

Annual Report

Standard Life Investment Company III

Annual Report & Financial Statements for the year ended 30 June 2018



Standard Life Investment Company III Annual Report & Financial Statements

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The Sub-funds of Standard Life Investment Company III comprise the following:		442	MyFolio Multi-Manager Income II Fund
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* These items comprise the Manager's Report for the purposes of the rules contained in the Collective Investment Schemes sourcebook ("the Sourcebook").

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Company Information

Standard Life Investment Company III				
Head Office	Director	Authorised Corporate Director (ACD)	Board of Directors of the ACD	Secretary of the ACD
1 George Street Edinburgh EH2 2LL 0345 113 6966	The Authorised Corporate Director (ACD) is Standard Life Investments (Mutual Funds) Limited which is the sole director and is authorised and regulated by the Financial Conduct Authority for investment business	Standard Life Investments (Mutual Funds) Limited Registered Office 1 George Street Edinburgh EH2 2LL	A S Acheson S Campbell S A Fitzgerald J Lowe L Scott D E Thomas S Wemyss	H.S. Kidd
Depository	Independent Auditor	Registrar	Investment Adviser	
Citibank Europe plc UK Branch 1 North Wall Quay Dublin 1	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL	Standard Life Investments (Mutual Funds) Limited 1 George Street Edinburgh EH2 2LL	Standard Life Investments Limited 1 George Street Edinburgh EH2 2LL	

Merger of Aberdeen Asset Management and Standard Life

Prior to the 14 August 2017, the manager Standard Life Investments (Mutual Funds) Limited and the Investment Adviser, Standard Life Investments Limited, were subsidiaries of Standard Life Plc. On 14 August 2017, Standard Life Plc and Aberdeen Asset Management Plc, complete a merger to form Standard Life Aberdeen Plc.

Sale of Standard Life Assurance Limited

The ACD, Standard Life Investments (Mutual Funds) Limited, and certain investors in the sub-funds, are subsidiaries of Standard Aberdeen Plc, as described in the related party note. A proposal was made to the Standard Aberdeen Plc shareholders to sell the insurance arm of their business to Phoenix Group plc. This was approved, and completed on 31 August 2018. We do not anticipate any impact to the shareholders of the Sub-funds or to the Sub-fund's performance, as a result of this transaction.

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Statement of the Authorised Corporate Director's responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ("the COLL Rules") require the Authorised Corporate Director ("ACD") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net income and net gains or losses on the property of the Company for the period.

In preparing the financial statements the ACD is responsible for:

- ▶ selecting suitable accounting policies and then applying them consistently;
- ▶ making judgements and estimates that are reasonable and prudent;
- ▶ following UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- ▶ complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Management Association in May 2014;
- ▶ keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- ▶ assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- ▶ using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so;
- ▶ such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- ▶ taking reasonable steps for the prevention and detection of fraud and irregularities.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

Standard Life Investment Company III Annual Report & Financial Statements

Authorised Corporate Director's Report

The ACD is Standard Life Investments (Mutual Funds) Limited which is the sole director, authorised and regulated by the Financial Conduct Authority, for investment business.

Standard Life Investment Company III ("the Company") is an Open-Ended Investment Company with variable capital under Regulation 12 (Authorisation) of the Open-Ended Investment Companies Regulations 2001 ("the Regulations"). The shareholders are not liable for the debts of the Company.

Standard Life Investment Company III is structured as an umbrella company. Each sub-fund has the investment powers equivalent to those of a securities company.

Standard Life Investment Company III is a protected cell company. As such the assets and liabilities of individual Sub-funds are ringfenced, with assets of a particular Sub-fund not to be used to discharge the liabilities of, or claims against, the Umbrella company or any other Sub-fund(s).

The following items within each sub-fund report form part of the Authorised Corporate Director's report: Investment Report, Comparative Tables, Ongoing Charges Figure, Portfolio Statement and Treatment by Corporate Shareholders.

Distributions are made from positive net revenue where gross revenue exceeds expenses and tax. The total return consists of investment and currency gains and losses in addition to net revenue. In situations where Sub-funds have a negative total return but a positive net revenue position, there will be a distribution.

Material differences may arise between a Sub-fund's net revenue after tax and its distribution if the ACD's periodic charge and transaction costs are borne by the capital property of the Sub-fund for distribution purposes. The expenses in the Statement of Total Return includes these expenses even if they are met from the capital property of the Sub-fund. In such cases, the amount a Sub-fund has to distribute will exceed its net revenue and this is detailed in the notes to the financial statements where it occurs.

Names and addresses of the ACD, Independent Auditor, Registrar and Investment Adviser are contained on page 1 of the Annual Report and Financial Statements. The investment objectives of each Sub-fund, how they were achieved and investment activities during the period are disclosed within the individual Sub-funds' reports.

The Prospectus for the Company is available online at aberdeenstandard.com.

In the future, the Company may launch other Sub-funds.

I hereby certify the Annual Report and Financial Statements on behalf of the Directors of Standard Life Investments (Mutual Funds) Limited.



Director

Standard Life Investments (Mutual Funds) Limited, Edinburgh
26 October 2018

Standard Life Investment Company III Annual Report & Financial Statements

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the Standard life Investment Company III ("the Company") for the year ended 30 June 2018

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed and operated by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in Shares in the Company; the application of income of the Company; and the investment portfolio and borrowing activities of the Company.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depositary of the Company, based on information and explanations provided to us, we believe that, in all material respects, the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook, and where applicable, the OEIC regulations, the Company's Instrument of Incorporation, and the Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company; and
- (iii) has, otherwise, ensured the proper operation of the Company.



Citibank Europe plc
UK Branch, London
26 October 2018

Standard Life Investment Company III Annual Report & Financial Statements

Independent auditor's report to the shareholders of Standard Life Investment Company III ('the Company')

Opinion

We have audited the financial statements of the Company for the year ended 30 June 2018 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's sub-funds listed on the Contents page and the accounting policies set out on pages 12 to 13.

In our opinion the financial statements:

- ▶ give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of each of the sub-funds as at 30 June 2018 and of the net revenue/deficit of revenue and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended; and
- ▶ have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Authorised Corporate Director is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- ▶ we have not identified material misstatements in the other information; and
- ▶ in our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- ▶ proper accounting records for the Company have not been kept; or
- ▶ the financial statements are not in agreement with the accounting records.

Authorised Corporate Director's Standard Life Investment (Mutual Funds) Limited responsibilities

As explained more fully in their statement set out on page 2 the Authorised Corporate Director is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

Standard Life Investment Company III Annual Report & Financial Statements

Independent auditor's report to the shareholders of Standard Life Investment Company III ('the Company')

(Continued)

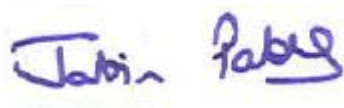
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.



Jatin Patel
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
26 October 2018

Standard Life Investment Company III Annual Report & Financial Statements

Investment Report

MyFolio OEIC Global Overview

Market themes

Equities

- ▶ Global equity markets moved ahead over the year
- ▶ The threat of a trade war proved distracting for investors
- ▶ Better economic data and strong corporate results remained positive factors

Global equities delivered positive returns over the past 12 months, with several major indices hitting record highs. The improving global economy, robust corporate profits and monetary policy decisions dictated sentiment. Politics also played a huge role, notably elections across Europe (including the UK, Germany, France and Italy) and ongoing Brexit negotiations. However, the first six months of 2018 were volatile, with investors concerned that rising inflation would lead to higher interest rates. A possible trade war between the US and China also grabbed the headlines.

At the start of the period, investors took heart from favourable global economic trends and better-than-expected corporate earnings results. Importantly, the recovery finally broadened out to include Europe. Emerging markets (EM) also enjoyed strong inflows. This constructive backdrop allowed several central banks to start to gradually raise rates and reduce their monetary support programmes.

In the US, President Trump passed his much-vaunted \$1.3 trillion tax-cut plan at the close of 2017, giving one final boost to equity markets. However, the stimulus package and strong US labour data raised concerns that inflation would climb, necessitating higher interest rates. This caused a widespread sell-off in markets around the world. Subsequently, the mounting threat of a trade war between China and the US served to further depress investor confidence. The rising US dollar also hit EM, while geopolitics came back to the fore. Nonetheless, the economic backdrop remained supportive and the latest corporate reporting season was strong.

Fixed income

- ▶ Fears surrounding higher US interest rates impacted government bond prices
- ▶ Political developments caused periodic bouts of volatility
- ▶ Concerns about a global trade war simmered but did not derail markets

The commitment of central banks to stimulate economic growth, alongside increased geopolitical risks, provided support for government bonds. However, inflation data became increasingly important amid signs that central bankers are prepared to take a pre-emptive stance on rising inflation. This put pressure on bond yields, particularly in the US.

Bond markets experienced a difficult start to 2018, as fears over higher-than-expected inflation and interest rates pushed yields sharply upwards (prices fell). However, as a wave of volatility hit risk markets, government bonds found a modicum of favour again, and yields declined (prices fell).

Risk aversion mounted in May on the prospect of a trade war between the US and China. However, government bond yields were more heavily influenced by Fed indications that US interest rates could rise more quickly than had previously been expected. Core government bond prices in the US, Germany and the UK fell in response. Thereafter, however, political uncertainty in Italy and Spain fuelled demand for core government bonds, driving prices higher.

Corporate bond markets delivered negative returns over the 12-month review period (yields rose). The first six months of the period were broadly positive as the synchronised global economic recovery and robust corporate earnings boosted credit markets. However, it was a very different story in the second half of the period as volatility returned to credit markets in the face of concerns over inflationary pressures and fears of a faster-than-expected pace of interest rate rises.

UK direct real estate

- ▶ Returns were positive, although capital growth moderated latterly
- ▶ Industrials were the best-performing sector, while retail struggled
- ▶ Leading high-street names resorted to company voluntary agreements

UK commercial real estate recorded positive performance over the review period, supported by the relatively robust UK economy and despite ongoing uncertainty over Brexit. Having delivered better-than-expected returns in 2017, UK commercial real estate made a positive start to 2018. However, returns moderated towards the end of the period, with the monthly return in April the lowest since October 2016.

The backdrop for real estate was generally positive, including better-than-expected economic data and improved trading volumes in the commercial real estate market. Overseas investors were particularly active, enticed by a combination of the weaker pound and expensive pricing in their domestic markets. As a result, capital values rose throughout most of the period. Income returns were also strong, supported by robust occupational demand.

In sector terms, industrials were the strongest performers, supported by favourable supply/demand dynamics, as well as the structural shift to online retailing. By contrast, the retail sector remained under pressure, with limited interest in large-scale assets. The collapse of Toys 'R' Us and Maplin, New Look's company voluntary agreement (CVA) and Carpetright's potential CVA all served as a reminder of the threat to traditional 'bricks & mortar' retailers from internet shopping.

Standard Life Investment Company III Annual Report & Financial Statements

Investment Report

MyFolio OEIC Global Overview

(Continued)

Market outlook

Equities

The most important drivers for stocks – economic data and corporate earnings – remain solid, providing reasons to remain constructive. However, as we move through the remainder of 2018, stock prices will have to be justified by the merits of the underlying company cashflows, rather than by interest-rate-driven valuation.

Fixed income

Central banks continue their retreat from ultra-accommodative monetary policy, which emphasises the resilience of global economic growth and the greater confidence of policymakers. Bond markets are relying too heavily on presently benign inflation data. While questions remain about the ability to generate demand-led inflation, this is not the only necessary condition to global monetary tightening. We remain wary of current bond market valuation levels.

UK direct real estate

Uncertainty around the ultimate economic impact of Brexit continues to affect sentiment towards UK commercial real estate. We envisage a period of low returns over the next five years, with the forecast annual total return being slightly below the market income return. With income expected to be the main driver of returns, the degree of income risk – from potential tenant default or the ability to maintain income at lease events – will be key to performance.

Standard Life Investment Company III Annual Report & Financial Statements

Investment Report

MyFolio Activity Statement

Activity from 1 July 2017 to 30 June 2018

The SLIC III OEIC umbrella contains 26 sub-funds including 25 under the MyFolio brand. We split the 25 MyFolio sub-funds into three distinct groups and each has a different investment style.

MyFolio Market Funds – invest predominantly in index-tracking funds. We include property and high yield bond exposure by investing in active property and high yield bond funds.

MyFolio Managed Funds – invest predominantly in funds managed by Standard Life Investments. We also have the option to invest in funds run by external fund managers where a suitable fund is not available within the Standard Life Investments range. Within the MyFolio Managed range, we also offer five income options, which aim to provide an income-focused total return.

MyFolio Multi-Manager Funds – portfolios of carefully selected funds from some of the leading managers in the market. Within the MyFolio Multi-Manager range, we also offer five income options, which aim to provide an income-focused total return.

Strategic Asset Allocation

We decide upon and review the strategic asset allocation (SAA) for all the funds each quarter. In doing so, we consult with Moody's Analytics, world-leading experts in financial risk modelling, to establish the optimum strategic asset allocation for each Sub-fund.

