



# **Annual Report**

**Standard Life Investment  
Company II Annual Report  
& Financial Statements**

**For the year ended 31 October 2013**



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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 Sourcebook").

# Standard Life Investment Company II Annual Report & Financial Statements

## Company Information

I enclose your copy of the Annual Report and Financial Statements for the Standard Life Investment Company II. These reports cover the year to 31 October 2013.

### Uncertainty about monetary policy and future growth

Over the year, financial markets have been affected by four major issues: an improvement in forward-looking business cycle indicators in the developed countries, the pricing of the US Federal Reserve's (Fed) exit from its quantitative easing (QE) program, efforts by the Chinese authorities to stabilise the economy, and a revival of geopolitical risks. Fed chairman Ben Bernanke's suggestion in May that the pace of US QE could slow stemmed a period of strong returns from global stock markets. While the Chinese authorities have reacted quickly to a deceleration in the economy, the structurally optimistic view on China has been well and truly dampened, at a time when more investors are becoming upbeat about Europe escaping recession and Japan adopting structural reforms. In the event, the Fed took markets by surprise at its mid-September meeting and announced that QE would be sustained for now. While equity markets responded positively to the news, the respite was short lived as Congress failed to agree a budget, leading to a 16 day partial government shutdown. Bond markets endured a volatile year, with central bank actions dominating investor sentiment. Gradually improving economic data allowed investment grade corporate bonds to outperform government debt. For a more in-depth look at markets, please refer to the enclosed global overview and outlook.

### Performance

In this market environment, our Funds generally held up well and more details are provided in the individual performance reports. Encouragingly, some Funds turned in very strong performance. For example, the UK Equity Unconstrained and UK Equity Income Unconstrained Funds recorded top decile performance (top 10% of Funds within their respective peer groups) over the 12-month period. Meanwhile, the European Ethical Equity and Global REIT

Funds delivered top-quartile performance (the top 25% of Funds within their peer groups) over the period.\* As always, we remain committed to providing you with the best possible return on your investment.

\*Source: Morningstar to 31/10/2013.

### Ratings and awards

Standard Life Investments celebrated a hat-trick of awards in October at the Investment Adviser 100 Club Awards 2013. 'Large Investment Group' of the year and the top awards in the 'UK equity' category for its UK Equity Unconstrained Fund, and the 'Absolute Return' category for its Global Absolute Return Strategies Fund.

The management of our mutual Fund range continues to be recognised by external agencies via ratings and awards: 45 out of 60 eligible and actively managed Funds are rated as Silver or above by Standard & Poor's in the UK, 7 funds are rated by Morningstar OBSR including a Gold rating for the UK Smaller Companies Fund and 16 funds are rated by Rayner Spencer Mills.

### Keeping you informed

You can keep up to date with the performance of your investments by visiting [www.fundaccess.co.uk](http://www.fundaccess.co.uk). Alternatively, if you would rather speak to us, please call 0800 33 33 53 between 8am and 5:30pm Monday to Friday. You can also visit our website [www.standardlifeinvestments.com](http://www.standardlifeinvestments.com).

I hope you find this Report and Financial Statements informative and thank you for continuing to support Standard Life Investments.

Yours sincerely,

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

## Standard Life Investment Company II

Head Office	Director	Authorised Corporate Director (ACD)	Board of Directors of the ACD	Secretary of the ACD
1 George Street Edinburgh EH2 2LL 0131-245-2676	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 Conduct Authority for investment business.	Standard Life Investments (Mutual Funds) Limited Registered Office 1 George Street Edinburgh EH2 2LL	A.S. Acheson D.G. Doran (retired 14 June 2013) S.A. Fitzgerald J. Lowe D.E. Thomas S.R. Wemyss R. McKillop L. Scott (appointed 24 August 2013)	S.E. Crewes

# Standard Life Investment Company II Annual Report & Financial Statements

## Company Information

(Continued)

Standard Life Investment Company II			
Depository	Independent Auditors	Registrar	Investment Adviser
Citibank International plc Registered Office and Head Office Citigroup Centre Canada Square Canary Wharf London E14 5LB	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Erskine House 68-73 Queen Street Edinburgh EH2 4NH	The Bank of New York Mellon (International) Limited One Canada Square London E14 5AL	Standard Life Investments Limited 1 George Street Edinburgh EH2 2LL

## 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 Conduct Authority (FCA), 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 FCA was 22 April 2004.

The Company is constituted as a “UCITS scheme” for the purposes of the FCA 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 redeemed all shares during 2012 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.

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Investment Report

1 November 2012 - 31 October 2013

### Global Overview

During the year under review, the majority of asset classes made solid gains for investors, with equity markets broadly outperforming bond, property and cash markets. The period began on a positive note as markets rallied on the back of policymakers' renewed commitment to ultra-stimulative initiatives aimed at supporting global growth. This rally proved short-lived as markets began to fret about the US election and the 'fiscal cliff' (the potential overnight implementation of tax increases and budget cuts at the end of 2012). A clear election result in the US, the smooth transition of power at the top of the Chinese Communist Party and a new Greek refinancing package saw most markets resume an upward trend into the year-end, though fiscal cliff uncertainties meant that US markets lagged. However, a last-minute deal to delay the planned tax increases and budget cuts ensured US markets participated in the generally strong start to 2013.

Global equity markets continued to make gains until the penultimate week in May, when speculation that the US Federal Reserve (the Fed) would begin to taper quantitative easing (QE) later in 2013 prompted a sharp increase in financial market volatility. This manifested itself in a sell-off across core government bond markets, profit-taking across several global equity markets and outflows from emerging market assets. Evidence of a moderation in China's growth rate exerted additional pressures on emerging market and commodity-related equities in particular. In the event, the Fed took markets by surprise when it announced in September that QE would be sustained for now. While markets responded positively to the news, the respite was short lived as Congress failed to agree a budget, leading to a 16 day partial government shutdown. A temporary resolution was eventually achieved in October and markets continued their upward trend. The anticipation that global monetary policy will continue to be supportive, alongside improved macroeconomic data from China resulted in renewed confidence in the majority of equity markets.

### Individual market overviews

**UK equities** enjoyed a strong end to 2012, as a clear US presidential election result further boosted investor sentiment already buoyed by fresh central bank stimulus measures. After pausing briefly to consider the approaching year-end US fiscal cliff deadline, the UK market pushed forward despite sovereign rating agency Moody's downgrade of the UK's AAA bond rating underlining the precarious domestic economic situation.

UK economic data showed further signs of recovery in spring and gathered strength heading into the summer, although Fed indications that it could begin its tapering programme stole the limelight. This prompted considerable market volatility before a subsequent softening in central bank language helped markets regain their poise. Meanwhile, July heralded the strongest UK economic data yet, with robust retail and auto sales, the fastest service sector expansion since December 2006, the largest growth in construction in three years and the strongest manufacturing

output since late 2010 all suggesting a sharper economic rebound. Events in Syria and the US debt ceiling deadline demonstrated that risks remained, although both ultimately passed without incident. This and news that UK GDP grew at the fastest rate in three years in the third quarter, with all sectors of the economy contributing to growth, ensured the period ended on a strong note.

The review period proved positive for **US equities**, despite some concern over the presidential election and fiscal cliff in the final months of 2012. A last minute deal on the latter ensured that US equities enjoyed a positive start to 2013. First-quarter corporate earnings were generally positive, albeit driven by cost cutting rather than revenue growth, which remained weak. Fed Chairman Ben Bernanke unnerved markets in May by suggesting that if sustainable growth continued, the rate of asset purchases, a key driver of markets this year, could be reduced. June was therefore dominated by the Fed trying to assure global investors that QE would not come to an end until the economy was self-sustaining, reiterating that a rise in interest rates was a long way off.

With concerns alleviated, markets progressed, largely driven by positive economic and earnings data, which resulted in the Standard and Poor's 500 index reaching record highs. Fortunes were then reversed as mixed data drove US equities lower, and the falls continued as worries concerning a military strike on Syria increased. Despite second-quarter GDP figures being revised upwards, all sectors in the Standard and Poor's 500 index delivered negative returns during August. After the Fed's surprise announcement that tapering would not commence as yet, progress was negated by Congress failing to agree a budget, resulting in a partial government shutdown. Having eventually agreed a temporary solution, postponing events until early 2014, US equities rebounded strongly.

**European equities** have performed strongly over the year, supported initially by improving economic data and growing investor confidence which resulted in European equity markets remaining largely positive over the final months of 2012. Despite improving economic data and an encouraging start to 2013, uncertainty soon returned to the region. First-quarter GDP figures showed a contraction for the sixth consecutive quarter, unemployment continued to rise and Cyprus was granted a €10 billion bailout package. Amid the bleak economic environment, the European Central Bank (ECB) reduced interest rates to a record low of 0.5%. The European Commission also relaxed its focus on austerity measures, allowing some countries more time to reach their deficit targets.

Despite these supportive measures, European equity markets disappointed in June, on concerns that the US would reduce the pace of asset purchases, before rebounding strongly in July as fears were allayed. Despite the prospect of sub-trend growth continuing for the next few years, economic data continued to improve but not enough to prevent the market slipping back again. Second-

# Standard Life Investment Company II Annual Report & Financial Statements

## Investment Report

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quarter GDP marginally inched into growth territory, largely driven by Germany, allowing the single bloc countries to emerge from the longest recession in its history. However, concerns over US monetary policy and possible military action in Syria weighed on investors' minds, hindering equities. In Germany, Angela Merkel was convincingly re-elected as Chancellor for a third term, although failure to secure a majority meant the Christian Democrat party had to ultimately seek a coalition with the centre left Social Democratic Party. In the meantime, European equities had resumed their upward trend, with Spain emerging from recession and the peripheral countries at last showing signs of improvement.

**Japan's equity** markets enjoyed strong gains over the 12-month period as investor risk appetite benefited from a more supportive policy backdrop, the correction of a strong yen and an improving domestic economy. Markets were choppy during the latter part of 2012, but rallied when Prime Minister Shinzo Abe's Liberal Democratic Party (LDP) won a decisive victory in general elections in December. Stock markets responded positively to Abe's commitment to inflation targeting and monetary easing, along with the Bank of Japan's shift to a more pro-growth stance. The yen's subsequent correction proved a boost for Japanese export-oriented businesses in particular.

The stock market rally was sustained into 2013, but faltered in late May. This pull-back was driven by concerns that QE in the US might be drawing to a close, alongside weaker economic data from China and rising Japanese government bond yields. Risk assets had regained their upward trend by late June and investor confidence got a further boost when the LDP won a resounding victory in Upper House elections in late July. This provided Japan with much-needed political stability, strengthening the government's mandate to implement potentially challenging reforms. As a result, stock markets enjoyed a strong start to August. Risk appetite subsequently moderated, largely due to unease about the direction of Fed policy. While initially buoyed by the news that QE would not commence as yet, the subsequent government shutdown in the US led to Japanese equities running out of steam. There also appeared to be a pause in domestic policy reforms which muted investor sentiment.

**Pacific Basin** equity markets made gains over the 12-month period as a whole, despite bouts of significant market volatility. Markets finished 2012 positively, benefiting from an ongoing commitment from policymakers to support global growth via interest rate cuts and liquidity provisioning. This positive momentum was maintained in the first four months of 2013. However, in late May, regional markets experienced a marked upturn in volatility as investors began to consider the implications of a potential tapering in stimulative Fed policy. This drove profit-taking across several of the region's equity markets. Markets fell further in June, primarily due to uncertainty about developments in China which appeared to be settling into a lower growth trajectory and to have embarked upon important rebalancing of its own economy.

Heading out of the summer, investor risk appetite benefited from the better economic data coming out of China, but this positive

was more than offset by renewed uncertainty about the impact of Fed tapering and as a result, several regional markets retreated. The Fed's surprise announcement in mid-September that it was not about to start tapering QE proved an unexpected boost for risk assets, ensuring that regional equity markets rallied during September. Sentiment continued to improve across the region, in part as a result of positive data from China, although the fragility of the recovery cannot be discounted. However, a number of the local markets posted strong gains.

## Bond markets

### Government bonds

At the start of the period, global economic growth signals continued to disappoint. This culminated in the Fed reacting with an open-ended program of QE, focused on growth and lowering the unemployment rate. The Fed also said it would probably hold interest rates at near zero at least through to mid-2015. Core government bond markets were encouraged back towards their lows at the end of 2012 as decisions on the fiscal situation in the US were painfully protracted. An inconclusive Italian election result in February and controversial EU bailout deal for Cyprus in March also weighed on sentiment and demand for safe-haven government bonds increased.

Bond markets then endured a volatile period as the Fed openly discussed a possible reduction in its monetary stimulus programme. With QE viewed as a vital support for bond prices, the prospect of any tapering in central bank buying vexed investors and helped push yields on core government bonds higher. However, bond markets recovered some ground in September when, having been expected to commence tapering that month, the Fed chose to wait for further evidence of economic recovery before pulling back from its monetary stimulus. A temporary resolution to the US debt ceiling negotiations in October shifted the focus back to the macro environment and central bank policy responses.

The review period proved volatile, but ultimately positive, for **corporate bond** returns. The conditions that have proved so supportive for bond markets in recent times remained broadly in place, namely ultra-low government bond yields, central bank stimulus (QE), and healthy company balance sheets. The benign outlook received a further boost from growing evidence of a sustainable recovery in the world's developed economies. For much of the period, therefore, political risk proved to be the main threat to market stability. However, while debt ceiling negotiations in the US and electoral upheaval in Italy did manage to clip investor confidence at times, the damage was rarely long-lasting and corporate bond markets were able to resume a positive trajectory after brief periods of volatility.

With corporate bonds displaying impressive resilience to political dysfunction it fell to Fed Chairman Ben Bernanke to provide the catalyst for genuine market turmoil. Having been viewed as a crucial support for bonds, the prospect of an early end to the Fed's monetary stimulus pushed the yields on many corporate bonds



# Standard Life Investment Company II Annual Report & Financial Statements

## Investment Report

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higher. However, September brought unexpected respite as the Fed surprised the market with the decision to maintain its stimulus at current levels. This prompted a significant relief rally and allowed corporate bonds to make back much of the ground lost over the summer. The positive momentum was maintained as a short-term resolution to the US debt ceiling impasse was agreed during October.

### Outlook for equities

We continue to expect global equities to move higher in coming months, with generally improving macroeconomic news flow providing a supportive backdrop for equity investing. Nevertheless, equity markets are likely to remain vulnerable to intermittent swings in investor sentiment. At the same time, investors are likely to grow increasingly discerning about the companies in which to invest, rewarding the strongest and punishing underperformers. This backdrop should prove supportive for our focus on stock-specific global investment opportunities, which we believe offer the most repeatable sources of returns.

The agreement of a budgetary deal has eased some of the uncertainties hanging over the **US** stock market, driving a revival in investor risk appetite. At a stock level, earnings growth is forecast to be modest in the year ahead, although this has room to improve if the broader economy continues to strengthen. There are signs that investors are becoming more willing to reward and punish individual stocks based on company-specific news flow. This creates an environment where stock pickers can search for businesses whose current valuations do not appear to fully reflect their true potential.

After such a strong valuation-driven rally, we expect the **UK** equity market to enter a new phase as investors become more selective, preferring companies with growing earnings profiles rather than relying on further re-rating upside. The rally to date has not been broad based, with extreme sector rotation in some cases. Consequently, despite the market's progress, we continue to unearth fresh investment opportunities in areas such as selected oversold defensives and underappreciated emerging market-related stocks. Given the additional support of an improving economic backdrop, we expect UK equities will continue to reward selective bottom-up stock pickers in the months to come.

Improving economic data and attractive valuations have been the key driver of **European** equities. However, underlying fundamentals are still relatively weak and as markets make further progress, there is more likelihood of a correction. At present, we believe such risks are further down the road. Without doubt there are headwinds for European equity investors but it appears the region has reached a turning point. The hope is that there is no over-reaction to tapering, particularly the knock-on effect for currencies which will impact exporters. However, for careful stock pickers, there remain compelling opportunities in the region.

**Japanese** equities should continue to benefit from a more supportive policy backdrop, the correction of a strong yen and an improving domestic economy. Further significant reforms are in prospect as Prime Minister Abe maintains his commitment to structural change. Meanwhile, many Japanese companies are reporting improving earnings, but this is not always fully reflected in their share prices. In our view, the fundamentals of some companies primarily oriented towards the domestic economy look relatively strong. We also think there are buying opportunities in companies with exposure to emerging markets countries which have lagged the wider market. We will retain our focus on stock specifics as we seek to identify investment opportunities likely to emerge in this environment.

In the shorter term, **Pacific Basin** markets remain vulnerable to intermittent sentiment swings since they are clearly not immune to changes in global macroeconomic expectations. In particular, the direction of Fed policy, Europe's debt problems and growth dynamics in China all represent sources of uncertainty. From a longer-term perspective, we continue to believe that the region remains in a strong position given its compelling demographics and the ongoing reorientation of economic growth away from exports and towards domestic consumption. This should prove supportive for regional equities going forward, helping underlying cash flows, earnings and dividend growth to the benefit of investors seeking both capital gains and income streams.

### Outlook for bonds

We believe that **government bond** markets will remain under steady downward pressure as they continue to unwind the excesses of the exceptional interest rate expectations fuelled by cumulative crises and QE. There is no immediate danger of an interest rate rise but even the hint on the horizon is proving sufficiently distracting. This will continue if economic momentum remains and there is a greater confidence that economies now have some traction. While European economic signals have surprised on the upside, the extent of long-term difficulties imply the ECB will need to ensure a far longer period of monetary accommodation than is required in the US or UK.

Our positive view on **corporate bonds** remains unchanged. We expect credit spreads to gradually tighten over the next six months, driven by strong technical factors, decreasing sovereign risk premia and improving fundamentals in the banking sector. The latest low inflation reading in Europe suggests that the recovery will be slow and lag those of previous cycles. It also suggests that the risks to ECB policy in the short term are on the deflationary rather than inflationary side. This means we will remain in a low yield environment in Europe where credit will be the asset class of choice for fixed income investors.



# Standard Life Investment Company II Annual Report & Financial Statements

## 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 Conduct Authority, 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, 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 Independent 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 period are disclosed within the individual Funds' reports.

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

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 Open-Ended Investment Companies (Amendment) 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**  
**28 February 2014**

# Standard Life Investment Company II Annual Report & Financial Statements

## 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, Sourcebook and the Regulations and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of Standard Life Investments Limited are responsible for the maintenance of Standard Life Investments Limited website.

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 2013. 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 6 Funds listed on the Basis of Preparation note on page 14. These funds have been prepared on a basis other than going concern as they are undergoing termination.

# Standard Life Investment Company II Annual Report & Financial Statements

## 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 Conduct 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**  
**28 February 2014**

# Standard Life Investment Company II Annual Report & Financial Statements

## Independent Auditors' Report

### Independent auditors' report to the Members 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 for the year ended 31 October 2013 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note (a) to the financial statements concerning the going concern basis of accounting. During the year, six sub-funds listed in note (a) were no longer open to investors, having redeemed all shares in the previous period. It is the intention to terminate the funds at a later date once the residual assets and liabilities are settled. Accordingly, the going concern basis of accounting is no longer appropriate for these sub-funds. No adjustments were required in these financial statements to reduce assets to their realisable value or to provide for liabilities arising from this decision, as it is intended that the ACD will bear any costs in relation to the termination. In addition, no adjustments were required to reclassify fixed assets and long-term liabilities as current assets and liabilities.

### 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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Independent Auditors' Report

(Continued)

### 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**

**28 February 2014**

- a. The maintenance and integrity of the Standard Life Investments Limited website is the responsibility of the directors; the work carried out by the auditors does not involve 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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Ethical Committee Report

Standard Life Investments is responsible for managing several ethical Funds. The Funds are managed according to clearly defined investment mandates and the range of available investments is underpinned by established policies and independent research data on their ethical credentials.

### The Standard Life Ethical Funds Advisory Group

The Standard Life Ethical Funds Advisory Group, previously known as the Standard Life Ethical Funds Committee, is chaired by the Chief Operating Officer of Standard Life Investments. It comprises of investors in Standard Life's ethical Funds and senior Standard Life group managers with involvement in managing and marketing the Funds and their associated products. The Committee generally meets twice a year and is responsible for ensuring that Standard Life's Ethical Policy for these Funds 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:

- ▶ considering current ethical issues and trends and the implications for the Funds
- ▶ reviewing investment and marketing reports
- ▶ ensuring that Standard Life Investments' process for ethical investment is observed
- ▶ reviewing and addressing customer queries and
- ▶ commissioning market and customer research on ethical issues

### 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 Group discussed a number of issues during the year. These included unburnable carbon, animal testing, fossil fuels and nuclear energy. The Group also discussed individual companies and their corporate responsibility practices.

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

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

We voted against resolutions at Adecco SA, Ingenico, BNP Paribas, Publicis Groupe, Lafarge SA and Sodexo because there were features of the companies' proposed remuneration policies and their application that are not consistent with our corporate governance guidelines. We abstained on resolutions at Renault SA and SCOR SE for the same reason.

We voted against a number of resolutions at Danske Bank as we did not believe they were in the best interest of shareholders.

At Investment AB Kinnevik Investments, we voted against a resolution to authorise the Chairman and representatives of at least two of the company's largest shareholders to serve on the Nominating Committee as we have concerns over the composition of the Committee. We voted against a number of other resolutions at the company as we did not believe they were in the best interest of shareholders.

We voted against resolutions at KBC Groep NV and Gemalto NV 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 buyback authorities.

We voted against a resolution at Lundin Petroleum AB to reserve SEK 2m for remuneration of board members for special assignments as we did not believe this was in the best interest of shareholders. We voted against another resolution at the company to approve an independent inquiry into the company's African operations for the same reason.

We voted against a resolution at Ingenico to authorise the repurchase of up to 10 per cent of issued share capital as we did not believe this was in the best interest of shareholders.

We voted against a resolution at Sandvik AB to spin-off and list Sandvik Materials Technology on the stock exchange as we did not believe this was in the best interest of shareholders.

We voted against the management slate election at Snam SnamSPA to appoint internal statutory auditors as shareholders can only vote in favour of one slate, and this slate does not best represent the interests of shareholders.

We voted against a resolution at Svenska Cellulosa AB to insert a gender quota for the board of directors as we did not believe this was in the best interest of shareholders.

We voted against a resolution at Svenska Handelsbanken to amend articles of association relating to the composition of the board as we did not believe this was in the best interest of shareholders.

We voted against a resolution at Swedbank to decrease the dividend and make the bank a full service bank as we did not believe this was in the best interest of shareholders.

# Standard Life Investment Company II Annual Report & Financial Statements

## Ethical Committee Report

(Continued)

We supported management by voting against shareholder resolutions at Statoil ASA Annual General Meeting to withdraw from Tar Sands in Canada and withdraw from ice laden activities in the artic because the resolutions as worded were not to be in the best interest of shareholders.

At Tele2 AB we voted against a number of resolutions as we did not believe they were in the best interest of shareholders.

We abstained on a resolution at Danske Bank to elect Egon Geertsen as a new Director as insufficient information was provided prior to the meeting.

### 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.

### Investor opinion

Investors in the Ethical Funds continue to make a valuable contribution to the Group's understanding of ethical concerns, in particular through participation of investors in the Group. We conducted our annual survey of the ethical criteria during 2013, the findings of which were presented to the Group in June 2013.

The survey provided valuable insight into investors' views on issues such as investing in Burma, animal testing, nuclear power and corporate governance. The Group believed the current ethical policy met the views of investors. As such, no significant changes were made to the Policy as a result of the survey.

Standard Life is committed to continue to engage its investor base of the Ethical Funds. We will be conducting the next annual survey in 2014.

### Further information

If you would like to find out more about the Standard Life Ethical Funds Advisory Group 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 Amanda Young, Secretary to the Ethical Funds Advisory Group, Standard Life Investments, 1 George Street, Edinburgh, EH2 2LL or e-mail [amanda\\_young@standardlife.com](mailto:amanda_young@standardlife.com).

**Amanda Young**  
Secretary to the Ethical Funds Advisory Group



# Standard Life Investment Company II Annual Report & Financial Statements

## Aggregated Financial Statements for Standard Life Investment Company II

### Aggregated Statement of Total Return for the year ended 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012 £'000
Income:					
Net capital gains	1		293,352		226,234
Revenue	3	73,991		82,955	
Expenses	4	(19,641)		(17,683)	
Finance costs: Interest	6	(55)		(71)	
Net revenue before taxation		54,295		65,201	
Taxation	5	(250)		(1,179)	
Net revenue after taxation			54,045		64,022
<b>Total return before distributions</b>			347,397		290,256
Finance costs: Distributions	6		(56,827)		(65,692)
<b>Change in net assets attributable to shareholders from investment activities</b>			290,570		224,564

### Aggregated Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

	£'000	2013 £'000	£'000	2012 £'000
<b>Opening net assets attributable to shareholders</b>		2,330,409		2,443,754
Amounts receivable on issue of shares	702,041		625,285	
Less: Amounts payable on cancellation of shares	(607,118)		(1,009,378)	
		94,923		(384,093)
Stamp duty reserve tax		(758)		(521)
Change in net assets attributable to shareholders from investment activities (see above)		290,570		224,564
Retained distribution on accumulation shares		42,198		46,705
Residual payment to shareholders from redemption of shares		(24)		0
<b>Closing net assets attributable to shareholders</b>		2,757,318		2,330,409

# Standard Life Investment Company II Annual Report & Financial Statements

## Aggregated Financial Statements for Standard Life Investment Company II (Continued)

### Aggregated Balance Sheet as at 31 October 2013

	Notes	£'000	2013 £'000	2012 £'000
<b>ASSETS</b>				
Investment Assets			2,804,426	2,376,987
Debtors	7	55,196		27,490
Cash and bank balances	8	10,798		5,574
Total other assets			65,994	33,064
Total assets			2,870,420	2,410,051
<b>LIABILITIES</b>				
Investment Liabilities			(37,940)	(58,981)
Creditors	9	(71,296)		(16,983)
Amounts held at futures clearing houses and brokers		0		(28)
Bank overdrafts		0		(381)
Distribution payable on income shares		(3,866)		(3,269)
Total other liabilities			(75,162)	(20,661)
Total liabilities			(113,102)	(79,642)
<b>Net assets attributable to shareholders</b>			2,757,318	2,330,409

# Standard Life Investment Company II Annual Report & Financial Statements

## Aggregated Financial Statements for Standard Life Investment Company II (Continued)

### 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 2012. 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 basis other than 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 on next page.
- 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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Aggregated Financial Statements for Standard Life Investment Company II (Continued)

### (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.

### (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 is 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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Aggregated Financial Statements for Standard Life Investment Company II (Continued)

### 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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Aggregated Financial Statements for Standard Life Investment Company II (Continued)

### 1 Net Capital Gains

	2013 £'000	2012 £'000
Non-derivative securities	291,787	183,831
Derivative contracts	14,155	19,094
Forward currency contracts	(12,217)	22,405
Derivative contracts currency gains	19	34
Non-derivative securities currency gains/(losses)	(303)	987
Handling charges taken from the capital account	(89)	(117)
Net capital gains	293,352	226,234

### 2 Portfolio Transaction Costs

Analysis of total trade costs is disclosed within the individual sub-funds' financial statements.

### 3 Revenue

	2013 £'000	2012 £'000
UK dividends	18,278	14,785
Overseas dividends	6,841	14,276
Scrip dividends	122	374
Property income distributions	188	145
Interest on debt securities	48,366	52,902
Interest on money market instruments	27	64
Bank interest	294	288
Underwriting commission	29	121
Net interest received from interest rate swaps	(154)	0
Total revenue	73,991	82,955

### 4 Expenses

	2013 £'000	2012 £'000
<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	14,830	12,359
Authorised Corporate Director's periodic charge taken from the capital account	2,801	1,660
Dealing charges	12	0
Dealing charges taken from the capital account	3	0
Registration fees	1,266	1,063
Registration fees taken from the capital account	162	103
	19,074	15,185
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	354	311
Safe custody fees	113	104
	467	415

# Standard Life Investment Company II Annual Report & Financial Statements

## Aggregated Financial Statements for Standard Life Investment Company II (Continued)

### 4 Expenses (continued)

	2013 £'000	2012 £'000
<b>Other expenses:</b>		
Audit fee*	67	53
Net interest paid on interest rate swaps	33	2,030
Total expenses	19,641	17,683

\*The total audit fee for 2013 is £80,045 (2012: £77,764). A reduced amount is shown due to a rebate from the ACD.

### 5 Taxation

	2013 £'000	2012 £'000
<b>(a) Analysis of charge in the year</b>		
UK corporation tax	100	221
UK corporation tax taken from the capital account	0	47
Double tax relief	(100)	(187)
Adjustments in respect of prior periods	(8)	20
Overseas withholding tax	258	1,085
Total taxation	250	1,186
Deferred tax:		
Origination and reversal of timing differences	0	(7)
Total deferred tax (Note 5(c))	0	(7)
Total taxation	250	1,179

#### (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	54,295	65,201
Corporation tax at 20% (2012: 20%)	10,862	13,040
Effects of:		
UK dividends	(3,655)	(2,957)
Scrip dividends	(24)	(74)
Non taxable overseas dividends	(1,022)	(2,519)
Tax on realised offshore gains taken from the capital account	(97)	47
Overseas withholding tax	141	898
Indexation relief	(1,373)	(1,579)
Excess management expenses	1,062	2,541
Interest distributions	(5,631)	(8,239)
Revenue taxable in different periods	(5)	8
Adjustments in respect of prior years	(8)	20
Current tax charge (Note 5(a))	250	1,186



# Standard Life Investment Company II Annual Report & Financial Statements

## Aggregated Financial Statements for Standard Life Investment Company II (Continued)

### 5 Taxation (continued)

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 currently more likely than not that such claims 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	6	13
Deferred tax charge in Statement of Total Return for the year (Note 5(a))	0	(7)
Provision at end of the year	6	6
Tax on future income receipts	9	8
Tax on unrealised offshore gains taken from the capital account	0	0
Double tax relief	(3)	(2)
Provision at end of the year	6	6

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

### 6 Finance Costs

	2013 £'000	2012 £'000
<b>Distributions and interest</b>		
<b>(a) The distributions take account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:</b>		
First Interim Distribution	10,623	11,297
Second Interim Distribution	17,376	22,529
Third Interim Distribution	9,785	11,499
Final Distribution	21,292	17,555
	59,076	62,880
Add: Income deducted on cancellation of shares	988	4,436
Deduct: Income received on issue of shares	(3,229)	(1,624)
Deduct: Losses transferred to capital	(8)	0
Net distribution for the year	56,827	65,692
Interest	55	71
Total finance costs	56,882	65,763

# Standard Life Investment Company II Annual Report & Financial Statements

## Aggregated Financial Statements for Standard Life Investment Company II (Continued)

### 6 Finance Costs (continued)

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

Net revenue after taxation for the year	54,045	64,022
Add: ACD periodic charge taken from the capital account	2,801	1,660
Add: Dealing charges taken from the capital account	3	0
Add: Registration fees taken from the capital account	162	103
Add: Undistributed revenue brought forward	1	0
Add: Capital transferred to revenue	13	0
Add: Losses transferred to capital	(24)	0
Add: Tax on offshore gains taken from capital account	0	47
Deduct: Marginal tax benefit	(173)	(139)
Deduct: Undistributed income carried forward	(1)	(1)
Net distribution for the year	56,827	65,692

### 7 Debtors

	2013	2012
	£'000	£'000
Amounts receivable from the ACD for issue of shares	26,460	2,200
Sales awaiting settlement	11,614	6,147
Accrued revenue	16,178	18,326
Expenses rebate due from the ACD	411	26
Accrued expenses receivable from the Depositary	37	13
Income tax recoverable	3	2
Corporation tax recoverable	18	18
Withholding tax recoverable	475	715
Due from ACD to cover NAV balance	0	43
Total debtors	55,196	27,490

### 8 Cash and bank balances

	2013	2012
	£'000	£'000
Amounts held at futures clearing houses and brokers	1,012	859
Cash and bank balances	9,786	4,715
Total cash and bank balances	10,798	5,574

# Standard Life Investment Company II Annual Report & Financial Statements

## Aggregated Financial Statements for Standard Life Investment Company II (Continued)

### 9 Creditors

	2013 £'000	2012 £'000
Amounts payable to the ACD for cancellation of shares	2,854	3,117
Purchases awaiting settlement	43,545	6,767
Accrued expenses payable to the ACD	1,866	1,364
Accrued expenses payable to the Depositary	72	61
Other accrued expenses	110	87
Collateral cash	21,045	3,753
Deferred taxation	6	6
Income tax payable	914	1,070
Expenses rebate due to the ACD	0	11
Accrued interest payable on interest rate swap contracts	117	0
Amounts due to ACD in respect of payment for withholding tax reclaims	567	567
Residual payment to shareholders from termination	129	107
Corporation tax payable	71	73
Total creditors	71,296	16,983

### 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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund

### Investment Report

#### Fund Information

<b>Fund Manager</b>	Stuart Lindsay
<b>Launch Date</b>	15 September 2004
<b>Benchmark</b>	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 FCA 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 FCA rules.

#### Risk

The Fund is intended for cautious investors looking to achieve a level of income in keeping with the high degree of security that comes from investing in a portfolio of mainly cash and near cash.

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. Call options are not deemed to be warrants for the purposes of this 5% limit.

#### Performance

The Cash Fund returned -0.12% over the period, compared to 0.07% for the IMA Money Market Sector. (Source: Morningstar).

In the context of legacy national debt overhangs, budget austerity and growth recovery, investors remained focused on central bank policy and particularly banking union, fiscal discipline, central bank monetary activism and credit provision. We continued to restrict credit exposures to European banks over the period and these were subject to constant close monitoring. Our view remains that the Bank of England base rate is unlikely to change in the near future given the current UK economic situation, as the recovery is still in its infancy. Therefore, our preference is to maintain the weighted average maturity of the Fund as high as possible, subject to the constraints that have been imposed because of the European situation.

#### Investment activity

Capital preservation was the focus of our activity and liquidity remains key to the operation of the Fund. Therefore, the majority of the Fund continues to be invested in shorter maturities, with

selective investments further out the yield curve. This is where we can make additional returns in order to maintain a higher weighted average maturity. Again, this is subject to constraints imposed by the evolving credit strength of our approved issuer counterparties.

#### Outlook

The 3-month London Interbank Offered Rate (LIBOR) stopped falling and started to rise, albeit modestly, over the period under review. The excess liquidity created by the European Central Bank (ECB) continues to reduce, but money market issuance levels from the European banking sector remain low. The European situation, and policy response from the various authorities, most notably the ECB, will drive wholesale money market issuance levels, and therefore Fund performance, in the near term.

#### Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund

Investment Report (Continued)

Composition of Portfolio	%
as at 31 October 2013	
Bonds (4.69%)	16.14
Call Deposits (9.36%)	21.22
Money Market Instruments (42.11%)	36.56
Term Deposits (40.06%)	13.93
Collective Investment Schemes (4.82%)	4.17
Net other assets (-1.04%)	7.98

The percentage figures in brackets show the comparative holding as at 31 October 2012.

Ten Largest Holdings (by market value)	%
as at 31 October 2013	
Santander 0.5%	8.55
Danske Bank 0.5%	7.12
Bank of America 0.45%	7.12
DZ Bank 0.41%	6.81
Lloyds TSB Financial 0.42%	5.55
Rabobank Nederland FRN 2014	4.75
SLI Seabury GBP VNAV Liquidity Fund	4.17
Commerzbank 0.58% 13/01/2014	3.80
Commonwealth Bank of Australia FRN 2014	2.85
National Australia Bank FRN 2014	2.85

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund

### Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2011	12,638	57.72	21,893,689
	31 October 2012	10,684	57.80	18,484,331
	31 October 2013	10,529	57.73	18,237,200
Standard Life accumulation	31 October 2011	0	58.76	500
	31 October 2012	0	59.01	500
	31 October 2013	1	59.15	1,245
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	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	57.84	57.73
	2013*	0.0000	57.84	57.73
Standard Life accumulation	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	59.14	58.61
	2013*	0.0899	59.21	59.14
*to 31 October				
Ongoing Charges Figure (OCF)				
	2013	2012		
Retail accumulation	0.66%	0.65%		
Standard Life accumulation	0.21%	0.20%		
The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.				

