

This leaflet applies to Stakeholder With Profits Plans taken out after 9 July 2006 and gives information on the following

- ▶ types of assets – how these affect investment returns
- ▶ asset mix details – recent and historic
- ▶ investment returns – recent and historic
- ▶ investment market conditions.

This leaflet is intended for individuals who are familiar with investment terminology. If you need an explanation of the terms used email us at wpreport@standardlife.com. Please note that there is no guarantee that any email sent will be received, or that the contents will remain private during internet transmission.

The return on the asset mix is only one of the factors that affect with profits plan values. Other factors are the deductions we make, and any other discretionary adjustments that we may apply such as smoothing. The deductions are normally for such things as our expenses. These deductions will be no more than the maximum allowable under Stakeholder regulations.

For more information on with profits please see our 'Understanding With Profits' booklets available on our website at www.standardlife.co.uk/withprofits

Types of assets

We invest in a wide range of assets including equities, bonds and cash deposits. We expect that a higher proportion of equities will produce returns that are higher over the long term, but more variable over the short term. We expect that a higher proportion of bonds and cash will result in returns that are more stable, but lower over the long term.

Asset Mix

Our investment strategy aims to achieve competitive returns for with profits plans, and at the same time continue to maintain an appropriate level of financial strength and meet all contractual obligations to planholders.

We regularly review the asset mix that backs our with profits business, taking account of such things as:

- ▶ the strength of the fund
- ▶ any changes in current and expected future market conditions.

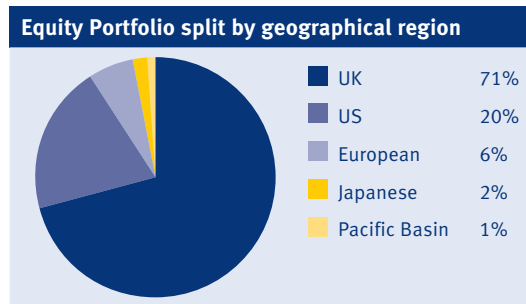
Note: the asset mix will also change as market values change.

Any change in the asset mix is likely to result in a change in future returns and plan payouts, see Types of assets.

Asset Mix Details at 31 March 2012

Category	March 2012
Equities	58.7%
Fixed Interest and Other*	41.3%

* Fixed Interest & Other includes index linked bonds, cash deposits and money market instruments



Top 5 Equity Holdings

- ▶ 1 BP
- ▶ 2 Vodafone Group
- ▶ 3 HSBC
- ▶ 4 Glaxo Smith Kline
- ▶ 5 Rio Tinto

Fixed Interest Holdings

- ▶ 45% Government Bonds
- ▶ 55% Corporate Bonds

Corporate Bond portfolio

- ▶ Over 96% are rated investment grade bonds
- ▶ Over 12% are AAA rated (as measured by a composite rating structure, derived from Standard & Poor's and Moody's ratings)

Investment returns

Investment returns for the last four quarter years:

The return on the asset mix is only one of the factors that affect with profits plan values, see page 1.

Quarter year ending on:	30/06/11	30/09/11	31/12/11	31/03/12
Stakeholder With Profits 2006 Fund and Corporate Stakeholder With Profits 2006 Fund	1.7%	-7.9%	6.0%	5.7%

Recent investment returns are estimates.

Investment returns are before tax and have been rounded down.

These figures refer to the past. Past performance is not a reliable guide to future performance.

* Fixed Interest & Other includes index linked bonds, cash deposits and money market instruments

Historic Details

The proportions of different types of asset change over time as market values go up and down. They can also change as a result of the reviews we carry out, see page 01. Any change in the asset mix is likely to affect future returns and plan payouts – see 'Types of assets' on page 01. The following table shows the asset mix at the end of each of the last five years and the investment returns for each of those years.

	2007	2008	2009	2010	2011
Equities	69%	63%	60%	62%	57%
Fixed Interest and Other*	31%	37%	40%	38%	43%
Investment Returns	6.7%	-20.2%	19.2%	12.5%	0.1%

Investment Market Conditions

Fixed Interest

Government bond markets refused to retreat despite the apparent risk-on environment, staying close to their record low yields. In part, this reflected fears that the risk rally would prove temporary but there was also an underlying theme of cheap money chasing yield across all markets. Ultimately, it took better US employment data to break bonds out of their trading range. This prompted unfounded fears that loose monetary policy may be ending. There was a temporary sell-off in all bond markets before they recovered once again.

Credit markets staged a solid rebound in January and February. Spreads tightened markedly and investment grade issues delivered returns well ahead of equivalent government debt. Lower-rated issues outperformed the higher-quality end of the credit spectrum. The rebound was driven by the European Central Bank's provision of cheap, longer-term funding, which helped stave off the threat of a banking system collapse and enabled the banks to support the sizeable debt auctions of peripheral European countries. Through March, momentum slackened. Investors paused to re-evaluate global growth prospects, as signs emerged that high oil prices and weaker demand from China may cause the US recovery to waiver.

UK Equities

In the UK, stocks rallied in January and February before weakening again in March. Earnings were mixed. Financial stocks benefited initially from the efforts of the European Central Bank to improve liquidity. However, UK growth remained disappointing, with the final estimate of fourth-quarter GDP coming in at -0.3%.

Global Equities

After rebounding sharply towards the end of 2011, the US equity market continued to rise in the Q1 2012. Investor risk appetite benefited from a flow of broadly positive economic data. The Federal Reserve kept a watchful eye on the domestic economy, hoping that recovery in the banking system will allow for a sustained increase in employment, a more confident consumer and an improving housing market. In case of accidents, the Fed said it would keep interest rates close to zero for the foreseeable future.

Crucially in Europe the European Central Bank's liquidity injections, in the form of its longer-term refinancing operations (LTRO), eased anxieties that a funding crisis could lead to a major seizure of the region's financial system. This allowed most of the region's stock markets (ex Spain) to rebound despite poor economic data. GDP for the EU is forecast to decline in 2012 and the peripheral countries are mired in recession.

Standard Life Assurance Limited is registered in Scotland (SC286833) at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH. Standard Life Assurance 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. Call charges will vary.* www.standardlife.co.uk