



# **Annual Report**

**Standard Life Investment  
Company III  
Annual Report & Financial  
Statements from launch to  
30 June 2011**

**Standard Life**  
Investments

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\*Collectively, these items comprise the Authorised Corporate Directors Report for the purpose of the rules contained in the Collective Investment Schemes Sourcebook ("the Regulations").

# Company Information

## Company

Standard Life Investment Company III

### Head Office

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

## Director

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

## Authorised Corporate Director (ACD)

Standard Life Investments (Mutual Funds) Limited  
Registered Office  
1 George Street  
Edinburgh  
EH2 2LL

## Board of Directors of the ACD

A.S. Acheson  
J. Kerr  
W.R. Littleboy  
H.S. Nimmo  
N.K. Skeoch

## Secretary of the ACD

D.J. Burns

## Depositary

Citibank International plc

## Registered Office and Head Office

Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

## Auditors

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

## Registrar

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

## Investment Advisers

Standard Life Investments Limited  
1 George Street  
Edinburgh  
EH2 2LL

This is the first Annual Report and Financial Statements for the MyFolio fund range, covering the period from launch to 30 June 2011.

To date, MyFolio has proved immensely popular and is one of the fastest growing fund ranges in Standard Life Investments' history. It has secured significant market share in a very short period of time as investors recognise the benefits of this innovative investment solution from a leading asset manager. Providing accessibility, flexibility and choice, MyFolio funds can help broaden investment options and spread risk. Diverse sources of return are sought among a carefully constructed family of risk-based portfolios that provide access to a wide range of asset classes.

From launch, assets under management in the MyFolio OEIC funds have grown to almost £600 million at the end of June 2011. In addition, the MyFolio Managed III Fund was among our top five selling funds in the first six months of 2011; a period which saw net sales for Standard Life Investments' overall UK wholesale business grow by 104%.

The level of interest so far for MyFolio is testament to the fact that there is significant appetite for transparent, risk-rated funds which meet investors' performance objectives. We expect this appetite to grow as we move towards the Financial Services Authority's Retail Distribution Review (RDR) at the end of 2012, and we hope to make MyFolio more widely available in the near term.

As outlined in the report that follows, the MyFolio fund range has rewarded investors with solid performance since launch, with particularly good performance from the Managed funds, which invest in Standard Life Investments' own range of funds. We will seek to build on this performance and remain committed to providing you with the best possible return on your investment.

We are delighted you have chosen to invest with us through MyFolio and thank you for your continued support. If you would like any further information, please get in touch with your usual Standard Life Investments contact.

**Jacqueline Kerr**

**Director**

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

**October 2011**

#### **Cautionary note**

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

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

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

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

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

The following items within each Fund report form part of the Authorised Corporate Director's report; Investment Report, Portfolio Statement, Total Expense Ratio, Comparative Tables, Treatment by Corporate Shareholders.

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

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

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

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

As the Funds are not legal entities, if the assets attributable to any Fund were insufficient to meet liabilities attributable to it, the shortfall might have to be met out of the assets attributable to one or more of the other Funds of Standard Life Investment Company III.

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.

**W.R. Littleboy**

**Director**

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

**31 October 2011**

## 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 and to lay copies of the annual report before the Company in a general meeting.

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 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 period ended 30 June 2011. The ACD also confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

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

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

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

## Depositary's Report to Shareholders

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

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

**Citibank International plc**

**London**

**27 October 2011**

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

We have audited the financial statements of the Standard Life Investment Company III (the "Company") for the period ended 30 June 2011 which comprise the aggregated statement of total return, the aggregated statement of change in net assets attributable to shareholders, the aggregated balance sheet and related notes and for each of the Company's sub-funds, the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, the related notes and the distribution tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

## Respective responsibilities of director and auditors

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

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

## Scope of the audit of the financial statements

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

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds at 30 June 2011 and of the net revenue/(expenses) and the net gains/(losses) of the scheme property of the Company and each of the sub-funds for the period 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.

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

In our opinion:

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

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

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

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

## PricewaterhouseCoopers LLP

### Chartered Accountants and Statutory Auditors

### Edinburgh

31 October 2011

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

# Investment Report

## Global overview

### Market themes

#### Equities

- Global equities finished the period in positive territory
- Volatility was elevated by worries over the Greek debt crisis and global economic growth
- The passing of a Greek austerity package prompted a relief rally late in the period

The review period was, at times, extremely volatile for global equities, as markets were buffeted by significant geopolitical and economic headwinds. Despite this, underlying corporate fundamentals generally remained robust and most markets managed to post positive returns.

Share prices performed strongly in the final months of 2010, supported by improving macro and corporate data. However, a 'risk-on/risk-off' approach adopted by many investors resulted in significant market volatility during this time. For example, the positive tone set by the prospect of further monetary stimulus in the US, in the form of a second round of quantitative easing, as well as strong third quarter earnings and fiscal expansion, was tempered by a resumption of European sovereign debt worries. Concerns also persisted over elevated inflation in parts of Asia and further rate hikes in China as the central bank moved to dampen rising prices.

In the early part of 2011, global equities continued to edge higher, but, again, these advances masked significant underlying market volatility. Specifically, the Japanese earthquake in March and growing political tensions in the Middle East and North Africa weighed on sentiment, as did the escalation of the Euro-zone's sovereign debt problems. Markets showed signs of recovery as the period drew to a close when it looked as if progress had been made in dealing with Greek sovereign debt concerns and stemming any potential contagion to other European countries.

#### Fixed income

- Worries over sovereign debt and global economic recovery unsettled fixed income markets
- Investors flocked to German bunds and UK gilts as a flight to quality gathered pace
- Non-financial corporate bonds performed well

Sovereign debt concerns prevailed through much of the period, compounded by worries over inflation and the sustainability of the global economic recovery.

At the start of the period, events in government bond markets overshadowed developments in credit markets, as investors remained concerned about the outlook for fiscal consolidation in a number of peripheral countries. In particular, certain types of bank debt were hit disproportionately, as the European authorities suggested overturning pre-existing capital structures on bank insolvency. This uncertainty over bank debt and concerns over the refinancing of upcoming maturing debt in peripheral European economies led to spreads widening in the credit market, mainly in the financial sector. While there was some price weakness in corporate bonds associated with European peripheral countries, bonds from other non-financial issuers generally performed well.

In the early part of 2011, geopolitical risks in the Middle East and the situation in Japan, while meaningful, failed to trigger any sustained anxiety in the government bond markets. The Federal Reserve kept interest rates in the US close to zero and completed its \$600 billion bond-purchasing programme. However, as the period progressed, a flight to quality began in earnest amid ongoing problems in Greece and concerns about the global recovery. In Europe, investors flocked to German bunds. Corporate bonds started 2011 well and spreads over government bonds reached relative lows in mid-April. However, as risk appetite again turned negative, spreads – particularly for financial debt – moved wider. Despite this, there was little evidence of forced selling in the credit market during the period.

#### UK direct real estate

- Weaker economic data resulted in muted performance for UK direct real estate
- Central London offices, however, continued to be supported by robust demand
- The retail real estate sector faced a particularly challenging time

Against a backdrop of heightened geopolitical concerns and fears that economic data was pointing to a slowdown in growth in many parts of the world, real estate investors remained largely risk averse.

As a result, momentum in the UK commercial real estate market was relatively muted during the period. What growth there was came mainly from income while capital appreciation was fairly static, although prices continued to improve faster for better-quality properties than secondary assets. The real estate market also became increasingly polarised, with a stark divide persisting between assets in the north and south of the UK, as well as between prime and secondary-quality properties. Demand for central London offices was strong during the period, where supply of new, high-quality office space remained constrained. This saw investors, including sovereign wealth funds, UK institutions and some private buyers chasing a finite number of assets. This was supportive of both prices and rental growth in central London, however, recovery outside the capital remained more elusive, especially in markets likely to be hardest hit by government austerity measures. With a softer economic environment and lack of available bank finance, investors were also cautious towards secondary assets given their weaker prospects for rental growth and the potential that income could fall further.

The retail real estate sector faced a particularly challenging time as household income came under increasing pressure and consumer spending weakened. Consequently, a number of well-known, high-street tenants, including Jane Norman and Habitat, collapsed towards the end of the period. However, it was by no means the case that all UK consumer-facing companies experienced difficulties, as shopping centres and large dominant retail parks with strong footfalls showed resilience.

# Investment Report (continued)

## Global overview (continued)

### Market themes (continued)

#### Global Absolute Return Strategies Fund (GARS)

- Global economic growth and European sovereign debt concerns were prevailing themes
- Financial markets were volatile against an uncertain economic backdrop
- Corporate earnings results generally surprised on the upside

Investors faced a great deal of uncertainty over the period under review. The sustainability of global economic growth and the potential for a double-dip recession were of concern throughout. As a result, governments around the world continued to take economic stimulus measures in a bid to boost growth. Interest rates remained at very low levels, although the outlook between countries became increasingly differentiated. Elsewhere, natural disasters in Japan and geopolitical shocks in the Middle East and North Africa added to investor fears. In particular, as events unfolded in the Arab states there was heightened concern about the potential disruption this might cause to energy supplies. Towards the end of the period, concerns over the sovereign debt of peripheral European countries and potential contagion in the rest of Europe were a key focus. However, in late June, the Greek government passed austerity measures that led to an EU support package.

While equity markets were generally on an upward trend over much of the period, the last few months were characterised by extensive volatility on sovereign debt concerns. However, at a corporate level, companies continued to announce positive earnings resulting in strong balance sheets. In currency markets, the euro made its biggest one-month gain in September 2010 and continued to display strength against the US dollar over much of the period.

Within our GARS Fund, we employ a multi-asset approach, investing in a diversified basket of long-term investment strategies. By combining a variety of strategies across asset classes and on a global basis, we believe it is possible to create a portfolio that performs in a number of different economic and market scenarios. Therefore, even if equities and bonds are volatile, as we have seen during the period under review, it is still possible for this approach to add value.

### Market outlook

#### Equities

While the market is likely to remain concerned about sovereign debt issues and the sustainability of world economic growth, there continues to be support from parts of the corporate sector. On a valuation basis, global stocks are currently trading at historically attractive levels. Company fundamentals remain relatively healthy with strong balance sheets and earnings momentum expected to continue. In addition, the equities universe consists of companies with real assets, often with the pricing power to protect profitability from inflation.

#### Fixed income

For European government bonds, we believe the most likely development from here is further pressure on yield spreads for some of the more peripheral countries. Negative headlines out of Spain and Italy will continue to dampen confidence. In the US, yields are supported by a backdrop of muted inflation pressures and continued central bank purchases, but the deteriorating fiscal outlook and current valuation levels are a cause for concern. While Japanese government bonds are not experiencing the same levels of volatility, low levels of yields may deter investors. In corporate bonds, financial markets will become less liquid over the summer and the new issues market is likely to all but close. Given the economic and political backdrop, we expect interest rates to remain relatively low for longer and the overall environment is supportive for credit. In this context, corporate bond markets look attractive on a relative valuation basis.

#### UK direct real estate

Within direct UK commercial real estate, we anticipate some weakness in pricing over the near-term as more stock is brought to market. It is likely that softer prices will be accentuated for poorer-quality, secondary real estate assets, with investors continuing to favour lower-risk, higher-quality assets. As economic recovery is sustained through 2011, and supply/demand dynamics in the market remain favourable, we expect the environment for rents and capital values to grow more positive. We anticipate healthy annualised returns over the next few years from commercial real estate.

#### Global Absolute Return Strategies Fund (GARS)

We continue to expect a variable and protracted recovery in global markets with additional regulation of financial firms serving to reduce their credit risk and allowing us to exploit their high relative spread. Credit positions, both long and relative, therefore form a significant part of our portfolio. Return-seeking strategies have been focused on generating yield while aiming to ensure that the Fund will benefit should there be an economic surprise. We are also positioned to take advantage of the restructuring strain on the equity of banks and growth prospects in emerging markets.

#### 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.

## Investment Activity

The SLIC III OEIC umbrella contains 15 sub-funds under the MyFolio brand. The 15 sub-funds are split into 3 distinct groups that each have different investment styles:

MyFolio Market Funds - invest predominantly in index tracking Funds. The property exposure is met by investing in active property Funds.

MyFolio Managed Funds - invest predominantly in Funds managed by Standard Life Investments. The Fund manager has the option of investing in Funds run by external Fund managers where a suitable Fund is not available within the Standard Life Investments range.

MyFolio Multi-Manager Funds - portfolios of carefully selected Funds from some of the leading managers in the market.

The strategic asset allocation benchmark for all the funds is decided upon and reviewed quarterly. We currently engage Barrie & Hibbert, world leading experts in financial risk modelling, to consult with us on the optimum strategic asset allocation for each fund.

During the period under review, we made no changes to the strategic asset allocation which as at 30th June 2011 was as follows for each of the Funds:

Market Funds	I	II	III	IV	V
Cash & Money Markets	17.0%	1.0%	1.0%	1.0%	1.0%
UK Gilts	21.5%	12.5%	4.5%	0.0%	0.0%
UK IL Gilts	15.5%	14.0%	5.0%	2.5%	0.0%
Sterling Corporate Bonds	32.0%	32.0%	24.0%	8.0%	0.0%
<b>Defensive Assets</b>	<b>86.0%</b>	<b>59.5%</b>	<b>34.5%</b>	<b>11.5%</b>	<b>1.0%</b>
UK Equities	4.5%	13.5%	21.5%	29.5%	33.0%
US Equities	2.0%	9.5%	13.5%	18.0%	25.0%
European Equities	2.0%	3.0%	4.5%	6.0%	8.5%
Japan Equities	0.0%	1.5%	3.0%	3.5%	5.0%
Asia-Pacific Equities	1.0%	3.0%	3.5%	5.0%	7.5%
Emerging Market Equities	0.5%	2.0%	6.5%	9.0%	10.0%
Sterling Hedged Global High Yield	2.0%	2.0%	3.0%	4.5%	5.0%
UK Property	2.0%	6.0%	10.0%	13.0%	5.0%
Absolute Returns	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Growth Assets</b>	<b>14.0%</b>	<b>40.5%</b>	<b>65.5%</b>	<b>88.5%</b>	<b>99.0%</b>

Managed Funds and Multi-Manager Funds	I	II	III	IV	V
Cash & Money Markets	17.0%	1.0%	1.0%	1.0%	1.0%
UK Gilts	21.5%	12.5%	4.5%	0.0%	0.0%
UK IL Gilts	15.5%	14.0%	5.0%	2.5%	0.0%
Sterling Corporate Bonds	32.0%	32.0%	24.0%	8.0%	0.0%
<b>Defensive Assets</b>	<b>86.0%</b>	<b>59.5%</b>	<b>34.5%</b>	<b>11.5%</b>	<b>1.0%</b>
UK Equities	3.6%	10.8%	17.2%	23.6%	26.4%
US Equities	1.6%	7.6%	10.8%	14.4%	20.0%
European Equities	1.6%	2.4%	3.6%	4.8%	6.8%
Japan Equities	0.0%	1.2%	2.4%	2.8%	4.0%
Asia-Pacific Equities	0.8%	2.4%	2.8%	4.0%	6.0%
Emerging Market Equities	0.4%	1.6%	5.2%	7.2%	8.0%
Sterling Hedged Global High Yield	1.6%	1.6%	2.4%	3.6%	4.0%
UK Property	1.6%	4.8%	8.0%	10.4%	4.0%
Absolute Returns	2.8%	8.1%	13.1%	17.7%	19.8%
<b>Growth Assets</b>	<b>14.0%</b>	<b>40.5%</b>	<b>65.5%</b>	<b>88.5%</b>	<b>99.0%</b>

## Investment Activity (continued)

It should be noted that Barrie & Hibbert have not modelled the Absolute Return exposure within the Managed and Multi-Manager Funds. We have chosen to substitute growth assets within these Funds for a 20% weighting in the Standard Life Investments Global Absolute Return Strategies Fund.

Although the strategic asset allocation remained stable throughout the period, on a tactical basis we remain positioned for a gradual economic recovery through assets that provide the potential for sustainable income and smoother investment returns. As a result, we have held the following positions:

- We maintained a preference for corporate bonds. This included both investment-grade (higher-rated, lower-risk) and high-yield (lower rated, higher-risk) bonds. We believe that investment-grade bonds continue to offer better value than government bonds, while high yield bonds pay a higher income and can work as an equity replacement when markets rally.
- We did not favour European and Japanese stock markets as euro and yen strength hindered domestic exporters. In addition, investors remained concerned about fiscal problems in peripheral European countries, which could lead to the implementation of austerity measures and subdued economic growth. Meanwhile, ongoing issues in the Japanese economy continued to have a detrimental effect on share price performance.
- We preferred US equities compared to Pacific Basin equities. This was due to a number of factors, including a cheaper US dollar over the Australian dollar, low US interest rates and domestically-driven growth in the US which should allow it to better withstand any slowdown in the global economy.

# Aggregated Financial Statements for Standard Life Investment Company III

## Aggregated Statement of Total Return

for the period ended 30 June 2011

	Notes	£'000	2011 £'000
Income:			
Net capital Gains	1		2,023
Revenue	3	2,528	
Expenses	4	(1,966)	
Finance costs: Interest	6	(1)	
Net revenue before taxation		561	
Taxation	5	(68)	
Net revenue after taxation			493
<b>Total return before distributions</b>			<b>2,516</b>
Finance costs: Distributions	6		(500)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>2,016</b>

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

for the period ended 30 June 2011

	£'000	2011 £'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	600,556	
Less: Amounts payable on cancellation of shares	(14,271)	
		586,285
Stamp duty reserve tax		(170)
Change in net assets attributable to shareholders from investment activities (see above)		2,016
Retained distribution on accumulation shares		3,728
<b>Closing net assets attributable to shareholders</b>		<b>591,859</b>

## Aggregated Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment Assets			589,900
Debtors	7	10,247	
Cash and bank balances		2,614	
Total other assets			12,861
Total assets			602,761
<b>Liabilities</b>			
Creditors	8	(10,766)	
Bank overdrafts		(136)	
Total other liabilities			(10,902)
Total liabilities			(10,902)
<b>Net assets attributable to shareholders</b>			<b>591,859</b>

## 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 IMA in October 2010.

### b) Valuation of Investments

The investments of the sub-funds have been valued at the net asset value price at the close of business on the reporting date.

### c) Revenue

- I. Distributions from other collective investment schemes are recognised when they are first quoted on an ex-dividend basis.
- II. Accumulation distributions from shares held in other Collective Investment Schemes are reflected as revenue and form part of the distribution.
- III. Equalisation received and accrued from collective investment scheme distributions is treated as capital and is deducted from the cost of the investment.
- IV. Interest from short-term deposits is recognised on a daily accruals basis.

### d) Expenses

The ACD's periodic charge is borne by the income property of the Fund for distribution purposes.

### e) Management fee rebates

Management fee rebates received from underlying funds are recognised as revenue or capital in the same way as the underlying investments account for the management fee, and form part of the distribution where the underlying fund pays its management fee from revenue.