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund Financial Statements

### Statement of Total Return for the year ended 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012 £'000
Income:					
Net capital losses	1		(2)		(2)
Revenue	3	55		100	
Expenses	4	(66)		(77)	
Net (expenses)/revenue before taxation		(11)		23	
Taxation	5	0		0	
Net (expenses)/revenue after taxation			(11)		23
<b>Total return before distributions</b>			(13)		21
Finance costs: Distributions	6		0		(23)
<b>Change in net assets attributable to shareholders from investment activities</b>			(13)		(2)

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

	£'000	2013 £'000	£'000	2012 £'000
<b>Opening net assets attributable to shareholders</b>		10,684		12,638
Amounts receivable on issue of shares	6,494		12,281	
Less: Amounts payable on cancellation of shares	(6,635)		(14,249)	
		(141)		(1,968)
Change in net assets attributable to shareholders from investment activities (see above)		(13)		(2)
Retained distribution on accumulation shares		0		16
<b>Closing net assets attributable to shareholders</b>		10,530		10,684



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	£'000	2013 £'000	2012 £'000
<b>Assets</b>				
Investment assets			9,690	10,795
Debtors	7	879		11
Cash and bank balances		1	1	
Total other assets			880	12
Total assets			10,570	10,807
<b>Liabilities</b>				
Creditors	8	(40)	(123)	
Total other liabilities			(40)	(123)
Total liabilities			(40)	(123)
<b>Net assets attributable to shareholders</b>			10,530	10,684

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund

Portfolio Statement as at 31 October 2013

Holding	Bid-market value £'000	Percentage of total net assets
<b>Bonds (4.69%)</b>	<b>1,699</b>	<b>16.14</b>
300,000 Commonwealth Bank of Australia FRN 2014	300	2.85
300,000 ING Bank FRN 2014	299	2.84
300,000 National Australia Bank FRN 2014	300	2.85
300,000 National Bank of Canada FRN 2014	300	2.85
500,000 Rabobank Nederland FRN 2014	500	4.75
<b>Cash Held For Investment Purposes (91.53%)</b>	<b>7,552</b>	<b>71.71</b>
<b>Call Deposits (9.36%)</b>	<b>2,235</b>	<b>21.22</b>
Danske Bank 0.5%	750	7.12
Lloyds TSB Financial 0.42%	585	5.55
Santander 0.5%	900	8.55
<b>Money Market Instruments (42.11%)</b>	<b>3,850</b>	<b>36.56</b>
300,000 ABN Amro Bank 0.6% 17/02/2014	300	2.85
250,000 Bank of China 0.82% 27/11/2013	250	2.37
300,000 Banque Federative du Credit Mutuel 0.56% 09/12/2013	300	2.85
400,000 Commerzbank 0.58% 13/01/2014	400	3.80
250,000 Credit Agricole 0.62% 14/11/2013	250	2.37
300,000 Deutsche Bank 0.54% 13/03/2014	300	2.85
300,000 KBC Bank 0.5% 06/01/2014	300	2.85
300,000 Nationwide Building Society 0.52% 10/01/2014	300	2.85
250,000 Natixis 0.64% 02/01/2014	250	2.37
300,000 Nordea Bank 0.51% 10/02/2014	300	2.85
300,000 Societe Generale 0.6% 04/04/2014	300	2.85
300,000 Sumitomo Mitsui Trust 0.5% 12/11/2013	300	2.85
300,000 Sumitomo Mitsui Trust 0.55% 05/02/2014	300	2.85
<b>Term Deposits (40.06%)</b>	<b>1,467</b>	<b>13.93</b>
Bank of America 0.45%	750	7.12
DZ Bank 0.41%	717	6.81

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund

Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Collective Investment Schemes (4.82%)</b>	<b>439</b>	<b>4.17</b>
439,343 SLI Seabury GBP VNAV Liquidity Fund	439	4.17
Total investment assets	9,690	92.02
Net other assets	840	7.98
<b>Total Net Assets</b>	<b>10,530</b>	<b>100.00</b>

All investments are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2012.

	Bid-market value £'000
<b>Credit Rating Analysis</b>	
Investment Grade Bonds	1,699
<b>Total Value of Bonds</b>	<b>1,699</b>

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund

### Notes to the Financial Statements

#### 1 Net Capital Losses

	2013 £'000	2012 £'000
Non-derivative securities	(1)	0
Handling charges taken from the capital account	(1)	(2)
Net capital losses	(2)	(2)

#### 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. During the year the Fund made purchases of £12,449,000 and sales of £11,900,000.

#### 3 Revenue

	2013 £'000	2012 £'000
Interest on debt securities	7	6
Interest on money market instruments	27	64
Bank interest	21	30
Total revenue	55	100

#### 4 Expenses

	2013 £'000	2012 £'000
<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	51	60
Registration fees	8	10
	59	70
<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	66	77

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund

Notes to the Financial Statements (Continued)

### 5 Taxation

#### (a) Analysis of charge in the year

	2013 £'000	2012 £'000
Total taxation	0	0

#### (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 (expense)/revenue before taxation	(11)	23
Corporation tax at 20% (2012: 20%)	(2)	5
Effects of:		
Excess management expenses	2	0
Interest distributions	0	(5)
Current tax charge (Note 5(a))	0	0

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 £2,000 (2012: £nil) 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

#### (a) Distributions and interest

The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:

	2013 £'000	2012 £'000
Final distribution	0	17
Add: Income deducted on cancellation of shares	1	15
Deduct: Income received on issue of shares	(1)	(9)
Net distribution for the year	0	23

Details of the distribution per share are set out in this Fund's distribution table.

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

Net revenue after taxation for the year	(11)	23
Add: Share class deficit	11	0
Net distribution for the year	0	23

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund

Notes to the Financial Statements (Continued)

### 7 Debtors

	2013	2012
	£'000	£'000
Amounts receivable from the ACD for issue of shares	872	0
Accrued revenue	6	9
Income tax recoverable	1	0
Corporation tax recoverable	0	2
Total debtors	879	11

### 8 Creditors

	2013	2012
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	30	111
Accrued expenses payable to the ACD	5	5
Other accrued expenses	5	5
Income tax payable	0	2
Total creditors	40	123

### 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 year are disclosed in notes 7 and 8.

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

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund

Notes to the Financial Statements (Continued)

### 10 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 pages 15 and 16.

#### 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 and liabilities

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>2013</b>			
<b>Currency</b>			
Sterling	5,841	3,850	9,691
<b>2012</b>			
<b>Currency</b>			
Sterling	6,297	4,499	10,796

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent, with the exception of the SLI Seabury Liquidity Funds which earn interest from investment in an underlying portfolio of money market instruments.



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Cash Fund

### Distribution Table

for the year ended 31 October 2013

#### Interest distribution

Group 1 - shares purchased prior to 1 November 2012

Group 2 - shares purchased between 1 November 2012 and 31 October 2013

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>						
Group 1	0.0000	0.0000	0.0000	-	0.0000	0.0857
Group 2	0.0000	0.0000	0.0000	0.0000	0.0000	0.0857
<b>Standard Life accumulation</b>						
Group 1	0.1123	0.0224	0.0899	-	0.0899*	0.1472
Group 2	0.0065	0.0013	0.0052	0.0847	0.0899*	-

\* Distribution accumulated on 31 October 2013

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund Investment Report

Fund Information	
Fund Manager	Roger Sadewsky
Launch Date	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 FCA 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.

A substantial portion of the scheme property of the Fund may, in exceptional circumstances, be invested in deposits or money market instruments.

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

During the period under review, the Corporate Debt Fund returned 5.68% compared to the Merrill Lynch Non-Gilt BBB/AA benchmark index return of 5.11% (source: Datastream).

We were well positioned to benefit from the positive sentiment in markets during late-2012. At sector level, the main driver of returns came from overweight exposure to banks. This was partially offset by underweight exposure to more volatile financials (particularly the most subordinated bonds issued by insurers), which performed well given the higher risk bias of the rally. Stock selection in general was positive for Fund performance. Holdings of Aviva, Danske Bank and Lloyds all benefited from the theme of financial sector recovery, with their subordinated issuance performing particularly well. As the review period progressed, an overweight exposure to high yield performed well, particularly a position in the pub operator Enterprise Inns. Our allocation to UK banks, such as Lloyds, also

generated a positive relative return as the UK economy continued to show signs of recovery. Positions that detracted from performance included an underweight exposure to peripheral European risk.

### Investment activity

With credit enjoying a strong finish to 2012, we maintained a bias towards risk within the portfolio and looked to exploit relative opportunities and attractively priced new issuance. We purchased paper from the social housing sector, namely Notting Hill Housing Association, on strong cash flow and attractive yield. We topped up exposure to inexpensive asset-backed security (ABS) bonds from Integrated Accommodation Services, while reducing our holding in ABS paper from Chester Asset, which had performed well. Insurance issues which had lagged the recent rally were added, including Hannover Re and Prudential.

We focused on reducing credit risk during the first quarter of 2013 following the strong credit rally of the previous 12 months. Our holding in Punch Taverns, which had recovered well after a successful debt restructuring programme and positive trading results, was divested. We also scaled back our exposure to peripheral Europe, another prominent beneficiary of the positive momentum in credit markets. We used proceeds from these sales to participate in new issues from A.P. Moller-Maersk and National Grid, among others. These purchases allowed us to maintain the yield of the Fund. As the review period drew to a close, a large cash outflow was the major influence on activity as we reduced holdings across the Fund on a pro-rata basis. We did, however, add some risk to the portfolio with the purchase of asset backed debt from Dignity Finance and Tees & Hartlepool Port Authority. We also added to our exposure to financials (Citigroup, Lloyds and Commerzbank) and purchased attractively values dollar bonds from Verizon and Pernod Ricard.

During the year to 31 October 2013 the following material changes (greater than 5% of opening Net Asset Value) were made to the portfolio:

Purchases	Cost £'000
UK (Govt of) 5% 2025	23,823
Others (those not listed above)	64,006
<b>Total</b>	<b>87,829</b>

Sales	Proceeds £'000
UK (Govt of) 5% 2025	28,040
Others (those not listed above)	151,243
<b>Total</b>	<b>179,283</b>

# Standard Life Investment Company II Annual Report & Financial Statements

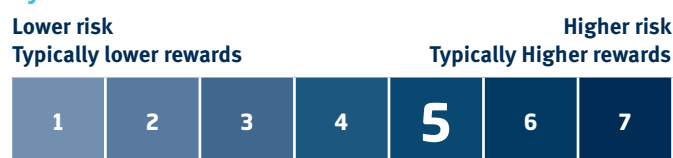
## Standard Life Investment Corporate Debt Fund Investment Report (Continued)

### Outlook

Our positive view on corporate bond markets remains unchanged. We expect credit spreads to gradually tighten over the next six months, driven by strong technical factors, decreasing sovereign risk premia and improving fundamentals in the banking sector.

In the US, the government shutdown has cost growth and, with no final compromise having been reached, negotiations will start again in the New Year. This causes uncertainty about the path of the US recovery and is likely to postpone the start of tapering. The decrease in sovereign risk premia is heavily dependent on growth, stable politics and Europe dealing with its imbalances. The latter will be a long process and will cause volatility on its way.

### 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.

Composition of Portfolio	%
as at 31 October 2013	
Euro Denominated Bonds (7.73%)	6.01
Sterling Denominated Bonds (85.90%)	83.27
UK Gilts (2.96%)	1.78
US Dollar Denominated Bonds (0.87%)	2.22
Derivatives (-0.47%)	0.88
Collective Investment Schemes (1.34%)	8.41
Net other liabilities (1.67%)	(2.57)

The percentage figures in brackets show the comparative holding as at 31 October 2012.

Ten Largest Holdings (by market value)	%
as at 31 October 2013	
SLI Seabury GBP VNAV Liquidity Fund	4.28
SLI Seabury EUR VNAV Liquidity Fund	4.13
Barclays 10% 2021	1.24
Heathrow Funding 6.75% 2028	1.11
Enel 5.75% 2040	0.90
Bank of America 7% 2028	0.89
Legal & General 5.875% 2033	0.88
Deutsche Telekom 8.875% 2028	0.86
Eversholt 6.697% 2035	0.78
UK (Govt of) 1.875% Index-Linked 2022	0.77

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2011	0	60.77	500
	31 October 2012	0	70.05	500
	31 October 2013	0	74.37	500
Standard Life accumulation	31 October 2011	1	65.91	2,462
	31 October 2012	2	77.77	2,462
	31 October 2013	1	83.36	622
Institutional regulated accumulation - Gross	31 October 2011	419,269	67.93	617,167,505
	31 October 2012	372,580	80.65	461,981,363
	31 October 2013	293,347	87.04	337,010,895
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	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	75.59	64.89
	2013*	2.0217	81.74	71.59
Standard Life accumulation	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	82.99	70.73
	2013*	3.2399	90.52	79.04
Institutional regulated accumulation - Gross	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	86.03	73.06
	2013*	3.8004	94.03	82.03
*to 31 October				

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

Comparative Tables (Continued)

### Ongoing Charges Figure (OCF)

	2013	2012
Retail accumulation	1.61%	1.61%
Standard Life accumulation	0.11%	0.11%
Institutional regulated accumulation - Gross	0.38%	0.38%

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund Financial Statements

### Statement of Total Return for the year ended 31 October 2013

			2013		2012
	Notes	£'000	£'000	£'000	£'000
Income:					
Net capital gains	1		8,843		54,035
Revenue	3	17,654		22,061	
Expenses	4	(1,430)		(3,602)	
Finance costs: Interest	6	(27)		(33)	
Net revenue before taxation		16,197		18,426	
Taxation	5	0		0	
Net revenue after taxation			16,197		18,426
<b>Total return before distributions</b>			25,040		72,461
Finance costs: Distributions	6		(16,197)		(18,426)
<b>Change in net assets attributable to shareholders from investment activities</b>			8,843		54,035

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

		2013		2012
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		372,582		419,270
Amounts receivable on issue of shares	352		60	
Less: Amounts payable on cancellation of shares	(104,562)		(118,510)	
		(104,210)		(118,450)
Change in net assets attributable to shareholders from investment activities (see above)		8,843		54,035
Retained distribution on accumulation shares		16,133		17,727
<b>Closing net assets attributable to shareholders</b>		293,348		372,582

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	£'000	2013 £'000	2012 £'000
<b>Assets</b>				
Investment assets			336,065	419,124
Debtors	7	6,298		9,500
Cash and bank balances	8	2,073		873
Total other assets			8,371	10,373
Total assets			344,436	429,497
<b>Liabilities</b>				
Investment liabilities			(35,190)	(52,770)
Creditors	9	(15,898)		(4,145)
Total other liabilities			(15,898)	(4,145)
Total liabilities			(51,088)	(56,915)
<b>Net assets attributable to shareholders</b>			293,348	372,582

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

Portfolio Statement as at 31 October 2013

Holding	Bid-market value £'000	Percentage of total net assets
<b>Bonds (97.46%)</b>	<b>273,628</b>	<b>93.28</b>
<b>Euro Denominated Bonds (7.73%)</b>	<b>17,632</b>	<b>6.01</b>
<b>Less Than 5 Years To Maturity</b>		
211,000 Abbey National 3.625% 2017	197	0.07
150,000 Alba 8% 2018	131	0.04
499,000 Ardagh Glass 9.25% 2016	444	0.15
800,000 Bank of America 7% 2016	778	0.26
328,000 Brambles 4.625% 2018	312	0.11
183,000 DONG Energy 4% 2016	169	0.06
378,000 ESB 6.25% 2017	371	0.13
563,000 FCE Bank 4.75% 2015	498	0.17
648,000 Fiat 6.25% 2018	626	0.21
737,000 Hammerson 4.875% 2015	663	0.23
668,000 HeidelbergCement 6.5% 2015	611	0.21
423,000 Morgan Stanley 4.5% 2016	384	0.13
100,000 Pernod Ricard 5% 2017	95	0.03
1,295,000 Pohjola Bank 3% 2017	1,167	0.40
797,000 RCI Banque 5.625% 2015	715	0.24
348,000 Saint-Gobain 3.5% 2015	309	0.11
131,280 Unitymedia 8.125% 2017	116	0.04
644,000 Ziggo 8% 2018	580	0.20
564,000 Zinc Capital 8.875% 2018	513	0.17
<b>Between 5 And 10 Years To Maturity</b>		
490,000 Bank of Ireland 3.625% 2020	429	0.15
1,128,000 Barclays 4.5% fixed to floating 2019	964	0.33
600,000 Commerzbank 7.75% 2021	561	0.19
900,000 Deutsche Annington 3.125% 2019	789	0.27
298,000 DONG Energy 4.875% 2021	297	0.10
240,000 Lloyds TSB Bank 6.5% 2020	238	0.08
943,000 Mondi 3.375% 2020	824	0.28
200,000 Morgan Stanley 5.375% 2020	199	0.07
894,000 Nationwide 6.75% 2020	885	0.30
391,000 Saint-Gobain 4.5% 2019	373	0.13
130,000 UPCB 7.625% 2020	119	0.04



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Euro Denominated Bonds (continued)</b>		
<b>Greater Than 25 Years To Maturity</b>		
600,000 Allianz 5.625% fixed to floating 2042	576	0.20
450,000 AXA 5.25% fixed to floating 2040	415	0.14
530,000 Bluestep Mortgage 1.682% 2055	448	0.15
567,000 Linde 7.375% fixed to floating 2066	542	0.18
<b>Perpetual Bonds</b>		
900,000 Allianz 4.75% fixed to floating Perpetual	773	0.26
600,000 BNP Paribas 4.73% fixed to floating Perpetual	521	0.18
<b>Sterling Denominated Bonds (85.90%)</b>	<b>244,256</b>	<b>83.27</b>
<b>Less Than 5 Years To Maturity</b>		
501,000 Abbey National 5.5% 2014	515	0.17
1,276,000 American International 6.765% 2017	1,492	0.51
235,000 Anheuser-Busch InBev 6.5% 2017	274	0.09
250,000 Bayer 5.625% 2018	289	0.10
731,000 BG Energy 5.125% 2017	824	0.28
322,000 British Telecom 8.5% variable 2016	386	0.13
1,400,000 Centrica 5.5% 2016	1,556	0.53
1,216,000 Citigroup 7.625% 2018	1,478	0.50
629,000 CPMK 4.811% 2017	672	0.23
1,257,000 CRH Finance 8.25% 2015	1,376	0.47
340,000 Daimler 1.75% 2014	341	0.12
1,270,000 Daimler 1.75% 2017	1,270	0.43
400,000 Daimler 2.125% 2013	400	0.14
350,000 Danske Bank 4% 2015	367	0.13
117,000 Experian 5.625% 2013	118	0.04
503,000 FCE Bank 4.825% 2017	545	0.19
150,000 FCE Bank 5.125% 2015	160	0.05
1,100,000 Firstgroup 8.125% 2018	1,326	0.45
108,000 France Telecom 8% 2017	133	0.04
842,000 General Electric Capital 6.25% variable 2017	980	0.33
1,000,000 Go-Ahead 5.375% 2017	1,099	0.37
398,000 Heathrow Funding 5.85% 2015	399	0.14

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>		
586,000 Heathrow Funding 6.25% 2018	669	0.23
80,000 Heathrow Funding 12.45% fixed to floating 2018	100	0.03
504,000 Hutchison Ports 6.75% variable 2015	558	0.19
1,900,000 Imperial Tobacco 5.5% 2016	2,103	0.72
350,000 JP Morgan Chase 5.375% 2016	384	0.13
300,000 JP Morgan Chase FRN 2017	288	0.10
149,000 Lloyds TSB Bank 6.625% 2015	158	0.05
851,000 London Stock Exchange 6.125% 2016	934	0.32
800,000 Merrill Lynch 7.75% 2018	975	0.33
325,000 Morgan Stanley 5.75% 2017	362	0.12
485,000 National Express 6.25% 2017	537	0.18
1,050,000 Northern Trust 5.375% 2015	1,090	0.37
1,287,000 Northumbrian Water 6% variable 2017	1,486	0.51
892,000 Prudential 1.25% 2015	892	0.30
423,000 QBE Insurance 6.125% 2015	456	0.16
1,002,000 QBE Insurance 10% 2014	1,031	0.35
291,000 Royal Bank of Scotland 6.625% 2018	344	0.12
150,000 Saint-Gobain 5.625% 2016	166	0.06
226,000 Segro 5.25% 2015	241	0.08
216,000 Skandinaviska Enskilda Banken 6.625% 2014	224	0.08
550,000 Societe Generale 3.875% 2015	577	0.20
1,122,000 Stagecoach 5.75% 2016	1,242	0.42
1,132,000 Svenska Handelsbanken 5.5% 2016	1,247	0.43
604,000 Telefonica Emisiones 5.375% 2018	651	0.22
541,000 UBS 6.375% 2016	610	0.21
551,000 UBS 6.625% 2018	654	0.22
268,000 United Utilities Water 6.125% 2015	294	0.10
1,200,000 Virgin Media 7% 2018	1,250	0.43
294,000 Volkswagen 1.25% 2015	295	0.10
<b>Between 5 And 10 Years To Maturity</b>		
1,465,000 ABN Amro 4.875% 2019	1,611	0.55
474,000 Anglian Water 6.875% 2023	600	0.20
980,000 Annington Finance 6.568% 2023	1,043	0.36
195,567 Annington Finance FRN 2023	189	0.06

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>		
112,523 Annington Finance No 1 8% 2021	139	0.05
700,000 Annington Repackaging 5.3236% 2023	775	0.26
741,000 Atlantia 6.25% 2022	831	0.28
680,000 Australia & New Zealand Bank FRN 2018	682	0.23
203,000 Bank of Scotland 6.375% 2019	226	0.08
750,000 Barclays 4.25% 2022	818	0.28
217,000 Barclays 6.75% fixed to floating 2023	240	0.08
2,731,000 Barclays 10% 2021	3,633	1.24
841,000 BMW 3.375% 2018	889	0.30
678,000 BNP Paribas 2.375% 2019	671	0.23
1,607,000 British American Tobacco 6.375% 2019	1,955	0.67
1,303,000 British Telecom 6.625% 2017	1,511	0.51
1,123,000 Citigroup 5.125% 2018	1,234	0.42
550,000 Citigroup 6.25% 2019	652	0.22
634,000 Coventry 5.875% 2022	735	0.25
348,000 Credit Agricole 5.5% 2021	397	0.14
559,000 Danske Bank 5.375% fixed to floating 2021	574	0.20
779,946 E-Carat Asset Backed Note 1.3% 2020	781	0.27
705,000 Enterprise Inns 6.5% 2018	731	0.25
580,000 Experian 4.75% 2018	644	0.22
1,132,000 G4S 7.75% variable 2019	1,367	0.47
460,000 Gazprom 5.338% 2020	483	0.16
650,000 GE Capital 4.375% 2019	706	0.24
1,270,000 GE Capital 5.125% 2023	1,422	0.48
1,413,000 GE Capital 5.625% 2019	1,619	0.55
260,000 GKN 5.375% 2022	278	0.09
1,127,000 Heathrow Funding 5.22% fixed to floating 2025	1,261	0.43
159,000 HSBC 4.75% fixed to floating 2020	166	0.06
847,000 HSBC 5% fixed to float 2023	910	0.31
568,000 HSBC 6.25% 2019	661	0.23
450,000 HSBC 6.375% fixed to floating 2022	505	0.17
850,000 Imperial Tobacco 7.75% 2019	1,055	0.36
814,000 Imperial Tobacco 9% variable 2022	1,113	0.38
577,000 ING Bank 5.375% 2021	658	0.22
1,009,000 Koninklijke 6% 2019	1,153	0.39

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding		Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)			
849,000	Land Securities 4.875% fixed to floating 2019	946	0.32
626,000	LBG Capital No.1 7.869% 2020	665	0.23
275,000	LBG Capital No.1 11.04% 2020	317	0.11
585,000	LBG Capital No.2 15% 2019	854	0.29
456,000	Linde 5.875% 2023	552	0.19
519,000	Lloyds TSB Bank 6.9625% fixed to floating 2020	547	0.18
887,000	Lloyds TSB Bank 10.75% fixed to floating 2021	1,068	0.36
565,000	London Power 5.125% 2023	631	0.22
691,000	Marks & Spencer 6.125% 2019	781	0.27
1,121,000	Merrill Lynch 5.5% 2021	1,247	0.43
870,000	Metlife 5.25% 2020	991	0.34
765,000	National Express 6.625% 2020	893	0.30
161,000	Nationwide 5.25% 2020	160	0.05
212,000	Nationwide 5.625% 2019	245	0.08
1,358,000	Petróleos Mexicanos 8.25% 2022	1,688	0.58
400,000	Provident Financial 8% 2019	439	0.15
764,000	Rabobank Nederland 4% 2022	801	0.27
64,000	Reseau Ferre de France 5.5% 2021	75	0.03
504,000	Scottish Widows 5.5% 2023	517	0.18
566,000	Segro 6.75% 2021	688	0.23
771,000	Societe Generale 5% 2018	860	0.29
964,000	Southern Gas Networks 4.875% 2023	1,061	0.36
561,000	Southern Gas Networks 5.125% 2018	630	0.21
100,000	Southern Water 5% 2021	110	0.04
364,000	SPI Australia Assets 5.125% 2021	406	0.14
618,000	TDC 5.625% 2023	701	0.24
750,000	Telecom Italia 6.375% 2019	782	0.27
200,000	Telefonica Emisiones 5.289% 2022	210	0.07
1,300,000	Telefonica Emisiones 5.597% 2020	1,402	0.48
326,000	Tesco 5% 2023	352	0.12
388,000	Tesco 5.5% 2019	443	0.15
624,000	UBS 5.25% fixed to floating 2021	668	0.23
373,000	UNITE 3.374% 2023	365	0.12
1,700,000	Wells Fargo 5.25% 2023	1,906	0.65
565,000	Wessex Water Services 4% 2021	595	0.20

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>		
123,000 Western Power 9.25% 2020	169	0.06
828,000 Westfield 4.25% 2022	873	0.30
565,000 Xstrata 7.375% 2020	686	0.23
<b>Between 10 And 15 Years To Maturity</b>		
1,087,000 A.P. Moller-Maersk 4% 2025	1,075	0.37
604,000 Abbey National 5.75% 2026	732	0.25
839,000 ABP 1% 2026	987	0.34
560,000 America Movil 5% 2026	611	0.21
486,000 Amgen 5.5% 2026	556	0.19
410,000 Anheuser Busch Inbev 4% 2025	426	0.15
130,000 Anheuser Busch InBev 9.75% 2024	202	0.07
260,000 APT Pipelines 4.25% 2024	265	0.09
2,000,000 Bank of America 7% 2028	2,601	0.89
606,866 BL Superstore 5.27% 2030	663	0.23
1,127,000 British American Tobacco 7.25% 2024	1,480	0.50
189,000 Broadgate Finance FRN 2025	175	0.06
563,000 CPM Finance 7.239% 2024	690	0.24
650,000 Credit Agricole 7.375% 2023	781	0.27
511,391 Dignity Finance 6.31% 2023	607	0.21
733,000 Eastern 8.5% 2025	1,034	0.35
1,239,000 Electric North West 8.875% 2026	1,825	0.62
595,000 Eversholt 6.359% 2025	721	0.25
400,000 Gatwick Funding 6.125% 2028	478	0.16
91,000 Hammerson 6% variable 2026	108	0.04
2,551,000 Heathrow Funding 6.75% 2028	3,269	1.11
561,000 HSBC 5.75% 2027	632	0.22
197,000 Land Securities FRN 2026	228	0.08
1,659,000 Lloyds TSB Bank 4.875% 2027	1,863	0.64
1,192,000 Lloyds TSB Bank 5.75% fixed to floating 2025	1,241	0.42
470,000 Lloyds TSB Bank 7.5% 2024	616	0.21
552,000 Lloyds TSB Bank 7.625% 2025	666	0.23
861,000 Metropolitan Life 3.5% 2026	854	0.29
293,000 Morrison (WM) 3.5% 2026	277	0.09
171,000 Motability Operations 4.375% 2027	180	0.06

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>			
998,000	National Grid 4% 2027	999	0.34
879,000	National Grid 6.5% variable 2028	1,123	0.38
987,000	Royal Bank of Scotland 5.125% 2024	1,129	0.38
1,459,000	Royal Bank of Scotland 6.875% 2025	1,805	0.62
200,000	Saint-Gobain 5.625% 2024	224	0.08
800,000	Siemens 2.75% 2025	739	0.25
303,000	SP Manweb 4.875% 2027	318	0.11
264,000	Spirit Issuer FRN 2027	267	0.09
938,000	Thames Water 5.375% 2025	1,027	0.35
689,336	Tees & Hartlepool Port Authority Finance 7.127% 2024	814	0.28
467,226	Unique Pub Finance 5.659% 2027	454	0.15
441,000	Unique Pub Finance 7.395% 2024	424	0.14
1,123,000	United Utilities 5.625% 2027	1,310	0.45
<b>Between 15 And 25 Years To Maturity</b>			
250,000	Aegon 6.125% 2031	298	0.10
878,000	America Movil 5.75% 2030	1,009	0.34
954,000	Amgen 4% 2029	920	0.31
1,124,000	Anglian Water 6.625% 2029	1,452	0.49
974,000	Arqiva 4.04% 2035	1,000	0.34
710,000	Arqiva 4.882% 2032	736	0.25
1,870,000	Aviva 6.125% 2036	2,028	0.69
466,000	British Telecom 5.75% variable 2028	541	0.18
1,200,000	Broadgate Finance 4.821% 2036	1,308	0.45
395,000	Broadgate Finance 4.851% 2033	431	0.15
615,132	Canary Wharf Finance 6.455% 2033	761	0.26
449,000	Centrica 4.375% 2029	463	0.16
727,000	Citigroup 6.8% 2038	974	0.33
970,000	Delamare 5.5457% 2029	1,082	0.37
1,679,000	Deutsche Telekom 8.875% 2028	2,537	0.86
550,000	Dignity Finance 8.151% 2031	755	0.26
426,000	DirecTV 4.375% 2029	408	0.14
563,000	DONG Energy 4.875% 2032	590	0.20
1,600,000	E.ON International 5.875% 2037	1,943	0.66
1,150,000	EDF 6.125% 2034	1,405	0.48

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>		
281,000 Enterprise Inns 6.375% variable 2031	249	0.08
1,841,000 Eversholt 6.697% 2035	2,286	0.78
966,000 France Telecom 5.625% 2034	1,084	0.37
120,000 GE Capital 4.875% 2037	120	0.04
1,406,000 GE Capital 5.875% 2033	1,676	0.57
176,000 Great Portland Estates 5.625% 2029	182	0.06
1,784,000 Great Rolling Stock 6.5% 2031	2,181	0.74
294,000 Heathrow Funding 6.45% fixed to floating 2033	369	0.13
500,000 HSBC 7% 2038	651	0.22
856,157 Integrated Accommodation Services 6.48% 2029	1,057	0.36
254,000 Koninklijke 5.75% 2029	284	0.10
491,000 Land Securities 5.125% fixed to floating 2036	560	0.19
2,105,000 Legal & General 5.875% 2033	2,587	0.88
495,407 Mitchells & Butlers 5.574% 2030	564	0.19
329,000 Motability Operations 5.625% 2030	395	0.13
843,000 National Grid 7.375% 2031	1,170	0.40
681,000 Notting Hill Housing 3.75% 2032	648	0.22
850,000 Pfizer 6.5% 2038	1,155	0.39
472,000 Rio Tinto 4% 2029	461	0.16
1,321,519 RMPA Services 5.337% 2038	1,468	0.50
98,000 Severn Trent 6.25% 2029	123	0.04
719,000 SLM Student Loan Trust 5.45% 2038	642	0.22
1,634,000 Southern Electric 5.5% variable 2032	1,924	0.66
1,149,000 Spirit Issuer FRN 2028	1,023	0.35
1,455,000 SSE 8.375% 2028	2,127	0.73
840,961 Telereal 6.1645% 2031	996	0.34
1,370,000 Telereal Secured 4.01% 2031	1,368	0.47
166,000 Thames Water 5.75% 2030	186	0.06
1,300,000 Veolia Environment 6.125% 2037	1,566	0.53
588,000 Vodafone 5.9% 2032	701	0.24
455,000 Walmart 5.25% 2035	536	0.18
241,745 Wellington Pub 6.735% 2029	213	0.07
748,000 Wells Fargo 4.625% 2035	784	0.27
655,000 Western Power 5.75% 2032	772	0.26
210,000 Yorkshire Water 3.625% 2029	200	0.07

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>			
650,000	Yorkshire Water 5.5% 2037	767	0.26
<b>Greater Than 25 Years To Maturity</b>			
512,000	Aegon 6.625% 2039	666	0.23
511,000	Affinity Sutton 4.25% 2042	509	0.17
651,000	Arkle Master 3.986% fixed to floating 2060	703	0.24
500,000	Aspire Defence 4.674% 2040 'A'	515	0.18
1,815,000	Aspire Defence 4.674% 2040 'B'	1,865	0.64
1,518,000	AT&T 4.875% 2044	1,529	0.52
600,000	AT&T 7% 2040	797	0.27
690,000	Aviva 6.625% fixed to floating 2041	776	0.26
910,000	Centrica 4.25% 2044	873	0.30
350,000	Citigroup 7.375% 2039	501	0.17
400,000	CNP Assurances 7.375% 2041	450	0.15
465,000	Direct Line Insurance 9.25% 2042	583	0.20
650,000	E.ON International 6.75% 2039	878	0.30
1,700,000	EDF 5.125% 2050	1,836	0.63
1,300,000	EDF 5.5% 2041	1,485	0.51
2,797,000	Enel 5.75% 2040	2,643	0.90
625,000	Gatwick Funding 6.5% 2043	797	0.27
1,000,000	GDF SUEZ 5% 2060	1,109	0.38
324,000	GE Capital 5.375% 2040	368	0.13
2,181,000	GE Capital 5.5% 2066	2,203	0.75
733,000	GlaxoSmithKline 6.375% 2039	981	0.33
632,000	Heathrow Funding 5.875% fixed to floating 2043	761	0.26
274,000	Holmes Master Issuer 4.009% fixed to floating 2054	295	0.10
1,279,000	HSBC 4.75% 2046	1,254	0.43
916,000	HSBC 6% 2040	1,069	0.36
380,000	London & Quadrant Housing 5.5% 2040	460	0.16
500,000	Munchener Ruckvers 6.625% fixed to floating 2042	587	0.20
567,000	NGG 5.625% fixed to floating 2073	573	0.20
148,000	Northumbrian Water 5.125% 2042	164	0.06
388,000	Notting Hill Housing 5.25% 2042	449	0.15
370,774	Peel 8.375% 2040	422	0.14
1,193,000	Permanent Master Issuer 4.805% 2042	1,306	0.45



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>			
566,000	Rabobank Nederland 5.25% 2041	627	0.21
1,186,000	RSA Insurance 9.375% fixed to floating 2039	1,494	0.51
1,700,000	RWE 6.125% 2039	2,039	0.70
606,000	Sanctuary Capital 5% 2047	681	0.23
327,000	Severn Trent 4.875% 2042	352	0.12
146,000	Silverstone 5.063% 2055	161	0.05
727,101	Tesco 5.744% 2040	812	0.28
707,139	Tesco 6.0517% 2039	823	0.28
1,821,073	Tesco Property 5.8006% 2040	2,024	0.69
585,000	Thames Water 4.625% 2046	595	0.20
337,000	THFC Funding No.2 6.35% 2041	432	0.15
488,000	THFC Funding No.3 5.2% 2045	544	0.19
286,000	Transport for London 3.875% 2042	280	0.10
631,000	Vattenfall 6.875% 2039	873	0.30
750,000	Walmart 4.875% 2039	848	0.29
<b>Supranational Bonds</b>			
216,000	European Investment Bank 5.5% 2025	262	0.09
<b>Perpetual Bonds</b>			
567,000	AXA 6.6862% fixed to floating Perpetual	589	0.20
522,000	AXA 6.772% fixed to floating Perpetual	549	0.19
690,000	Barclays 6% Non-Cum Preference Shares Perpetual	642	0.22
1,402,000	DNB Bank 6.0116% fixed to floating Perpetual	1,459	0.50
1,400,000	EDF 6% Perpetual	1,457	0.50
1,550,000	ELM 6.3024% fixed to floating Perpetual	1,665	0.57
950,000	Generali Finance 6.214% fixed to floating Perpetual	933	0.32
1,694,000	HSBC 5.844% fixed to floating Perpetual	1,713	0.58
389,000	Lloyds TSB Bank 13% variable Perpetual	600	0.20
802,000	Nationwide 7.971% Perpetual	829	0.28
632,000	RL Finance 6.125% fixed to floating Perpetual	617	0.21
216,000	Scottish & Southern Energy 5.453% Perpetual	224	0.08
1,677,000	Scottish Widows 5.125% fixed to floating Perpetual	1,661	0.57
642,000	Societe Generale 8.875% fixed to floating Perpetual	700	0.24
500,000	Veolia Environment 4.85% Perpetual	496	0.17

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>		
557,000 Zurich 6.625% fixed to floating Perpetual	616	0.21
<b>UK Gilts (2.96%)</b>	<b>5,230</b>	<b>1.78</b>
681,000 UK (Govt of) 1.25% Index-Linked 2017	995	0.34
1,500,000 UK (Govt of) 1.875% Index-Linked 2022	2,262	0.77
1,101,179 UK (Govt of) 4.75% 2020	1,293	0.44
550,000 UK (Govt of) 4.75% 2038	680	0.23
0 UK (Govt of) 5% 2025	0	0.00
<b>US Dollar Denominated Bonds (0.87%)</b>	<b>6,510</b>	<b>2.22</b>
286,000 Altria 4.25% 2042	152	0.05
790,000 Altria 5.375% 2044	497	0.17
213,000 Altria 9.25% 2019	177	0.06
623,000 Altria 10.2% 2039	618	0.21
490,000 Barclays 7.625% 2022	315	0.11
955,000 CSG Guernsey 7.875% fixed to floating 2041	650	0.22
1,160,000 IPIC 3.75% 2017	765	0.26
600,000 Orange 8.5% 2031	515	0.18
1,500,000 Pernod Ricard 5.75% 2021	1,046	0.36
980,000 Telefonos De Mexico 5.5% 2019	680	0.23
710,000 Transcanada Pipelines 3.75% 2023	445	0.15
900,000 Verizon Communications 6.55% 2043	650	0.22
<b>Derivatives (-0.47%)</b>	<b>2,567</b>	<b>0.88</b>
<b>Credit Default Swaps</b>		
EUR 8,259,000 Sell iTraxx Europe Crossover Series 20 20/12/2018 5%	529	0.18
EUR 33,036,000 Sell iTraxx Europe Main Series 20 20/12/2018 1%	259	0.09
<b>Forward Currency Contracts</b>		
Buy EUR 48,756 Sell GBP 40,688 14/11/2013	1	0.00
Buy EUR 175,792 Sell GBP 147,502 14/11/2013	1	0.00
Buy EUR 196,791 Sell GBP 164,476 14/11/2013	2	0.00

