

This leaflet gives information on the mix of assets that backs different categories of with profits business and the investment returns on these assets. The change in the value of a with profits policy will differ from the investment return on the asset mix for that policy.

The change in the value of any individual policy will also reflect the deductions we make as well as any discretionary adjustments, for example for smoothing and inherited estate distribution. The deductions are normally for such things as our expenses and (where relevant) tax, costs of life cover and guarantees, and a contribution to Standard Life's capital. Some payout values are also affected by the guarantees that apply.

Some with profits policies guarantee a minimum payout, for example when you die or when your policy reaches its maturity date, as long as all payments have been made when due. We will then pay at least this minimum amount regardless of the performance of the assets we hold over the period that your policy is invested in with profits.

Since 31 July 2007 we have been making distributions from the Inherited Estate by enhancing with profits payouts. As a result, payouts on many eligible with profits policies include an enhancement. At least once a year we review whether it is appropriate to continue to make distributions.

Asset Allocation

Our investment strategy aims to provide good potential for growth over the long term, whilst maintaining an appropriate level of financial strength and meeting all contractual obligations to policyholders.

We do this by investing in a wide range of assets, which we regularly review and may change over time. The reviews take account of the characteristics of the liabilities - including the nature and amount of any guarantees - the strength of the fund, and any changes in current and expected future market conditions.

The asset mix is not the same for all types of with profits policies but varies according to the extent of any guarantees that they might have.

We currently group policies into 3 categories, as described in the following table, and so there are 3 different asset mixes.

Policy Type	Fund Name (see your policy statement)	Asset Mix
Personal Pension Plan* Personal Pension Plus* Tower Pension Series+	Pension With Profits Fund	Category 1
Corporate Pension Series* Buy out Bond*	Pension With Profits 2 Fund	
Capital Savings Plan Flexible Life Plan Mortgage Plan Capital Savings Plan (MC100) MoneyWorks Plan (Net)	Life With Profits Fund	Category 2
MoneyWorks Plan (Gross) MoneyWorks SSIA	MoneyWorks With Profits Fund	
Approved Retirement Funds With Profits Retirement Annuity	Retirement With Profits Fund	
Endowment Assurance Plan Early Maturity Plan Flexible Savings Plan MC Plan Whole of Life Plan Pure Endowment Personal Pension PenPlan	Conventional With Profits	
PRSA Synergy Investment Bond Synergy Portfolio Bond Synergy approved retirement funds Synergy Portfolio approved retirement funds Personal Pension Plan* Personal Pension Plus* Tower Pension Series+ Corporate Pension Series* Executive Pension Plus Buy out Bond*	Standard Life With Profits Fund (Pension With Profits Fund A)	
With Profits Bond	With Profits Bond Fund	Category 3
Tower Pension Series+	Pension With Profits Fund D	

* New policies taken out from September 2004 and increments from that date to existing policies are allocated to the Standard Life With Profits Fund.

+ Pension scheme members who joined before September 2004 have investments in the Pension With Profits Fund. Increments to these, and new members who joined between September 2004 and 9 July 2006, are invested in Pension With Profits Fund A. New members who joined from 10 July 2006 are invested in Pension With Profits Fund D.

Note - Synergy policies taken out since June 2006 do not have a with profits investment option. All other policy types listed above are no longer available to new investors.