### f) Taxation

Tax is calculated using the marginal basis i.e. the tax effect of revenue and expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates.

### g) Deferred Taxation

Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised on permanent differences. Deferred tax assets are only recognised where it is more likely than not that there will be suitable taxable profits against which the future reversal of underlying timing differences can be deducted.

### h) Derivatives

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

### i) Distribution Policies

#### Basis of distribution

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

#### Equalisation

In order that each unitholder in the same unit class shall receive the same rate of distribution per unit the buying price of each unit contains an amount called equalisation. This is equivalent to the net of distributable income less expenses accrued in the Funds at the time of purchase. As part of the distribution payment the average amount of this equalisation is returned to Group 2 unitholders. The equalisation element of the distribution to Group 2 unitholders 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 units for capital gains tax purposes.

## Accounting Policies (continued)

### (j) Risk Management Policies

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, interest rate, credit and liquidity risk.

The ACD's policies for managing these risks are summarised below and have been applied consistently throughout the period.

#### **Market price risk**

Each Fund's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers set out in the Prospectus and in the Collective Investment Schemes sourcebook, mitigates the risk of excessive exposure to any particular type of security or issuer.

#### **Interest rate risk**

Interest receivable on bank deposits or payable on bank overdrafts 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.

#### **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.

#### **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.

Numerical disclosures of the financial instruments are disclosed within the individual sub-funds financial statements.

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

<b>1</b>	<b>Net Capital Gains</b>	<b>2011*</b>
		<b>£'000</b>
	Non-derivative securities	1,974
	Rebate of Management fee on underlying investments taken to capital	49
	Net capital gains	<u>2,023</u>
<b>2</b>	<b>Portfolio Transaction Costs</b>	
	There are no transaction costs associated with the purchases or sales of investment in any of the individual sub-funds during the period.	
<b>3</b>	<b>Revenue</b>	<b>2011*</b>
		<b>£'000</b>
	Franked component of dividend distributions from other collective investment schemes	137
	Unfranked component of dividend distributions from other collective investment schemes	195
	Interest distributions from other collective investment schemes	1,234
	Bank interest	14
	Rebate of Management fee on underlying investments	948
	Total revenue	<u>2,528</u>
<b>4</b>	<b>Expenses</b>	<b>2011*</b>
		<b>£'000</b>
	<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
	Authorised Corporate Director's periodic charge	1,759
	Registration fees	114
		<u>1,873</u>
	<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
	Depositary's fees**	18
	Safe custody fees**	4
		<u>22</u>
	<b>Other expenses:</b>	
	Audit fee**	155
	Expenses reimbursed by SLI (Mutual Funds) Limited	(84)
	Total expenses	<u>1,966</u>
	**A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.	
<b>5</b>	<b>Taxation</b>	<b>2011*</b>
		<b>£'000</b>
	<b>(a) Analysis of charge in the period</b>	
	UK corporation tax	68
	Total taxation	<u>68</u>
	<b>(b) Factors affecting current tax charge for period</b>	
	The tax assessed for the period 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	561
	Corporation tax at 20%	112
	Effects of:	
	Franked component of dividend distributions from other collective investment schemes***	(24)
	Excess management expenses	25
	Interest distributions	(52)
	Taxable income taken to capital	7
	Current tax charge (Note 5(a))	<u>68</u>

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

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.

\*From the launch date of the sub-funds to 30 June 2011.

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

<b>6 Finance Costs</b>	<b>2011*</b>
<b>Distributions and interest</b>	<b>£'000</b>
(a) The distributions take account of income received on the creation of shares and income deducted on the cancellation of shares and comprise:	
Final Distribution	3,775
Add: Income deducted on cancellation of shares	64
Deduct: Income received on creation of shares	(3,339)
Net distribution for the period	<u>500</u>
Interest	<u>1</u>
Total finance costs	<u>501</u>
(b) Difference between net revenue and distribution	
Net revenue after taxation	493
Add: Tax relief on capital rebates	<u>7</u>
Net distribution for the period	<u>500</u>

\*from the launch date of the sub-funds to 30 June 2011

<b>7 Debtors</b>	<b>2011</b>
	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	9,048
Sales awaiting settlement	58
Accrued revenue	59
Accrued rebate of Management fee on underlying investments	877
Income tax recoverable	<u>205</u>
Total debtors	<u>10,247</u>

<b>8 Creditors</b>	<b>2011</b>
	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	125
Purchases awaiting settlement	9,837
Accrued expenses payable to the ACD	593
Accrued expenses payable to the Depositary	8
Other accrued expenses	153
Income tax payable	<u>50</u>
Total creditors	<u>10,766</u>

**9 Related Parties Transactions**  
Related party transactions are disclosed within the individual sub-funds' financial statements.

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

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

# MyFolio Managed I Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 22 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life group of companies to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have a high exposure to lower risk assets, such as fixed interest.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment Activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
SLI UK Corporate Bond Fund	4,914
SLI UK Gilt Fund	3,776
SLI Global Index Linked Bond Fund	2,653
Others (those not listed above)	3,624
<b>Total</b>	<u>14,967</u>

### 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.

# MyFolio Managed I Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	16,825	50.91	33,051,379
Institutional accumulation	30 June 2011	11	51.05	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	50.32	49.08
	2011**	0.3994	51.31	49.24
Institutional accumulation	2010*	-	50.33	49.14
	2011**	0.5432	51.57	49.34

\*from launch of the Fund on 22 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	1.60%
Institutional accumulation	1.03%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds.

# MyFolio Managed I Fund

## Statement of Total Return

for the period 22 September 2010 to 30 June 2011

		22 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		197
Revenue	3	108	
Expenses	4	(62)	
Net revenue before taxation		46	
Taxation	5	0	
Net revenue after taxation			46
<b>Total return before distributions</b>			243
Finance costs: Distributions	6		(46)
<b>Change in net assets attributable to shareholders from investment activities</b>			197

## Statement of Change in Net Assets Attributable to Shareholders

for the period 22 September 2010 to 30 June 2011

		22 September 2010 to 30 June 2011	
		£'000	£'000
<b>Opening net assets attributable to shareholders</b>			0
Amounts receivable on issue of shares		17,314	
Less: Amounts payable on cancellation of shares		(798)	
			16,516
Stamp duty reserve tax			(9)
Change in net assets attributable to shareholders from investment activities (see above)			197
Retained distribution on accumulation shares			132
<b>Closing net assets attributable to shareholders</b>			16,836

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			15,224
Debtors	7	97	
Cash and bank balances		1,707	
Total other assets			1,804
Total assets			17,028
<b>Liabilities</b>			
Creditors	8	(192)	
Total other liabilities			(192)
Total liabilities			(192)
<b>Net assets attributable to shareholders</b>			16,836

# MyFolio Managed I Fund

## Portfolio Statement

as at 30 June 2011

Holding	Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>	<b>15,224</b>	<b>90.43</b>
<b>Absolute Return Funds</b>	<b>469</b>	<b>2.79</b>
773,851 SLI Global Absolute Return Strategies Fund	469	2.79
<b>Bond Funds</b>	<b>12,455</b>	<b>73.98</b>
719,790 SLI AAA Income Fund	538	3.19
1,800,989 SLI Global Index Linked Bond Fund	2,613	15.52
785,811 SLI Higher Income Fund	735	4.37
4,475,780 SLI UK Corporate Bond Fund	4,857	28.85
6,350,481 SLI UK Gilt Fund	3,712	22.05
<b>Equity Funds</b>	<b>1,159</b>	<b>6.88</b>
13,411 Aberdeen Emerging Markets Fund	71	0.42
750,406 SLI American Equity Unconstrained Fund	462	2.74
256,141 SLI UK Equity Growth Fund	608	3.61
5,776 SLI UK Smaller Companies Fund	18	0.11
<b>Money Market Funds</b>	<b>810</b>	<b>4.81</b>
809,529 SLI GBP VNAV Liquidity Fund	810	4.81
<b>Property Funds</b>	<b>331</b>	<b>1.97</b>
338,172 SLI UK Property Fund	331	1.97
Total investment assets	15,224	90.43
Net other assets	1,612	9.57
<b>Total Net Assets</b>	<b>16,836</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Managed I Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2011*</b>
	<b>£'000</b>
Non-derivative securities	197
Net capital gains	<u>197</u>

### 2 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the period.

<b>3 Revenue</b>	<b>2011*</b>
	<b>£'000</b>
Franked component of dividend distributions from other collective investment schemes	1
Unfranked component of dividend distributions from other collective investment schemes	1
Interest distributions from other collective investment schemes	70
Bank interest	4
Rebate of Management fee on underlying investments	<u>32</u>
Total revenue	<u>108</u>

### 4 Expenses

#### Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

Authorised Corporate Director's periodic charge	54
Registration fees	<u>4</u>
	<u>58</u>

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

Depositary's fees**	<u>1</u>
	<u>1</u>

#### Other expenses:

Audit fee**	9
Expenses reimbursed by SLI (Mutual Funds) Limited	<u>(6)</u>
	<u>3</u>
Total expenses	<u>62</u>

\*\*A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

### 5 Taxation

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

Total taxation	<u>0</u>
----------------	----------

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

The tax assessed for the period 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	<u>46</u>
Corporation tax at 20%	9
Effects of:	
Interest distributions	<u>(9)</u>
Current tax charge (Note 5(a))	<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.

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

At the period end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £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 period.

\*From launch of the Fund on 22 September 2010 to 30 June 2011.

# MyFolio Managed I Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2011*</b>
<b>Distributions and interest</b>	<b>£'000</b>
The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:	
Final distribution	140
Add: Income deducted on cancellation of shares	6
Deduct: Income received on creation of shares	(100)
Net distribution for the period	<u>46</u>

Details of the distribution per share are set out in the distribution table on page 22.

\*from launch of the Fund on 22 September 2010 to 30 June 2011

<b>7 Debtors</b>	<b>2011</b>
	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	57
Accrued rebate of Management fee on underlying investments	26
Income tax recoverable	14
Total debtors	<u>97</u>

<b>8 Creditors</b>	<b>2011</b>
	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	16
Purchases awaiting settlement	142
Accrued expenses payable to the ACD	16
Other accrued expenses	9
Income tax payable	9
Total creditors	<u>192</u>

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £32,000 has been recognised and is included in the total rebate amounts in note 3. The balance due to the Fund at the period end in respect of this amounted to £26,000 and is included in the total rebate amount disclosed in note 7.

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.

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

Investments in Standard Life Investments (Mutual Funds) Limited are disclosed in the Portfolio Statement.

	<b>2011</b>
	<b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	15,652
Purchase of shares by Fund	2,506
The percentage value of the Fund held by Standard Life group companies is:	78.8%

# MyFolio Managed I Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

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

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

Retail accumulation	1.15%
Institutional accumulation	0.58%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 16.

The distribution per share class is given in the distribution table on page 22. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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	Financial assets not carrying interest £'000	Total £'000
2011			
Currency			
Sterling	2,517	14,414	16,931

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Managed I Fund

## Distribution Table

from launch of the Fund on 22 September 2010 to 30 June 2011

### Interest distribution

Group 1 - shares created at launch on 22 September 2010

Group 2 - shares purchased between 22 September 2010 and 30 June 2011

	<b>Gross income 2011 pence per share</b>	<b>Income tax 2011 pence per share</b>	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>					
Group 1	0.4992	0.0998	0.3994	-	0.3994*
Group 2	0.1167	0.0233	0.0934	0.3060	0.3994*
<b>Institutional accumulation</b>					
Group 1	0.6790	0.1358	0.5432	-	0.5432*
Group 2	0.6790	0.1358	0.5432	0.0000	0.5432*

\*Distribution accumulated on 30 June 2011

# MyFolio Managed II Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 22 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life group of companies to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have a preference towards lower risk assets, such as fixed interest.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
SLI UK Corporate Bond Fund	24,757
SLI Global Index Linked Bond Fund	11,038
SLI UK Gilt Fund	10,899
SLI UK Equity Growth Fund	9,161
SLI American Equity Unconstrained Fund	7,494
SLI Global Absolute Return Strategies Fund	6,902
SLI UK Property Fund	4,258
Others (those not listed above)	<u>9,843</u>
<b>Total</b>	<u><b>84,352</b></u>

### 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.

# MyFolio Managed II Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	84,652	51.81	163,384,242
Institutional accumulation	30 June 2011	11	51.85	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	50.83	49.59
	2011**	0.4484	52.44	50.13
Institutional accumulation	2010*	-	50.90	49.62
	2011**	0.4941	52.65	50.22

\*from launch of the Fund on 22 September 2010

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	1.67%
Institutional accumulation	1.10%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds.

# MyFolio Managed II Fund

## Statement of Total Return

for the period 22 September 2010 to 30 June 2011

		22 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		444
Revenue	3	449	
Expenses	4	(253)	
Net revenue before taxation		196	
Taxation	5	0	
Net revenue after taxation			196
Total return before distributions			640
Finance costs: Distributions	6		(196)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>444</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 22 September 2010 to 30 June 2011

		22 September 2010 to 30 June 2011	
		£'000	£'000
<b>Opening net assets attributable to shareholders</b>			0
Amounts receivable on issue of shares		84,412	
Less: Amounts payable on cancellation of shares		(903)	
			83,509
Stamp duty reserve tax			(23)
Change in net assets attributable to shareholders from investment activities (see above)			444
Retained distribution on accumulation shares			733
<b>Closing net assets attributable to shareholders</b>			<b>84,663</b>

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			84,523
Debtors	7	1,661	
Cash and bank balances		8	
Total other assets			1,669
Total assets			86,192
<b>Liabilities</b>			
Creditors	8	(1,529)	
Total other liabilities			(1,529)
Total liabilities			(1,529)
<b>Net assets attributable to shareholders</b>			<b>84,663</b>

# MyFolio Managed II Fund

## Portfolio Statement

as at 30 June 2011

Holding	Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>	<b>84,523</b>	<b>99.83</b>
<b>Absolute Return Funds</b>	<b>6,688</b>	<b>7.90</b>
11,041,048 SLI Global Absolute Return Strategies Fund	6,688	7.90
<b>Bond Funds</b>	<b>52,394</b>	<b>61.90</b>
2,875,993 SLI AAA Income Fund	2,150	2.54
7,648,331 SLI Global Index Linked Bond Fund	11,098	13.11
4,107,694 SLI Higher Income Fund	3,842	4.54
22,841,684 SLI UK Corporate Bond Fund	24,783	29.28
17,997,013 SLI UK Gilt Fund	10,521	12.43
<b>Equity Funds</b>	<b>20,270</b>	<b>23.93</b>
253,757 Aberdeen Emerging Markets Fund	1,346	1.59
12,103,147 SLI American Equity Unconstrained Fund	7,458	8.81
620,900 SLI Asian Pacific Growth Fund	1,241	1.47
558,619 SLI European Equity Growth Fund	665	0.78
354,031 SLI Japanese Equity Growth Fund	185	0.22
3,834,999 SLI UK Equity Growth Fund	9,100	10.75
86,334 SLI UK Smaller Companies Fund	275	0.31
<b>Money Market Funds</b>	<b>1,171</b>	<b>1.38</b>
1,171 SLI GBP VNAV Liquidity Fund	1,171	1.38
<b>Property Funds</b>	<b>4,000</b>	<b>4.72</b>
4,080,976 SLI UK Property Fund	4,000	4.72
Total investment assets	84,523	99.83
Net other assets	140	0.17
<b>Total Net Assets</b>	<b>84,663</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Managed II Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2011*</b>
	<b>£'000</b>
Non-derivative securities	444
Net capital gains	<u>444</u>

### 2 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the period.

### 3 Revenue

	<b>2011*</b>
	<b>£'000</b>
Franked component of dividend distributions from other collective investment schemes	6
Unfranked component of dividend distributions from other collective investment schemes	17
Interest distributions from other collective investment schemes	255
Bank interest	2
Rebate of Management fee on underlying investments	169
Total revenue	<u>449</u>

### 4 Expenses

	<b>2011*</b>
	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
Authorised Corporate Director's periodic charge	230
Registration fees	16
	<u>246</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
Depositary's fees**	2
	<u>2</u>
<b>Other expenses:</b>	
Audit fee**	9
Expenses reimbursed by SLI (Mutual Funds) Limited	(4)
	<u>5</u>
Total expenses	<u>253</u>

\*\*A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

### 5 Taxation

	<b>2011*</b>
	<b>£'000</b>
<b>(a) Analysis of charge in the period</b>	
Total taxation	<u>0</u>
<b>(b) Factors affecting current tax charge for period</b>	
The tax assessed for the period 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	196
Corporation tax at 20%	39
Effects of:	
Franked component of dividend distributions from other collective investment schemes***	(1)
Excess management expenses	1
Interest distributions	(39)
Current tax charge (Note 5(a))	<u>0</u>

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

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.

\*From launch of the Fund on 22 September 2010 to 30 June 2011.

# MyFolio Managed II Fund

## Notes to the Financial Statements (continued)

### 5 Taxation (continued)

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

At the period end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £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 period.

### 6 Finance Costs 2011\*

#### Distributions and interest £'000

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

Final distribution	771
Add: Income deducted on cancellation of shares	5
Deduct: Income received on creation of shares	(580)
Net distribution for the period	<u>196</u>

Details of the distribution per share are set out in the distribution table on page 30.

\*from launch of the Fund on 22 September 2010 to 30 June 2011

### 7 Debtors 2011

#### £'000

Amounts receivable from the ACD for issue of shares	1,453
Accrued revenue	1
Accrued rebate of Management fee on underlying investments	153
Income tax recoverable	54
Total debtors	<u>1,661</u>

### 8 Creditors 2011

#### £'000

Purchases awaiting settlement	1,400
Accrued expenses payable to the ACD	82
Other accrued expenses	9
Income tax payable	38
Total creditors	<u>1,529</u>

# MyFolio Managed II Fund

## Notes to the Financial Statements (continued)

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £166,000 has been recognised and is included in the total rebate amounts in note 3. The balance due to the Fund at the period end in respect of this amounted to £150,000 and is included in the total rebate amount disclosed in note 7.

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

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

Investments in Standard Life Investments (Mutual Funds) Limited are disclosed in the Portfolio Statement.

	<b>2011</b> <b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	66,823
Purchase of shares by Fund	4,260
The percentage value of the Fund held by Standard Life group companies is:	74.0%

### 10 Shareholder Funds

The Fund currently has 2 share classes: Retail accumulation and Institutional accumulation.

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

Retail accumulation	1.15%
Institutional accumulation	0.58%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 24.

