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**The What, Why and How of Absolute Return investing:
“Risk comes from not knowing what you are doing”**

Warren Buffet

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Standard Life Investments

Engaged Investor Workshop

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What is absolute return investing?



“What do you fund managers mean by absolute return investing?”

“Why is absolute return investing appropriate for us?”

“What can you offer that I don’t already have?”

“I already invest in a range of investment strategies that give me absolute returns in the long term”

Absolute return investing is....

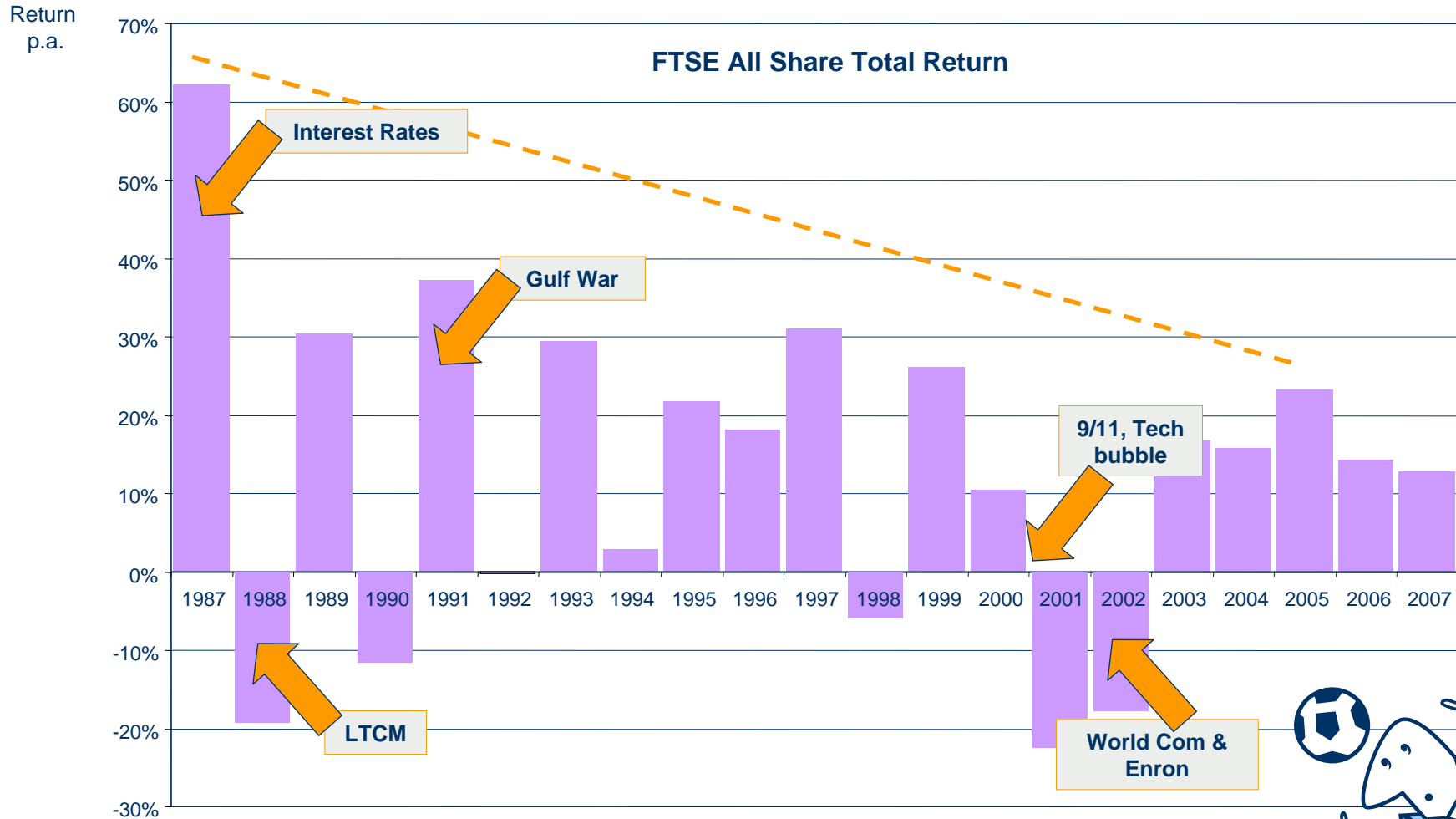


- Outperform cash i.e. +4/5%
- Longer term outlook
- Say goodbye to the extreme times i.e. +/- 15% returns
- Say hello to more certainty
- Smoother way to long term return
- Risk reduction