Investors should note that Moody's Analytics have not modelled the absolute return exposure within the Managed and Multi-Manager Funds. This is a matter of judgement. We have therefore elected to replace a portion of the growth and defensive assets with absolute return components.

The SAA quarterly review aims to ensure that we continue to meet investors' long-term interests. At the review during the fourth quarter of 2017, we made several changes to the SAA model. We added two new defensive asset classes – global corporate bonds and short-dated global corporate bonds. Introducing global corporate bonds enables the MyFolio funds to access a far larger and more liquid bond universe. We also increased the allocation to absolute return bonds in risk levels I to IV. These investment decisions serve to both diversify risk and to broaden each fund's range of return sources.

Within the growth assets, we added global REITs (real estate investment trusts) as a longer-term strategic holding, believing that it is now appropriate to make these assets a permanent feature of the strategic asset mix, rather than a tactical allocation. This should provide the funds with even greater liquidity and enhanced diversification across global property markets.

Market Funds	I	II	III	IV	V
Money Market including Cash	7.20%	1.00%	1.00%	1.00%	1.00%
UK Government Bonds	0.00%	0.00%	0.00%	0.00%	0.00%
Short Dated UK Government Bonds	0.00%	0.00%	0.00%	0.00%	0.00%
Global Index Linked Bonds	7.00%	7.10%	3.90%	1.00%	0.00%
Short Dated Global Index Linked Bonds	7.00%	7.10%	3.90%	1.00%	0.00%
Sterling Corporate Bonds	17.60%	11.30%	5.10%	1.70%	0.00%
Short Dated Sterling Corporate Bonds	17.60%	11.30%	5.10%	1.70%	0.00%
Global Corporate Bonds	11.30%	9.50%	7.50%	2.60%	2.00%
Short Dated Global Corporate Bonds	3.80%	3.20%	2.50%	0.90%	0.00%
Absolute Return Bonds	0.00%	0.00%	0.00%	0.00%	0.00%
Defensive Assets	71.50%	50.50%	29.00%	9.90%	3.00%
UK Equities	6.90%	12.70%	18.10%	24.30%	31.90%
US Equities	6.20%	11.40%	16.30%	21.80%	28.80%
European Equities	2.70%	5.00%	7.20%	9.50%	12.70%
Japanese Equities	2.00%	3.60%	5.20%	6.90%	9.20%
Asia Pacific Equities	1.60%	2.80%	4.10%	5.40%	7.20%
Emerging Market Equities	1.60%	2.80%	4.10%	5.40%	7.20%
Global High Yield Bonds	2.50%	2.50%	3.50%	4.50%	0.00%
Emerging Market Local Currency Bonds	0.70%	1.20%	1.80%	2.20%	0.00%
UK Real Estate	3.20%	5.60%	8.00%	7.60%	0.00%
Global REITs	1.10%	1.90%	2.70%	2.50%	0.00%
Multi Asset Absolute Returns	0.00%	0.00%	0.00%	0.00%	0.00%
Growth Assets	28.50%	49.50%	71.00%	90.10%	97.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Standard Life Investment Company III Annual Report & Financial Statements

Investment Report

MyFolio Activity Statement

(Continued)

Managed Funds and Multi-Manager Funds	I	II	III	IV	V
Money Market including Cash	5.80%	1.00%	1.00%	1.00%	1.00%
UK Government Bonds	0.00%	0.00%	0.00%	0.00%	0.00%
Short Dated UK Government Bonds	0.00%	0.00%	0.00%	0.00%	0.00%
Global Index Linked Bonds	5.50%	5.60%	3.00%	0.70%	0.00%
Short Dated Global Index Linked Bonds	5.50%	5.60%	3.00%	0.70%	0.00%
Sterling Corporate Bonds	14.20%	9.00%	4.10%	1.40%	0.00%
Short Dated Sterling Corporate Bonds	14.20%	9.00%	4.10%	1.40%	0.00%
Global Corporate Bonds	9.00%	7.60%	6.00%	2.00%	2.00%
Short Dated Global Corporate Bonds	3.00%	2.60%	2.00%	0.70%	0.00%
Absolute Return Bonds	14.30%	10.10%	5.80%	2.00%	0.00%
Defensive Assets	71.50%	50.50%	29.00%	9.90%	3.00%
UK Equities	5.30%	10.20%	14.40%	19.50%	25.40%
US Equities	5.00%	9.10%	13.00%	17.40%	23.00%
European Equities	2.20%	4.00%	5.80%	7.60%	10.20%
Japanese Equities	1.60%	2.90%	4.20%	5.50%	7.40%
Asia Pacific Equities	1.30%	2.20%	3.30%	4.30%	5.80%
Emerging Market Equities	1.30%	2.20%	3.30%	4.30%	5.80%
Global High Yield Bonds	2.00%	2.00%	2.80%	3.60%	0.00%
Emerging Market Local Currency Bonds	0.60%	1.00%	1.40%	1.80%	0.00%
UK Real Estate	2.60%	4.50%	6.40%	6.10%	0.00%
Global REITs	0.90%	1.50%	2.20%	2.00%	0.00%
Multi Asset Absolute Returns	5.70%	9.90%	14.20%	18.00%	19.40%
Growth Assets	28.50%	49.50%	71.00%	90.10%	97.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Managed Income Funds and Multi-Manager Income Funds	I	II	III	IV	V
Money Market including Cash	6.30%	1.00%	1.00%	1.00%	1.00%
UK Government Bonds	0.00%	0.00%	0.00%	0.00%	0.00%
Short Dated UK Government Bonds	0.00%	0.00%	0.00%	0.00%	0.00%
Global Index Linked Bonds	6.30%	6.20%	2.70%	0.90%	0.00%
Short Dated Global Index Linked Bonds	6.30%	6.20%	2.70%	0.90%	0.00%
Sterling Corporate Bonds	15.50%	7.90%	3.70%	1.50%	0.00%
Short Dated Sterling Corporate Bonds	15.50%	7.90%	3.70%	1.50%	0.00%
Global Corporate Bonds	10.00%	11.80%	5.40%	2.30%	2.00%
Short Dated Global Corporate Bonds	3.30%	4.00%	1.80%	0.80%	0.00%
Absolute Return Bonds	7.00%	5.00%	2.30%	1.00%	0.00%
Defensive Assets	70.20%	50.00%	23.30%	9.90%	3.00%
UK Equities	5.20%	9.90%	13.20%	19.30%	25.40%
US Equities	4.60%	8.90%	11.80%	17.40%	23.00%
European Equities	2.00%	3.90%	5.20%	7.60%	10.20%
Japanese Equities	1.40%	2.90%	3.80%	5.50%	7.40%
Asia Pacific Equities	1.10%	2.20%	3.00%	4.30%	5.80%
Emerging Market Equities	1.10%	2.20%	3.00%	4.30%	5.80%
Global High Yield Bonds	2.40%	4.00%	6.20%	3.60%	0.00%
Emerging Market Local Currency Bonds	1.20%	2.00%	3.00%	1.80%	0.00%
UK Real Estate	3.60%	3.00%	9.20%	6.20%	0.00%
Global REITs	1.20%	1.00%	3.00%	2.10%	0.00%
Multi Asset Absolute Returns	6.00%	10.00%	15.30%	18.00%	19.40%
Growth Assets	29.80%	50.00%	76.70%	90.10%	97.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Standard Life Investment Company III Annual Report & Financial Statements

Investment Report

MyFolio Activity Statement

(Continued)

Tactical Asset Allocation

Within Tactical Asset Allocation (TAA), we continued to seek out growth opportunities while remaining mindful of the need for income in a world of low yields. We therefore tactically favoured equity risk assets plus selected high-yielding fixed income assets over much of the period.

For example, we were overweight (versus the SAA) in US equities over the last year, as the country should benefit from the positive effects of fiscal stimulus and tax cuts. Domestic economic growth was generally strong and Q1 2018 data led us to believe it will remain higher than in other countries. We also preferred Japanese equities, which remained attractively valued versus other developed markets, as well as Asia Pacific and emerging market equities.

We held an overweight position in European equities for much of the period, as the economic recovery taking place globally finally broadened out to Europe. However, we reduced our position back to neutral late in the review period, as political uncertainty in Italy reignited memories of prior Eurozone crises and risked contagion into other countries. We also believed other markets offered better risk-adjusted returns. In the UK, we maintained an underweight position in the equity market given concerns over the UK economy and the potential impact from Brexit.

Within fixed income, we retained a modest overweight allocation to global high yield bonds before reducing our position to neutral after strong performance relative to other assets. While we still expect positive returns from global high yield bonds, the risks are now more balanced. We therefore preferred to invest in emerging market debt, which gave us exposure to the growth dynamics within emerging markets.

Finally, we increased our allocation to cash towards the end of the period, which gives us greater flexibility in volatile markets.

Not all of the MyFolio funds invest in every asset class. Therefore, the tactical asset allocation overweight and underweight positions listed above may not apply to some funds.

Cautionary note

You should remember that past performance is not a guide to future performance. The value of investments may go down as well as up. Therefore, you may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

Accounting Policies

(a) Basis of Preparation

- i. The financial statements have been prepared on a going concern basis in accordance with the Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in May 2014. All of the sub-funds are presented on a going concern basis.
- ii. The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook.

(b) Basis of valuation of investments

- i. The investments of the sub-funds have been valued at the net asset value price at the close of business on the last business day of the accounting period. Collective Investment Schemes are valued by reference to their net asset value. For Funds which publish a bid or cancellation price, this price would be used. For Funds which publish only a single price, this price will be used unless an appropriate bid valuation price is attainable.
- ii. Any open positions in derivative contracts or forward foreign currency transactions at the year-end are included in the Balance Sheet at their mark to market value.
- iii. The money market instruments of the Sub-funds have been valued on a fair value basis. Term deposits are stated at their Sterling equivalent of nominal value.

(c) Revenue

- i. Dividend revenue is recognised when the securities are first quoted on an ex-dividend basis.
- ii. Distributions from collective investment schemes and exchange traded funds are recognised when they are first quoted on an ex-dividend basis.
- iii. Accumulation distributions from shares held in collective investment schemes are reflected as revenue and form part of the distribution.
- iv. Equalisation received and accrued from collective investment scheme distributions is treated as capital. This is deducted from the cost of investment for the MyFolio Market, MyFolio Managed and MyFolio Multi-Manager range of Funds, while it forms part of the distribution for the MyFolio Managed Income and MyFolio Multi-Manager Income range of Funds.
- v. Interest from interest rate swaps and short-term deposits is recognised daily on an accruals basis.

(d) Expenses

- i. The ACD's periodic charges are charged to the income property of MyFolio Market, MyFolio Managed and MyFolio Multi-Manager Funds. For the MyFolio Managed Income and MyFolio Multi-Manager Income Funds, the ACD's periodic charges are charged to income in respect of accumulation shares and capital in respect of income shares.
- ii. Handling charges are borne by the capital property of the Fund for distribution purposes.

(e) Management fee rebates

Management fee rebates received from underlying pooled funds are recognised as revenue or capital on a consistent basis to how the underlying pooled funds account for the management fee. Where such rebates are revenue in nature, the income forms part of the distribution.

(f) Taxation

- i. Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised on permanent differences. Deferred tax assets are only recognised where it is more likely than not that there will be suitable taxable profits against which the future reversal of underlying timing differences can be deducted.
- ii. Withholding tax on accrued overseas dividends is netted off against accrued revenue in the debtors note. The tax charge relating to the movement in withholding tax on accrued overseas dividends is disclosed as current tax.

(g) Derivatives

The Sub-funds may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where the transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the statement of total return. Where the transactions are undertaken to protect or enhance investments, the gains/losses are treated as capital and included within gains/losses on investments in the statement of total return.

(h) Dilution

In certain circumstances the ACD may apply a dilution adjustment on subscriptions and redemptions of shares. If applied, the dilution adjustment is paid to the fund. See Prospectus for full details.

(i) Distribution policy

- i. All of the net revenue available for distribution at the end of the interim (where applicable) and final distribution periods will be distributed to shareholders or reinvested in the sub-Funds.

Standard Life Investment Company III Annual Report & Financial Statements

Accounting Policies

(Continued)

- ii. Where expenses are in capital ((d) i) or returned equalisation ((c) iv) is not allocated back to the investment, this will increase the distribution with a corresponding reduction to capital. For the purposes of calculating the distribution, on these classes, the effect of tax reliefs between capital and income will be removed.
- iii. Marginal relief is applied at a share class level in line with the prospectus objectives. Classes highlighted in the prospectus with an income profile would protect the yield from underlying investments for distribution purposes. This is disclosed in aggregate for each Sub-fund in the distribution note, further details are contained in the prospectus.

(j) Effective Yield

- i. The Sub-funds apply the concept of effective yield in daily pricing and for the periodic distribution of income, in accordance with the IMA SORP of May 2014.
- ii. Effective yield as defined by the IMA SORP, is an income calculation that takes into account amortisation of any discount or premium on the purchase price over the remaining life of the security.
- iii. Applying effective yield to the revenue calculation may result in either higher or lower revenue than would be recognised on a coupon basis. Where the Sub-fund holds bonds mainly purchased at a discount to their par value, revenue is likely to be higher. Where the Sub-fund holds bonds mainly purchased at a premium, revenue is likely to be lower. This will affect the distributions of the Sub-fund.