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Derivatives (continued)</b>			
	Buy EUR 245,158 Sell GBP 206,253 14/11/2013	1	0.00
	Buy EUR 257,303 Sell GBP 219,622 14/11/2013	(2)	0.00
	Buy EUR 260,566 Sell GBP 222,746 14/11/2013	(2)	0.00
	Buy EUR 472,375 Sell GBP 399,240 14/11/2013	0	0.00
	Buy EUR 530,000 Sell GBP 448,892 05/11/2013	(1)	0.00
	Buy EUR 556,000 Sell GBP 467,991 14/11/2013	2	0.00
	Buy EUR 1,082,842 Sell GBP 924,076 14/11/2013	(8)	0.00
	Buy EUR 6,880,343 Sell GBP 5,799,021 14/11/2013	23	0.01
	Buy GBP 93,013 Sell EUR 109,736 14/11/2013	0	0.00
	Buy GBP 412,109 Sell EUR 489,853 14/11/2013	(2)	0.00
	Buy GBP 449,693 Sell EUR 530,000 14/11/2013	1	0.00
	Buy GBP 566,234 Sell EUR 673,375 14/11/2013	(4)	0.00
	Buy GBP 760,500 Sell EUR 899,577 14/11/2013	(1)	0.00
	Buy GBP 24,820,220 Sell EUR 28,627,024 14/11/2013	589	0.20
	Buy GBP 23,403 Sell USD 37,280 14/11/2013	0	0.00
	Buy GBP 320,413 Sell USD 518,919 14/11/2013	(3)	0.00
	Buy GBP 439,957 Sell USD 706,172 14/11/2013	0	0.00
	Buy GBP 489,522 Sell USD 786,635 14/11/2013	0	0.00
	Buy GBP 497,661 Sell USD 807,240 14/11/2013	(5)	0.00
	Buy GBP 566,959 Sell USD 898,947 14/11/2013	7	0.00
	Buy GBP 669,807 Sell USD 1,069,812 14/11/2013	4	0.00
	Buy GBP 1,066,150 Sell USD 1,717,443 14/11/2013	(3)	0.00
	Buy GBP 3,031,195 Sell USD 4,646,513 14/11/2013	138	0.05
	Buy USD 424,403 Sell GBP 272,410 14/11/2013	(8)	0.00
	Buy USD 471,198 Sell GBP 302,446 14/11/2013	(9)	0.00
<b>Futures</b>			
170	Long Gilt Future 27/12/2013	367	0.12
<b>Inflation Swaps</b>			
GBP 6,714,000	Pay fixed 2.8195% receive floating UK RPI INDEX 05/12/2024	440	0.15
GBP 4,191,000	Pay fixed 3.0225% receive floating UK RPI INDEX 02/12/2032	456	0.16
GBP 8,806,000	Pay fixed 3.1725% receive floating UK RPI INDEX 05/12/2039	1,105	0.38
GBP 6,190,000	Pay fixed 3.2415% receive floating UK RPI INDEX 02/12/2043	794	0.27
GBP 2,740,000	Pay fixed 3.2675% receive floating UK RPI INDEX 05/12/2045	342	0.12

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Derivatives (continued)</b>			
GBP 5,483,000	Pay fixed 3.2825% receive floating UK RPI INDEX 05/12/2052	825	0.28
GBP 3,200,000	Pay fixed 3.2975% receive floating UK RPI INDEX 03/12/2055	490	0.17
GBP 8,558,000	Pay fixed 3.3055% receive floating UK RPI INDEX 05/12/2057	1,388	0.47
GBP 175,000	Pay fixed 3.375% receive floating UK RPI INDEX 05/12/2056	28	0.01
GBP 7,500,000	Pay fixed 3.4425% receive floating UK RPI INDEX 05/12/2035	253	0.09
GBP 435,000	Pay fixed 3.4425% receive floating UK RPI INDEX 05/12/2047	39	0.01
GBP 1,047,000	Pay fixed 3.445% receive floating UK RPI INDEX 05/12/2022	(28)	(0.01)
GBP 2,860,000	Pay fixed 3.478% receive floating UK RPI INDEX 03/12/2048	146	0.05
GBP 1,498,000	Pay fixed 3.48% receive floating UK RPI INDEX 05/12/2027	(19)	(0.01)
GBP 5,473,000	Pay fixed 3.5875% receive floating UK RPI INDEX 03/12/2020	(126)	(0.04)
GBP 2,650,000	Pay fixed 3.67% receive floating UK RPI INDEX 03/12/2037	(39)	(0.01)
GBP 2,741,000	Pay fixed 3.6825% receive floating UK RPI INDEX 03/12/2030	(59)	(0.02)
GBP 1,500,000	Pay fixed 3.705% receive floating UK RPI INDEX 03/12/2060	(48)	(0.02)
GBP 750,000	Pay fixed 3.72% receive floating UK RPI INDEX 06/12/2035	(15)	(0.01)
GBP 2,617,000	Pay fixed 3.855% receive floating UK RPI INDEX 03/12/2028	(304)	(0.10)
GBP 4,533,000	Pay fixed 3.865% receive floating UK RPI INDEX 31/12/2047	(638)	(0.22)
GBP 1,380,000	Pay fixed 4.434% receive floating UK RPI INDEX 03/12/2023	(325)	(0.11)
<b>Interest Rate Swaps</b>			
GBP 15,462,000	Pay fixed 2.0575% receive floating GBP-LIBOR 06/11/2023	767	0.26
GBP 33,430,000	Pay fixed 2.49% receive floating GBP-LIBOR 03/12/2015	(1,170)	(0.40)
GBP 13,044,000	Pay fixed 2.5295% receive floating GBP-LIBOR 06/11/2028	739	0.25
GBP 14,500,000	Pay fixed 3.2825% receive floating GBP-LIBOR 14/10/2018	(1,140)	(0.39)
GBP 21,030,000	Pay fixed 3.565% receive floating GBP-LIBOR 03/12/2020	(2,007)	(0.68)
GBP 32,800,000	Pay fixed 3.68% receive floating GBP-LIBOR 05/06/2022	(3,304)	(1.13)
GBP 11,980,000	Pay fixed 3.985% receive floating GBP-LIBOR 03/12/2025	(1,487)	(0.51)
GBP 24,846,000	Pay fixed 4.0775% receive floating GBP-LIBOR 04/06/2019	(3,033)	(1.03)
GBP 7,690,000	Pay fixed 4.0975% receive floating GBP-LIBOR 03/12/2030	(1,097)	(0.37)
GBP 2,630,000	Pay fixed 4.1225% receive floating GBP-LIBOR 03/12/2035	(417)	(0.14)
GBP 8,508,000	Pay fixed 4.2398% receive floating GBP-LIBOR 05/08/2019	(1,125)	(0.38)
GBP 4,992,000	Pay fixed 4.495% receive floating GBP-LIBOR 14/09/2015	(347)	(0.12)
GBP 12,026,000	Pay fixed 4.526% receive floating GBP-LIBOR 06/04/2026	(2,194)	(0.75)
GBP 10,057,000	Pay fixed 4.6775% receive floating GBP-LIBOR 05/09/2026	(2,019)	(0.69)
GBP 1,813,000	Pay fixed 4.9625% receive floating GBP-LIBOR 17/03/2018	(270)	(0.09)
GBP 13,350,000	Pay fixed 5.4125% receive floating GBP-LIBOR 02/06/2018	(2,308)	(0.79)

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Derivatives (continued)</b>		
GBP 5,271,000 Pay fixed 5.61% receive floating GBP-LIBOR 05/09/2017	(853)	(0.29)
GBP 21,160,000 Pay fixed 5.79% receive floating GBP-LIBOR 01/08/2017	(3,504)	(1.19)
GBP 810,000 Pay floating GBP-LIBOR receive fixed 2.69% 04/10/2032	(64)	(0.02)
GBP 3,750,000 Pay floating GBP-LIBOR receive fixed 2.825% 01/05/2038	(312)	(0.11)
GBP 18,300,000 Pay floating GBP-LIBOR receive fixed 3.02% 25/10/2056	(1,356)	(0.46)
GBP 9,700,000 Pay floating GBP-LIBOR receive fixed 3.03% 05/12/2054	(690)	(0.24)
GBP 4,970,000 Pay floating GBP-LIBOR receive fixed 3.064% 07/09/2052	(309)	(0.11)
GBP 64,000,000 Pay floating GBP-LIBOR receive fixed 3.075% 05/06/2047	(3,506)	(1.20)
GBP 17,015,000 Pay floating GBP-LIBOR receive fixed 3.0775% 06/11/2053	(1,018)	(0.35)
GBP 880,000 Pay floating GBP-LIBOR receive fixed 3.288% 03/10/2051	(11)	0.00
GBP 1,815,000 Pay floating GBP-LIBOR receive fixed 3.755% 10/02/2019	183	0.06
GBP 3,010,000 Pay floating GBP-LIBOR receive fixed 4% 10/07/2056	456	0.15
GBP 34,080,000 Pay floating GBP-LIBOR receive fixed 4.0125% 03/12/2060	5,538	1.89
GBP 4,400,000 Pay floating GBP-LIBOR receive fixed 4.0175% 17/03/2051	641	0.22
GBP 40,400,000 Pay floating GBP-LIBOR receive fixed 4.0375% 03/12/2050	6,042	2.06
GBP 8,335,000 Pay floating GBP-LIBOR receive fixed 4.0825% 02/10/2048	1,292	0.44
GBP 22,842,000 Pay floating GBP-LIBOR receive fixed 4.125% 04/06/2049	3,777	1.29
GBP 9,980,000 Pay floating GBP-LIBOR receive fixed 4.1445% 04/06/2039	1,466	0.50
GBP 13,193,000 Pay floating GBP-LIBOR receive fixed 4.16% 05/11/2049	2,292	0.78
GBP 13,832,000 Pay floating GBP-LIBOR receive fixed 4.215% 05/08/2049	2,556	0.87
GBP 11,692,000 Pay floating GBP-LIBOR receive fixed 4.3615% 06/04/2036	2,050	0.70
GBP 6,822,000 Pay floating GBP-LIBOR receive fixed 4.56% 17/03/2048	1,728	0.59
<b>Collective Investment Schemes (1.34%)</b>	<b>24,680</b>	<b>8.41</b>
14,314,261 SLI Seabury EUR VNAV Liquidity Fund	12,113	4.13
12,567,319 SLI Seabury GBP VNAV Liquidity Fund	12,567	4.28
Total investment assets and liabilities	300,875	102.57
Net other liabilities	(7,527)	(2.57)
<b>Total Net Assets</b>	<b>293,348</b>	<b>100.00</b>

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

The percentage figures in brackets show the comparative holding as at 31 October 2012.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

Portfolio Statement (Continued)

	Bid-market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets	336,065
Investment liabilities	(35,190)
Net investment assets	300,875
Net other assets	(7,527)
<b>Total Net Assets</b>	<b>293,348</b>
	Bid-market value £'000
<b>Credit Rating Analysis</b>	
Investment Grade Bonds	262,139
Below Investment Grade Bonds	10,886
Unrated Bonds	603
<b>Total Value of Bonds</b>	<b>273,628</b>

This Fund holds “Over the Counter” (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD’s Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

Portfolio Statement (Continued)

Any counterparties to derivative positions as well as the collateral amount and type held by the Fund as at 31 October 2013 is detailed in the table below.

		Collateral Value £'000
Counterparty	Collateral classification	
Barclays	Cash	4,966
Citibank	-	-
Deutsche Bank	Cash	663
Deutsche Bank	Debt	130
Goldman Sachs	-	-
HSBC	Cash	341
JP Morgan Chase	-	-
Merrill Lynch	Cash	920
Morgan Stanley	Cash	6,141
Royal Bank Of Scotland	Debt	219
UBS	-	-
<b>Total</b>		<b>13,380</b>

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Notes to the Financial Statements

#### 1 Net Capital Gains

	2013 £'000	2012 £'000
Non-derivative securities	2,654	32,585
Derivative contracts	7,673	19,213
Forward currency contracts	(1,501)	2,300
Non-derivative securities currency gains/(losses)	33	(51)
Handling charges taken from the capital account	(16)	(12)
Net capital gains	8,843	54,035

#### 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. During the year the Fund made purchases of £87,829,000 and sales of £179,283,000.

#### 3 Revenue

	2013 £'000	2012 £'000
Interest on debt securities	17,416	22,038
Bank interest	81	23
Net interest received from interest rate swaps	157	0
Total revenue	17,654	22,061

#### 4 Expenses

	2013 £'000	2012 £'000
<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	1,333	1,465
	1,333	1,465
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	58	63
Safe custody fees	27	32
	85	95
<b>Other expenses:</b>		
Audit fee	12	12
Net interest paid on interest rate swaps	0	2,030
	12	2,042
Total expenses	1,430	3,602



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

Notes to the Financial Statements (Continued)

### 5 Taxation

#### (a) Analysis of charge in the year

	2013 £'000	2012 £'000
Total taxation	0	0

#### (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	16,197	18,426
Corporation tax at 20% (2012: 20%)	3,239	3,685
Effects of:		
Indexation relief	(17)	(22)
Interest distributions	(3,222)	(3,663)
Current tax charge (Note 5(a))	0	0

\*In the prior year surplus Management expenses were incorrectly calculated and disclosed. As such the prior period figures have been restated. The tax charge in the prior period was correct and no impact on the current year's tax charge arises from this restatement.

### 6 Finance Costs

#### Distributions and interest

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

	2013 £'000	2012 £'000
First interim distribution	3,269	5,419
Second interim distribution	5,032	3,678
Third interim distribution	4,155	4,589
Final distribution	3,677	4,041
	16,133	17,727
Add: Income deducted on cancellation of shares	67	700
Deduct: Income received on issue of shares	(3)	(1)
Net distribution for the year	16,197	18,426
Interest	27	33
Total finance costs	16,224	18,459

Details of the distribution per share are set out in this Fund's distribution tables.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

Notes to the Financial Statements (Continued)

### 7 Debtors

	2013	2012
	£'000	£'000
Sales awaiting settlement	0	1,284
Accrued revenue	5,892	8,216
Accrued interest receivable on interest rate swap contracts	406	0
Total debtors	6,298	9,500

### 8 Cash and Bank Balances

	2013	2012
	£'000	£'000
Amounts held at futures clearing houses and brokers	82	859
Cash and bank balances	1,991	14
Total cash and bank balances	2,073	873

### 9 Creditors

	2013	2012
	£'000	£'000
Purchases awaiting settlement	3,303	256
Accrued expenses payable to the ACD	88	113
Accrued expenses payable to the Depositary	15	11
Other accrued expenses	12	12
Collateral cash	12,480	3,753
Total creditors	15,898	4,145

### 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 year are disclosed in notes 7 and 9.

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

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

	2013	2012
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	355	53
Purchase of shares by Fund	104,629	119,203
Distributions made by Fund	16,133	9,097
The percentage value of the Fund held by Standard Life group companies is:	100.0%	100.0%

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt 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 pages 15 and 16.

#### 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)	
	2013	2012
	£'000	£'000
Australian Dollar	0	(1)
Euro	3,187	857
US Dollar	198	28

#### 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>2013</b>				
<b>Currency</b>				
Sterling	11,518	246,631	29,663	287,812
Euro	14,045	17,632	(16,672)	15,005
US Dollar	30	6,509	(6,408)	131
<b>2012</b>				
<b>Currency</b>				
Sterling	10,325	331,072	23,692	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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

Notes to the Financial Statements (Continued)

### 11 Financial Instruments (continued)

2013	Fixed rate financial assets	
	Weighted average interest rate	Weighted average years to maturity
Currency		
Sterling	5.58%	13.85 years
Euro	4.88%	5.10 years
US Dollar	5.22%	13.32 years
2012		
Currency		
Sterling	3.79%	14.58 years
Euro	4.87%	7.04 years
US Dollar	5.52%	19.38 years

Floating rate interest was earned at rates based on LIBOR, with the exception of the SLI Seabury Liquidity Funds which earn interest from investment in an underlying portfolio of money market instruments.

#### Derivatives

Credit default swaps are held with the intention of generating capital gains from movements in credit spreads.

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.

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.

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Distribution Tables

#### for the three months ended 31 January 2013

##### Interest distribution

Group 1 - shares purchased prior to 1 November 2012

Group 2 - shares purchased between 1 November 2012 and 31 January 2013

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>						
Group 1	0.2120	0.0424	0.1696	-	0.1696*	0.6240
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	0.7330	0.1466	0.5864	-	0.5864*	0.8285
Group 2	0.5355	0.1071	0.4284	0.1580	0.5864*	-
<b>Institutional regulated accumulation - Gross</b>						
Group 1	0.7110	-	0.7110	-	0.7110*	0.8926
Group 2	-	-	-	-	-	-

\* Distribution accumulated on 31 January 2013

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

Distribution Tables (Continued)

for the three months ended 30 April 2013

### Interest distribution

Group 1 - shares purchased prior to 1 February 2013

Group 2 - shares purchased between 1 February 2013 and 30 April 2013

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>						
Group 1	1.0280	0.2056	0.8224	-	0.8224*	0.1504
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	1.3103	0.2620	1.0483	-	1.0483*	0.4591
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation - Gross</b>						
Group 1	1.0945	-	1.0945	-	1.0945*	0.6512
Group 2	-	-	-	-	-	-

\* Distribution accumulated on 30 April 2013

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

### Distribution Tables (Continued)

#### for the three months ended 31 July 2013

##### Interest distribution

Group 1 - shares purchased prior to 1 May 2013

Group 2 - shares purchases between 1 May 2013 and 31 July 2013

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>						
Group 1	0.5600	0.1120	0.4480	-	0.4480*	0.4026
Group 2	-	-	-	-	-	0.4026
<b>Standard Life accumulation</b>						
Group 1	0.9008	0.1801	0.7207	-	0.7207*	0.7979
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation - Gross</b>						
Group 1	0.9037	-	0.9037	-	0.9037*	0.9934
Group 2	-	-	-	-	-	-

\* Distribution accumulated on 31 July 2013

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Corporate Debt Fund

Distribution Tables (Continued)

for the three months ended 31 October 2013

### Interest distribution

Group 1 - shares purchased prior to 1 August 2013

Group 2 - shares purchased between 01 August 2013 and 31 October 2013

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>						
Group 1	0.7271	0.1454	0.5817	-	0.5817*	0.2112
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	1.1056	0.2211	0.8845	-	0.8845*	0.6683
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation - Gross</b>						
Group 1	1.0912	-	1.0912	-	1.0912*	0.8747
Group 2	0.3922	-	0.3922	0.6990	1.0912*	0.8747

\* Distribution accumulated on 31 October 2013



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Ethical Corporate Bond Fund Investment Report

### Fund Information

<b>Fund Manager</b>	David Sol
<b>Launch Date</b>	2 November 2005
<b>Benchmark</b>	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 may also invest in other interest bearing securities anywhere in the world that meet the ethical criteria.

The ethical criteria applicable to the Fund are set out in an Ethical Policy 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 Ethical Corporate Bond Fund returned 3.84% compared to the IMA UK Corporate Bond sector average return of 4.39%. (Source: Morningstar).

The Fund underperformed the benchmark index over the review period. For much of the time, credit markets enjoyed a positive

backdrop as investors continued their search for yield and maintained their favourable view of recent European Central Bank (ECB) and Federal Reserve (Fed) actions. Prominent beneficiaries of the bias towards risk in markets were peripheral European names, high yield bonds and financials. High-quality investment grade debt suffered in this environment. This proved detrimental for our exposure to AAA rated bonds early in the review period. Within this part of the market, our holdings in supranational issuers Kreditanstalt für Wiederaufbau (KfW) and European Investment Bank (EIB) were prominent underperformers. At the same time, we benefited from our holdings in banks and basic materials sectors.

Our decision to reduce the duration of the Fund early in the period lead the Fund to underperform as gilts rallied in response to events in Cyprus and Italy. However, as the period progressed, this position began to add to returns as government bond yields rose in response to the tapering debate in the US. We also generated positive relative performance from our underweight exposure to utilities and collateralised bonds.

As the review period drew to a close, investor sentiment recovered from worries over Fed policy and more volatile bonds outperformed. While this was positive for our holdings in AP Moller-Maersk and Enterprise Inns, it was detrimental for our exposure to more defensive companies, such as Compass Group and Reed Elsevier.

### Investment activity

We increased the Fund's risk profile during the last months of 2012. We were particularly active in the primary market and participated in new issues from Allianz, Prudential, Hanover Re, Marks & Spencer and Notting Hill Housing Association. The subsequent performance of these bonds was strong, with spreads tightening significantly during the quarter. Much of this activity was funded from new cash and proceeds from the sale of AAA rated EIB and KfW paper. Activity was more muted during the first quarter of 2013. However, we did reduce the Fund's duration. With government bond yields at historically low levels, the benefits of holding longer-duration bonds had diminished. During April, we increased exposure to Commerzbank at the expense of Barclays. The German bank had issued positive results and continues to benefit from a strong domestic economy while Barclays bonds looked fully priced. As the review period drew to a close, activity picked up. The primary market was particularly busy and we participated in offerings from Verizon, Asciano, General Electric and Svenska Handelsbanken. In the secondary market, we purchased bonds from KPN, Arqiva, Royal Bank of Scotland and Aviva, among others. Sales included Old Mutual and Standard Chartered, and we sold our entire position in Volkswagen after it emerged the company was involved in the production of armoured vehicles through a joint venture.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund Investment Report (Continued)

### Outlook

Our expectation is for credit spreads to tighten into the year end. However, we are increasingly cautious towards the shareholder friendly activities of some companies; an increase in mergers & acquisitions and leveraged buy-outs is likely to be detrimental for bondholders.

We will continue to allocate capital to companies that have improving credit profiles, prudent management and high ethical standards. We will selectively add bonds if we feel we are being adequately compensated for the attendant risks. The recent underperformance of dollar denominated bonds offers a new opportunity to add value. With many dollar bonds now cheaper than sterling debt, we have identified a number of relative value strategies that should improve long-term performance.

### Synthetic Risk & Reward Indicator

**Lower risk** **Higher risk**  
**Typically lower rewards** **Typically Higher rewards**

1	2	3	4	5	6	7
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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.

Composition of Portfolio	%
as at 31 October 2013	
Euro Bonds (5.92%)	6.08
Sterling Bonds (90.38%)	89.88
US Bonds (0.00%)	1.30
Derivatives (-0.08%)	(0.18)
Net other assets (3.78%)	2.92

The percentage figures in brackets show the comparative holding as at 31 October 2012.

Ten Largest Holdings (by market value)	%
as at 31 October 2013	
European Investment Bank 5% 2039	4.38
European Investment Bank 5.625% variable 2032	2.52
StatoilHydro ASA 6.875% 2031	1.67
Atlantia 6.25% 2022	1.66
Wells Fargo 4.625% 2035	1.62
Motability Operations 6.625% 2019	1.50
Veolia Environment 6.125% 2037	1.47
Safeway 6.125% variable 2018	1.42
HSBC 6% 2040	1.42
Lloyds TSB Bank 4.875% 2027	1.37

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment 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 2011	20,824	57.98	35,912,130
	31 October 2012	27,800	65.12	42,687,785
	31 October 2013	30,429	67.71	44,943,406
Institutional accumulation	31 October 2011	338	59.29	570,695
	31 October 2012	500	66.86	747,942
	31 October 2013	841	69.79	1,204,885
Retail income	31 October 2011	11,851	46.65	25,406,782
	31 October 2012	13,968	50.60	27,606,869
	31 October 2013	13,476	51.23	26,302,513
Institutional income	31 October 2011	11,965	46.65	25,649,322
	31 October 2012	15,556	50.71	30,677,269
	31 October 2013	16,684	51.35	32,492,951
Standard Life accumulation	31 October 2011	0	60.55	500
	31 October 2012	0	68.79	500
	31 October 2013	29	72.70	40,136
Institutional regulated accumulation	31 October 2011	2	60.11	2,500
	31 October 2012	2	68.09	2,500
	31 October 2013	1	71.50	645
Standard Life B accumulation	31 October 2011	81,543	60.22	135,400,792
	31 October 2012	92,740	68.23	135,916,225
	31 October 2013	97,734	71.57	136,559,277
Platform 1 accumulation	31 October 2012	1	54.46	1,200
	31 October 2013	3,305	56.80	5,817,855
Platform 1 income	31 October 2012	1	53.92	1,200
	31 October 2013	1,359	54.40	2,498,587

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund Comparative Tables (Continued)

	Calendar year	Distribution per share	Highest share price	Lowest share price
		p	p	p
Retail accumulation	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	66.87	57.94
	2013**	1.7728	69.36	65.11
Institutional accumulation	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	68.70	59.28
	2013**	2.0974	71.35	67.02
Retail income	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	51.96	46.64
	2013**	1.3642	53.16	49.90
Institutional income	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	52.10	46.67
	2013**	1.5728	53.27	50.04
Standard Life accumulation	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	71.28	61.32
	2013**	2.5034	74.18	69.72
Institutional regulated accumulation	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	69.85	60.13
	2013**	2.2739	73.27	68.86

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund Comparative Tables (Continued)

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Standard Life B accumulation	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	70.15	60.27
	2013**	2.4893	72.99	68.61
Platform 1 accumulation	2012*	0.9330	55.92	50.00
	2013**	1.6672	58.10	54.57
Platform 1 income	2012*	0.9330	55.15	50.00
	2013**	1.7236	56.53	53.00

\*from commencement of the share class on 30 May

\*\*to 31 October

### Ongoing Charges Figure (OCF)

	2013	2012
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%	0.66%
Platform 1 income	0.66%	0.66%

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund Financial Statements

### Statement of Total Return for the year ended 31 October 2013

	Notes	£'000	2013 £'000	2012 £'000
Income:				
Net capital gains	1		1,927	11,812
Revenue	3	6,928		7,262
Expenses	4	(600)		(492)
Finance costs: Interest	6	(1)		(2)
Net revenue before taxation		6,327		6,768
Taxation	5	0		0
Net revenue after taxation			6,327	6,768
<b>Total return before distributions</b>			8,254	18,580
Finance costs: Distributions	6		(6,327)	(6,768)
<b>Change in net assets attributable to shareholders from investment activities</b>			1,927	11,812

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

	£'000	2013 £'000	2012 £'000
<b>Opening net assets attributable to shareholders</b>		150,568	126,523
Amounts receivable on issue of shares	19,178		22,012
Less: Amounts payable on cancellation of shares	(12,033)		(14,269)
		7,145	7,743
Change in net assets attributable to shareholders from investment activities (see above)		1,927	11,812
Retained distribution on accumulation shares		4,218	4,490
<b>Closing net assets attributable to shareholders</b>		163,858	150,568

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012 £'000
<b>Assets</b>					
Investment assets			159,846		145,014
Debtors	7	4,593		4,211	
Cash and bank balances		1,461		2,633	
Total other assets			6,054		6,844
Total assets			165,900		151,858
<b>Liabilities</b>					
Investment liabilities			(771)		(142)
Creditors	8	(1,087)		(922)	
Distribution payable on income shares		(184)		(226)	
Total other liabilities			(1,271)		(1,148)
Total liabilities			(2,042)		(1,290)
<b>Net assets attributable to shareholders</b>			163,858		150,568

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

Portfolio Statement as at 31 October 2013

Holding	Bid-market value £'000	Percentage of total net assets
<b>Bonds (96.30%)</b>	<b>159,369</b>	<b>97.26</b>
<b>Euro Bonds (5.92%)</b>	<b>9,960</b>	<b>6.08</b>
800,000 Aviva 4.7291% fixed to floating Perpetual	681	0.42
300,000 Bank of Ireland 3.625% 2020	263	0.16
1,900,000 Barclays 6% 2021	1,836	1.12
600,000 Dexia Credit FRN 2014	490	0.30
1,300,000 Experian 4.75% 2020	1,266	0.77
1,000,000 HeidelbergCement 8% 2017	996	0.61
620,000 Mondi 3.375% 2020	542	0.33
1,350,000 Morgan Stanley 5.375% 2020	1,341	0.82
510,000 MPT Operating Partnership 5.75% 2020	450	0.27
600,000 Royal Bank of Scotland 5.25% Perpetual	391	0.24
192,000 Royal Bank of Scotland 6.375% 2028	227	0.14
1,000,000 Royal Bank of Scotland FRN Perpetual	690	0.42
200,000 Suez Environnement 5.5% 2024	212	0.13
600,000 Valeo 5.75% 2017	575	0.35
<b>Sterling Bonds (90.38%)</b>	<b>147,275</b>	<b>89.88</b>
590,000 A.P. Moller-Maersk 4% 2025	584	0.36
300,000 Affinity Sutton 4.25% 2042	299	0.18
700,000 Ahold Finance 6.5% 2017	801	0.49
700,000 Anglian Water 5.25% fixed to floating 2015	754	0.46
1,500,000 Anglian Water 6.293% 2030	1,888	1.15
1,500,000 Anglo American 6.875% 2018	1,735	1.06
950,000 Arqiva 4.04% 2035	975	0.60
1,390,000 Arqiva 4.882% 2032	1,442	0.88
400,000 AT&T 4.25% 2043	364	0.22
1,200,000 AT&T 5.875% 2017	1,358	0.83
2,418,000 Atlantia 6.25% 2022	2,713	1.66
1,000,000 Aviva 6.125% 2036	1,084	0.66
1,000,000 Aviva 6.875% fixed to floating 2058	1,146	0.70
500,000 AXA 6.6862% fixed to floating Perpetual	519	0.32
800,000 AXA 6.772% fixed to floating Perpetual	841	0.51
1,000,000 Bank of America 5.5% 2019	1,146	0.70



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Sterling Bonds (continued)</b>		
1,000,000 Bank of Scotland 4.875% 2024	1,127	0.69
300,000 Barclays 5.75% fixed to floating 2026	329	0.20
135,000 Barclays 10% 2021	180	0.11
1,500,000 Barclays FRN Perpetual	979	0.60
1,640,000 BMW 3.375% 2018	1,733	1.06
260,000 BNP Paribas 2.375% 2019	258	0.16
1,500,000 BNP Paribas 5.75% 2022	1,688	1.03
557,586 British Land Co Plc 5.0055% 2035	547	0.33
500,000 British Telecom 6.375% 2037	624	0.38
1,000,000 British Telecom 8.5% fixed to floating 2016	1,198	0.73
1,900,000 Citigroup 5.875% 2024	2,140	1.31
300,000 CNP Assurances 7.375% 2041	337	0.21
500,000 Commerzbank 6.625% 2019	522	0.32
1,750,000 Commonwealth Bank of Australia 3% 2026	1,638	1.00
500,000 Commonwealth Bank of Australia 3.875% 2015	527	0.32
500,000 Compass Group 7% 2014	531	0.32
700,000 CPUK Finance 7.239% 2024	858	0.52
1,000,000 Credit Agricole 7.375% 2023	1,201	0.73
450,000 Danske Bank 4% 2015	472	0.29
1,000,000 Danske Bank 5.563% Perpetual	996	0.61
500,000 Deutsche Telekom 6.5% 2022	609	0.37
270,000 Dignity Finance 8.151% 2031	370	0.23
1,850,000 DNB Bank 6.0116% fixed to floating Perpetual	1,925	1.17
1,000,000 DNB Bank 7.25% fixed to floating 2020	1,079	0.66
292,000 Dong Energy 4.875% 2032	306	0.19
1,000,000 ELM 6.3024% Perpetual	1,074	0.66
985,000 Enterprise Inns 6.5% 2018	1,022	0.62
6,000,000 European Investment Bank 5% 2039	7,169	4.38
250,000 European Investment Bank 5.5% 2025	303	0.18
3,299,000 European Investment Bank 5.625% variable 2032	4,131	2.52
700,000 Firstgroup 6.875% 2024	818	0.50
260,000 Firstgroup 8.125% 2018	313	0.19
1,000,000 France Telecom 5.375% 2050	1,078	0.66
680,000 France Telecom 5.625% 2034	763	0.47
500,000 France Telecom 7.25% variable 2020	625	0.38

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Sterling Bonds (continued)</b>		
210,000 Fund For Homes 10.125% 2018	271	0.17
200,000 GKN 6.75% 2019	231	0.14
1,000,000 Go-Ahead 5.375% 2017	1,099	0.67
1,080,000 Guardian Royal Exchange 6.625% 2023	1,274	0.78
150,000 Guoman Hotels 10.75% 2014	159	0.10
600,000 Hammerson 6.875% 2020	731	0.45
1,300,000 HBOS 7.881% Perpetual	1,362	0.83
350,000 HBOS Capital Funding 6.461% FRN Perpetual	351	0.21
1,000,000 HSBC 5.844% fixed to floating Perpetual	1,011	0.62
2,000,000 HSBC 6% 2040	2,334	1.42
1,270,000 HSBC Bank 5.862% FRN Perpetual	1,347	0.82
500,000 HSBC 4.75% 2020	522	0.32
1,370,000 ING Bank 5.375% 2021	1,561	0.95
700,000 Instituto De Credito Oficial 4% 2014	710	0.43
1,000,000 International Finance Facility for Immunization 3.375% 2014	1,013	0.62
1,000,000 John Lewis 6.125% 2025	1,171	0.71
1,200,000 JP Morgan Chase 4.25% 2017	1,288	0.79
1,500,000 Koninklijke 5.75% 2029	1,675	1.02
700,000 Lafarge 8.75% 2017	840	0.51
500,000 Land Securities 4.875% fixed to floating 2019	557	0.34
500,000 Land Securities 5.336% 2032	583	0.36
900,000 LBG Capital No.1 11.04% 2020	1,037	0.63
1,500,000 Legal & General 5.875% 2031	1,843	1.12
200,000 Legal & General 6.385% fixed to floating Perpetual	214	0.13
2,000,000 Lloyds TSB Bank 4.875% 2027	2,246	1.37
1,580,000 Lloyds TSB Bank 6.5% 2040	2,019	1.23
750,000 Lloyds TSB Bank 6.9625% fixed to floating 2020	791	0.48
500,000 Lloyds TSB Bank 13% Perpetual	771	0.47
500,000 London Stock Exchange 9.125% 2019	650	0.40
190,000 Marks & Spencer 4.75% 2025	195	0.12
1,500,000 Marks & Spencer 5.625% 2014	1,524	0.93
170,000 Marks & Spencer 6.125% 2019	192	0.12
360,000 Metropolitan Life 2.875% 2023	349	0.21
100,000 Morrison (WM) 3.5% 2026	94	0.06
1,500,000 Motability Operations 5.25% 2016	1,656	1.01

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Sterling Bonds (continued)</b>		
2,000,000 Motability Operations 6.625% 2019	2,459	1.50
800,000 Muenchener Rueckversicherungs 7.625% 2028	960	0.59
900,000 National Express 6.625% 2020	1,051	0.64
1,500,000 National Grid 5.875% 2024	1,791	1.09
2,000,000 NatWest 7.875% 2015	2,179	1.33
190,000 Next 4.375% 2026	195	0.12
310,000 NGG 5.625% fixed to floating 2073	313	0.19
1,800,000 Nordea Bank 6.25% fixed to floating Perpetual	1,840	1.12
413,000 Northumbrian Water 5.125% 2042	459	0.28
700,000 Northumbrian Water 6.875% 2023	879	0.54
370,000 Notting Hill Housing 3.75% 2032	352	0.21
1,500,000 Pearson 7% fixed to floating 2014	1,582	0.97
480,000 Prudential 1.25% 2015	480	0.29
270,000 Rabobank Nederland 4% 2022	283	0.17
1,200,000 Rabobank Nederland 5.25% 2041	1,329	0.81
500,000 Reed Elsevier 7% 2017	595	0.36
1,212,000 Royal Bank of Scotland 5.125% 2024	1,386	0.85
1,500,000 Royal Bank of Scotland 6.625% 2018	1,772	1.08
2,000,000 Safeway 6.125% variable 2018	2,335	1.42
200,000 Sanctuary Capital 5% 2047	228	0.14
1,000,000 Segro 5.5% 2018	1,121	0.68
1,400,000 Segro 6% fixed to floating 2019	1,623	0.99
320,000 Severn Trent 3.625% 2026	316	0.19
900,000 Severn Trent 6.125% 2024	1,090	0.67
1,350,000 Slough Estates 5.75% 2035	1,518	0.93
800,000 Societe Generale 5% 2018	892	0.54
1,000,000 Society of Lloyds 6.875% fixed to floating 2025	1,080	0.66
1,250,000 SSE 5% 2018	1,411	0.86
550,000 SSE 5.875% 2022	660	0.40
2,000,000 StatoilHydro ASA 6.875% 2031	2,744	1.67
1,080,000 Tate & Lyle 6.75% 2019	1,289	0.79
300,000 Telecom Italia 5.625% 2015	314	0.19
150,000 Telecom Italia 6.375% 2019	156	0.10
1,000,000 Telefonica Emision 5.375% 2026	1,025	0.63
962,234 Telereal 5.5534% 2033	1,142	0.70

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Sterling Bonds (continued)</b>		
490,000 Telereal Secured 4.01% 2031	489	0.30
1,485,901 Tesco 5.774% 2040	1,659	1.01
1,000,000 Tesco 4.875% 2042	962	0.59
300,000 Thames Water 5.5% 2041	350	0.21
210,000 THFC (Social Housing) 8.75% 2021	241	0.15
1,500,000 THFC Funding No.2 6.35% 2041	1,923	1.17
500,000 Time Warner Cable 5.25% 2042	414	0.25
210,000 Together Housing 4.5% 2042	206	0.13
1,900,000 UBM 6.5% 2016	2,121	1.29
1,500,000 UBS 6.625% 2018	1,781	1.09
210,000 UNITE 3.374% 2023	205	0.12
200,000 Veolia Environment 4.85% 2049	199	0.12
2,000,000 Veolia Environment 6.125% 2037	2,409	1.47
2,527,000 Wells Fargo 4.625% 2035	2,648	1.62
1,007,000 Xstrata 7.375% 2020	1,222	0.75
655,000 Yorkshire Water 6.5876% 2023	807	0.49
<b>US Bonds (0.00%)</b>	<b>2,134</b>	<b>1.30</b>
910,000 Barclays 7.625% 2022	584	0.36
640,000 Credit Agricole 8.125% 2033	423	0.26
430,000 Orange 8.5% 2031	369	0.22
430,000 Societe Generale 8.25% 2049	280	0.17
430,000 Transcanada Pipel 3.75% 2023	269	0.16
290,000 Verizon Commun 6.55% 2043	209	0.13
<b>Derivatives (-0.08%)</b>	<b>(294)</b>	<b>(0.18)</b>
<b>Forward Currency Contracts</b>		
Buy GBP 175,865 Sell EUR 206,956 04/12/2013	1	0.00
Buy GBP 252,399 Sell EUR 299,910 04/12/2013	(2)	0.00
Buy GBP 400,790 Sell EUR 471,850 04/12/2013	1	0.00
Buy GBP 430,891 Sell EUR 511,750 04/12/2013	(2)	0.00
Buy GBP 513,660 Sell EUR 606,383 04/12/2013	0	0.00

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Derivatives (continued)</b>		
Buy GBP 1,838,054 Sell EUR 2,148,818 04/12/2013	19	0.01
Buy GBP 6,141,501 Sell EUR 7,109,585 04/12/2013	123	0.07
Buy GBP 33,492 Sell USD 51,804 04/12/2013	1	0.00
Buy GBP 182,684 Sell USD 289,661 04/12/2013	2	0.00
Buy GBP 266,427 Sell USD 427,680 04/12/2013	0	0.00
Buy GBP 277,776 Sell USD 430,000 04/12/2013	10	0.01
Buy GBP 356,649 Sell USD 578,522 04/12/2013	(4)	0.00
Buy GBP 401,813 Sell USD 640,000 04/12/2013	3	0.00
Buy GBP 760,203 Sell USD 1,175,219 04/12/2013	29	0.02
Buy USD 281,220 Sell GBP 178,021 04/12/2013	(3)	0.00
<b>Interest Rate Swaps</b>		
Pay fixed 2.1275% receive floating GBP-LIBOR 30/01/2023	(760)	(0.46)
Pay fixed 2.9300% receive floating GBP-LIBOR 10/09/2023	288	0.17
Total investment assets and liabilities	159,075	97.08
Net other assets	4,783	2.92
<b>Total Net Assets</b>	<b>163,858</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 FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2012.