**This way for
Absolute Returns**



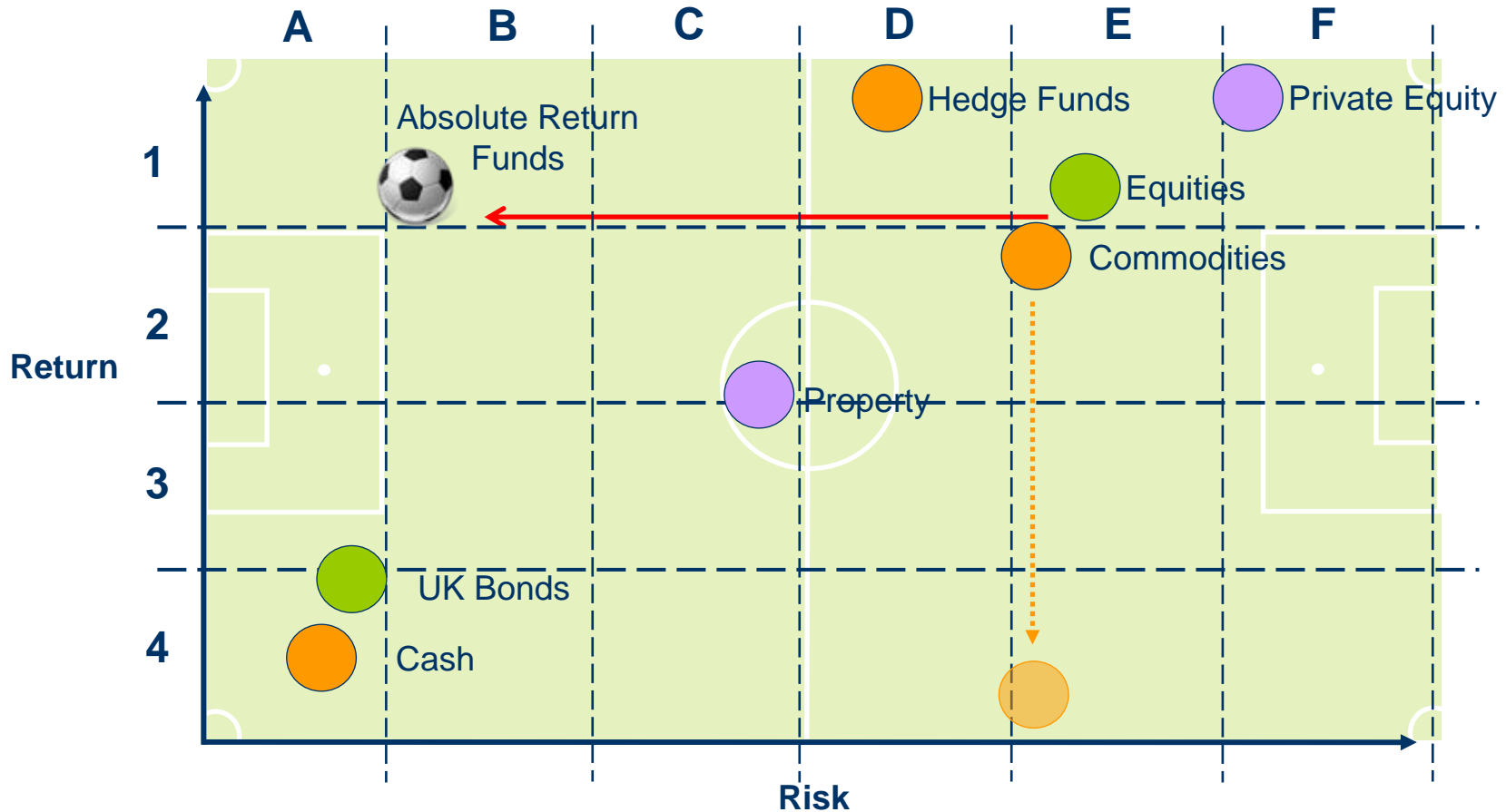
Equity returns are volatile