(k) Equalisation

In order that each shareholder in the same share class shall receive the same rate of distribution per share the buying price of each share contains an amount called equalisation. This is equivalent to the net of distributable income less expenses accrued in the Sub-fund at the time of purchase. As part of the distribution payment the average amount of this equalisation is returned to Group 2 shareholders. The equalisation element of the distribution to Group 2 shareholders is treated as a repayment of capital and is therefore not liable to income tax. This amount should, however, be deducted from the cost of the shares for capital gains tax purposes.

(l) Exchange rates

- i. Assets and liabilities denominated in foreign currencies are translated into Sterling at the prevailing exchange rates on the reporting date.
- ii. Income receipts denominated in foreign currencies are translated into Sterling at the prevailing exchange rates when the income is received.

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Investment Report

Fund Information	
Fund Manager	Multi Asset Investing Team
Launch Date	20 November 2013

Investment objective

The Sub-fund aims to provide a long term total return through capital appreciation and income by investing in a diversified portfolio of assets.

Investment policy

The current policy of the Sub-fund is to invest in collective investment schemes, permitted derivative contracts (including futures, options, swaps, swaptions, forward currency contracts and other derivatives), equities, equity type investments, fixed interest securities, deposits, money market instruments, cash and near cash in such proportions as the Investment Adviser may from time to time determine. This may mean that at any time the Sub-fund may have a large exposure to collective investment schemes.

"Equity type investments" will include convertible stocks, stock exchange listed warrants, depositary receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and / or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares.

The Sub-fund may, subject to and in accordance with the FCA Rules, take long and short positions in markets, securities and groups of securities through derivative contracts.

Risk

The Sub-fund is intended for investors who wish to participate in the potential growth opportunities over the medium to longer term afforded by investing in a portfolio consisting of collective investment schemes, derivatives, transferable securities, immovable property, deposits, cash and near cash. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept temporary capital losses due to the potentially volatile nature of the assets held and should therefore have an investment time horizon of at least 5 years.

Performance

Over the 12-month period, Enhanced Diversification Growth Fund, ("EDGF"), returned 7.06% (gross of fees). The Sub-fund has no formal performance benchmark but a global equity portfolio that had been hedged against currency risk (MSCI AC World, hedged to GBP) would have returned 10.19% over the same period, as an indicator of global investment conditions. It should be noted that EDGF has only 2/3rds of the volatility of equity markets and hence its movements mitigated the sharp swings observed in the market.

Market return positions

Our market return strategies contributed strongly to performance over the course of the year. Equity markets remained generally buoyant for much of the period, boosting our exposures to global, European, Korean and, in particular, US equities. Also supportive was our high-yield credit position, with the asset class benefiting from improving corporate earnings trends, historically low default rates and investors' ongoing quest for yield.

Enhanced-diversification positions

Collectively, our currency positions detracted from performance. Those taking a negative view of the Korean won suffered as, for much of the year, the won benefited from strong domestic export-led growth and improving sentiment towards Emerging Markets. However, other positions contributed positively. Rising US interest rates and the widening economic growth differential between the US and the rest of the world caused the US dollar to strengthen during the latter part of the review period. As a result, our US dollar versus euro currency options strategy was rewarded.

Political turmoil in Italy during May and disappointing Eurozone growth data caused a sharp fall in European banking stocks, as investors reappraised the outlook for interest rates and growth in the region. This led to negative performance from our European equity banks versus Euro Stoxx 50 strategy. Similarly, our US versus Australian banks equity strategy suffered, after Australian banks recouped earlier losses while their US counterparts relinquished some of their earlier gains.

Environment

During the first half of the review period, global equities performed strongly, propelled by improving prospects for the world economy, robust corporate earnings growth and the prospect of substantial US tax cuts under the Trump administration. Against this backdrop, a number of developed market central banks indicated their intention to gradually tighten monetary policy. In November, the Bank of England (BoE) raised UK rates for the first time in over 10 years, while in December the US Federal Reserve (Fed) made its third rate hike of 2017. Meanwhile, the European Central Bank (ECB) announced plans to start downsizing its quantitative easing programme. The price of oil and other commodities tracked higher.

After a strong start to 2018, global equities fell in late-January on concerns about impending interest rate rises. After partially recovering, they fell again in March, amid increasingly heated trade rhetoric between the US and China, as well as fears of a regulatory clampdown on technology firms (following the Facebook data breach scandal). Global government bonds also sold off in January (yields rose) at the prospect of rising interest rates. However, they later returned to favour, as worries about the impact of trade protectionism on world economic growth revived investors' appetite for safe-haven assets. During the final three months, developed market equities progressed higher, as favourable economic data and corporate earnings results countered escalating trade tensions and geopolitical upsets. However, the strengthening US dollar and the US/China trade dispute dampened sentiment towards emerging market (EM) assets. With some developed market central banks signalling tighter monetary conditions, bond markets fell, partially recovering towards the end of the review period when risk aversion returned.

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Investment Report

(Continued)

Investment Activity

Seeking to benefit from Europe's improving economic environment, we opened a position preferring European banks over the broader European equity market. We also closed our European versus Japanese interest rates strategy where we believed the upside potential would be limited given recent developments in the Eurozone. We closed our short US interest rates position designed to benefit from rising interest rates. In addition, we opened a strategy reflecting our expectation that medium-term inflation in Europe will fall. We altered our currency pair preferring the Japanese yen over the Canadian dollar, replacing the yen with the US dollar. We later closed this and reinstated the yen versus Canadian dollar position, following market moves. Elsewhere, we opened a long Swedish krona versus Swiss franc position. The franc looks overvalued on a number of metrics, while Sweden's improving economy argues for the krona to appreciate against the franc. (We closed this some months later, following the release of disappointing Swedish economic data). Elsewhere, we added Korean equity exposure, looking to benefit from the ongoing export-led recovery in global growth.

We subsequently introduced an interest rates strategy that aims to generate returns from the relative changes between bonds of different maturities in Canada and Sweden. We added a US versus UK real yields position, predicated on our view that inflation expectations in the US and UK will converge over the medium term. Meanwhile, we closed our short European inflation position to reduce exposure to the risk of above-forecast inflation in the Eurozone. In October, we closed our Japanese equity strategy following strong performance. However, we reinstated the position in November, when the market had retreated to attractive valuations. We opened a US real yields versus Japanese government bonds strategy aimed at providing diversification benefits should US inflation exceed forecasts and the Bank of Japan unexpectedly switch away from ultra-loose monetary policy. Additionally, we implemented an equity strategy that provides exposure to fast-growing technology companies in Emerging Markets. Elsewhere, we closed our strategies designed to benefit from lower interest rates in the UK and Australia, taking profits.

In early-2018, we added an equity relative-value position preferring large-cap US companies to small-caps, designed to benefit from a falling valuation difference between these sectors. We also opened a US equity banks position, seeking to profit from ongoing economic growth and rising interest rates in the US. Having recently introduced an EM technology strategy, we closed our Korean and Indian equity positions, booking profits. We also exited our currency pair preferring the Indian rupee over the Korean won. We added a Brazilian government bonds strategy. This provides an attractive yield and, given the political environment in Brazil, we believe the market is pricing in an overly aggressive pace of rate hikes. We introduced a long US dollar versus euro currency options position, seeking to enhance portfolio resilience in the event of sharp dollar appreciation and a waning investor risk appetite. We added a strategy expressing the view that Canadian interest rates are now fully priced for the number of hikes likely to be delivered over the next couple of years.

In April, given the recent spike in volatility and equity market corrections, we replaced our US equity large-cap versus small-cap position with a European equity strategy designed to capture market upside while limiting downside. However, subsequent political turmoil in Italy prompted us to later close this, as well as the position expecting European bank stocks to outperform the broader European equity market. We also closed the European long-end steepener strategy. The ECB is likely to withdraw monetary support only gradually, thereby limiting the extent to which the yield curve will steepen.

We altered our US equity banks position by adding a short Australian banks leg. Australian banks have profited recently from the buoyant housing market but are now likely to underperform as the authorities attempt to curb the property boom. In order to rebalance portfolio exposures, we closed our long Japanese yen versus Korean won and Japanese equity strategies. Elsewhere, we introduced an EM versus Brazilian equity position on grounds that Brazilian equity market valuations look relatively stretched. Finally, we added European investment-grade credit exposure in June, taking advantage of the recent pull-back triggered by the Italian political crisis.

Outlook

Our central expectation is for continued modest broad-based global growth, albeit with regional variations. Fiscal policy and the changing monetary policies of central banks will be important drivers of asset returns, especially as the pace of change in policies remains uncertain. The US is moving to a tighter monetary environment, albeit on a gradual incline. Improving data in Europe may reduce the ECB's appetite for monetary easing. However, it will likely remain cautious in the near term given the elevated levels of uncertainty around the process of the UK's withdrawal from the European Union. Japan, meanwhile, is likely to remain on a loose monetary path. Geopolitical tensions remain elevated and, on many metrics, asset prices look expensive. We will seek to exploit the opportunities these conditions present by implementing a diversified range of strategies using multiple asset classes.

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Investment Report

(Continued)

Synthetic Risk & Reward Indicator



This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. As the Sub-fund does not have a five year price history, we have used an internally produced bespoke blended benchmark to show how the Sub-fund price may have behaved over the period prior to launch.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

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Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	58.70	55.69	57.65
Return before operating charges*	4.50	3.61	(1.35)
Operating charges**	(0.65)	(0.60)	(0.61)
Return after operating charges*	3.85	3.01	(1.96)
Distributions	0.00	0.00	(0.38)
Retained distributions on accumulation share	0.00	0.00	0.38
Closing net asset value per share	62.55	58.70	55.69
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.56%	5.40%	-3.40%
Other information			
Closing net asset value (£'000)	181	93	402
Closing number of shares	289,051	157,974	722,710
Operating charges****	1.03%	1.03%	1.06%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	65.89	60.20	60.00
Lowest share price	58.81	55.69	53.91

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

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Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	59.31	55.85	57.38
Return before operating charges*	4.42	3.52	(1.45)
Operating charges**	(0.07)	(0.06)	(0.08)
Return after operating charges*	4.35	3.46	(1.53)
Distributions	(0.61)	(0.22)	(0.81)
Retained distributions on accumulation share	0.61	0.22	0.81
Closing net asset value per share	63.66	59.31	55.85
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	7.33%	6.20%	-2.67%
Other information			
Closing net asset value (£'000)	2,539	2,673	1,483
Closing number of shares	3,988,250	4,507,757	2,654,293
Operating charges****	0.11%	0.11%	0.14%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	66.86	60.80	59.73
Lowest share price	59.42	55.85	53.91

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Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life B accumulation			
Change in net assets per share			
Opening net asset value per share	60.71	57.14	58.61
Return before operating charges*	4.52	3.57	(1.47)
Operating charges**	0.00	0.00	0.00
Return after operating charges*	4.52	3.57	(1.47)
Distributions	(0.68)	(0.28)	(0.89)
Retained distributions on accumulation share	0.68	0.28	0.89
Closing net asset value per share	65.23	60.71	57.14
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	7.45%	6.25%	-2.51%
Other information			
Closing net asset value (£'000)	158,279	101,033	69,233
Closing number of shares	242,662,807	166,406,269	121,172,826
Operating charges****	0.00%	0.00%	0.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	68.48	62.24	61.02
Lowest share price	60.83	57.14	55.13

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Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	59.14	56.05	57.89
Return before operating charges*	4.49	3.56	(1.36)
Operating charges**	(0.51)	(0.47)	(0.48)
Return after operating charges*	3.98	3.09	(1.84)
Distributions	(0.27)	0.00	(0.49)
Retained distributions on accumulation share	0.27	0.00	0.49
Closing net asset value per share	63.12	59.14	56.05
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.73%	5.51%	-3.18%
Other information			
Closing net asset value (£'000)	716	544	1,161
Closing number of shares	1,134,223	919,700	2,072,041
Operating charges****	0.81%	0.81%	0.84%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	66.45	60.65	60.24
Lowest share price	59.25	56.05	54.22

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

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Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform fixed accumulation			
Change in net assets per share			
Opening net asset value per share	59.56	56.38	58.15
Return before operating charges*	4.50	3.56	(1.39)
Operating charges**	(0.41)	(0.38)	(0.38)
Return after operating charges*	4.09	3.18	(1.77)
Distributions	0.00	0.00	(0.55)
Retained distributions on accumulation share	0.00	0.00	0.55
Closing net asset value per share	63.65	59.56	56.38
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.87%	5.64%	-3.04%
Other information			
Closing net asset value (£'000)	914	1,190	1,506
Closing number of shares	1,435,834	1,997,290	2,670,486
Operating charges****	0.65%	0.65%	0.65%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	66.97	61.07	60.49
Lowest share price	59.67	56.38	54.51