	Bid-market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets	159,846
Investment liabilities	(771)
Net investment assets	159,075
Net other assets	4,783
<b>Total Net Assets</b>	<b>163,858</b>

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Portfolio Statement (Continued)

	Bid-market value £'000
<b>Credit Rating Analysis</b>	
Investment Grade Bonds	143,958
Below Investment Grade Bonds	12,531
Unrated Bonds	2,880
<b>Total Value of Bonds</b>	<b>159,369</b>

This fund holds “Over the Counter” (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Any counterparties to derivative positions as well as the collateral amount and type held by the Fund as at the 31 October 2013 is detailed in the table below.

Counterparty	Collateral classification	Bid-market value £'000
BNP Paribas	-	-
Citibank	-	-
Deutsche Bank	-	-
HSBC	-	-
Royal Bank of Canada	-	-
Société Générale	Cash	178
UBS	Cash	706
<b>Total</b>		<b>884</b>

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Notes to the Financial Statements

#### 1 Net Capital Gains

	2013 £'000	2012 £'000
Non-derivative securities	2,350	10,860
Derivative contracts	(84)	0
Forward currency contracts	(335)	954
Non-derivative securities currency gains	0	1
Handling charges taken from the capital account	(4)	(3)
Net capital gains	1,927	11,812

#### 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. During the year the Fund made purchases of £54,458,000 and sales of £41,754,000.

#### 3 Revenue

	2013 £'000	2012 £'000
Interest on debt securities	7,230	7,256
Bank interest	9	6
Net interest paid on interest rate swaps	(311)	0
Total revenue	6,928	7,262

#### 4 Expenses

	2013 £'000	2012 £'000
<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	530	435
Dealing charge	1	0
Registration fees	50	41
	581	476
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees**	9	8
Safe custody fees**	5	4
	14	12
<b>Other expenses:</b>		
Audit fee*	5	4
Total expenses	600	492

\* The total Audit fee for 2013 is £11,572 (2012: 11,345). A reduced amount is shown due to a rebate from the ACD.

\*\* A proportion of these fees (2013: £28,400; 2012: £27,400) were reimbursed by Standard Life Investments (Mutual Funds) Limited.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

Notes to the Financial Statements (Continued)

### 5 Taxation

#### (a) Analysis of charge in the year

	2013 £'000	2012 £'000
Total taxation	0	0

#### (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	6,327	6,768
Corporation tax at 20% (2012: 20%)	1,266	1,354
Effects of:		
Interest distributions	(1,266)	(1,354)
Current tax charge (Note 5(a))	0	0

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

#### Distributions and interest

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	1,687	1,731
Second interim distribution	1,506	1,624
Third interim distribution	1,801	1,765
Final distribution	1,368	1,656
	6,362	6,776
Add: Income deducted on cancellation of shares	46	62
Deduct: Income received on issue of shares	(81)	(70)
Net distribution for the year	6,327	6,768

Interest	1	2
Total finance costs	6,328	6,770

Details of the distribution per share are set out in this Fund's distribution tables.



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Notes to the Financial Statements

#### 7 Debtors

	2013 £'000	2012 £'000
Amounts receivable from the ACD for issue of shares	222	293
Sales awaiting settlement	534	164
Accrued revenue	3,834	3,741
Expenses reimbursement receivable from the ACD	3	13
Total debtors	4,593	4,211

#### 8 Creditors

	2013 £'000	2012 £'000
Amounts payable to the ACD for cancellation of shares	134	44
Purchases awaiting settlement	490	487
Accrued expenses payable to the ACD	51	46
Accrued expenses payable to the Depositary	6	5
Other accrued expenses	11	11
Collateral cash	4	0
Income tax payable	274	329
Total creditors	1,087	922

#### 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 year are disclosed in notes 7 and 8.

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

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	6,413	6,000
Purchase of shares by Fund	5,552	6,000
Distributions made by Fund	3,366	3,674
The percentage value of the Fund held by Standard Life group companies is:	59.9%	61.6%

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

Notes to the Financial Statements (Continued)

### 10 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 pages 15 and 16.

#### 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)	
	2013	2012
	£'000	£'000
Euro	544	(31)
US Dollar	72	0

#### 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>2013</b>				
<b>Currency</b>				
Sterling	5,831	142,234	11,854	159,919
Euro	1,380	8,778	(9,614)	544
US Dollar	0	2,134	(2,061)	73
<b>2012</b>				
<b>Currency</b>				
Sterling	2,633	136,077	8,339	147,049
Euro	0	8,917	(8,461)	456

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Notes to the Financial Statements

#### 10 Financial Instruments (continued)

2013	Fixed rate financial assets	
	Weighted average	Weighted average
Currency	interest rate	years to maturity
Sterling	5.01%	13.03 years
Euro	4.81%	6.12 years
US Dollar	6.92%	11.14 years
2012		
Currency		
Sterling	5.17%	14.67 years
Euro	5.34%	6.03 years

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

#### Derivatives

Currency forwards 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.

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Distribution Tables

#### for the three months ended 31 January 2013

##### Interest distribution

Group 1 - shares purchased prior to 1 November 2012

Group 2 - shares purchased between 1 November 2012 and 31 January 2013

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>						
Group 1	0.6211	0.1242	0.4969	-	0.4969*	0.5410
Group 2	0.3718	0.0743	0.2975	0.1994	0.4969*	0.5410
<b>Institutional accumulation</b>						
Group 1	0.7248	0.1449	0.5799	-	0.5799*	0.6139
Group 2	0.3912	0.0782	0.3130	0.2669	0.5799*	0.6139
<b>Retail income</b>						
Group 1	0.4836	0.0967	0.3869	-	0.3869**	0.4352
Group 2	0.2322	0.0464	0.1858	0.2011	0.3869**	0.4352
<b>Institutional income</b>						
Group 1	0.5501	0.1100	0.4401	-	0.4401**	0.4820
Group 2	0.2663	0.0532	0.2131	0.2270	0.4401**	0.4820
<b>Standard Life accumulation</b>						
Group 1	0.8600	0.1720	0.6880	-	0.6880*	0.7200
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation</b>						
Group 1	0.7770	0.1554	0.6216	-	0.6216*	0.6556
Group 2	0.5641	0.1128	0.4513	0.1703	0.6216*	-
<b>Standard Life B accumulation</b>						
Group 1	0.8417	0.1683	0.6734	-	0.6734*	0.6965
Group 2	-	-	-	-	-	-

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Distribution Tables (Continued)

	Gross income 2013	Income tax 2013	Net income 2013	Equalisation 2013	Distribution paid 2013	Distribution paid 2012
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
<b>Platform 1 accumulation</b>						
Group 1	0.5607	0.1121	0.4486	-	0.4486*	-
Group 2	0.1266	0.0253	0.1013	0.3473	0.4486*	-
<b>Platform 1 income</b>						
Group 1	0.5800	0.1160	0.4640	-	0.4640**	-
Group 2	0.1883	0.0376	0.1507	0.3133	0.4640**	-

\* Distribution accumulated on 31 January 2013

\*\* Distribution paid on 31 March 2013

### for the three months ended 30 April 2013

#### Interest distribution

Group 1 - shares purchased prior to 1 February 2013

Group 2 - shares purchased between 1 February 2013 and 30 April 2013

	Gross income 2013	Income tax 2013	Net income 2013	Equalisation 2013	Distribution paid 2013	Distribution paid 2012
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
<b>Retail accumulation</b>						
Group 1	0.5310	0.1062	0.4248	-	0.4248*	0.4906
Group 2	0.2325	0.0465	0.1860	0.2388	0.4248*	0.4906
<b>Institutional accumulation</b>						
Group 1	0.6288	0.1257	0.5031	-	0.5031*	0.5614
Group 2	0.4762	0.0952	0.3810	0.1221	0.5031*	0.5614
<b>Retail income</b>						
Group 1	0.4090	0.0818	0.3272	-	0.3272**	0.3893
Group 2	0.2700	0.0540	0.2160	0.1112	0.3272**	0.3893
<b>Institutional income</b>						
Group 1	0.4726	0.0945	0.3781	-	0.3781**	0.4374
Group 2	0.1803	0.0360	0.1443	0.2338	0.3781**	0.4374

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Distribution Tables (Continued)

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Standard Life accumulation</b>						
Group 1	0.7677	0.1535	0.6142	-	0.6142*	0.6576
Group 2	0.2731	0.0546	0.2185	0.3957	0.6142*	-
<b>Institutional regulated accumulation</b>						
Group 1	0.7183	0.1436	0.5747	-	0.5747*	0.5988
Group 2	-	-	-	-	-	-
<b>Standard Life B accumulation</b>						
Group 1	0.7535	0.1507	0.6028	-	0.6028*	0.6472
Group 2	-	-	-	-	-	-
<b>Platform 1 accumulation</b>						
Group 1	0.5128	0.1025	0.4103	-	0.4103*	-
Group 2	0.2217	0.0443	0.1774	0.2329	0.4103*	-
<b>Platform 1 income</b>						
Group 1	0.5913	0.1182	0.4731	-	0.4731**	-
Group 2	0.0992	0.0198	0.0794	0.3937	0.4731**	-

\* Distribution accumulated on 30 April 2013

\*\* Distribution paid on 30 June 2013

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Distribution Tables (Continued)

#### for the three months ended 31 July 2013

##### Interest distribution

Group 1 - shares purchased prior to 1 May 2013

Group 2 - shares purchased between 1 May 2013 and 31 July 2013

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>						
Group 1	0.6182	0.1236	0.4946	-	0.4946*	0.5013
Group 2	0.3390	0.0678	0.2712	0.2234	0.4946*	0.5013
<b>Institutional accumulation</b>						
Group 1	0.7252	0.1450	0.5802	-	0.5802*	0.5794
Group 2	0.5143	0.1028	0.4115	0.1687	0.5802*	0.5794
<b>Retail income</b>						
Group 1	0.4741	0.0948	0.3793	-	0.3793**	0.3982
Group 2	0.2666	0.0533	0.2133	0.1660	0.3793**	0.3982
<b>Institutional income</b>						
Group 1	0.5410	0.1082	0.4328	-	0.4328**	0.4550
Group 2	0.2766	0.0553	0.2213	0.2115	0.4328**	0.4550
<b>Standard Life accumulation</b>						
Group 1	0.8552	0.1710	0.6842	-	0.6842*	0.6752
Group 2	0.6808	0.1361	0.5447	0.1395	0.6842*	-
<b>Institutional regulated accumulation</b>						
Group 1	0.7875	0.1575	0.6300	-	0.6300*	0.6130
Group 2	-	-	-	-	-	-
<b>Standard Life B accumulation</b>						
Group 1	0.8508	0.1701	0.6807	-	0.6807*	0.6645
Group 2	0.3888	0.0777	0.3111	0.3696	0.6807*	0.6645

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund

### Distribution Tables (Continued)

	Gross income 2013	Income tax 2013	Net income 2013	Equalisation 2013	Distribution paid 2013	Distribution paid 2012
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
<b>Platform 1 accumulation</b>						
Group 1	0.5895	0.1179	0.4716	-	0.4716*	0.3850
Group 2	0.3475	0.0695	0.2780	0.1936	0.4716*	-
<b>Platform 1 income</b>						
Group 1	0.5835	0.1167	0.4668	-	0.4668**	0.3850
Group 2	0.2547	0.0509	0.2038	0.2630	0.4668**	-

\* Distribution accumulated on 31 July 2013

\*\* Distribution paid on 30 September 2013

### for the three months ended 31 October 2013

#### Interest distribution

Group 1 - shares purchased prior to 1 August 2013

Group 2 - shares purchased between 1 August 2013 and 31 October 2013

	Gross income 2013	Income tax 2013	Net income 2013	Equalisation 2013	Distribution payable 2013	Distribution paid 2012
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
<b>Retail accumulation</b>						
Group 1	0.4456	0.0891	0.3565	-	0.3565*	0.4821
Group 2	0.1501	0.0300	0.1201	0.2364	0.3565*	0.4821
<b>Institutional accumulation</b>						
Group 1	0.5427	0.1085	0.4342	-	0.4342*	0.5554
Group 2	0.0046	0.0009	0.0037	0.4305	0.4342*	0.5554
<b>Retail income</b>						
Group 1	0.3385	0.0677	0.2708	-	0.2708**	0.3710
Group 2	0.1495	0.0299	0.1196	0.1512	0.2708**	0.3710
<b>Institutional income</b>						
Group 1	0.4022	0.0804	0.3218	-	0.3218**	0.4029
Group 2	0.0818	0.0163	0.0655	0.2563	0.3218**	0.4029



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investment Ethical Corporate Bond Fund Distribution Tables (Continued)

	Gross income	Income tax	Net income	Equalisation	Distribution payable	Distribution paid
	2013	2013	2013	2013	2013	2012
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
<b>Standard Life accumulation</b>						
Group 1	0.6462	0.1292	0.5170	-	0.5170*	0.6704
Group 2	0.3532	0.0706	0.2826	0.2344	0.5170*	-
<b>Institutional regulated accumulation</b>						
Group 1	0.5595	0.1119	0.4476	-	0.4476*	0.6140
Group 2	-	-	-	-	-	-
<b>Standard Life B accumulation</b>						
Group 1	0.6655	0.1331	0.5324	-	0.5324*	0.6557
Group 2	-	-	-	-	-	-
<b>Platform 1 accumulation</b>						
Group 1	0.4208	0.0841	0.3367	-	0.3367*	0.5480
Group 2	0.1535	0.0307	0.1228	0.2139	0.3367*	-
<b>Platform 1 income</b>						
Group 1	0.3996	0.0799	0.3197	-	0.3197**	0.5480
Group 2	0.1948	0.0389	0.1559	0.1638	0.3197**	-

\* Distribution accumulated on 31 October 2013

\*\* Distribution payable on 31 December 2013

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Equity Index Tracker Fund

### Investment Report

Fund Information	
Fund Manager	-
Launch Date	11 April 2005
Benchmark	-

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments 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 2011	108	64.39	167,646
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Institutional accumulation	31 October 2011	1	68.25	1,000
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life accumulation	31 October 2011	1	70.10	1,000
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life B accumulation	31 October 2011	102,671	44.90	228,649,929
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life A accumulation	31 October 2011	12,498	45.37	27,545,125
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Equity Index Tracker Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share	Highest share price	Lowest share price
		p	p	p
Retail accumulation	2008	1.1909	80.78	46.76
	2009	1.1064	73.51	42.96
	2010	0.9795	74.7	60.94
	2011	1.5074	81.3	56.72
	2012*	0.7049	69.14	0.00
Institutional accumulation	2008	1.8081	82.94	48.24
	2009	1.6771	76.41	44.43
	2010	1.6042	78.4	63.74
	2011	2.2393	85.9	60.13
	2012*	1.0923	73.63	0.00
Standard Life accumulation	2008	2.1242	83.94	48.92
	2009	1.9489	77.8	45.11
	2010	1.9871	80.2	65.08
	2011	2.6888	88.0	61.73
	2012*	1.3103	75.76	0.00
Standard Life B accumulation	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	0.00
Standard Life A accumulation	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	0.00
*to 14 June				

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Equity Index Tracker Fund

Comparative Tables (Continued)

### Ongoing Charges Figure (OCF)

	2012**
Retail accumulation	1.68%
Institutional accumulation	0.68%
Standard Life accumulation	0.18%
Standard Life B accumulation	0.06%
Standard Life A accumulation	0.10%

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

\*\* As the shares on the Fund were redeemed and cancelled on 14 June 2012, the OCF has been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period. As at 31 October 2013 there is no OCF to disclose.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Equity Index Tracker Fund Financial Statements

### Statement of Total Return for the year ended 31 October 2013

	Notes	£'000	2013 £'000	2012 £'000
Income:				
Net capital gains/(losses)	1		0	(12,827)
Revenue	3	0		3,886
Expenses	4	(3)		(3)
Finance costs: Interest	6	0		(5)
Net (expense)/revenue before taxation		(3)		3,878
Taxation	5	27		(224)
Net revenue after taxation			24	3,654
<b>Total return before distributions</b>			24	(9,173)
Finance costs: Distributions	6		0	(3,654)
<b>Total return and change in net assets attributable to shareholders from investment activities</b>			24	(12,827)

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

	£'000	2013 £'000	2012 £'000
<b>Opening net assets attributable to shareholders</b>		0	115,279
Amounts receivable on issue of shares	0		4,058
Less: Amounts payable on cancellation of shares	0		(108,686)
		0	(104,628)
Total return and change in net assets attributable to shareholders from investment activities (see above)		24	(12,827)
Retained distribution on accumulation shares		0	2,176
Residual payment to shareholders from redemption of shares		(24)	0
<b>Closing net assets attributable to shareholders</b>		0	0

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Equity Index Tracker Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	2013 £'000	£'000	2012 £'000	£'000
<b>Assets</b>					
Debtors	7	290		528	
Cash and bank balances		321		59	
Total other assets			611		587
Total assets			611		587
<b>Liabilities</b>					
Creditors	8	(611)		(587)	
Total other liabilities			(611)		(587)
Total liabilities			(611)		(587)
<b>Net assets attributable to shareholders</b>			0		0

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Equity Index Tracker Fund

Portfolio Statement as at 31 October 2013

Holding	Bid-market value £'000	Percentage of total net assets
<b>European Equities (0.00%)</b>	<b>0</b>	<b>0.00</b>
Ireland (0.00%)		
18,022 Anglo Irish Bank Corporation*	0	0.00
Total investment assets	0	0.00
Net other assets	0	0.00
Total Net Assets	0	0.00

The percentage figures in brackets show the comparative holding as at 31 October 2012

\* Delisted



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Equity Index Tracker Fund

### Notes to the Financial Statements

#### 1 Net Capital Gains/(Losses)

	2013 £'000	2012 £'000
Non-derivative securities	0	(12,683)
Derivative contracts	0	(74)
Forward currency contracts	0	6
	0	(64)
	0	(1)
Handling charges taken from the capital account	0	(11)
Net capital gains/(losses)	0	(12,827)

#### 2 Purchases, Sales and Transaction Costs

	2013 £'000	2012 £'000
Purchases in year before transaction costs	0	5,771
Commissions	0	13
Taxes	0	0
Total purchase transaction costs	0	13
Purchases including transaction costs	0	5,784
Gross sales before transaction costs	0	107,402
Commissions	0	25
Total sale transaction costs	0	(25)
Total sales net of transaction costs	0	107,377

#### 3 Revenue

	2013 £'000	2012 £'000
Overseas dividends	0	3,726
Scrip dividends	0	160
Total revenue	0	3,886

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 4 Expenses

	2013 £'000	2012 £'000
<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	0	1
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees*	0	1
Safe custody fees*	0	1
	0	2
<b>Other expenses:</b>		
Audit fee*	3	0
<b>Total expenses</b>	<b>3</b>	<b>3</b>

\* A proportion of these fees (2013: nil; 2012: £23,000) were reimbursed by Standard Life Investments (Mutual Funds) Limited.

### 5 Taxation

	2013 £'000	2012 £'000
<b>(a) Analysis of charge in the year</b>		
UK corporation tax	0	11
Double tax relief	0	(9)
Adjustments in respect of prior periods	(1)	1
Overseas withholding tax	(26)	221
<b>Total taxation</b>	<b>(27)</b>	<b>224</b>

#### (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 expense before taxation	(3)	3,878
Corporation tax at 20% (2012: 20%)	0	776
Effects of:		
Scrip dividends	0	(32)
Non taxable overseas dividends	0	(733)
Overseas withholding tax	(26)	212
Adjustments in respect of prior years	(1)	1
<b>Current tax charge (Note 5(a))</b>	<b>(27)</b>	<b>224</b>

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 6 Finance Costs

	2013 £'000	2012 £'000
<b>Distributions and interest</b>		
(a) The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	0	2,176
Final distribution	0	0
	0	2,176
Add: Income deducted on cancellation of shares	0	1,497
Deduct: Income received on creation of shares	0	(19)
Net distribution for the year	0	3,654
Interest	0	5
Total finance costs	0	3,659
(b) Difference between net revenue and distribution		
Net revenue after taxation for the year	24	3,654
Less: Revenue transferred to capital	(24)	0
Net distribution for the year	0	3,654

### 7 Debtors

	2013 £'000	2012 £'000
Withholding tax recoverable	290	528
Total debtors	290	528

### 8 Creditors

	2013 £'000	2012 £'000
Other accrued expenses	7	5
Withholding Tax reclaims	567	567
Payment of residual balances to shareholders	37	14
Corporation tax payable	0	1
Total creditors	611	587

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Equity Index Tracker 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 year are disclosed in notes 7 and 8.

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

Citibank International plc, as Depositary, is a related party. Any monies paid to the Depositary are shown in note 4. Any balance due from or due to the Depositary and their associates are disclosed in notes 7 and 8.

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	0	3,936
Purchase of shares by Fund	0	110,067
Distributions by Fund	0	2,175
The percentage value of the Fund held by Standard Life group companies is:	0.0%	0.0%

### 10 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 pages 15 and 16.

#### 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:

	2013 £'000	2012 £'000
Danish Krone	0	5
Euro	4	194
Norwegian Krone	0	9
Swiss Franc	0	182

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 10 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	Financial Assets not carrying interest	Total
	£'000	£'000	£'000
<b>2013</b>			
<b>Currency</b>			
Sterling	317	0	317
<b>2012</b>			
<b>Currency</b>			
Sterling	57	0	57
Euro	2	0	2

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

### Investment Report

Fund Information	
<b>Fund Manager</b>	Chris Haimendorf
<b>Launch Date</b>	24 September 2007
<b>Benchmark</b>	IMA Europe (ex UK)

### 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 (excluding 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.

The ethical criteria applicable to the Fund are set out in an Ethical Policy 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

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 period under review, the Fund returned 34.39% compared to the IMA Europe (excluding UK) average of 31.32% (source: Morningstar).

Strong returns came from our holding in German Cable Company Kabel Deutschland as its share price rose on news of a bid from

Vodafone. The subsequent merger resulted in Vodafone owning a 77% stake in Kabel Deutschland. Our overweight position in Deutsche Post also proved beneficial, with robust results driven by the strength of its parcel and express divisions. Tyre manufacturer Continental was another positive contributor to performance, amid recovery in the European automobile sector.

On the downside, engineering and construction company Subsea 7 hindered returns. The company issued a profit warning, having incurred additional costs from a contract in Brazil.

Italian energy company Saipem also detracted from returns, following the resignation of the CEO, leaving a new management team struggling to deal with some of the legacy issues. Our relative underweight holdings in Roche and Daimler also proved detrimental to performance, as both stocks were driven higher by the prospect of new pipeline products.

### Investment activity

Fund activity included buying shares in Partners Group, the Swiss private markets company. The company should benefit from the trend towards companies going direct to markets to secure lending, rather than approaching banks. We also purchased a holding in Swedish corporate bank SEB where market share gains should drive better-than-expected revenue growth. In Spain, we opened a position in Telefonica, which should benefit from consolidation in the telecoms market.

During the period, we sold our holding in marine power sources company Wartsila, amid concerns over the health of the firm's emerging market business. We also disposed of our holding in Swedbank given its limited scope for higher capital return. Finally, we sold our holding in engineering company Sandvik, reflecting the risks to pricing and margins in mining equipment.

During the year to 31 October 2013 the following material changes (greater than 5% of opening Net Asset Value) were made to the portfolio:

Purchases	Cost £'000
BBVA	2,220
Carrefour	2,194
Others (those not listed above)	56,400
<b>Total</b>	<b>60,814</b>

Sales	Proceeds £'000
Kabel Deutschland	2,572
Others (those not listed above)	20,012
<b>Total</b>	<b>22,584</b>

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund Investment Report (Continued)

### Outlook

Improving economic data and attractive valuations have been the key driver of European equities. However, underlying fundamentals are still relatively weak and as markets make further progress, there is more likelihood of a correction. At present, we believe such risks are further down the road. Without doubt there are headwinds for European equity investors but the region has reached a nadir. The hope is that there is no over-reaction to tapering, particularly the knock-on effect for currencies which will impact exporters. For stock pickers, there remain compelling opportunities in the region.

### Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

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.

Composition of Portfolio	%
as at 31 October 2013	
Austria (3.06%)	2.25
Belgium (1.67%)	0.78
Denmark (4.45%)	3.05
Finland (3.85%)	2.98
France (16.66%)	19.41
Germany (20.10%)	14.64
Ireland (3.47%)	2.99
Italy (5.92%)	6.29
Netherlands (6.49%)	6.24
Norway (7.65%)	5.96
Portugal (1.86%)	0.80
Spain (5.52%)	7.88
Sweden (11.95%)	12.53
Switzerland (4.33%)	10.41
Net other assets (3.02%)	3.79

The percentage figures in brackets show the comparative holding as at 31 October 2012.

Ten Largest Holdings (by market value)	%
as at 31 October 2013	
ING	2.82
ENI	2.54
SAP	2.47
Deutsche Post	2.46
Carrefour	2.40
Continental	2.38
BBVA	2.34
Svenska Cellulosa	2.31
Zurich	2.27
Renault	2.25

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments 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 2011	1,186	35.22	3,368,063
	31 October 2012	1,360	38.18	3,562,560
	31 October 2013	2,502	51.15	4,891,720
Institutional accumulation	31 October 2011	285	36.15	788,792
	31 October 2012	216	39.46	546,900
	31 October 2013	351	53.27	659,473
Standard Life accumulation	31 October 2011	1	37.32	2,500
	31 October 2012	1	40.92	2,500
	31 October 2013	77	55.69	137,796
Institutional regulated accumulation	31 October 2011	551	36.81	1,495,177
	31 October 2012	621	40.23	1,544,122
	31 October 2013	1,199	54.60	2,196,209
Standard Life B accumulation	31 October 2011	36,411	37.40	97,352,663
	31 October 2012	45,712	41.02	111,432,404
	31 October 2013	104,024	55.94	185,939,611
Platform 1 accumulation	31 October 2012	1	57.32	1,200
	31 October 2013	781	77.54	1,006,505



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share	Highest share price	Lowest share price
		p	p	p
Retail accumulation	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	40.67	32.14
	2013**	0.7679	51.64	41.03
Institutional accumulation	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	42.12	33.14
	2013**	1.1144	53.77	42.49
Standard Life accumulation	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	43.80	34.31
	2013**	1.5326	56.25	44.17
Institutional regulated accumulation	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	43.02	33.76
	2013**	1.3252	55.14	43.40
Standard Life B accumulation	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	43.94	34.40
	2013**	1.5525	56.52	44.34
Platform 1 accumulation	2012*	0.1063	61.31	48.16
	2013**	1.6163	78.31	61.88

\*from commencement of the share class on 30 May

\*\*to 31 October

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

Comparative Tables (Continued)

### Ongoing Charges Figure (OCF)

	2013	2012
Retail accumulation	1.64%	1.66%
Institutional accumulation	0.89%	0.91%
Standard Life accumulation	0.14%	0.16%
Institutional regulated accumulation	0.44%	0.46%
Standard Life B accumulation	0.02%	0.04%
Platform 1 accumulation	0.94%	0.96%

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund Financial Statements

### Statement of Total Return for the year ended 31 October 2013

			2013		2012
	Notes	£'000	£'000	£'000	£'000
Income:					
Net capital gains	1		20,090		2,501
Revenue	3	2,112		1,430	
Expenses	4	(40)		(24)	
Net revenue before taxation		2,072		1,406	
Taxation	5	(84)		(34)	
Net revenue after taxation			1,988		1,372
<b>Total return before distributions</b>			22,078		3,873
Finance costs: Distributions	6		(1,988)		(1,372)
<b>Change in net assets attributable to shareholders from investment activities</b>			20,090		2,501

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

		2013		2012
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		47,911		38,434
Amounts receivable on issue of shares	39,000		8,186	
Less: Amounts payable on cancellation of shares	(555)		(2,721)	
		38,445		5,465
Change in net assets attributable to shareholders from investment activities (see above)		20,090		2,501
Retained distribution on accumulation shares		2,488		1,511
<b>Closing net assets attributable to shareholders</b>		108,934		47,911

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	£'000	2013 £'000	2012 £'000
<b>Assets</b>				
Investment assets			104,800	46,466
Debtors	7	153		145
Cash and bank balances		4,005		1,417
Total other assets			4,158	1,562
Total assets			108,958	48,028
<b>Liabilities</b>				
Creditors	8	(24)		(117)
Total other liabilities			(24)	(117)
Total liabilities			(24)	(117)
<b>Net assets attributable to shareholders</b>			108,934	47,911

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

Portfolio Statement as at 31 October 2013

Holding	Bid-market value £'000	Percentage of total net assets
<b>European Equities (96.98%)</b>	<b>104,800</b>	<b>96.21</b>
<b>Austria (3.06%)</b>	<b>2,451</b>	<b>2.25</b>
83,965 Oesterreich Post	2,451	2.25
<b>Belgium (1.67%)</b>	<b>853</b>	<b>0.78</b>
25,112 KBC	853	0.78
<b>Denmark (4.45%)</b>	<b>3,323</b>	<b>3.05</b>
155,207 Danske Bank	2,259	2.07
18,678 Tryg	1,064	0.98
<b>Finland (3.85%)</b>	<b>3,250</b>	<b>2.98</b>
307,110 Nokia	1,448	1.33
61,032 Sampo	1,802	1.65
<b>France (16.66%)</b>	<b>21,139</b>	<b>19.41</b>
121,823 AXA	1,895	1.74
50,693 BNP Paribas	2,339	2.15
114,591 Carrefour	2,616	2.40
72,383 Edenred	1,532	1.41
25,912 Ingenico	1,216	1.12
52,119 Lafarge	2,248	2.06
18,513 Publicis	961	0.88
44,967 Renault	2,454	2.25
80,645 SCOR	1,775	1.63
94,306 SES Global	1,709	1.57
34,551 Societe Generale	1,223	1.12
19,377 Sodexo	1,171	1.08

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Germany (20.10%)</b>	<b>15,954</b>	<b>14.64</b>
22,628 Continental	2,587	2.38
30,087 Deutsche Bank	907	0.83
127,523 Deutsche Post	2,684	2.46
107,182 Deutsche Wohnen	1,256	1.15
23,283 HeidelbergCement	1,145	1.05
254,496 Infineon Technology	1,534	1.41
29,829 LEG Immobilien	1,060	0.97
54,915 SAP	2,687	2.47
92,217 Wirecard	2,094	1.92
<b>Ireland (3.47%)</b>	<b>3,252</b>	<b>2.99</b>
42,760 DCC	1,196	1.10
196,694 Kingspan	2,056	1.89
<b>Italy (5.92%)</b>	<b>6,851</b>	<b>6.29</b>
175,386 ENI	2,762	2.54
28,367 Luxottica	960	0.88
621,779 SNAM	1,995	1.83
367,963 Terna	1,134	1.04
<b>Netherlands (6.49%)</b>	<b>6,799</b>	<b>6.24</b>
28,440 ASML	1,682	1.54
386,964 ING	3,071	2.82
162,963 Reed Elsevier	2,046	1.88
<b>Norway (7.65%)</b>	<b>6,488</b>	<b>5.96</b>
92,326 DNB Bank	1,019	0.94
89,072 Statoil	1,314	1.21
132,553 Subsea 7	1,746	1.60
160,963 Telenor	2,409	2.21

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Portugal (1.86%)</b>	<b>874</b>	<b>0.80</b>
82,796 Galp Energia	874	0.80
<b>Spain (5.52%)</b>	<b>8,583</b>	<b>7.88</b>
352,017 BBVA	2,550	2.34
65,261 Bolsa de Madrid	1,508	1.39
86,000 FCC Construcción	1,209	1.11
14,983 Inditex	1,528	1.40
163,683 Telefonica	1,788	1.64
<b>Sweden (11.95%)</b>	<b>13,654</b>	<b>12.53</b>
102,255 Atlas Copco	1,768	1.62
242,170 Ericsson 'B'	1,802	1.65
95,107 Kinnevik Investments	2,184	2.01
66,143 Lundin Petroleum	851	0.78
157,068 Skandinaviska Enskilda Banken	1,186	1.09
142,402 Svenska Cellulosa	2,520	2.31
50,258 Svenska Handelsbanken	1,419	1.30
255,740 Tele2	1,924	1.77
<b>Switzerland (4.33%)</b>	<b>11,329</b>	<b>10.41</b>
43,047 Adecco	1,979	1.82
23,731 Julius Baer	727	0.67
6,979 Partners Group	1,126	1.03
31,361 Richemont (Cie Fin) Series 'A'	2,005	1.84
31,398 Swiss Reinsurance	1,720	1.58
107,841 UBS	1,302	1.20
14,326 Zurich	2,470	2.27
Total investment assets	104,800	96.21
Net other assets	4,134	3.79
<b>Total Net Assets</b>	<b>108,934</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 FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2012.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

### Notes to the Financial Statements

#### 1 Net Capital Gains

	2013 £'000	2012 £'000
Non-derivative securities	20,103	2,547
Forward currency contracts	(15)	0
Non-derivative securities currency gains/(losses)	18	(32)
Handling charges taken from the capital account	(16)	(14)
Net capital gains	20,090	2,501

#### 2 Purchases, Sales and Transaction Costs

	2013 £'000	2012 £'000
Purchases in year before transaction costs	60,732	27,153
Commissions	65	33
Taxes	17	23
Total purchase transaction costs	82	56
Purchases including transaction costs	60,814	27,209
Gross sales before transaction costs	22,616	19,677
Commissions	(32)	(28)
Total sale transaction costs	(32)	(28)
Total sales net of transaction costs	22,584	19,649

#### 3 Revenue

	2013 £'000	2012 £'000
Overseas dividends	2,025	1,409
Scrip dividends	82	18
Bank interest	5	3
Total revenue	2,112	1,430



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

Notes to the Financial Statements (Continued)

### 4 Expenses

	2013 £'000	2012 £'000
<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	36	22
Registration fees	3	2
	<u>39</u>	<u>24</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees*	1	0
<b>Other expenses:</b>		
Audit fee*	0	0
<b>Total expenses</b>	<u>40</u>	<u>24</u>

\* A proportion of these fees (2013: £24,600; 2012: £17,400) were reimbursed by Standard Life Investments (Mutual Funds) Limited.

### 5 Taxation

	2013 £'000	2012 £'000
<b>(a) Analysis of charge in the year</b>		
Adjustments in respect of prior periods	0	7
Overseas withholding tax	84	27
<b>Total taxation</b>	<u>84</u>	<u>34</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	2,072	1,406
Corporation tax at 20% (2012: 20%)	414	281
Effects of:		
Scrip dividends	(16)	(4)
Non taxable overseas dividends	(402)	(275)
Overseas withholding tax	84	27
Excess management expenses	4	(2)
Adjustments in respect of prior years	0	7
<b>Current tax charge (Note 5(a))</b>	<u>84</u>	<u>34</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) 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 £8,910 (2012: £1,000) 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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

### Notes to the Financial Statements

#### 6 Finance Costs

	2013 £'000	2012 £'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	855	753
Final distribution	1,633	758
	<u>2,488</u>	<u>1,511</u>
Add: Income deducted on cancellation of shares	4	13
Deduct: Income received on issue of shares	(504)	(152)
Net distribution for the year	<u>1,988</u>	<u>1,372</u>
	<u>1,988</u>	<u>1,372</u>
Total finance costs	<u>1,988</u>	<u>1,372</u>

Details of the distribution per share are set out in this Fund's distribution tables

#### 7 Debtors

	2013 £'000	2012 £'000
Amounts receivable from the ACD for issue of shares	28	5
Accrued revenue	0	14
Expenses reimbursement receivable from the ACD	2	0
Withholding tax recoverable	123	126
Total debtors	<u>153</u>	<u>145</u>

#### 8 Creditors

	2013 £'000	2012 £'000
Purchases awaiting settlement	0	86
Accrued expenses payable to the ACD	4	2
Accrued expenses payable to the Depositary	5	4
Other accrued expenses	8	7
Expenses rebate due to the ACD	0	11
Corporation tax payable	7	7
Total creditors	<u>24</u>	<u>117</u>

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity 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 year are disclosed in notes 7 and 8.