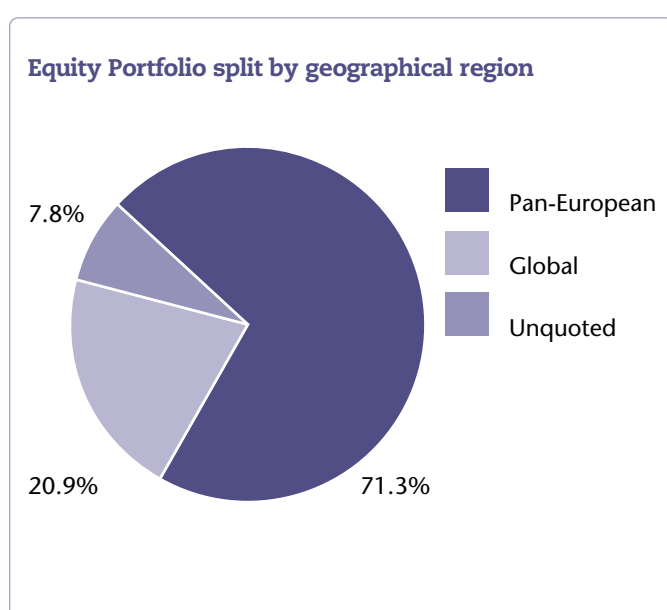
Asset Mix Details

Investment allocation at 30 June 2010

Asset Class	Category 1	Category 2	Category 3	Combined
Equities	16.6%	41.0%	51.8%	29.3%
Fixed Interest	77.6%	53.2%	42.4%	64.9%
Other*	5.8%	5.8%	5.8%	5.8%

* Other includes cash deposits and money market instruments.

The following investment information applies at 30 June 2010.



Top 5 Equity Holdings

Rank	Company	Sector
1	Roche	Pharmaceutical
2	Nestle	Consumer
3	Anheuser Busch	Consumer
4	Credit Suisse	Financial
5	Siemens	Industrial

Top 5 Bond Holdings

Rank	Bond	Rating
1	Bundesrepublik Deutschland 3.5% 2019	AAA
2	Finland (Rep of) 3.125% 2014	AAA
3	Spain (Govt of) 5.4% 2011	AA
4	Italy (Rep of) 4.25% 2013	A+
5	France OAT 4.25% 2023	AAA

Investment Returns

Last four quarter year returns:

Investment Returns (before tax)	Quarter year ending on:			
	30/09/09	31/12/09	31/03/10	30/06/10
Category 1	7.6%	0.1%	4.5%	3.1%
Category 2	10.8%	0.6%	4.8%	0.6%
Category 3	12.1%	0.8%	5.0%	-0.5%

Last four financial year returns:

Investment Returns (before tax)	Financial year ending on:			
	31/12/06	31/12/07	31/12/08	31/12/09
Category 1	5.0%	-4.4%	-5.2%	7.3%
Category 2	11.7%	-6.7%	-23.0%	13.4%
Category 3	15.8%	-6.7%	-29.1%	16.0%

Warning: All figures have been rounded down. The figures shown here refer to the past. Past performance is not a reliable guide to future performance.

Warning: As explained above the change in the value of a with profits policy will differ from the investment return on the corresponding asset mix.

Performance Commentary

Fixed Interest

Concerns over the global economic recovery and European debt crisis weighed on the corporate bond market. The high yield market in particular was negatively affected as investors retreated to the relative safety of government debt. In addition, the new issue market was quiet with many firms having met their funding requirements in the previous quarters. Government bonds steadily improved, as investor sought refuge from market volatility. There was a definite flight to safety and to US and UK sovereign debt in particular.

European Equities

European equities suffered substantial losses against a backdrop of intensifying concerns over developed economy debt levels. Renewed fears about banking stress and the possibility of a global double-dip recession also undermined stock market performance. Fiscal health concerns, triggered by the Greek sovereign debt crisis which spread to other peripheral Euro-zone countries, led to an emergency rescue package worth almost €750bn from the European Union and International Monetary Fund.

Global Equities

Following four successive quarters of gains, global equities retreated sharply over the second quarter of 2010. This was largely due to a combination of fears over European sovereign debt, the Chinese economic slowdown and uncertainty over financial regulatory reform. Doubts over the sustainability of the global economic recovery severely undermined US equities' performance where the domestic economy became the focus of intense scrutiny over the period. Japanese equities had a turbulent quarter with the global economic slowdown hindering the country's export-led recovery.