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

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Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional fixed accumulation			
Change in net assets per share			
Opening net asset value per share	59.90	56.57	58.28
Return before operating charges*	4.51	3.63	(1.42)
Operating charges**	(0.32)	(0.30)	(0.29)
Return after operating charges*	4.19	3.33	(1.71)
Distributions	(0.41)	(0.04)	(0.65)
Retained distributions on accumulation share	0.41	0.04	0.65
Closing net asset value per share	64.09	59.90	56.57
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.99%	5.89%	-2.93%
Other information			
Closing net asset value (£'000)	132,676	120,886	37,103
Closing number of shares	207,007,862	201,818,843	65,590,339
Operating charges****	0.50%	0.50%	0.50%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	67.40	61.42	60.67
Lowest share price	60.01	56.57	54.67

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

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Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (0.00%)		60,927	20.63
Brazilian Real Denominated Bonds (0.00%)		35,197	11.92
Government Bonds (0.00%)		35,197	11.92
less than 5 years to maturity			
67,498,000	Letra Tesouro 0% 01/07/2020	11,228	3.80
67,986,000	Letra Tesouro 0% 01/07/2021	10,135	3.44
66,063,000	Nota Do Tesouro 10% 01/01/2021	13,834	4.68
US Dollar Denominated Bonds (0.00%)		25,730	8.71
Government Bonds (0.00%)		25,730	8.71
between 5 and 10 years to maturity			
26,001,800	US Treasury 1.75% Index-Linked 2028	25,730	8.71
Equities (0.00%)		13,827	4.68
United States Equities (0.00%)		13,827	4.68
93,966	Bank of America	2,007	0.68
8,297	Comerica	571	0.20
6,920	Cullen/Frost Bankers	567	0.19
11,431	East West Bancorp	564	0.19
42,511	First Horizon National Corporation	574	0.20
59,275	FNB Corporation	602	0.20
15,651	Hancock Whitney Corporation	553	0.19
9,927	Iberiabank	570	0.19
26,093	JPMorgan Chase	2,062	0.70
10,951	Prosperity Bancshares	567	0.19
6,187	Signature Bank	599	0.20
32,253	Sterling Bancorp	573	0.19
2,531	SVB Financial	554	0.19
14,757	Synovus Financial	590	0.20
8,183	Texas Capital Bank	567	0.19
33,771	Umpqua Holdings	577	0.20
12,392	Webster Financial	598	0.20
8,571	Wintrust	565	0.19
14,193	Zions Bancorporation	567	0.19

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (34.69%)		86,780	29.39
Bond Funds (10.95%)		28,312	9.59
1,694,698	SLI Emerging Market Local Currency Debt SICAV	19,588	6.63
674,737	SLI Global High Yield Bond SICAV	8,724	2.96
Equity Funds (7.56%)		11,872	4.02
870,095	SLI Continental European Equity Income SICAV	11,872	4.02
Money Market Funds (16.18%)		46,596	15.78
1,706,599	Standard Life CNAV Euro Liquidity Fund*	1,509	0.51
45,087,472	Standard Life CNAV Sterling Liquidity Fund*	45,087	15.27
Money Markets (38.01%)		50,000	16.90
5,000,000	Banque Federative CD 0.65% 14/08/2018	5,000	1.69
5,000,000	China Construction CD 0.8% 06/09/2018	5,000	1.69
5,000,000	Credit Agricole CD 0.69% 22/11/2018	5,000	1.69
5,000,000	Danske Bank CD 0.52% 06/07/2018	5,000	1.69
5,000,000	First Abu Dhabi Bank CD 0.68% 08/10/2018	5,000	1.69
5,000,000	Lloyds Bank CD 0.79% 14/01/2019	5,000	1.69
5,000,000	MUFG Bank CD 0.54% 28/08/2018	5,000	1.69
5,000,000	Nationwide Building Society CD 0.68% 29/10/2018	5,000	1.69
5,000,000	Natixis CD 0.63% 02/08/2018	5,000	1.69
5,000,000	Nordea Bank CD 0.55% 17/08/2018	5,000	1.69
Derivatives (-0.76%)		(126)	(0.01)
Credit Default Swaps (1.03%)		1,243	0.42
USD 37,800,000	Sell CDX Investment Grade Series 30 20/06/2023 1%	445	0.15
EUR 68,600,000	Sell iTraxx Europe Series 29 20/06/2023 1%	798	0.27
Currency Options (0.00%)		627	0.21
Buy Option: USD (Call) 41,100,000/(Put) EUR 48,087,000 28/02/2019		627	0.21

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Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Equity Options (0.00%)		(658)	(0.22)
415	Sell Call Ibovespa Brasil Sao Paulo Stock Exchange Index 12/12/2018	(455)	(0.15)
514	Sell Call Ibovespa Brasil Sao Paulo Stock Exchange Index 12/12/2018	(203)	(0.07)
Exchange Traded Options (-0.26%)		3,520	1.19
440	Call S&P 500 Index 31/12/2018	3,753	1.27
719	Put Euro STOXX 50 21/12/2018	971	0.33
(235)	Put S&P 500 Index 31/08/2018	(258)	(0.09)
(334)	Put S&P 500 Index 31/08/2018	(946)	(0.32)
Forward Currency Contracts (-0.69%)		(404)	(0.13)
	Buy AUD 1,500,000 Sell GBP 835,209 07/08/2018	3	0.00
	Buy BRL 3,200,000 Sell GBP 650,512 07/08/2018	(24)	(0.01)
	Buy BRL 65,200,000 Sell GBP 13,109,480 07/08/2018	(354)	(0.12)
	Buy CAD 8,770,000 Sell JPY 720,993,101 05/09/2018	101	0.03
	Buy EUR 1,100,000 Sell GBP 966,665 07/08/2018	7	0.00
	Buy GBP 1,063,109 Sell AUD 1,900,000 07/08/2018	2	0.00
	Buy GBP 1,180,098 Sell AUD 2,100,000 07/08/2018	7	0.00
	Buy GBP 2,240,898 Sell AUD 4,100,000 07/08/2018	(50)	(0.02)
	Buy GBP 3,959,026 Sell BRL 20,600,000 22/05/2019	92	0.03
	Buy GBP 6,133,907 Sell BRL 31,900,000 22/05/2019	146	0.05
	Buy GBP 11,309,615 Sell BRL 59,000,000 22/05/2019	233	0.08
	Buy GBP 12,612,438 Sell BRL 65,200,000 22/05/2019	377	0.13
	Buy GBP 13,502,039 Sell BRL 65,200,000 07/08/2018	751	0.26
	Buy GBP 601,645 Sell CAD 1,050,000 07/08/2018	(2)	0.00
	Buy GBP 708,221 Sell CAD 1,250,000 07/08/2018	(11)	0.00
	Buy GBP 399,401 Sell CHF 520,000 07/08/2018	2	0.00
	Buy GBP 834,862 Sell CHF 1,100,000 07/08/2018	(6)	0.00
	Buy GBP 3,778,683 Sell CHF 5,120,000 07/08/2018	(133)	(0.04)
	Buy GBP 1,455,232 Sell DKK 12,300,000 07/08/2018	(7)	0.00
	Buy GBP 882,541 Sell EUR 1,000,000 07/08/2018	(3)	0.00
	Buy GBP 3,606,893 Sell EUR 4,100,000 07/08/2018	(23)	(0.01)
	Buy GBP 4,522,394 Sell EUR 5,100,000 07/08/2018	7	0.00
	Buy GBP 8,780,000 Sell EUR 10,012,076 23/08/2018	(89)	(0.03)
	Buy GBP 18,578,735 Sell EUR 21,080,000 07/08/2018	(84)	(0.03)
	Buy GBP 1,290,175 Sell HKD 13,900,000 07/08/2018	(50)	(0.02)
	Buy GBP 485,350 Sell ILS 2,400,000 07/08/2018	(12)	0.00
	Buy GBP 740,466 Sell JPY 110,000,000 07/08/2018	(12)	0.00
	Buy GBP 4,434,373 Sell JPY 640,000,000 07/08/2018	54	0.02

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Enhanced Diversification Growth Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Forward Currency Contracts (continued)			
	Buy GBP 5,123,005 Sell JPY 750,000,000 07/08/2018	(10)	0.00
	Buy GBP 9,833,829 Sell JPY 1,473,700,000 07/08/2018	(252)	(0.09)
	Buy GBP 997,762 Sell NOK 11,000,000 07/08/2018	(24)	(0.01)
	Buy GBP 518,423 Sell NZD 1,016,000 07/08/2018	(2)	0.00
	Buy GBP 1,026,713 Sell SEK 12,000,000 07/08/2018	10	0.00
	Buy GBP 1,276,786 Sell SEK 15,000,000 07/08/2018	5	0.00
	Buy GBP 2,304,813 Sell SEK 27,800,000 07/08/2018	(52)	(0.02)
	Buy GBP 853,908 Sell SGD 1,560,000 07/08/2018	(12)	0.00
	Buy GBP 64,754 Sell USD 86,207 23/08/2018	0	0.00
	Buy GBP 743,900 Sell USD 1,000,000 07/08/2018	(12)	0.00
	Buy GBP 750,840 Sell USD 1,000,000 07/08/2018	(5)	0.00
	Buy GBP 811,077 Sell USD 1,100,000 07/08/2018	(21)	(0.01)
	Buy GBP 902,778 Sell USD 1,200,000 07/08/2018	(5)	0.00
	Buy GBP 958,184 Sell USD 1,300,000 07/08/2018	(25)	(0.01)
	Buy GBP 971,620 Sell USD 1,300,000 07/08/2018	(11)	0.00
	Buy GBP 1,289,266 Sell USD 1,700,000 07/08/2018	4	0.00
	Buy GBP 1,470,750 Sell USD 2,000,000 07/08/2018	(41)	(0.01)
	Buy GBP 5,840,814 Sell USD 7,770,000 23/08/2018	(30)	(0.01)
	Buy GBP 17,030,368 Sell USD 23,430,352 07/08/2018	(686)	(0.23)
	Buy JPY 2,052,616,189 Sell CAD 24,700,000 05/09/2018	(135)	(0.05)
	Buy JPY 1,262,000,000 Sell USD 11,530,685 23/08/2018	(71)	(0.02)
	Buy KRW 12,170,000,000 Sell USD 11,365,971 23/08/2018	(316)	(0.11)
	Buy USD 99,434 Sell GBP 74,689 23/08/2018	0	0.00
	Buy USD 1,000,000 Sell GBP 750,044 07/08/2018	6	0.00
	Buy USD 1,100,000 Sell GBP 825,466 07/08/2018	6	0.00
	Buy USD 1,300,000 Sell GBP 972,126 07/08/2018	11	0.00
	Buy USD 1,300,000 Sell GBP 978,709 07/08/2018	4	0.00
	Buy USD 7,000,000 Sell GBP 5,338,233 07/08/2018	(46)	(0.02)
	Buy USD 20,000,000 Sell GBP 15,293,782 07/08/2018	(172)	(0.05)
	Buy USD 22,000,000 Sell GBP 16,454,047 07/08/2018	180	0.06
	Buy USD 11,616,892 Sell JPY 1,262,000,000 23/08/2018	136	0.05
	Buy USD 11,266,536 Sell KRW 12,170,000,000 23/08/2018	240	0.08
Futures (-0.23%)		(1,771)	(0.59)
598	Long E-Mini MSCI Emerging Market Future Index 21/09/2018	(1,618)	(0.54)
419	Long MSCI World Index Future 21/09/2018	(378)	(0.13)
(380)	Short Euro STOXX 50 Future 21/09/2018	212	0.07
(180)	Short FTSE 100 Future 21/09/2018	58	0.02
(30)	Short Japan 10y Bond (TSE) Future 12/09/2018	(45)	(0.01)