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

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	37,531	8,088
Purchase of shares by Fund	1	2,470
Distributions made by Fund	834	734
The percentage value of the Fund held by Standard Life group companies is:	96.6%	96.7%

### 10 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 pages 15 and 16.

#### 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	
	2013 £'000	2012 £'000
Danish Krone	3,323	2,045
Euro	69,370	33,022
Norwegian Krone	6,515	3,693
Swedish Krona	13,654	5,728
Swiss Franc	11,352	2,076

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

Notes to the Financial Statements

### 10 Financial Instruments (continued)

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

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>2013</b>			
<b>Currency</b>			
Sterling	3,518	1,197	4,715
Danish Krone	0	3,323	3,323
Euro	446	68,808	69,254
Norwegian Krone	26	6,489	6,515
Swedish Krona	0	13,654	13,654
Swiss Franc	15	11,329	11,344
<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 Krona	0	5,728	5,728
Swiss Franc	0	2,074	2,074

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

### Distribution Tables

for the six months ended 30 April 2013

#### Dividend distribution

Group 1 - shares purchased prior to 1 November 2012

Group 2 - shares purchased between 1 November 2012 and 30 April 2013

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>				
Group 1	0.3236	-	0.3236*	0.4592
Group 2	0.3069	0.0167	0.3236*	0.4592
<b>Institutional accumulation</b>				
Group 1	0.4918	-	0.4918*	0.6012
Group 2	0.4915	0.0003	0.4918*	-
<b>Standard Life accumulation</b>				
Group 1	0.6794	-	0.6794*	0.7804
Group 2	0.6410	0.0384	0.6794*	-
<b>Institutional regulated accumulation</b>				
Group 1	0.5973	-	0.5973*	0.6994
Group 2	0.5694	0.0279	0.5973*	0.6994
<b>Standard Life B accumulation</b>				
Group 1	0.7019	-	0.7019*	0.7921
Group 2	-	-	-	-
<b>Platform 1 accumulation</b>				
Group 1	0.7417	-	0.7417*	-
Group 2	0.5665	0.1752	0.7417*	-

\* Distribution accumulated on 30 April 2013

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

### Distribution Tables (Continued)

#### for the six months ended 31 October 2013

##### Dividend distribution

Group 1 - shares purchased prior to 1 May 2013

Group 2 - shares purchased between 1 May 2013 and 31 October 2013

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>				
Group 1	0.4443	-	0.4443*	0.4779
Group 2	0.0000	0.4443	0.4443*	0.4779
<b>Institutional accumulation</b>				
Group 1	0.6226	-	0.6226*	0.6419
Group 2	0.1998	0.4228	0.6226*	0.6419
<b>Standard Life accumulation</b>				
Group 1	0.8532	-	0.8532*	0.6357
Group 2	0.1911	0.6621	0.8532*	-
<b>Institutional regulated accumulation</b>				
Group 1	0.7279	-	0.7279*	0.5812
Group 2	0.0642	0.6637	0.7279*	-
<b>Standard Life B accumulation</b>				
Group 1	0.8506	-	0.8506*	0.6537
Group 2	0.1383	0.7123	0.8506*	0.6537
<b>Platform 1 accumulation</b>				
Group 1	0.8746	-	0.8746*	0.1063
Group 2	0.1878	0.6868	0.8746*	-

\* Distribution accumulated on 31 October 2013

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments European Ethical Equity Fund

Treatment by Corporate Shareholders (unaudited)

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.		

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Investment Report

Fund Information	
<b>Fund Manager</b>	Jonathan Gibbs
<b>Launch Date</b>	19 May 2004
<b>Benchmark</b>	Barclays Global 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 FCA 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 -2.07%, versus the Barclays World Government Inflation Linked Bond Index (hedged to Sterling) return of -1.83%. Please note Fund return is net of retail charges, while index return is gross. (Fund return source: Morningstar and index return source: Thomson Reuters Datastream.)

In the final months of 2012, an overweight strategy in 30-year UK inflation contributed positively. Yield curve positioning, with an overweight in long-dated UK index-linked, also added to returns. A more positive shift in economic fundamentals and the potential end of QE in the UK supported the market. The Fund's overweight position in Australian inflation-linked bonds was a negative as their yield differential versus core markets, such as the UK and US, widened. Underweight duration positioning in the UK and US detracted from returns in the first quarter of 2013. Core bond markets were supported by lower interest rate expectations and the prevailing 'risk-off' tone in Europe. Yield curve positioning for both the US and UK markets added value, with the front end of the curve performing well.

In the second quarter of 2013, being short of 3-year US inflation, 2-years forward was a positive contributor to performance as the market began to price in lower US inflation. Our underweight in US TIPS relative to Swedish index-linked bonds position added to returns.

On the downside, an overweight in 10-year UK inflation detracted from returns. Inflation markets were hardest hit in the US but the UK market was weak towards the end of March following the Fed's outline for future policy. Over the third quarter, being short of US inflation was again a positive contributor to performance as the market increasingly priced in lower US inflation. Our yield curve positioning on the UK real yield curve added to returns as the long-dated end was well supported by LDI demand. The Fund's holdings in inflation-linked corporate bonds also performed well. An overweight position in German duration and underweight duration positions in the UK and US had little net impact on performance as real yields finished at levels similar to those at the start of the quarter. September's rally in core bond markets led to a steepening of the French yield curve with shorter-dated bonds outperforming. Consequently, our strategy on the French yield curve (for flattening) was a negative contributor. In October, our short position on European inflation contributed positively. Inflation numbers came in below expectations, backing our opinion that there are few inflationary pressures within the Euro-zone at an aggregate level. A long position on European interest rates was also beneficial.

During the year to 31 October 2013 the following material changes (greater than 5% of opening Net Asset Value) were made to the portfolio:

Purchases	Cost £'000
UK (Govt of) 1.875% Index-Linked 2022	89,103
UK (Govt of) 1.25% Index-Linked 2017	72,735
Others (those not listed above)	731,747
<b>Total</b>	<b>893,585</b>

Sales	Proceeds £'000
UK (Govt of) 1.875% Index-Linked 2022	116,956
US Treasury 0.5% Index-Linked 2015	59,320
Others (those not listed above)	823,337
<b>Total</b>	<b>999,613</b>



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Investment Report (Continued)

#### Investment activity

In November, we sold a long position in 3-year US CPI inflation, 2 years forward (i.e. short of US inflation between 2014 and 2017). The market was priced for the US recovery to be inflationary. However, we believe it will be a slow and gradual process that will not necessarily result in inflation, despite the Fed's loose monetary policy. In January, we bought 10-year UK inflation (using swaps) following the CPAC decision not to change the basis of the RPI calculation. We increased the holding in the Network Rail 2027 inflation-linked bond in February. The additional yield pick-up versus equivalent gilts was attractive given the low level of extra risk. In March, we reduced US duration and added to our US curve steepening position. Holdings in long-dated index-linked gilts were reduced, which increased the steepening bias of our yield curve positioning.

With European breakevens facing downside risk in April, especially shorter-dated bonds, we implemented a yield-curve flattener in the French inflation-linked market by selling 2022 bonds into 2040 bonds. Mid-month we closed our short position in 10-year US inflation following a poor TIPS auction. We brought duration positions closer to benchmark in May by closing the overweight in 10-year German bunds versus an underweight in 30-year US Treasuries. We closed our strategy on 3-year European interest rates 3-years forward in July, taking profits and moving duration exposure out to the 10-year area of the yield curve. At the end of the month, we switched index-linked 2029s into index-linked 2044s and positioned for flattening of the UK real yield curve in the expectation that longer-dated issues would outperform. They are well supported by liability driven investment (LDI) while the mid-section of the curve remains vulnerable to a sell-off in conventional gilts. We took some profit on our short 3-year US inflation, 2-years forward position in August. With inflation expectations in the US moving lower, the trade had moved further in our favour. Towards the end of September, we added exposure to the ultra-long dated end of the UK yield curve through participation in the syndicated issue of index-linked 2068s. In October we took a position on European 2-year interest rates 1-year forward. Of all the core central banks, we think the ECB are most likely to cut interest rates, hence our exposure to the front end of the European curve. We reduced US duration by switching from TIPS redeemable in 2032 into 2017 issues following the strong performance of US rates during the month.

#### Outlook

The shutdown of the US government was the main focus for the markets at the end of the reporting period but now this has been resolved, albeit temporarily, the focus should shift back to the

macro environment and central bank policy responses. Our core view is that the global economy continues to slowly improve, led by the UK and the US. This is reflected in the portfolio through an underweight duration position in both markets, while we also have a flattening bias on the UK real yield curve. We do not anticipate a rate hike by the Bank of England in the near future but the long end of the curve remains well supported by LDI demand as switch terms out of more risky assets remain attractive. Our view of the Euro-zone is less optimistic in terms of producing a sustainable, diversified and geographically mixed recovery. The latest inflation print of 0.7% was well below expectations and justifies our long-held view that there are very few inflationary pressures at work across the continent. If the peripheral countries are going to improve their competitiveness relative to Germany, there will need to be a protracted period of low wage growth and fall in production costs which will take years to have an impact, particularly as they do not have the option of improving their predicament through currency devaluation.

#### Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

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.

#### 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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

Investment Report (Continued)

Composition of Portfolio	%
as at 31 October 2013	
Australian Dollar Denominated Bonds (2.11%)	1.37
Canadian Dollar Denominated Bonds (3.85%)	3.59
Euro Denominated Bonds (16.25%)	14.67
Japanese Yen Denominated Bonds (2.17%)	2.04
New Zealand Dollar Denominated Bonds (0.66%)	1.05
Sterling Denominated Bonds (23.61%)	29.74
Swedish Krona Denominated Bonds (1.11%)	0.18
US Dollar Denominated Bonds (47.87%)	45.13
Collective Investment Schemes (1.43%)	0.88
Derivatives (0.85%)	1.96
Net other assets/liabilities (0.09%)	(0.61)

Ten Largest Holdings (by market value)	%
as at 31 October 2013	
US Treasury 1.375% Index-Linked 2018	4.37
Germany (Fed Rep) 1.5% Index-Linked 2016	4.06
US Treasury 0.5% Index-Linked 2015	3.32
US Treasury 0.125% Index-Linked 2022	3.28
US Treasury 0.125% Index-Linked 2022	3.00
US Treasury 1.125% Index-Linked 2021	2.55
US Treasury 1.75% Index-Linked 2028	2.36
US Treasury 1.625% Index-Linked 2015	2.20
UK (Govt of) 1.25% Index-Linked 2017	2.11
US Treasury 3.875% Index-Linked 2029	2.09

The percentage figures in brackets show the comparative holding as at 31 October 2012.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments 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 2011	208,571	150.22	138,845,673
	31 October 2012	220,956	159.39	138,627,764
	31 October 2013	192,605	155.61	123,776,407
Institutional accumulation	31 October 2011	54,477	154.00	35,374,727
	31 October 2012	74,842	164.07	45,615,467
	31 October 2013	78,786	160.83	48,988,523
Retail income	31 October 2011	131,397	134.13	97,960,676
	31 October 2012	104,140	140.91	73,905,061
	31 October 2013	50,842	136.36	37,285,119
Institutional income	31 October 2011	405,596	134.22	302,198,101
	31 October 2012	603,676	141.04	428,005,718
	31 October 2013	539,713	136.52	395,334,520
Standard Life income	31 October 2011	2	60.01	2,500
	31 October 2012	2	63.05	2,500
	31 October 2013	0	61.29	657
Standard Life accumulation	31 October 2011	4,612	158.30	2,913,247
	31 October 2012	50,160	169.41	29,608,552
	31 October 2013	27	146.21	18,792
Institutional regulated accumulation	31 October 2011	30,952	70.65	43,811,067
	31 October 2012	35,888	75.38	47,608,454
	31 October 2013	33,768	74.01	45,628,222
Platform 1 accumulation	31 October 2012	20	50.39	39,868
	31 October 2013	32,212	49.39	65,223,142
Platform 1 income	31 October 2012	32	50.11	64,430
	31 October 2013	13,828	48.37	28,589,474
Institutional S accumulation	31 October 2013	1	50.40	1,200
Institutional S income	31 October 2013	1	50.21	1,200

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share	Highest share price	Lowest share price
		p	p	p
Retail accumulation	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	162.4	154.2
	2013***	1.3890	167.3	150.5
Institutional accumulation	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	167.3	158.3
	2013***	2.0879	172.5	155.5
Retail income	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	143.6	137.2
	2013***	1.2227	147.7	132.2
Institutional income	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	143.8	137.3
	2013***	1.7843	147.9	132.4
Standard Life income	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	64.40	61.41
	2013***	1.0732	66.42	59.44
Standard Life accumulation	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	172.8	163.0
	2013***	2.9282	178.4	140.5

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Institutional regulated accumulation	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	76.86	72.64
	2013***	1.0775	79.29	71.52
Platform 1 accumulation	2012*	0.2886	51.37	49.87
	2013***	0.6481	52.98	47.75
Platform 1 income	2012*	0.2806	50.94	49.83
	2013***	0.5957	52.41	46.90
Institutional S accumulation	2013**	0.2040	50.64	48.73
Institutional S income	2013**	0.2040	50.66	48.70

\*from commencement of the share class on 10 February

\*\*from commencement of the share class on 25 July to 31 October

\*\*\*to 31 October

### Ongoing Charges Figure (OCF)

	2013	2012
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%	0.65%
Platform 1 income	0.65%	0.65%
Institutional S accumulation	0.38%	-
Institutional S income	0.38%	-

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Financial Statements

#### Statement of Total Return for the year ended 31 October 2013

			2013		2012
	Notes	£'000	£'000	£'000	£'000
Income:					
Net capital (losses)/gains	1		(42,975)		44,777
Revenue	3	23,820		23,342	
Expenses	4	(7,968)		(7,687)	
Finance costs: Interest	6	(19)		(3)	
Net revenue before taxation		15,833		15,652	
Taxation	5	0		0	
Net revenue after taxation			15,833		15,652
<b>Total return before distributions</b>			(27,142)		60,429
Finance costs: Distributions	6		(15,833)		(15,651)
<b>Change in net assets attributable to shareholders from investment activities</b>			(42,975)		44,778

#### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

		2013		2012
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		1,089,716		835,607
Amounts receivable on issue of shares	232,187		401,341	
Less: Amounts payable on cancellation of shares	(341,288)		(196,258)	
		(109,101)		205,083
Change in net assets attributable to shareholders from investment activities (see above)		(42,975)		44,778
Retained distribution on accumulation shares		4,143		4,248
<b>Closing net assets attributable to shareholders</b>		941,783		1,089,716

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	£'000	2013 £'000	2012 £'000
<b>Assets</b>				
Investment assets			949,213	1,094,583
Debtors	7	4,952		5,659
Cash and bank balances	8	2,554		257
Total other assets			7,506	5,916
Total assets			956,719	1,100,499
<b>Liabilities</b>				
Investment liabilities			(1,719)	(5,794)
Creditors	9	(11,499)		(2,950)
Balances due to futures clearing houses		0		(28)
Distribution payable on income shares		(1,718)		(2,011)
Total other liabilities			(13,217)	(4,989)
Total liabilities			(14,936)	(10,783)
<b>Net assets attributable to shareholders</b>			941,783	1,089,716

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

Portfolio Statement as at 31 October 2013

Holding	Bid-market value £'000	Percentage of total net assets
<b>Index-Linked Bonds (97.63%)</b>	<b>920,843</b>	<b>97.77</b>
<b>Australian Dollar Denominated Bonds (2.11%)</b>	<b>12,953</b>	<b>1.37</b>
4,247,000 Australia (Govt of) 3% Index-Linked 2025	3,191	0.34
3,527,000 Australia (Govt of) 4% Index-Linked 2015	3,698	0.39
2,209,000 Australia (Govt of) 4% Index-Linked 2020	2,364	0.25
5,113,000 New South Wales Treasury 2.75% Index-Linked 2025	3,700	0.39
<b>Canadian Dollar Denominated Bonds (3.85%)</b>	<b>33,825</b>	<b>3.59</b>
4,157,000 Canada (Govt of) 2% Index-Linked 2041	3,406	0.36
13,967,000 Canada (Govt of) 4% Index-Linked 2031	17,327	1.84
7,109,000 Canada (Govt of) 4.25% Index-Linked 2021	8,263	0.88
3,948,000 Canada (Govt of) 4.25% Index-Linked 2026	4,829	0.51
<b>Euro Denominated Bonds (16.25%)</b>	<b>138,028</b>	<b>14.67</b>
3,739,000 France (Govt of) 0.25% 2024	3,081	0.33
2,749,000 France (Govt of) 0.45% 2016	2,517	0.27
2,566,000 France (Govt of) 1.1% Index-Linked 2022	2,499	0.27
1,876,000 France (Govt of) 1.3% Index-Linked 2019	1,838	0.20
15,485,000 France (Govt of) 1.8% Index-Linked 2040	17,412	1.85
11,000 France (Govt of) 1.85% 2027	11	0.00
16,966,000 France (Govt of) 2.1% Index-Linked 2023	18,265	1.94
11,832,000 France (Govt of) 2.25% Index-Linked 2020	14,029	1.49
5,982,000 France (Govt of) 3.15% Index-Linked 2032	8,555	0.91
9,095,000 France (Govt of) 3.4% Index-Linked 2029	13,384	1.42
12,174,000 Germany (Fed Rep) 0.1% Index-Linked 2023	10,641	1.13
5,464,000 Germany (Fed Rep) 0.75% Index-Linked 2018	5,154	0.55
37,237,000 Germany (Fed Rep) 1.5% Index-Linked 2016	38,262	4.06
2,278,000 Germany (Fed Rep) 1.75% Index-Linked 2020	2,380	0.25



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Portfolio Statement (Continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Japanese Yen Denominated Bonds (2.17%)</b>		<b>19,206</b>	<b>2.04</b>
314,500,000	Japan (Govt of) 0.8% Index-Linked 2015	2,125	0.23
67,600,000	Japan (Govt of) 1.1% Index-Linked 2014	440	0.05
128,400,000	Japan (Govt of) 1.1% Index-Linked 2016	892	0.09
647,600,000	Japan (Govt of) 1.4% Index-Linked 2018	4,625	0.49
1.5499E9	Japan (Govt of) 1.4% Index-Linked 2018	11,124	1.18
<b>New Zealand Dollar Denominated Bonds (0.66%)</b>		<b>9,892</b>	<b>1.05</b>
20,200,000	New Zealand (Govt of) Index Linked 2.018% 2025	9,892	1.05
<b>Sterling Denominated Bonds (23.61%)</b>		<b>280,274</b>	<b>29.74</b>
1,500,000	Affinity Watet Index Linked 1.548% 2045	1,595	0.17
980,000	EIB 2.4% Index-Linked 2030	1,883	0.20
1,400,000	HBOS 1.83% Index-Linked 2016	1,902	0.20
4,123,000	Network Rail 1.375% Index-Linked 2037	6,415	0.68
4,691,000	Network Rail 1.75% Index-Linked 2027	7,089	0.75
1,291,000	Rabobank 2.25% Index-Linked 2022	1,804	0.19
1,700,000	Southern Water 3.706% Index-Linked 2034	3,106	0.33
378,000	Tesco 1.982% Index-Linked 2036	484	0.05
14,359,000	UK (Govt of) 0.125% Index Linked 2019	15,619	1.66
12,851,000	UK (Govt of) 0.125% Index Linked 2024	13,982	1.48
12,060,000	UK (Govt of) 0.125% Index Linked 2044	12,880	1.37
1,010,000	UK (Govt of) 0.125% Index-Linked 2068	1,103	0.12
5,777,000	UK (Govt of) 0.125% Index-Linked 2029	6,306	0.67
7,307,000	UK (Govt of) 0.25% Index-Linked 2052	8,281	0.88
9,570,000	UK (Govt of) 0.375% Index-Linked 2062	12,258	1.30
6,916,000	UK (Govt of) 0.5% Index-Linked 2050	9,652	1.02
6,090,000	UK (Govt of) 0.625% Index-Linked 2040	8,237	0.87
9,744,000	UK (Govt of) 0.625% Index-Linked 2042	13,693	1.45
12,538,000	UK (Govt of) 0.75% Index-Linked 2034	15,721	1.67
7,571,000	UK (Govt of) 0.75% Index-Linked 2047	11,504	1.22
2,585,000	UK (Govt of) 1.125% Index-Linked 2037	4,106	0.44
13,619,000	UK (Govt of) 1.25% Index-Linked 2017	19,906	2.11
3,689,000	UK (Govt of) 1.25% Index-Linked 2027	5,753	0.61

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Portfolio Statement (Continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Sterling Denominated Bonds (continued)</b>			
6,866,500	UK (Govt of) 1.25% Index-Linked 2032	9,978	1.06
8,360,000	UK (Govt of) 1.25% Index-Linked 2055	16,835	1.79
15,000	UK (Govt of) 1.875% Index-Linked 2022	23	0.00
4,664,000	UK (Govt of) 2% Index-Linked 2035	9,527	1.01
4,900,000	UK (Govt of) 2.5% Index-Linked 2016	16,816	1.79
4,364,000	UK (Govt of) 2.5% Index-Linked 2020	16,126	1.71
3,316,000	UK (Govt of) 2.5% Index-Linked 2024	11,034	1.17
5,282,000	UK (Govt of) 4.125% Index-Linked 2030	16,656	1.77
<b>Swedish Krona Denominated Bonds (1.11%)</b>		<b>1,647</b>	<b>0.18</b>
3,855,000	Sweden (Kingdom of) 0.25% Index-Linked 2022	358	0.04
10,160,000	Sweden (Kingdom of) 3.5% Index-Linked 2015	1,289	0.14
<b>US Dollar Denominated Bonds (47.87%)</b>		<b>425,018</b>	<b>45.13</b>
7,500,000	US Treasury 0.125% Index-Linked 2016	5,080	0.54
11,000,000	US Treasury 0.125% Index-Linked 2017	7,290	0.77
44,232,000	US Treasury 0.125% Index-Linked 2022	28,218	3.00
49,280,000	US Treasury 0.125% Index-Linked 2022	30,879	3.28
22,400,000	US Treasury 0.125% Index-Linked 2023	13,807	1.47
4,828,000	US Treasury 0.375% Index-Linked 2023	3,019	0.32
45,559,000	US Treasury 0.5% Index-Linked 2015	31,225	3.32
23,641,000	US Treasury 0.625% Index-Linked 2021	15,954	1.69
3,594,000	US Treasury 0.625% Index-Linked 2043	1,885	0.20
28,376,700	US Treasury 0.75% Index-Linked 2042	15,795	1.68
33,380,000	US Treasury 1.125% Index-Linked 2021	24,001	2.55
4,000,000	US Treasury 1.125% Index-Linked 2040	3,214	0.34
10,000,000	US Treasury 1.25% Index-Linked 2014	6,916	0.73
24,045,000	US Treasury 1.25% Index-Linked 2020	17,635	1.87
55,356,000	US Treasury 1.375% Index-Linked 2018	41,182	4.37
10,359,000	US Treasury 1.375% Index-Linked 2020	7,677	0.82
26,344,000	US Treasury 1.625% Index-Linked 2015	20,699	2.20
12,000,000	US Treasury 1.625% Index-Linked 2018	9,191	0.98
28,426,000	US Treasury 1.75% Index-Linked 2028	22,198	2.36

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>US Dollar Denominated Bonds (continued)</b>		
18,104,000 US Treasury 1.875% Index-Linked 2015	14,267	1.51
8,169,000 US Treasury 1.875% Index-Linked 2019	6,334	0.67
17,070,000 US Treasury 2% Index-Linked 2026	14,483	1.54
12,093,000 US Treasury 2.125% Index-Linked 2019	9,340	0.99
20,969,000 US Treasury 2.125% Index-Linked 2041	16,650	1.77
16,913,300 US Treasury 2.375% Index-Linked 2025	15,634	1.66
18,407,000 US Treasury 2.375% Index-Linked 2027	16,019	1.70
8,040,000 US Treasury 2.5% Index-Linked 2029	6,729	0.71
15,471,000 US Treasury 3.875% Index-Linked 2029	19,697	2.09
<b>Collective Investment Schemes (1.43%)</b>	<b>8,250</b>	<b>0.88</b>
7,443,339.26 SLI Seabury EUR VNAV Liquidity Fund	6,299	0.67
1,950,754.45 SLI Seabury GBP VNAV Liquidity Fund	1,951	0.21
<b>Derivatives (0.85%)</b>	<b>18,401</b>	<b>1.96</b>
<b>Forward Currency Contracts (0.90%)</b>	<b>18,585</b>	<b>1.98</b>
Buy AUD 288,249 Sell GBP 165,737 15/11/2013	4	0.00
Buy CAD 852,376 Sell GBP 522,713 15/11/2013	(14)	0.00
Buy CAD 916,789 Sell GBP 566,220 15/11/2013	(20)	0.00
Buy EUR 1,855,843 Sell GBP 1,586,620 15/11/2013	(16)	0.00
Buy EUR 11,736,589 Sell GBP 10,003,893 15/11/2013	(73)	(0.01)
Buy GBP 193,359 Sell AUD 330,023 15/11/2013	(1)	0.00
Buy GBP 549,629 Sell CAD 915,473 15/11/2013	3	0.00
Buy GBP 705,382 Sell CAD 1,147,551 15/11/2013	20	0.00
Buy GBP 18,687,863 Sell CAD 30,226,441 15/11/2013	645	0.07
Buy GBP 57,097,638 Sell EUR 66,248,319 15/11/2013	1,021	0.11
Buy GBP 142,676 Sell NZD 273,758 15/11/2013	2	0.00
Buy GBP 4,479,326 Sell USD 6,925,365 15/11/2013	168	0.02
Buy GBP 6,719,852 Sell USD 10,479,488 15/11/2013	196	0.02
Buy GBP 6,812,451 Sell USD 10,948,071 15/11/2013	(3)	0.00
Buy GBP 7,318,831 Sell USD 11,852,467 15/11/2013	(60)	(0.01)
Buy GBP 13,809,688 Sell USD 22,059,347 15/11/2013	76	0.01

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Forward Currency Contracts (0.90%)</b>		
Buy GBP 112,941,449 Sell USD 175,042,644 15/11/2013	3,966	0.42
Buy NZD 241,704 Sell GBP 125,125 15/11/2013	(1)	0.00
Buy USD 6,579,592 Sell GBP 4,255,763 15/11/2013	(161)	(0.02)
Buy USD 10,062,091 Sell GBP 6,425,107 15/11/2013	(162)	(0.02)
Buy AUD 219,982 Sell GBP 128,565 03/12/2013	1	0.00
Buy GBP 170,852 Sell AUD 287,777 03/12/2013	1	0.00
Buy GBP 9,121,704 Sell AUD 15,890,702 03/12/2013	(232)	(0.02)
Buy GBP 352,421 Sell CAD 593,481 03/12/2013	(2)	0.00
Buy GBP 456,137 Sell CAD 747,946 03/12/2013	10	0.00
Buy GBP 810,505 Sell CAD 1,325,408 03/12/2013	20	0.00
Buy GBP 42,136,782 Sell EUR 48,940,375 03/12/2013	703	0.07
Buy GBP 9,161,006 Sell JPY 1,387,690,841 03/12/2013	351	0.04
Buy GBP 1,539,132 Sell SEK 15,600,202 03/12/2013	38	0.00
Buy GBP 149,751,649 Sell USD 232,162,827 03/12/2013	5,194	0.55
Buy AUD 235,921 Sell GBP 138,499 04/12/2013	0	0.00
Buy CAD 938,343 Sell GBP 571,097 04/12/2013	(12)	0.00
Buy EUR 1,774,757 Sell GBP 1,503,922 04/12/2013	(2)	0.00
Buy GBP 3,615,552 Sell AUD 6,303,324 04/12/2013	(95)	(0.01)
Buy GBP 14,820,156 Sell CAD 24,124,753 04/12/2013	425	0.05
Buy GBP 1,752,647 Sell EUR 2,056,021 04/12/2013	12	0.00
Buy GBP 9,463,056 Sell EUR 11,184,879 04/12/2013	(6)	0.00
Buy GBP 42,733,336 Sell EUR 49,433,961 04/12/2013	881	0.09
Buy GBP 203,067 Sell JPY 32,198,361 04/12/2013	(1)	0.00
Buy GBP 10,631,925 Sell JPY 1,602,002,458 04/12/2013	461	0.05
Buy GBP 112,466 Sell NZD 215,087 04/12/2013	2	0.00
Buy GBP 9,523,215 Sell NZD 19,124,083 04/12/2013	(316)	(0.03)
Buy GBP 86,711 Sell SEK 900,404 04/12/2013	0	0.00
Buy GBP 7,391,408 Sell SEK 74,384,154 04/12/2013	236	0.03
Buy GBP 4,961,565 Sell USD 8,003,674 04/12/2013	(22)	0.00
Buy GBP 150,234,511 Sell USD 232,352,545 04/12/2013	5,558	0.59
Buy NZD 235,634 Sell GBP 117,972 04/12/2013	3	0.00
Buy SEK 73,732,306 Sell GBP 7,128,386 04/12/2013	(44)	0.00
Buy USD 8,470,964 Sell GBP 5,442,375 04/12/2013	(169)	(0.02)

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Derivatives (continued)</b>		
<b>Futures (0.01%)</b>	<b>(307)</b>	<b>(0.03)</b>
(154) Short Long Gilt Future 27/12/2013	(305)	(0.03)
(1) Short US 10 Year Note Future 19/12/2013	(2)	0.00
<b>Inflation Swaps (-0.06%)</b>	<b>24</b>	<b>0.00</b>
EUR 30,000,000 Pay floating EUR ex Tobacco unrevised series receive fixed 1.8425% 25/10/2023	24	0.00
<b>Interest Rate Swaps (0.00%)</b>	<b>99</b>	<b>0.01</b>
EUR 265,000,000 Pay floating EURIBOR receive fixed 1.07% 26/10/2016	99	0.01
Total investment assets and liabilities	947,494	100.61
Net other liabilities	(5,711)	(0.61)
<b>Total Net Assets</b>	<b>941,783</b>	<b>100.00</b>

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

The percentage figures in brackets show the comparative holding as at 31 October 2012.

	Bid-market value £'000
<b>Reconciliation of assets and liabilities to the balance sheet</b>	
Investment assets	949,213
Investment liabilities	(1,719)
Net investment assets	947,494
Net other liabilities	(5,711)
<b>Total Net Assets</b>	<b>941,783</b>

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Portfolio Statement (Continued)

Bid-market  
value  
£'000

#### Credit Rating Analysis

Investment Grade Bonds	920,843
Below Investment Grade Bonds	0

#### Total Value of Bonds

920,843

This Fund holds “Over the Counter” (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD’s Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Any counterparties to derivative positions as well as the collateral amount and type held by the Fund as at 31 October 2013 is detailed in the table below.

Counterparty	Collateral classification	Collateral Value
Deutsche Bank	Cash	710
HSBC	Security	144
Merrill Lynch International	Cash	480
Société Générale	Cash	5,655
UBS	Cash	643
<b>Total</b>		<b>7,632</b>

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Notes to the Financial Statements

#### 1 Net Capital (Losses)/Gains

	2013 £'000	2012 £'000
Non-derivative securities	(37,135)	25,576
Derivative contracts	6,566	(260)
Forward currency contracts	(12,028)	18,695
Non-derivative securities currency (losses)/gains	(362)	779
Handling charges taken from the capital account	(16)	(13)
Net capital (losses)/gains	(42,975)	44,777

#### 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. During the year the Fund made purchases of £887,606,000 and sales of £1,003,100,000.

#### 3 Revenue

	2013 £'000	2012 £'000
Interest on debt securities	23,713	23,173
Bank interest	107	169
Total revenue	23,820	23,342

#### 4 Expenses

	2013 £'000	2012 £'000
<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	6,825	6,681
Dealing charge	9	0
Registration fees	875	800
	7,709	7,481
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	164	148
Safe custody fees	51	47
	215	195
<b>Other expenses:</b>		
Audit fee	11	11
Net interest paid on interest rate swaps	33	0
	44	11
Total expenses	7,968	7,687

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

Notes to the Financial Statements (Continued)

### 5 Taxation

#### (a) Analysis of charge in the year

	2013 £'000	2012 £'000
Total taxation	0	0

#### (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	15,833	15,652
Corporation tax at 20% (2012: 20%)	3,167	3,130
Effects of:		
Indexation relief	(1,373)	(1,557)
Excess management expenses	(651)	1,538
Interest distributions	(1,143)	(3,111)
Current tax charge (Note 5(a))	0	0

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 £nil (2012: £651,000) 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

#### 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:

	2013 £'000	2012 £'000
First interim distribution	4,467	3,821
Second interim distribution	4,603	3,610
Third interim distribution	3,436	4,714
Final distribution	3,151	3,724
	15,657	15,869
Add: Income deducted on cancellation of shares	486	164
Deduct: Income received on issue of shares	(310)	(382)
Net distribution for the year	15,833	15,651
Interest	19	3
Total finance costs	15,852	15,654

Details of the distribution per share are set out in this Fund's distribution tables.



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

Notes to the Financial Statements (Continued)

### 6 Finance Costs (continued)

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

Net revenue after taxation for the year	15,833	15,652
Add: Undistributed revenue brought forward	1	0
Deduct: Undistributed revenue carried forward	(1)	(1)
Net distribution for the year	15,833	15,651

### 7 Debtors

	2013	2012
	£'000	£'000
Amounts receivable from the ACD for issue of shares	1,652	1,492
Accrued revenue	3,300	4,167
Total debtors	4,952	5,659

### 8 Cash and Bank Balances

	2013	2012
	£'000	£'000
Amounts held at futures clearing houses and brokers	930	(28)
Cash and bank balances	1,624	257
Total cash and bank balances	2,554	229

### 9 Creditors

	2013	2012
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	2,622	1,528
Accrued expenses payable to the ACD	566	647
Accrued expenses payable to the Depositary	22	25
Other accrued expenses	11	11
Collateral cash	7,638	0
Income tax payable	640	739
Total creditors	11,499	2,950

### 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 year are disclosed in notes 7 and 9.

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

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

Notes to the Financial Statements (Continued)

### 10 Related Parties Transactions (continued)

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	17,956	89,497
Purchase of shares by Fund	59,573	60,551
Distributions made by Fund	676	610
The percentage value of the Fund held by Standard Life group companies is:	5.9%	4.6%

### 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 pages 15 and 16.

#### 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)	
	2013 £'000	2012 £'000
Australian Dollar	45	72
Canadian Dollar	559	390
Euro	7,626	(1,519)
Japanese Yen	115	(28)
New Zealand Dollar	70	26
Swedish Krona	27	(18)
US Dollar	1,448	1,686

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond 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/ (liabilities) £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>2013</b>			
<b>Currency</b>			
Sterling	283,174	659,501	942,675
Australian Dollar	12,963	(12,990)	(27)
Canadian Dollar	33,825	(33,645)	180
Euro	144,435	(137,545)	6,890
Japanese Yen	19,231	(19,185)	46
New Zealand Dollar	9,892	(9,845)	47
Swedish Krona	1,647	(1,658)	(11)
US Dollar	426,576	(426,328)	248
<b>2012</b>			
<b>Currency</b>			
Sterling	272,685	815,751	1,088,436
Australian Dollar	23,037	(22,992)	45
Canadian Dollar	41,980	(41,590)	390
Euro	177,050	(178,569)	(1,519)
Japanese Yen	23,635	(23,663)	(28)
New Zealand Dollar	7,166	(7,140)	26
Swedish Krona	12,145	(12,163)	(18)
US Dollar	522,112	(520,426)	1,686

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent, with the exception of the SLI Seabury Liquidity Funds which earn interest from investment in an underlying portfolio of money market instruments.

#### 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.

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.

