

# Global Absolute Return Strategies Fund

Fund Update - 31 August 2009

STANDARD LIFE INVESTMENTS

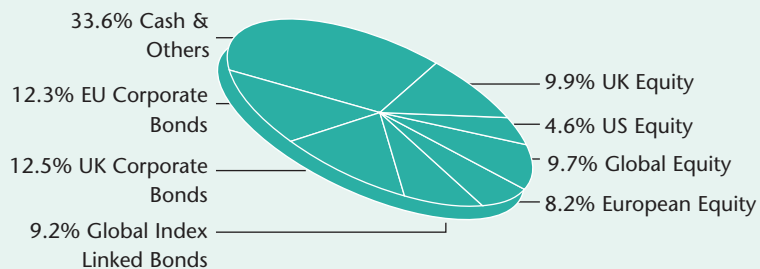


## Fund Facts

Fund Launch Date	Ret Acc 07/05/2008	Inst Acc 28/01/2008	Lipper	Ret Acc 65111167	Inst Acc 65111168
Fund Manager	Multi Asset Investment Team		Bloomberg	Ret Acc n/a	Inst Acc SLIGARS LN
Base Currency	GBP		ISIN	Ret Acc GB00B28S0093	Inst Acc GB00B28S0218
IMA Sector	IMA Absolute Return		SEDOL	Ret Acc B28S009	Inst Acc B28S021
Benchmark	6 Month Sterling LIBOR		OBSR Rating	n/a	
Type of Share	Accumulation		S&P Rating	A	
Initial Charge	Ret Acc 4.0%	Inst Acc 0.0%	ISA Option	Yes	
Annual Management Charge	Ret Acc 1.5%	Inst Acc 0.75%	Fund Size	£1.49b	
TER*	Ret Acc 1.61%	Inst Acc 0.86%	*TER = ratio of total operating costs to average net assets.		
Reporting Dates	Interim 30 September	Annual 31 March	Unless stated otherwise, all information refers to the Retail Accumulation share class.		
XD Dates	Interim n/a	Annual 31 March			
Payment Dates	Interim n/a	Annual 31 May			
Valuation Point	7.30am				

## Portfolio Exposures as at 30 June 2009

### Physical Allocation



### \*Percentage of Market Risk Exposure

Medium-term European Duration	1.69%
Global Equity	1.68%
Long-term European duration	1.56%
Short UK Inflation	1.38%
Financial Sector Credit	1.14%
Nikkei v S&P 500 Vol Relative Value	1.10%
US Equity	1.10%
Long-term US duration	1.09%
European Equity	1.06%
Long USD v EUR	1.04%
Long BRL v JPY	0.97%
SMI v DAX Relative Value	0.95%
Australian Short-term interest rates	0.95%
Euro Short-term interest rates	0.80%
Long GBP v EUR	0.74%
Long SEK v EUR	0.69%
Stock Selection	0.67%
UK Corporate Bonds	0.62%
UK Equity	0.61%
Long USD v JPY	0.57%
Medium-term UK duration	0.56%
Long-term Japanese duration	0.55%
Global Index-Linked Bonds	0.54%
Financial Sector v Broad Credit	0.53%
Nikkei Forwards	0.43%
Eurostoxx v S&P 500 Vol Relative Value	0.43%
EU Corporate Bonds	0.38%
USD v GBP Volatility	0.35%
Short FTSE Volatility	0.20%
FTSE 100 Dividends	0.14%
DAX v FTSE Vol Relative Value	0.12%
FX	0.06%

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

## Fund Update (continued)

### Investment Strategy & Goal\*

The Global Absolute Return Strategies Fund (GARS) seeks to provide investors with positive investment returns in a variety of market conditions. To achieve its objective, the Fund invests in a diversified range of market return strategies, so should economic circumstances result in one market performing poorly, the Fund can gain from investments in other markets which typically rise in the same circumstances. To achieve this, our investment process operates within a carefully monitored risk control framework, designed to ensure diversification and based on rigorous risk management. We invest in a combination of traditional investments (such as equities, bonds and foreign exchange), and advanced techniques where we will use derivatives extensively from across the globe. We seek to exploit market inefficiencies through active asset allocation over a three to five year horizon. We select only those strategies that we feel offer the best return prospects at any given time and will also help to diversify portfolio risk.