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Enhanced Diversification Growth Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Inflation Swaps (-0.08%)		431	0.16
USD 33,600,000	Pay fixed 2.1695% receive floating USDCPI 02/11/2027	596	0.21
USD 1,000	Pay fixed 2.364% receive floating USDCPI 02/07/2028	0	0.00
GBP 43,100,000	Pay fixed 3.3% receive floating UKRPI 15/01/2021	(110)	(0.04)
GBP 3,750,000	Pay fixed 3.5425% receive floating UKRPI 15/02/2020	(18)	(0.01)
GBP 31,350,000	Pay fixed 3.5425% receive floating UKRPI 15/02/2020	(150)	(0.05)
GBP 31,600,000	Pay fixed 3.59% receive floating UKRPI 15/04/2020	(289)	(0.10)
GBP 43,100,000	Pay floating UKRPI receive fixed 3.36% 15/01/2024	165	0.06
GBP 3,750,000	Pay floating UKRPI receive fixed 3.485% 15/02/2023	28	0.01
GBP 31,350,000	Pay floating UKRPI receive fixed 3.485% 15/02/2023	231	0.08
GBP 31,600,000	Pay floating UKRPI receive fixed 3.53% 15/04/2023	432	0.15
USD 33,600,000	Pay floating USDCPI receive fixed 2.059% 02/11/2022	(454)	(0.15)
USD 1,000	Pay floating USDCPI receive fixed 2.317% 02/07/2023	0	0.00
Interest Rate Swaps (-0.41%)		881	0.30
SEK 981,000,000	Pay fixed -0.23% receive floating SEK-STIBOR 11/12/2019	55	0.02
SEK 1,600,000,000	Pay fixed -0.144% receive floating SEK-STIBOR 12/10/2019	(226)	(0.08)
SEK 419,000,000	Pay fixed -0.125% receive floating SEK-STIBOR 13/06/2020	(31)	(0.01)
SEK 446,000,000	Pay fixed -0.12% receive floating SEK-STIBOR 25/04/2020	(71)	(0.02)
SEK 1,090,000,000	Pay fixed -0.08% receive floating SEK-STIBOR 05/02/2020	(252)	(0.09)
SEK 176,000,000	Pay fixed 1.28007% receive floating SEK-STIBOR 12/10/2027	(464)	(0.16)
GBP 26,800,000	Pay fixed 1.682% receive floating GBP-LIBOR 31/10/2027	65	0.02
CAD 171,000,000	Pay fixed 1.9175% receive floating CAD-BA-CDOR 10/10/2019	190	0.06
CAD 23,700,000	Pay fixed 2.2225% receive floating CAD-BA-CDOR 07/12/2027	375	0.13
CAD 49,900,000	Pay fixed 2.4075% receive floating CAD-BA-CDOR 10/10/2027	296	0.10
CAD 117,000,000	Pay fixed 2.415% receive floating CAD-BA-CDOR 08/01/2021	3	0.00
CAD 7,066,000	Pay fixed 2.615% receive floating CAD-BA-CDOR 23/04/2021	(11)	0.00
CAD 38,700,000	Pay fixed 2.663% receive floating CAD-BA-CDOR 01/02/2028	(286)	(0.10)
CAD 5,470,000	Pay fixed 2.7285% receive floating CAD-BA-CDOR 23/04/2028	(51)	(0.02)
CAD 126,000,000	Pay floating CAD-BA-CDOR receive fixed 1.8275% 07/12/2019	(316)	(0.11)
CAD 258,000,000	Pay floating CAD-BA-CDOR receive fixed 1.9175% 10/10/2019	(286)	(0.10)
CAD 213,000,000	Pay floating CAD-BA-CDOR receive fixed 2.203% 01/02/2020	305	0.10
CAD 55,100,000	Pay floating CAD-BA-CDOR receive fixed 2.25% 11/06/2020	25	0.01
CAD 52,100,000	Pay floating CAD-BA-CDOR receive fixed 2.276% 23/04/2020	65	0.02
CAD 29,300,000	Pay floating CAD-BA-CDOR receive fixed 2.4075% 10/10/2027	(174)	(0.06)
CAD 117,000,000	Pay floating CAD-BA-CDOR receive fixed 2.415% 08/01/2021	(3)	0.00
CAD 144,000,000	Pay floating CAD-BA-CDOR receive fixed 2.615% 23/04/2021	223	0.08
SEK 1,010,000,000	Pay floating SEK-STIBOR receive fixed -0.144% 12/10/2019	143	0.05
SEK 151,000,000	Pay floating SEK-STIBOR receive fixed 1.082% 11/12/2027	99	0.03
SEK 304,000,000	Pay floating SEK-STIBOR receive fixed 1.28007% 12/10/2027	802	0.28

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Enhanced Diversification Growth Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Interest Rate Swaps (continued)			
SEK 44,600,000	Pay floating SEK-STIBOR receive fixed 1.308% 25/04/2028	85	0.03
SEK 215,000,000	Pay floating SEK-STIBOR receive fixed 1.425% 05/02/2028	695	0.24
USD 38,000,000	Pay floating USD-LIBOR receive fixed 2.63% 02/11/2027	(374)	(0.12)
USD 1,000	Pay floating USD-LIBOR receive fixed 2.9625% 03/07/2028	0	0.00
Swaptions (-0.13%)		-	-
Total Return Swaps (0.01%)		(3,996)	(1.35)
USD 10,774,579	Buy MSCI EAFE Small Cap Net Total return USD Index Receive USD 3M LIBOR 0% 15/08/2018	(395)	(0.13)
USD 5,900,412	Buy MSCI EAFE Small Cap Net Total return USD Index Receive USD 3M LIBOR 0% 17/09/2018	(159)	(0.05)
USD 22,039,191	Buy MSCI EAFE Small Cap Net Total return USD Index Receive USD 3M LIBOR 0% 23/05/2019	(733)	(0.25)
USD 6,822,467	Buy MSCI EAFE Small Cap Net Total return USD Index Receive USD 3M LIBOR 0% 25/07/2018	(188)	(0.06)
USD 14,730,568	Buy MSCI EAFE Small Cap Net Total return USD Index Receive USD 3M LIBOR 0% 27/06/2018	(310)	(0.11)
USD 14,407,061	Buy MSCI EAFE Small Cap Net Total return USD Index Receive USD 3M LIBOR 0% 27/06/2019	(91)	(0.03)
USD 20,747,619	Buy MSCI EAFE Small Cap Net Total return USD Index Receive USD 3M LIBOR 0% 28/06/2019	(6)	0.00
USD 6,525,388	Buy MSCI EM Information Technology Net Total Return USD Index Receive USD 3M LIBOR 0% 07/12/2018	(475)	(0.16)
USD 6,328,662	Buy MSCI EM Information Technology Net Total Return USD Index Receive USD 3M LIBOR 0% 14/05/2019	(392)	(0.13)
USD 4,770,899	Buy MSCI EM Information Technology Net Total Return USD Index Receive USD 3M LIBOR 0% 15/11/2018	(223)	(0.08)
AUD 4,868,023	Sell Australia & New Zealand Banking Receive AUD 1M BBSW -0.15% 13/05/2019	(255)	(0.09)
AUD 131,794	Sell Bank of Queensland Receive AUD 1M BBSW -0.15% 13/05/2019	(2)	0.00
AUD 552,454	Sell Bank of Queensland Receive AUD 1M BBSW -0.15% 13/05/2019	(10)	0.00
AUD 568,147	Sell Bank of Queensland Receive AUD 1M BBSW -0.15% 13/05/2019	(11)	0.00
AUD 213,990	Sell Bendigo and Adelaide Bank Receive AUD 1M BBSW -0.15% 13/05/2019	(8)	0.00
AUD 445,069	Sell Bendigo and Adelaide Bank Receive AUD 1M BBSW -0.15% 13/05/2019	(17)	(0.01)
AUD 554,716	Sell Bendigo and Adelaide Bank Receive AUD 1M BBSW -0.15% 13/05/2019	(21)	(0.01)
AUD 4,992,176	Sell Commonwealth Bank of Australia Receive AUD 1M BBSW -0.15% 13/05/2019	(165)	(0.06)
AUD 4,743,228	Sell National Australia Bank Receive AUD 1M BBSW -0.15% 13/05/2019	(208)	(0.07)
AUD 480,079	Sell Suncorp Metway Receive AUD 1M BBSW -0.15% 13/05/2019	(12)	0.00
AUD 637,381	Sell Suncorp Metway Receive AUD 1M BBSW -0.15% 13/05/2019	(16)	(0.01)
AUD 651,742	Sell Suncorp Metway Receive AUD 1M BBSW -0.15% 13/05/2019	(16)	(0.01)
AUD 804,099	Sell Suncorp Metway Receive AUD 1M BBSW -0.15% 13/05/2019	(20)	(0.01)
AUD 359,418	Sell Westpac Banking Receive AUD 1M BBSW -0.15% 13/05/2019	(20)	(0.01)
AUD 4,383,746	Sell Westpac Banking Receive AUD 1M BBSW -0.15% 13/05/2019	(243)	(0.07)

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Enhanced Diversification Growth Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Total investment assets and liabilities		211,407	71.59
Net other assets		83,898	28.41
Total Net Assets		295,305	100.00

All investments are listed on recognised stock exchanges and are approved securities, or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	179,062
*Collective Investment Schemes classified as Cash Equivalents	46,596
Investment liabilities	(14,251)
Net investment assets	211,407
Net other assets	83,898
Total Net Assets	295,305

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Enhanced Diversification Growth Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	13,617	8,141
Revenue	4	3,257	1,000
Expenses	5	(633)	(526)
Interest payable and similar charges	6	(12)	(11)
Net revenue before taxation		2,612	463
Taxation	7	(165)	(66)
Net revenue after taxation		2,447	397
Total return before distributions		16,064	8,538
Distributions	8	(2,447)	(400)
Change in net assets attributable to shareholders from investment activities		13,617	8,138

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	226,419	110,888
Amounts receivable on the issue of shares	94,485	133,575
Amounts payable on the cancellation of shares	(42,141)	(27,282)
	52,344	106,293
Dilution adjustment	377	549
Change in net assets attributable to shareholders from investment activities (see above)	13,617	8,138
Retained distribution on accumulation shares	2,548	551
Closing net assets attributable to shareholders	295,305	226,419

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Enhanced Diversification Growth Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		179,062	134,087
Current assets:			
Debtors	9	1,197	421
Cash and bank balances	10	28,508	15,615
Cash equivalents	11	103,326	86,251
		133,031	102,287
Total assets		312,093	236,374
Liabilities:			
Investment liabilities		(14,251)	(7,820)
Creditors	12	(319)	(76)
Bank overdrafts	10	(2,218)	(2,059)
		(2,537)	(2,135)
Total liabilities		(16,788)	(9,955)
Net assets attributable to shareholders		295,305	226,419

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	(3,380)	2,267
Derivative contracts*	16,439	11,829
Forward currency contracts*	419	(5,876)
ACD fee rebate on collective investment scheme holdings	0	13
Other gains/(losses)*	163	(92)
Handling charges taken from the capital account	(24)	0
Net capital gains	13,617	8,141
The above includes*		
Realised gains	16,556	10,039
Unrealised losses	(2,915)	(1,911)
	13,641	8,128

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Equity Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

	2018 £'000	2017 £'000
Equity Purchases, Sales and Transaction Costs		
Purchases		
Purchases before transaction costs	23,058	9,791
Commissions	5	0
Total purchase transaction costs	5	0
Purchases including transaction costs	23,063	9,791
Sales		
Saled before transaction costs	8,765	9,827
Commissions	(2)	0
Total sale transaction costs	(2)	0
Total sales net of transaction costs	8,763	9,827

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Notes to the Financial Statements

(Continued)

3 Equity Purchases, Sales and Transaction Costs (Continued)

	2018	2017
Equity Transaction Cost as a % of total Purchases & Sales	% Transaction	% Transaction
Purchases		
Commissions	0.00%	0.00%
Sales		
Commissions	0.00%	0.00%
	2018	2017
Equity Purchases, Sales Analysis to Average NAV	% Average NAV	% Average NAV
Purchases		
Commissions	0.00%	0.00%
Taxes & Other Fees	0	0
Sales		
Commissions	0.00%	0.00%
Taxes & Other Fees	0	0

During the year the total purchases and sales across different major assets classes are as per below table.

	2018	2017
	£'000	£'000
Purchases		
Bonds	69,589	17,936
Equities	23,058	9,791
Collective Investment Schemes	19,340	78,744
Money Market Instruments	179,983	146,975
Sales		
Bonds	7,753	17,889
Equities	8,765	9,827
Collective Investment Schemes	21,228	109,305
Money Market Instruments	215,970	70,002

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.27% (2017: 0.28%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Overseas dividends	122	90
Franked dividend distributions	1,757	123
Unfranked non-foreign component of dividend distributions	(47)	325
Interest distributions	18	34
Interest on debt securities	675	42
Interest on money market instruments	275	203
Derivative revenue	13	0
Bank interest	439	168
ACD fee rebate on collective investment scheme holdings	5	15
Total revenue	3,257	1,000

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	547	440
Dealing charge	1	1
Registration fees	105	85
	653	526
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees*	36	29
Safe custody fee*	9	2
	45	31
Other:		
Audit fee*	11	11
Expenses reimbursed by SLI (Mutual Funds) Limited	(76)	(42)
	(65)	(31)
Total expenses	633	526

* A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	12	11
Total interest payable & similar charges	12	11

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Notes to the Financial Statements

(Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	147	52
Overseas taxes	18	14
Total taxation (note 7b)	165	66

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	2,612	463
Corporation tax at 20% (2017: 20%)	522	93
Effects of:		
Revenue not subject to taxation	(375)	(25)
Overseas taxes	18	14
Non taxable overseas dividends	0	(18)
Taxable income taken to capital	0	2
Total tax charge for year (note 7a)	165	66

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	2,548	551
Add: Income deducted on cancellation of shares	17	31
Deduct: Income received on issue of shares	(118)	(182)
Net distribution for the year	2,447	400

Details of the distribution per share are set out in this Sub-fund's distribution tables.

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Notes to the Financial Statements

(Continued)

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	882	284
Accrued revenue	259	70
Expenses reimbursement receivable from the ACD	38	34
United Kingdom income tax recoverable	0	19
Accrued rebate of Management fees on underlying investments	18	14
Total debtors	1,197	421

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Amounts held at futures clearing houses and brokers	25,742	13,289
Cash and bank balances	2,766	2,326
	28,508	15,615
Cash overdrafts at bank	(678)	(671)
Cash overdrafts at broker	(1,540)	(1,388)
Total cash and bank balances	26,290	13,556

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Euro Liquidity Fund	1,509	2,300
Standard Life CNAV Sterling Liquidity Fund	45,087	34,331
Term Deposits with original maturity of less than 3 months	56,730	49,620
Total cash equivalents	103,326	86,251

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	85	6
Accrued expenses payable to ACD	57	52
Accrued expenses payable to the Depositary or associates of the Depositary	10	7
Other accrued expenses	11	11
Corporation tax payable	156	0
Total creditors	319	76

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Notes to the Financial Statements

(Continued)

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

All of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £ 4,500 (2017: £27,000) has been recognised and is included in the total rebate amounts in note 4. The balance due to the Sub-fund at the period end in respect of this amounted to £ 500 (2017: £1,000) and is included in the total rebate amount disclosed in note 9.