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Distribution Tables

#### for the three months ended 31 January 2013

##### Interest distribution

Group 1 - shares purchased prior to 1 November 2012

Group 2 - shares purchased between 1 November 2012 and 31 January 2013

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>						
Group 1	0.4805	0.0961	0.3844	-	0.3844*	0.4256
Group 2	0.3200	0.0640	0.2560	0.1284	0.3844*	0.4256
<b>Institutional accumulation</b>						
Group 1	0.7040	0.1408	0.5632	-	0.5632*	0.5954
Group 2	0.4315	0.0863	0.3452	0.2180	0.5632*	0.5954
<b>Retail income</b>						
Group 1	0.4240	0.0848	0.3392	-	0.3392**	0.3787
Group 2	0.2891	0.0578	0.2313	0.1079	0.3392**	0.3787
<b>Institutional income</b>						
Group 1	0.6055	0.1211	0.4844	-	0.4844**	0.5180
Group 2	0.3640	0.0728	0.2912	0.1932	0.4844**	0.5180
<b>Standard Life income</b>						
Group 1	0.3573	0.0714	0.2859	-	0.2859**	0.3044
Group 2	0.3097	0.0619	0.2478	0.0381	0.2859**	-
<b>Standard Life accumulation</b>						
Group 1	0.9432	0.1886	0.7546	-	0.7546*	0.7701
Group 2	-	-	-	-	-	-
<b>Institutional regulated accumulation</b>						
Group 1	0.3618	0.0723	0.2895	-	0.2895*	0.3021
Group 2	0.1982	0.0396	0.1586	0.1309	0.2895*	0.3021

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Distribution Tables (Continued)

	Gross income 2013	Income tax 2013	Net income 2013	Equalisation 2013	Distribution paid 2013	Distribution paid 2012
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
<b>Platform 1 accumulation</b>						
Group 1	0.2087	0.0417	0.1670	-	0.1670*	-
Group 2	0.0618	0.0123	0.0495	0.1175	0.1670*	-
<b>Platform 1 income</b>						
Group 1	0.2073	0.0414	0.1659	-	0.1659*	-
Group 2	0.0550	0.0110	0.0440	0.1219	0.1659*	-

\* Distribution accumulated on 31 January 2013

\*\* Distribution paid on 31 March 2013

### for the three months ended 30 April 2013

#### Interest distribution

Group 1 - shares purchased prior to 1 February 2013

Group 2 - shares purchased between 1 February 2013 and 30 April 2013

	Gross income 2013	Income tax 2013	Net income 2013	Equalisation 2013	Distribution paid 2013	Distribution paid 2012
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
<b>Retail accumulation</b>						
Group 1	0.4777	0.0955	0.3822	-	0.3822*	0.3679
Group 2	0.1246	0.0249	0.0997	0.2825	0.3822*	0.3679
<b>Institutional accumulation</b>						
Group 1	0.6946	0.1389	0.5557	-	0.5557*	0.5329
Group 2	0.2696	0.0539	0.2157	0.3400	0.5557*	0.5329
<b>Retail income</b>						
Group 1	0.4148	0.0829	0.3319	-	0.3319**	0.3246
Group 2	0.1255	0.0251	0.1004	0.2315	0.3319**	0.3246
<b>Institutional income</b>						
Group 1	0.5920	0.1184	0.4736	-	0.4736**	0.4644
Group 2	0.2091	0.0418	0.1673	0.3063	0.4736**	0.4644

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

Distribution Tables (Continued)

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Standard Life income</b>						
Group 1	0.3492	0.0698	0.2794	-	0.2794**	0.2768
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	0.9172	0.1834	0.7338	-	0.7338*	0.7184
Group 2	0.6820	0.1364	0.5456	0.1882	0.7338*	0.7184
<b>Institutional regulated accumulation</b>						
Group 1	0.3518	0.0703	0.2815	-	0.2815*	0.2765
Group 2	0.1270	0.0254	0.1016	0.1799	0.2815*	0.2765
<b>Platform 1 accumulation</b>						
Group 1	0.2406	0.0481	0.1925	-	0.1925*	-
Group 2	0.0901	0.0180	0.0721	0.1204	0.1925*	-
<b>Platform 1 income</b>						
Group 1	0.1901	0.0380	0.1521	-	0.1521*	-
Group 2	0.1220	0.0244	0.0976	0.0545	0.1521*	-
* Distribution accumulated on 30 April 2013						
** Distribution paid on 30 June 2013						

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Distribution Tables (Continued)

#### for the three months ended 31 July 2013

##### Interest distribution

Group 1 - shares purchased prior to 1 May 2013

Group 2 - shares purchased between 1 May 2013 and 31 July 2013

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation Distribution paid 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>						
Group 1	0.4020	0.0804	0.3216	-	0.3216*	0.4424
Group 2	0.3038	0.0607	0.2431	0.0785	0.3216*	0.4424
<b>Institutional accumulation</b>						
Group 1	0.6233	0.1246	0.4987	-	0.4987*	0.6280
Group 2	0.3772	0.0754	0.3018	0.1969	0.4987*	0.6280
<b>Retail income</b>						
Group 1	0.3545	0.0709	0.2836	-	0.2836**	0.3932
Group 2	0.3005	0.0601	0.2404	0.0432	0.2836**	0.3932
<b>Institutional income</b>						
Group 1	0.5332	0.1066	0.4266	-	0.4266**	0.5363
Group 2	0.3755	0.0751	0.3004	0.1262	0.4266**	0.5263
<b>Standard Life income</b>						
Group 1	0.3301	0.0660	0.2641	-	0.2641**	0.3120
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	1.0016	0.2003	0.8013	-	0.8013*	0.8045
Group 2	0.9352	0.1870	0.7482	0.0531	0.8013*	0.8045
<b>Institutional regulated accumulation</b>						
Group 1	0.3258	0.0651	0.2607	-	0.2607*	0.3175
Group 2	0.2228	0.0445	0.1783	0.0824	0.2607*	0.3175

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Distribution Tables (Continued)

	Gross income 2013 pence per share	Income tax 2013 pence per share	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Platform 1 accumulation</b>						
Group 1	0.1946	0.0389	0.1557	-	0.1557*	0.1366
Group 2	0.1096	0.0219	0.0877	0.0680	0.1557*	-
<b>Platform 1 income</b>						
Group 1	0.1832	0.0366	0.1466	-	0.1466*	0.1366
Group 2	0.1147	0.0229	0.0918	0.0548	0.1466*	-
<b>Institutional S accumulation</b>						
Group 1	0.0100	0.0020	0.0080	-	0.0080*	-
Group 2	-	-	-	-	-	-
<b>Institutional S income</b>						
Group 1	0.0000	0.0000	0.0000	-	0.0000**	-
Group 2	-	-	-	-	-	-

\* Distribution accumulated on 31 July 2013

\*\* Distribution paid on 30 September 2013



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Distribution Tables (Continued)

#### for the three months ended 31 October 2013

##### Interest distribution

Group 1 - shares purchased prior to 1 August 2013

Group 2 - shares purchased between 1 August 2013 and 31 October 2013

	Gross income	Income tax	Net income	Equalisation	Distribution payable	Distribution paid
	2013	2013	2013	2013	2013	2012
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
<b>Retail accumulation</b>						
Group 1	0.3760	0.0752	0.3008	-	0.3008*	0.3154
Group 2	0.2860	0.0572	0.2288	0.0720	0.3008*	0.3154
<b>Institutional accumulation</b>						
Group 1	0.5878	0.1175	0.4703	-	0.4703*	0.4817
Group 2	0.3506	0.0701	0.2805	0.1898	0.4703*	0.4817
<b>Retail income</b>						
Group 1	0.3350	0.0670	0.2680	-	0.2680**	0.2793
Group 2	0.2652	0.0530	0.2122	0.0558	0.2680**	0.2793
<b>Institutional income</b>						
Group 1	0.4996	0.0999	0.3997	-	0.3997**	0.4215
Group 2	0.3207	0.0641	0.2566	0.1431	0.3997**	0.4215
<b>Standard Life income</b>						
Group 1	0.3047	0.0609	0.2438	-	0.2438**	0.2616
Group 2	-	-	-	-	-	-
<b>Standard Life accumulation</b>						
Group 1	0.7981	0.1596	0.6385	-	0.6385*	0.6781
Group 2	0.5401	0.1080	0.4321	0.2064	0.6385*	0.6781
<b>Institutional regulated accumulation</b>						
Group 1	0.3072	0.0614	0.2458	-	0.2458*	0.2521
Group 2	0.2006	0.0401	0.1605	0.0853	0.2458*	0.2521

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global Index Linked Bond Fund

### Distribution Tables (Continued)

	Gross income	Income tax	Net income	Equalisation	Distribution payable	Distribution paid
	2013	2013	2013	2013	2013	2012
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
<b>Platform 1 accumulation</b>						
Group 1	0.1661	0.0332	0.1329	-	0.1329*	0.1520
Group 2	0.1046	0.0209	0.0837	0.0492	0.1329*	0.1520
<b>Platform 1 income</b>						
Group 1	0.1638	0.0327	0.1311	-	0.1311**	0.1440
Group 2	0.1162	0.0232	0.0930	0.0381	0.1311**	0.1440
<b>Institutional S accumulation</b>						
Group 1	0.2450	0.0490	0.1960	-	0.1960*	-
Group 2	-	-	-	-	-	-
<b>Institutional S income</b>						
Group 1	0.2550	0.0510	0.2040	-	0.2040**	-
Group 2	-	-	-	-	-	-

\* Distribution accumulated on 31 October 2013

\*\* Distribution payable on 31 December 2013

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Investment Report

#### Fund Information

<b>Fund Manager</b>	Andrew Jackson
<b>Launch Date</b>	16 January 2007
<b>Benchmark</b>	FTSE EPRA NAREIT Developed Index (Custom Hedged £)

#### 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 period under review, the Fund returned 14.50% against the benchmark (sterling-hedged FTSE EPRA NAREIT Developed Index) return of 15.82%. (Source: Morningstar).

At the start of 2013, a rally among small-cap stocks in the US was negative for performance, as we held larger, better quality companies. In Hong Kong, a bias towards developers over landlords was also detrimental during the year, as slowing sales and sensitivity to US interest rates proved a drag on performance. Finally, our holding in Australian shopping centre owner Westfield Group hindered returns. A weakening of the Australian dollar and the positive impact that would have on repatriated earnings did not happen as we expected.

On the upside, our underweight position in Canada boosted returns as the real estate market struggled to make headway given concerns over the domestic economy. Similarly, an underweight position in continental Europe added to returns. Stock selection in Europe was a further positive, as companies such as Unibail and Klepierre performed well. In Japan, the Fund benefited from optimism over the implementation of measures aimed at boosting economic growth. Meanwhile, moving to an overweight position in the UK proved positive as the economy started to pick up.

#### Investment activity

During the period under review, we gradually increased our exposure to the US listed real estate stocks that exhibit greater resilience to a rising interest rate environment and recovering economy. For example, new holdings included Highwoods Properties, Duke Realty, Lennar Corp and PulteGroup. An attractive valuation also led us to invest in General Growth Properties. Towards the end of the period, we reduced our holding in PulteGroup following a strong rally. We also sold General Growth Properties and reinvested the proceeds into Starwood Hotels, which is geared towards a global economic recovery.

In the UK, we trimmed our holding in Quintain Estates, as the stock had outperformed the UK real estate sector. We re-invested the proceeds into Land Securities given improving fundamentals in shopping centres as well as stronger occupier demand. We also increased exposure to Derwent London following a positive meeting with management, which indicated that rents should continue to rise in the near term given investor demand.

Turning to Asia, we increased exposure to Japan through Mitsui Fudosan, Mitsubishi Estate and Sumitomo Realty, as the outlook for the Japanese real estate market started to improve. We also partially rotated out of industrial REIT Nippon Prologis and into Frontier REIT given its positive rental growth outlook. In Hong Kong, we reduced our holding in developers such as New World Development and Sun Hung Kai Properties after a share price rebound.

#### Outlook

Macroeconomic events and central bank policy will continue to drive listed real estate markets. We expect the global economic recovery to gain momentum but remain alert to likely weak patches along the way. Overall, real estate's yield characteristics should continue to attract investors despite the recent uptick in money market rates.

Globally, we favour core locations and see the best resilience in better quality assets in supply-constrained markets. Global office markets have bottomed out and the rental recovery process is entrenched in most global cities and beginning to ripple out to second tier cities.

In the short term, we expect the stronger fundamentals to be offset by continuing quantitative easing tapering concerns, particularly in the US. Markets that are likely to surprise on the upside include the UK and Japan, where we are overweight.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund Investment Report (Continued)

### Synthetic Risk & Reward Indicator

Lower risk  
Typically lower rewards

Higher risk  
Typically Higher rewards

1	2	3	4	5	6	7
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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.

Composition of Portfolio	%
as at 31 October	
Australia (9.86%)	6.28
Canada (2.01%)	-
Cayman Islands (0.49%)	-
China (0.40%)	-
Finland (0.00%)	0.70
France (3.50%)	5.92
Germany (0.41%)	0.84
Hong Kong (14.05%)	4.16
Japan (11.87%)	18.99
Netherlands (0.00%)	0.80
Singapore (4.19%)	1.74
Sweden (1.89%)	0.76
United Kingdom (7.23%)	11.16
United States (43.22%)	45.27
Collective Investment Schemes (0.57%)	2.05
Forward Currency Contracts (1.33%)	1.25
Net other assets (-1.02%)	0.08

The percentage figures in brackets show the comparative holding as at 31 October 2012.

Ten Largest Holdings (by market value)	%
as at 31 October	
Mitsubishi Estate	4.49
Mitsui Fudosan	4.32
Prologis	4.12
Sumitomo Realty	3.75
Unibail-Rodamco	3.30
Vornado Realty	3.19
Simon Properties	3.18
SL Green Realty	3.13
DDR Corporation	2.59
Land Securities	2.53

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2011	23,015	31.38	73,333,570
	31 October 2012	26,736	36.18	73,897,081
	31 October 2013	31,259	41.21	75,854,852
Institutional accumulation	31 October 2011	603	32.64	1,847,644
	31 October 2012	581	37.49	1,549,283
	31 October 2013	3,523	43.03	8,186,967
Retail income	31 October 2011	5,075	27.73	18,298,788
	31 October 2012	7,324	31.23	23,455,010
	31 October 2013	7,853	34.89	22,506,071
Institutional income	31 October 2011	4,697	28.46	16,502,193
	31 October 2012	6,833	32.36	21,114,805
	31 October 2013	1,416	36.48	3,882,666
Standard Life income	31 October 2011	7,095	29.49	24,058,073
	31 October 2012	3,270	33.84	9,664,476
	31 October 2013	3,701	38.29	9,664,476
Standard Life accumulation	31 October 2011	1,250	33.39	3,743,627
	31 October 2012	1,463	39.08	3,743,627
	31 October 2013	1,749	45.11	3,876,544
Institutional regulated accumulation	31 October 2011	19,504	32.80	59,461,548
	31 October 2012	19,517	38.24	51,040,820
	31 October 2013	19,821	43.99	45,061,051
Platform 1 accumulation	31 October 2012	1	55.33	1,200
	31 October 2013	2,702	63.57	4,251,491
Platform 1 income	31 October 2012	1	54.92	1,200
	31 October 2013	731	61.82	1,181,740

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share	Highest share price	Lowest share price
		p	p	p
Retail accumulation	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	38.20	30.27
	2013**	0.7982	44.66	37.94
Institutional accumulation	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	39.69	31.28
	2013**	0.8502	46.50	39.54
Retail income	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	32.99	26.57
	2013**	0.6937	38.07	32.34
Institutional income	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	34.26	27.46
	2013**	0.9191	39.61	33.69
Standard Life income	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	35.93	28.45
	2013**	0.7922	41.62	35.40
Standard Life accumulation	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	41.48	32.40
	2013**	0.9154	48.66	41.39

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Institutional regulated accumulation	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	40.51	31.78
	2013**	0.9145	47.48	40.38
Platform 1 accumulation	2012*	0.4015	58.73	48.89
	2013**	0.9489	68.82	58.49
Platform 1 income	2012*	0.4004	58.24	48.89
	2013**	1.0773	67.42	57.31

\*from commencement of the share class on 24 May

\*\*to 31 October

### Ongoing Charges Figure (OCF)

	2013	2012
Retail accumulation	1.66%	1.65%
Institutional accumulation	0.91%	0.90%
Retail income	1.66%	1.65%
Institutional income	0.91%	0.90%
Standard Life income	0.08%	0.07%
Standard Life accumulation	0.16%	0.15%
Institutional regulated accumulation	0.61%	0.60%
Platform 1 accumulation	0.96%	0.95%
Platform 1 income	0.96%	0.95%

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund Financial Statements

### Statement of Total Return for the year ended 31 October 2013

	Notes	£'000	2013 £'000	2012 £'000
Income:				
Net capital gains	1		8,648	8,299
Revenue	3	1,829		1,797
Expenses	4	(800)		(660)
Finance costs: Interest	6	(6)		(1)
Net revenue before taxation		1,023		1,136
Taxation	5	(181)		(165)
Net revenue after taxation			842	971
<b>Total return before distributions</b>			9,490	9,270
Finance costs: Distributions	6		(1,461)	(1,479)
<b>Change in net assets attributable to shareholders from investment activities</b>			8,029	7,791

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

	£'000	2013 £'000	2012 £'000
<b>Opening net assets attributable to shareholders</b>		65,726	61,239
Amounts receivable on issue of shares	16,650		8,484
Less: Amounts payable on cancellation of shares	(18,778)		(12,861)
		(2,128)	(4,377)
Stamp duty reserve tax		(2)	0
Change in net assets attributable to shareholders from investment activities (see above)		8,029	7,791
Retained distribution on accumulation shares		1,130	1,073
<b>Closing net assets attributable to shareholders</b>		72,755	65,726



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	£'000	2013 £'000	2012 £'000
<b>Assets</b>				
Investment assets			72,955	66,673
Debtors	7	1,780		576
Cash and bank balances		209		174
Total other assets			1,989	750
Total assets			74,944	67,423
<b>Liabilities</b>				
Investment liabilities			(260)	(275)
Creditors	8	(1,865)		(1,352)
Distribution payable on income shares		(64)		(70)
Total other liabilities			(1,929)	(1,422)
Total liabilities			(2,189)	(1,697)
<b>Net assets attributable to shareholders</b>			72,755	65,726

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

Portfolio Statement as at 31 October 2013

Holding	Bid-market value £'000	Percentage of total net assets
<b>Equities (99.12%)</b>	<b>70,297</b>	<b>96.62</b>
<b>Australia (9.86%)</b>	<b>4,567</b>	<b>6.28</b>
355,733 Dexus Property	226	0.31
347,933 Federation Centres	502	0.69
186,036 Goodman	553	0.76
893,271 Mirvac Group Stapled Securities	916	1.26
266,916 Westfield	1,701	2.34
367,240 Westfield Retail T Units	669	0.92
<b>Canada (2.01%)</b>	<b>-</b>	<b>-</b>
<b>Cayman Islands (0.49%)</b>	<b>-</b>	<b>-</b>
<b>China (0.40%)</b>	<b>-</b>	<b>-</b>
<b>Finland (0.00%)</b>	<b>510</b>	<b>0.70</b>
157,611 Sponda	510	0.70
<b>France (3.50%)</b>	<b>4,310</b>	<b>5.92</b>
8,675 Gecina	721	0.99
42,346 Klepierre	1,185	1.63
14,722 Unibail-Rodamco	2,404	3.30
<b>Germany (0.41%)</b>	<b>611</b>	<b>0.84</b>
21,310 GSW Immobilien	611	0.84
<b>Hong Kong (14.05%)</b>	<b>3,024</b>	<b>4.16</b>
39,800 Henderson Land Development	147	0.20
111,000 Hongkong Land Holding	426	0.59
107,500 Link Real Estate	336	0.46
336,000 New World Development	290	0.40
163,000 Sun Hung Kai Properties	1,327	1.82
95,000 Wharf	498	0.69

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Japan (11.87%)</b>	<b>13,818</b>	<b>18.99</b>
88 Frontier Real Estate	547	0.75
1,023 Japan Retail Fund	1,291	1.77
184,000 Mitsubishi Estate	3,265	4.49
153,200 Mitsui Fudosan	3,144	4.32
82 Nippon Accommodation	364	0.50
158 Nippon Building	1,217	1.67
34 Nippon Prologis	210	0.29
25,900 Nomura Real Estate	407	0.56
93,000 Sumitomo Realty	2,729	3.75
44,000 Tokyu Fudosan	269	0.37
98 Tokyu	375	0.52
<b>Netherlands (0.00%)</b>	<b>583</b>	<b>0.80</b>
12,029 Wereldhave	583	0.80
<b>Singapore (4.19%)</b>	<b>1,260</b>	<b>1.74</b>
429,000 Capitacommercial	318	0.44
314,800 Capitamall Trust	318	0.44
55,000 City Developments	284	0.39
544,000 Mapletree Commercial Trust	340	0.47
<b>Sweden (1.89%)</b>	<b>553</b>	<b>0.76</b>
57,890 Castellum	553	0.76
<b>United Kingdom (7.23%)</b>	<b>8,122</b>	<b>11.16</b>
178,247 British Land	1,108	1.52
58,751 Derwent London	1,471	2.02
260,693 Great Portland Estates	1,493	2.05
186,217 Land Securities	1,840	2.53
421,670 Quintain Estates & Development	408	0.56
347,827 Segro	1,136	1.56

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Portfolio Statement (Continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>United Kingdom (continued)</b>			
136,073	Workspace	666	0.92
<b>United States (43.22%)</b>		<b>32,939</b>	<b>45.27</b>
22,963	Avalonbay Communications	1,787	2.46
4,971	Boston Properties	320	0.44
40,185	Brandywine Realty	356	0.49
62,680	Brixmor Property	806	1.11
15,851	Camden Property Trust	633	0.87
178,162	DDR Corporation	1,881	2.59
79,778	Diamondrock Hospital	566	0.78
67,004	Douglas Emmett	1,039	1.43
47,665	Duke Realty	491	0.67
47,373	Equity One	710	0.98
49,657	Equity Residential	1,618	2.22
6,269	Essex Property Trust	628	0.86
37,399	Extra Space Storage	1,071	1.47
29,265	General Growth Properties	386	0.53
24,405	HCP	631	0.87
13,585	Health Care	548	0.75
44,448	Highwoods Properties	1,067	1.47
136,938	Host Hotels & Resorts	1,582	2.17
87,784	Kimco Realty	1,173	1.61
22,772	Lennar	504	0.69
34,197	Macerich	1,261	1.73
16,824	Omega Healthcare	348	0.48
32,837	Parkway Properties	370	0.51
120,649	Prologis	3,000	4.12
12,664	Public Storage	1,316	1.81
16,524	Pulte Group	182	0.25
24,012	Simon Properties	2,311	3.18
38,778	SL Green Realty	2,281	3.13
17,111	Starwood Hotels	784	1.08
60,717	Strategic Hotels	329	0.45
15,717	Ventas	638	0.88

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>United States (continued)</b>		
41,879 Vornado Realty	2,322	3.19
<b>Collective Investment Schemes (0.57%)</b>	<b>1,490</b>	<b>2.05</b>
512,025 SLI Seabury EUR VNAV Liquidity Fund	433	0.60
1,057,339 SLI Seabury GBP VNAV Liquidity Fund	1,057	1.45
<b>Derivatives (1.33%)</b>	<b>908</b>	<b>1.25</b>
<b>Forward Currency Contracts (1.33%)</b>	<b>908</b>	<b>1.25</b>
Buy AUD 121,698 Sell GBP 70,160 03/12/2013	1	0.00
Buy AUD 355,841 Sell GBP 210,493 03/12/2013	(1)	0.00
Buy EUR 270,374 Sell GBP 231,418 03/12/2013	(3)	0.00
Buy GBP 35,913 Sell AUD 60,500 03/12/2013	0	0.00
Buy GBP 44,275 Sell AUD 74,364 03/12/2013	1	0.00
Buy GBP 290,974 Sell AUD 506,893 03/12/2013	(7)	(0.01)
Buy GBP 4,127,787 Sell AUD 7,210,819 10/02/2014	(100)	(0.14)
Buy GBP 80,774 Sell EUR 94,742 03/12/2013	1	0.00
Buy GBP 103,898 Sell EUR 122,304 03/12/2013	0	0.00
Buy GBP 142,441 Sell EUR 168,404 03/12/2013	0	0.00
Buy GBP 389,210 Sell EUR 456,569 03/12/2013	3	0.01
Buy GBP 1,571,837 Sell EUR 1,824,662 03/12/2013	27	0.04
Buy GBP 352,457 Sell EUR 416,726 10/12/2013	0	0.00
Buy GBP 1,402,455 Sell EUR 1,656,217 10/12/2013	0	0.00
Buy GBP 34,197 Sell EUR 40,340 10/02/2014	0	0.00
Buy GBP 307,696 Sell EUR 363,857 10/02/2014	(1)	0.00
Buy GBP 1,516,656 Sell EUR 1,814,321 10/02/2014	(20)	(0.03)
Buy GBP 374,319 Sell HKD 4,650,125 03/12/2013	1	0.00
Buy GBP 2,321,904 Sell HKD 27,905,306 03/12/2013	81	0.11
Buy GBP 936,525 Sell HKD 11,303,568 10/12/2013	29	0.04
Buy GBP 1,326,276 Sell HKD 16,636,980 10/02/2014	(11)	(0.02)
Buy GBP 18,057 Sell JPY 2,811,262 03/12/2013	0	0.00
Buy GBP 893,331 Sell JPY 141,651,226 03/12/2013	(6)	(0.01)
Buy GBP 2,057,478 Sell JPY 311,580,338 03/12/2013	79	0.11
Buy GBP 765,744 Sell JPY 121,114,985 10/12/2013	(3)	0.00

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Forward Currency Contracts (continued)</b>		
Buy GBP 2,060,122 Sell JPY 325,056,625 10/12/2013	(4)	(0.01)
Buy GBP 6,948,886 Sell JPY 1,075,387,302 10/12/2013	121	0.17
Buy GBP 12,217 Sell JPY 1,896,970 10/02/2014	0	0.00
Buy GBP 24,405 Sell JPY 3,796,698 10/02/2014	0	0.00
Buy GBP 1,040,030 Sell JPY 163,880,726 10/02/2014	(1)	0.00
Buy GBP 3,969 Sell SEK 40,673 10/12/2013	0	0.00
Buy GBP 44,659 Sell SEK 458,100 10/12/2013	1	0.00
Buy GBP 59,925 Sell SEK 614,998 10/12/2013	1	0.00
Buy GBP 390,537 Sell SEK 4,026,106 10/12/2013	3	0.01
Buy GBP 10,060 Sell SEK 103,093 10/02/2014	0	0.00
Buy GBP 24,367 Sell SEK 253,251 10/02/2014	0	0.00
Buy GBP 8,072 Sell SGD 16,031 03/12/2013	0	0.00
Buy GBP 790,599 Sell SGD 1,574,454 03/12/2013	0	0.00
Buy GBP 345,577 Sell SGD 700,265 10/02/2014	(6)	(0.01)
Buy GBP 54,454 Sell USD 85,022 03/12/2013	2	0.00
Buy GBP 172,678 Sell USD 276,821 03/12/2013	0	0.00
Buy GBP 12,836,407 Sell USD 19,899,076 03/12/2013	446	0.61
Buy GBP 11,646,361 Sell USD 18,128,935 10/12/2013	358	0.49
Buy GBP 1,827,147 Sell USD 2,960,069 10/02/2014	(17)	(0.02)
Buy GBP 7,811,268 Sell USD 12,643,795 10/02/2014	(66)	(0.09)
Buy HKD 1,476,670 Sell GBP 117,949 03/12/2013	1	0.00
Buy HKD 3,395,100 Sell GBP 270,310 03/12/2013	2	0.00
Buy HKD 12,300,647 Sell GBP 989,358 03/12/2013	(2)	0.00
Buy HKD 1,485,758 Sell GBP 119,221 10/12/2013	0	0.00
Buy HKD 2,504,275 Sell GBP 201,242 10/12/2013	0	0.00
Buy HKD 2,931,078 Sell GBP 235,032 10/12/2013	0	0.00
Buy JPY 5,758,992 Sell GBP 36,275 03/12/2013	0	0.00
Buy JPY 18,170,252 Sell GBP 115,074 03/12/2013	0	0.00
Buy JPY 77,602,105 Sell GBP 499,277 03/12/2013	(7)	(0.01)
Buy JPY 884,991 Sell GBP 5,600 10/12/2013	0	0.00
Buy SEK 115,218 Sell GBP 11,118 10/12/2013	0	0.00
Buy USD 172,491 Sell GBP 106,217 03/12/2013	1	0.00
Buy USD 277,703 Sell GBP 172,000 03/12/2013	1	0.00
Buy USD 426,361 Sell GBP 265,346 03/12/2013	0	0.00
Buy USD 670,788 Sell GBP 422,276 03/12/2013	(5)	0.00

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Forward Currency Contracts (continued)</b>		
Buy USD 278,662 Sell GBP 173,775 10/12/2013	0	0.00
Buy USD 1,410,508 Sell GBP 870,277 10/12/2013	8	0.01
Total investment assets and liabilities	72,695	99.92
Net other assets	60	0.08
<b>Total Net Assets</b>	<b>72,755</b>	<b>100.00</b>

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

The percentage figures in brackets show the comparative holding as at 31 October 2012.

	Bid-market value £'000
<b>Reconciliation of assets and liabilities to the balance sheet</b>	
Investment assets	72,955
Investment liabilities	(260)
Net investment assets	72,695
Net other assets	60
<b>Total Net Assets</b>	<b>72,755</b>

This Fund holds “Over the Counter” (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD’s Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Portfolio Statement (Continued)

Any counterparties to derivative positions as well as the collateral amount and type held by the Fund as at 31 October 2013 is detailed in the table below.

		Bid-market value £'000
Counterparty	Collateral classification	
Barclays	Cash	433
BNP Paribas	-	-
Citibank	Cash	340
Deutsche Bank	-	-
HSBC	-	-
JP Morgan Chase	-	-
Merrill Lynch	-	-
Royal Bank of Canada	-	-
Royal Bank of Scotland	Cash	150
Societe Generale	-	-
UBS	-	-
<b>Total</b>		<b>923</b>



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Notes to the Financial Statements

#### 1 Net Capital Gains

	2013	2012
	£'000	£'000
Non-derivative securities	6,997	7,905
Derivative contracts	0	(1)
Forward currency contracts	1,662	452
Non-derivative securities currency gains/(losses)	18	(35)
Handling charges taken from the capital account	(29)	(22)
Net capital gains	8,648	8,299

#### 2 Purchases, Sales and Transaction Costs

	2013	2012
	£'000	£'000
Purchases in year before transaction costs	78,411	56,760
Commissions	96	84
Taxes	48	43
Total purchase transaction costs	144	127
Purchases including transaction costs	78,555	56,887
Gross sales before transaction costs	80,527	60,320
Commissions	(110)	(88)
Taxes	(11)	(6)
Total sale transaction costs	(121)	(94)
Total sales net of transaction costs	80,406	60,226

#### 3 Revenue

	2013	2012
	£'000	£'000
UK dividends	36	30
Overseas dividends	1,717	1,666
Property income distributions	72	91
Bank interest	4	10
Total revenue	1,829	1,797

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

Notes to the Financial Statements (Continued)

### 4 Expenses

	2013 £'000	2012 £'000
<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	719	589
Dealing charge taken from the capital account	1	0
Registration fees taken from the capital account	54	46
	<u>774</u>	<u>635</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	11	10
Safe custody fees	6	6
	<u>17</u>	<u>16</u>
<b>Other expenses:</b>		
Audit fee	9	9
<b>Total expenses</b>	<u>800</u>	<u>660</u>

### 5 Taxation

	2013 £'000	2012 £'000
<b>(a) Analysis of charge in the year</b>		
UK corporation tax	100	157
Double tax relief	(100)	(147)
Adjustments in respect of prior periods	(8)	1
Overseas withholding tax	189	157
<b>Total current tax (Note 5(b))</b>	<u>181</u>	<u>168</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	0	(3)
<b>Total deferred tax (Note 5(c))</b>	<u>0</u>	<u>(3)</u>
<b>Total taxation</b>	<u>181</u>	<u>165</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	1,023	1,136
Corporation tax at 20% (2012: 20%)	205	227
<b>Effects of:</b>		
UK dividends	(7)	(6)
Non taxable overseas dividends	(97)	(70)
Overseas withholding tax	89	10
Revenue taxable in different periods	(1)	6
Adjustments in respect of prior years	(8)	1
<b>Current tax charge (Note 5(a))</b>	<u>181</u>	<u>168</u>

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

Notes to the Financial Statements (Continued)

### 5 Taxation (continued)

#### (c) Provision for deferred taxation

Provision at start of the year	6	9
Deferred tax charge in Statement of Total Return for the year (Note 5(a))	0	(3)
Provision at end of the year	6	6
Tax on future revenue receipts	9	8
Double tax relief	(3)	(2)
Provision at end of the year	6	6

### 6 Finance Costs

#### 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:

	2013 £'000	2012 £'000
First interim distribution	345	326
Second interim distribution	396	459
Third interim distribution	393	431
Final distribution	331	245
	1,465	1,461
Add: Income deducted on cancellation of shares	71	46
Deduct: Income received on issue of shares	(75)	(28)
Net distribution for the year	1,461	1,479

Interest	6	1
Total finance costs	1,467	1,480

Details of the distribution per share are set out in this Fund's distribution tables.

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

Net revenue after taxation for the year	842	971
Add: ACD periodic charge taken from the capital account	719	589
Add: Registration fees taken from the capital account	54	46
Add: Dealing Charges taken from the capital account	1	0
Deduct: Marginal tax benefit	(155)	(127)
Net distribution for the year	1,461	1,479

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Notes to the Financial Statements (Continued)

#### 7 Debtors

	2013 £'000	2012 £'000
Amounts receivable from the ACD for issue of shares	141	98
Sales awaiting settlement	1,551	398
Accrued revenue	67	62
Corporation tax recoverable	18	16
Withholding tax recoverable	3	2
Total debtors	1,780	576

#### 8 Creditors

	2013 £'000	2012 £'000
Amounts payable to the ACD for cancellation of shares	68	165
Purchases awaiting settlement	784	1,107
Accrued expenses payable to the ACD	68	60
Accrued expenses payable to the Depositary	6	5
Other accrued expenses	10	9
Collateral cash	923	0
Deferred taxation	6	6
Total creditors	1,865	1,352

#### 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 year are disclosed in notes 7 and 8.

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

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

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	2,032	1,060
Purchase of shares by Fund	5,197	9,839
Distributions made by Fund	635	682
The percentage value of the Fund held by Standard Life group companies is:	39.9%	42.9%

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

Notes to the Financial Statements (Continued)

### 10 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 pages 15 and 16.

#### 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)	
	2013 £'000	2012 £'000
Australian Dollar	266	557
Canadian Dollar	0	42
Euro	787	334
Hong Kong Dollar	(314)	113
Japanese Yen	917	492
Norwegian Krone	0	2
Singapore Dollar	135	167
Swedish Krona	36	83
US Dollar	1,870	1,354

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

Notes to the Financial Statements (Continued)

### 10 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:

	financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>2013</b>			
<b>Currency</b>			
Sterling	1,071	68,294	69,365
Australian Dollar	23	243	266
Euro	433	351	784
Hong Kong Dollar	15	(329)	(314)
Japanese Yen	37	834	871
Singapore Dollar	18	109	127
Swedish Krona	0	40	40
US Dollar	102	1,663	1,765
<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

Floating rate interest was earned at rates based on LIBOR or an overseas equivalent, with the exception of the SLI Seabury VNAV Liquidity Funds which earn interest from investment in an underlying portfolio of money market instruments.

