income deducted on cancellation of shares	3	8
Net distribution for the year	<u>15</u>	<u>35</u>

Details of the distribution per share are set out in the distribution table on page 138.

<b>7 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Accrued revenue	0	9
Expenses rebate due from the ACD	0	7
Total debtors	<u>0</u>	<u>16</u>

<b>8 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Other accrued expenses	5	9
Income tax payable	0	2
Total creditors	<u>5</u>	<u>11</u>

## 9 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 8.

Amounts payable to or due from Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge, registration services and expense rebates, are disclosed in note 4 and any amounts due at the period end in notes 7 and 8.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	0	0
Purchase of shares by Fund	974	2,339
The percentage value of the Fund held by Standard Life group companies is:	0.0%	91.3%

# Overseas Bond Index Tracker Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

The Fund currently has five share classes: Retail accumulation, Institutional accumulation, Standard Life accumulation, Standard Life B accumulation and Standard Life A accumulation.

The ACD periodic charge on each share class is as follows:-

	2012	2011
Retail accumulation	1.50%	1.50%
Institutional accumulation	0.50%	0.50%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Standard Life A accumulation	0.00%	0.00%

The initial charge on each share class is as follows:-

Retail accumulation	4.00%	4.00%
Institutional accumulation	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Standard Life A accumulation	0.00%	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 130.

The distribution per share class is given in the distribution table on page 138. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 14.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2012	2011
	£'000	£'000
Australian Dollar	0	11
Canadian Dollar	0	19
Danish Krone	0	9
Euro	0	269
Japanese Yen	0	343
Swedish Krona	0	7
US Dollar	0	351

# Overseas Bond Index Tracker Fund

## Notes to the Financial Statements (continued)

### 11 Financial Instruments (continued)

#### Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the Fund's financial assets are:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Total £'000
<b>2012</b>			
<b>Currency</b>			
Sterling	5	0	5
<b>2011</b>			
<b>Currency</b>			
Sterling	21	0	21
Australian Dollar	0	11	11
Canadian Dollar	0	19	19
Danish Krone	0	9	9
Euro	0	265	265
Japanese Yen	6	335	341
Swedish Krona	0	7	7
US Dollar	0	348	348
<b>2011</b>		<b>Fixed rate financial assets</b>	
<b>Currency</b>	<b>Weighted average interest rate</b>	<b>Weighted average maturity</b>	
Australian Dollar	3.84%	4.49 years	
Canadian Dollar	2.03%	11.25 years	
Danish Krone	2.16%	12.96 years	
Euro	3.52%	9.99 years	
Japanese Yen	0.63%	8.66 years	
Swedish Krona	1.24%	4.70 years	
US Dollar	1.09%	7.34 years	

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent.

#### Derivatives

During the year forward currency contracts were used to hedge the exchange rate risk associated with holding investments denominated in foreign currencies or to hedge the exchange rate risk associated with outstanding purchases and sales of foreign currency instruments.

# Overseas Bond Index Tracker Fund

## Distribution Table

for the six months ended 30 April 2012

### Interest distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 30 April 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.0531	0.0106	0.0425	-	0.0425*	0.1340
Group 2	0.0506	0.0101	0.0405	0.0020	0.0425*	0.1340
<b>Institutional accumulation</b>						
Group 1	0.4980	0.0996	0.3984	-	0.3984*	0.4712
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	0.7020	0.1404	0.5616	-	0.5616*	0.6304
Group 2	-	-	-	-	-	-
<b>Standard Life B accumulation</b>						
Group 1	1.1048	0.2209	0.8839	-	0.8839*	0.8413
Group 2	-	-	-	-	-	-
<b>Standard Life A accumulation</b>						
Group 1	0.7480	0.1496	0.5984	-	0.5984*	-
Group 2	-	-	-	-	-	-

\* Distribution accumulated on 30 April 2012

# Pacific Basin Equity Index Tracker Fund

## Investment Report

**Fund Manager:** David Kirkpatrick

**Launched:** 11 April 2005

**Benchmark:** FTSE All-World Developed Asia Pacific ex Japan Index

## Investment objective

The investment objective of the Fund is to achieve a return in line with the total return of the FTSE All-World Developed Asia Pacific ex Japan Index over all years before charges and tax.

## Investment policy

The investment policy of the Fund is to invest primarily in stocks included in the FTSE All-World Developed Asia Pacific ex Japan Index. The Fund may also invest in stocks available outside this index, appropriate index futures contracts or exchange traded funds. Additionally, from time to time the Fund may invest in other forms of derivatives and forwards transactions, other forms of transferable securities, deposits, money market instruments and collective investment schemes in accordance with the FSA Rules.

## Risk

Up to 100% of the scheme property of the Fund may be invested in warrants. If more than 5% of the scheme property of the Fund is invested in warrants the net asset value of the Fund may, at times, be highly volatile.

## Performance

The Fund returned 1.29% over the period 1 November 2011 to 20 June 2012, compared to the FTSE All-World Developed Asia Pacific ex Japan Index return of 0.82% (source: Morningstar).

All the shares in this Fund were redeemed and cancelled on 20 June 2012. The Fund will formally terminate at a later date after all residual assets and liabilities are settled.

The Fund is not open to new investors.

# Pacific Basin Equity Index Tracker Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	591	106.92	552,488
	31 October 2011	414	105.13	393,555
	31 October 2012	0	0.00	0
Institutional accumulation	31 October 2010	44	111.99	39,236
	31 October 2011	44	111.09	39,236
	31 October 2012	0	0.00	0
Standard Life accumulation	31 October 2010	1	114.63	1,000
	31 October 2011	1	114.25	1,000
	31 October 2012	0	0.00	0
Standard Life B accumulation	31 October 2010	81,552	64.88	125,687,987
	31 October 2011	51,349	64.70	79,367,509
	31 October 2012	0	0.00	0
Standard Life A accumulation	31 October 2010	6,091	64.04	9,510,871
	31 October 2011	7,958	63.84	12,467,283
	31 October 2012	0	0.00	0

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007	1.0993	101.1	70.62
	2008	1.4054	95.27	49.40
	2009	1.5681	94.92	53.42
	2010	1.5601	118.1	88.65
	2011	1.9623	120.5	90.02
	2012**	0.9550	113.4	98.80
Institutional accumulation	2007	1.8147	103.2	71.56
	2008	2.1990	97.71	50.91
	2009	2.2896	98.71	55.22
	2010	2.4357	123.8	92.33
	2011	3.0337	126.7	95.03
	2012**	1.4191	120.2	105.0
Standard Life accumulation	2007	1.8733	104.2	72.08
	2008	2.5729	98.89	51.61
	2009	2.6583	100.7	56.08
	2010	2.9573	126.9	94.20
	2011	3.6177	130.1	97.75
	2012**	1.7273	123.9	108.4
Standard Life B accumulation	2007*	0.0346	58.27	49.43
	2008	1.4365	55.92	29.18
	2009	1.5418	56.95	31.69
	2010	1.7090	71.82	53.30
	2011	2.0780	73.73	55.38
	2012**	0.9948	70.19	61.41
Standard Life A accumulation	2007*	0.0415	58.94	50.00
	2008	1.4205	55.28	28.84
	2009	1.4751	56.23	31.33
	2010	1.6593	70.85	52.62
	2011	2.0238	72.70	54.61
	2012**	0.9662	69.20	60.54

\*from commencement of the share class on 24 September

\*\*to 20 June

## Pacific Basin Equity Index Tracker Fund

### Ongoing Charges Figure (OCF)

	2012*	2011
Retail accumulation	1.68%	1.63%
Institutional accumulation	0.68%	0.63%
Standard Life accumulation	0.18%	0.13%
Standard Life B accumulation	0.06%	0.00%
Standard Life A accumulation	0.10%	0.05%

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

\*As the shares on the Fund were redeemed and cancelled on 20 June 2012, the OCF's have been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period.

# Pacific Basin Equity Index Tracker Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
Income:					
Net capital (losses)/gains	1		(2,167)		45
Revenue	3	1,477		2,136	
Expenses	4	(6)		(11)	
Finance costs: Interest	6	(5)		(6)	
Net revenue before taxation		1,466		2,119	
Taxation	5	(63)		(77)	
Net revenue after taxation			1,403		2,042
<b>Total return before distributions</b>			(764)		2,087
Finance costs: Distributions	6		(1,415)		(2,028)
<b>Change in net assets attributable to shareholders from investment activities</b>			(2,179)		59

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012* £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		59,766		88,279
Amounts receivable on issue of shares	19,605		17,625	
Less: Amounts payable on cancellation of shares	(78,247)		(48,023)	
		(58,642)		(30,398)
Stamp duty reserve tax		(1)		0
Change in net assets attributable to shareholders from investment activities (see above)		(2,179)		59
Retained distribution on accumulation shares		1,056		1,826
<b>Closing net assets attributable to shareholders</b>		0		59,766

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			0		59,740
Debtors	7	5		591	
Cash and bank balances	8	114		787	
Total other assets			119		1,378
Total assets			119		61,118
<b>Liabilities</b>					
Creditors	9	(119)		(786)	
Bank overdrafts		0		(566)	
Total other liabilities			(119)		(1,352)
Total liabilities			(119)		(1,352)
<b>Net assets attributable to shareholders</b>			0		59,766

\* All shares were redeemed and cancelled on 20 June 2012.

# Pacific Basin Equity Index Tracker Fund

## Portfolio Statement

	Bid-market value	Percentage of total
<b>Pacific Basin Equities (95.36%)</b>	<b>0</b>	<b>0.00</b>
Australia (40.54%)	0	0.00
China (2.69%)	0	0.00
Hong Kong (17.33%)	0	0.00
Korea (25.66%)	0	0.00
New Zealand (0.71%)	0	0.00
Singapore (8.43%)	0	0.00
<b>Exchange Traded Funds (4.55%)</b>	<b>0</b>	<b>0.00</b>
<b>Derivatives (0.05%)</b>	<b>0</b>	<b>0.00</b>
Total investment assets	0	0.00
Net other assets	0	0.00
<b>Total Net Assets</b>	<b>0</b>	<b>0.00</b>

The percentage figures in brackets show the comparative holding as at 31 October 2011

# Pacific Basin Equity Index Tracker Fund

## Notes to the Financial Statements

<b>1 Net Capital (Losses)/Gains</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	(2,123)	377
Derivative contracts	(27)	(78)
Forward currency contracts	7	(10)
Non-derivative securities currency losses	0	(199)
Derivative contracts currency gains	0	1
Handling charges taken from the capital account	(24)	(46)
Net capital (losses)/gains	<u>(2,167)</u>	<u>45</u>
<b>2 Purchases, Sales and Transaction Costs</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Purchases in year before transaction costs	24,978	24,933
Commissions	25	24
Taxes	4	3
Total purchase transaction costs	29	27
Purchases including transaction costs	<u>25,007</u>	<u>24,960</u>
Gross sales before transaction costs	82,702	53,930
Commissions	(30)	(76)
Taxes	(72)	(10)
Total sale transaction costs	(102)	(86)
Total sales net of transaction costs	<u>82,600</u>	<u>53,844</u>
Transaction handling charges*	<u>24</u>	<u>46</u>
*These amounts have been deducted in determining net capital (losses)/gains.		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Overseas dividends	1,463	2,067
Scrip dividends	11	63
Bank interest	3	6
Total revenue	<u>1,477</u>	<u>2,136</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	<u>3</u>	<u>6</u>
	3	6
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	1	1
Safe custody fees	<u>3</u>	<u>3</u>
	4	4
<b>Other expenses:</b>		
Audit fee*	(1)	1
Total expenses	<u>6</u>	<u>11</u>

\*The total audit fee for 2012 is £1,819 (2011: £7,501). A reduced amount is shown due to a rebate from the ACD.