The distribution per share class is given in the distribution table on page 30. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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>2011</b>			
<b>Currency</b>			
Sterling	1,179	83,352	84,531

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Managed II Fund

## Distribution Table

from launch of the Fund on 22 September 2010 to 30 June 2011

### Interest distribution

Group 1 - shares created at launch on 22 September 2010

Group 2 - shares purchased between 22 September 2010 and 30 June 2011

	<b>Gross income 2011 pence per share</b>	<b>Income tax 2011 pence per share</b>	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>					
Group 1	0.5605	0.1121	0.4484	-	0.4484*
Group 2	0.0995	0.0199	0.0796	0.3688	0.4484*
<b>Institutional accumulation</b>					
Group 1	0.6176	0.1235	0.4941	-	0.4941*
Group 2	0.6176	0.1235	0.4941	0.0000	0.4941*

\*Distribution accumulated on 30 June 2011

# MyFolio Managed III Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 22 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life group of companies to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
SLI Corporate Bond Fund	37,224
SLI Global Absolute Returns Strategies Fund	20,587
SLI UK Equity Growth Fund	19,351
SLI American Equity Unconstrained Fund	14,759
SLI UK Property Fund	13,342
SLI Higher Income Fund	8,466
Others (those not listed above)	42,253
<b>Total</b>	<u>155,982</u>

### 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.

# MyFolio Managed III Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	155,898	53.00	294,169,321
Institutional accumulation	30 June 2011	11	53.14	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	52.33	49.73
	2011**	0.4063	53.81	51.70
Institutional accumulation	2010*	-	52.38	49.74
	2011**	0.5621	53.93	51.79

\*from launch of the Fund on 22 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	1.75%
Institutional accumulation	1.18%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds.

# MyFolio Managed III Fund

## Statement of Total Return

for the period 22 September 2010 to 30 June 2011

		22 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		119
Revenue	3	704	
Expenses	4	(438)	
Net revenue before taxation		266	
Taxation	5	(52)	
Net revenue after taxation			214
<b>Total return before distributions</b>			333
Finance costs: Distributions	6		(217)
<b>Change in net assets attributable to shareholders from investment activities</b>			116

## Statement of Change in Net Assets Attributable to Shareholders

for the period 22 September 2010 to 30 June 2011

	22 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	155,164	
Less: Amounts payable on cancellation of shares	(554)	
		154,610
Stamp duty reserve tax		(12)
Change in net assets attributable to shareholders from investment activities (see above)		116
Retained distribution on accumulation shares		1,195
<b>Closing net assets attributable to shareholders</b>		155,909

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			156,280
Debtors	7	1,404	
Cash and bank balances		15	
Total other assets			1,419
Total assets			157,699
<b>Liabilities</b>			
Creditors	8	(1,790)	
Total other liabilities			(1,790)
Total liabilities			(1,790)
<b>Net assets attributable to shareholders</b>			155,909

# MyFolio Managed III Fund

## Portfolio Statement

as at 30 June 2011

Holding	Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>	<b>156,280</b>	<b>100.24</b>
<b>Absolute Return Funds</b>	<b>20,186</b>	<b>12.95</b>
33,326,199 SLI Global Absolute Return Strategies Fund	20,186	12.95
<b>Bond Funds</b>	<b>59,221</b>	<b>37.99</b>
4,498,365 SLI Global Index Linked Bond Fund	6,527	4.19
8,904,644 SLI Higher Income Fund	8,329	5.34
34,270,484 SLI UK Corporate Bond Fund	37,183	23.85
12,284,811 SLI UK Gilt Fund	7,182	4.61
<b>Equity Funds</b>	<b>62,742</b>	<b>40.24</b>
1,391,944 Aberdeen Emerging Markets Fund	7,382	4.73
304,114 Baring Fund Managers Emerging Markets Fund	820	0.53
24,328,978 SLI American Equity Unconstrained Fund	14,992	9.61
1,494,235 SLI Asian Pacific Growth Fund	2,985	1.91
2,608,234 SLI European Equity Growth Fund	3,104	1.99
4,199,567 SLI Japanese Equity Growth Fund	2,194	1.41
8,125,034 SLI UK Equity Growth Fund	19,281	12.37
3,508,076 SLI UK Equity High Income Fund	5,497	3.53
2,872,569 SLI UK Equity Income Unconstrained Fund	1,233	0.79
533,668 SLI UK Equity Unconstrained Fund	695	0.45
253,932 SLI UK Smaller Companies Fund	811	0.52
23,493 Vanguard Investments US Equity Index Fund	3,748	2.40
<b>Money Market Funds</b>	<b>1,591</b>	<b>1.02</b>
1,591,329 SLI GBP VNAV Liquidity Fund	1,591	1.02
<b>Property Funds</b>	<b>12,540</b>	<b>8.04</b>
12,794,326 SLI UK Property Fund	12,540	8.04
Total investment assets	156,280	100.24
Net other liabilities	(371)	(0.24)
<b>Total Net Assets</b>	<b>155,909</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Managed III Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2011*</b>
	<b>£'000</b>
Non-derivative securities	106
Rebate of Management fee on underlying investments taken to capital	13
Net capital gains	<u>119</u>

### 2 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the period.

<b>3 Revenue</b>	<b>2011*</b>
	<b>£'000</b>
Franked component of dividend distributions from other collective investment schemes	20
Unfranked component of dividend distributions from other collective investment schemes	42
Interest distributions from other collective investment schemes	344
Bank interest	3
Rebate of Management fee on underlying investments	295
Total revenue	<u>704</u>

### 4 Expenses

#### Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

Authorised Corporate Director's periodic charge	398
Registration fees	28
	<u>426</u>

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

Depositary's fees**	5
Safe custody fees**	2
	<u>7</u>

#### Other expenses:

Audit fee**	9
Expenses reimbursed by SLI (Mutual Funds) Limited	(4)
	<u>5</u>

Total expenses	<u>438</u>
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\*\*A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

<b>5 Taxation</b>	<b>2011*</b>
	<b>£'000</b>

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

UK corporation tax	52
Total taxation	<u>52</u>

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

The tax assessed for the period 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	266
Corporation tax at 20%	53
Effects of:	
Franked component of dividend distribution from other collective investment schemes***	(4)
Taxable income taken to capital	3
Current tax charge (Note 5(a))	<u>52</u>

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

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.

\*From launch of the Fund on 22 September 2010 to 30 June 2011.

# MyFolio Managed III Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2011*</b>
<b>Distributions and interest</b>	<b>£'000</b>
(a) The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:	
Final distribution	1,195
Deduct: Income received on creation of shares	(978)
Net distribution for the period	<u>217</u>
Details of the distribution per share are set out in the distribution table on page 38.	
(b) Difference between net revenue and distribution	
Net revenue after taxation	214
Add: Tax relief on capital rebates	3
Net distribution for the period	<u>217</u>

\*from launch of the Fund on 22 September 2010 to 30 June 2011

<b>7 Debtors</b>	<b>2011</b>
	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	1,089
Accrued revenue	1
Income tax recoverable	26
Accrued rebate of Management fee on underlying investments	288
Total debtors	<u>1,404</u>

<b>8 Creditors</b>	<b>2011</b>
	<b>£'000</b>
Purchases awaiting settlement	1,626
Accrued expenses payable to the ACD	151
Accrued expenses payable to the Depositary	4
Other accrued expenses	9
Total creditors	<u>1,790</u>

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £289,000 has been recognised and is included in the total rebate amounts in notes 1 and 3. The balance due to the Fund at the period end in respect of this amounted to £271,000 and is included in the total rebate amount disclosed in note 7.

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.

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

Investments in Standard Life Investments (Mutual Funds) Limited are disclosed in the Portfolio Statement.

	<b>2011</b>
	<b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	124,751
Purchase of shares by Fund	2,041
The percentage value of the Fund held by Standard Life group companies is:	78.6%

# MyFolio Managed III Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

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

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

Retail accumulation	1.15%
Institutional accumulation	0.58%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 32.

The distribution per share class is given in the distribution table on page 38. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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	Financial assets not carrying interest £'000	Total £'000
2011			
Currency			
Sterling	1,606	154,689	156,295

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Managed III Fund

## Distribution Table

from launch of the Fund on 22 September 2010 to 30 June 2011

### Dividend distribution

Group 1 - shares created at launch on 22 September 2010

Group 2 - shares purchased between 22 September 2010 and 30 June 2011

	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>			
Group 1	0.4063	-	0.4063*
Group 2	0.0687	0.3376	0.4063*
<b>Institutional accumulation</b>			
Group 1	0.5621	-	0.5621*
Group 2	0.5621	0.0000	0.5621*

\*Distribution accumulated on 30 June 2011

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current period's dividend shown in the distribution table as follows:

	<b>Dividend Distribution</b>
Treat as franked investment income	7.55%
Treat as unfranked investment income*	92.45%

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

# MyFolio Managed IV Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 22 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life group of companies to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have a preference to those assets providing potential for growth, such as equities.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
SLI Global Absolute Return Strategies Fund	12,702
SLI UK Equity Growth Fund	12,129
SLI UK Property Fund	7,966
SLI American Equity Unconstrained Fund	7,719
SLI UK Corporate Bond Fund	5,837
SLI Higher Income Fund	4,586
Others (those not listed above)	20,694
<b>Total</b>	<u>71,633</u>

### 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.

# MyFolio Managed IV Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	71,727	52.98	135,404,333
Institutional accumulation	30 June 2011	11	53.14	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	53.06	49.62
	2011**	0.3290	53.92	51.51
Institutional accumulation	2010*	-	53.12	49.63
	2011**	0.5098	54.04	51.61

\*from launch of the Fund on 22 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	1.79%
Institutional accumulation	1.22%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds.

# MyFolio Managed IV Fund

## Statement of Total Return

for the period 22 September 2010 to 30 June 2011

		22 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital losses	1		(329)
Revenue	3	249	
Expenses	4	(188)	
Net revenue before taxation		61	
Taxation	5	(12)	
Net revenue after taxation			49
<b>Total return before distributions</b>			(280)
Finance costs: Distributions	6		(50)
<b>Change in net assets attributable to shareholders from investment activities</b>			(330)

## Statement of Change in Net Assets Attributable to Shareholders

for the period 22 September 2010 to 30 June 2011

	22 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	72,510	
Less: Amounts payable on cancellation of shares	(879)	
		71,631
Stamp duty reserve tax		(9)
Change in net assets attributable to shareholders from investment activities (see above)		(330)
Retained distribution on accumulation shares		446
<b>Closing net assets attributable to shareholders</b>		71,738

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			71,651
Debtors	7	930	
Cash and bank balances		5	
Total other assets			935
Total assets			72,586
<b>Liabilities</b>			
Creditors	8	(848)	
Total other liabilities			(848)
Total liabilities			(848)
<b>Net assets attributable to shareholders</b>			71,738

# MyFolio Managed IV Fund

## Portfolio Statement

as at 30 June 2011

Holding	Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>	<b>71,651</b>	<b>99.88</b>
<b>Absolute Return Funds</b>	<b>12,452</b>	<b>17.36</b>
20,557,618 SLI Global Absolute Return Strategies Fund	12,452	17.36
<b>Bond Funds</b>	<b>11,631</b>	<b>16.22</b>
903,247 SLI Global Index Linked Bond Fund	1,311	1.83
4,845,803 SLI Higher Income Fund	4,532	6.32
5,334,335 SLI UK Corporate Bond Fund	5,788	8.07
<b>Equity Funds</b>	<b>39,423</b>	<b>54.95</b>
486,148 Aberdeen Emerging Markets Fund	2,578	3.59
932,980 Baring Emerging Markets Fund	2,515	3.51
12,743,979 SLI American Equity Unconstrained Fund	7,853	10.95
1,129,822 SLI Asian Pacific Growth Fund	2,257	3.15
1,935,403 SLI European Equity Growth Fund	2,303	3.21
2,516,423 SLI Japanese Equity Growth Fund	1,315	1.83
5,088,806 SLI UK Equity Growth Fund	12,076	16.83
1,647,514 SLI UK Equity High Income Fund	2,582	3.60
1,784,275 SLI UK Equity Income Unconstrained Fund	766	1.07
732,507 SLI UK Equity Recovery Fund	869	1.21
333,079 SLI UK Equity Unconstrained Fund	434	0.60
158,944 SLI UK Smaller Companies Fund	507	0.71
21,113 Vanguard US Equity Index Fund	3,368	4.69
<b>Money Market Funds</b>	<b>775</b>	<b>1.08</b>
775,476 SLI GBP VNAV Liquidity Fund	775	1.08
<b>Property Funds</b>	<b>7,370</b>	<b>10.27</b>
7,519,254 SLI UK Property Fund	7,370	10.27
Total investment assets	71,651	99.88
Net other assets	87	0.12
<b>Total Net Assets</b>	<b>71,738</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Managed IV Fund

## Notes to the Financial Statements

<b>1 Net Capital Losses</b>	<b>2011*</b>
	<b>£'000</b>
Non-derivative securities	(335)
Rebate of Management fee on underlying investments taken to capital	<u>6</u>
Net capital losses	<u>(329)</u>
<b>2 Purchases, Sales and Transaction Costs</b>	
There are no transaction costs associated with the purchases or sales of investments during the period.	
<b>3 Revenue</b>	<b>2011*</b>
	<b>£'000</b>
Franked component of dividend distributions from other collective investment schemes	9
Unfranked component of dividend distributions from other collective investment schemes	22
Interest distributions from other collective investment schemes	86
Bank interest	1
Rebate of Management fee on underlying investments	<u>131</u>
Total revenue	<u>249</u>
<b>4 Expenses</b>	<b>2011*</b>
	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
Authorised Corporate Director's periodic charge	170
Registration fees	<u>12</u>
	<u>182</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
Depositary's fees**	1
Safe custody fees**	<u>1</u>
	<u>2</u>
<b>Other expenses:</b>	
Audit fee**	9
Expenses reimbursed by SLI (Mutual Funds) Limited	<u>(5)</u>
	<u>4</u>
Total expenses	<u>188</u>
**A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.	
<b>5 Taxation</b>	<b>2011*</b>
	<b>£'000</b>
<b>(a) Analysis of charge in the period</b>	
UK corporation tax	<u>12</u>
Total taxation	<u>12</u>
<b>(b) Factors affecting current tax charge for period</b>	
The tax assessed for the period 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	<u>61</u>
Corporation tax at 20%	<u>12</u>
Effects of:	
Franked component of dividend distributions from other collective investment schemes***	(1)
Taxable income taken to capital	<u>1</u>
Current tax charge (Note 5(a))	<u>12</u>

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

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.

\*From launch of the Fund on 22 September 2010 to 30 June 2011.

# MyFolio Managed IV Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2011*</b>
<b>Distributions and interest</b>	<b>£'000</b>
(a) The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:	
Final distribution	445
Add: Income deducted on cancellation of shares	4
Deduct: Income received on creation of shares	(399)
Net distribution for the period	<u>50</u>

Details of the distribution per share are set out in the distribution table on page 46.

b) Difference between net revenue and distribution	
Net revenue after taxation	49
Add: Tax relief on capital rebates	1
Net distribution for the period	<u>50</u>

\*from launch of the Fund on 22 September 2010 to 30 June 2011

<b>7 Debtors</b>	<b>2011</b>
	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	790
Accrued revenue	1
Accrued rebate of Management fee on underlying investments	129
Income tax recoverable	10
Total debtors	<u>930</u>

<b>8 Creditors</b>	<b>2011</b>
	<b>£'000</b>
Purchases awaiting settlement	769
Accrued expenses payable to the ACD	69
Accrued expenses payable to the Depositary	1
Other accrued expenses	9
Total creditors	<u>848</u>

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £127,000 has been recognised and is included in the total rebate amounts in notes 1 and 3. The balance due to the Fund at the period end in respect of this amounted to £119,000 and is included in the total rebate amount disclosed in note 7.

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.

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

Investments in Standard Life Investments (Mutual Funds) Limited are disclosed in the Portfolio Statement.

	<b>2011</b>
	<b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	63,279
Purchase of shares by Fund	1,665
The percentage value of the Fund held by Standard Life group companies is:	85.48%

# MyFolio Managed IV Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

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

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

Retail accumulation	1.15%
Institutional accumulation	0.58%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 40.

The distribution per share class is given in the distribution table on page 46. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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
2011			
Currency			
Sterling	780	70,876	71,656

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Managed IV Fund

## Distribution Table

from launch of the Fund on 22 September 2010 to 30 June 2011

### Dividend distribution

Group 1 - shares created at launch on 22 September 2010

Group 2 - shares purchased between 22 September 2010 and 30 June 2011

	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>			
Group 1	0.3290	-	0.3290*
Group 2	0.0314	0.2976	0.3290*
<b>Institutional accumulation</b>			
Group 1	0.5098	-	0.5098*
Group 2	0.5098	0.0000	0.5098*

\*Distribution accumulated on 30 June 2011

## Treatment by Corporate Shareholders

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

	<b>Dividend Distribution</b>
Treat as franked investment income	14.85%
Treat as unfranked investment income*	85.15%

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

# MyFolio Managed V Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 22 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life group of companies to achieve exposure to diversified investments, of primarily equities, but which may include fixed and variable rate interest bearing securities and immoveable property. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have high exposure to assets providing potential for growth, such as equities.

### Risk

it is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
SLI Global Absolute Return Strategies Fund	6,318
SLI UK Equity Growth Fund	6,110
SLI American Equity Unconstrained Fund	4,137
Vanguard US Equity Index Fund	2,713
SLI Higher Income Fund	2,128
SLI European Equity Growth Fund	1,739
SLI Asian Pacific Growth Fund	1,712
Others (those not listed above)	<u>7,496</u>
<b>Total</b>	<u><b>32,353</b></u>

### 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.

# MyFolio Managed V Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	31,709	53.86	58,879,724
Institutional accumulation	30 June 2011	11	54.03	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	54.22	49.79
	2011**	0.2605	54.69	51.88
Institutional accumulation	2010*	-	54.28	49.79
	2011**	0.4413	54.83	51.98

\*from launch of the Fund on 22 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	1.83%
Institutional accumulation	1.26%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds.