#### 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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Distribution Tables

#### for the three months ended 31 January 2013

##### Dividend distribution

Group 1 - shares purchased prior to 1 November 2012

Group 2 - shares purchased between 1 November 2012 and 31 January 2013

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>				
Group 1	0.1820	-	0.1820*	0.1647
Group 2	0.0402	0.1418	0.1820*	0.1647
<b>Institutional accumulation</b>				
Group 1	0.1971	-	0.1971*	0.1826
Group 2	0.0602	0.1369	0.1971*	0.1826
<b>Retail income</b>				
Group 1	0.1582	-	0.1582**	0.1449
Group 2	0.0478	0.1104	0.1582**	0.1449
<b>Institutional income</b>				
Group 1	0.1699	-	0.1699**	0.1603
Group 2	0.0793	0.0906	0.1699**	0.1603
<b>Standard Life income</b>				
Group 1	0.1929	-	0.1929**	0.1762
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	0.2210	-	0.2210*	0.2012
Group 2	-	-	-	-
<b>Institutional regulated accumulation</b>				
Group 1	0.2072	-	0.2072*	0.1901
Group 2	0.0049	0.2023	0.2072*	0.1901

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Distribution Tables (Continued)

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Platform 1 accumulation</b>				
Group 1	0.3043	-	0.3043*	-
Group 2	0.0617	0.2426	0.3043*	-
<b>Platform 1 income</b>				
Group 1	0.3014	-	0.3014**	-
Group 2	0.0624	0.2390	0.3014**	-
* Distribution accumulated on 31 January 2013				
** Distribution paid on 31 March 2013				
<b>for the three months ended 30 April 2013</b>				
<b>Dividend distribution</b>				
Group 1 - shares purchased prior to 1 February 2013				
Group 2 - shares purchased between 1 February 2013 and 30 April 2013				
	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>				
Group 1	0.2107	-	0.2107*	0.2586
Group 2	0.0839	0.1268	0.2107*	0.2586
<b>Institutional accumulation</b>				
Group 1	0.2353	-	0.2353*	0.2696
Group 2	0.0931	0.1422	0.2353*	0.2696
<b>Retail income</b>				
Group 1	0.1796	-	0.1796**	0.2257
Group 2	0.0630	0.1166	0.1796**	0.2257
<b>Institutional income</b>				
Group 1	0.2405	-	0.2405**	0.2218
Group 2	0.1626	0.0779	0.2405**	0.2218



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Distribution Tables (Continued)

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Standard Life income</b>				
Group 1	0.2329	-	0.2329**	0.2347
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	0.2673	-	0.2673*	0.2528
Group 2	0.1103	0.1570	0.2673*	0.2528
<b>Institutional regulated accumulation</b>				
Group 1	0.2516	-	0.2516*	0.2554
Group 2	0.1267	0.1249	0.2516*	0.2554
<b>Platform 1 accumulation</b>				
Group 1	0.2504	-	0.2504*	-
Group 2	0.1060	0.1444	0.2504*	-
<b>Platform 1 income</b>				
Group 1	0.3035	-	0.3035**	-
Group 2	0.0870	0.2165	0.3035**	-
* Distribution accumulated on 30 April 2013				
** Distribution paid on 30 June 2013				

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Distribution Tables (Continued)

#### for the three months ended 31 July 2013

##### Dividend distribution

Group 1 - shares purchased prior to 1 May 2013

Group 2 - shares purchased between 1 May 2013 and 31 July 2013

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>				
Group 1	0.2140	-	0.2140*	0.2505
Group 2	0.0000	0.2140	0.2140*	0.2505
<b>Institutional accumulation</b>				
Group 1	0.2237	-	0.2237*	0.2649
Group 2	0.0370	0.1867	0.2237*	0.2649
<b>Retail income</b>				
Group 1	0.1809	-	0.1809**	0.1992
Group 2	0.0000	0.1809	0.1809**	0.1992
<b>Institutional income</b>				
Group 1	0.2673	-	0.2673**	0.1995
Group 2	0.1245	0.1428	0.2673**	0.1995
<b>Standard Life income</b>				
Group 1	0.2284	-	0.2284**	0.2145
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	0.2634	-	0.2634*	0.2397
Group 2	0.1378	0.1256	0.2634*	0.2397
<b>Institutional regulated accumulation</b>				
Group 1	0.2485	-	0.2485*	0.2382
Group 2	0.0000	0.2485	0.2485*	0.2382

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Distribution Tables (Continued)

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Platform 1 accumulation</b>				
Group 1	0.2548	-	0.2548*	0.2492
Group 2	0.0335	0.2213	0.2548*	0.2492
<b>Platform 1 income</b>				
Group 1	0.3092	-	0.3092**	0.3139
Group 2	0.0795	0.2297	0.3092**	0.3139
* Distribution accumulated on 31 July 2013				
** Distribution paid on 30 September 2013				
<b>for the three months ended 31 October 2013</b>				
<b>Dividend distribution</b>				
Group 1 - shares purchased prior to 1 August 2013				
Group 2 - shares purchased between 1 August 2013 and 31 October 2013				
	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution payable 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>				
Group 1	0.1915	-	0.1915*	0.1182
Group 2	0.0144	0.1771	0.1915*	0.1182
<b>Institutional accumulation</b>				
Group 1	0.1941	-	0.1941*	0.1202
Group 2	0.0000	0.1941	0.1941*	0.1202
<b>Retail income</b>				
Group 1	0.1750	-	0.1750**	0.1163
Group 2	0.0234	0.1516	0.1750**	0.1163
<b>Institutional income</b>				
Group 1	0.2414	-	0.2414**	0.1319
Group 2	0.0472	0.1942	0.2414**	0.1319

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

### Distribution Tables (Continued)

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution payable 2013 pence per share	Distribution paid 2012 pence per share
<b>Standard Life income</b>				
Group 1	0.1380	-	0.1380**	0.1563
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	0.1637	-	0.1637*	0.1581
Group 2	0.0467	0.1170	0.1637*	0.1581
<b>Institutional regulated accumulation</b>				
Group 1	0.2072	-	0.2072*	0.1556
Group 2	0.1199	0.0873	0.2072*	0.1556
<b>Platform 1 accumulation</b>				
Group 1	0.1394	-	0.1394*	0.1523
Group 2	0.0000	0.1394	0.1394*	0.1523
<b>Platform 1 income</b>				
Group 1	0.1632	-	0.1632**	0.0865
Group 2	0.0000	0.1632	0.1632**	0.0865

\* Distribution accumulated on 31 October 2013

\*\* Distribution payable on 31 December 2013

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Global REIT Fund

Treatment by Corporate Shareholders (unaudited)

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	38.68%	39.81%	73.23%	47.93%
Treat as unfranked investment income*				
Foreign element of unfranked Investment income	16.32%	47.01%	2.54%	10.19%
Non-foreign element of unfranked investment income	45.00%	13.18%	24.23%	41.88%

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Japanese Equity Index Tracker Fund Investment Report

Fund Information	
Fund Manager	-
Launch Date	11 April 2005
Benchmark	-

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments 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 2011	128	52.87	243,110
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Institutional accumulation	31 October 2011	1	56.43	1,000
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life accumulation	31 October 2011	1	58.14	1,000
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life B accumulation	31 October 2011	34,104	48.90	69,745,582
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life A accumulation	31 October 2011	5,737	47.84	11,992,184
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Japanese Equity Index Tracker Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share	Highest share price	Lowest share price
		p	p	p
Retail accumulation	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	0.00
Institutional accumulation	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	0.00
Standard Life accumulation	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	0.00
Standard Life B accumulation	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	0.00
Standard Life A accumulation	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	0.00
*to 20 June				



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Japanese Equity Index Tracker Fund

### Comparative Tables (Continued)

#### Ongoing Charges Figure (OCF)

	2012**
Retail accumulation	1.67%
Institutional accumulation	0.67%
Standard Life accumulation	0.17%
Standard Life B accumulation	0.04%
Standard Life A accumulation	0.09%

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

\*\*As the shares on the Fund were redeemed and cancelled on 20 June 2012, the OCF has been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period. As at 31 October 2013 there is no OCF to disclose.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Japanese Equity Index Tracker Fund Financial Statements

### Statement of Total Return for the year ended 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012* £'000
Income:					
Net capital gains	1		0		(1,242)
Revenue	3	0		533	
Expenses	4	(5)		0	
Finance costs: Interest	6	0		(1)	
Net revenue before taxation		(5)		532	
Taxation	5	0		(35)	
Net revenue after taxation			(5)		497
<b>Total return before distributions</b>			(5)		745
Finance costs: Distributions	6		5		(497)
<b>Change in net assets attributable to shareholders from investment activities</b>			0		(1,242)

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

	£'000	2013 £'000	£'000	2012* £'000
<b>Opening net assets attributable to shareholders</b>		0		39,971
Amounts receivable on issue of shares	0		5,514	
Less: Amounts payable on cancellation of shares	0		(44,694)	
		0		(39,180)
Change in net assets attributable to shareholders from investment activities (see above)		0		(1,242)
Retained distribution on accumulation shares		0		451
<b>Closing net assets attributable to shareholders</b>		0		0

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Japanese Equity Index Tracker Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012* £'000
<b>Assets</b>					
Investment assets			0		0
Debtors	7	2		15	
Cash and bank balances		4		4	
Total other assets			6		19
Total assets			6		19
<b>Liabilities</b>					
Creditors	8	(6)		(5)	
Bank overdrafts		0		(14)	
Total other liabilities			(6)		(19)
Total liabilities			(6)		(19)
<b>Net assets attributable to shareholders</b>			0		0

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Japanese Equity Index Tracker Fund

Portfolio Statement as at 31 October 2013

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

The percentage figures in brackets show the comparative holding as at 31 October 2012.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Japanese Equity Index Tracker Fund

### Notes to the Financial Statements

#### 1 Net Capital Losses

	2013 £'000	2012 £'000
Non-derivative securities	0	(1,216)
Derivative contracts	0	(50)
Non-derivative securities currency gains	0	17
Derivative contracts currency gains	0	12
Handling charges taken from the capital account	0	(5)
Net capital losses	0	(1,242)

#### 2 Purchases, Sales and Transaction Costs

	2013 £'000	2012 £'000
Purchases in year before transaction costs	0	5,864
Commissions	0	10
Total purchase transaction costs	0	10
Purchases including transaction costs	0	5,874
Gross sales before transaction costs	0	43,552
Commissions	0	(12)
Total sale transaction costs	0	(12)
Total sales net of transaction costs	0	43,540
Transaction handling charges*	0	5

\*These amounts have been deducted in determining net capital losses.

#### 3 Revenue

	2013 £'000	2012 £'000
Overseas dividends	0	533
Total revenue	0	533

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Japanese Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 4 Expenses

	2013 £'000	2012 £'000
<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	0	1
	0	1
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees*	0	1
Safe custody fees*	0	(3)
	0	(2)
<b>Other expenses:</b>		
Audit fee*	5	1
Total expenses	5	0

\* A proportion of these fees (2013: nil; 2012: £9,000) were reimbursed by Standard Life Investments (Mutual Funds) Limited.

### 5 Taxation

	2013 £'000	2012 £'000
<b>(a) Analysis of charge in the year</b>		
Overseas withholding tax	0	35
Total taxation	0	35
<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 (expense)/revenue before taxation	(5)	530
Corporation tax at 20% (2012: 20%)	(1)	106
Effects of:		
Non taxable overseas dividends	0	(108)
Overseas withholding tax	0	35
Excess management expenses	1	2
Current tax charge (Note 5(a))	0	35

\*As an authorised Open-Ended Investment Company this item is not subject to corporation tax.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Japanese Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 6 Finance Costs

	2013 £'000	2012 £'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	0	451
Final distribution	0	0
Losses transferred to capital	(5)	0
	(5)	451
Add: Income deducted on cancellation of shares	0	51
Deduct: Income received on issue of shares	0	(5)
Net distribution for the year	(5)	497
Interest	0	1
Total finance costs	(5)	498

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

### 7 Debtors

	2013 £'000	2012 £'000
Due from management company	2	0
Expenses rebate due from the ACD	0	2
Accrued expenses receivable from the Depositary	0	13
Total debtors	2	15

### 8 Creditors

	2013 £'000	2012 £'000
Amounts payable to the ACD for cancellation of shares	0	0
Purchases awaiting settlement	0	0
Other accrued expenses	6	1
Payments of residual balances to shareholders	0	4
Total creditors	6	5

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Japanese Equity Index Tracker 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 year are disclosed in notes 7 and 8.

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

Citibank International plc, as Depositary, is a related party. Any monies paid to the Depositary are shown in note 4. Any balance due from or due to the Depositary and their associates are disclosed in notes 7 and 8.

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	-	6,793
Purchase of shares by Fund	-	45,658
Distributions made by Fund	-	451
The percentage value of the Fund held by Standard Life group companies is:	0.0%	0.0%

### 10 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 pages 15 and 16.

#### 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)	
	2013 £'000	2012 £'000
Euro	0	0
Japanese Yen	0	(14)



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Japanese Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 10 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/(liabilities) £'000	Fixed rate financial assets/(liabilities) £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
<b>2013</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Currency</b>				
Sterling	0	0	0	0
Japanese Yen	0	0	0	0
<b>2012</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Currency</b>				
Sterling	4	0	0	4
Japanese Yen	(14)	0	0	(14)

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Overseas Bond Index Tracker Fund

Investment Report

Fund Information	
Fund Manager	-
Launch Date	11 April 2005
Benchmark	-

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments 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 2011	90	75.08	120,275
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Institutional accumulation	31 October 2011	1	79.48	1,000
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life accumulation	31 October 2011	1	81.10	1,000
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life B accumulation	31 October 2011	933	82.82	1,127,136
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life A accumulation	31 October 2011	1	82.43	1,000
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Overseas Bond Index Tracker Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share	Highest share price	Lowest share price
		p	p	p
Retail accumulation	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	0.00
Institutional accumulation	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	0.00
Standard Life accumulation	2008	0.7852	82.39	52.11
	2009	1.4360	80.75	67.90
	2010	1.2776	82.12	73.00
	2011	1.1896	86.38	75.29
	2012*	0.5616	83.42	0.00
Standard Life B accumulation	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	0.00
Standard Life A accumulation	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	0.00
*to 7 June				

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Overseas Bond Index Tracker Fund

Comparative Tables (Continued)

### Ongoing Charges Figure (OCF)

	2012**
Retail accumulation	1.58%
Institutional accumulation	0.58%
Standard Life accumulation	0.08%
Standard Life B accumulation	0.00%
Standard Life A accumulation	0.00%

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

\*\* As the shares on the Fund were redeemed and cancelled on 7 June 2012, the OCF has been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period. As at 31 October 2013 there is no OCF to disclose.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Overseas Bond Index Tracker Fund Financial Statements

### Statement of Total Return for the year ended 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012* £'000
Income:					
Net capital gains/(losses)	1		0		32
Revenue	3	0		16	
Expenses	4	(3)		(1)	
Finance costs: Interest	6	0		0	
Net (expense)/revenue before taxation		(3)		15	
Taxation	5	0		0	
Net (expense)/revenue after taxation			(3)		15
<b>Total return before distributions</b>			<b>(3)</b>		<b>47</b>
Finance costs: Distributions	6		3		(15)
<b>Total return and change in net assets attributable to shareholders from investment activities</b>			<b>0</b>		<b>32</b>

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

	£'000	2013 £'000	£'000	2012* £'000
<b>Opening net assets attributable to shareholders</b>		0		1,026
Amounts receivable on issue of shares	0		1	
Less: Amounts payable on cancellation of shares	0		(1,069)	
		0		(1,068)
Total return and change in net assets attributable to shareholders from investment activities (see above)		0		32
Retained distribution on accumulation shares		0		10
<b>Closing net assets attributable to shareholders</b>		<b>0</b>		<b>0</b>

\* to 7 June

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Overseas Bond Index Tracker Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012 £'000
<b>Assets</b>					
Debtors	7	3		0	
Cash and bank balances		5		5	
Total other assets			8		5
Total assets			8		5
<b>Liabilities</b>					
Creditors	8	(8)		(5)	
Total other liabilities			(8)		(5)
Total liabilities			(8)		(5)
<b>Net assets attributable to shareholders</b>			0		0

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Overseas Bond Index Tracker Fund

Portfolio Statement as at 31 October 2013 (unaudited)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Bonds (0.00%)</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 2012



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Overseas Bond Index Tracker Fund

### Notes to the Financial Statements

#### 1 Net Capital Gains

	2013 £'000	2012 £'000
Non-derivative securities	0	33
Handling charges taken from the capital account	0	(1)
Net capital gains	0	32

#### 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. During the year the Fund made no purchases or sales

#### 3 Revenue

	2013 £'000	2011 £'000
Interest on debt securities	0	16
Total revenue	0	16

#### 4 Expenses

	2013 £'000	2012 £'000
<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	0	1
<b>Other expenses:</b>		
Audit fee*	3	0
Total expenses	3	1

\* A proportion of these fees (2013: nil; 2012: £5,700) were reimbursed by Standard Life Investments (Mutual Funds) Limited.

#### 5 Taxation

	2013 £'000	2012 £'000
<b>(a) Analysis of charge in the year</b>		
Total taxation	0	0
<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 (expense)/revenue before taxation	(3)	15
Corporation tax at 20% (2012: 20%)	0	3
Effects of:		
Interest distribution	0	(3)
Current tax charge (Note 5(a))	0	0

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Overseas Bond Index Tracker Fund

Notes to the Financial Statements (Continued)

### 6 Finance Costs

	2013 £'000	2012 £'000
Distributions and interest		
The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	0	12
Final distribution	0	0
Losses transferred to capital	(3)	0
	(3)	12
Add: Income deducted on cancellation of shares	0	3
Deduct: Income received on creation of shares	0	0
Net distribution for the year	(3)	15
Interest	0	0
Total finance costs	(3)	15

### 7 Debtors

	2013 £'000	2012 £'000
Due from Management Company to Cover NAV Balance	3	0
Total debtors	3	0

### 8 Creditors

	2013 £'000	2012 £'000
Other accrued expenses	8	5
Total creditors	8	5

### 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 year are disclosed in notes 7 and 8.

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

Citibank International plc, as Depositary, is a related party. Any monies paid to the Depositary are shown in note 4. Any balance due from or due to the Depositary and their associates are disclosed in notes 7 and 8.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Overseas Bond Index Tracker Fund

Notes to the Financial Statements (Continued)

### 9 Related Parties Transactions (continued)

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	0	0
Purchase of shares by Fund	0	974
Distributions made by Fund	0	10
The percentage value of the Fund held by Standard Life group companies is:	0.0%	0.0%

### 10 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 pages 15 and 16.

#### 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 and liabilities

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

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>2013</b>			
<b>Currency</b>			
Sterling	5	0	5
<b>2012</b>			
<b>Currency</b>			
Sterling	5	0	5

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Pacific Basin Equity Index Tracker Fund

Investment Report

Fund Information	
Fund Manager	-
Launch Date	11 April 2005
Benchmark	-

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments 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 2011	414	105.13	393,555
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Institutional accumulation	31 October 2011	44	111.09	39,236
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life accumulation	31 October 2011	1	114.25	1,000
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life B accumulation	31 October 2011	51,349	64.70	79,367,509
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life A accumulation	31 October 2011	7,958	63.84	12,467,283
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	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	0.00
Institutional accumulation	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	0.00
Standard Life accumulation	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	0.00

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Pacific Basin Equity Index Tracker Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Standard Life B accumulation	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	0.00
Standard Life A accumulation	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	0.00

\*to 20 June

### Ongoing Charges Figure (OCF)

	2012**
Retail accumulation	1.68%
Institutional accumulation	0.68%
Standard Life accumulation	0.18%
Standard Life B accumulation	0.06%
Standard Life A accumulation	0.10%

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

\*\* As the shares on the Fund were redeemed and cancelled on 20 June 2012, the OCF has been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period. At 31 October 2013 there is no OCF to disclose.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Pacific Basin Equity Index Tracker Fund

Financial Statements

### Statement of Total Return for the year ended 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012* £'000
Income:					
Net capital gains/(losses)	1		1		(2,167)
Revenue	3	0		1,477	
Expenses	4	(1)		(6)	
Finance costs: Interest	6	0		(5)	
Net (expense)/revenue before taxation		(1)		1,466	
Taxation	5	0		(63)	
Net (expense)/revenue after taxation			(1)		1,403
<b>Total return before distributions</b>			0		(764)
Finance costs: Distributions	6		0		(1,415)
<b>Total return and change in net assets attributable to shareholders from investment activities</b>			0		(2,179)

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

	£'000	2013 £'000	£'000	2012* £'000
<b>Opening net assets attributable to shareholders</b>		0		59,766
Amounts receivable on issue of shares	0		19,605	
Less: Amounts payable on cancellation of shares	0		(78,247)	
		0		(58,642)
Stamp duty reserve tax		0		(1)
Total return and change in net assets attributable to shareholders from investment activities (see above)		0		(2,179)
Retained distribution on accumulation shares		0		1,056
<b>Closing net assets attributable to shareholders</b>		0		0

\* to 20 June

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Pacific Basin Equity Index Tracker Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	£'000	2012 £'000	2012 £'000
<b>Assets</b>				
Debtors	7	0		5
Cash and bank balances		122		114
Total other assets			122	119
Total assets			122	119
<b>Liabilities</b>				
Creditors	8	(122)		(119)
Total other liabilities			(122)	(119)
Total liabilities			(122)	(119)
<b>Net assets attributable to shareholders</b>			0	0



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Pacific Basin Equity Index Tracker Fund

Portfolio Statement as at 31 October 2013

Holding	Bid-market value £'000	Percentage of total net assets
<b>Pacific Basin Equities (0.00%)</b>	<b>0</b>	<b>0.00</b>
Hong Kong (0.00%)		
136,327 Chaoda Modern Agriculture Group	0	0.00
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 2012

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Pacific Basin Equity Index Tracker Fund

### Notes to the Financial Statements

#### 1 Net Capital Gains/(Losses)

	2013 £'000	2012 £'000
Non-derivative securities	1	(2,123)
Derivative contracts	0	(27)
Forward currency contracts	0	7
Handling charges taken from the capital account	0	(24)
Net capital gains/(losses)	1	(2,167)

#### 2 Purchases, Sales and Transaction Costs

	2013 £'000	2012 £'000
Purchases in year before transaction costs	0	24,978
Commissions	0	25
Taxes	0	4
Total purchase transaction costs	0	29
Purchases including transaction costs	0	25,007
Gross sales before transaction costs	0	82,702
Commissions	0	(30)
Taxes	0	(72)
Total sale transaction costs	0	(102)
Total sales net of transaction costs	0	82,600

#### 3 Revenue

	2013 £'000	2012 £'000
Overseas dividends	0	1,463
Scrip dividends	0	11
Bank interest	0	3
Total revenue	0	1,477

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Pacific Basin Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 4 Expenses

	2013 £'000	2012 £'000
<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	0	3
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees*	0	1
Safe custody fees*	0	3
	0	4
<b>Other expenses:</b>		
Audit fee*	1	(1)
<b>Total expenses</b>	<b>1</b>	<b>6</b>

\* A proportion of these fees (2013: nil; 2012: £20,200) were reimbursed by Standard Life Investments (Mutual Funds) Limited.

### 5 Taxation

	2013 £'000	2012 £'000
<b>(a) Analysis of charge in the year</b>		
UK corporation tax	0	23
UK corporation tax taken from the capital account	0	12
Double tax relief	0	(6)
Adjustments in respect of prior periods	0	5
Overseas withholding tax	0	33
<b>Total current tax (Note 5(b))</b>	<b>0</b>	<b>67</b>
Origination and reversal of timing differences	0	(4)
<b>Total deferred tax (Note 5(c))</b>	<b>0</b>	<b>(4)</b>
<b>Total taxation</b>	<b>0</b>	<b>63</b>

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Pacific Basin Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 5 Taxation (continued)

#### (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 expense before taxation	(1)	1,466
Corporation tax at 20% (2012: 20%)	0	293
Effects of:		
Scrip dividends	0	(1)
Non taxable overseas dividends	0	(270)
Tax on realised offshore gains taken from the capital account	0	12
Overseas withholding tax	0	27
Revenue taxable in different periods	0	1
Adjustments in respect of prior years	0	5
Current tax charge (Note 5(a))	0	67

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	0	4
Deferred tax charge for the year (Note 5(a))	0	(4)
Provision at end of the year	0	0

### 6 Finance Costs

	2013 £'000	2012 £'000
<b>Distributions and interest</b>		
The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	0	1,056
Add: Income deducted on cancellation of shares	0	491
Deduct: Income received on creation of shares	0	(132)
Net distribution for the year	0	1,415
Interest	0	5
Total finance costs	0	1,420

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Pacific Basin Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 7 Debtors

	2013 £'000	2012 £'000
Expenses rebate due from the ACD	0	5
Total debtors	0	5

### 8 Creditors

	2013 £'000	2012 £'000
Amounts payable to the ACD for cancellation of shares	0	5
Other accrued expenses	7	5
Payment of residual balance to shareholders	90	84
Corporation tax payable	25	25
Total creditors	122	119

### 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 year are disclosed in notes 7 and 8.

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

Citibank International plc, as Depositary, is a related party. Any monies paid to the Depositary are shown in note 4. Any balance due from or due to the Depositary and their associates are disclosed in notes 7 and 8.

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	0	18,995
Purchase of shares by Fund	0	78,181
Distributions made by Fund	0	1,053
The percentage value of the Fund held by Standard Life group companies is:	0.0%	0.0%

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments Pacific Basin Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 10 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 pages 15 and 16.

#### 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:

	2013 £'000	2012 £'000
Australian Dollar	2	0

#### 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 not carrying interest £'000	Total £'000
<b>2013</b>			
<b>Currency</b>			
Australian Dollar	2	0	2
Sterling	120	0	120
<b>2012</b>			
<b>Currency</b>			
Sterling	114	0	114

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

### Investment Report

Fund Information	
Fund Manager	Thomas Moore
Launch Date	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 FCA 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 12-month period to 31 October the Fund returned 41.80% against the average return of the IMA UK Equity Income sector, which stood at 25.78% (source: Morningstar).

The Fund outperformed significantly during the year under review. Temporary staffing business Staffline was the largest contributor to performance. As businesses adopt more flexible working practices, the company continues to prosper from the associated growth in demand for temporary workers. Elsewhere, easyJet was a notable contributor benefiting from the airline industry's capacity reductions, improved competitive environment and higher pricing and yields. The Fund also benefited from its underweight position in oil major Royal Dutch Shell, which remains fundamentally challenged as weak production growth pressurises earnings and cashflow.

In contrast, our underweight positions in Vodafone and Lloyds Banking Group hurt Fund returns. Vodafone announced a deal to sell its stake in Verizon Wireless back to Verizon, providing investors with greater strategic clarity which supported the shares. Seen as the most domestically focused of the UK banks, Lloyds benefited from the improvement in sentiment towards the economy and the housing market in particular. Petrofac was a further detractor as a result of the company's comments that it was experiencing heightened competition in its engineering business.

### Investment activity

Activity during the year included buying shares in media business ITV. The company should be a beneficiary of improving corporate advertising trends, while a greater focus on improving programming content is also bearing fruit. We also purchased shares in cinema operator Cineworld. The company continues to enjoy robust growth, while its strategy of acquiring smaller players is providing significant cost savings and margin expansion potential. Shares in gaming industry software developer Playtech were acquired during the period. Following a number of acquisitions, the company now offers a full portfolio of products making it the supplier of choice at a time when the industry is investing heavily in growing the online business.

Sales included the disposal of shares in Royal Dutch Shell given the fundamental pressures on the business' dividend prospects. This action increased the Fund's underweight position in the stock. G4S was also sold following a disappointing profit warning that highlighted weak internal controls and ultimately resulted in the departure of the chief executive. Elsewhere, sales were largely due to strong performance and our view that valuations largely reflected the positive corporate developments. In particular, we trimmed plant hire business Ashtead, which has benefited from customers' preference to hire rather than buy equipment. Meanwhile, shares in mobile communications services business Inmarsat were sold following robust performance.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund Investment Report (Continued)

### Outlook

While issues such as the US debt ceiling deadline have subsided for now, the short-term nature of the resolution leaves scope for renewed investor caution in early 2014. Nevertheless, we maintain our positive stance on UK equities as domestic economic data strengthen and tangible signs of end market improvement in several economically sensitive industries continue to emerge. Given the increasingly constructive economic backdrop, we are encouraged by the number of stocks with the potential to surprise positively and are identifying many new investment opportunities, making us positive on the outlook for the Fund in the months ahead.

### Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

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.

Composition of Portfolio	%
as at 31 October 2013	
Basic Materials (2.02%)	3.12
Consumer Goods (8.34%)	7.36
Consumer Services (21.30%)	19.78
Financials (35.28%)	33.77
Health Care (0.98%)	0.00
Industrials (19.30%)	20.19
Oil & Gas (7.07%)	5.68
Technology (0.00%)	0.68
Telecommunications (5.35%)	5.73
Collective Investment Schemes (3.81)	3.80
Net other liabilities (-3.45)	(0.11)

The percentage figures in brackets show the comparative holding as at 31 October 2012.

Ten Largest Holdings (by market value)	%
as at 31 October 2013	
SLI Seabury GBP VNAV Liquidity Fund	3.80
BT	3.76
Legal & General	3.33
easyJet	3.19
Smith (DS)	2.86
Compass	2.51
Staffline	2.34
BP	2.33
Beazley	2.32
Petrofac	2.27



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

Comparative Tables (Continued)

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2011	35,091	37.71	93,062,351
	31 October 2012	60,261	43.28	139,230,958
	31 October 2013	150,962	61.14	246,908,431
Institutional accumulation	31 October 2011	76	41.58	183,662
	31 October 2012	100	48.21	207,681
	31 October 2013	8,580	68.79	12,471,522
Retail income	31 October 2011	2,790	31.87	8,753,890
	31 October 2012	4,974	34.95	14,232,111
	31 October 2013	24,296	47.55	51,094,551
Institutional income	31 October 2011	12,654	32.89	38,471,082
	31 October 2012	15,368	36.43	42,187,800
	31 October 2013	44,382	50.05	88,682,098
Standard Life income	31 October 2011	12,311	33.74	36,485,651
	31 October 2012	13,757	37.70	36,485,651
	31 October 2013	19,072	52.27	36,485,651
Standard Life accumulation	31 October 2011	3,034	40.95	7,409,631
	31 October 2012	3,546	47.86	7,409,631
	31 October 2013	5,366	68.83	7,796,967
Institutional regulated accumulation	31 October 2011	1,654	39.75	4,160,883
	31 October 2012	1,759	46.13	3,814,504
	31 October 2013	5,238	65.88	7,950,250
Platform 1 accumulation	31 October 2012	1	57.15	1,200
	31 October 2013	5,856	81.37	7,196,133
Platform 1 income	31 October 2012	1	56.09	1,200
	31 October 2013	5,429	76.96	7,054,426

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share	Highest share price	Lowest share price
		p	p	p
Retail accumulation	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	46.25	37.19
	2013**	2.1122	61.91	46.24
Institutional accumulation	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	51.58	41.09
	2013**	2.3653	69.66	51.59
Retail income	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	37.35	30.90
	2013**	1.6885	49.04	37.34
Institutional income	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	38.98	32.07
	2013**	1.7762	51.61	38.99
Standard Life income	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	40.40	33.08
	2013**	1.8385	53.89	40.42
Standard Life accumulation	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	51.26	40.53
	2013**	2.3534	69.69	51.30

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Institutional regulated accumulation	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	49.37	39.29
	2013**	2.2654	66.71	49.38
Platform 1 accumulation	2012*	1.0642	61.14	49.19
	2013**	2.7742	82.39	61.14
Platform 1 income	2012*	1.0642	60.01	49.19
	2013**	2.6686	79.35	60.02

\*from commencement of the share class on 30 May

\*\*to 31 October

### Ongoing Charges Figure (OCF)

	2013	2012
Retail accumulation	1.90%	1.91%
Institutional accumulation	0.90%	0.91%
Retail income	1.90%	1.91%
Institutional income	0.90%	0.91%
Standard Life income	0.02%	0.03%
Standard Life accumulation	0.10%	0.11%
Institutional regulated accumulation	0.80%	0.81%
Platform 1 accumulation	1.15%	1.16%
Platform 1 income	1.15%	1.16%

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund Financial Statements

### Statement of Total Return for the year ended 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012 £'000
Income:					
Net capital gains	1		47,498		9,906
Revenue	3	6,274		4,103	
Expenses	4	(2,224)		(1,149)	
Finance costs: Interest	6	0		(1)	
Net revenue before taxation		4,050		2,953	
Taxation	5	(2)		0	
Net revenue after taxation			4,048		2,953
<b>Total return before distributions</b>			51,546		12,859
Finance costs: Distributions	6		(6,222)		(4,069)
<b>Change in net assets attributable to shareholders from investment activities</b>			45,324		8,790

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

	£'000	2013 £'000	£'000	2012 £'000
<b>Opening net assets attributable to shareholders</b>		99,767		67,610
Amounts receivable on issue of shares	130,613		28,232	
Less: Amounts payable on cancellation of shares	(11,464)		(7,525)	
		119,149		20,707
Stamp duty reserve tax		(92)		(82)
Change in net assets attributable to shareholders from investment activities (see above)		45,324		8,790
Retained distribution on accumulation shares		5,033		2,742
<b>Closing net assets attributable to shareholders</b>		269,181		99,767

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	£'000	2013 £'000	2012 £'000
<b>Assets</b>				
Investment assets			269,470	103,204
Debtors	7	10,997		503
Cash and bank balances		13		28
Total other assets			11,010	531
Total assets			280,480	103,735
<b>Liabilities</b>				
Creditors	8	(9,587)		(3,157)
Distribution payable on income shares		(1,712)		(811)
Total other liabilities			(11,299)	(3,968)
Total liabilities			(11,299)	(3,968)
<b>Net assets attributable to shareholders</b>			269,181	99,767

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

Portfolio Statement as at 31 October 2013

Holding	Bid-market value £'000	Percentage of total net assets
<b>UK Equities (99.64%)</b>	<b>259,236</b>	<b>96.31</b>
<b>Basic Materials (2.02%)</b>	<b>8,405</b>	<b>3.12</b>
229,945 Mondi	2,559	0.95
185,141 Rio Tinto	5,846	2.17
<b>Consumer Goods (8.34%)</b>	<b>19,824</b>	<b>7.36</b>
771,904 Bovis Homes	6,056	2.25
165,498 British American Tobacco	5,686	2.11
726,005 Britvic	4,534	1.68
964,708 GKN	3,548	1.32
<b>Consumer Services (21.30%)</b>	<b>53,248</b>	<b>19.78</b>
467,866 British Sky Broadcasting	4,384	1.63
706,812 Carphone Warehouse	1,841	0.68
1,236,739 Cineworld	4,582	1.70
754,209 Compass	6,762	2.51
616,000 Creston	616	0.23
655,957 easyJet	8,580	3.19
525,734 Inchcape	3,341	1.24
2,226,756 ITV	4,249	1.58
1,281,121 M&C Saatchi	3,933	1.46
1,428,227 Marston's	2,170	0.81
599,564 Playtech	4,413	1.64
652,823 Reed Elsevier	5,702	2.12
391,714 United Business Media	2,675	0.99
<b>Financials (35.28%)</b>	<b>90,875</b>	<b>33.77</b>
706,718 Aberdeen Asset Management	3,129	1.16
659,862 Ashmore	2,668	0.99
1,558,693 Barclays	4,108	1.53
2,728,000 Beazley	6,239	2.32
1,776,186 Chesnara	5,182	1.93

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Financials (continued)</b>		
401,106 Close Brothers	5,070	1.88
2,383,628 Direct Line Insurance	5,361	1.99
3,933,879 F&C Asset Management	3,989	1.48
2,847,858 Hansteen REIT	2,948	1.10
604,762 Hiscox	3,998	1.49
878,894 HSBC	5,994	2.23
744,964 IG	4,567	1.70
592,370 International Personal Finance	3,418	1.27
361,902 Jardine Lloyd Thompson	3,619	1.34
559,222 Lancashire Holdings	4,538	1.69
4,148,074 Legal & General	8,968	3.33
591,277 Polar Capital	3,001	1.11
203,069 Provident Financial	3,206	1.19
277,939 Prudential	3,552	1.32
1,262,909 Resolution	4,512	1.68
187,344 Standard Chartered	2,808	1.04
<b>Health Care (0.98%)</b>	<b>-</b>	<b>-</b>
<b>Industrials (19.30%)</b>	<b>54,355</b>	<b>20.19</b>
207,314 Atkins WS	2,556	0.95
398,484 Berendsen	3,865	1.44
212,649 Bodycote	1,398	0.52
433,481 Galliford Try	4,963	1.84
2,947,899 Hays	3,667	1.36
1,479,867 Howden Joinery	4,774	1.77
987,364 IBEX Global Solutions	2,120	0.79
1,947,284 QinetiQ	3,852	1.43
136,165 Royal Mail	762	0.28
759,101 RPC	3,868	1.44
891,353 Senior	2,654	0.99
2,544,120 Smith (DS)	7,696	2.86
1,005,344 Staffline	6,299	2.34
2,505,322 Tyman	5,881	2.18

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Oil &amp; Gas (7.07%)</b>	<b>15,283</b>	<b>5.68</b>
1,297,392 BP	6,262	2.33
418,647 Petrofac	6,121	2.27
728,531 Soco International	2,900	1.08
<b>Technology (0.00%)</b>	<b>1,817</b>	<b>0.68</b>
222,174 Micro Focus	1,817	0.68
<b>Telecommunications (5.35%)</b>	<b>15,429</b>	<b>5.73</b>
2,688,862 BT	10,134	3.76
2,359,214 Vodafone	5,295	1.97
<b>Collective Investment Schemes (3.81%)</b>	<b>10,234</b>	<b>3.80</b>
10,234,348 SLI Seabury GBP VNAV Liquidity Fund	10,234	3.80
Total investment assets	269,470	100.11
Net other liabilities	(289)	(0.11)
<b>Total Net Assets</b>	<b>269,181</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 FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2012.



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

### Notes to the Financial Statements

#### 1 Net Capital Gains

	2013 £'000	2012 £'000
Non-derivative securities	47,499	9,907
Non-derivative securities currency gains	1	1
Handling charges taken from the capital account	(2)	(2)
Net capital gains	47,498	9,906

#### 2 Purchases, Sales and Transaction Costs

	2013 £'000	2012 £'000
Purchases in year before transaction costs	177,967	93,016
Commissions	247	131
Taxes	733	462
Total purchase transaction costs	980	593
Purchases including transaction costs	178,947	93,609
Gross sales before transaction costs	66,702	68,119
Commissions	(87)	(107)
Total sale transaction costs	(87)	(107)
Total sales net of transaction costs	66,615	68,012

#### 3 Revenue

	2013 £'000	2012 £'000
UK dividends	5,216	3,458
Overseas dividends	879	485
Scrip dividends	40	84
Property income distributions	116	54
Bank interest	23	16
Underwriting commission	0	6
Total revenue	6,274	4,103

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

Notes to the Financial Statements (Continued)

### 4 Expenses

	2013 £'000	2012 £'000
<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	2,082	1,071
Dealing charge taken from the capital account	2	0
Registration fees taken from the capital account	108	57
	<u>2,192</u>	<u>1,128</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	22	13
Safe custody fees	4	2
	<u>26</u>	<u>15</u>
<b>Other expenses:</b>		
Audit fee	6	6
	<u>6</u>	<u>6</u>
<b>Total expenses</b>	<u>2,224</u>	<u>1,149</u>

### 5 Taxation

	2013 £'000	2012 £'000
<b>(a) Analysis of charge in the year</b>		
Overseas withholding tax	2	0
<b>Total taxation</b>	<u>2</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	4,050	2,953
Corporation tax at 20% (2012: 20%)	<u>810</u>	<u>591</u>
Effects of:		
UK dividends	(1,043)	(692)
Scrip dividends	(8)	(17)
Non taxable overseas dividends	(176)	(97)
Overseas withholding tax	2	0
Excess management expenses	421	214
Revenue taxable in different periods	(4)	1
<b>Current tax charge (Note 5(a))</b>	<u>2</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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained 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 £776,000 (2012: £355,000) 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

	2013 £'000	2012 £'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	2,703	1,913
Final distribution	4,898	2,344
	7,601	4,257
Add: Income deducted on cancellation of shares	97	93
Deduct: Income received on issue of shares	(1,476)	(281)
Net distribution for the year	6,222	4,069
Interest	0	1
Total finance costs	6,222	4,070

Details of the distribution per share are set out in this Fund's distribution tables.