Equity like returns with a fraction of the volatility



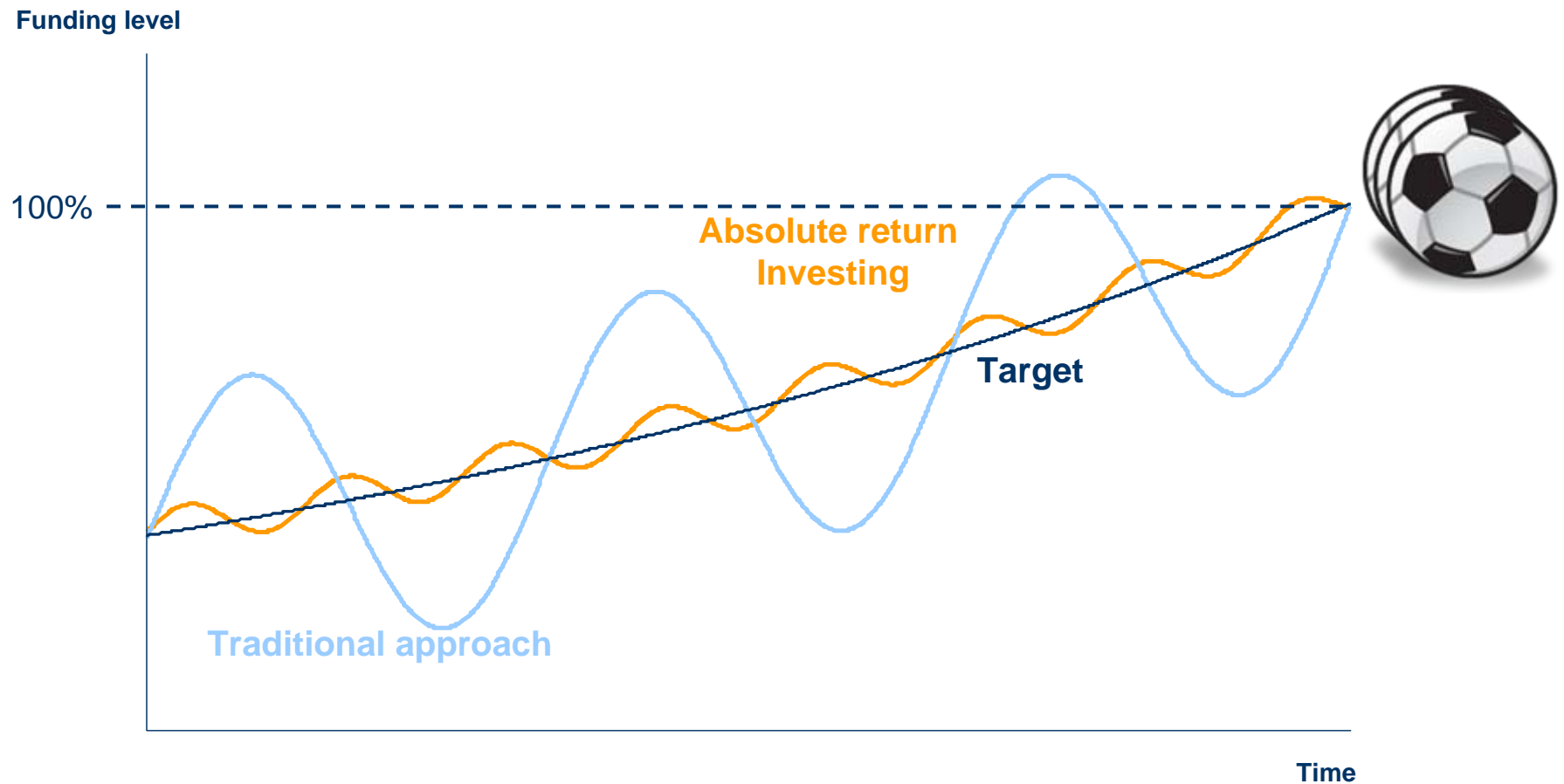
Why invest in absolute returns?