# Pacific Basin Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

5 Taxation	2012 £'000	2011 £'000
<b>(a) Analysis of charge in the year</b>		
UK corporation tax	23	31
UK corporation tax taken from the capital account	12	7
Double tax relief	(6)	(9)
Adjustments in respect of prior years	5	5
Overseas withholding tax	33	64
Total current tax (Note 5(b))	<u>67</u>	<u>98</u>
Deferred Tax:		
Origination and reversal of timing differences	(4)	(21)
Total deferred tax (Note 5(c))	<u>(4)</u>	<u>(21)</u>
Total taxation	<u>63</u>	<u>77</u>
<b>(b) Factors affecting current tax charge for year</b>		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	1,466	2,119
Corporation tax at 20% (2011: 20%)	<u>293</u>	<u>424</u>
Effects of:		
Scrip dividends	(1)	(12)
Non taxable overseas dividends	(270)	(380)
Tax on realised offshore gains taken from the capital account	12	7
Overseas withholding tax	27	55
Revenue taxable in different years	1	(1)
Adjustments in respect of prior years	5	5
Current tax charge (Note 5(a))	<u>67</u>	<u>98</u>
Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.		
<b>(c) Provision for deferred taxation</b>		
Provision at start of the year	4	25
Deferred tax charge in Statement of Total Return for the year (Note 5(a))	(4)	(21)
Provision at end of the year	<u>0</u>	<u>4</u>
Tax on future revenue receipts	0	1
Tax on unrealised offshore gains taken from the capital account	0	4
Double tax relief	0	(1)
Provision at end of the year	<u>0</u>	<u>4</u>

# Pacific Basin Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2012</b>	<b>2011</b>
<b>Distributions and interest</b>	<b>£'000</b>	<b>£'000</b>
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	1,056	833
Final distribution	-	993
	<u>1,056</u>	<u>1,826</u>
Add: Income deducted on cancellation of shares	491	349
Deduct: Income received on issue of shares	(132)	(147)
Net distribution for the year	<u>1,415</u>	<u>2,028</u>
Interest	5	6
Total finance costs	<u>1,420</u>	<u>2,034</u>
Details of the distribution per share are set out in the distribution table on page 149.		
(b) Difference between net revenue and distribution		
Net revenue after taxation for the year	1,403	2,042
Add: Taxation on offshore income gains taken from the capital account	12	(14)
Net distribution for the year	<u>1,415</u>	<u>2,028</u>
<b>7 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	0	1
Sales awaiting settlement	0	568
Accrued revenue	0	16
Expenses rebate due from the ACD	5	6
Total debtors	<u>5</u>	<u>591</u>
<b>8 Cash and Bank Balances</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts held at futures clearing houses and brokers	0	19
Cash and bank balances	114	768
Total cash and bank balances	<u>114</u>	<u>787</u>
<b>9 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	5	0
Purchases awaiting settlement	0	736
Accrued expenses payable to the ACD	0	1
Accrued expenses payable to the Depositary	0	8
Other accrued expenses	5	8
Deferred taxation	0	4
Residual payment to shareholders from termination	84	0
Corporation tax payable	25	29
Total creditors	<u>119</u>	<u>786</u>

# Pacific Basin Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

### 10 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 9.

Amounts payable to or due from Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge, registration services and expense rebates, are disclosed in note 4 and any amounts due at the period end in notes 7 and 9.

	2012 £'000	2011 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	18,995	17,583
Purchase of shares by Fund	78,181	47,982
The percentage value of the Fund held by Standard Life group companies is:	0.0%	99.2%

### 11 Shareholder Funds

The Fund currently has five share classes: Retail accumulation, Institutional accumulation, Standard Life accumulation, Standard Life B accumulation and Standard Life A accumulation.

The ACD periodic charge on each share class is as follows:-

	2012	2011
Retail accumulation	1.50%	1.50%
Institutional accumulation	0.50%	0.50%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Standard Life A accumulation	0.00%	0.00%

The initial charge on each share class is as follows:-

	2012	2011
Retail accumulation	4.00%	4.00%
Institutional accumulation	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Standard Life A accumulation	0.00%	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 140.

The distribution per share class is given in the distribution table on page 149. All classes have the same rights on winding up.

# Pacific Basin Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

### 12 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 15.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2012	2011
	£'000	£'000
Australian Dollar	0	24,697
Hong Kong Dollar	0	11,622
Korean Won	0	15,297
New Zealand Dollar	0	419
Singapore Dollar	0	4,890
US Dollar	0	2,792

#### Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
<b>2012</b>			
<b>Currency</b>			
Sterling	114	0	114
<b>2011</b>			
<b>Currency</b>			
Sterling	114	196	310
Australian Dollar	453	24,246	24,699
Hong Kong Dollar	218	11,395	11,613
Korean Won	0	15,297	15,297
New Zealand Dollar	0	419	419
Singapore Dollar	2	4,885	4,887
US Dollar	(566)	3,302	2,736

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent.

#### Derivatives

During the year forward currency contracts were used to hedge the exchange rate risk associated with holding investments denominated in foreign currencies or to hedge the exchange rate risk associated with outstanding purchases and sales of foreign currency instruments.

Equity Index futures were used with the intention of generating capital gains from movements in the underlying equity indices or to reduce the risk associated with adverse movements in underlying equity indices.

# Pacific Basin Equity Index Tracker Fund

## Distribution Tables

for the six months ended 30 April 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 30 April 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.9550	-	0.9550*	0.9160
Group 2	0.4394	0.5156	0.9550*	0.9160
<b>Institutional accumulation</b>				
Group 1	1.4191	-	1.4191*	1.4663
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	1.7273	-	1.7273*	1.7357
Group 2	-	-	-	-
<b>Standard Life B accumulation</b>				
Group 1	0.9948	-	0.9948*	0.9978
Group 2	0.5648	0.4300	0.9948*	0.9978
<b>Standard Life A accumulation</b>				
Group 1	0.9662	-	0.9662*	0.9737
Group 2	0.2969	0.6693	0.9662*	0.9737

\* Distribution accumulated on 30 April 2012

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	Interim Dividend Distribution
Treat as a UK corporate dividend	93.73%
Treat as unfranked investment income*	6.27%

\*After deduction of income tax at the lower rate. This amount is liable to corporation tax.

# UK Equity Income Unconstrained Fund

## Investment Report

**Fund Manager:** Thomas Moore

**Launched:** 22 February 2007

**Benchmark:** IMA UK Equity Income Sector

## Investment objective

The investment objective of the Fund is to provide a high level of income with some capital appreciation over the longer term.

## Investment policy

The investment policy of the Fund is to invest substantially in high yielding equities and equity type investments of UK companies or companies which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, depositary receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. "UK companies" will include companies incorporated in the UK or companies listed on a UK stock exchange which may not be incorporated in the UK or have the majority of their economic activity in the UK. Additionally, from time to time, the Fund may invest in other forms of transferable securities, deposits, money market instruments and collective investment schemes in accordance with the FSA rules. The Fund will not be restricted by index weightings, sector constraints or company size.

## Risk

The unconstrained and highly concentrated nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk as the Fund is not restricted by index weightings, sector constraints or company size. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets and should therefore have an investment horizon of at least 5 years.

## Performance

Over the year to 31 October the Fund returned 11.81% against the average return of the IMA UK Equity Income sector, which stood at 10.28% (source: Morningstar).

Significant positive contributors to relative returns included our holding in F&C Asset Management, where investors are beginning to respond to evidence of improving fund flows. Also beneficial was our exposure to small cap media business M&C Saatchi. It rallied strongly as the market digested positive results, driven by new business wins and the roll-out of international offices, resulting in a more than 10% increase in its dividend per share pay-out. Also beneficial was our holding in packaging company DS Smith. It outperformed after reporting solid trading and a positive outlook, combined with the news that the integration of SCA, its recent acquisition, was progressing slightly ahead of schedule.

On the downside, relative returns suffered as a result of our lack of exposure to global drinks group Diageo, which benefited from its perceived defensive qualities. Other significant detractors included our exposure to security company G4S. It suffered from earnings downgrades as a result of the reputational damage caused by its failure to provide security staff for the Olympics. Also negative was our holding in mining group Rio Tinto. It underperformed given mounting evidence that China's fixed asset investment programme is slowing more rapidly than had been anticipated. This has put pressure on the prices of iron ore and coal – two of Rio Tinto's most profitable commodities.

## Investment activity

We sold out of our entire positions in G4S and Rio Tinto. Other notable sales over the period included exiting our position in Vodafone, which has been experiencing intensifying earnings downgrades because of deteriorating trends across western European mobile markets.

Notable purchases over the period included initiating a new position in betting group Ladbrokes, whose management team is committed to the launch of the company's new online platform without further delay. Towards the end of the reporting period, we also initiated a new position in BP, whose latest results highlighted improved operating performance in its downstream business and also a dividend hike that surprised the market. This underlined management's improved visibility, having addressed its Russian subsidiary TNK-BP, and made significant progress on its disposal programme. Shares were also purchased in insurance business Lancashire Holdings, which is achieving a high return on capital and now appears likely to pay a special dividend. Management has an excellent track record in managing capital through the insurance cycle.

# UK Equity Income Unconstrained Fund

## Investment Report (continued)

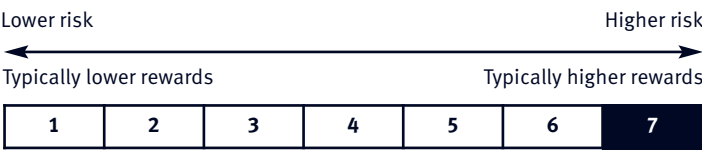
### Outlook

Sentiment towards equities remains fragile, but investors are beginning to recognise the resilience of UK corporate earnings and balance sheets, as well as the attractive dividend yields on offer. We believe that in this uncertain environment successful equity income investing requires a selective approach.

We believe that companies offering sustainable dividend growth are preferable to mature high yield companies that may turn out to be value traps. Our preference is therefore for stocks that offer the prospect of positive earnings momentum, as these are the companies most likely to surprise positively on dividend growth and hence produce the best total returns over time. These stocks will often be small and mid-sized companies, rather than mature slow-growing companies.

Investing in equity income makes sense at this time, but investors must be selective to avoid disappointment.

### Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund’s share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

### Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

## UK Equity Income Unconstrained Fund

### Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	6,403	38.19	16,763,981
	31 October 2011	35,091	37.71	93,062,351
	31 October 2012	60,261	43.28	139,230,958
Institutional accumulation	31 October 2010	1	41.71	2,500
	31 October 2011	76	41.58	183,662
	31 October 2012	100	48.21	207,681
Retail income	31 October 2010	1,562	33.68	4,638,009
	31 October 2011	2,790	31.87	8,753,890
	31 October 2012	4,974	34.95	14,232,111
Institutional income	31 October 2010	47	34.32	137,105
	31 October 2011	12,654	32.89	38,471,082
	31 October 2012	15,368	36.43	42,187,800
Standard Life income	31 October 2010	12,775	35.01	36,485,651
	31 October 2011	12,311	33.74	36,485,651
	31 October 2012	13,757	37.70	36,485,651
Standard Life accumulation	31 October 2010	3,019	40.75	7,409,631
	31 October 2011	3,034	40.95	7,409,631
	31 October 2012	3,546	47.86	7,409,631
Institutional regulated accumulation	31 October 2010	3	39.80	6,534
	31 October 2011	1,654	39.75	4,160,883
	31 October 2012	1,759	46.13	3,814,504
Platform 1 accumulation	31 October 2012	1	57.15	1,200
Platform 1 income	31 October 2012	1	56.09	1,200

# UK Equity Income Unconstrained Fund

## Comparative Tables (continued)

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007*	1.0595	53.48	40.09
	2008	1.5875	42.30	19.55
	2009	1.2070	34.06	19.86
	2010	1.2921	41.47	31.31
	2011	1.6646	44.33	34.02
	2012***	1.8959	44.21	37.16
Institutional accumulation	2007*	1.0726	53.63	40.40
	2008	0.7271	44.44	20.83
	2009	1.3108	36.68	21.23
	2010	1.4172	45.35	33.93
	2011	1.8633	48.73	37.48
	2012***	2.1015	49.21	41.05
Retail income	2007*	1.2060	54.63	40.42
	2008	1.5821	42.65	18.64
	2009	1.1358	31.52	18.93
	2010	1.1698	36.57	28.06
	2011	1.4689	38.45	29.41
	2012***	1.5847	36.55	30.90
Institutional income	2007*	1.0601	53.15	39.52
	2008	1.5906	41.75	18.38
	2009	1.1250	31.39	18.72
	2010	1.1775	37.33	28.49
	2011	1.5070	39.44	30.33
	2012***	1.6424	38.08	32.07
Standard Life income	2007*	1.0553	53.22	39.74
	2008	1.6477	42.03	18.69
	2009	1.1479	32.12	19.08
	2010	1.2040	38.14	28.99
	2011	1.5454	40.47	31.10
	2012***	1.6922	39.40	33.08
Standard Life accumulation	2007*	1.0617	53.70	40.61
	2008	1.7030	42.94	20.15
	2009	1.2478	35.72	20.58
	2010	1.3659	44.39	33.20
	2011	1.8158	47.88	36.90
	2012***	2.0764	48.85	40.48
Institutional regulated accumulation	2007*	1.0663	53.63	40.41
	2008	1.6605	42.70	19.92
	2009	1.2442	35.09	20.30
	2010	1.3464	43.31	32.48
	2011	1.7643	46.57	35.83
	2012***	2.0085	47.10	39.25
Platform 1 accumulation	2012**	1.0642	58.36	49.19
Platform 1 income	2012**	1.0642	58.36	49.19

\* from launch of the fund on 22 February

\*\* from commencement of the share class on 30 May to 31 October

\*\*\* to 31 October

## UK Equity Income Unconstrained Fund

### Ongoing Charges Figure (OCF)

	2012	2011
Retail accumulation	1.91%	1.91%
Institutional accumulation	0.91%	0.91%
Retail income	1.91%	1.91%
Institutional income	0.91%	0.91%
Standard Life income	0.03%	0.03%
Standard Life accumulation	0.11%	0.11%
Institutional regulated accumulation	0.81%	0.81%
Platform 1 accumulation	1.16%	-
Platform 1 income	1.16%	-

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

# UK Equity Income Unconstrained Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
Income:					
Net capital gains/(losses)	1		9,906		(4,361)
Revenue	3	4,103		1,709	
Expenses	4	(1,149)		(378)	
Finance costs: Interest	6	(1)		(1)	
Net revenue before taxation		2,953		1,330	
Taxation	5	0		(1)	
Net revenue after taxation			2,953		1,329
<b>Total return before distributions</b>			12,859		(3,032)
Finance costs: Distributions	6		(4,069)		(1,693)
<b>Change in net assets attributable to shareholders from investment activities</b>			8,790		(4,725)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012 £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		67,610		23,810
Amounts receivable on issue of shares	28,232		54,563	
Less: Amounts payable on cancellation of shares	(7,525)		(7,188)	
		20,707		47,375
Stamp duty reserve tax		(82)		(33)
Change in net assets attributable to shareholders from investment activities (see above)		8,790		(4,725)
Retained distribution on accumulation shares		2,742		1,183
<b>Closing net assets attributable to shareholders</b>		99,767		67,610

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			103,204		65,210
Debtors	7	503		5,783	
Cash and bank balances		28		12	
Total other assets			531		5,795
Total assets			103,735		71,005
<b>Liabilities</b>					
Creditors	8	(3,157)		(2,758)	
Distribution payable on income shares		(811)		(637)	
Total other liabilities			(3,968)		(3,395)
Total liabilities			(3,968)		(3,395)
<b>Net assets attributable to shareholders</b>			99,767		67,610

# UK Equity Income Unconstrained Fund

## Portfolio Statement

as at 31 October 2012

Holding		Bid-market value £'000	Percentage of total net assets
<b>UK Equities (94.51%)</b>		<b>99,403</b>	<b>99.64</b>
<b>Basic Materials (4.52%)</b>		<b>2,013</b>	<b>2.02</b>
60,126	Johnson Matthey	1,352	1.36
96,922	Mondi	661	0.66
<b>Consumer Goods (9.15%)</b>		<b>8,323</b>	<b>8.34</b>
362,598	A.G Barr	1,613	1.62
309,812	Bovis Homes	1,586	1.59
628,246	Devro	2,059	2.06
865,286	GKN	1,795	1.80
175,043	Tate & Lyle	1,270	1.27
<b>Consumer Services (13.83%)</b>		<b>21,255</b>	<b>21.30</b>
1,298,333	Cineworld	3,145	3.15
209,647	Compass	1,425	1.43
382,169	EasyJet	2,387	2.39
306,910	Inchcape	1,233	1.24
1,003,784	Ladbroke's	1,798	1.80
1,158,667	M&C Saatchi	2,149	2.15
1,230,425	Marston's	1,507	1.51
947,238	Moneysupermarket.com	1,268	1.27
598,680	Restaurant	2,243	2.25
796,119	Stagecoach	2,184	2.19
81,548	Whitbread	1,916	1.92
<b>Financials (24.25%)</b>		<b>35,192</b>	<b>35.28</b>
572,520	Aberdeen Asset Management	1,857	1.86
770,005	Barclays	1,751	1.75
698,800	Chesnara	1,307	1.31
271,680	Close Brothers	2,297	2.30
128,736	Direct Line Insurance	250	0.25
2,579,034	F&C Asset Management	2,552	2.56
1,327,474	Hansteen	986	0.99
727,314	Hiscox	3,493	3.50
193,110	HSBC	1,175	1.18
389,532	IG	1,696	1.70
530,675	International Personal Finance	1,841	1.85
318,989	Jardine Lloyd Thompson	2,370	2.38
150,265	Lancashire	1,296	1.30
1,980,692	Legal & General	2,652	2.66
146,956	Phoenix	726	0.73
120,369	Provident Financial	1,650	1.65
2,076,455	RSA Insurance	2,330	2.34
936,839	Segro	2,225	2.23
107,355	Standard Chartered	1,571	1.57
427,180	Tullett Prebon	1,167	1.17
<b>Healthcare (1.16%)</b>		<b>973</b>	<b>0.98</b>
148,713	Smith & Nephew	973	0.98
<b>Industrials (21.59%)</b>		<b>19,254</b>	<b>19.30</b>
257,398	Ashtead	960	0.96
384,664	Bodycote	1,451	1.46
94,322	De La Rue	998	1.00
178,854	Galliford Try	1,320	1.32
946,548	Howden Joinery	1,608	1.61

# UK Equity Income Unconstrained Fund

## Portfolio Statement (continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Industrials (continued)</b>			
55,300	Kier	712	0.71
796,224	Lupus Capital	1,369	1.37
492,991	Melrose	1,188	1.19
279,740	Rolls-Royce	2,389	2.40
21,260,240	Rolls-Royce "C"	-	-
860,929	Senior	1,675	1.68
1,000,566	Smith (DS)	2,134	2.14
69,343	Spectris	1,198	1.20
1,055,726	St Ives	1,079	1.08
487,283	Staffline	1,173	1.18
<b>Oil &amp; Gas (11.06%)</b>		<b>7,053</b>	<b>7.07</b>
353,585	BP	1,567	1.57
454,643	Kentz	1,870	1.88
156,335	Petrofac	2,506	2.51
50,694	Royal Dutch Shell "B"	1,110	1.11
<b>Technology (3.61%)</b>		-	-
<b>Telecommunications (4.25%)</b>		<b>5,340</b>	<b>5.35</b>
1,413,635	BT	3,003	3.01
412,888	Inmarsat	2,337	2.34
<b>Utilities (1.09%)</b>		-	-
<b>Collective Investment Schemes (1.94%)</b>		<b>3,801</b>	<b>3.81</b>
3,801,092	Standard Life Investments GBP VNAV Liquidity Fund	3,801	3.81
Total investment assets		103,204	103.45
Net other liabilities		(3,437)	(3.45)
<b>Total Net Assets</b>		<b>99,767</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges and are "approved securities" or "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2011.

# UK Equity Income Unconstrained Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains/(Losses)</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	9,907	(4,356)
Non-derivative securities currency gains/(losses)	1	(3)
Handling charges taken from the capital account	(2)	(2)
Net capital gains/(losses)	<u>9,906</u>	<u>(4,361)</u>
<b>2 Purchases, Sales and Transaction Costs</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Purchases in year before transaction costs	93,016	71,493
Commissions	131	96
Taxes	462	314
Total purchase transaction costs	<u>593</u>	<u>410</u>
Purchases including transaction costs	<u>93,609</u>	<u>71,903</u>
Gross sales before transaction costs	68,119	26,996
Commissions	(107)	(37)
Total sales net of transaction costs	<u>68,012</u>	<u>26,959</u>
Transaction handling charges*	<u>2</u>	<u>2</u>
*These amounts have been deducted in determining net capital gains/(losses).		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
UK dividends	3,458	1,426
Overseas dividends	485	215
Scrip dividends	84	44
Property income distributions	54	17
Bank interest	16	7
Underwriting commission	6	0
Total revenue	<u>4,103</u>	<u>1,709</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge taken from the capital account	1,071	344
Registration fees taken from the capital account	57	21
	<u>1,128</u>	<u>365</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	13	6
Safe custody fees	2	1
	<u>15</u>	<u>7</u>
<b>Other expenses:</b>		
Audit fee	6	6
Total expenses	<u>1,149</u>	<u>378</u>

# UK Equity Income Unconstrained Fund

## Notes to the Financial Statements (continued)

5	Taxation	2012 £'000	2011 £'000
(a)	<b>Analysis of charge in the year</b>		
	Overseas withholding tax	0	1
	Total taxation	0	1
(b)	<b>Factors affecting current tax charge for year</b>		
	The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
	Net revenue before taxation	2,953	1,330
	Corporation tax at 20% (2011: 20%)	591	266
	Effects of:		
	UK dividends	(692)	(285)
	Scrip dividends	(17)	(9)
	Non taxable overseas dividends	(97)	(43)
	Overseas withholding tax	0	1
	Excess management expenses	214	72
	Revenue taxable in different years	1	(1)
	Current tax charge (Note 5(a))	0	1

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

**(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £355,000 (2011: £141,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

6	Finance Costs	2012 £'000	2011 £'000
	<b>Distributions and interest</b>		
(a)	The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:		
	Interim distribution	1,913	644
	Final distribution	2,344	1,514
		4,257	2,158
	Add: Income deducted on cancellation of shares	93	118
	Deduct: Income received on issue of shares	(281)	(583)
	Net distribution for the year	4,069	1,693
	Interest	1	1
	Total finance costs	4,070	1,694

Details of the distribution per share are set out in the distributions tables on pages 162 to 163.