### Investment Review - August 2009

#### Review

Global stock markets continued their march higher in August with cyclical stocks leading the surge. Aggressive cost-cutting ensured that operating margins remained healthy and enabled corporates to beat earnings expectations. Government stimulus packages such as the 'cash for clunkers' programme continued to boost industrial production, while housing data pointed to an improvement in market conditions. Meanwhile, corporate bond markets generally outperformed government bonds in August.

#### Performance

The Global Absolute Return Strategies Fund returned 4.91% during August, compared to its benchmark 6-month LIBOR return of 0.10%. Our market risk positions made a positive contribution towards performance, given strong returns from equity and credit markets. Meanwhile, interest rates and inflation expectations fell, benefiting our duration and inflation positions. In particular, our European and US long-to-medium term duration strategies performed well, as did short UK inflation. However, our currency positions, particular our US dollar positions detracted from performance. This was offset somewhat by our Swedish krona versus euro and Brazilian Real versus Japanese yen positions.

#### Activity

In August, we implemented two new currency positions. Firstly, we initiated a position on the Polish zloty versus the Czech koruna. The two countries have similar macroeconomic fundamentals but there is a difference in currency valuations which we can exploit. Secondly, we started a strategy in the Brazilian Real versus the Chilean peso in order to take advantage of the difference in short rates. This strategy replaces our Brazilian Real versus Japanese yen position. Elsewhere, we consolidated our duration positions by switching our long UK gilt futures into US long bond futures.

#### Outlook

The Fund continues to reflect our moderately defensive position, with core equity exposure at around 23%, while maintaining significant duration positions. However, we continue to seek opportunities which will deliver returns if conditions do not deteriorate further. Overall, we continue to hold a diverse range of return-seeking strategies, all expected to deliver value over a three-year time horizon, while also diversifying overall risk.

\*For full details of the fund's objective, policy and investment and borrowing powers please refer to the full prospectus.

Source: Morningstar Workstation performance figures are calculated on a bid-to-bid basis over periods to 31 August 2009.

Past performance is not a guide to future performance. The fund is not guaranteed, a capital protected product or a substitute for cash. The value of your investment can go down as well as up. In order to achieve its investment objectives the Fund will make extensive use of derivatives.

## Fund Update (continued)

### Fund Performance

1 July 08- 1 July 09	1 July 07- 1 July 08	1 July 06- 1 July 07	1 July 05- 1 July 06	1 July 04- 1 July 05
3.9%	-	-	-	-

The performance has been calculated over the stated periods using bid-to-bid basis for a UK basic rate taxpayer.

### Cumulative Performance to 1 September 2009

	Global Absolute Return Strategies Fund (%)	Benchmark* (%)
6 Months	14.8	0.8
1 Year	10.2	2.9
Since Launch	8.2	4.9

The performance has been calculated over the stated periods to 1 September 2009 using bid-to-bid basis for the UK basic rate taxpayer.

Source: Morningstar

\*6 Month Sterling LIBOR

### 08 May 2008 to 1 September 2009, Bid-Bid, UK Basic Rate, Based in UK Sterling, Calculation Indexed

#### Price Indexed



Source: Morningstar

Performance shown on a bid-to-bid basis for the UK basic rate taxpayer.

Past performance is not a guide to future performance. The price of shares and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

### Contact us

For further information on the Standard Life Global Absolute Return Strategies Fund contact your Standard Life Consultant.

For more details on our current market views please call the **Investment Market Line on 0845 60 60 062**

Standard Life Investments may record and monitor telephone calls to help improve customer service.

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