Source: Standard Life Investments

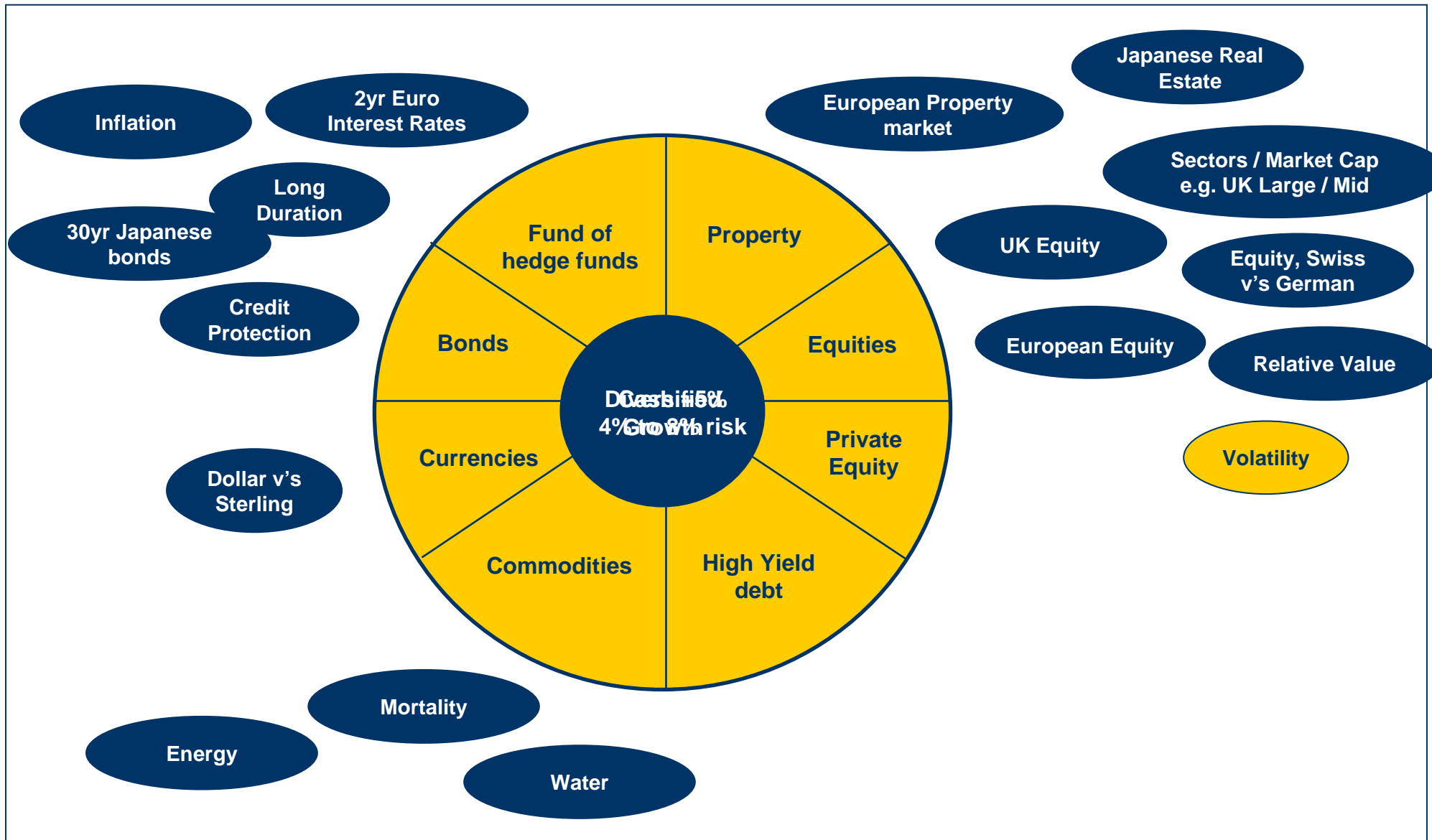
Consistent return for lower risk

Why absolute returns?