(b)	<b>Difference between net revenue and distribution</b>		
	Net revenue after taxation for the year	2,953	1,329
	Add: ACD periodic charge taken from the capital account	1,071	344
	Add: Registration fees taken from the capital account	57	21
	Deduct: Marginal tax benefit	(12)	(1)
	Net distribution for the year	4,069	1,693

# UK Equity Income Unconstrained Fund

## Notes to the Financial Statements (continued)

<b>7 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	31	5,088
Sales awaiting settlement	0	434
Accrued revenue	472	260
Withholding tax recoverable	0	1
Total debtors	<u>503</u>	<u>5,783</u>

<b>8 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	118	203
Purchases awaiting settlement	2,914	2,487
Accrued expenses payable to the ACD	117	61
Accrued expenses payable to the Depositary	2	1
Other accrued expenses	6	6
Total creditors	<u>3,157</u>	<u>2,758</u>

### 9 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 8.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the period end in note 8.

The Fund holds shares in Standard Life Investments GBP VNAV Liquidity Fund as detailed in the portfolio statement.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	23,391	24,386
Purchase of shares by Fund	4,323	220
The percentage value of the Fund held by Standard Life group companies is:	66.3%	58.1%

# UK Equity Income Unconstrained Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

The Fund currently has nine share classes: Retail accumulation, Institutional accumulation, Retail income, Institutional income, Standard Life income, Standard Life accumulation Institutional regulated accumulation, Platform 1 accumulation and Platform 1 income.

The ACD periodic charge on each share class is as follows:-

	2012	2011
Retail accumulation	1.80%	1.80%
Institutional accumulation	0.80%	0.80%
Retail income	1.80%	1.80%
Institutional income	0.80%	0.80%
Standard Life income	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.70%	0.70%
Platform 1 accumulation	1.00%	-
Platform 1 income	1.00%	-

The initial charge on each share class is as follows:-

Retail accumulation	4.00%	4.00%
Institutional accumulation	0.00%	0.00%
Retail income	4.00%	4.00%
Institutional income	0.00%	0.00%
Standard Life income	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.00%	0.00%
Platform 1 accumulation	0.00%	-
Platform 1 income	0.00%	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 151.

The distribution per share class is given in the distribution table on pages 162 to 163. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 15.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2012	2011
	£'000	£'000
US Dollar	11	0

#### Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
<b>2012</b>			
<b>Currency</b>			
Sterling	3,829	99,403	103,232
<b>2011</b>			
<b>Currency</b>			
Sterling	1,324	63,898	65,222

Floating rate interest was earned at rates based on LIBOR.

# UK Equity Income Unconstrained Fund

## Distribution Tables

for the six months ended 30 April 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 30 April 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.8855	-	0.8855*	0.8370
Group 2	0.5016	0.3839	0.8855*	0.8370
<b>Institutional accumulation</b>				
Group 1	0.9790	-	0.9790*	0.9223
Group 2	-	-	-	-
<b>Retail income</b>				
Group 1	0.7492	-	0.7492**	0.7365
Group 2	0.3390	0.4102	0.7492**	0.7365
<b>Institutional income</b>				
Group 1	0.7745	-	0.7745**	0.7526
Group 2	0.4058	0.3687	0.7745**	0.7526
<b>Standard Life income</b>				
Group 1	0.7971	-	0.7971**	0.7700
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	0.9662	-	0.9662*	0.8980
Group 2	-	-	-	-
<b>Institutional regulated accumulation</b>				
Group 1	0.9362	-	0.9362*	0.8781
Group 2	0.3871	0.5491	0.9362*	0.8781

\*Distribution accumulated on 30 April 2012

\*\*Distribution paid on 30 June 2012

# UK Equity Income Unconstrained Fund

## Distribution Tables (continued)

for the six month ended 31 October 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 May 2012

Group 2 - shares purchased between 1 May 2012 and 31 October 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution payable 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	1.0104	-	1.0104*	0.8276
Group 2	0.6284	0.3820	1.0104*	0.8276
<b>Institutional accumulation</b>				
Group 1	1.1225	-	1.1225*	0.9410
Group 2	0.5168	0.6057	1.1225*	0.9410
<b>Retail income</b>				
Group 1	0.8355	-	0.8355**	0.7324
Group 2	0.4336	0.4019	0.8355**	0.7324
<b>Institutional income</b>				
Group 1	0.8679	-	0.8679**	0.7544
Group 2	0.5426	0.3253	0.8679**	0.7544
<b>Standard Life income</b>				
Group 1	0.8951	-	0.8951**	0.7754
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	1.1102	-	1.1102*	0.9178
Group 2	-	-	-	-
<b>Institutional regulated accumulation</b>				
Group 1	1.0723	-	1.0723*	0.8862
Group 2	0.6247	0.4476	1.0723*	0.8862
<b>Platform 1 accumulation</b>				
Group 1	1.0642	-	1.0642*	-
Group 2	-	-	-	-
<b>Platform 1 income</b>				
Group 1	1.0642	-	1.0642**	-
Group 2	-	-	-	-

\*Distribution accumulated on 31 October 2012

\*\* Distribution payable on 28 February 2013

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	100.00%
Treat as unfranked investment income*	0.00%	0.00%

\*After deduction of income tax at the lower rate. This amount is liable to corporation tax.

# UK Equity Unconstrained Fund

## Investment Report

**Fund Manager:** Ed Legget

**Launched:** 29 September 2005

**Benchmark:** IMA UK All Companies Sector

## Investment objective

The investment objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

## Investment policy

The investment policy of the Fund is to invest primarily in equities and equity type investments of UK companies or companies which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. "UK companies" will include companies incorporated in the UK or companies listed on a UK stock exchange which may not be incorporated in the UK or have the majority of their economic activity in the UK. Additionally, from time to time, the Fund may invest in other forms of transferable securities, deposits, money market instruments and collective investment schemes in accordance with the FSA rules. The Fund will not be restricted by index weightings, sector constraints or company size.

## Risk

The concentrated nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets and should therefore have an investment horizon of at least five years.

## Performance

Over the year to the 31 October 2012, the Fund returned 18.72%, while the average return of the IMA UK All Companies Sector was 9.76% (source: Morningstar).

Key positive contributors to relative returns included packaging company DS Smith. It outperformed after issuing an upbeat progress report on its acquisition of SCA's packaging assets. Our exposure to home credit business International Personal Finance was also helpful as it issued good interim results and announced a share buyback. Holdings in UK banks Lloyds Banking and Barclays were further positives, with the shares rebounding from very oversold levels on the back of more positive results.

On the downside, Fund performance suffered as a result of our overweight position in speciality chemicals producer Yule Catto. It suffered as a result of concerns about softer demand and consequent weaker pricing for nitrile rubber, where it is the market leader. We regard such concerns as overdone and added to our holding over the period. Other key detractors included video search engine developer Blinkx. Its shares underperformed following a poorly received deal and associated capital-raising. Also negative was our exposure to several mining stocks, including Rio Tinto, Vedanta Resources and Xstrata, which were all hit by signs of weakening demand from China for a range of commodity metals.

## Investment activity

During the period under review, we increased the Fund's exposure to investment broker Hargreaves Lansdown. It reported strong results and appears well-positioned to cope with the industry changes resulting from implementation of the retail distribution review (RDR) in December 2012. Other notable purchases included establishing a new holding in platinum and speciality chemicals producer Johnston Matthey, which is the world's largest supplier of vehicle catalytic converter, following its addition on our UK equity team's 'Winners List'. The shares have underperformed on concerns that weakening demand for heavy duty trucks and diesel cars in Europe could see its catalytic converter business come under pressure. We believe these concerns are now reflected in the share price, but do not believe that the medium-term trend of ever tightening emissions legislation, and in turn more complex catalytic converters, is fully appreciated by the wider market.

We took profits on some of our industrial holdings following a rally in their shares over the period on the back of news of further economic stimulus initiatives. This has the potential to be positive for the sector in time, however in the near term the strength of sterling, combined with current weakness in many European and emerging market economies, is likely to put earnings forecasts under pressure. We consequently took profits on several industrial names, including Cookson, GKN, Weir and Spectris. We also took some profits in the financials sector towards the end of the review period by selling some of our shares in Barclays, Lloyds Banking and also in insurance group Prudential following sharp upwards moves in the shares.

# UK Equity Unconstrained Fund

## Investment Report (continued)

### Outlook

Recent months have seen a continued improvement in risk appetite as initiatives on the part of the European Central Bank (ECB) and the US Federal Reserve have led to a re-evaluation of the tail risk of a disorderly Euro-zone break-up. We are now looking for evidence that this improvement in confidence among investors is starting to feed through into the broader economy. In the short term, the market appears to be in the “glass half full” camp, with shareholders willing to look through an indifferent results season to the prospect of a more positive economic backdrop going into 2013.

We have used the broad based re-rating of the market as an opportunity to take profits in holdings that have bounced from heavily oversold positions, as well as holdings where the share price performance has been more positive than the performance of the underlying business. In the near term, we expect a pause in the upward trajectory of the market as investors digest the latest earnings results and wait for evidence that the stimulus measures announced by central banks are starting to feed through to the broader economy.

### Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

### Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

## UK Equity Unconstrained Fund

### Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	67,647	108.20	62,520,408
	31 October 2011	159,768	104.55	152,811,017
	31 October 2012	177,852	129.85	136,971,347
Institutional accumulation	31 October 2010	57,000	113.68	50,138,432
	31 October 2011	84,286	110.92	75,988,558
	31 October 2012	128,865	139.15	92,610,100
Standard Life income	31 October 2010	11,612	84.07	13,811,792
	31 October 2011	10,167	80.94	12,560,762
	31 October 2012	10,876	99.74	10,904,406
Standard Life accumulation	31 October 2010	1	118.30	1,000
	31 October 2011	1	116.40	1,000
	31 October 2012	1	147.22	1,000
Institutional regulated accumulation	31 October 2010	3	115.57	3,000
	31 October 2011	1	112.91	1,000
	31 October 2012	1	142.54	1,000
Standard Life A accumulation	31 October 2010	121,723	71.13	171,118,533
	31 October 2011	137,414	70.01	196,266,682
	31 October 2012	175,859	88.60	198,481,544
Platform 1 accumulation	31 October 2012	1	60.01	1,200