# MyFolio Managed V Fund

## Statement of Total Return

for the period 22 September 2010 to 30 June 2011

		22 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital losses	1		(25)
Revenue	3	85	
Expenses	4	(82)	
Net revenue before taxation		<u>3</u>	
Taxation	5	0	
Net revenue after taxation			<u>3</u>
<b>Total return before distributions</b>			(22)
Finance costs: Distributions	6		(3)
<b>Change in net assets attributable to shareholders from investment activities</b>			<u>(25)</u>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 22 September 2010 to 30 June 2011

	22 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	31,979	
Less: Amounts payable on cancellation of shares	<u>(384)</u>	
		31,595
Stamp duty reserve tax		(3)
Change in net assets attributable to shareholders from investment activities (see above)		(25)
Retained distribution on accumulation shares		<u>153</u>
<b>Closing net assets attributable to shareholders</b>		<u>31,720</u>

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			31,515
Debtors	7	234	
Cash and bank balances		<u>10</u>	
Total other assets			<u>244</u>
Total assets			31,759
<b>Liabilities</b>			
Creditors	8	<u>(39)</u>	
Total other liabilities			<u>(39)</u>
Total liabilities			<u>(39)</u>
<b>Net assets attributable to shareholders</b>			<u>31,720</u>

# MyFolio Managed V Fund

## Portfolio Statement

as at 30 June 2011

Holding		Bid-market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>		<b>31,515</b>	<b>99.35</b>
<b>Absolute Return Funds</b>		<b>6,064</b>	<b>19.12</b>
10,011,632	SLI Global Absolute Return Strategies Fund	6,064	19.12
<b>Bond Funds</b>		<b>2,068</b>	<b>6.52</b>
2,210,599	SLI Higher Income Fund	2,068	6.52
<b>Equity Funds</b>		<b>21,879</b>	<b>68.97</b>
240,467	Aberdeen Emerging Markets Fund	1,275	4.02
475,703	Baring Emerging Markets Fund	1,282	4.04
6,580,731	SLI American Equity Unconstrained Fund	4,055	12.78
796,430	SLI Asian Pacific Growth Fund	1,591	5.02
1,358,413	SLI European Equity Growth Fund	1,617	5.10
1,851,874	SLI Japanese Equity Growth Fund	968	3.05
2,482,306	SLI UK Equity Growth Fund	5,891	18.57
806,613	SLI UK Equity High Income Fund	1,264	3.98
867,710	SLI UK Equity Income Unconstrained Fund	372	1.17
353,238	SLI UK Equity Recovery Fund	419	1.32
161,932	SLI UK Equity Unconstrained Fund	211	0.67
76,792	SLI UK Smaller Companies Fund	245	0.77
16,857	Vanguard US Equity Index Fund	2,689	8.48
<b>Money Market Funds</b>		<b>270</b>	<b>0.85</b>
270,136	SLI GBP VNAV Liquidity Fund	270	0.85
<b>Property Funds</b>		<b>1,234</b>	<b>3.89</b>
1,259,181	SLI UK Property Fund	1,234	3.89
Total investment assets		31,515	99.35
Net other assets		205	0.65
<b>Total Net Assets</b>		<b>31,720</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Managed V Fund

## Notes to the Financial Statements

<b>1</b>	<b>Net Capital Losses</b>	<b>2011*</b>
		<b>£'000</b>
	Non-derivative securities	(28)
	Rebate of Management fee on underlying investments taken to capital	3
	Net capital losses	<u>(25)</u>
<b>2</b>	<b>Purchases, Sales and Transaction Costs</b>	
	There are no transaction costs associated with the purchases or sales of investments during the period.	
<b>3</b>	<b>Revenue</b>	<b>2011*</b>
		<b>£'000</b>
	Franked component of dividend distributions from other collective investment schemes	4
	Unfranked component of dividend distributions from other collective investment schemes	5
	Interest distributions from other collective investment schemes	20
	Rebate of Management fee on underlying investments	56
	Total revenue	<u>85</u>
<b>4</b>	<b>Expenses</b>	<b>2011*</b>
		<b>£'000</b>
	<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
	Authorised Corporate Director's periodic charge	73
	Registration fees	5
		<u>78</u>
	<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
	Depositary's fees**	1
		<u>1</u>
	<b>Other expenses:</b>	
	Audit fee**	9
	Expenses reimbursed by SLI (Mutual Funds) Limited	(6)
		<u>3</u>
	Total expenses	<u>82</u>
	**A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.	
<b>5</b>	<b>Taxation</b>	<b>2011*</b>
		<b>£'000</b>
	<b>(a) Analysis of charge in the period</b>	
	Total taxation	<u>0</u>
	<b>(b) Factors affecting current tax charge for period</b>	
	The tax assessed for the period 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	<u>3</u>
	Corporation tax at 20%	1
	Effects of:	
	Franked component of dividend distributions from other collective investment schemes***	<u>(1)</u>
	Current tax charge (Note 5(a))	<u>0</u>

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

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.

\*From launch of the Fund on 22 September 2010 to 30 June 2011.

# MyFolio Managed V Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2011*</b>
<b>Distributions and interest</b>	<b>£'000</b>
The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:	
Final distribution	153
Add: Income deducted on cancellation of shares	2
Deduct: Income received on creation of shares	(152)
Net distribution for the period	<u>3</u>

Details of the distribution per share are set out in the distribution table on page 54.

\*from launch of the Fund on 22 September 2010 to 30 June 2011

<b>7 Debtors</b>	<b>2011</b>
	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	175
Accrued rebate of Management Fee on underlying investments	55
Income tax recoverable	<u>4</u>
Total debtors	<u>234</u>

<b>8 Creditors</b>	<b>2011</b>
	<b>£'000</b>
Accrued expenses payable to the ACD	30
Other accrued expenses	<u>9</u>
Total creditors	<u>39</u>

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £54,000 has been recognised and is included in the total rebate amounts in notes 1 and 3. The balance due to the Fund at the period end in respect of this amounted to £50,000 and is included in the total rebate amount disclosed in note 7.

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.

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

Investments in Standard Life Investments (Mutual Funds) Limited are disclosed in the Portfolio Statement.

	<b>2011</b>
	<b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	28,778
Purchase of shares by Fund	1,032
The percentage value of the Fund held by Standard Life group companies is:	87.3%

# MyFolio Managed V Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

The Fund currently has 2 share classes: Retail accumulation and Institutional accumulation.

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

Retail accumulation	1.15%
Institutional accumulation	0.58%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 48.

The distribution per share class is given in the distribution table on page 54. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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
2011			
Currency			
Sterling	280	31,245	31,525

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Managed V Fund

## Distribution Table

from launch of the Fund on 22 September 2010 to 30 June 2011

### Dividend distribution

Group 1 - shares created at launch on 22 September 2010

Group 2 - shares purchased between 22 September 2010 and 30 June 2011

	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>			
Group 1	0.2605	-	0.2605*
Group 2	0.0000	0.2605	0.2605*
<b>Institutional accumulation</b>			
Group 1	0.4413	-	0.4413*
Group 2	0.4413	0.0000	0.4413*

\*Distribution accumulated on 30 June 2011

## Treatment by Corporate Shareholders

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

	<b>Dividend Distribution</b>
Treat as franked investment income	100.00%
Treat as unfranked investment income*	0.00%

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

# MyFolio Market I Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 9 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. Exposure to equities and fixed and variable rate interest bearing securities is achieved by investing mainly in passively managed collective investment schemes. Exposure to immoveable property is achieved by investing mainly in actively managed collective investment schemes. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have a high exposure to lower risk assets, such as fixed interest.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in a portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
BlackRock Fund Corporate Bond Tracker Fund	1,014
BlackRock UK Gilts All Stocks Tracker Fund	914
Legal & General All Stocks Index Linked Fund	615
Vanguard UK Investment Grade Bond Index Fund	364
BlackRock UK Equity Tracker Fund	259
Others (those not listed above)	299
<b>Total</b>	<u>3,465</u>

### 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.

# MyFolio Market I Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	3,820	50.53	7,560,626
Institutional accumulation	30 June 2011	11	50.69	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	50.69	49.15
	2011**	0.1191	50.91	49.12
Institutional accumulation	2010*	-	50.71	49.22
	2011**	0.2232	51.11	49.23

\*from launch of the Fund on 9 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	1.42%
Institutional accumulation	0.85%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds.

# MyFolio Market I Fund

## Statement of Total Return

for the period 9 September 2010 to 30 June 2011

		9 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		32
Revenue	3	11	
Expenses	4	(14)	
Net expenses before taxation		(3)	
Taxation	5	0	
Net expenses after taxation			(3)
<b>Total return before distributions</b>			29
Finance costs: Distributions	6		3
<b>Change in net assets attributable to shareholders from investment activities</b>			32

## Statement of Change in Net Assets Attributable to Shareholders

for the period 9 September 2010 to 30 June 2011

	9 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	3,975	
Less: Amounts payable on cancellation of shares	(181)	
		3,794
Stamp duty reserve tax		(4)
Change in net assets attributable to shareholders from investment activities (see above)		32
Retained distribution on accumulation shares		9
<b>Closing net assets attributable to shareholders</b>		3,831

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			3,457
Debtors	7	209	
Cash and bank balances		317	
Total other assets			526
Total assets			3,983
<b>Liabilities</b>			
Creditors	8	(152)	
Total other liabilities			(152)
Total liabilities			(152)
<b>Net assets attributable to shareholders</b>			3,831

# MyFolio Market I Fund

## Portfolio Statement

as at 30 June 2011

Holding		Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>		<b>3,457</b>	<b>90.24</b>
<b>Bond Funds</b>		<b>2,789</b>	<b>72.80</b>
941,878	BlackRock Corporate Bond Tracker Fund	980	25.58
709,258	BlackRock UK Gilts All Stocks Tracker Fund	859	22.42
743,287	Legal & General All Stocks Index Linked Fund	594	15.51
5,809	Vanguard UK Investment Grade Bond Index Fund	356	9.29
<b>Equity Funds</b>		<b>411</b>	<b>10.74</b>
7,392	BlackRock Continental European Equity Tracker Fund	11	0.29
15,056	BlackRock Emerging Markets Equity Tracker Fund	18	0.47
5,451	BlackRock Pacific Ex Japan Equity Tracker Fund	11	0.30
189,979	BlackRock UK Equity Tracker Fund	253	6.60
741	Vanguard US Equity Index Fund	118	3.08
<b>Money Market Funds</b>		<b>176</b>	<b>4.59</b>
176,147	SLI GBP VNAV Liquidity Fund	176	4.59
<b>Property Funds</b>		<b>81</b>	<b>2.11</b>
19,476	Aviva Investors Property Trust	26	0.68
36,163	M&G Property Portfolio Fund	27	0.70
28,578	SLI UK Property Fund	28	0.73
Total investment assets		3,457	90.24
Net other assets		374	9.76
<b>Total Net Assets</b>		<b>3,831</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Market I Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2011*</b>
	<b>£'000</b>
Non-derivative securities	32
Net capital gains	<u>32</u>

### 2 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the period.

<b>3 Revenue</b>	<b>2011*</b>
	<b>£'000</b>
Interest distributions from other collective investment schemes	9
Bank interest	1
Rebate of Management fee on underlying investments	<u>1</u>
Total revenue	<u>11</u>

### 4 Expenses

#### Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

Authorised Corporate Director's periodic charge	11
Registration fees	<u>1</u>
	<u>12</u>

#### Other expenses:

Audit fee**	11
Expenses reimbursed by SLI (Mutual Funds) Limited	<u>(9)</u>
	<u>2</u>
Total expenses	<u>14</u>

\*\*A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

### 5 Taxation

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

Total taxation	<u>0</u>
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#### (b) Factors affecting current tax charge for period

The tax assessed for the period 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 expenses before taxation	<u>(3)</u>
Corporation tax at 20%	<u>(1)</u>
Effects of:	
Excess management expenses	<u>1</u>
Current tax charge (Note 5(a))	<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.

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

At the period end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £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 period.

\*From launch of the Fund on 9 September 2010 to 30 June 2011.

# MyFolio Market I Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2011*</b>
<b>Distributions and interest</b>	<b>£'000</b>
The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:	
Final distribution	9
Add: Income deducted on cancellation of shares	1
Deduct: Income received on creation of shares	(13)
Net distribution for the period	<u>(3)</u>

Details of the distribution per share are set out in the distribution table on page 62.

\*from launch of the Fund on 9 September 2010 to 30 June 2011

<b>7 Debtors</b>	<b>2011</b>
	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	207
Accrued rebate of Management fee on underlying investments	1
Income tax recoverable	1
Total debtors	<u>209</u>

<b>8 Creditors</b>	<b>2011</b>
	<b>£'000</b>
Purchases awaiting settlement	138
Accrued expenses payable to the ACD	3
Other accrued expenses	11
Total creditors	<u>152</u>

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £nil has been recognised and is included in the total rebate amounts in note 3. The balance due to the Fund at the period end in respect of this amounted to £nil and is included in the total rebate amount disclosed in note 7.

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.

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

	<b>2011</b>
	<b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	3,055
Purchase of shares by Fund	755
The percentage value of the Fund held by Standard Life group companies is:	60.5%

# MyFolio Market I Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

The Fund currently has 2 share classes: Retail accumulation and Institutional accumulation.

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

Retail accumulation	1.15%
Institutional accumulation	0.58%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 56.

The distribution per share class is given in the distribution table on page 62. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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	Financial assets not carrying interest £'000	Total £'000
2011			
Currency			
Sterling	493	3,281	3,774

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Market I Fund

## Distribution Table

From launch of the Fund on 9 September 2010 to 30 June 2011

### Interest distribution

Group 1 - shares created at launch on 9 September 2010

Group 2 - shares purchased between 9 September 2010 and 30 June 2011

	<b>Gross income 2011 pence per share</b>	<b>Income tax 2011 pence per share</b>	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>					
Group 1	0.1191	0.0000	0.1191	-	0.1191*
Group 2	0.0000	0.0000	0.0000	0.1191	0.1191*
<b>Institutional accumulation</b>					
Group 1	0.2790	0.0558	0.2232	-	0.2232*
Group 2	0.2790	0.0558	0.2232	0.0000	0.2232*

\*Distribution accumulated on 30 June 2011

# MyFolio Market II Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 9 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. Exposure to equities and fixed and variable rate interest bearing securities is achieved by investing mainly in passively managed collective investment schemes. Exposure to immoveable property is achieved by investing mainly in actively managed collective investment schemes. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have a high exposure to lower risk assets, such as fixed interest.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in a portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
BlackRock Corporate Bond Tracker Fund	6,270
BlackRock UK Equity Tracker Fund	3,672
Legal & General All Stocks Index Linked Fund	3,132
BlackRock UK Gilts All Stocks Tracker Fund	2,906
Vanguard US Equity Index Fund	2,463
Vanguard UK Investment Grade Bond Index Fund	1,779
Others (those not listed above)	2,927
<b>Total</b>	<u>23,149</u>

### 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.

# MyFolio Market II Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	22,879	51.65	44,300,803
Institutional accumulation	30 June 2011	11	51.79	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	51.12	49.92
	2011**	0.1966	52.19	50.34
Institutional accumulation	2010*	-	51.20	49.97
	2011**	0.3105	52.38	50.46

\*from launch of the Fund on 9 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	1.45%
Institutional accumulation	0.88%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds

# MyFolio Market II Fund

## Statement of Total Return

for the period 9 September 2010 to 30 June 2011

		9 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		184
Revenue	3	62	
Expenses	4	(75)	
Net expenses before taxation		(13)	
Taxation	5	0	
Net Expenses after taxation			(13)
<b>Total return before distributions</b>			171
Finance costs: Distributions	6		13
<b>Change in net assets attributable to shareholders from investment activities</b>			<u>184</u>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 9 September 2010 to 30 June 2011

	9 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	23,176	
Less: Amounts payable on cancellation of shares	(548)	
		22,628
Stamp duty reserve tax		(9)
Change in net assets attributable to shareholders from investment activities (see above)		184
Retained distribution on accumulation shares		87
<b>Closing net assets attributable to shareholders</b>		<u>22,890</u>

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			22,612
Debtors	7	1,382	
Total other assets			1,382
Total assets			<u>23,994</u>
<b>Liabilities</b>			
Creditors	8	(996)	
Bank overdrafts		(108)	
Total other liabilities			(1,104)
Total liabilities			<u>(1,104)</u>
<b>Net assets attributable to shareholders</b>			<u>22,890</u>

# MyFolio Market II Fund

## Portfolio Statement

as at 30 June 2011

Holding		Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>		<b>22,612</b>	<b>98.79</b>
<b>Bond Funds</b>		<b>13,899</b>	<b>60.72</b>
6,018,974	BlackRock Corporate Bond Tracker Fund	6,260	27.35
2,334,325	BlackRock UK Gilts All Stocks Tracker Fund	2,827	12.35
3,829,943	Legal & General All Stocks Index Linked Fund	3,061	13.37
28,576	Vanguard UK Investment Grade Bond Index Fund	1,751	7.65
<b>Equity Funds</b>		<b>7,399</b>	<b>32.32</b>
2,708,766	BlackRock UK Equity Tracker Fund	3,608	15.76
185,250	BlackRock Continental European Equity Tracker Fund	273	1.19
385,247	BlackRock Emerging Markets Equity Tracker Fund	462	2.02
107,520	BlackRock Japan Equity Tracker Fund	121	0.53
233,149	BlackRock Pacific Ex Japan Equity Tracker Fund	472	2.06
15,439	Vanguard US Equity Index Fund	2,463	10.76
<b>Money Market Funds</b>		<b>0</b>	<b>0.00</b>
21	SLI GBP VNAV Liquidity Fund	0	0.00
<b>Property Funds</b>		<b>1,314</b>	<b>5.75</b>
315,199	Aviva Investors Property Trust	424	1.86
568,614	M&G Property Portfolio Fund	422	1.84
477,421	SLI UK Property Fund	468	2.05
Total investment assets		22,612	98.79
Net other assets		278	1.21
<b>Total Net Assets</b>		<b>22,890</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Market II Fund

## Notes to the Financial Statements

<b>1</b>	<b>Net Capital Gains</b>	<b>2011*</b>
		<b>£'000</b>
	Non-derivative securities	184
	Net capital gains	<u>184</u>
<b>2</b>	<b>Purchases, Sales and Transaction Costs</b>	
	There are no transaction costs associated with the purchases or sales of investments during the period.	
<b>3</b>	<b>Revenue</b>	<b>2011*</b>
		<b>£'000</b>
	Franked component of dividend distributions from other collective investment schemes	3
	Unfranked component of dividend distributions from other collective investment schemes	6
	Interest distributions from other collective investment schemes	45
	Rebate of Management fee on underlying investments	8
	Total revenue	<u>62</u>
<b>4</b>	<b>Expenses</b>	<b>2011*</b>
		<b>£'000</b>
	<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
	Authorised Corporate Director's periodic charge	65
	Registration fees	4
		<u>69</u>
	<b>Other expenses:</b>	
	Audit fee**	11
	Expenses reimbursed by SLI (Mutual Funds) Limited	(5)
		<u>6</u>
	Total expenses	<u>75</u>
	**A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.	
<b>5</b>	<b>Taxation</b>	<b>2011*</b>
		<b>£'000</b>
	<b>(a) Analysis of charge in the period</b>	
	Total taxation	<u>0</u>
	<b>(b) Factors affecting current tax charge for period</b>	
	The tax assessed for the period 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 expenses before taxation	(13)
	Corporation tax at 20%	<u>3</u>
	Effects of:	
	Excess management expenses	3
	Current tax charge (Note 5(a))	<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.	
	<b>(c) Factors that may affect future tax charge</b>	
	At the period end, after offset against revenue taxable on receipt there is a potential deferred tax asset of £3,000 due to surplus Management expenses.	
	It is unlikely the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the period.	

\*From launch of the Fund on 9 September 2010 to 30 June 2011.

# MyFolio Market II Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2011*</b>
<b>Distributions and interest</b>	<b>£'000</b>
The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:	
Final distribution	87
Add: Income deducted on cancellation of shares	2
Deduct: Income received on creation of shares	(102)
Net distribution for the period	<u>(13)</u>

Details of the distribution per share are set out in the distribution table on page 70.

