

## SMA Invesco High Income Fund

### About the Fund - 31 December, 2008

#### Fund Objective

The Scottish Mutual Invesco Perpetual High Income Fund aims to achieve a high level of income, together with capital growth. The fund intends to invest primarily in companies listed in the UK, with the balance invested internationally. In pursuing this objective, the fund managers may include other investments that they consider appropriate (which from 13th February 2004 may include units in collective investment schemes, warrants, deposits, derivatives and other permitted investments and transactions).

#### Important Note

Please remember that the value of investments and the income from them can go down as well as up (this may partly be the result of exchange rate fluctuations in investments which have an exposure to foreign currencies) and you may not get back the full amount invested. Past performance is not necessarily a guide to the future and cannot provide a guarantee of the future returns of a fund. Scottish Mutual makes no guarantee as to the performance of the fund. The annual charge will be deducted from the capital of the fund. This will increase the distributable income of the fund by an amount equal to the reduction of capital, which may constrain or even erode future capital growth. The increase in income will lead to a corresponding increase in the amount of tax payable on that income. Current tax levels and reliefs are liable to change and their value will depend on the individual's circumstances. Investment returns may be affected by changes in the basis of taxation.

<b>Fund Type</b>	Life
<b>Fund Management Company</b>	Invesco Perpetual
<b>Fund Universe</b>	ABI Life
<b>Launch Date</b>	28/01/2002
<b>Fund Size</b>	£ 4.22 m
<b>ABI Sector</b>	†UK Equity Income
<b>Fund Code (SEDOL)</b>	3128277
<b>Fund Code (ISIN)</b>	GB0031282774
<b>Fund Code (Mex)</b>	SMIPIL

**Past performance figures may use information which is not up to date. Current unit prices can be found at [www.scottishprovident.com](http://www.scottishprovident.com)**

Scottish Mutual Assurance Limited is registered in Scotland No. SC133846. Registered Office: 301 St Vincent Street, Glasgow G2 5HN.  
 Scottish Mutual Investment Managers Limited is registered in Scotland No. SC88674. Registered Office: 50 Bothwell Street, Glasgow G2 6HR.  
 Scottish Mutual PEP and ISA Managers Limited is registered in England No. 971504. Registered Office: 1 Wythall Green Way, Wythall, Birmingham B47 6WG. All companies are authorised and regulated by the Financial Services Authority.

Performance Annual Returns	31/12/07 to 31/12/08	31/12/06 to 31/12/07	31/12/05 to 31/12/06	31/12/04 to 31/12/05	31/12/03 to 31/12/04
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Fund (%)	-23.5 %	5.5 %	26.0 %	24.1 %	18.0 %
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Source: Financial Express. Past performance is not a guide to the future and the value of investments may fall as well as rise. Percentage growth, bid to bid, income re-invested.

#### Performance Accumulative

	3 m	6 m	1 yr	3 yr	5 yr
Fund (%)	-3.3 %	-10.9 %	-23.5 %	1.7 %	49.0 %
Sector Average (%)†	-8.3 %	-15.4 %	-27.0 %	-15.6 %	13.0 %

Calculated to 31 December, 2008

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Percentage growth, bid to bid, income re-invested.

#### Performance Analysis

	AGR *	Volatility	Sharp
Fund	0.6	14.1	0.0
Sector Average†	-5.4	13.5	0.0

Calculated to 31 December, 2008

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\* AGR - Average annualised growth rate over the past three years where available, bid to bid, income re-invested. Volatility and Sharp calculations are based on data from the past three years where available.

#### Top Ten Holdings

	%	Sector Allocation	%
BP	7.8	Utilities	23.0
BRITISH ENERGY GROUP	7.5	Consumer Goods	20.5
GLAXOSMITHKLINE	6.7	Oil & Gas	15.8
ASTRAZENECA PLC	6.0	Health Care	13.4
BG GROUP	5.5	Telecommunications	9.0
BRITISH AMERICAN TOBACCO	5.5	Industrials	8.4
REYNOLDS AMERICAN INC	5.2	Consumer Services	6.0
NATIONAL GRID	4.7	Financial	5.5
VODAFONE GROUP	4.6	Technology	1.2
IMPERIAL TOBACCO GROUP	4.3		

As at 31 Dec, 2008

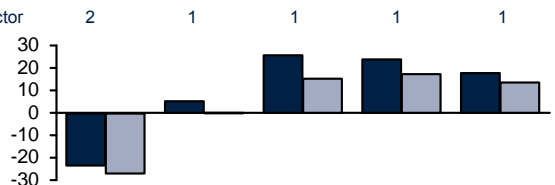
Note: Holdings and sector data is the latest available and serves only to be indicative.

Performance Annual Returns	31/12/07 to 31/12/08	31/12/06 to 31/12/07	31/12/05 to 31/12/06	31/12/04 to 31/12/05	31/12/03 to 31/12/04
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■ Fund (%)	-23.5 %	5.5 %	26.0 %	24.1 %	18.0 %
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■ ABI Sector Average (%)†	-27.0 %	0.1 %	15.5 %	17.6 %	13.8 %
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Quartile Rank Within Sector



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Past performance is not a guide to the future and the value of investments may fall as well as rise. Percentage growth, bid to bid, income re-invested. Please note quartile ranking relates to the calculated value of the sector median which consists of all primary funds in the relevant sector. This median is not the same as the ABI Sector Average shown.

Scottish Mutual makes no guarantee as to the performance of the fund. Due to the launch date of the fund, only limited performance figures may be available.

**Sharpe Ratio:** A measure of the annual excess return (how much the fund is better or worse than the risk-free rate of return ie the yield on Government Gilts) divided by the annualised standard deviation of returns from the benchmark (a measure of how much the fund return varies from the benchmark over time). Sharpe ratio should be positive and the higher the better. It should be noted that negative Sharpe ratios are misleading and should not be used to compare the risk return characteristics of a fund.

**Volatility:** Volatility is represented by the Lognormal Annual Standard Deviation of the fund, (a measure of how much the fund return varies from the benchmark over time).