# UK Equity Unconstrained Fund

## Comparative Tables (continued)

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007	0.2585	90.61	71.84
	2008	0.8344	81.25	36.82
	2009	0.5922	94.52	37.61
	2010	0.1853	124.6	82.33
	2011	0.4643	135.2	88.79
	2012***	1.2109	132.6	98.55
Institutional accumulation	2007	0.9369	91.98	73.33
	2008	1.5829	83.28	37.94
	2009	1.2200	98.29	38.87
	2010	1.1528	131.2	86.22
	2011	1.5857	143.0	94.12
	2012***	2.4879	142.0	104.8
Standard Life income	2007	1.3818	72.70	57.62
	2008	1.7366	65.86	28.82
	2009	1.3288	74.24	29.60
	2010	1.5128	97.12	64.15
	2011	1.9720	105.5	69.62
	2012***	2.5793	103.2	76.55
Standard Life accumulation	2007	1.5353	92.98	74.45
	2008	2.2475	84.87	38.84
	2009	1.7965	101.5	39.89
	2010	2.0649	136.7	89.48
	2011	2.7498	149.6	98.72
	2012***	3.6555	150.2	110.1
Institutional regulated accumulation	2007	1.2267	92.38	73.79
	2008	1.8423	83.93	38.31
	2009	1.4622	99.59	39.30
	2010	1.5200	133.4	87.56
	2011	1.8591	145.7	96.00
	2012***	3.0475	145.4	107.0
Standard Life A accumulation	2007*	0.0669	53.96	44.73
	2008	1.3584	51.71	23.65
	2009	1.0847	60.96	23.98
	2010	1.2616	82.18	53.80
	2011	1.6758	89.97	59.38
	2012***	2.2466	90.37	66.21
Platform 1 accumulation	2012**	0.3727	61.23	47.96

\* from commencement of the share class on 13 September

\*\* from commencement of the share class on 30 May to 31 October

\*\*\* to 31 October

## Ongoing Charges Figure (OCF)

	2012	2011
Retail accumulation	1.90%	1.90%
Institutional accumulation	0.90%	0.90%
Standard Life income	0.02%	0.02%
Standard Life accumulation	0.10%	0.10%
Institutional regulated accumulation	0.55%	0.55%
Standard Life A accumulation	0.02%	0.02%
Platform 1 accumulation	1.15%	-

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

# UK Equity Unconstrained Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
Income:					
Net capital gains/(losses)	1		87,847		(34,306)
Revenue	3	12,505		8,428	
Expenses	4	(3,955)		(3,221)	
Finance costs: Interest	6	(18)		(18)	
Net revenue before taxation		8,532		5,189	
Taxation	5	(6)		(50)	
Net revenue after taxation			8,526		5,139
<b>Total return before distributions</b>			96,373		(29,167)
Finance costs: Distributions	6		(8,526)		(5,139)
<b>Change in net assets attributable to shareholders from investment activities</b>			87,847		(34,306)

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012 £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		391,637		257,986
Amounts receivable on issue of shares	90,870		216,136	
Less: Amounts payable on cancellation of shares	(84,837)		(52,857)	
		6,033		163,279
Stamp duty reserve tax		(438)		(366)
Change in net assets attributable to shareholders from investment activities (see above)		87,847		(34,306)
Retained distribution on accumulation shares		8,376		5,044
<b>Closing net assets attributable to shareholders</b>		493,455		391,637

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012 £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			491,128		389,852
Debtors	7	6,286		7,232	
Cash and bank balances		0		7	
Total other assets			6,286		7,239
Total assets			497,414		397,091
<b>Liabilities</b>					
Creditors	8	(3,441)		(5,309)	
Bank overdrafts		(367)		0	
Distribution payable on income shares		(151)		(145)	
Total other liabilities			(3,959)		(5,454)
Total liabilities			(3,959)		(5,454)
<b>Net assets attributable to shareholders</b>			493,455		391,637

# UK Equity Unconstrained Fund

## Portfolio Statement

as at 31 October 2012

Holding		Bid-market value £'000	Percentage of total net assets
<b>UK Equities (97.51%)</b>		<b>491,120</b>	<b>99.53</b>
<b>Basic Materials (14.20%)</b>		<b>46,015</b>	<b>9.33</b>
281,450	1st Quantum Minerals	3,898	0.79
221,280	Johnson Matthey	4,974	1.01
1,521,204	Vedanta Resources	17,235	3.49
606,693	Xstrata	5,940	1.21
9,508,408	Yule Catto	13,968	2.83
<b>Consumer Goods (7.72%)</b>		<b>51,733</b>	<b>10.48</b>
334,977	ASOS*	7,550	1.53
7,757,327	GKN	16,097	3.26
2,814,374	Inchcape	11,311	2.29
34,788,592	Pendragon	4,783	0.97
19,642,221	Taylor Wimpey	11,992	2.43
<b>Consumer Services (3.98%)</b>		<b>38,794</b>	<b>7.86</b>
2,308,426	easyJet	14,416	2.92
11,381,527	Enterprise Inns	8,252	1.67
1,601,900	Informa	6,409	1.30
1,390,055	UBM	9,717	1.97
<b>Financials (18.07%)</b>		<b>110,981</b>	<b>22.49</b>
5,745,670	Aurora Russia*	1,530	0.31
8,248,129	Barclays	18,760	3.80
19,475,296	Capital & Regional	4,625	0.94
3,446,013	Grainger	3,801	0.77
1,894,080	Hargreaves Lansdown	13,969	2.83
7,071,509	International Personal Finance	24,531	4.97
400,993	Lancashire	3,458	0.70
5,530,419	Legal & General	7,405	1.50
47,884,727	Lloyds Banking	19,427	3.94
898,954	Phoenix	4,443	0.90
293,470	Prudential	2,489	0.50
5,831,432	RSA Insurance	6,543	1.33
<b>Industrials (43.31%)</b>		<b>187,838</b>	<b>38.07</b>
4,846,806	Bodycote	18,282	3.70
2,485,323	Carillion	7,647	1.55
684,617	Cookson	3,985	0.81
11,819,829	DS Smith	25,212	5.11
1,988,977	Fenner	7,176	1.45
2,216,550	Fiberweb	1,457	0.30
1,970,400	Galliford Try	14,542	2.95
10,538,923	Howden Joinery	17,906	3.63
1,007,731	IMI	9,614	1.95
2,413,529	Interserve	9,410	1.91
9,389,700	Lupus Capital*	16,139	3.27
1,397,816	Morgan Crucible	3,521	0.71
3,525,206	Northgate	8,919	1.81
391,831	Renishaw	6,908	1.40
678,221	Spectris	11,713	2.37
5,252,247	St Ives	5,370	1.09
1,993,165	Sthree	5,979	1.21
578,251	Weir	10,067	2.04
5,912,815	Wincanton	3,991	0.81

# UK Equity Unconstrained Fund

## Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Oil &amp; Gas (4.57%)</b>	<b>30,716</b>	<b>6.22</b>
12,129,921 Afren	16,691	3.38
887,090 Ophir Energy	4,914	0.99
649,406 Tullow Oil	9,111	1.85
<b>Technology (3.10%)</b>	<b>14,590</b>	<b>2.96</b>
5,521,013 Blinkx*	3,934	0.80
2,904,374 Computacenter	10,656	2.16
<b>Telecommunications (2.56%)</b>	<b>10,453</b>	<b>2.12</b>
4,921,351 BT	10,453	2.12
<b>Collective Investment Scheme (2.03%)</b>	<b>8</b>	<b>0.00</b>
7,662 Standard Life Investments GBP VNAV Liquidity Fund	8	0.00
Total investment assets	491,128	99.53
Net other assets	2,327	0.47
<b>Total Net Assets</b>	<b>493,455</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges and are “approved securities” or “regulated collective investment schemes” within the meaning of the FSA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2011.

\* AIM listed

# UK Equity Unconstrained Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains/(Losses)</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	87,85	(34,297)
Non-derivative securities currency losses	(6)	(7)
Handling charges taken from the capital account	(2)	(2)
Net capital gains/(losses)	<u>87,847</u>	<u>(34,306)</u>
<b>2 Purchases, Sales and Transaction Costs</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Purchases in year before transaction costs	<u>251,015</u>	<u>304,659</u>
Commissions	370	381
Taxes	<u>1,203</u>	<u>1,355</u>
Total purchase transaction costs	<u>1,573</u>	<u>1,736</u>
Purchases including transaction costs	<u>252,588</u>	<u>306,395</u>
Gross sales before transaction costs	<u>231,571</u>	<u>147,736</u>
Commissions	<u>(346)</u>	<u>(194)</u>
Total sale transaction costs	<u>(346)</u>	<u>(194)</u>
Total sales net of transaction costs	<u>231,225</u>	<u>147,542</u>
Transaction handling charges*	<u>2</u>	<u>2</u>
*These amounts have been deducted in determining net capital gains/(losses).		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
UK dividends	11,296	7,688
Overseas dividends	980	693
Scrip dividends	90	11
Bank interest	24	17
Underwriting commission	115	19
Total revenue	<u>12,505</u>	<u>8,428</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	3,668	2,980
Registration fees	208	171
	<u>3,876</u>	<u>3,151</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	62	55
Safe custody fees	11	9
	<u>73</u>	<u>64</u>
<b>Other expenses:</b>		
Audit fee	6	6
Total expenses	<u>3,955</u>	<u>3,221</u>

# UK Equity Unconstrained Fund

## Notes to the Financial Statements (continued)

5	Taxation	2012 £'000	2011 £'000
(a)	<b>Analysis of charge in the year</b>		
	Overseas withholding tax	6	50
	Total taxation	6	50
(b)	<b>Factors affecting current tax charge for year</b>		
	The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
	Net revenue before taxation	8,532	5,189
	Corporation tax at 20% (2011: 20%)	1,706	1,038
	Effects of:		
	UK dividends	(2,259)	(1,538)
	Scrip dividends	(18)	(2)
	Non taxable overseas dividends	(196)	(139)
	Overseas withholding tax	6	50
	Excess management expenses	767	641
	Current tax charge (Note 5(a))	6	50

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

**(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,214,000 (2011: £1,447,000) due to surplus Management expenses.

It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

6	Finance Costs	2012 £'000	2011 £'000
	<b>Distributions and interest</b>		
	The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:		
	Interim distribution	3,907	1,847
	Final distribution	4,770	3,451
		8,677	5,298
	Add: Income deducted on cancellation of shares	272	254
	Deduct: Income received on issue of shares	(423)	(413)
	Net distribution for the year	8,526	5,139
	Interest	18	18
	Total finance costs	8,544	5,157

Details of the distribution per share are set out in the distribution tables on page 201.

7	Debtors	2012 £'000	2011 £'000
	Amounts receivable from the ACD for issue of shares	281	4,445
	Sales awaiting settlement	4,301	1,921
	Accrued revenue	1,645	807
	Withholding tax recoverable	59	59
	Total debtors	6,286	7,232

# UK Equity Unconstrained Fund

## Notes to the Financial Statements (continued)

<b>8 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	1,136	115
Purchases awaiting settlement	1,917	4,887
Accrued expenses payable to the ACD	374	295
Accrued expenses payable to the Depositary	8	6
Other accrued expenses	6	6
Total creditors	<u>3,441</u>	<u>5,309</u>

## 9 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 8.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the period end in note 8.

The Fund holds shares in the Standard Life Investments GBP VNAV Liquidity Fund as detailed in the Portfolio Statement.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	11,267	23,125
Purchase of shares by Fund	4,033	1,523
The percentage value of the Fund held by Standard Life group companies is:	40.1%	38.3%

## 10 Shareholder Funds

The Fund currently has seven share classes: Retail accumulation, Institutional accumulation, Standard Life income, Standard Life accumulation, Institutional regulated accumulation, Standard Life A accumulation and Platform 1 accumulation.

The ACD periodic charge on each share class is as follows:-

	<b>2012</b>	<b>2011</b>
Retail accumulation	1.80%	1.80%
Institutional accumulation	0.80%	0.80%
Standard Life income	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.45%	0.45%
Standard Life A accumulation	0.00%	0.00%
Platform 1 accumulation	1.00%	-

The initial charge on each share class is as follows:-

Retail accumulation	4.00%	4.00%
Institutional accumulation	7.50%	7.50%
Standard Life income	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Institutional regulated accumulation	0.00%	0.00%
Standard Life A accumulation	0.00%	0.00%
Platform 1 accumulation	0.00%	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 166.