The Sub-fund holds shares in other Standard Life Investments funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £12,860,000 (2017: £78,809,000) and the total sales proceeds were £21,228,000 (2017: £114,139,000).

The Sub-fund holds 45,087,472 shares (2017: 34,330,582 shares) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £87,676,601 (2017: £81,000,000), the total sales proceeds were £76,939,711 (2017: £48,389,000).

The Sub-fund holds 1,706,599 shares (2017: 2,618,983 shares) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €22,035,166 (2017: €14,842,000), the total sales proceeds were €22,948,000 (2017: €14,242,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	93,779	24,828
Purchase of shares by Sub-fund	41,667	132,808
Distributions made by Sub-fund	2,408	0
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	98.4%	98.0%

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Closing shares 2018
Retail accumulation	157,974	157,428	(26,351)	289,051
Standard Life accumulation	4,507,757	400,554	(920,061)	3,988,250
Standard Life B accumulation	166,406,269	93,361,927	(17,105,389)	242,662,807
Platform 1 accumulation	919,700	791,893	(577,370)	1,134,223
Platform fixed accumulation	1,997,290	425,451	(986,907)	1,435,834
Institutional fixed accumulation	201,818,843	51,432,173	(46,243,154)	207,007,862

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Notes to the Financial Statements

(Continued)

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	25,730	35,197	0	0	0	0
Equities	13,827	0	0	0	0	0
Money Market Instruments	0	50,000	0	0	85,996	0
Collective Investment Schemes	0	86,780	0	0	78,546	0
Derivatives	4,994	9,132	0	223	5,952	0
Total investment assets	44,551	181,109	0	223	170,494	0
Derivatives	(3,245)	(11,008)	0	(1,312)	(6,508)	0
Total investment liabilities	(3,245)	(11,008)	0	(1,312)	(6,508)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Sub-fund.

Value at Risk (VaR) is a measure of the maximum potential loss to the Sub-fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2018	Minimum	Maximum	Average
VaR 99% 1 Month	4.04%	7.51%	5.87%
2017	Minimum	Maximum	Average
VaR 99% 1 Month	6.16%	10.30%	7.77%

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 6.08%, £12,853,000 (2017: 6.30%, £10,262,000) in one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2018	2017
	£'000	£'000
Australian Dollar	(4,711)	(3,203)
Brazilian Real	782	0
Canadian Dollar	(10,181)	(25,014)
Danish Krone	(1,462)	(1,174)
Euro	(33,672)	(20,777)
Hong Kong Dollar	(1,340)	(1,148)
Indian Rupee	0	9,076
Israeli Shekel	(497)	0
Japanese Yen	(11,236)	19,125
Korean Won	0	(17,964)
New Zealand Dollar	(520)	0
Norwegian Krone	(1,022)	(596)
Singapore Dollar	(866)	(561)
South Korean Won	133	0
Swedish Krona	(3,811)	(2,545)
Swiss Franc	(5,149)	(4,929)
US Dollar	56,208	34,237

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets/ (liabilities) £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2018				
Currency				
Australian Dollar	0	0	(4,711)	(4,711)
Brazilian Real	0	0	782	782
Canadian Dollar	112	0	(10,293)	(10,181)
Danish Krone	0	0	(1,462)	(1,462)
Euro	(693)	0	(32,979)	(33,672)
Hong Kong Dollar	0	0	(1,340)	(1,340)
Israeli Shekel	0	0	(497)	(497)
Japanese Yen	(16)	0	(11,220)	(11,236)
New Zealand Dollar	0	0	(520)	(520)
Norwegian Krone	0	0	(1,022)	(1,022)
Singapore Dollar	0	0	(866)	(866)
South Korean Won	0	0	133	133
Swedish Krona	0	0	(3,811)	(3,811)
Swiss Franc	0	0	(5,149)	(5,149)
UK Sterling	129,265	0	183,384	312,649
US Dollar	948	25,730	29,530	56,208
2017				
Currency				
Australian Dollar	(525)	0	(2,677)	(3,202)
Canadian Dollar	0	0	(25,014)	(25,014)
Danish Krone	0	0	(1,174)	(1,174)
Euro	2,277	0	(20,747)	(18,470)
Hong Kong Dollar	0	0	(1,148)	(1,148)
Indian Rupee	0	0	9,076	9,076
Japanese Yen	(256)	0	19,382	19,126
Korean Won	0	0	(17,965)	(17,965)
Norwegian Krone	0	0	(596)	(596)
Singapore Dollar	0	0	(561)	(561)
Swedish Krona	0	0	(2,545)	(2,545)
Swiss Franc	0	0	(4,929)	(4,929)
UK Sterling	99,433	85,996	54,155	239,584
US Dollar	(670)	0	34,907	34,237

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid market value 2018 £'000	Bid market value 2017 £'000
Credit Rating Analysis		
Investment Grade Bonds	60,927	0
Below Investment Grade Bonds	0	0
Unrated Bonds	0	0
	<u>60,927</u>	<u>0</u>

(e) Financial Derivatives Instrument Risk

At the year end the Sub-fund held derivatives for the purposes of efficient portfolio management or to meet the Sub-funds investment objectives. These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the Sub-fund's prospectus.

At the balance sheet date the Sub-fund had the following exposures:

	2018 £'000	2017 £'000
Market Exposure		
Credit Default Swaps	89,297	167,335
Currency Options	36,346	0
Equity Options	658	0
Exchange Traded Option	5,929	585
Forward Currency Contracts	269,462	210,507
Futures	99,183	128,973
Interest Rate Swaps	1,410,893	353,593
Inflation Rate Swaps	270,501	177,400
Swaptions	0	26,290
Total Return Swaps	99,272	22,923
Total Market Exposure	<u>2,281,541</u>	<u>1,087,606</u>

The total market exposure is the sum of the notional derivative contracts on a gross basis with no offsetting.

Counterparty Exposure

Derivative instruments involve an agreement to exchange a benefit at a future date. This introduces counterparty risk where an agreement is bilateral (between two parties) and concentration risk where a clearing broker operates on an exchange. Where the counterparty or clearing broker is not solvent the market exposure obtained would be lost.

Exposure is reduced by the exchange of margin on a daily basis for cleared derivatives and by the collateral held/pledged on a bilateral transaction.

Standard Life Investment Company III Annual Report & Financial Statements

Enhanced Diversification Growth Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

	2018			2017		
	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Market value of derivatives £'000
Counterparty or clearer						
Bank of America Merrill Lynch	114	0	(84)	0	0	0
Barclays	381	0	0	721	0	570
BNP Paribas	(124)	0	445	1,206	0	669
Citigroup	813	0	(1,537)	80	0	(106)
Credit Agricole	(263)	0	0	0	0	0
Deutsche Bank	(1,080)	0	596	0	0	0
Goldman Sachs	2,492	5,275	214	(3,564)	0	(1,063)
HSBC	(130)	0	(153)	(660)	0	(960)
JP Morgan	81	0	(501)	520	0	775
Lloyds	0	0	0	100	0	0
Morgan Stanley	769	0	(208)	0	0	(537)
National Australia Bank	0	0	0	0	0	0
NatWest Markets	(410)	0	0	0	0	0
Nomura	0	0	(12)	0	0	0
Royal Bank of Canada	0	0	239	(370)	0	0
Royal Bank of Scotland	0	0	642	153	0	(155)
Societe Generale	(120)	0	236	(140)	0	(177)
StateStreet	0	0	(3)	(350)	0	0
UBS	0	0	0	0	0	(661)
Total	2,523	5,275	(126)	(2,304)	0	(1,645)

Margin exchanged or collateral held or pledged is in the form of high quality liquid assets e.g. cash/gilts. Positions are fully collateralised at all times. Restrictions are placed on the right of either party to reuse collateral assets.

(f) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

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Enhanced Diversification Growth Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.1939	–	0.1939*	–
Group 2	–	–	–	–
Standard Life accumulation				
Group 1	0.6117	–	0.6117*	0.2225
Group 2	0.5173	0.0944	0.6117*	0.2225
Standard Life B accumulation				
Group 1	0.6828	–	0.6828*	0.2784
Group 2	0.5579	0.1249	0.6828*	0.2784
Platform 1 accumulation				
Group 1	0.2693	–	0.2693*	–
Group 2	–	–	–	–
Platform fixed accumulation				
Group 1	0.2931	–	0.2931*	–
Group 2	0.2884	0.0047	0.2931*	–
Institutional fixed accumulation				
Group 1	0.4148	–	0.4148*	0.0383
Group 2	0.4134	0.0014	0.4148*	0.0383

* Distribution accumulated on 30 June 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	76.16%
Treat as an annual payment net of Income tax at 20%	23.84%

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MyFolio Managed I Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	22 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The policy of the Sub-fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life Aberdeen group of companies to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a high exposure to lower risk assets, such as fixed interest.

Important Note to the Investment Policy

The Standard Life group of companies enlarged following the effective date of the merger of Standard Life plc with Aberdeen Asset Management plc (the "Effective Date") to create Standard Life Aberdeen plc (the "Combined Group"). For the present time, the Sub-Fund will continue to invest mainly in the range of collective investment schemes managed by companies that, immediately prior to the Effective Date, were in the Standard Life group.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	65.20	62.11	60.83
Return before operating charges*	1.45	3.94	2.14
Operating charges**	(0.82)	(0.85)	(0.86)
Return after operating charges*	0.63	3.09	1.28
Distributions	(0.69)	(0.65)	(0.36)
Retained distributions on accumulation share	0.69	0.65	0.36
Closing net asset value per share	65.83	65.20	62.11
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	0.96%	4.98%	2.10%
Other information			
Closing net asset value (£'000)	314,252	250,298	190,469
Closing number of shares	477,335,264	383,877,744	306,648,625
Operating charges****	1.24%	1.32%	1.41%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	67.01	66.37	62.41
Lowest share price	65.10	62.60	59.78

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	68.17	64.52	62.76
Return before operating charges*	1.52	4.10	2.24
Operating charges**	(0.51)	(0.45)	(0.48)
Return after operating charges*	1.01	3.65	1.76
Distributions	(1.08)	(1.11)	(0.80)
Retained distributions on accumulation share	1.08	1.11	0.80
Closing net asset value per share	69.18	68.17	64.52
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.48%	5.66%	2.80%
Other information			
Closing net asset value (£'000)	124,058	60,192	45,010
Closing number of shares	179,315,573	88,296,348	69,758,690
Operating charges****	0.73%	0.67%	0.76%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	70.27	69.37	61.84
Lowest share price	68.21	65.03	61.96

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	60.58	57.21	55.54
Return before operating charges*	1.35	3.64	1.97
Operating charges**	(0.31)	(0.27)	(0.30)
Return after operating charges*	1.04	3.37	1.67
Distributions	(1.10)	(1.11)	(0.81)
Retained distributions on accumulation share	1.10	1.11	0.81
Closing net asset value per share	61.62	60.58	57.21
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.71%	5.89%	3.01%
Other information			
Closing net asset value (£'000)	901	1,008	348
Closing number of shares	1,462,300	1,663,754	608,220
Operating charges****	0.50%	0.45%	0.54%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	62.52	61.65	57.46
Lowest share price	60.62	57.66	54.91

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	63.03	59.79	58.26
Return before operating charges*	1.40	3.80	2.11
Operating charges**	(0.53)	(0.56)	(0.58)
Return after operating charges*	0.87	3.24	1.53
Distributions	(0.93)	(0.88)	(0.64)
Retained distributions on accumulation share	0.93	0.88	0.64
Closing net asset value per share	63.90	63.03	59.79
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.38%	5.42%	2.63%
Other information			
Closing net asset value (£'000)	51,994	47,348	33,124
Closing number of shares	81,372,452	75,123,511	55,400,942
Operating charges****	0.84%	0.90%	0.99%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	64.91	64.14	60.06
Lowest share price	63.06	60.25	57.45