\*from launch of the Fund on 9 September 2010 to 30 June 2011

<b>7 Debtors</b>	<b>2011</b>
	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	1,342
Sales awaiting settlement	27
Income tax recoverable	6
Accrued rebate of Management fee on underlying investments	7
Total debtors	<u>1,382</u>

<b>8 Creditors</b>	<b>2011</b>
	<b>£'000</b>
Purchases awaiting settlement	965
Accrued expenses payable to the ACD	21
Other accrued expenses	10
Total creditors	<u>996</u>

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £2,000 has been recognised and is included in the total rebate amounts in note 3. The balance due to the Fund at the period end in respect of this amounted to £1,000 and is included in the total rebate amount disclosed in note 7.

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.

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

	<b>2011</b>
	<b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	19,159
Purchase of shares by Fund	1,700
The percentage value of the Fund held by Standard Life group companies is:	76.2%

# MyFolio Market II Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

The Fund currently has 2 share classes: Retail accumulation and Institutional accumulation.

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

Retail accumulation	1.15%
Institutional accumulation	0.58%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 64.

The distribution per share class is given in the distribution table on page 70. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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 liabilities £'000	Financial assets not carrying interest £'000	Total £'000
2011			
Currency			
Sterling	(108)	22,612	22,504

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Market II Fund

## Distribution Table

from launch of the Fund on 9 September 2010 to 30 June 2011

### Interest distribution

Group 1 - shares created at launch on 9 September 2010

Group 2 - shares purchased between 9 September 2010 and 30 June 2011

	<b>Gross income 2011 pence per share</b>	<b>Income tax 2011 pence per share</b>	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>					
Group 1	0.1966	0.0000	0.1966	-	0.1966*
Group 2	0.0000	0.0000	0.0000	0.1966	0.1966*
<b>Institutional accumulation</b>					
Group 1	0.3881	0.0776	0.3105	-	0.3105*
Group 2	0.3881	0.0776	0.3105	0.0000	0.3105*

\*Distribution accumulated on 30 June 2011

# MyFolio Market III Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 9 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. Exposure to equities and fixed and variable rate interest bearing securities is achieved by investing mainly in passively managed collective investment schemes. Exposure to immoveable property is achieved by investing mainly in actively managed collective investment schemes. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in a portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
BlackRock UK Equity Tracker Fund	8,028
BlackRock Corporate Bond Tracker Fund	7,842
Vanguard US Equity Index Fund	4,986
BlackRock Emerging Markets Equity Tracker Fund	2,239
BlackRock UK Gilts All Stocks Tracker Fund	1,787
Others (those not listed above)	8,691
<b>Total</b>	<u>33,573</u>

### 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.

# MyFolio Market III Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	30,076	52.57	57,216,118
Institutional accumulation	30 June 2011	11	52.79	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	52.58	49.97
	2011**	0.1386	53.43	51.18
Institutional accumulation	2010*	-	52.66	49.98
	2011**	0.3700	53.61	51.31

\*from launch of the Fund on 9 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	1.47%
Institutional accumulation	0.90%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds

# MyFolio Market III Fund

## Statement of Total Return

for the period 9 September 2010 to 30 June 2011

		9 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		244
Revenue	3	83	
Expenses	4	(111)	
Net expenses before taxation		(28)	
Taxation	5	0	
Net expenses after taxation			(28)
<b>Total return before distributions</b>			216
Finance costs: Distributions	6		28
<b>Change in net assets attributable to shareholders from investment activities</b>			244

## Statement of Change in Net Assets Attributable to Shareholders

for the period 9 September 2010 to 30 June 2011

	9 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	33,451	
Less: Amounts payable on cancellation of shares	(3,659)	
		29,792
Stamp duty reserve tax		(28)
Change in net assets attributable to shareholders from investment activities (see above)		244
Retained distribution on accumulation shares		79
<b>Closing net assets attributable to shareholders</b>		30,087

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			30,048
Debtors	7	937	
Cash and bank balances		7	
Total other assets			944
Total assets			30,992
<b>Liabilities</b>			
Creditors	8	(905)	
Total other liabilities			(905)
Total liabilities			(905)
<b>Net assets attributable to shareholders</b>			30,087

# MyFolio Market III Fund

## Portfolio Statement

as at 30 June 2011

Holding	Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>	<b>30,048</b>	<b>99.87</b>
<b>Bond Funds</b>	<b>10,977</b>	<b>36.48</b>
6,960,240 BlackRock Corporate Bond Tracker Fund	7,239	24.06
1,145,608 BlackRock UK Gilts All Stocks Tracker Fund	1,387	4.61
1,612,215 Legal & General All Stocks Index Linked Fund	1,288	4.28
17,350 Vanguard UK Investment Grade Bond Index Fund	1,063	3.53
<b>Equity Funds</b>	<b>15,926</b>	<b>52.93</b>
571,135 BlackRock Continental European Equity Tracker Fund	842	2.80
1,648,514 BlackRock Emerging Markets Equity Tracker Fund	1,978	6.57
541,007 BlackRock Japan Equity Tracker Fund	611	2.03
381,813 BlackRock Pacific Ex Japan Equity Tracker Fund	772	2.57
5,459,494 BlackRock UK Equity Tracker Fund	7,272	24.17
27,902 Vanguard US Equity Index Fund	4,451	14.79
<b>Money Market Funds</b>	<b>310</b>	<b>1.03</b>
309,986 SLI GBP VNAV Liquidity Fund	310	1.03
<b>Property Funds</b>	<b>2,835</b>	<b>9.43</b>
679,305 Aviva Investors Property Trust	914	3.04
1,225,426 M&G Property Portfolio Fund	911	3.03
1,030,234 SLI UK Property Fund	1,010	3.36
Total investment assets	30,048	99.87
Net other assets	39	0.13
<b>Total Net Assets</b>	<b>30,087</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Market III Fund

## Notes to the Financial Statements

<b>1</b>	<b>Net Capital Gains</b>	<b>2011*</b>
		<b>£'000</b>
	Non-derivative securities	244
	Net capital gains	<u>244</u>
<b>2</b>	<b>Purchases, Sales and Transaction Costs</b>	
	There are no transaction costs associated with the purchases or sales of investments during the period.	
<b>3</b>	<b>Revenue</b>	<b>2011*</b>
		<b>£'000</b>
	Franked component of dividend distributions from other collective investment schemes	10
	Unfranked component of dividend distributions from other collective investment schemes	17
	Interest distributions from other collective investment schemes	41
	Rebate of Management fee on underlying investments	<u>15</u>
	Total revenue	<u>83</u>
<b>4</b>	<b>Expenses</b>	<b>2011*</b>
		<b>£'000</b>
	<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
	Authorised Corporate Director's periodic charge	96
	Registration fees	<u>7</u>
		<u>103</u>
	<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
	Depositary's fees**	<u>1</u>
		<u>1</u>
	<b>Other expenses:</b>	
	Audit fee**	11
	Expenses reimbursed by SLI (Mutual Funds) Limited	<u>(4)</u>
		<u>7</u>
	Total expenses	<u>111</u>
	**A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.	
<b>5</b>	<b>Taxation</b>	<b>2011*</b>
		<b>£'000</b>
	<b>(a) Analysis of charge in the period</b>	
	Total taxation	<u>0</u>
	<b>(b) Factors affecting current tax charge for period</b>	
	The tax assessed for the period 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 expenses before taxation	<u>(28)</u>
	Corporation tax at 20% (2010: 20%)	<u>(6)</u>
	Effects of:	
	Franked component of dividend distributions from other collective investment schemes***	(2)
	Excess management expenses	<u>8</u>
	Current tax charge (Note 5(a))	<u>0</u>
	***As an authorised Open-Ended Investment Company this item is not subject to corporation tax.	
	Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.	
	<b>(c) Factors that may affect future tax charge</b>	
	At the period end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £8,000 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 period.	

\*From launch of the Fund on 9 September 2010 to 30 June 2011.

# MyFolio Market III Fund

## Notes to the Financial Statements (continued)

### 6 Finance Costs

	2011*
	£'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:	
Final distribution	79
Add: Income deducted on cancellation of shares	12
Deduct: Income received on creation of shares	(119)
Net distribution for the period	<u>(28)</u>

Details of the distribution per share are set out in the distribution table on page 78.

\*from launch of the Fund on 9 September 2010 to 30 June 2011

### 7 Debtors

	2011
	£'000
Amounts receivable from the ACD for issue of shares	904
Sales awaiting settlement	12
Income tax recoverable	9
Accrued rebate of Management fee on underlying investments	12
Total debtors	<u>937</u>

### 8 Creditors

	2011
	£'000
Purchases awaiting settlement	867
Accrued expenses payable to the ACD	27
Other accrued expenses	11
Total creditors	<u>905</u>

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £4,000 has been recognised and is included in the total rebate amounts in note 3. The balance due to the Fund at the period end in respect of this amounted to £2,000 and is included in the total rebate amount disclosed in note 7.

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.

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

	2011
	£'000
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	26,600
Purchase of shares by Fund	2,896
The percentage value of the Fund held by Standard Life group companies is:	78.8%

# MyFolio Market III Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

The Fund currently has 2 share classes: Retail accumulation and Institutional accumulation.

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

Retail accumulation	1.15%
Institutional accumulation	0.58%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 72.

The distribution per share class is given in the distribution table on page 78. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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	Financial assets not carrying interest £'000	Total £'000
2011			
Currency			
Sterling	317	29,738	30,055

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Market III Fund

## Distribution Table

from launch of the Fund on 9 September 2010 to 30 June 2011

### Dividend distribution

Group 1 - shares created at launch on 9 September 2010

Group 2 - shares purchased between 9 September 2010 and 30 June 2011

	Net income 2011 pence per share	Equalisation 2011 pence per share	Distribution paid 2011 pence per share
<b>Retail accumulation</b>			
Group 1	0.1386	-	0.1386*
Group 2	0.0000	0.1386	0.1386*
<b>Institutional accumulation</b>			
Group 1	0.3700	-	0.3700*
Group 2	0.3700	0.0000	0.3700*

\*Distribution accumulated on 30 June 2011

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current period's dividend shown in the distribution table as follows:

	Dividend Distribution
Treat as franked investment income	100.00%
Treat as unfranked investment income*	0.00%

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

# MyFolio Market IV Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 9 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. Exposure to equities and fixed and variable rate interest bearing securities is achieved by investing mainly in passively managed collective investment schemes. Exposure to immoveable property is achieved by investing mainly in actively managed collective investment schemes. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have a preference to those assets providing potential for growth, such as equities.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in a portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

<b>Purchases</b>	<b>Cost £'000</b>
BlackRock UK Equity Tracker Fund	4,955
Vanguard US Equity Index Fund	3,491
BlackRock Emerging Markets Equity Fund	1,626
BlackRock Corporate Bond Tracker Fund	1,544
Vanguard FTSE UK Equity Index Fund	1,087
BlackRock Continental European Equity Tracker Fund	876
Others (those not listed above)	4,720
<b>Total</b>	<b>18,299</b>

### 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.

# MyFolio Market IV Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	16,641	53.03	31,382,259
Institutional accumulation	30 June 2011	11	53.25	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	53.69	49.99
	2011**	0.2484	54.06	51.44
Institutional accumulation	2010*	-	53.78	50.00
	2011**	0.4802	54.24	51.57

\*from launch of the Fund on 9 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	1.50%
Institutional accumulation	0.93%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds.

# MyFolio Market IV Fund

## Statement of Total Return

for the period 9 September 2010 to 30 June 2011

		9 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		56
Revenue	3	33	
Expenses	4	(61)	
Net expenses before taxation		(28)	
Taxation	5	0	
Net expenses after taxation			(28)
<b>Total return before distributions</b>			28
Finance costs: Distributions	6		28
<b>Change in net assets attributable to shareholders from investment activities</b>			<u>56</u>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 9 September 2010 to 30 June 2011

	9 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	18,334	
Less: Amounts payable on cancellation of shares	(1,806)	
		16,528
Stamp duty reserve tax		(10)
Change in net assets attributable to shareholders from investment activities (see above)		56
Retained distribution on accumulation shares		78
<b>Closing net assets attributable to shareholders</b>		<u>16,652</u>

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			16,558
Debtors	7	789	
Total other assets			789
Total assets			<u>17,347</u>
<b>Liabilities</b>			
Creditors	8	(667)	
Bank overdrafts		(28)	
Total other liabilities			(695)
Total liabilities			<u>(695)</u>
<b>Net assets attributable to shareholders</b>			<u>16,652</u>

# MyFolio Market IV Fund

## Portfolio Statement

as at 30 June 2011

Holding		Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>		<b>16,558</b>	<b>99.42</b>
<b>Bond Funds</b>		<b>2,428</b>	<b>14.58</b>
1,343,990	BlackRock Corporate Bond Tracker Fund	1,398	8.39
364,363	Legal & General All Stocks Index Linked Fund	291	1.75
12,059	Vanguard UK Investment Grade Bond Index Fund	739	4.44
<b>Equity Funds</b>		<b>12,090</b>	<b>72.60</b>
493,615	BlackRock Continental European Equity Tracker Fund	728	4.37
1,263,711	BlackRock Emerging Markets Equity Tracker Fund	1,517	9.11
375,043	BlackRock Japan Equity Tracker Fund	423	2.54
335,506	BlackRock Pacific Ex Japan Equity Tracker Fund	678	4.07
3,376,840	BlackRock UK Equity Tracker Fund	4,498	27.01
6,615	Vanguard FTSE UK Equity Index Fund	1,012	6.08
20,274	Vanguard US Equity Index Fund	3,234	19.42
<b>Money Market Funds</b>		<b>0</b>	<b>0.00</b>
43	SLI GBP VNAV Liquidity Fund	0	0.00
<b>Property Funds</b>		<b>2,040</b>	<b>12.24</b>
488,651	Aviva Investors Property Trust	658	3.95
881,619	M&G Property Portfolio Fund	655	3.93
742,186	SLI UK Property Fund	727	4.36
Total investment assets		16,558	99.42
Net other assets		96	0.58
<b>Total Net Assets</b>		<b>16,654</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Market IV Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2011*</b>
	<b>£'000</b>
Non-derivative securities	56
Net capital gains	<u>56</u>

### 2 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the period.

<b>3 Revenue</b>	<b>2011*</b>
	<b>£'000</b>
Franked component of dividend distributions from other collective investment schemes	3
Unfranked component of dividend distributions from other collective investment schemes	10
Interest distributions from other collective investment schemes	12
Rebate of Management fee on underlying investments	8
Total revenue	<u>33</u>

### 4 Expenses

#### Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

Authorised Corporate Director's periodic charge	51
Registration fees	4
	<u>55</u>

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

Depositary's fees**	1
	<u>1</u>

#### Other expenses:

Audit fee**	11
Expenses reimbursed by SLI (Mutual Funds) Limited	(6)
	<u>5</u>
Total expenses	<u>61</u>

\*\*A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

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

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

The tax assessed for the period 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	(28)
Corporation tax at 20%	(6)
Effects of:	
Excess management expenses	6
Current tax charge (Note 5(a))	<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.

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

At the period end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £6,000 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 period.

\*From launch of the Fund on 9 September 2010 to 30 June 2011.

# MyFolio Market IV Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2011*</b>
<b>Distributions and interest</b>	<b>£'000</b>
The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:	
Final distribution	78
Add: Income deducted on cancellation of shares	10
Deduct: Income received on creation of shares	(116)
Net distribution for the period	<u>(28)</u>

\*from launch of the fund on 9 September 2010 to 30 June 2011

Details of the distribution per share are set out in the distribution table on page 86.

<b>7 Debtors</b>	<b>2011</b>
	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	780
Income tax recoverable	2
Accrued rebate of Management fee on underlying investments	7
Total debtors	<u>789</u>

<b>8 Creditors</b>	<b>2011</b>
	<b>£'000</b>
Amounts payable to the ACD for cancellation of shares	84
Purchases awaiting settlement	557
Accrued expenses payable to the ACD	15
Other accrued expenses	11
Total creditors	<u>667</u>

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £3,000 has been recognised and is included in the total rebate amounts in note 3. The balance due to the Fund at the period end in respect of this amounted to £2,000 and is included in the total rebate amount disclosed in note 7.

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.

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

	<b>2011</b>
	<b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	16,563
Purchase of shares by Fund	2,360
The percentage value of the Fund held by Standard Life group companies is:	84.6%

# MyFolio Market IV Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

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

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

Retail accumulation	1.15%
Institutional accumulation	0.58%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 80.

The distribution per share class is given in the distribution table on page 86. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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 liabilities £'000	Financial assets not carrying interest £'000	Total £'000
2011			
Currency			
Sterling	(28)	16,558	16,530

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Market IV Fund

## Distribution Table

From launch of the Fund on 9th September 2010 to 30 June 2011

### Dividend distribution

Group 1 - shares created at launch on 9 September 2010

Group 2 - shares purchased between 9 September 2010 and 30 June 2011

	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>			
Group 1	0.2484	-	0.2484*
Group 2	0.0000	0.2484	0.2484*
<b>Institutional accumulation</b>			
Group 1	0.4802	-	0.4802*
Group 2	0.4802	0.0000	0.4802*

\*Distribution accumulated on 30 June 2011

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current period's dividend shown in the distribution table as follows:

	<b>Dividend Distribution</b>
Treat as franked investment income	100.00%
Treat as unfranked investment income*	0.00%

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

# MyFolio Market V Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 9 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. Exposure to equities and fixed and variable rate interest bearing securities is achieved by investing mainly in passively managed collective investment schemes. Exposure to immoveable property is achieved by investing mainly in actively managed collective investment schemes. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have high exposure to assets providing potential for growth, such as equities.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in a portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
Vanguard US Equity Index Fund	1,416
BlackRock UK Equity Tracker Fund	1,271
Vanguard FTSE UK Equity Index Fund	741
BlackRock Emerging Markets Equity Tracker Fund	564
BlackRock Continental European Equity Tracker Fund	391
BlackRock Pacific Ex Japan Equity Tracker Fund	380
Others (those not listed above)	780
<b>Total</b>	<u>5,543</u>

### 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.

# MyFolio Market V Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	5,361	54.38	9,858,698
Institutional accumulation	30 June 2011	11	54.62	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	54.89	49.99
	2011**	0.2079	55.22	52.10
Institutional accumulation	2010*	-	54.98	50.00
	2011**	0.4331	55.41	52.24

\*from launch of the Fund on 9 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	1.46%
Institutional accumulation	0.89%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds.