The distribution per share class is given in the distribution table on page 175 and 176. All classes have the same rights on winding up.

# UK Equity Unconstrained Fund

## Notes to the Financial Statements (continued)

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 14.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2012	2011
	£'000	£'000
US Dollar	59	59

#### Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the Fund's financial assets and liabilities is:

2012	Floating rate financial assets/(liabilities)	Financial assets not carrying interest	Total
Currency	£'000	£'000	£'000
Sterling	(359)	491,120	490,761
2011			
Currency			
Sterling	7,957	381,902	389,859

Floating rate interest was earned at rates based on LIBOR.

# UK Equity Unconstrained Fund

## Distribution Tables

for the six months ended 30 April 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 30 April 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.5167	-	0.5167*	0.0750
Group 2	0.3751	0.1416	0.5167*	0.0750
<b>Institutional accumulation</b>				
Group 1	1.1256	-	1.1256*	0.5602
Group 2	0.6369	0.4887	1.1256*	0.5602
<b>Standard Life income</b>				
Group 1	1.1958	-	1.1958**	0.8173
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	1.6480	-	1.6480*	1.1307
Group 2	-	-	-	-
<b>Institutional regulated accumulation</b>				
Group 1	1.4300	-	1.4300*	0.7790
Group 2	-	-	-	-
<b>Standard Life A accumulation</b>				
Group 1	1.0343	-	1.0343*	0.6915
Group 2	0.6138	0.4205	1.0343*	0.6915

\*Distribution accumulated on 30 April 2012

\*\*Distribution paid on 30 June 2012

for the six months ended 31 October 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 May 2012

Group 2 - shares purchased between 1 May 2012 and 31 October 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution payable 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.6942	-	0.6942*	0.3893
Group 2	0.3512	0.3430	0.6942*	0.3893
<b>Institutional accumulation</b>				
Group 1	1.3623	-	1.3623*	1.0255
Group 2	0.3634	0.9989	1.3623*	1.0255
<b>Standard Life income</b>				
Group 1	1.3835	-	1.3835**	1.1547
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	2.0075	-	2.0075*	1.6191
Group 2	-	-	-	-
<b>Institutional regulated accumulation</b>				
Group 1	1.6175	-	1.6175*	1.0801
Group 2	-	-	-	-
<b>Standard Life A accumulation</b>				
Group 1	1.2123	-	1.2123*	0.9843
Group 2	0.6785	0.5338	1.2123*	0.9843
<b>Platform 1 accumulation</b>				
Group 1	0.3727	-	0.3727*	-
Group 2	-	-	-	-

\*Distribution accumulated on 31 October 2012

\*\*Distribution payable on 28 February 2013

## UK Equity Unconstrained Fund

### Treatment by Corporate Shareholders

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	<b>Interim Dividend Distribution</b>	<b>Final Dividend Distribution</b>
Treat as a UK corporate dividend	100.00%	100.00%
Treat as unfranked investment income*	0.00%	0.00%

\*After deduction of income tax at the lower rate. This amount is liable to corporation tax.

# UK Gilt Index Tracker Fund

## Investment Report

**Fund Manager:** David Kirkpatrick

**Launched:** 11 April 2005

**Benchmark** - FTSE UK Gilts All Stocks Index

## Investment objective

The investment objective of the Fund is to achieve a return in line with the total return of the FTSE UK Gilts All Stocks Index.

## Investment policy

The Fund invests primarily in stocks included in the FTSE UK Gilts All Stocks Index. It may also invest in stocks outside this index, appropriate index futures contracts or exchange-traded funds. Additionally, from time to time the Fund may invest in other forms of derivatives and forwards transactions, other forms of transferable securities, deposits, money market instruments and Collective Investment Schemes in accordance with the FSA rules.

The Fund is intended for investors wanting to achieve exposure to index performance in the UK government bond market.

## Risk

Up to 100% of the scheme property of the Fund may be invested in transferable securities which are warrants. If more than 5% of the scheme property of the Fund is invested in warrants the net asset value of the Fund may, at times, be highly volatile. Call options are not deemed to be warrants for the purposes of this 5% restriction.

## Performance

The Fund returned 5.42% over the period 1 November 2011 to 26 June 2012, compared to the FTSE British All Stocks Index return of 6.41%. Please note Fund return is net of charges, while index return is gross (Fund return source: Morningstar and index return source: Thomson Reuters Datastream).

All the shares in this Fund were redeemed and cancelled on 26 June 2012. The Fund will formally terminate at a later date after all residual assets and liabilities are settled.

The Fund is not open to new investors.

# UK Gilt Index Tracker Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	4,429	61.30	7,225,581
	31 October 2011	915	66.40	1,379,172
	31 October 2012	0	0.00	0
Institutional accumulation	31 October 2010	1	64.19	1,000
	31 October 2011	1	69.46	1,000
	31 October 2012	0	0.00	0
Standard Life accumulation	31 October 2010	1	65.32	1,000
	31 October 2011	1	71.00	1,000
	31 October 2012	0	0.00	0
Standard Life B accumulation	31 October 2010	12,463	60.97	20,440,430
	31 October 2011	18,094	66.87	27,057,771
	31 October 2012	0	0.00	0
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007	1.3933	53.69	50.00
	2008	1.2610	59.38	51.57
	2009	1.1368	60.06	55.99
	2010	1.0636	62.52	56.81
	2011	0.9121	68.86	58.58
	2012**	0.3752	70.63	66.23
Institutional accumulation	2007	2.0132	54.95	50.96
	2008	1.8000	61.34	53.02
	2009	1.6844	62.27	57.87
	2010	1.5656	65.42	59.23
	2011	1.2408	72.78	61.53
	2012**	0.5488	74.80	70.00
Standard Life accumulation	2007*	1.0580	55.37	51.26
	2008	2.0292	62.05	53.51
	2009	1.9520	63.19	58.55
	2010	1.8728	66.62	60.20
	2011	1.6104	74.45	62.61
	2012**	0.7320	76.63	71.66
Standard Life B accumulation	2007*	0.2562	51.63	49.55
	2008	1.8583	57.82	49.88
	2009	1.8802	58.94	54.57
	2010	1.8233	62.25	56.18
	2011	1.7235	69.50	58.46
	2012**	0.8227	71.69	67.04

\* from commencement of the share class on 24 September

\*\* to 26 June

## Ongoing Charges Figure (OCF)

	2012*	2011
Retail accumulation	1.63%	1.64%
Institutional accumulation	0.63%	0.64%
Standard Life accumulation	0.13%	0.14%
Standard Life B accumulation	0.00%	0.00%

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of the UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

\*As the shares on the Fund were redeemed and cancelled on 26 June 2012, the OCF's have been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period.

# UK Gilt Index Tracker Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
Income:					
Net capital gains		1		954	1,065
Revenue		3	413		565
Expenses	4	(10)		(30)	
Finance costs: Interest	6	0		(1)	
Net revenue before taxation		403		534	
Taxation	5	0		0	
Net revenue after taxation			403		534
<b>Total return before distributions</b>			1,357		1,599
Finance costs: Distributions	6		(403)		(534)
<b>Change in net assets attributable to shareholders from investment activities</b>			954		1,065

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012* £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		19,011		16,894
Amounts receivable on issue of shares	3,251		6,554	
Less: Amounts payable on cancellation of shares	(23,474)		(5,929)	
		(20,223)		625
Change in net assets attributable to shareholders from investment activities (see above)		954		1,065
Retained distribution on accumulation shares		258		427
<b>Closing net assets attributable to shareholders</b>		0		19,011

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			0		18,796
Debtors	7	3		215	
Cash and bank balances		6		58	
Total other assets			9		273
Total assets			9		19,069
<b>Liabilities</b>					
Creditors		(9)		(58)	
Total other liabilities	8		(9)		(58)
Total liabilities			(9)		(58)
<b>Net assets attributable to shareholders</b>			0		19,011

\* All shares were redeemed and cancelled on 26 June 2012.

## UK Gilt Index Tracker Fund

### Portfolio Statement

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>UK Gilts (98.87%)</b>	<b>0</b>	<b>0.00</b>
<b>Less than 5 years to maturity (33.68%)</b>	<b>0</b>	<b>0.00</b>
<b>Between 5 and 10 years to maturity (22.97%)</b>	<b>0</b>	<b>0.00</b>
<b>Between 10 and 15 years to maturity (6.09%)</b>	<b>0</b>	<b>0.00</b>
<b>Greater than 15 years to maturity (36.13%)</b>	<b>0</b>	<b>0.00</b>
Total investment assets	0	0.00
Net other assets	0	0.00
<b>Total Net Assets</b>	<b>0</b>	<b>0.00</b>

The percentage figures in brackets show the comparative holding as at 31 October 2011.

# UK Gilt Index Tracker Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	954	1,065
Net capital gains	<u>954</u>	<u>1,065</u>
<b>2 Purchases, Sales and Transaction Costs</b>		
There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Interest on debt securities	413	565
Total revenue	<u>413</u>	<u>565</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	9	27
Registration fees	<u>1</u>	<u>2</u>
	<u>10</u>	<u>29</u>
<b>Other Expenses:</b>		
Audit fee*	<u>0</u>	<u>1</u>
	<u>0</u>	<u>1</u>
Total expenses	<u>10</u>	<u>30</u>
*The total audit fee for 2012 is £1,466 (2011: £6,049). A reduced amount is shown due to a rebate from the ACD.		
<b>5 Taxation</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>(a) Analysis of charge in the year</b>		
Total taxation	<u>0</u>	<u>0</u>
<b>(b) Factors affecting current tax charge for year</b>		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	403	534
Corporation tax at 20% (2011: 20%)	<u>81</u>	<u>107</u>
Effects of:		
Interest distributions	<u>(81)</u>	<u>(107)</u>
Current tax charge (Note 5(a))	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

# UK Gilt Index Tracker Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2012</b>	<b>2011</b>
<b>Distributions and interest</b>	<b>£'000</b>	<b>£'000</b>
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	319	240
Final distribution	-	288
	<u>319</u>	<u>528</u>
Add: Income deducted on cancellation of shares	101	35
Deduct: Income received on issue of shares	(17)	(29)
Net distribution for the year	<u>403</u>	<u>534</u>
Interest	0	1
Total finance costs	<u>403</u>	<u>535</u>

Details of the distribution per share are set out in the distribution table on page 184.

<b>7 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Income tax recoverable	2	0
Amounts receivable from the ACD for issue of shares	0	25
Accrued revenue	0	181
Expenses rebate due from the ACD	1	9
Total debtors	<u>3</u>	<u>215</u>

<b>8 Creditors</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Accrued expenses payable to the ACD	0	1
Other accrued expenses	4	6
Income tax payable	0	51
Residual payment to shareholders from termination	5	0
Total creditors	<u>9</u>	<u>58</u>

## 9 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 8.

Amounts payable to or due from Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge, registration services and expense rebates, are disclosed in note 4 and any amounts due at the period end in notes 7 and 8.

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	3,194	6,130
Purchase of shares by Fund	22,511	2,031
The percentage value of the Fund held by Standard Life group companies is:	0.0%	95.2%

# UK Gilt Index Tracker Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

The Fund currently has four share classes: Retail accumulation, Institutional accumulation, Standard Life accumulation and Standard Life B accumulation.