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.86%)		489,850	99.72
Absolute Return Funds (12.47%)		98,155	19.98
6,392,238	SLI Absolute Return Global Bond Strategies SICAV	70,401	14.33
34,735,800	SLI Global Absolute Return Strategies	27,754	5.65
Bond Funds (56.70%)		252,555	51.42
200,445	Neuberger Berman Emerging Markets Debt Local Currency	1,928	0.39
21,961,756	SLI Corporate Bond	12,450	2.54
456,020	SLI Emerging Market Local Currency Debt SICAV	5,059	1.03
43,736,769	SLI Ethical Corporate Bond	37,382	7.61
4,383,005	SLI Global Corporate Bond SICAV	43,079	8.77
761,434	SLI Global High Yield Bond SICAV	10,599	2.16
14,571,338	SLI Global Index Linked Bond	27,321	5.56
1,404,498	SLI Global Short Duration Corporate Bond SICAV	13,897	2.83
7,433,935	SLI Investment Grade Corporate Bond	12,080	2.46
32,353,366	SLI Short Dated Corporate Bond	16,351	3.33
26,192,859	SLI Short Duration Credit	24,289	4.95
39,877,044	SLI Short Duration Global Index Linked Bond	20,792	4.23
251,821	Vanguard UK Short-Term Investment Grade Bond	27,328	5.56
Equity Funds (18.84%)		104,340	21.24
153,677	Brookfield Global Listed Real Estate	3,106	0.63
4,782,597	SLI American Equity Income	3,207	0.65
9,317,547	SLI European Equity Income	12,989	2.65
14,288,987	SLI Global Emerging Markets Equity Income	11,513	2.34
3,353,935	SLI Global REIT	1,779	0.36
2,029,883	SLI Japanese Equity Growth	2,525	0.51
497,484	SLI UK Equity Growth	2,116	0.43
1,314,162	SLI UK Equity High Alpha	3,155	0.64
1,556,255	SLI UK Equity High Income	4,619	0.94
7,012,765	SLI UK Equity Income Unconstrained	6,712	1.37
287,693	SLI UK Smaller Companies	2,638	0.54
21,168,781	SLMT American Equity Unconstrained	10,821	2.20
22,853,730	SLMT Standard Life Japan	12,663	2.58
2,320,128	SLTM North American Trust	6,329	1.29
5,138,424	SLTM Pacific Basin Trust	8,083	1.65
67,134	Vanguard US Equity Index	12,085	2.46

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Money Market Funds (8.86%)		21,871	4.45
21,871,444	Standard Life CNAV Sterling Liquidity Fund*	21,871	4.45
Property Funds (2.99%)		12,929	2.63
9,598,252	SLI UK Real Estate Feeder	12,929	2.63
Total investment assets		489,850	99.72
Net other assets		1,355	0.28
Total Net Assets		491,205	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	467,979
*Collective Investment Schemes classified as Cash Equivalents	21,871
Net other assets	1,355
Total Net Assets	491,205

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital (losses)/gains	2	(2,469)	10,735
Revenue	4	8,837	6,418
Expenses	5	(2,991)	(2,554)
Net revenue before taxation		5,846	3,864
Taxation	6	(11)	0
Net revenue after taxation		5,835	3,864
Total return before distributions		3,366	14,599
Distributions	7	(5,835)	(3,865)
Change in net assets attributable to shareholders from investment activities		(2,469)	10,734

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
£'000	£'000	£'000
Opening net assets attributable to shareholders	358,845	268,951
Amounts receivable on the issue of shares	170,029	99,995
Amounts payable on the cancellation of shares	(41,485)	(25,291)
	128,544	74,704
Dilution adjustment	261	306
Change in net assets attributable to shareholders from investment activities (see above)	(2,469)	10,734
Retained distribution on accumulation shares	6,024	4,150
Closing net assets attributable to shareholders	491,205	358,845

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

			2018		2017	
	Notes	£'000	£'000	£'000	£'000	£'000
Assets:						
Fixed assets:						
Investment assets			467,979			326,522
Current assets:						
Debtors	8	1,835		1,209		
Cash and bank balances	9	0		22		
Cash equivalents	10	21,871		31,811		
			23,706			33,042
Total assets			491,685			359,564
Liabilities:						
Creditors	11	(479)		(719)		
Bank overdrafts	9	(1)		0		
			(480)			(719)
Total liabilities			(480)			(719)
Net assets attributable to shareholders			491,205			358,845

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities*	(2,620)	10,615
ACD fee rebate on collective investment scheme holdings	154	125
Handling charges taken from the capital account	(3)	(4)
Non-derivative securities currency losses*	0	(1)
Net capital (losses)/gains	(2,469)	10,735
The above includes*		
Realised gains	2,150	2,955
Unrealised (losses)/gains	(4,770)	7,660
	(2,620)	10,615

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	256,992	149,371
Taxes & Other Fees	2	0
Total purchase transaction costs	2	0
Purchases including transaction costs	256,994	149,371
Sales		
Collective investment schemes	120,838	77,568
	2018 % Transaction	2017 % Transaction
Purchases		
Taxes & Other Fees	0.00%	0.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Notes to the Financial Statements

(Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Purchases		
Commissions	0.00%	0.00%
Taxes & Other Fees	0.00%	0.00%

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.70% (2017: 0.69%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	1,181	822
Unfranked non-foreign component of dividend distributions	1,146	439
Unfranked foreign component of dividend distributions	56	0
Deemed interest distribution on distributions	268	234
Interest distributions	5,433	4,320
Bank interest	105	112
ACD fee rebate on collective investment scheme holdings	648	491
Total revenue	8,837	6,418

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,744	2,390
Dealing charge	25	21
Registration fees	132	76
	2,901	2,487
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	55	41
Safe custody fee	22	15
	77	56
Other:		
Audit fee	13	11
Total expenses	2,991	2,554

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Notes to the Financial Statements

(Continued)

6 Taxation

(a) Analysis of charge in year

	2018 £'000	2017 £'000
Overseas taxes	11	0
Total taxation (note 6b)	11	0

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	5,846	3,864
Corporation tax at 20% (2017: 20%)	1,169	773
Effects of:		
Revenue not subject to taxation	(236)	(165)
Overseas taxes	11	0
Overseas tax expensed	(2)	0
Capitalised revenue subject to taxation	31	25
Interest distributions	(962)	(633)
Total tax charge for year (note 6a)	11	0

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

7 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	6,024	4,150
Add: Income deducted on cancellation of shares	176	107
Deduct: Income received on issue of shares	(365)	(392)
Net distribution for the year	5,835	3,865

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation	5,835	3,864
Undistributed revenue brought forward	0	1
Total distributions	5,835	3,865

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Notes to the Financial Statements

(Continued)

8 Debtors

	2018	2017
	£'000	£'000
Amounts receivable from the ACD for the issue of shares	1,575	666
Accrued revenue	26	8
United Kingdom income tax recoverable	127	396
Accrued rebate of Management fees on underlying investments	107	139
Total debtors	1,835	1,209

9 Cash and Bank Balances

	2018	2017
	£'000	£'000
Cash and bank balances	0	22
Cash overdrafts at bank	(1)	0
Total cash and bank balances	(1)	22

10 Cash Equivalents

	2018	2017
	£'000	£'000
Standard Life CNAV Sterling Liquidity Fund	21,871	31,811
Total cash equivalents	21,871	31,811

11 Creditors

	2018	2017
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	220	472
Accrued expenses payable to ACD	241	231
Accrued expenses payable to the Depositary or associates of the Depositary	7	5
Other accrued expenses	11	11
Total creditors	479	719

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £884,000 (2017: £561,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £57,000 (2017: £54,000) and is included in the total rebate amount disclosed in note 8.

The Sub-fund holds 21,871,444 shares (2017: 31,810,898) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £89,938,000 (2017: £117,456,000), the total sales proceeds were £99,877,000 (2017: £54,006,000).

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Notes to the Financial Statements

(Continued)

12 Related Party Transactions (continued)

The Sub-fund holds shares in other Standard Life Investment funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £123,179,000 (2017: £117,456,000) and the total sales proceeds were £91,907,000 (2017: £54,006,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	79,403	68,503
Purchase of shares by Sub-fund	16,237	18,735
Distributions made by Sub-fund	3,795	2,866
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	65.0%	69.1%

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	383,877,744	112,923,672	(19,444,155)	(21,997)	477,335,264
Institutional accumulation	88,296,348	115,328,131	(27,032,736)	2,723,830	179,315,573
Standard Life accumulation	1,663,754	226,706	(428,160)	0	1,462,300
Platform 1 accumulation	75,123,511	21,596,122	(12,421,206)	(2,925,975)	81,372,452

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	489,850	0	2,663	355,670	0
Total investment assets	0	489,850	0	2,663	355,670	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Notes to the Financial Statements

(Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	21,870	469,335	491,205
2017			
Currency			
UK Sterling	31,833	327,012	358,845

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed I Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.6934	–	0.6934*	0.6483
Group 2	0.5624	0.1310	0.6934*	0.6483
Institutional accumulation				
Group 1	1.0825	–	1.0825*	1.1084
Group 2	0.8511	0.2314	1.0825*	1.1084
Standard Life accumulation				
Group 1	1.1021	–	1.1021*	1.1142
Group 2	0.7231	0.3790	1.1021*	1.1142
Platform 1 accumulation				
Group 1	0.9304	–	0.9304*	0.8838
Group 2	0.6597	0.2707	0.9304*	0.8838

* Distribution accumulated on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	22 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life Aberdeen group of companies to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a preference towards lower risk assets, such as fixed interest.

Important Note to the Investment Policy

The Standard Life group of companies enlarged following the effective date of the merger of Standard Life plc with Aberdeen Asset Management plc (the "Effective Date") to create Standard Life Aberdeen plc (the "Combined Group"). For the present time, the Sub-Fund will continue to invest mainly in the range of collective investment schemes managed by companies that, immediately prior to the Effective Date, were in the Standard Life group.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication for the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	71.73	66.38	65.17
Return before operating charges*	2.73	6.32	2.16
Operating charges**	(0.95)	(0.97)	(0.95)
Return after operating charges*	1.78	5.35	1.21
Distributions	(0.74)	(0.70)	(0.55)
Retained distributions on accumulation share	0.74	0.70	0.55
Closing net asset value per share	73.51	71.73	66.38
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.48%	8.06%	1.86%
Other information			
Closing net asset value (£'000)	1,196,193	974,295	693,970
Closing number of shares	1,627,339,410	1,358,197,436	1,045,493,063
Operating charges****	1.29%	1.37%	1.44%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	75.11	73.40	67.10
Lowest share price	71.92	67.12	62.95

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	74.83	68.89	67.17
Return before operating charges*	2.76	6.47	2.26
Operating charges**	(0.60)	(0.53)	(0.54)
Return after operating charges*	2.16	5.94	1.72
Distributions	(1.08)	(1.10)	(1.03)
Retained distributions on accumulation share	1.08	1.10	1.03
Closing net asset value per share	76.99	74.83	68.89
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.89%	8.62%	2.56%
Other information			
Closing net asset value (£'000)	426,995	252,992	196,240
Closing number of shares	554,585,116	338,086,664	284,871,452
Operating charges****	0.78%	0.73%	0.80%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	78.54	76.55	69.62
Lowest share price	75.03	69.66	65.18

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	65.11	59.80	58.21
Return before operating charges*	2.38	5.63	1.93
Operating charges**	(0.37)	(0.32)	(0.34)
Return after operating charges*	2.01	5.31	1.59
Distributions	(1.07)	(1.07)	(1.00)
Retained distributions on accumulation share	1.07	1.07	1.00
Closing net asset value per share	67.12	65.11	59.80
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.09%	8.88%	2.73%
Other information			
Closing net asset value (£'000)	5,720	5,563	980
Closing number of shares	8,522,811	8,542,891	1,639,478
Operating charges****	0.56%	0.50%	0.57%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	68.41	66.61	60.43
Lowest share price	65.29	60.47	56.55

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	68.44	63.11	61.65
Return before operating charges*	2.53	5.97	2.10
Operating charges**	(0.62)	(0.64)	(0.64)
Return after operating charges*	1.91	5.33	1.46
Distributions	(0.93)	(0.89)	(0.83)
Retained distributions on accumulation share	0.93	0.89	0.83
Closing net asset value per share	70.35	68.44	63.11
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.79%	8.45%	2.37%
Other information			
Closing net asset value (£'000)	210,419	180,005	136,594
Closing number of shares	299,092,494	263,027,959	216,429,359
Operating charges****	0.89%	0.95%	1.02%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	71.78	70.01	63.79
Lowest share price	68.61	63.82	59.75

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation^			
Change in net assets per share			
Opening net asset value per share	55.73	51.68	50.00
Return before operating charges*	2.50	4.96	2.56
Operating charges**	(0.95)	(0.91)	(0.88)
Return after operating charges*	1.55	4.05	1.68
Distributions	0.00	(0.43)	(0.33)
Retained distributions on accumulation share	0.00	0.43	0.33
Redemption value as at 21 June 2018	(57.28)	0.00	0.00
Closing net asset value per share	0.00	55.73	51.68
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.78%	7.84%	3.36%
Other information			
Closing net asset value (£'000)	–	1	1
Closing number of shares	–	2,200	2,200
Operating charges****	1.71%	1.65%	1.72%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	58.27	57.02	52.21
Lowest share price	55.82	52.22	49.00