# MyFolio Market V Fund

## Statement of Total Return

for the period 9 September 2010 to 30 June 2011

		9 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		77
Revenue	3	10	
Expenses	4	(22)	
Net expenses before taxation		(12)	
Taxation	5	0	
Net expenses after taxation			(12)
<b>Total return before distributions</b>			65
Finance costs: Distributions	6		12
<b>Change in net assets attributable to shareholders from investment activities</b>			<u>77</u>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 9 September 2010 to 30 June 2011

		9 September 2010 to 30 June 2011	
		£'000	£'000
<b>Opening net assets attributable to shareholders</b>			0
Amounts receivable on issue of shares		5,576	
Less: Amounts payable on cancellation of shares		(300)	
			5,276
Stamp duty reserve tax			(2)
Change in net assets attributable to shareholders from investment activities (see above)			77
Retained distribution on accumulation shares			21
<b>Closing net assets attributable to shareholders</b>			<u>5,372</u>

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			5,414
Debtors	7	14	
Cash and bank balances		7	
Total other assets			21
Total assets			5,435
<b>Liabilities</b>			
Creditors	8	(63)	
Total other liabilities			(63)
Total liabilities			(63)
<b>Net assets attributable to shareholders</b>			<u>5,372</u>

# MyFolio Market V Fund

## Portfolio Statement

as at 30 June 2011

Holding	Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>	<b>5,414</b>	<b>100.78</b>
<b>Bond Funds</b>	<b>240</b>	<b>4.47</b>
3,923 Vanguard UK Investment Grade Bond Index Fund	240	4.47
<b>Equity Funds</b>	<b>4,864</b>	<b>90.55</b>
247,276 BlackRock Continental European Equity Tracker Fund	364	6.78
450,110 BlackRock Emerging Markets Equity Tracker Fund	540	10.05
193,137 BlackRock Japan Equity Tracker Fund	218	4.06
175,504 BlackRock Pacific Ex Japan Equity Tracker Fund	355	6.61
930,810 BlackRock UK Equity Tracker Fund	1,240	23.08
4,771 Vanguard FTSE UK Equity Index Fund	730	13.59
8,884 Vanguard US Equity Index Fund	1,417	26.38
<b>Money Market Funds</b>	<b>60</b>	<b>1.11</b>
60,087 SLI GBP VNAV Liquidity Fund	60	1.11
<b>Property Funds</b>	<b>250</b>	<b>4.65</b>
61,374 Aviva Investors Property Trust	83	1.54
106,279 M&G Property Portfolio Fund	79	1.47
89,516 SLI UK Property Fund	88	1.64
Total investment assets	5,414	100.78
Net other liabilities	(42)	(0.78)
<b>Total Net Assets</b>	<b>5,372</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Market V Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2011*</b>
	<b>£'000</b>
Non-derivative securities	77
Net capital gains	<u>77</u>

### 2 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the period.

<b>3 Revenue</b>	<b>2011*</b>
	<b>£'000</b>
Franked component of dividend distributions from other collective investment schemes	3
Unfranked component of dividend distributions from other collective investment schemes	2
Interest distributions from other collective investment schemes	3
Rebate of Management fee on underlying investments	<u>2</u>
Total revenue	<u>10</u>

### 4 Expenses

#### Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

Authorised Corporate Director's periodic charge	18
Registration fees	<u>1</u>
	<u>19</u>

#### Other expenses:

Audit fee**	11
Expenses reimbursed by SLI (Mutual Funds) Limited	<u>(8)</u>
	<u>3</u>

Total expenses	<u>22</u>
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\*\*A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

### 5 Taxation

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

Total taxation	<u>0</u>
----------------	----------

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

The tax assessed for the period 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	<u>(12)</u>
Corporation tax at 20% (2010: 20%)	<u>(2)</u>
Effects of:	
Franked component of dividend distribution from other Collective Investment Schemes***	(1)
Excess management expenses	<u>3</u>
Current tax charge (Note 5(a))	<u>0</u>

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

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 period end, after offset against revenue taxable on receipt there is a potential deferred tax asset of £3,000 due to surplus Management expenses.

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

\*From launch of the Fund on 9 September 2010 to 30 June 2011.

# MyFolio Market V Fund

## Notes to the Financial Statements (continued)

<b>6 Finance Costs</b>	<b>2011*</b>
<b>Distributions and interest</b>	<b>£'000</b>
The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:	
Final distribution	21
Add: Income deducted on cancellation of shares	2
Deduct: Income received on creation of shares	(35)
Net distribution for the period	<u>(12)</u>

Details of the distribution per share are set out in the distribution table on page 94.

\*from launch of the Fund on 9 September 2010 to 30 June 2011

<b>7 Debtors</b>	<b>2011</b>
	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	13
Accrued rebate of Management fee on underlying investments	<u>1</u>
Total debtors	<u>14</u>
<b>8 Creditors</b>	<b>2011</b>
	<b>£'000</b>
Purchases awaiting settlement	47
Accrued expenses payable to the ACD	5
Other accrued expenses	<u>11</u>
Total creditors	<u>63</u>

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £nil has been recognised and is included in the total rebate amounts in note 3. The balance due to the Fund at the period end in respect of this amounted to £nil and is included in the total rebate amount disclosed in note 7.

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.

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

	<b>2011</b>
	<b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	4,772
Purchase of shares by Fund	234
The percentage value of the Fund held by Standard Life group companies is:	84.5%

# MyFolio Market V Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

The Fund currently has 2 share classes: Retail accumulation and Institutional accumulation.

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

Retail accumulation	1.15%
Institutional accumulation	0.58%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 88.

The distribution per share class is given in the distribution table on page 94. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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	Financial assets not carrying interest £'000	Total £'000
2011			
Currency			
Sterling	67	5,354	5,421

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Market V Fund

## Distribution Table

from the launch of the fund on 9 September 2010 to 30 June 2011

### Dividend distribution

Group 1 - shares created at launch on 9 September 2010

Group 2 - shares purchased between 9 September 2010 and 30 June 2011

	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
Retail accumulation			
Group 1	0.2079	-	0.2079*
Group 2	0.0000	0.2079	0.2079*
Institutional accumulation			
Group 1	0.4331	-	0.4331*
Group 2	0.4331	0.0000	0.4331*

\*Distribution accumulated on 30 June 2011

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current period 's dividend shown in the distribution table as follows:

	<b>Dividend Distribution</b>
Treat as franked investment income	100.00%
Treat as unfranked investment income*	0.00%

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

# MyFolio Multi-Manager I Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 20 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have a high exposure to lower risk assets, such as fixed interest.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
Allianz PIMCO Gilt Yield Fund	732
M&G Gilt and Fixed Interest Fund	729
Legal & General All Stocks Index Linked Fund	619
AEGON Investment Grade Bond Fund	605
Fidelity UK Corporate Bond Fund	566
M&G Corporate Bond Fund	563
SLI Global Index Linked Bond Fund	493
Schroder All Maturities Corporate Bond Fund	400
Threadneedle High Yield Bond Fund	305
BlackRock UK Gilts All Stocks Tracker Fund	278
Others (those not listed above)	<u>959</u>
<b>Total</b>	<u><b>6,249</b></u>

### 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.

# MyFolio Multi-Manager I Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	5,416	50.13	10,804,824
Institutional accumulation	30 June 2011	10	50.29	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	50.40	48.79
	2011**	0.1934	50.48	48.86
Institutional accumulation	2010*	-	50.42	48.86
	2011**	0.3732	50.72	48.96

\*from launch of the Fund on 20 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	2.05%
Institutional accumulation	1.35%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds

# MyFolio Multi-Manager I Fund

## Statement of Total Return

for the period 20 September 2010 to 30 June 2011

		20 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		99
Revenue	3	30	
Expenses	4	(31)	
Net expenses before taxation		(1)	
Taxation	5	0	
Net expenses after taxation			(1)
<b>Total return before distributions</b>			<b>98</b>
Finance costs: Distributions	6		1
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>99</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 20 September 2010 to 30 June 2011

	20 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	7,221	
Less: Amounts payable on cancellation of shares	(1,903)	
		5,318
Stamp duty reserve tax		(12)
Change in net assets attributable to shareholders from investment activities (see above)		99
Retained distribution on accumulation shares		21
<b>Closing net assets attributable to shareholders</b>		<b>5,426</b>

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			4,880
Debtors	7	427	
Cash and bank balances		461	
Total other assets			888
Total assets			5,768
<b>Liabilities</b>			
Creditors	8	(342)	
Total other liabilities			(342)
Total liabilities			(342)
<b>Net assets attributable to shareholders</b>			<b>5,426</b>

# MyFolio Multi-Manager I Fund

## Portfolio Statement

as at 30 June 2011

Holding	Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>	<b>4,880</b>	<b>89.94</b>
<b>Absolute Return Funds</b>	<b>149</b>	<b>2.75</b>
246,733 SLI Global Absolute Return Strategies Fund	149	2.75
<b>Bond Funds</b>	<b>4,054</b>	<b>74.70</b>
421,966 AEGON Investment Grade Bond Fund	500	9.21
346,729 Allianz PIMCO Gilt Yield Fund	508	9.36
161,147 BlackRock UK Gilts All Stocks Tracker Fund	195	3.59
436,226 Fidelity UK Corporate Bond Fund	470	8.66
585,730 Legal & General All Stocks Index Linked Fund	468	8.63
958,225 M&G Corporate Bond Fund	464	8.55
122,506 M&G Gilt and Fixed Interest Fund	507	9.34
533,138 Schroder All Maturities Corporate Bond Fund	331	6.10
255,380 SLI Global Index Linked Bond Fund	371	6.84
550,988 Threadneedle High Yield Bond Fund	240	4.42
<b>Equity Funds</b>	<b>369</b>	<b>6.81</b>
4,365 Aberdeen Emerging Markets Fund	23	0.43
110,057 AEGON UK Equity Fund	195	3.60
1,834 SLI UK Smaller Companies Fund	6	0.11
118,263 Threadneedle American Select Fund	145	2.67
<b>Money Market Fund</b>	<b>222</b>	<b>4.09</b>
221,639 SLI GBP VNAV Liquidity Fund	222	4.09
<b>Property Fund</b>	<b>86</b>	<b>1.59</b>
87,880 SLI UK Property Fund	86	1.59
Total investment assets	4,880	89.94
Net other assets	546	10.06
<b>Total Net Assets</b>	<b>5,426</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Multi-Manager I Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2011*</b>
	<b>£'000</b>
Non-derivative securities	98
Rebate of Management fee on underlying investments taken to capital	1
Net capital gains	<u>99</u>

### 2 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the period.

<b>3 Revenue</b>	<b>2011*</b>
	<b>£'000</b>
Unfranked component of dividend distributions from other collective investment schemes	1
Interest distributions from other collective investment schemes	22
Bank interest	1
Rebate of Management fee on underlying investments	6
Total revenue	<u>30</u>

### 4 Expenses

#### Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

Authorised Corporate Director's periodic charge	27
Registration fees	1
	<u>28</u>

#### Other expenses:

Audit fee**	11
Expenses reimbursed by SLI (Mutual Funds) Limited	(8)
	<u>3</u>

<b>Total expenses</b>	<b><u>31</u></b>
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\*\*A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited .

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

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

The tax assessed for the period 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 expenses before taxation	<u>(1)</u>
Corporation tax at 20%	<u>0</u>
Current tax charge (Note 5(a))	<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.

<b>6 Finance Costs</b>	<b>2011*</b>
<b>Distributions and interest</b>	<b>£'000</b>

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

Final distribution	21
Add: Income deducted on cancellation of shares	9
Deduct: Income received on creation of shares	(31)
Net distribution for the period	<u>(1)</u>

Details of the distribution per share are set out in the distribution table on page 102.

\*from launch of the Fund on 20 September 2010 to 30 June 2011

# MyFolio Multi-Manager I Fund

## Notes to the Financial Statements (continued)

<b>7 Debtors</b>	<b>2011</b>
	<b>£'000</b>
Amounts receivable from the ACD for issue of shares	415
Accrued revenue	3
Accrued rebate of Management fee on underlying investments	5
Income tax recoverable	4
Total debtors	<u>427</u>

<b>8 Creditors</b>	<b>2011</b>
	<b>£'000</b>
Purchases awaiting settlement	326
Accrued expenses payable to the ACD	6
Other accrued expenses	10
Total creditors	<u>342</u>

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £2,000 has been recognised and is included in the total rebate amounts in notes 1 and 3. The balance due to the Fund at the period end in respect of this amounted to £1,000 and is included in the total rebate amount disclosed in note 7.

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.

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

Investments in Standard Life Investments (Mutual Funds) Limited are disclosed in the Portfolio Statement.

	<b>2011</b>
	<b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	5,986
Purchase of shares by Fund	2,994
The percentage value of the Fund held by Standard Life group companies is:	55.8%

### 10 Shareholder Funds

The Fund currently has 2 share classes: Retail accumulation and Institutional accumulation.

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

Retail accumulation	1.40%
Institutional accumulation	0.70%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 96.

The distribution per share class is given in the distribution table on page 102. All classes have the same rights on winding up.

# MyFolio Multi-Manager I Fund

## Notes to the Financial Statements (continued)

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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	Financial assets not carrying interest £'000	Total £'000
<b>2011</b>			
<b>Currency</b>			
Sterling	683	4,658	5,341

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Multi-Manager I Fund

## Distribution Table

from the launch of the fund on 20 September 2010 to 30 June 2011

### Interest distribution

Group 1 - Shares created at launch on 20 September 2010

Group 2 - Shares purchased between 20 September 2010 and 30 June 2011

	<b>Gross income 2011 pence per share</b>	<b>Income tax 2011 pence per share</b>	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>					
Group 1	0.1934	0.0000	0.1934	-	0.1934*
Group 2	0.0000	0.0000	0.0000	0.1934	0.1934*
<b>Institutional accumulation</b>					
Group 1	0.4665	0.0933	0.3732	-	0.3732*
Group 2	0.4665	0.0933	0.3732	0.0000	0.3732*

\*Distribution accumulated on 30 June 2011

# MyFolio Multi-Manager II Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 20 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have a preference towards lower risk assets, such as fixed interest.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
Allianz PIMCO Gilt Yield Fund	4,774
Legal & General All Stocks Index Linked Fund	4,167
AEGON Investment Grade Bond Fund	4,123
Allianz PIMCO Gilt Yield Fund	3,836
Fidelity UK Corporate Bond Fund	3,831
SLI Global Absolute Return Strategies Fund	3,645
Threadneedle American Select Fund	3,102
Schroder All Maturities Corporate Bond Fund	2,720
AEGON UK Equity Fund	2,510
Others (those not listed above)	<u>12,576</u>
<b>Total</b>	<u><b>45,284</b></u>

### 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.

# MyFolio Multi-Manager II Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	44,502	51.15	87,004,008
Institutional accumulation	30 June 2011	11	51.32	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	50.58	49.72
	2011**	0.2409	51.60	49.87
Institutional accumulation	2010*	-	50.62	49.77
	2011**	0.4400	51.85	49.99

\*from launch of the Fund on 20 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	2.14%
Institutional accumulation	1.44%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds

# MyFolio Multi-Manager II Fund

## Statement of Total Return

for the period 20 September 2010 to 30 June 2011

		20 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		400
Revenue	3	205	
Expenses	4	(188)	
Net revenue before taxation		17	
Taxation	5	0	
Net revenue after taxation			17
<b>Total return before distributions</b>			417
Finance costs: Distributions	6		(17)
<b>Change in net assets attributable to shareholders from investment activities</b>			400

## Statement of Change in Net Assets Attributable to Shareholders

for the period 20 September 2010 to 30 June 2011

	20 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	44,764	
Less: Amounts payable on cancellation of shares	(845)	
		43,919
Stamp duty reserve tax		(16)
Change in net assets attributable to shareholders from investment activities (see above)		400
Retained distribution on accumulation shares		210
<b>Closing net assets attributable to shareholders</b>		44,513

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			44,915
Debtors	7	437	
Cash and bank balances		20	
Total other assets			457
Total assets			45,372
<b>Liabilities</b>			
Creditors	8	(859)	
Total other liabilities			(859)
Total liabilities			(859)
<b>Net assets attributable to shareholders</b>			44,513

# MyFolio Multi-Manager II Fund

## Portfolio Statement

as at 30 June 2011

Holding	Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>	<b>44,915</b>	<b>100.90</b>
<b>Absolute Return Funds</b>	<b>3,556</b>	<b>7.99</b>
5,870,789 SLI Global Absolute Return Strategies Fund	3,556	7.99
<b>Bond Funds</b>	<b>28,291</b>	<b>63.56</b>
3,393,478 AEGON Investment Grade Bond Fund	4,026	9.04
3,164,304 Allianz PIMCO Gilt Yield Fund	4,632	10.41
3,575,657 Fidelity UK Corporate Bond Fund	3,851	8.65
5,276,378 Legal & General All Stocks Index Linked Fund	4,216	9.47
7,966,467 M&G Corporate Bond Fund	3,857	8.67
279,506 M&G Gilt and Fixed Interest Fund	1,157	2.60
4,367,925 Schroder All Maturities Corporate Bond Fund	2,718	6.11
1,208,179 SLI Global Index Linked Bond Fund	1,753	3.94
4,771,906 Threadneedle High Yield Bond Fund	2,081	4.67
<b>Equity Funds</b>	<b>10,675</b>	<b>23.97</b>
1,401,104 AEGON UK Equity Fund	2,479	5.57
137,655 Aberdeen Emerging Markets Fund	730	1.64
428,743 Blackrock UK Equity Fund	1,415	3.18
73,320 Cazenove European Fund	330	0.74
186,694 First State Asia Pacific Leaders Fund	679	1.52
111,600 Investec UK Special Situations Fund	836	1.88
102,234 Martin Currie Japan Alpha Fund	93	0.21
45,221 SLI UK Smaller Companies Fund	144	0.32
2,580,020 Threadneedle American Select Fund	3,162	7.10
5,056 Vanguard US Equity Index Fund	807	1.81
<b>Money Market Funds</b>	<b>380</b>	<b>0.85</b>
379,881 SLI GBP VNAV Liquidity Fund	380	0.85
<b>Property Funds</b>	<b>2,013</b>	<b>4.53</b>
1,854,404 M&G Property Portfolio Fund	1,378	3.10
648,096 SLI UK Property Fund	635	1.43
Total investment assets	44,915	100.90
Net other liabilities	(402)	(0.90)
<b>Total Net Assets</b>	<b>44,513</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Multi-Manager II Fund

## Notes to the Financial Statements

<b>1</b>	<b>Net Capital Gains</b>	<b>2011*</b>
		<b>£'000</b>
	Non-derivative securities	394
	Rebate of Management fee on underlying investments taken to capital	6
	Net capital gains	<u>400</u>
<b>2</b>	<b>Purchases, Sales and Transaction Costs</b>	
	There are no transaction costs associated with the purchases or sales of investments during the period.	
<b>3</b>	<b>Revenue</b>	<b>2011*</b>
		<b>£'000</b>
	Franked component of dividend distributions from other collective investment schemes	8
	Unfranked component of dividend distributions from other collective investment schemes	11
	Interest distributions from other collective investment schemes	133
	Rebate of Management fee on underlying investments	53
	Total revenue	<u>205</u>
<b>4</b>	<b>Expenses</b>	<b>2011*</b>
		<b>£'000</b>
	<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
	Authorised Corporate Director's periodic charge	170
	Registration fees	10
		<u>180</u>
	<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
	Depositary's fees**	1
		<u>1</u>
	<b>Other expenses:</b>	
	Audit fee**	11
	Expenses reimbursed by SLI (Mutual Funds) Limited	(4)
		<u>7</u>
	Total expenses	<u>188</u>
	**A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.	
<b>5</b>	<b>Taxation</b>	<b>2011*</b>
		<b>£'000</b>
	<b>(a) Analysis of charge in the period</b>	
	Total taxation	<u>0</u>
	<b>(b) Factors affecting current tax charge for period</b>	
	The tax assessed for the period 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	<u>17</u>
	Corporation tax at 20%	4
	Effects of:	
	Franked component of dividend distributions from other collective investment schemes***	(1)
	Excess management expenses	1
	Interest distributions	(4)
	Current tax charge (Note 5(a))	<u>0</u>

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

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.