The ACD periodic charge on each share class is as follows:-

	2012	2011
Retail accumulation	1.50%	1.50%
Institutional accumulation	0.50%	0.50%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%

The initial charge on each share class is as follows:-

Retail accumulation	4.00%	4.00%
Institutional accumulation	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 178.

The distribution per share class is given in the distribution table on page 184. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 15.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets is:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Total £'000
<b>2012</b>			
<b>Currency</b>			
Sterling	6	0	6
<b>2011</b>			
<b>Currency</b>			
Sterling	58	18,796	18,854
		Fixed rate financial assets	
<b>2012</b>		Weighted average interest rate	Weighted average maturity
<b>Currency</b>			
Sterling		0.00%	0.00 years
<b>2011</b>			
<b>Currency</b>			
Sterling		2.01%	13.74 years

Floating rate interest was earned at rates based on LIBOR.

# UK Gilt Index Tracker Fund

## Distribution Tables

for the six months ended 30 April 2012

### Interest distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 30 April 2012

	Gross income 2012 pence per share	Income tax 2012 pence per share	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>						
Group 1	0.4690	0.0938	0.3752	-	0.3752*	0.4915
Group 2	0.3323	0.0664	0.2659	0.1093	0.3752*	0.4915
<b>Institutional accumulation</b>						
Group 1	0.6860	0.1372	0.5488	-	0.5488*	0.6544
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	0.9150	0.1830	0.7320	-	0.7320*	0.8208
Group 2	-	-	-	-	-	-
<b>Standard Life B accumulation</b>						
Group 1	1.0283	0.2056	0.8227	-	0.8227*	0.8789
Group 2	0.5666	0.1133	0.4533	0.3694	0.8227*	0.8789

\*Distribution accumulated on 30 April 2012

# US Equity Index Tracker Fund

## Investment Report

**Fund Manager:** David Kirkpatrick

**Launched:** 11 April 2005

**Benchmark:** FTSE World USA Index

## Investment objective

The investment objective of the Fund is to achieve a return in line with the total return of the FTSE World USA Index over all years before charges and tax.

## Investment policy

The investment policy of the Fund is to invest primarily in stocks included in the FTSE World USA Index. The Fund may also invest in stocks available outside this index, appropriate index futures contracts or exchange traded funds. Additionally, from time to time the Fund may invest in other forms of derivatives and forwards transactions, other forms of transferable securities, deposits, money market instruments and collective investment schemes in accordance with the FSA Rules.

## Risk

Up to 100% of the scheme property of the Fund may be invested in transferable securities which are warrants. If more than 5% of the scheme property of the Fund is invested in warrants the net asset value of the Fund may, at times, be highly volatile. Call options are not deemed to be warrants for the purposes of this 5% restriction.

## Performance

The Fund returned 9.11% from the period 1 November 2011 to 26 June 2012, compared to the FTSE World USA Index return of 10.64% (source: Morningstar).

All the shares in this Fund were redeemed and cancelled on 26 June 2012. The Fund will formally terminate at a later date after all residual assets and liabilities are settled.

The Fund is not open to new investors.

# US Equity Index Tracker Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2010	1,098	61.23	1,793,558
	31 October 2011	1,209	64.47	1,875,543
	31 October 2012	0	0.00	0
Institutional accumulation	31 October 2010	61	64.37	94,929
	31 October 2011	65	68.24	94,929
	31 October 2012	0	0.00	0
Standard Life accumulation	31 October 2010	1	65.70	1,000
	31 October 2011	1	70.07	1,000
	31 October 2012	0	0.00	0
Standard Life B accumulation	31 October 2010	173,286	52.09	332,636,093
	31 October 2011	224,574	55.49	404,694,097
	31 October 2012	0	0.00	0
Standard Life A accumulation	31 October 2010	22,295	53.67	41,539,072
	31 October 2011	29,894	57.16	52,295,621
	31 October 2012	0	0.00	0
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2007	0.1608	62.47	55.07
	2008	0.2456	59.63	41.51
	2009	0.2563	58.33	39.80
	2010	0.2350	67.82	55.46
	2011	0.2315	70.24	56.22
	2012**	0.1767	66.47	59.84
Institutional accumulation	2007	0.6204	63.63	56.32
	2008	0.6934	61.03	42.79
	2009	0.7880	60.72	41.13
	2010	0.7367	71.31	57.77
	2011	0.8024	74.23	59.47
	2012**	0.4827	74.45	67.20
Standard Life accumulation	2007	1.5400	64.22	56.95
	2008	0.9489	61.74	43.44
	2009	1.0055	61.88	41.81
	2010	1.0655	72.93	58.89
	2011	1.1147	76.12	61.02
	2012**	0.6677	79.16	71.34
Standard Life B accumulation	2007*	0.0629	50.66	45.02
	2008	0.7734	48.81	34.36
	2009	0.8057	48.97	33.07
	2010	0.8325	57.75	46.61
	2011	0.9227	60.29	48.33
	2012**	0.5405	81.49	73.36
Standard Life A accumulation	2007*	0.0657	52.21	46.39
	2008	0.7973	50.30	35.41
	2009	0.8325	50.44	34.08
	2010	0.8492	59.49	48.02
	2011	0.9416	62.11	49.78
	2012**	0.5510	64.54	58.10

\*from commencement of the share class on 24 September

\*\*to 26 June

## US Equity Index Tracker Fund

### Ongoing Charges Figure (OCF)

	2012*	2011
Retail accumulation	1.60%	1.60%
Institutional accumulation	0.60%	0.60%
Standard Life accumulation	0.10%	0.10%
Standard Life B accumulation	0.00%	0.00%
Standard Life A accumulation	0.02%	0.02%

The ongoing charges figure (OCF) shows the annual operating expenses of each share class as a percentage of net asset of that class for the preceding twelve months. Following the adoption of the requirements of UCITS IV, the OCF has replaced the Total Expense Ratio (TER).

The OCF is designed to serve the same purpose as the TER but the calculations are not identical. The main difference between the calculations is the inclusion of custody related transaction charges in the OCF. The comparative figures have not been restated, and the historic TER is disclosed.

\*As the shares on the Fund were redeemed and cancelled on 26 June 2012, the OCF's have been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period.

# US Equity Index Tracker Fund

## Statement of Total Return

for the year ended 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
Income:					
Net capital gains	1		22,309		6,550
Revenue	3	4,030		4,594	
Expenses	4	(17)		(22)	
Finance costs: Interest	6	(2)		(2)	
Net revenue before taxation		4,011		4,570	
Taxation	5	(652)		(659)	
Net revenue after taxation			3,359		3,911
<b>Total return before distributions</b>			25,668		10,461
Finance costs: Distributions	6		(3,394)		(3,911)
<b>Change in net assets attributable to shareholders from investment activities</b>			22,274		6,550

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31 October 2012

	£'000	2012* £'000	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		255,743		196,741
Amounts receivable on issue of shares	21,390		58,691	
Less: Amounts payable on cancellation of shares	(301,978)		(10,239)	
		(280,588)		48,452
Change in net assets attributable to shareholders from investment activities (see above)		22,274		6,550
Retained distribution on accumulation shares		2,571		4,000
<b>Closing net assets attributable to shareholders</b>		0		255,743

## Balance Sheet

as at 31 October 2012

	Notes	£'000	2012* £'000	£'000	2011 £'000
<b>Assets</b>					
Investment assets			0		245,546
Debtors	7	48		277	
Cash and bank balances	8	3		10,226	
Total other assets			51		10,503
Total assets			51		256,049
<b>Liabilities</b>					
Creditors	9	(51)		(15)	
Balances due to futures clearing houses		0		(291)	
Total other liabilities			(51)		(306)
Total liabilities			(51)		(306)
<b>Net assets attributable to shareholders</b>			0		255,743

\* All shares were redeemed and cancelled on 26 June 2012.

# US Equity Index Tracker Fund

## Portfolio Statement

as at 31 October 2012

Holding	Bid-market value £'000	Percentage of total net assets
<b>North American Equities (95.73%)</b>	<b>0</b>	<b>0.00</b>
<b>Consumer Discretionary (10.72%)</b>	<b>0</b>	<b>0.00</b>
9 Kinder Morgan Management	0	0.00
<b>Derivatives (0.28%)</b>	<b>0</b>	<b>0.00</b>
Total investment assets	0	0.00
Net other assets	0	0.00
<b>Total Net Assets</b>	<b>0</b>	<b>0.00</b>

All investments are listed on recognised stock exchanges and are “approved securities” within the meaning of the FSA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2011.

# US Equity Index Tracker Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Non-derivative securities	21,807	6,401
Derivative contracts	293	224
Forward currency contracts	(9)	12
Non-derivative securities currency gains/(losses)	201	(111)
Derivative contracts currency gains	23	32
Handling charges taken from the capital account	(6)	(8)
Net capital gains	<u>22,309</u>	<u>6,550</u>
<b>2 Purchases, Sales and Transaction Costs</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Purchases in year before transaction costs	18,550	52,888
Commissions	4	15
Purchases including transaction costs	<u>18,554</u>	<u>52,903</u>
Gross sales before transaction costs	285,215	5,977
Commissions	(12)	(3)
Total sales net of transaction costs	<u>285,203</u>	<u>5,974</u>
Transaction handling charges*	<u>6</u>	<u>8</u>
*These amounts have been deducted in determining net capital gains.		
<b>3 Revenue</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
UK dividends	1	0
Overseas dividends	4,014	4,578
Scrip dividends	11	6
Bank interest	4	10
Total revenue	<u>4,030</u>	<u>4,594</u>
<b>4 Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>		
Authorised Corporate Director's periodic charge	13	17
Registration fees	1	1
	<u>14</u>	<u>18</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	2	3
Safe custody fees	1	1
	<u>3</u>	<u>4</u>
<b>Other expenses:</b>		
Audit fee*	0	0
Total expenses	<u>17</u>	<u>22</u>

\* The total Audit fee is £1,222 (2011: £6,049). A reduced amount is shown due to rebate from the ACD.

# US Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

5	Taxation	2012 £'000	2011 £'000
(a)	<b>Analysis of charge in the year</b>		
	UK corporation tax	30	21
	UK corporation tax taken from the capital account	35	0
	Double tax relief	(25)	(20)
	Adjustments in respect of prior years	6	3
	Overseas withholding tax	606	655
	Total current tax (Note 5(b))	652	659
(b)	<b>Factors affecting current tax charge for year</b>		
	Net revenue before taxation	4,011	4,570
	Corporation tax at 20% (2011: 20%)	802	914
	Effects of:		
	Scrip dividends	(2)	(1)
	Non taxable overseas dividends	(770)	(892)
	Tax on realised offshore gains taken from the capital account	35	0
	Overseas withholding tax	581	636
	Adjustments in respect of prior years	6	2
	Current tax charge (Note 5(a))	652	659

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

6	Finance Costs	2012 £'000	2011 £'000
	<b>Distributions and interest</b>		
(a)	The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
	Interim distribution	2,571	1,817
	Final distribution	-	2,183
		2,571	4,000
	Add: Income deducted on cancellation of shares	928	53
	Deduct: Income received on issue of shares	(105)	(142)
	Net distribution for the year	3,394	3,911
	Interest	2	2
	Total finance costs	3,396	3,913

Details of the distribution per share are set out in the distribution table on page 194.