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

Net revenue after taxation for the year	4,048	2,953
Add: ACD periodic charge taken from the capital account	2,082	1,071
Add: Registration fees taken from the capital account	108	57
Add: Dealing charge taken from the capital account	2	0
Deduct: Marginal tax benefit	(18)	(12)
Net distribution for the year	6,222	4,069

### 7 Debtors

	2013 £'000	2012 £'000
Amounts receivable from the ACD for issue of shares	7,852	31
Sales awaiting settlement	2,253	0
Accrued revenue	892	472
Total debtors	10,997	503

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

Notes to the Financial Statements (Continued)

### 8 Creditors

	2013 £'000	2012 £'000
Amounts payable to the ACD for cancellation of shares	0	118
Purchases awaiting settlement	9,271	2,914
Accrued expenses payable to the ACD	306	117
Accrued expenses payable to the Depositary	4	2
Other accrued expenses	6	6
Total creditors	9,587	3,157

### 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 year are disclosed in notes 7 and 8.

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

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

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	34,924	23,391
Purchase of shares by Fund	1,295	4,323
Distributions paid by Fund	1,615	1,065
The percentage value of the Fund held by Standard Life group companies is:	47.8%	66.3%

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

Notes to the Financial Statements (Continued)

### 10 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 pages 15 and 16.

#### 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	
	2013	2012
	£'000	£'000
US Dollar	6	11

#### 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 not carrying interest £'000	Total £'000
<b>2013</b>			
<b>Currency</b>			
Sterling	10,241	259,236	269,477
US Dollar	6	0	6
<b>2012</b>			
<b>Currency</b>			
Sterling	3,829	99,403	103,232

Floating rate interest was earned at rates based on LIBOR, with the exception of the SLI Seabury Liquidity Funds which earn interest from investment in an underlying portfolio of money market instruments.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

### Distribution Tables

for the six months ended 30 April 2013

#### Dividend distribution

Group 1 - shares purchased prior to 1 November 2012

Group 2 - shares purchased between 1 November 2012 and 30 April 2013

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>				
Group 1	1.0053	-	1.0053*	0.8855
Group 2	0.5691	0.4362	1.0053*	0.8855
<b>Institutional accumulation</b>				
Group 1	1.1199	-	1.1199*	0.9790
Group 2	0.9232	0.1967	1.1199*	-
<b>Retail income</b>				
Group 1	0.8102	-	0.8102**	0.7492
Group 2	0.4979	0.3123	0.8102**	0.7492
<b>Institutional income</b>				
Group 1	0.8530	-	0.8530**	0.7745
Group 2	0.4365	0.4165	0.8530**	0.7745
<b>Standard Life income</b>				
Group 1	0.8906	-	0.8906**	0.7971
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	1.1236	-	1.1236*	0.9662
Group 2	0.5433	0.5803	1.1236*	-
<b>Institutional regulated accumulation</b>				
Group 1	1.0749	-	1.0749*	0.9362
Group 2	0.8300	0.2449	1.0749*	0.9362

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

### Distribution Table (Continued)

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Platform 1 accumulation</b>				
Group 1	1.2964	-	1.2964*	-
Group 2	0.5309	0.7655	1.2964*	-
<b>Platform 1 income</b>				
Group 1	1.2638	-	1.2638**	-
Group 2	0.7719	0.4919	1.2638**	-
* Distribution accumulated on 30 April				
** Distribution paid on 30 June				
<b>for the 6 months ended 31 October 2013</b>				
<b>Dividend distribution</b>				
Group 1 - shares purchased prior to 1 May 2013				
Group 2 - shares purchased between 1 May 2013 and 31 October 2013				
	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution payable 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>				
Group 1	1.1069	-	1.1069*	1.0104
Group 2	0.4628	0.6441	1.1069*	1.0104
<b>Institutional accumulation</b>				
Group 1	1.2454	-	1.2454*	1.1225
Group 2	0.2350	1.0104	1.2454*	1.1225
<b>Retail income</b>				
Group 1	0.8783	-	0.8783**	0.8355
Group 2	0.3573	0.5210	0.8783**	0.8355
<b>Institutional income</b>				
Group 1	0.9232	-	0.9232**	0.8679
Group 2	0.3404	0.5828	0.9232**	0.8679

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

### Distribution Table (Continued)

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution payable 2013 pence per share	Distribution paid 2012 pence per share
<b>Standard Life income</b>				
Group 1	0.9479	-	0.9479**	0.8951
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	1.2298	-	1.2298*	1.1102
Group 2	0.6734	0.5564	1.2298*	-
<b>Institutional regulated accumulation</b>				
Group 1	1.1905	-	1.1905*	1.0723
Group 2	0.5186	0.6719	1.1905*	1.0723
<b>Platform 1 accumulation</b>				
Group 1	1.4778	-	1.4778*	1.0642
Group 2	0.6073	0.8705	1.4778*	-
<b>Platform 1 income</b>				
Group 1	1.4048	-	1.4048**	1.0642
Group 2	0.7070	0.6978	1.4048**	-
* Distribution accumulated on 31 October 2013				
** Distribution payable on 28 February 2014				



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Income Unconstrained Fund

Treatment by Corporate Shareholders (unaudited)

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.		

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund Investment Report

### Fund Information

<b>Fund Manager</b>	Edward Legget
<b>Launch Date</b>	29 September 2005
<b>Benchmark</b>	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 FCA 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 12-month period to the end of October, the Fund returned 53.31%, while the average return of the IMA UK All Companies Sector was 26.66% (source: Morningstar).

Budget airline easyJet was the Fund's most notable contributor during the period, as it continues to benefit from the airline industry's capacity reductions, an improved competitive environment and higher pricing and yields. Home credit business International Personal Finance also outperformed, as it enjoyed strong lending growth across its markets. Elsewhere, Lloyds Banking, seen as the most domestically focused of the UK banks, benefited from the improvement in sentiment towards the UK economy and the housing market in particular.

On the downside, the position in miner Vedanta Resources detracted from relative returns, as commodity prices remained weak on concerns about Chinese growth, while investors fretted about rising costs and the impact on margins. Similarly, Standard Chartered Bank weighed on performance due to Asian growth concerns. However, we believe that sufficient slack is built into management guidance, while a strong balance sheet and prospective dividend growth should provide share price support. The Fund suffered from not holding grocery logistics business Ocado. The company's shares have generally languished on fears about its relationship with Waitrose, its key customer. However, they rebounded aggressively during the period after the announcement of its partnership with the Wm. Morrison supermarket chain.

### Investment activity

Notable activity during the 12 months included the purchase of shares in kitchen designer and installer Howden Joinery. The company is benefiting from an improved competitive landscape given difficulties at its peer MFI, while it continues to enjoy organic growth through the ongoing rollout of new depots. Elsewhere, shares in emulsion polymer business Synthomer were acquired on signs of a stabilisation in Europe following greater capacity discipline, while strong demand in Asia is ensuring previous overcapacity is being absorbed. Shares in British Airways and Iberia owner International Consolidated Airlines Group were also added to the Fund. Management is proving increasingly successful at reducing costs and generally stabilising Iberia, while British Airways continues to enjoy robust trans-Atlantic demand. Lastly, shares in luxury retailer Burberry were bought for the Fund. We remain confident in the business' ongoing organic growth trends, while a period of heavy investment is now coming to end and should ensure strong margin progression.

We sold shares in investment broker Hargreaves Lansdown during the period. This follows strong performance in the shares and our residual concern that changing consumer finance legislation may yet have an adverse impact on the business. We sold the holding in engineering business Weir Group, whose oil and gas division has suffered from a falling rig-count in the US. This is now stabilising, but the larger mining supply business is experiencing falling orders as mining customers reduce capital expenditure. Shares in bookmaker Ladbrokes were also divested, as the company continues to lag behind peers in terms of its online gaming offering despite significant investment in this area. Otherwise, sales were largely restricted to profit taking. In particular, online fashion retailer ASOS was divested after an especially strong run in the shares, while house builders Crest Nicholson and Taylor Wimpey were reduced after their excellent performance in response to the improving domestic housing market.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund Investment Report (Continued)

During the year to 31 October 2013 the following material changes (greater than 5% of opening Net Asset Value) were made to the portfolio:

Purchases	Cost £'000
Rio Tinto	30,755
Standard Chartered	30,189
Others (those not listed above)	389,978
<b>Total</b>	<b>450,922</b>

### Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

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).

### Outlook

The recent debate surrounding the US debt ceiling highlights the risks that still confront equity investors. While we view the situation and the effective postponement of a decision into early 2014 as unwelcome, we believe public disquiet should ultimately ensure greater political pragmatism and a lasting resolution. We remain positive on the outlook for global economic growth and continue to see value in many consumer and industrial cyclical, as well as financials which should benefit from rising bond yields. We have taken profits in UK-focused stocks as a sharp recovery in UK growth becomes increasingly consensual, with the proceeds mainly being reinvested into emerging market-focused stocks where valuations are low and high/growing dividends provide support while we wait for sentiment towards the region to improve.

### 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.

Composition of Portfolio	%
<b>as at 31 October 2013</b>	
Basic Materials (9.33%)	11.48
Consumer Goods (10.48%)	14.28
Consumer Services (7.86%)	8.81
Financials (22.49%)	16.98
Industrials (38.07%)	36.70
Oil & Gas (6.22%)	5.18
Technology (2.96%)	-
Telecommunications (2.12%)	4.89
Collective Investment Scheme (0.00%)	2.29
Net other liabilities (0.47%)	(0.61)

The percentage figures in brackets show the comparative holding as at 31 October 2012.

Ten Largest Holdings (by market value)	%
<b>as at 31 October 2013</b>	
Smith (DS)	4.28
Bodycote	4.02
Synthomer	3.81
Rio Tinto	3.62
International Personal Finance	3.37
GKN	3.12
Standard Chartered	3.06
Fenner	3.04
Tyman	3.02
BT	2.87

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments 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 2011	159,768	104.55	152,811,017
	31 October 2012	177,852	129.85	136,971,347
	31 October 2013	425,376	196.18	216,827,537
Institutional accumulation	31 October 2011	84,286	110.92	75,988,558
	31 October 2012	128,865	139.15	92,610,100
	31 October 2013	182,022	212.31	85,736,083
Standard Life income	31 October 2011	10,167	80.94	12,560,762
	31 October 2012	10,876	99.74	10,904,406
	31 October 2013	15,528	150.20	10,338,263
Standard Life accumulation	31 October 2011	1	116.40	1,000
	31 October 2012	1	147.22	1,000
	31 October 2013	1,829	226.79	806,390
Institutional regulated accumulation	31 October 2011	1	112.91	1,000
	31 October 2012	1	142.54	1,000
	31 October 2013	2	218.30	1,000
Standard Life A accumulation	31 October 2011	137,414	70.01	196,266,682
	31 October 2012	175,859	88.60	198,481,544
	31 October 2013	246,250	136.38	180,558,237
Platform 1 accumulation	31 October 2012	1	60.01	1,200
	31 October 2013	25,921	91.38	28,366,593
Institutional S accumulation	31 October 2013	1	55.38	1,200

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share	Highest share price	Lowest share price
		p	p	p
Retail accumulation	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	141.7	100.4
	2013 ***	0.8981	199.9	145.0
Institutional accumulation	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	152.0	106.7
	2013 ***	2.7009	216.3	155.7
Standard Life income	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	109.1	77.98
	2013 ***	3.0560	154.8	111.8
Standard Life accumulation	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	161.1	112.2
	2013 ***	4.4500	231.0	165.0
Institutional regulated accumulation	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	155.8	109.0
	2013 ***	3.4353	222.4	159.5
Standard Life A accumulation	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	96.91	67.46
	2013 ***	2.7340	138.9	99.24

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share	Highest share price	Lowest share price
		p	p	p
Platform 1 accumulation	2012 *	0.3727	65.53	47.96
	2013 ***	0.9937	93.07	67.09
Institutional S accumulation	2013 **	0.3331	56.41	50.00

\*from commencement of the share class on 30 May

\*\*from commencement of the share class on 26 July to 31 October

\*\*\*to 31 October

### Ongoing Charges Figure (OCF)

	2013	2012
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%	1.15%
Institutional S accumulation	0.83%	-

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund Financial Statements

### Statement of Total Return for the year ended 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012 £'000
Income:					
Net capital gains	1		249,320		87,847
Revenue	3	15,319		12,505	
Expenses	4	(6,500)		(3,955)	
Finance costs: Interest	6	(2)		(18)	
Net revenue before taxation		8,817		8,532	
Taxation	5	(10)		(6)	
Net revenue after taxation			8,807		8,526
<b>Total return before distributions</b>			258,127		96,373
Finance costs: Distributions	6		(8,807)		(8,526)
<b>Change in net assets attributable to shareholders from investment activities</b>			249,320		87,847

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

	£'000	2013 £'000	£'000	2012 £'000
<b>Opening net assets attributable to shareholders</b>		493,455		391,637
Amounts receivable on issue of shares	257,567		90,870	
Less: Amounts payable on cancellation of shares	(111,803)		(84,837)	
		145,764		6,033
Stamp duty reserve tax		(664)		(438)
Change in net assets attributable to shareholders from investment activities (see above)		249,320		87,847
Retained distribution on accumulation shares		9,054		8,376
<b>Closing net assets attributable to shareholders</b>		896,929		493,455

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

	Notes	£'000	2013 £'000	2012 £'000
<b>Assets</b>				
Investment assets			902,387	491,128
Debtors	7	25,215		6,286
Cash and bank balances		10		0
Total other assets			25,225	6,286
Total assets			927,612	497,414
<b>Liabilities</b>				
Creditors	8	(30,495)		(3,441)
Bank overdrafts		0		(367)
Distribution payable on income shares		(188)		(151)
Total other liabilities			(30,683)	(3,959)
Total liabilities			(30,683)	(3,959)
<b>Net assets attributable to shareholders</b>			896,929	493,455



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

Portfolio Statement as at 31 October 2013

Holding	Bid-market value £'000	Percentage of total net assets
<b>UK Equities (99.53%)</b>	<b>881,830</b>	<b>98.32</b>
<b>Basic Materials (9.33%)</b>	<b>103,010</b>	<b>11.48</b>
464,546 BHP Billiton	8,966	1.00
2,575,315 Glencore	8,755	0.97
1,028,688 Rio Tinto	32,481	3.62
14,034,002 Synthomer	34,159	3.81
1,756,071 Vedanta Resources	18,649	2.08
<b>Consumer Goods (10.48%)</b>	<b>128,085</b>	<b>14.28</b>
1,715,172 Britvic	10,711	1.19
1,070,642 Burberry	16,424	1.83
3,284,511 Crest Nicholson	12,708	1.42
7,595,969 GKN	27,938	3.12
2,300,481 Inchcape	14,620	1.63
478,192 Signet Jewelers	22,260	2.48
2,026,113 Sports Direct	14,173	1.58
8,402,267 Taylor Wimpey	9,251	1.03
<b>Consumer Services (7.86%)</b>	<b>79,033</b>	<b>8.81</b>
1,833,322 easyJet	23,980	2.67
9,356,116 Enterprise Inns	14,165	1.58
2,369,373 Informa	13,245	1.48
5,639,457 International Consolidated Airlines	19,614	2.19
1,175,595 United Business Media	8,029	0.89
<b>Financials (22.49%)</b>	<b>152,337</b>	<b>16.98</b>
9,729,640 Barclays	25,642	2.86
29,565,690 Capital & Regional	12,713	1.42
2,274,541 HSBC	15,512	1.73
5,238,273 International Personal Finance	30,225	3.37
10,885,549 Legal & General	23,535	2.62
22,295,678 Lloyds Banking	17,284	1.92

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund Portfolio Statement (Continued)

Holding		Bid-market value £'000	Percentage of total net assets
<b>Financials (continued)</b>			
2	Phoenix	0	0.00
1,829,606	Standard Chartered	27,426	3.06
<b>Industrials (38.07%)</b>		<b>329,131</b>	<b>36.70</b>
5,486,987	Bodycote	36,077	4.02
2,295,504	Carillion	6,976	0.78
600,000	Dialight	6,528	0.73
1,290,878	Domino Printing Sciences	8,920	1.00
6,824,570	Fenner	27,291	3.04
1,504,456	Galliford Try	17,226	1.92
6,511,591	Hellermannntyton	20,466	2.28
7,334,771	Howden Joinery	23,662	2.64
3,543,425	Interserve	21,739	2.42
3,755,715	Northgate	17,004	1.90
889,650	IMI	13,505	1.51
3,897,300	RPC	19,857	2.22
2,747,717	Senior	8,180	0.91
6,965,631	Signet Jewelers	12,590	1.40
12,682,959	Smith (DS)	38,366	4.28
609,915	Spectris	14,095	1.57
11,547,727	Tyman	27,108	3.02
7,512,815	Wincanton	9,541	1.06
<b>Oil &amp; Gas (6.22%)</b>		<b>46,408</b>	<b>5.18</b>
10,147,520	Afren	15,992	1.78
973,473	Petrofac	14,232	1.59
607,173	Tullow Oil	5,720	0.64
3,153,727	Ophir Energy	10,464	1.17

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

Portfolio Statement (Continued)

Holding	Bid-market value £'000	Percentage of total net assets
<b>Technology (2.96%)</b>	-	-
<b>Telecommunications (2.12%)</b>	<b>43,826</b>	<b>4.89</b>
6,823,958 BT	25,719	2.87
3,053,418 Computacenter	18,107	2.02
<b>Collective Investment Scheme (0.00%)</b>	<b>20,557</b>	<b>2.29</b>
20,557,412 SLI Seabury GBP VNAV Liquidity Fund	20,557	2.29
Total investment assets	902,387	100.61
Net other liabilities	(5,458)	(0.61)
<b>Total Net Assets</b>	<b>896,929</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 FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 31 October 2012.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

### Notes to the Financial Statements

#### 1 Net Capital Gains

	2013 £'000	2012 £'000
Non-derivative securities	249,314	87,855
Non-derivative securities currency gains/(losses)	8	(6)
Handling charges taken from the capital account	(2)	(2)
Net capital gains	249,320	87,847

#### 2 Purchases, Sales and Transaction Costs

	2013 £'000	2012 £'000
Purchases in year before transaction costs	448,653	251,015
Commissions	551	370
Taxes	1,718	1,203
Total purchase transaction costs	2,269	1,573
Purchases including transaction costs	450,922	252,588
Gross sales before transaction costs	309,949	231,571
Commissions	(422)	(346)
Total sale transaction costs	(422)	(346)
Total sales net of transaction costs	309,527	231,225

#### 3 Revenue

	2013 £'000	2012 £'000
UK dividends	13,026	11,296
Overseas dividends	2,220	980
Scrip dividends	0	90
Bank interest	44	24
Underwriting commission	29	115
Total revenue	15,319	12,505

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

### 4 Expenses

	2013 £'000	2012 £'000
<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	6,055	3,668
Dealing charge	2	0
Registration fees	330	208
	<u>6,387</u>	<u>3,876</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fees	91	62
Safe custody fees	16	11
	<u>107</u>	<u>73</u>
<b>Other expenses:</b>		
Audit fee	6	6
Total expenses	<u>6,500</u>	<u>3,955</u>

### 5 Taxation

	2013 £'000	2012 £'000
<b>(a) Analysis of charge in the year</b>		
Overseas withholding tax	10	6
Total taxation	<u>10</u>	<u>6</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	8,817	8,532
Corporation tax at 20% (2012: 20%)	<u>1,763</u>	<u>1,706</u>
Effects of:		
UK dividends	(2,605)	(2,259)
Scrip dividends	0	(18)
Non taxable overseas dividends	(444)	(196)
Overseas withholding tax	10	6
Excess management expenses	<u>1,286</u>	<u>767</u>
Current tax charge (Note 5(a))	<u>10</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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained 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 £3,500,000 (2012: £2,214,000) 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

	2013 £'000	2012 £'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	3,136	3,907
Final distribution	6,234	4,770
	9,370	8,677
Add: Income deducted on cancellation of shares	216	272
Deduct: Income received on issue of shares	(779)	(423)
Net distribution for the year	8,807	8,526
Interest	2	18
Total finance costs	8,809	8,544

Details of the distribution per share are set out in this Fund's distribution tables.

### 7 Debtors

	2013 £'000	2012 £'000
Amounts receivable from the ACD for issue of shares	15,693	281
Sales awaiting settlement	7,276	4,301
Accrued revenue	2,187	1,645
Withholding tax recoverable	59	59
Total debtors	25,215	6,286

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

### 8 Creditors

	2013 £'000	2012 £'000
Amounts payable to the ACD for cancellation of shares	0	1,136
Purchases awaiting settlement	29,697	1,917
Accrued expenses payable to the ACD	778	374
Accrued expenses payable to the Depositary	14	8
Other accrued expenses	6	6
Total creditors	30,495	3,441

### 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 year are disclosed in notes 7 and 8.

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

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

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	30,494	11,267
Purchase of shares by Fund	34,844	4,033
Distributions made by Fund	2,101	2,225
The percentage value of the Fund held by Standard Life group companies is:	32.6%	40.1%

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

Notes to the Financial Statements (Continued)

### 10 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 pages 15 and 16.

#### 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	
	2013	2012
	£'000	£'000
US Dollar	211	59

#### 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/ (liabilities) not carrying interest	Total
	£'000	£'000	£'000
<b>2013</b>			
<b>Currency</b>			
Sterling	20,567	881,830	902,397
<b>2012</b>			
<b>Currency</b>			
Sterling	(359)	491,120	490,761

Floating rate interest was earned at rates based on LIBOR, with the exception of the SLI Seabury Liquidity Funds which earn interest from investment in an underlying portfolio of money market instruments.



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

### Distribution Table

for the six months ended 30 April 2013

#### Dividend distribution

Group 1 - shares purchased prior to 1 November 2012

Group 2 - shares purchased between 1 November 2012 and 30 April 2013

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution paid 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>				
Group 1	0.2295	-	0.2295*	0.5167
Group 2	0.2151	0.0144	0.2295*	0.5167
<b>Institutional accumulation</b>				
Group 1	1.0139	-	1.0139*	1.1256
Group 2	0.7353	0.2786	1.0139*	1.1256
<b>Standard Life income</b>				
Group 1	1.2340	-	1.2340**	1.1958
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	1.8155	-	1.8155*	1.6480
Group 2	0.9264	0.8891	1.8155*	-
<b>Institutional regulated accumulation</b>				
Group 1	1.3338	-	1.3338*	1.4300
Group 2	-	-	-	-
<b>Standard Life A accumulation</b>				
Group 1	1.0995	-	1.0995*	1.0343
Group 2	0.8605	0.2390	1.0995*	1.0343
<b>Platform 1 accumulation</b>				
Group 1	0.3683	-	0.3683*	-
Group 2	0.2782	0.0901	0.3683*	-

\* Distribution accumulated on 30 April 2013

\*\* Distribution paid on 30 June 2013

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

Distribution Tables (Continued)

for the six months ended 31 October 2013

### Dividend distribution

Group 1 - shares purchased prior to 1 May 2013

Group 2 - shares purchased between 1 May 2013 and 31 October 2013

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution payable 2013 pence per share	Distribution paid 2012 pence per share
<b>Retail accumulation</b>				
Group 1	0.6686	-	0.6686*	0.6942
Group 2	0.2634	0.4052	0.6686*	0.6942
<b>Institutional accumulation</b>				
Group 1	1.6870	-	1.6870*	1.3623
Group 2	0.4989	1.1881	1.6870*	1.3623
<b>Standard Life income</b>				
Group 1	1.8220	-	1.8220**	1.3835
Group 2	-	-	-	-
<b>Standard Life accumulation</b>				
Group 1	2.6345	-	2.6345*	2.0075
Group 2	1.4357	1.1988	2.6345*	-
<b>Institutional regulated accumulation</b>				
Group 1	2.1015	-	2.1015*	1.6175
Group 2	-	-	-	-
<b>Standard Life A accumulation</b>				
Group 1	1.6345	-	1.6345*	1.2123
Group 2	0.7964	0.8381	1.6345*	1.2123

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

### Distribution Tables (Continued)

	Net income 2013 pence per share	Equalisation 2013 pence per share	Distribution payable 2013 pence per share	Distribution paid 2012 pence per share
<b>Platform 1 accumulation</b>				
Group 1	0.6254	-	0.6254*	0.3727
Group 2	0.1609	0.4645	0.6254*	-
<b>Institutional S accumulation</b>				
Group 1	0.3331	-	0.3331*	-
Group 2	0.3331	0.0000	0.3331*	-

\* Distribution accumulated on 31 October 2013

\*\* Distribution payable on 28 February 2014

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Equity Unconstrained Fund

Treatment by Corporate Shareholders (unaudited)

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.		

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Gilt Index Tracker Fund

Investment Report

Fund Information	
Fund Manager	-
Launch Date	11 April 2005
Benchmark	-

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Gilt Index Tracker Fund

Comparative Tables (Continued)

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	31 October 2011	915	66.40	1,379,172
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Institutional accumulation	31 October 2011	1	69.46	1,000
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life accumulation	31 October 2011	1	71.00	1,000
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life B accumulation	31 October 2011	18,094	66.87	27,057,771
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	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	0.00
Institutional accumulation	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	0.00
Standard Life accumulation	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	0.00
Standard Life B accumulation	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	0.00
*to 14 June				

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Gilt Index Tracker Fund

Comparative Tables (Continued)

### Ongoing Charges Figure (OCF)

	2012**
Retail accumulation	1.50%
Institutional accumulation	0.50%
Standard Life accumulation	0.00%
Standard Life B accumulation	0.00%

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

\*\* As the shares on the Fund were redeemed and cancelled on 14 June 2012, the OCF has been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period. As at 31 October 2013 there is no OCF to disclose.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Gilt Index Tracker Fund

### Financial Statements

#### Statement of Total Return

for the year ended 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012* £'000
Income:					
Net capital gains/(losses)	1		0		954
Revenue	3	0		413	
Expenses	4	(2)		(10)	
Finance costs: Interest	6	0		0	
Net (expense)/revenue before taxation		(2)		403	
Taxation	5	0		0	
Net (expense)/revenue after taxation			(2)		403
<b>Total return before distributions</b>			(2)		1,357
Finance costs: Distributions	6		2		(403)
<b>Total return and change in net assets attributable to shareholders from investment activities</b>			0		954

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

for the year ended 31 October 2013

	£'000	2013 £'000	£'000	2012* £'000
<b>Opening net assets attributable to shareholders</b>		0		19,011
Amounts receivable on issue of shares	0		3,251	
Less: Amounts payable on cancellation of shares	0		(23,474)	
		0		(20,223)
Total return and change in net assets attributable to shareholders from investment activities (see above)		0		954
Retained distribution on accumulation shares		0		258
<b>Closing net assets attributable to shareholders</b>		0		0

\* to 14 June



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Gilt Index Tracker Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

			2013		2012
	Notes	£'000	£'000	£'000	£'000
<b>Assets</b>					
Debtors	7	2		3	
Cash and bank balances		7		6	
Total other assets			9		9
Total assets			9		9
<b>Liabilities</b>					
Creditors	8	(9)		(9)	
Total other liabilities			(9)		(9)
Total liabilities			(9)		(9)
<b>Net assets attributable to shareholders</b>			0		0

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Gilt Index Tracker Fund

Portfolio Statement as at 31 October 2013

Holding	Bid-market value £'000	Percentage of total net assets
UK Gilts (0.00%)	0	0.00
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 2012

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Gilt Index Tracker Fund

### Notes to the Financial Statements

#### 1 Net Capital Gains

	2013 £'000	2012 £'000
Non-derivative securities	0	954
Net capital gains	0	954

#### 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. During the year the Fund made no purchases or sales.

#### 3 Revenue

	2013 £'000	2012 £'000
Interest on debt securities	0	413
Total revenue	0	413

#### 4 Expenses

	2013 £'000	2012 £'000
<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	0	9
Registration fees	0	1
	0	10
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
	0	0
<b>Other expenses:</b>		
Audit fee*	2	0
Total expenses	2	10

\* A proportion of these fees (2013: nil; 2012: £6,700) were reimbursed by Standard Life Investments (Mutual Funds) Limited.

#### 5 Taxation

	2013 £'000	2012 £'000
<b>(a) Analysis of charge in the year</b>		
Total current tax (Note 5(b))	0	0
<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 (expense)/revenue before taxation	(2)	403
Corporation tax at 20% (2012: 20%)	0	81
Effects of:		
Interest distributions	0	(81)
Current tax charge (Note 5(a))	0	0

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Gilt Index Tracker Fund

Notes to the Financial Statements (Continued)

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

	2013 £'000	2012 £'000
<b>Distributions and interest</b>		
The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	0	319
Final distribution	0	0
Losses transferred to capital	(2)	0
	(2)	319
Add: Income deducted on cancellation of shares	0	101
Deduct: Income received on creation of shares	0	(17)
Net distribution for the year	(2)	403
Interest	0	0
Total finance costs	(2)	403

### 7 Debtors

	2013 £'000	2012 £'000
Expenses rebate due from the ACD	0	1
Income tax receivable	2	2
Total debtors	2	3

### 8 Creditors

	2013 £'000	2012 £'000
Amounts payable to the ACD for cancellation of shares	0	0
Other accrued expenses	7	4
Income tax payable	0	0
Payment of residual balance to shareholders	2	5
Total creditors	9	9

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Gilt Index Tracker 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 year are disclosed in notes 7 and 8.

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

Citibank International plc, as Depositary, is a related party. Any monies paid to the Depositary are shown in note 4. Any balance due from or due to the Depositary and their associates are disclosed in notes 7 and 9.

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	0	3,194
Purchase of shares by Fund	0	22,511
Distributions made by Fund	0	254
The percentage value of the Fund held by Standard Life group companies is:	0.0%	0.0%

### 10 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 pages 15 and 16.

#### 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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments UK Gilt Index Tracker Fund

Notes to the Financial Statements (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 not carrying interest £'000	Total £'000
<b>2013</b>			
<b>Currency</b>			
Sterling	7	0	7
<b>2012</b>			
<b>Currency</b>			
Sterling	6	0	6

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments US Equity Index Tracker Fund

Investment Report

Fund Information	
Fund Manager	-
Launch Date	11 April 2005
Benchmark	-

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments 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 2011	1,209	64.47	1,875,543
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Institutional accumulation	31 October 2011	65	68.24	94,929
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life accumulation	31 October 2011	1	70.07	1,000
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life B accumulation	31 October 2011	224,574	55.49	404,694,097
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0
Standard Life A accumulation	31 October 2011	29,894	57.16	52,295,621
	31 October 2012	0	0.00	0
	31 October 2013	0	0.00	0



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments US Equity Index Tracker Fund

Comparative Tables (Continued)

	Calendar year	Distribution per share	Highest share price	Lowest share price
		p	p	p
Retail accumulation	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	0.00
Institutional accumulation	2008	0.6934	61.03	42.79
	2009	0.7880	60.72	41.13
	2010	0.7367	71.31	57.77
	2011	0.8024	74.45	59.47
	2012*	0.4827	74.45	0.00
Standard Life accumulation	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	0.00
Standard Life B accumulation	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	0.00
Standard Life A accumulation	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	0.00
*to 26 June				

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments US Equity Index Tracker Fund

Comparative Tables (Continued)

### Ongoing Charges Figure (OCF)

	2012**
Retail accumulation	1.60%
Institutional accumulation	0.60%
Standard Life accumulation	0.10%
Standard Life B accumulation	0.00%
Standard Life A accumulation	0.02%

The ongoing charges figure (OCF) shows the annualised operating expenses of each share class as a percentage of the average net asset value of the class over the same period.

\*\* As the shares on the Fund were redeemed and cancelled on 26 June 2012, the OCF has been calculated based on the expenses incurred while the Fund was active, and annualised to reflect a 12 month period. As at 31 October 2013 there is no OCF to disclose.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments US Equity Index Tracker Fund

Financial Statements (Continued)

### Statement of Total Return for the year ended 31 October 2013

	Notes	£'000	2013 £'000	£'000	2012* £'000
Income:					
Net capital gains/(losses)	1		2		22,309
Revenue	3	0		4,030	
Expenses	4	(2)		(17)	
Finance costs: Interest	6	0		(2)	
Net (expense)/revenue before taxation		(2)		4,011	
Taxation	5	0		(652)	
Net (expense)/revenue after taxation			(2)		3,359
<b>Total return before distributions</b>			0		25,668
Finance costs: Distributions	6		0		(3,394)
<b>Total return and change in net assets attributable to shareholders from investment activities</b>			0		22,274

### Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 October 2013

	£'000	2013 £'000	£'000	2012* £'000
<b>Opening net assets attributable to shareholders</b>		0		255,743
Amounts receivable on issue of shares	0		21,390	
Less: Amounts payable on cancellation of shares	0		(301,978)	
		0		(280,588)
Total return and change in net assets attributable to shareholders from investment activities (see above)		0		22,274
Retained distribution on accumulation shares		0		2,571
<b>Closing net assets attributable to shareholders</b>		0		0

\* to 26 June

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments US Equity Index Tracker Fund

Financial Statements (Continued)

### Balance Sheet

as at 31 October 2013

			2013		2012
	Notes	£'000	£'000	£'000	£'000
<b>Assets</b>					
Debtors	7	32		48	
Cash and bank balances		13		3	
Total other assets			45		51
Total assets			45		51
<b>Liabilities</b>					
Creditors	8	(45)		(51)	
Total other liabilities			(45)		(51)
Total liabilities			(45)		(51)
<b>Net assets attributable to shareholders</b>			0		0

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments US Equity Index Tracker Fund

Portfolio Statement as at 31 October 2013

### Portfolio Statement

Holding	Bid-market value £'000	Percentage of total net assets
North American Equities (0.00%)	0	0.00
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 2012

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments US Equity Index Tracker Fund

### Notes to the Financial Statements

#### 1 Net Capital Gains

	2013 £'000	2012 £'000
Non-derivative securities	5	21,807
Derivative contracts	0	293
Forward currency contracts	0	(9)
Non-derivative securities currency gains/(losses)	0	201
Derivative contracts currency gains	0	23
Handling charges taken from the capital account	(3)	(6)
Net capital gains	2	22,309

#### 2 Purchases, Sales and Transaction Costs

	2013 £'000	2012 £'000
Purchases in year before transaction costs	0	18,550
Commissions	0	4
Total purchase transaction costs	0	4
Purchases including transaction costs	0	18,554
Gross sales before transaction costs	0	285,215
Commissions	0	(12)
Total sale transaction costs	0	(12)
Total sales net of transaction costs	0	285,203

#### 3 Revenue

	2013 £'000	2012 £'000
UK dividends	0	1
Overseas dividends	0	4,014
Scrip dividends	0	11
Bank interest	0	4
Total revenue	0	4,030

#### 4 Expenses

	2013 £'000	2012 £'000
<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	0	13
Registration fees	0	1
	0	14

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments US Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 4 Expenses (continued)

#### Payable to the Depositary, associates of the Depositary and agents of either of them:

Depositary's fees*	0	2
Safe custody fees*	0	1
	0	3

#### Other expenses:

Audit fee	2	0
Total expenses	2	17

\* A proportion of these fees (2013: nil; 2012: £29,200) were reimbursed by Standard Life Investments (Mutual Funds) Limited.

### 5 Taxation

2013  
£'000

2012  
£'000

#### (a) Analysis of charge in the year

UK corporation tax	0	30
UK corporation tax taken from the capital account	0	35
Double tax relief	0	(25)
Adjustments in respect of prior periods	1	6
Overseas withholding tax	(1)	606
Total current tax (Note 5(b))	0	652

#### (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 (expense)/revenue before taxation	(2)	4,011
Corporation tax at 20% (2012: 20%)	0	802
Effects of:		
Scrip dividends	0	(2)
Non taxable overseas dividends	0	(770)
Tax on realised offshore gains taken from the capital account	0	35
Overseas withholding tax	(1)	581
Adjustments in respect of prior years	1	6
Current tax charge (Note 5(a))	0	652

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.

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments US Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 6 Finance Costs

	2013 £'000	2012 £'000
<b>Distributions and interest</b>		
(a) The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	0	2,571
Final distribution	0	0
	0	2,571
Add: Income deducted on cancellation of shares	0	928
Deduct: Income received on creation of shares	0	(105)
Net distribution for the year	0	3,394
Interest	0	2
Total finance costs	0	3,396
<b>(b) Difference between net revenue and distribution</b>		
Net (expense)/revenue after taxation for the year	(2)	3,359
Add: Taxation on offshore income gains taken from the capital account	0	35
Capital transferred to revenue	2	0
Net distribution for the year	0	3,394

### 7 Debtors

	2013 £'000	2012 £'000
Expenses rebate due from the ACD	0	5
Due from Management Company to Cover NAV balance	32	43
Total debtors	32	48

### 8 Creditors

	2013 £'000	2012 £'000
Amounts payable to the ACD for cancellation of shares	0	10
Accrued expenses payable to the Depositary	0	(3)
Other accrued expenses	6	4
Corporation tax payable	39	40
Total creditors	45	51



# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments US Equity Index Tracker 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 year are disclosed in notes 7 and 8.

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

Citibank International plc, as Depositary, is a related party. Any monies paid to the Depositary are shown in note 4. Any balance due from or due to the Depositary and their associates are disclosed in notes 7 and 9.

	2013 £'000	2012 £'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by Fund	0	20,469
Purchase of shares by Fund	0	300,890
Distributions made by Fund	0	2,567
The percentage value of the Fund held by Standard Life group companies is:	0.0%	0.0%

### 10 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 pages 15 and 16.

#### 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)	
	2013 £'000	2012 £'000
US Dollar	5	0

# Standard Life Investment Company II Annual Report & Financial Statements

## Standard Life Investments US Equity Index Tracker Fund

Notes to the Financial Statements (Continued)

### 10 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	Financial assets not carrying interest	Total
	£'000	£'000	£'000
<b>2013</b>			
<b>Currency</b>			
Sterling	10	0	10
US Dollar	3	0	3
<b>2012</b>			
<b>Currency</b>			
Sterling	3	0	3

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

# Standard Life Investment Company II Annual Report & Financial Statements

## Further Information

### Report and Financial Statements

Investors who deal directly with the Authorised Corporate Director (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.

### 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) Limited 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 are 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, specifically marketing laws.

### Dilution Adjustment

A dilution adjustment can be applied in certain circumstances. Please refer to the Prospectus for full details.

# Standard Life Investment Company II Annual Report & Financial Statements

## Further Information

(Continued)

### 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
Standard Life Investments Cash Fund	1 November - 31 October	28 February (29 in a leap year)
Standard Life Investments Corporate Debt 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) 28 February (29 in a leap year)
Standard Life Investments Ethical Corporate Bond 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) 28 February (29 in a leap year)
Standard Life Investments European Ethical Equity Fund	1 November – 30 April (interim) 1 May – 31 October	30 June (interim) 28 February (29 in a leap year)
Standard Life Investments Global Index Linked Bond 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) 28 February (29 in a leap year)
Standard Life Investments 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) 28 February (29 in a leap year)
Standard Life Investments UK Equity Income Unconstrained Fund	1 November – 30 April (interim) 1 May – 31 October	30 June (interim) 28 February (29 in a leap year)
Standard Life Investments UK Equity Unconstrained Fund	1 November – 30 April (interim) 1 May – 31 October	30 June (interim) 28 February (29 in a leap year)