\*From launch of the Fund on 20 September 2010 to 30 June 2011.

# MyFolio Multi-Manager II Fund

## Notes to the Financial Statements (continued)

### 5 Taxation (continued)

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

At the period end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £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 period.

### 6 Finance Costs

#### Distributions and interest

2011\*

£'000

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

Final distribution	212
Add: Income deducted on cancellation of shares	5
Deduct: Income received on creation of shares	(200)
Net distribution for the period	<u>17</u>

Details of the distribution per share are set out in the distribution table on page 110.

\*from launch of the Fund on 20 September 2010 to 30 June 2011

### 7 Debtors

2011

£'000

Amounts receivable from the ACD for issue of shares	345
Accrued revenue	18
Income tax recoverable	28
Accrued rebate of Management fee on underlying investments	46
Total debtors	<u>437</u>

### 8 Creditors

2011

£'000

Purchases awaiting settlement	794
Accrued expenses payable to the ACD	51
Other accrued expenses	11
Income tax payable	3
Total creditors	<u>859</u>

# MyFolio Multi-Manager II Fund

## Notes to the Financial Statements (continued)

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £16,000 has been recognised and is included in the total rebate amounts in notes 1 and 3. The balance due to the Fund at the period end in respect of this amounted to £13,000 and is included in the total rebate amount disclosed in note 7.

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.

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

Investments in Standard Life Investments (Mutual Funds) Limited are disclosed in the Portfolio Statement.

**2011**  
**£'000**

Transactions during the period with Standard Life group companies are as follows:

Sale of shares by Fund	36,286
Purchase of shares by Fund	2,848

The percentage value of the Fund held by Standard Life group companies is: 74.0%

### 10 Shareholder Funds

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

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

Retail accumulation	1.40%
Institutional accumulation	0.70%

The initial charge on each share class is as follows:

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 104.

The distribution per share class is given in the distribution table on page 110. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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:

2011	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
<b>Currency</b>			
Sterling	400	44,535	44,935

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes which do not have maturity dates.

# MyFolio Multi-Manager II Fund

## Distribution Table

From launch of the Fund on 20 September 2010 to 30 June 2011

### Interest distribution

Group 1 - shares created at launch on 20 September 2010

Group 2 - shares purchased between 20 September 2010 and 30 June 2011

	<b>Gross income 2011 pence per share</b>	<b>Income tax 2011 pence per share</b>	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>					
Group 1	0.3011	0.0602	0.2409	-	0.2409*
Group 2	0.0067	0.0013	0.0054	0.2355	0.2409*
<b>Institutional accumulation</b>					
Group 1	0.5500	0.1100	0.4400	-	0.4400*
Group 2	0.5500	0.1100	0.4400	0.0000	0.4400*

\*Distribution accumulated on 30 June 2011

# MyFolio Multi-Manager III Fund

## Investment Report

**Fund Manager:** Bambos Hambi

**Launched:** 20 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
SLI Global Absolute Return Strategies Fund	9,160
Threadneedle American Select Fund	5,723
Fidelity UK Corporate Bond Fund	5,714
M&G Corporate Bond Fund	5,711
AEGON Investment Grade Bond Fund	5,121
Threadneedle High Yield Bond Fund	3,807
AEGON UK Equity Fund	3,671
Allianz PIMCO Gilt Yield Fund	3,470
Others (those not listed above)	<u>26,765</u>
<b>Total</b>	<u><b>69,142</b></u>

### 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.

# MyFolio Multi-Manager III Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	68,836	51.43	133,852,476
Institutional accumulation	30 June 2011	71	51.66	138,005
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	51.13	49.79
	2011**	0.3271	52.05	50.20
Institutional accumulation	2010*	-	51.22	49.81
	2011**	0.5708	52.22	50.35

\*from launch of the Fund on 20 September

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	2.22%
Institutional accumulation	1.52%

TER = ratio of total annualised operating costs to average net assets.

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds.

# MyFolio Multi-Manager III Fund

## Statement of Total Return

for the period 20 September 2010 to 30 June 2011

		20 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		420
Revenue	3	338	
Expenses	4	(294)	
Net revenue before taxation		44	
Taxation	5	(4)	
Net revenue after taxation			40
<b>Total return before distributions</b>			460
Finance costs: Distributions	6		(42)
<b>Change in net assets attributable to shareholders from investment activities</b>			418

## Statement of Change in Net Assets Attributable to Shareholders

for the period 20 September 2010 to 30 June 2011

	20 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	68,243	
Less: Amounts payable on cancellation of shares	(179)	
		68,064
Stamp duty reserve tax		(14)
Change in net assets attributable to shareholders from investment activities (see above)		418
Retained distribution on accumulation shares		439
<b>Closing net assets attributable to shareholders</b>		68,907

## Balance Sheet

as at 30 June 2011

	Notes	2011 £'000	2011 £'000
<b>Assets</b>			
Investment assets			69,782
Debtors	7	1,420	
Cash and bank balances		2	
Total other assets			1,422
Total assets			71,204
<b>Liabilities</b>			
Creditors	8	(2,297)	
Total other liabilities			(2,297)
Total liabilities			(2,297)
<b>Net assets attributable to shareholders</b>			68,907

# MyFolio Multi-Manager III Fund

## Portfolio Statement

as at 30 June 2011

Holding	Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>	<b>69,782</b>	<b>101.27</b>
<b>Absolute Return Funds</b>	<b>8,999</b>	<b>13.06</b>
14,856,594 SLI Global Absolute Return Strategies Fund	8,999	13.06
<b>Bond Funds</b>	<b>26,899</b>	<b>39.02</b>
4,301,911 AEGON Investment Grade Bond Fund	5,102	7.40
2,363,482 Allianz PIMCO Gilt Yield Fund	3,460	5.02
5,383,413 Fidelity UK Corporate Bond Fund	5,798	8.41
3,705,845 Legal & General All Stocks Index Linked Fund	2,961	4.30
11,976,646 M&G Corporate Bond Fund	5,798	8.41
8,669,030 Threadneedle High Yield Bond Fund	3,780	5.48
<b>Equity Funds</b>	<b>27,660</b>	<b>40.16</b>
620,874 Aberdeen Emerging Markets Fund	3,293	4.78
2,063,395 AEGON UK Equity Fund	3,650	5.30
745,397 Artemis Income Fund	1,758	2.55
134,958 Baring Emerging Markets Fund	364	0.53
784,018 BlackRock UK Equity Fund	2,589	3.76
298,207 Cazenove European Fund	1,342	1.95
361,729 First State Asia Pacific Leaders Fund	1,316	1.91
1,025,148 Ignis Cartesian UK Opportunities Fund	1,212	1.76
320,767 Investec UK Special Situations Fund	2,403	3.49
192,942 M&G Global Growth Fund	838	1.22
1,094,994 Martin Currie Japan Alpha Fund	993	1.44
113,503 SLI UK Smaller Companies Fund	362	0.53
4,792,795 Threadneedle American Select Fund	5,874	8.52
10,445 Vanguard US Equity Index Fund	1,666	2.42
<b>Money Market Funds</b>	<b>1,036</b>	<b>1.50</b>
1,035,533 SLI VNAV GBP Liquidity Fund	1,036	1.50
<b>Property Funds</b>	<b>5,188</b>	<b>7.53</b>
1,959,415 Aviva Investors Property Trust	2,637	3.83
3,433,718 M&G Property Portfolio Fund	2,551	3.70
Total investment assets	69,782	101.27
Net other liabilities	(875)	(1.27)
<b>Total Net Assets</b>	<b>68,907</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Multi-Manager III Fund

## Notes to the Financial Statements

<b>1</b>	<b>Net Capital Gains</b>	<b>2011*</b>
		<b>£'000</b>
	Non-derivative securities	408
	Rebate of Management fee on underlying investments taken to capital	12
	Net capital gains	<u>420</u>
<b>2</b>	<b>Purchases, Sales and Transaction Costs</b>	
	There are no transaction costs associated with the purchases or sales of investments during the period.	
<b>3</b>	<b>Revenue</b>	<b>2011*</b>
		<b>£'000</b>
	Franked component of dividend distributions from other collective investment schemes	37
	Unfranked component of dividend distributions from other collective investment schemes	40
	Interest distributions from other collective investment schemes	150
	Bank interest	1
	Rebate of Management fee on underlying investments	110
	Total revenue	<u>338</u>
<b>4</b>	<b>Expenses</b>	<b>2011*</b>
		<b>£'000</b>
	<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
	Authorised Corporate Director's periodic charge	267
	Registration fees	15
		<u>282</u>
	<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
	Depositary's fees**	3
	Safe custody fees**	1
		<u>4</u>
	<b>Other expenses:</b>	
	Audit fee**	11
	Expenses reimbursed by SLI (Mutual Funds) Limited	(3)
		<u>8</u>
	Total expenses	<u>294</u>
	**A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.	
<b>5</b>	<b>Taxation</b>	<b>2011*</b>
		<b>£'000</b>
	<b>(a) Analysis of charge in the period</b>	
	UK corporation tax	4
	Total taxation	<u>4</u>
	<b>(b) Factors affecting current tax charge for period</b>	
	The tax assessed for the period 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	44
	Corporation tax at 20%	9
	Effects of:	
	Franked component of dividend distribution from other collective investment schemes***	(7)
	Taxable income taken to capital	2
	Current tax charge (Note 5(a))	<u>4</u>

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

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.

\*From launch of the Fund on 20 September 2010 to 30 June 2011.

# MyFolio Multi-Manager III Fund

## Notes to the Financial Statements (continued)

### 6 Finance Costs 2011\*

**Distributions and interest** **£'000**

(a) The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:

Final distribution	439
Add: Income deducted on cancellation of shares	1
Deduct: Income received on creation of shares	(398)
Net distribution for the period	42

Details of the distribution per share are set out in the distribution table on page 118.

(b) Difference between net revenue and distribution

Net revenue after taxation	40
Add: Tax relief on capital rebates	2
Net distribution for the period	42

\*from the launch of the Fund on 20 September 2010 to 30 June 2011

### 7 Debtors 2011

**£'000**

Amounts receivable from the ACD for issue of shares	1,271
Accrued revenue	23
Accrued rebate of Management fee on underlying investments	92
Income tax recoverable	34
Total debtors	1,420

### 8 Creditors 2011

**£'000**

Purchases awaiting settlement	2,206
Accrued expenses payable to the ACD	78
Accrued expenses payable to the Depositary	2
Other accrued expenses	11
Total creditors	2,297

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £27,000 has been recognised and is included in the total rebate amounts in notes 1 and 3. The balance due to the Fund at the period end in respect of this amounted to £21,000 and is included in the total rebate amount disclosed in note 7.

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.

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

Investments in Standard Life Investments (Mutual Funds) Limited are disclosed in the Portfolio Statement.

	<b>2011</b>
	<b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	52,081
Purchase of shares by Fund	2,167
The percentage value of the Fund held by Standard Life group companies is:	72.1%

# MyFolio Multi-Manager III Fund

## Notes to the Financial Statements (continued)

### 10 Shareholder Funds

The Fund currently has 2 share classes: Retail accumulation and Institutional accumulation.

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

Retail accumulation	1.40%
Institutional accumulation	0.70%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 112.

The distribution per share class is given in the distribution table on page 118. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments.

#### 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
2011			
Currency			
Sterling	1,038	68,746	69,784

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts on non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Multi-Manager III Fund

## Distribution Table

from the launch of the Fund on 20 September 2010 to 30 June 2011

### Dividend distribution

Group 1 - shares share created at launch on 20 September 2010

Group 2 - shares purchased between 20 September 2010 and 30 June 2011

	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>			
Group 1	0.3271	-	0.3271*
Group 2	0.0256	0.3015	0.3271*
<b>Institutional accumulation</b>			
Group 1	0.5708	-	0.5708*
Group 2	0.0307	0.5401	0.5708*

\*Distribution accumulated on 30 June 2011

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current period's dividend shown in the distribution table as follows:

	<b>Dividend Distribution</b>
Treat as franked investment income	100.00%
Treat as unfranked investment income*	0.00%

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

# MyFolio Multi-Manager IV Fund

## Investment Report

**Fund Manager:** Bambos Hambli

**Launched:** 20 September 2010

### Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

### Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have a preference to those assets providing potential for growth, such as equities.

### Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

### Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
SLI Global Absolute Return Strategies Fund	4,186
Threadneedle ICVC American Select Fund	2,161
Threadneedle High Yield Bond Fund	1,508
AEGON ICVC - UK Equity Fund	1,366
BlackRock UK Equity Fund	1,238
Aberdeen Emerging Markets Fund	1,155
Aviva Investors Property Trust	1,135
Vanguard US Equity Index Fund	1,124
Others (those not listed above)	9,102
<b>Total</b>	<u>22,975</u>

### 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.

# MyFolio Multi-Manager IV Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	22,131	52.18	42,414,457
Institutional accumulation	30 June 2011	11	52.36	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	52.36	49.80
	2011**	0.2522	53.03	50.49
Institutional accumulation	2010*	-	52.44	49.81
	2011**	0.5072	53.22	50.64

\*from launch of the Fund on 20 September 2010

\*\*to 30 June

## Total Expense Ratio (TER)

	2011
Retail accumulation	2.26%
Institutional accumulation	1.56%

TER = ratio of total annualised operating costs to average net assets.

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds

# MyFolio Multi-Manager IV Fund

## Statement of Total Return

for the period 20 September 2010 to 30 June 2011

		20 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		35
Revenue	3	109	
Expenses	4	(95)	
Finance costs: Interest	6	(1)	
Net revenue before taxation		<u>13</u>	
Taxation	5	<u>0</u>	
Net revenue after taxation			<u>13</u>
<b>Total return before distributions</b>			<u>48</u>
Finance costs: Distributions	6		(14)
<b>Change in net assets attributable to shareholders from investment activities</b>			<u>34</u>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 20 September 2010 to 30 June 2011

	20 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	22,760	
Less: Amounts payable on cancellation of shares	<u>(751)</u>	
		22,009
Stamp duty reserve tax		(8)
Change in net assets attributable to shareholders from investment activities (see above)		34
Retained distribution on accumulation shares		<u>107</u>
<b>Closing net assets attributable to shareholders</b>		<u>22,142</u>

## Balance Sheet

as at 30 June 2011

	Notes	£'000	2011 £'000
<b>Assets</b>			
Investment assets			21,942
Debtors	7	214	
Cash and bank balances		<u>49</u>	
Total other assets			<u>263</u>
Total assets			22,205
<b>Liabilities</b>			
Creditors	8	<u>(63)</u>	
Total other liabilities			<u>(63)</u>
Total liabilities			<u>(63)</u>
<b>Net assets attributable to shareholders</b>			<u>22,142</u>

# MyFolio Multi-Manager IV Fund

## Portfolio Statement

as at 30 June 2011

Holding	Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>	<b>21,942</b>	<b>99.10</b>
<b>Absolute Return Funds</b>	<b>3,889</b>	<b>17.56</b>
6,421,380 SLI Global Absolute Return Strategies Fund	3,889	17.56
<b>Bond Funds</b>	<b>3,633</b>	<b>16.40</b>
829,562 Fidelity UK Corporate Bond Fund	893	4.03
482,890 Legal & General All Stocks Index Linked Fund	386	1.74
1,848,586 M&G Corporate Bond Fund	895	4.04
3,345,249 Threadneedle High Yield Bond Fund	1,459	6.59
<b>Equity Funds</b>	<b>12,215</b>	<b>55.18</b>
218,463 Aberdeen Emerging Markets Fund	1,159	5.24
756,452 AEGON UK Equity Fund	1,338	6.04
432,509 Artemis Income Fund	1,020	4.61
182,486 Baring Emerging Markets Fund	492	2.22
340,185 BlackRock UK Equity Fund	1,123	5.07
152,776 Cazenove European Fund	687	3.10
189,310 First State Asia Pacific Leaders Fund	689	3.11
450,678 Ignis Cartesian UK Opportunities Fund	533	2.41
7,657 Investec UK Smaller Companies Fund	159	0.72
140,826 Investec UK Special Situations Fund	1,055	4.77
81,263 M&G Global Growth Fund	353	1.59
462,881 Martin Currie Japan Alpha Fund	420	1.90
1,738,661 Threadneedle American Select Fund	2,131	9.63
6,621 Vanguard US Equity Index Fund	1,056	4.77
<b>Money Market Funds</b>	<b>70</b>	<b>0.32</b>
70,000 SLI GBP VNAV Liquidity Fund	70	0.32
<b>Property Funds</b>	<b>2,135</b>	<b>9.64</b>
785,341 Aviva Investors Property Trust	1,057	4.77
991,564 M&G Property Portfolio Fund	737	3.33
348,109 SLI UK Property Fund	341	1.54
Total investment assets	21,942	99.10
Net other assets	200	0.90
<b>Total Net Assets</b>	<b>22,142</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Multi-Manager IV Fund

## Notes to the Financial Statements

<b>1</b>	<b>Net Capital Gains</b>	<b>2011*</b>
		<b>£'000</b>
	Non-derivative securities	30
	Rebate of Management fee on underlying investments taken to capital	5
	Net capital gains	<u>35</u>
<b>2</b>	<b>Purchases, Sales and Transaction Costs</b>	
	There are no transaction costs associated with the purchases or sales of investments during the period.	
<b>3</b>	<b>Revenue</b>	<b>2011*</b>
		<b>£'000</b>
	Franked component of dividend distributions from other collective investment schemes	21
	Unfranked component of dividend distributions from other collective investment schemes	16
	Interest distributions from other collective investment schemes	31
	Bank interest	1
	Rebate of Management fee on underlying investments	40
	Total revenue	<u>109</u>
<b>4</b>	<b>Expenses</b>	<b>2011*</b>
		<b>£'000</b>
	<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
	Authorised Corporate Director's periodic charge	84
	Registration fees	4
		<u>88</u>
	<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
	Depositary's fees**	1
		<u>1</u>
	<b>Other expenses:</b>	
	Audit fee**	11
	Expenses reimbursed by SLI (Mutual Funds) Limited	(5)
		<u>6</u>
	Total expenses	<u>95</u>
	**A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.	
<b>5</b>	<b>Taxation</b>	<b>2011*</b>
		<b>£'000</b>
	<b>(a) Analysis of charge in the period</b>	
	Total taxation	<u>0</u>
	<b>(b) Factors affecting current tax charge for period</b>	
	The tax assessed for the period 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	13
	Corporation tax at 20%	3
	Effects of:	
	Franked component of dividend distributions from other collective investment schemes***	(4)
	Taxable income taken to capital	1
	Current tax charge (Note 5(a))	<u>0</u>

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

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.

