

Investment Objective: To provide shareholders with an above average income from their equity investment while also providing real growth in capital and income.

Benchmark: FTSE All-Share Index.

Features of the Trust: Objective of increasing the dividend in real terms. Gearing will be actively managed reflecting individual stock views

UK - Investment
Trust

Equity Income

Quarterly

Launch Date	14 Nov 1991
Standard Life Investments Start Date	25 Nov 2005
Fund Manager	Karen Robertson
Sedol (Ordinary shares)	0603959
Sedol (Subscription shares)	B3NWXM6
Reuters (Ordinary shares)	SLET.L
Reuters (Subscription Shares)	SLETx.L

This communication is intended for investment professionals only and must not be relied on by anyone else.

Fund Information

as at 30 June 2011		
Trust Managers	Standard Life Investments (Since November 2005)	
Gross Assets	£135.7 million	
Share Price	303.2p (Source: Datastream)	
Subscription Share Price	32.0p (Source: Datastream)	
Net Asset Value ^	323.3p (Source: Standard Life Investments)	
Discount	- 6.2% (Source: Standard Life Investments)	
	12 Month High	2.6% (Source: Datastream)
	12 Month Low	-7.2% (Source: Datastream)
Package Discount*	-4.2% (Source: Standard Life Investments)	
Yield (Net)	4.0% (Source: Standard Life Investments)	
Current Equity Gearing	10.9% (Source: Standard Life Investments)	
Potential Gearing	-5% to 15%	
The level of gearing and yields change on a daily basis.		
Trust Annual Management Fee	0.65% on Gross Assets	
Dividends Semi Annually	June/December	
Subscription Share Exercise Price	320p	
Subscription Share Exercise Dates	Last business day of June and December up to 2016	

^Diluted NAV including income

*Based on 1 Ordinary Share and 1/5 Subscription Share

Net Assets Breakdown - Sector 30 June 2011

Stocks	Fund (%)
Financials	24.9
Industrials	19.9
Oil & Gas	13.3
Basic Materials	12.4
Consumer Services	9.0
Health Care	8.8
Consumer Goods	8.5
Utilities	8.2
Telecommunications	5.8
Technology	0.1
Net Borrowings	-10.9

Top Ten Holdings

Stocks	Total Investment (%)
HSBC Holdings	5.7
BP	5.4
Royal Dutch Shell	5.3
Vodafone	5.2
GlaxoSmithKline	5.2
Rio Tinto	4.5
Imperial Tobacco	2.7
Xstrata	2.6
British American Tobacco	2.5
Astrazeneca	2.2
Total	41.3

Investment Review & Outlook

Market Review

UK equities ended the quarter marginally higher. Concerns about the pace of global economic recovery and the ongoing troubles in Greece weighed on the market. Consumer spending remained weak, impacting on a number of retailers.

Performance

Key detractors from performance over the quarter included our overweight positions in mining stocks Vedanta Resources and Xstrata which both weakened as a result of volatile commodity prices and concerns about the resilience of demand from China. Our exposure to interdealer broker Tullett Prebon also hindered relative returns amid concerns about the impact of weak volumes on its profitability. Positive contributors to performance included paper and packaging company DS Smith and engineers GKN and Melrose.

Environment

Investor sentiment continued to exhibit sharp swings during the quarter, with concerns about macroeconomic conditions and UK consumer spending tussling with the relative resilience of the corporate sector as a whole. The UK equity market was firm in April as many companies reported rising earnings. However, May and June saw the market weaken as economic concerns took over. It staged a recovery towards the very end of the quarter when it looked increasingly likely that Greece would approve the austerity measures

required to receive further aid from its European neighbours.

Ongoing uncertainty about the outlook for the European economy was a key influence on the market during the quarter. Reports about how Euro-zone policymakers were responding to the problems in Greece changed almost daily. The wider global economy also preoccupied investors. There are concerns that the steps Asian central banks are taking to tackle inflationary pressures may go too far, while weak economic data in the US led to fears of slowing growth there. The domestic economy itself continues to exhibit sluggish growth and projections are now for interest rates not to rise until next summer.

Weak consumer spending continued to be a feature. Businesses which are particularly exposed struggled and there were a number of relatively high profile casualties during the quarter, including Habitat and Jane Norman, the women's fashion chain. However, it is by no means the case that all UK consumer-facing companies are suffering. The eating out market, for example, has posted steady sales growth over the last few quarters. Whitbread, the UK's largest hotel and coffee shop operator, recently reported a rise in profits.

Activity

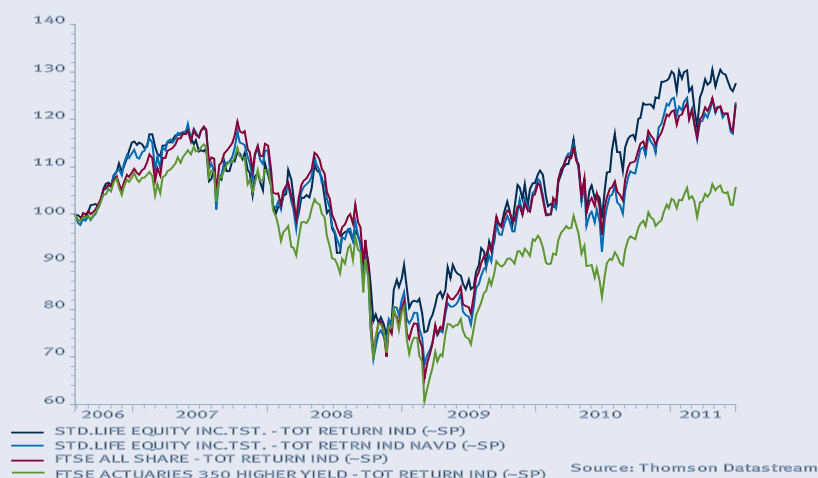
Purchases during the period included engineer Weir Group and oil and gas services provider Petrofac. We also bought shares in

Marks & Spencer which we expect to benefit from the relative affluence of its customer base; this should provide a buffer against the broader weakening in consumer confidence. Sales over the quarter included investment broker Hargreaves Lansdown following strong outperformance given concerns about the possible impact of the Retail Distribution Review (RDR) on its profitability. We also sold integrated energy company Centrica as a result of the increasing competition facing its home services business and pressures in the US.

Outlook

While the market remains exposed to swings in macroeconomic sentiment, there continues to be bottom-up support from the corporate sector. The consumer is facing challenges in the form of inflation and government spending cut-backs and certain retailers have suffered as a result. Despite this, many companies are thriving, particularly those which are experiencing strong demand from overseas, or which occupy unique positions within the domestic economy. Companies have used the upturn in earnings during 2010 and the first half of this year to pay down debt and excess cash is now being directed towards improving returns to shareholders. This is a supportive environment for active stock picking and we will continue to be alert to opportunities.

5 Year Fund Performance - Price Indexed



Performance

Source: Standard Life Investments, total returns. The percentage growth figures are calculated over periods to 30 June 2011 on a mid to mid basis.

	3 months (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	4 Years (% p.a.)	5 Years (% p.a.)
Standard Life Equity Income Trust (SP)	1.2	24.8	22.8	9.5	3.2	5.1
Standard Life Equity Income Trust (NAV)	3.1	30.8	25.1	7.4	1.4	4.6
FTSE All Share Index	1.9	25.6	23.4	6.6	1.3	4.5
FTSE 350 High Yield Index	2.8	25.4	19.3	4.8	-1.9	1.5

Note: 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.

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Useful numbers -

Information on your investment options

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Call charges may vary.

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