(b)	Difference between net revenue and distribution		
	Net revenue after taxation for the year	3,359	3,911
	Add: Taxation on offshore income gains taken from the capital account	35	0
	Net distribution for the year	3,394	3,911

7	Debtors	2012 £'000	2011 £'000
	Accrued revenue	0	231
	Expenses rebate due from the ACD	5	42
	Corporation tax recoverable	0	3
	Due from Standard Life Investments (Mutual Funds) Limited to cover deficit position on termination	43	0
	Withholding tax recoverable	0	1
	Total debtors	48	277

# US Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

### 8 Cash and Bank Balances

	2012	2011
	£'000	£'000
Balances due to futures clearing houses	0	(291)
Cash and bank balances	3	10,226
Total cash and bank balances	3	9,935

### 9 Creditors

	2012	2011
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	10	0
Purchases awaiting settlement	0	2
Accrued expenses payable to the ACD	0	1
Accrued expenses payable to the Depositary	(3)	6
Other accrued expenses	4	6
Corporation tax payable	40	0
Total creditors	51	15

### 10 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 9.

Amounts payable to or due from Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge, registration services and expense rebates, are disclosed in note 4 and any amounts due at the period end in notes 7 and 9.

	2012	2011
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	20,469	58,604
Purchase of shares by Fund	300,890	9,815
The percentage value of the Fund held by Standard Life group companies is:	0.0%	99.5%

### 11 Shareholder Funds

The Fund currently has five share classes: Retail accumulation, Institutional accumulation, Standard Life accumulation, Standard Life B accumulation and Standard Life A accumulation.

The ACD periodic charge on each share class is as follows:-

	2012	2011
Retail accumulation	1.50%	1.50%
Institutional accumulation	0.50%	0.50%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Standard Life A accumulation	0.00%	0.00%

The initial charge on each share class is as follows:-

	2012	2011
Retail accumulation	4.00%	4.00%
Institutional accumulation	0.00%	0.00%
Standard Life accumulation	0.00%	0.00%
Standard Life B accumulation	0.00%	0.00%
Standard Life A accumulation	0.00%	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 186.

The distribution per share class is given in the distribution table on page 194. All classes have the same rights on winding up.

# US Equity Index Tracker Fund

## Notes to the Financial Statements (continued)

### 12 Financial Instruments

#### Risks

The risks associated with this Fund are market price, foreign currency, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 14.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

#### Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2012	2011
	£'000	£'000
US Dollar	0	246,294

#### Interest rate risk profile of financial assets and liabilities

The interest rate risk profile of the Fund's financial assets and liabilities is:

	Floating rate financial assets/ (liabilities) £'000	Financial assets/ (liabilities) not not carrying interest £'000	Total £'000
<b>2012</b>			
<b>Currency</b>			
Sterling	3	0	3
<b>2011</b>			
<b>Currency</b>			
Sterling	10,207	(790)	9,417
US Dollar	(272)	246,336	246,064

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent.

#### Derivatives

During the year currency forwards were used to hedge the exchange rate risk associated with holding investments denominated in foreign currencies or to hedge the exchange rate risk associated with outstanding purchases and sales of foreign currency investments.

# US Equity Index Tracker Fund

## Distribution Tables

for the six months ended 30 April 2012

### Dividend distribution

Group 1 - shares purchased prior to 1 November 2011

Group 2 - shares purchased between 1 November 2011 and 30 April 2012

	Net income 2012 pence per share	Equalisation 2012 pence per share	Distribution paid 2012 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>				
Group 1	0.1767	-	0.1767*	0.1035
Group 2	0.0448	0.1319	0.1767*	0.1035
<b>Institutional accumulation</b>				
Group 1	0.4827	-	0.4827*	0.3760
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	0.6677	-	0.6677*	0.5366
Group 2	-	-	-	-
<b>Standard Life B accumulation</b>				
Group 1	0.5405	-	0.5405*	0.4468
Group 2	0.2596	0.2809	0.5405*	0.4468
<b>Standard Life A accumulation</b>				
Group 1	0.5510	-	0.5510*	0.4551
Group 2	0.1875	0.3635	0.5510*	0.4551

\*Distribution accumulated on 30 April 2012

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	Interim Dividend Distribution
Treat as a UK corporate dividend	96.91%
Treat as unfranked investment income*	3.09%

\*After deduction of income tax at the lower rate. This amount is liable to corporation tax.

## Further Information

### Report and financial statements

Investors who deal directly with the ACD will receive a report on Standard Life Investment Company II Funds twice a year. This will be a Short Report, the Long Report being available on request from Standard Life Investment Company II at our Edinburgh address. The report provides information on the performance of the sub-funds, the market background and details of each of the portfolios. The annual accounting year for the sub-funds finishes on 31 October and the interim accounting period finishes on 30 April.

### Prospectus

A Prospectus, which describes each Fund in detail, is available from Standard Life Investment Company II at the Edinburgh address.

### Types of share available

Shares in the Company may be issued in one of thirteen classes - Retail Accumulation Shares, Retail Income Shares, Institutional Accumulation Shares, Institutional Accumulation Shares (gross), Institutional Regulated Accumulation Shares, Institutional Regulated Accumulation Shares (gross), Institutional Income Shares, Standard Life Accumulation Shares, Standard Life Income Shares, Standard Life "A" Accumulation Shares, Standard Life "B" Accumulation Shares, Platform 1 Accumulation Shares and Platform 1 Income shares.

### Publication of prices

The most recent share prices are published daily on our website at: [www.standardlifeinvestments.co.uk](http://www.standardlifeinvestments.co.uk)

### Cancellation rights

Under certain circumstances, investors will have the right to cancel a deal. Please refer to the Prospectus for full details.

### Buying and selling shares

There are different processes for buying and selling shares. The majority of investors will invest through Standard Life Savings Limited. Certain investors will not invest through Standard Life Savings Limited. They will deal directly with the ACD. This will apply where an investor chooses to deal directly with the ACD or persons who are introduced by Standard Life Investments Specialist Sales Team.

Investors wishing to invest in any of the Funds can contact their usual financial advisor or telephone Standard Life Savings Limited or Standard Life Investments (Mutual Funds) Ltd on **0845 279 3003** or **00 44 131 245 26 76** if outwith the UK. A completed application form can be sent to **Standard Life Investments (Mutual Funds) Ltd** or **Standard Life Savings Ltd, 1 George Street, Edinburgh, EH2 2LL**.

### Minimum investment

The minimum initial investment in shares varies from Fund to Fund. Please refer to the Prospectus for full details.

### Minimum redemption

It is possible to sell all or part of a holding at any time. Please refer to the Prospectus for full details.

### Switching

At any time, an investor may switch some or all of the shares in one class/Fund for shares in another class/Fund. Switching instructions can either be given on **0845 279 3003**, or in writing to Standard Life Investments (Mutual Funds) Limited.

### UCITS

The Funds were certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive, which allows the ACD to market the Funds in member States of the European Union subject to relevant local laws.

### Dilution adjustment

A dilution adjustment can be applied in certain circumstances. Please refer to the Prospectus for full details.

## Further Information (continued)

### Closure of funds to investors

Please note that the following funds have redeemed all shares during the year and the Funds' net asset value was reduced to nil.

These funds are no longer open to investors:

Standard Life Investments Japanese Equity Index Tracker Fund; Standard Life Investments US Equity Index Tracker Fund; Standard Life Investments Pacific Basin Equity Index Tracker Fund; Standard Life Investments European Equity Index Tracker Fund; Standard Life Investments Overseas Bond Index Tracker Fund and Standard Life Investments UK Gilt Index Tracker Fund.

As such the following information regarding distributions and charges does not cover these funds.

### Distributions

Distribution of income (if any) to holders of income shares will be made on the income allocation dates shown in the table below. Allocation of revenue to holders of accumulation shares will be transferred to the capital property of each Fund on the first business day following the end of the income allocation period and be reflected in the value of the shares.

Fund Name	Income Allocation Periods	Income Allocation Dates
Cash Fund	1 November - 31 October	28 February (29 in a leap year)
Corporate Debt Fund Ethical Corporate Bond Fund Global Index Linked Bond Fund Global REIT Fund	1 November - 31 January (interim) 1 February - 30 April (interim) 1 May - 31 July (interim) 1 August - 31 October	31 March (interim) 30 June (interim) 30 September (interim) 31 December
European Ethical Equity Fund UK Equity Income Unconstrained Fund UK Equity Unconstrained Fund	1 November – 30 April (interim) 1 May – 31 October	30 June (interim) 28 February (29 in a leap year)

### Charges

A preliminary (initial) charge is payable when you invest in a Fund. The preliminary charge for investments into the Standard Life Investment Company II is shown in the table below:

Fund Name	Current Preliminary Charge			
	Retail Shares	Institutional Shares	* Standard Life Shares	Platform Shares
Standard Life Investments Cash Fund	0%	Not applicable	0%	N/A
Standard Life Investments Corporate Debt Fund	7.5%	0%	0%	N/A
Standard Life Investments Ethical Corporate Bond Fund	4%	0%	0%	0%
Standard Life Investments European Ethical Equity Fund	4%	0%	0%	0%
Standard Life Investments Global Index Linked Bond Fund	4%	0%	0%	0%
Standard Life Investments Global REIT Fund	4%	0%	0%	0%
Standard Life Investments UK Equity Income Unconstrained Fund	4%	0%	0%	0%
Standard Life Investments UK Equity Unconstrained Fund	4%	0% 7.5% - Institutional Accumulation Shares	0%	0%

**Note:** The ACD may not increase the preliminary charge unless it does so in accordance with the FSA Rules.

## Further Information (continued)

### Charges (continued)

Details of the ACD's periodic charge for each Fund are shown in the table below:

Fund Name	Current Rate of Periodic Charge				Charge Deducted from capital or income
	Retail Shares	Institutional Shares	* Standard Life Shares	Platform Shares	
Standard Life Investments Cash Fund	0.50%	Not applicable	0.05%	N/A	Income
Standard Life Investments Corporate Debt Fund	1.5%	0.35% Institutional Regulated Accumulation Shares	0%	N/A	Income
Standard Life Investments Ethical Corporate Bond Fund	1%	0.5% 0.3% Institutional Regulated Accumulation Shares	0%	0.5% Platform 1 Shares	Income
Standard Life Investments European Ethical Equity Fund	1.5%	0.75% 0.3% Institutional Regulated Accumulation Shares	0%	0.75% Platform 1 Shares	Income
Standard Life Investments Global Index Linked Bond Fund	1%	0.5% 0.3% Institutional Regulated Accumulation Shares	0%	0.5% Platform 1 Shares	Income
Standard Life Investments Global REIT Fund	1.5%	0.75% 0.45% Institutional Regulated Accumulation Shares	0%	0.75% Platform 1 Shares	Capital
Standard Life Investments UK Equity Income Unconstrained Fund	1.8%	0.8% 0.7% Institutional Regulated Accumulation Shares	0%	1% Platform 1 Shares	Capital
Standard Life Investments UK Equity Unconstrained Fund	1.8%	0.8% 0.45% Institutional Regulated Accumulation Shares	0%	1% Platform 1 Shares	Income

\*This includes Standard Life A Shares and Standard Life B Shares.







Standard Life Investments Limited is registered in Scotland (SC123321) at 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, SL Capital Partners LLP and Aida Capital Limited.  
Standard Life Investments Limited is authorised and regulated by the Financial Services Authority.  
Calls may be monitored and/or recorded to protect both you and us and help with our training.  
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