A smoother route meeting your funding objectives

Maximising the investable universe



How absolute return strategies work

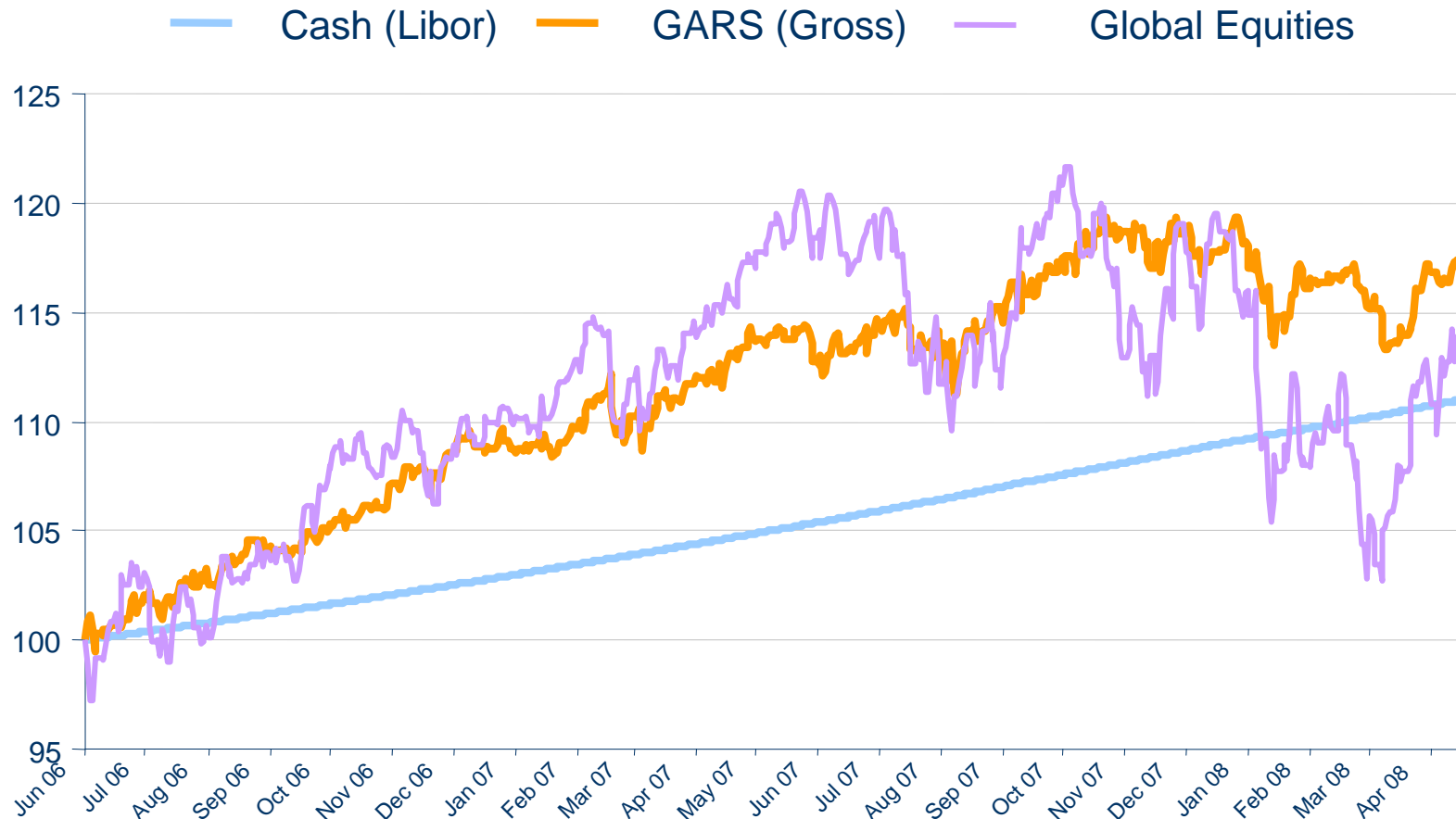


- Simple criteria:
 - Positive return expectation
 - Good reward / risk expected
 - Diversification benefits = risk reduction

Maximising your return potential



How absolute return strategies work



* Target updated to Libor + 5% post 28/1/08

Equity levels of return for a fraction of the risk

What do absolute returns bring to an investment portfolio?



- Diversity
 - Reduced portfolio risk
 - Specific market exposures
- Transparency
 - Open to scrutiny
 - Daily pricing / liquidity
- Choice
 - Growth engine
 - Alternative Investment
 - Entire portfolio



Exceptional investments, extraordinary world

Remember - past performance is no guarantee of future performance.

Past performance is not a guide to future performance. The value of investments and any income from them may go down as well as up and cannot be guaranteed.

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