\*From launch of the Fund on 20 September 2010 to 30 June 2011.

# MyFolio Multi-Manager IV Fund

## Notes to the Financial Statements (continued)

### 5 Taxation (continued)

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

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

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

### 6 Finance Costs

2011\*

#### Distributions and interest

£'000

- (a) The distribution takes account of income received on the creation of shares and income deducted on the cancellation of shares and comprises:

Final distribution	107
Add: Income deducted on cancellation of shares	4
Deduct: Income received on creation of shares	(97)
Net distribution for the period	<u>14</u>
Interest	<u>1</u>
Total finance costs	<u>15</u>

Details of the distribution per share are set out in the distribution table on page 126.

- (b) Difference between net revenue and distribution:

Net revenue after taxation	13
Add: Tax relief on capital rebates	<u>1</u>
Net distribution for the period	<u>14</u>

\*from launch of the Fund on 20 September 2010 to 30 June 2011

### 7 Debtors

2011

£'000

Amounts receivable from the ACD for issue of shares	142
Sales awaiting settlement	19
Accrued revenue	8
Income tax recoverable	9
Accrued rebate of Management fee on underlying investments	<u>36</u>
Total debtors	<u>214</u>

### 8 Creditors

2011

£'000

Purchases awaiting settlement	
Amounts payable to the ACD for cancellation of shares	25
Accrued expenses payable to the ACD	26
Accrued expenses payable to the Depositary	1
Other accrued expenses	<u>11</u>
Total creditors	<u>63</u>

# MyFolio Multi-Manager IV Fund

## Notes to the Financial Statements (continued)

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £12,000 has been recognised and is included in the total rebate amounts in notes 1 and 3. The balance due to the Fund at the period end in respect of this amounted to £10,000 and is included in the total rebate amount disclosed in note 7.

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.

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

The Fund holds shares in the Standard Life Investments Global Absolute Return Strategies Fund and the Standard Life Investments UK Property Fund as detailed in the Portfolio Statement.

	<b>2011</b> <b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	18,830
Purchase of shares by Fund	1,785
The percentage value of the Fund held by Standard Life group companies is:	76.8%

### 10 Shareholder Funds

The Fund currently has 2 share classes: Retail accumulation and Institutional accumulation.

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

Retail accumulation	1.40%
Institutional accumulation	0.70%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

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

The distribution per share class is given in the distribution table on page 126. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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>2011</b>			
<b>Currency</b>			
Sterling	119	21,872	21,991

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Multi-Manager IV Fund

## Distribution Table

from launch of the Fund on 20 September 2010 to 30 June 2011

### Dividend distribution

Group 1 - shares created at launch on 20 September 2010

Group 2 - shares purchased between 20 September 2010 and 30 June 2011

	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>			
Group 1	0.2522	-	0.2522*
Group 2	0.0242	0.2280	0.2522*
<b>Institutional accumulation</b>			
Group 1	0.5072	-	0.5072*
Group 2	0.5072	0.0000	0.5072*

\*Distribution accumulated on 30 June 2011

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current period's dividend shown in the distribution table as follows:

	<b>Dividend Distribution</b>
Treat as franked investment income	100.00%
Treat as unfranked investment income*	0.00%

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

# MyFolio Multi-Manager V Fund

**Fund Manager:** Bambos Hambi

**Launched:** 20 September 2010

## Investment objective

The Fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

## Investment policy

The current policy of the Fund is to invest mainly in a range of collective investment schemes to achieve exposure to diversified investments, of primarily equities, but which may include fixed and variable rate interest bearing securities and immoveable property. The Fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Fund will have high exposure to assets providing potential for growth, such as equities.

## Risk

The Fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest primarily in equities, but also in fixed and variable rate interest bearing securities and immoveable property. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

## Investment activity

The Investment activity for each sub-fund is documented as a whole on pages 8 and 9.

The following material purchases were made in the period:

	<b>£'000</b>
SLI Global Absolute Return Strategies Fund	2,123
Vanguard US Equity Index Fund	1,131
Threadneedle American Select Fund	1,123
Threadneedle High Yield Bond Fund	802
AEGON UK Equity Fund	745
Artemis Income Fund	658
BlackRock UK Equity Fund	618
Investec UK Special Situations Fund	603
Cazenove European Fund	597
Others (those not listed above)	<u>3,373</u>
<b>Total</b>	<u><b>11,773</b></u>

## 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.

# MyFolio Multi-Manager V Fund

## Comparative Tables

	Accounting period	Net asset value £'000	Net asset value per share p	Shares in issue
Retail accumulation	30 June 2011	11,162	52.67	21,194,075
Institutional accumulation	30 June 2011	11	52.96	21,000
	Calendar year	Distribution per share p	Highest share price p	Lowest share price p
Retail accumulation	2010*	-	53.11	49.80
	2011**	0.0831	53.46	50.97
Institutional accumulation	2010*	-	53.21	49.81
	2011**	0.3693	53.67	51.13

\*from launch of the Fund on 20 September

\*\*to 30 June

### Total Expense Ratio (TER)

	2011
Retail accumulation	2.29%
Institutional accumulation	1.59%

TER = ratio of total annualised operating costs to average net assets

The TER calculation includes a synthetic adjustment for the period in respect of expenses incurred on investments in underlying funds.

# MyFolio Multi-Manager V Fund

## Statement of Total Return

for the period 20 September 2010 to 30 June 2011

		20 September 2010 to 30 June 2011	
	Notes	£'000	£'000
Income:			
Net capital gains	1		70
Revenue	3	52	
Expenses	4	(52)	
Net revenue before taxation		0	
Taxation	5	0	
Net revenue after taxation			0
<b>Total return before distributions</b>			70
Finance costs: Distributions	6		0
<b>Change in net assets attributable to shareholders from investment activities</b>			70

## Statement of Change in Net Assets Attributable to Shareholders

for the period 20 September 2010 to 30 June 2011

	20 September 2010 to 30 June 2011	
	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		0
Amounts receivable on issue of shares	11,677	
Less: Amounts payable on cancellation of shares	(581)	
		11,096
Stamp duty reserve tax		(11)
Change in net assets attributable to shareholders from investment activities (see above)		70
Retained distribution on accumulation shares		18
<b>Closing net assets attributable to shareholders</b>		11,173

## Balance Sheet

as at 30 June 2011

		30 June 2011	
	Notes	£'000	£'000
<b>Assets</b>			
Investment assets			11,099
Debtors	7	92	
Cash and bank balances		6	
Total other assets			98
Total assets			11,197
<b>Liabilities</b>			
Creditors	8	(24)	
Total other liabilities			(24)
Total liabilities			(24)
<b>Net assets attributable to shareholders</b>			11,173

# MyFolio Multi-Manager V Fund

## Portfolio Statement

as at 30 June 2011

Holding	Market value £'000	Percentage of total net assets
<b>Collective Investment Schemes</b>	<b>11,099</b>	<b>99.34</b>
<b>Absolute Return Funds</b>	<b>2,170</b>	<b>19.42</b>
3,581,918 SLI Global Absolute Return Strategies Fund	2,170	19.42
<b>Bond Funds</b>	<b>746</b>	<b>6.68</b>
1,711,433 Threadneedle High Yield Bond Fund	746	6.68
<b>Equity Funds</b>	<b>7,685</b>	<b>68.79</b>
85,730 Aberdeen Emerging Markets Fund	455	4.07
386,029 AEGON UK Equity Fund	683	6.11
265,582 Artemis Income Fund	626	5.60
166,685 Baring Emerging Markets Fund	449	4.02
173,162 BlackRock UK Equity Fund	572	5.12
125,858 Cazenove European Fund	566	5.07
30,526 Fidelity South East Asia Fund	231	2.07
94,579 First State Asia Pacific Leaders Fund	344	3.08
300,101 Ignis Cartesian UK Opportunities Fund	355	3.18
4,275 Investec UK Smaller Companies Fund	89	0.80
78,382 Investec UK Special Situations Fund	587	5.25
53,955 M&G Global Growth Fund	234	2.10
380,030 Martin Currie Japan Alpha Fund	345	3.09
877,047 Threadneedle American Select Fund	1,075	9.62
6,729 Vanguard US Equity Index Fund	1,074	9.61
<b>Money Market Funds</b>	<b>100</b>	<b>0.89</b>
100,158 SLI GBP VNAV Liquidity Fund	100	0.89
<b>Property Funds</b>	<b>398</b>	<b>3.56</b>
147,915 Aviva Investors Property Trust	199	1.78
267,312 M&G Property Portfolio Fund	199	1.78
Total investment assets	11,099	99.34
Net other assets	74	0.66
<b>Total Net Assets</b>	<b>11,173</b>	<b>100.00</b>

All investments are "regulated collective investment schemes" within the meaning of the FSA rules unless otherwise stated.

# MyFolio Multi-Manager V Fund

## Notes to the Financial Statements

<b>1 Net Capital Gains</b>	<b>2011*</b>
	<b>£'000</b>
Non-derivative securities	67
Rebate of Management fee on underlying investments taken to capital	3
Net capital gains	<u>70</u>
<b>2 Purchases, Sales and Transaction Costs</b>	
There are no transaction costs associated with the purchases or sales of investments during the period.	
<b>3 Revenue</b>	<b>2011*</b>
	<b>£'000</b>
Franked component of dividend distributions from other collective investment schemes	12
Unfranked component of dividend distributions from other collective investment schemes	5
Interest distributions from other collective investment schemes	13
Rebate of Management fee on underlying investments	22
Total revenue	<u>52</u>
<b>4 Expenses</b>	<b>2011*</b>
	<b>£'000</b>
<b>Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:</b>	
Authorised Corporate Director's periodic charge	45
Registration fees	2
	<u>47</u>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>	
Depositary's fees**	1
	<u>1</u>
<b>Other expenses:</b>	
Audit fee**	11
Expenses reimbursed by SLI (Mutual Funds) Limited	(7)
	<u>4</u>
Total expenses	<u>52</u>

\*\*A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

\*From launch of the Fund on 20 September 2010 to 30 June 2011.

# MyFolio Multi-Manager V Fund

## Notes to the Financial Statements (continued)

### 5 Taxation 2011\* £'000

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

Total taxation	0
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#### (b) Factors affecting current tax charge for period

The tax assessed for the period 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	0
Corporation tax at 20%	0
Effects of:	
Franked component of dividend distributions from other collective investment schemes***	(2)
Excess management expenses	2
Current tax charge (Note 5(a))	0

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

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 period end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,000 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 period.

### 6 Finance Costs 2011\* £'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:

Final distribution	18
Add: Income deducted on cancellation of shares	1
Deduct: Income received on creation of shares	(19)
Net distribution for the period	0

Details of the distribution per share are set out in the distribution table on page 134.

\*from launch of the Fund on 20 September 2010 to 30 June 2011

### 7 Debtors 2011 £'000

Amounts receivable from the ACD for issue of shares	65
Accrued revenue	4
Accrued rebate of Management fee on underlying investments	19
Income tax recoverable	4
Total debtors	92

### 8 Creditors 2011 £'000

Accrued expenses payable to the ACD	13
Other accrued expenses	11
Total creditors	24

# MyFolio Multi-Manager V Fund

## Notes to the Financial Statements (continued)

### 9 Related Parties Transactions

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

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

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

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

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £6,000 has been recognised and is included in the total rebate amounts in notes 1 and 3. The balance due to the Fund at the period end in respect of this amounted to £5,000 and is included in the total rebate amount disclosed in note 7.

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

The Fund holds shares in Standard Life Investments GBP VNAV Liquidity Fund and Standard Life Investments Global Absolute Returns Strategies Fund as detailed in the Portfolio Statement.

	<b>2011</b> <b>£'000</b>
Transactions during the period with Standard Life group companies are as follows:	
Sale of shares by Fund	10,041
Purchase of shares by Fund	2,045
The percentage value of the Fund held by Standard Life group companies is:	71.8%

### 10 Shareholder Funds

The Fund currently has 2 share classes: Retail accumulation and Institutional accumulation.

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

Retail accumulation	1.40%
Institutional accumulation	0.70%

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

Retail accumulation	4.00%
Institutional accumulation	0.00%

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the comparative table on page 128.

The distribution per share class is given in the distribution table on page 134. All classes have the same rights on winding up.

### 11 Financial Instruments

#### Risks

The risks associated with this Fund are market price, interest rate, liquidity and credit risk. Narrative disclosures are included in the aggregated accounts on page 12.

#### 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>2011</b>			
Currency			
Sterling	106	10,999	11,105

Floating rate interest was earned at rates based on LIBOR.

There are no material amounts of non-interest bearing financial assets other than holdings in collective investment schemes, which do not have maturity dates.

# MyFolio Multi-Manager V Fund

## Distribution Table

From launch of the Fund on 20 September 2010 to 30 June 2011

### Dividend distribution

Group 1 - shares created at launch on 20 September 2010

Group 2 - shares purchased between 20 September 2010 and 30 June 2011

	<b>Net income 2011 pence per share</b>	<b>Equalisation 2011 pence per share</b>	<b>Distribution paid 2011 pence per share</b>
<b>Retail accumulation</b>			
Group 1	0.0831	-	0.0831*
Group 2	0.0000	0.0831	0.0831*
<b>Institutional accumulation</b>			
Group 1	0.3693	-	0.3693*
Group 2	0.3693	0.0000	0.3693*

\*Distribution accumulated on 30 June 2011

## Treatment by Corporate Shareholders

Corporate shareholders should account for the current period's dividend shown in the distribution table as follows:

	<b>Dividend Distribution</b>
Treat as franked investment income	100.00%
Treat as unfranked investment income*	0.00%

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

## Further Information

### Report and financial statements

Investors who deal directly with the ACD will receive a report on Standard Life Investment Company III Funds twice a year. This will be a Short Report, the Long Report being available on request from Standard Life Investments (Mutual funds) Limited at the Edinburgh address. The report provides information on the performance of the Funds, the market background and details of each of the portfolios. The annual accounting year for the Funds finishes on 30 June and the interim accounting period finishes on 31 December.

### Prospectus

A Prospectus, which describes each Fund in detail, is available from Standard Life Investments (Mutual funds) Limited at the Edinburgh address.

### Types of share available

Shares in the Company may be issued in one of two classes - Retail Accumulation Shares and Institutional Accumulation Shares.

### Publication of prices

The most recent share prices are published daily on our website at: [www.standardlifeinvestments.co.uk](http://www.standardlifeinvestments.co.uk)

### Cancellation rights

Under certain circumstances, investors will have the right to cancel a deal. Please refer to the Prospectus for full details.

### Buying and selling shares

There are different processes for buying and selling shares. The majority of investors will invest through Standard Life Savings Limited. Certain investors will not invest through Standard Life Savings Limited. They will deal directly with the ACD. This will apply where an investor chooses to deal directly with the ACD or persons who are introduced by Standard Life Investments Specialist Sales Team.

Investors wishing to invest in any of the Funds can contact their usual financial advisor or telephone Standard Life Savings Limited or Standard Life Investments (Mutual Funds) 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) Limited or Standard Life Savings Limited, 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 Company is constituted as a non-UCITS retail scheme for the purposes of the FSA Rules.

### Dilution adjustment

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

## Further Information (continued)

### Distributions

Allocation of income 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
MyFolio Managed I Fund	1 July - 30 June	31 October
MyFolio Managed II Fund	1 July - 30 June	31 October
MyFolio Managed III Fund	1 July - 30 June	31 October
MyFolio Managed IV Fund	1 July - 30 June	31 October
MyFolio Managed V Fund	1 July - 30 June	31 October
MyFolio Market I Fund	1 July - 30 June	31 October
MyFolio Market II Fund	1 July - 30 June	31 October
MyFolio Market III Fund	1 July - 30 June	31 October
MyFolio Market IV Fund	1 July - 30 June	31 October
MyFolio Market V Fund	1 July - 30 June	31 October
MyFolio Multi-Manager I Fund	1 July - 30 June	31 October
MyFolio Multi-Manager II Fund	1 July - 30 June	31 October
MyFolio Multi-Manager III Fund	1 July - 30 June	31 October
MyFolio Multi-Manager IV Fund	1 July - 30 June	31 October
MyFolio Multi-Manager V Fund	1 July - 30 June	31 October

### Charges

A preliminary (initial) charge is payable when you invest in a Fund. The current preliminary charge for investments into the Standard Life Investment Company III ICVC is shown in the table below:

Fund name	Current Preliminary Charge	
	Retail shares	Institutional shares
MyFolio Managed I Fund	4%	0%
MyFolio Managed II Fund	4%	0%
MyFolio Managed III Fund	4%	0%
MyFolio Managed IV Fund	4%	0%
MyFolio Managed V Fund	4%	0%
MyFolio Market I Fund	4%	0%
MyFolio Market II Fund	4%	0%
MyFolio Market III Fund	4%	0%
MyFolio Market IV Fund	4%	0%
MyFolio Market V Fund	4%	0%
MyFolio Multi-Manager I Fund	4%	0%
MyFolio Multi-Manager II Fund	4%	0%
MyFolio Multi-Manager III Fund	4%	0%
MyFolio Multi-Manager IV Fund	4%	0%
MyFolio Multi-Manager V Fund	4%	0%

## Further Information (continued)

### Charges (continued)

Details of the ACD's periodic charge for each Fund are shown in the table below:

Fund Name	Current rate of periodic charge		Charge deducted from capital or income*
	Retail shares	Institutional shares	
MyFolio Managed I Fund	1.15%	0.58%	Income
MyFolio Managed II Fund	1.15%	0.58%	Income
MyFolio Managed III Fund	1.15%	0.58%	Income
MyFolio Managed IV Fund	1.15%	0.58%	Income
MyFolio Managed V Fund	1.15%	0.58%	Income
MyFolio Market I Fund	1.15%	0.58%	Income
MyFolio Market II Fund	1.15%	0.58%	Income
MyFolio Market III Fund	1.15%	0.58%	Income
MyFolio Market IV Fund	1.15%	0.58%	Income
MyFolio Market V Fund	1.15%	0.58%	Income
MyFolio Multi-Manager I Fund	1.40%	0.70%	Income
MyFolio Multi-Manager II Fund	1.40%	0.70%	Income
MyFolio Multi-Manager III Fund	1.40%	0.70%	Income
MyFolio Multi-Manager IV Fund	1.40%	0.70%	Income
MyFolio Multi-Manager V Fund	1.40%	0.70%	Income

\*Please note that it is currently anticipated that, in respect of each of the Funds, a proportion of the charge may have to be borne by the capital.

Standard Life Investments Limited is registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL.

The Standard Life Investments group includes Standard Life Investments (Mutual Funds) Limited, SLTM Limited, Standard Life Investments (Corporate Funds) Limited, SL Capital Partners LLP and Aida Capital Limited.

Standard Life Investments Limited is authorised and regulated by the Financial Services Authority.

Calls may be monitored and/or recorded to protect both you and us and help with our training.

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