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

^ Share class closed on 21 June 2018.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.77%)		1,840,029	100.04
Absolute Return Funds (14.90%)		353,448	19.22
16,686,330	SLI Absolute Return Global Bond Strategies SICAV	183,775	9.99
212,356,680	SLI Global Absolute Return Strategies	169,673	9.23
Bond Funds (41.83%)		706,922	38.43
887,324	Neuberger Berman Emerging Markets Debt Local Currency	8,536	0.46
87,121,399	SLI Corporate Bond	49,389	2.69
1,560,179	SLI Emerging Market Local Currency Debt SICAV	17,309	0.94
66,321,207	SLI Ethical Corporate Bond	56,685	3.08
14,240,894	SLI Global Corporate Bond SICAV	139,970	7.61
3,441,700	SLI Global High Yield Bond SICAV	47,905	2.60
61,200,084	SLI Global Index Linked Bond	114,750	6.24
4,310,000	SLI Global Short Duration Corporate Bond SICAV	42,646	2.32
17,626,800	SLI Investment Grade Corporate Bond	28,644	1.56
107,341,606	SLI Short Dated Corporate Bond	54,251	2.95
77,059,594	SLI Short Duration Credit	71,457	3.88
144,572,236	SLI Short Duration Global Index Linked Bond	75,380	4.10
Equity Funds (34.85%)		661,497	35.96
845,227	Brookfield Global Listed Real Estate	17,082	0.93
39,840,476	SLI American Equity Income	26,717	1.45
58,111,951	SLI European Equity Income	81,008	4.40
25,640,855	SLI Global Emerging Markets Equity	22,305	1.21
41,983,700	SLI Global Emerging Markets Equity Income	33,826	1.84
18,565,415	SLI Global REIT	9,845	0.54
1,116,460	SLI Japanese Equities SICAV	15,685	0.85
22,782,582	SLI Japanese Equity Growth	28,341	1.54
4,671,012	SLI UK Equity Growth	19,866	1.08
5,738,741	SLI UK Equity High Alpha	13,779	0.75
14,904,756	SLI UK Equity High Income	44,237	2.41
61,079,074	SLI UK Equity Income Unconstrained	58,459	3.18
2,536,982	SLI UK Smaller Companies	23,262	1.26
120,074,516	SLMT American Equity Unconstrained	61,382	3.34
66,876,094	SLMT Standard Life Japan	37,056	2.01
17,378,887	SLTM North American Trust	47,410	2.58
32,474,849	SLTM Pacific Basin Trust	51,083	2.78
389,723	Vanguard US Equity Index	70,154	3.81

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Money Market Funds (3.41%)		31,400	1.71
31,399,678	Standard Life CNAV Sterling Liquidity Fund*	31,400	1.71
Property Funds (4.78%)		86,762	4.72
64,411,552	SLI UK Real Estate Feeder	86,762	4.72
Total investment assets		1,840,029	100.04
Net other liabilities		(702)	(0.04)
Total Net Assets		1,839,327	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	1,808,629
*Collective Investment Schemes classified as Cash Equivalents	31,400
Net other liabilities	(702)
Total Net Assets	1,839,327

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	16,553	74,768
Revenue	4	33,910	26,329
Expenses	5	(11,244)	(9,607)
Interest payable and similar charges	6	0	(1)
Net revenue before taxation		22,666	16,721
Taxation	7	(2,637)	(2,329)
Net revenue after taxation		20,029	14,392
Total return before distributions		36,582	89,160
Distributions	8	(20,203)	(14,392)
Change in net assets attributable to shareholders from investment activities		16,379	74,768

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	1,412,856	1,027,786
Amounts receivable on the issue of shares	444,130	324,515
Amounts payable on the cancellation of shares	(56,148)	(31,481)
	387,982	293,034
Dilution adjustment	1,252	1,660
Change in net assets attributable to shareholders from investment activities (see above)	16,379	74,768
Retained distribution on accumulation shares	20,858	15,608
Closing net assets attributable to shareholders	1,839,327	1,412,856

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		1,808,629	1,361,388
Current assets:			
Debtors	9	2,388	4,943
Cash and bank balances	10	0	67
Cash equivalents	11	31,400	48,181
		33,788	53,191
Total assets		1,842,417	1,414,579
Liabilities:			
Creditors	12	(3,083)	(1,723)
Bank overdrafts	10	(7)	0
		(3,090)	(1,723)
Total liabilities		(3,090)	(1,723)
Net assets attributable to shareholders		1,839,327	1,412,856

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	15,675	74,133
ACD fee rebate on collective investment scheme holdings	881	638
Handling charges taken from the capital account	(3)	(3)
Net capital gains	16,553	74,768
The above includes*		
Realised gains	3,915	19,391
Unrealised gains	11,760	54,742
	15,675	74,133

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Sub-funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	774,446	505,555
Taxes & Other Fees	6	0
Total purchase transaction costs	6	0
Purchases including transaction costs	774,452	505,555

Sales

Collective investment schemes	373,041	249,027
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	2018 % Transaction	2017 % Transaction
Purchases		
Taxes & Other Fees	0.00%	0.00%

	2018 % Average NAV	2017 % Average NAV
Purchases		
Commissions	0.00%	0.00%
Taxes & Other Fees	0.00%	0.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Notes to the Financial Statements

(Continued)

3 Purchases, Sales and Transaction Costs (continued)

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.88% (2017: 0.84%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	10,360	5,713
Unfranked non-foreign component of dividend distributions	4,782	2,941
Unfranked foreign component of dividend distributions	252	0
Deemed interest distribution on distributions	97	1,641
Interest distributions	15,670	13,831
Bank interest	138	136
ACD fee rebate on collective investment scheme holdings	2,611	2,067
Total revenue	33,910	26,329

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	10,453	9,043
Dealing charge	97	82
Registration fees	477	318
	11,027	9,443
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	117	93
Safe custody fee	88	60
	205	153
Other:		
Audit fee	12	11
Total expenses	11,244	9,607

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Notes to the Financial Statements

(Continued)

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	1
Total interest payable & similar charges	0	1

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	2,637	2,329
Adjustments in respect of prior periods	5	0
Double taxation relief	(58)	0
Overseas taxes	58	0
Overseas withholding tax prior year adjustment	(5)	0
Total taxation (note 7b)	2,637	2,329

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	22,666	16,721
Corporation tax at 20% (2017: 20%)	4,533	3,344
Effects of:		
Revenue not subject to taxation	(2,072)	(1,143)
Overseas taxes	58	0
Double taxation relief	(58)	0
Capitalised revenue subject to taxation	176	128
Total tax charge for year (note 7a)	2,637	2,329

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	20,858	15,608
Add: Income deducted on cancellation of shares	224	140
Deduct: Income received on issue of shares	(879)	(1,356)
Net distribution for the year	20,203	14,392

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Notes to the Financial Statements

(Continued)

8 Distributions (continued)

Details of the distribution per share are set out in this Sub-fund's distribution tables.

	2018 £'000	2017 £'000
(b) Difference between net revenue and distribution		
Net revenue after taxation	20,029	14,392
Tax relief on capitalised fees	176	0
Undistributed revenue carried forward	(2)	0
Total distributions	20,203	14,392

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	1,905	4,456
Accrued revenue	29	13
Accrued rebate of Management fees on underlying investments	454	474
Total debtors	2,388	4,943

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	0	67
Cash overdrafts at bank	(7)	0
Total cash and bank balances	(7)	67

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	31,400	48,181
Total cash equivalents	31,400	48,181

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	786	0
Accrued expenses payable to ACD	910	903
Accrued expenses payable to the Depositary or associates of the Depositary	18	14
Other accrued expenses	11	11
Corporation tax payable	1,358	795
Total creditors	3,083	1,723

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Notes to the Financial Statements

(Continued)

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £3,437,000 (2017: £2,466,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £262,000 (2017: £233,000) and is included in the total rebate amount disclosed in note 9.

The Sub-fund holds shares in other Standard Life Investment funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £723,722,000 and the total sales proceeds were £235,049,000.

The Sub-fund holds 31,399,678 shares (2017: 48,180,656) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £293,061,000 (2017: £447,498,000), the total sales proceeds were £309,842,000 (2017: £226,734,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	228,399	245,870
Purchase of shares by Sub-fund	27,609	27,852
Distributions made by Sub-fund	13,384	10,630
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	66.2%	68.1%

14 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	1,358,197,436	286,476,201	(17,740,058)	405,831	1,627,339,410
Institutional accumulation	338,086,664	253,023,503	(37,110,651)	585,600	554,585,116
Standard Life accumulation	8,542,891	537,686	(557,766)	0	8,522,811
Platform 1 accumulation	263,027,959	55,553,570	(18,423,177)	(1,065,858)	299,092,494
Institutional A accumulation	2,200	0	(2,200)	0	0

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Notes to the Financial Statements

(Continued)

15 Fair Value Hierarchy

	2018	2018	2018	2017	2017	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	1,840,029	0	11,695	1,397,874	0
Total investment assets	0	1,840,029	0	11,695	1,397,874	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate affect on the value of the Sub-fund.

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MyFolio Managed II Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	31,393	1,807,934	1,839,327
2017			
Currency			
UK Sterling	48,248	1,364,608	1,412,856

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity Risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed II Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.7359	–	0.7359*	0.6963
Group 2	0.5633	0.1726	0.7359*	0.6963
Institutional accumulation				
Group 1	1.0840	–	1.0840*	1.1013
Group 2	0.8462	0.2378	1.0840*	1.1013
Standard Life accumulation				
Group 1	1.0653	–	1.0653*	1.0715
Group 2	0.6015	0.4638	1.0653*	1.0715
Platform 1 accumulation				
Group 1	0.9296	–	0.9296*	0.8881
Group 2	0.6082	0.3214	0.9296*	0.8881
Institutional A accumulation^				
Group 1	–	–	–	0.4250
Group 2	–	–	–	–

* Distribution accumulated on 30 June 2018

^ Share class closed on 21 June 2018.

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	51.13%
Treat as an annual payment net of Income tax at 20%	48.87%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	22 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life Aberdeen group of companies to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, moneymarket instruments, deposits, cash and near cash.

Important Note to the Investment Policy

The Standard Life group of companies enlarged following the effective date of the merger of Standard Life plc with Aberdeen Asset Management plc (the "Effective Date") to create Standard Life Aberdeen plc (the "Combined Group"). For the present time, the Sub-Fund will continue to invest mainly in the range of collective investment schemes managed by companies that, immediately prior to the Effective Date, were in the Standard Life group.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	78.48	70.67	69.97
Return before operating charges*	4.46	8.92	1.75
Operating charges**	(1.08)	(1.11)	(1.05)
Return after operating charges*	3.38	7.81	0.70
Distributions	(0.87)	(0.75)	(0.56)
Retained distributions on accumulation share	0.87	0.75	0.56
Closing net asset value per share	81.86	78.48	70.67
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.31%	11.05%	1.00%
Other information			
Closing net asset value (£'000)	2,744,033	2,318,499	1,703,243
Closing number of shares	3,352,297,014	2,954,179,665	2,410,004,890
Operating charges****	1.33%	1.44%	1.49%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	83.74	80.63	71.96
Lowest share price	78.79	71.58	66.40

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	81.75	73.24	72.02
Return before operating charges*	4.56	9.15	1.83
Operating charges**	(0.70)	(0.64)	(0.61)
Return after operating charges*	3.86	8.51	1.22
Distributions	(1.26)	(1.19)	(1.07)
Retained distributions on accumulation share	1.26	1.19	1.07
Closing net asset value per share	85.61	81.75	73.24
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.72%	11.62%	1.69%
Other information			
Closing net asset value (£'000)	569,088	436,554	341,274
Closing number of shares	664,727,650	534,021,613	465,979,586
Operating charges****	0.82%	0.80%	0.84%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	87.44	83.97	74.55
Lowest share price	82.08	74.18	68.68

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	69.89	62.49	61.34
Return before operating charges*	3.87	7.79	1.53
Operating charges**	(0.43)	(0.39)	(0.38)
Return after operating charges*	3.44	7.40	1.15
Distributions	(1.20)	(1.14)	(1.02)
Retained distributions on accumulation share	1.20	1.14	1.02
Closing net asset value per share	73.33	69.89	62.49
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.92%	11.84%	1.87%
Other information			
Closing net asset value (£'000)	12,457	11,121	3,665
Closing number of shares	16,988,375	15,911,916	5,864,660
Operating charges****	0.59%	0.57%	0.62%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	74.83	71.79	63.60
Lowest share price	70.18	63.29	58.56

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	74.30	66.69	65.69
Return before operating charges*	4.16	8.35	1.71
Operating charges**	(0.71)	(0.74)	(0.71)
Return after operating charges*	3.45	7.61	1.00
Distributions	(1.07)	(0.95)	(0.86)
Retained distributions on accumulation share	1.07	0.95	0.86
Closing net asset value per share	77.75	74.30	66.69
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.64%	11.41%	1.52%
Other information			
Closing net asset value (£'000)	353,577	291,846	221,637
Closing number of shares	454,767,673	392,767,704	332,350,042
Operating charges****	0.92%	1.02%	1.07%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	79.42	76.33	67.89
Lowest share price	74.60	67.55	62.58

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation^			
Change in net assets per share			
Opening net asset value per share	57.29	51.69	50.00†
Return before operating charges*	3.76	6.56	2.60
Operating charges**	(1.01)	(0.96)	(0.91)
Return after operating charges*	2.75	5.60	1.69
Distributions	0.00	(0.43)	(0.32)
Retained distributions on accumulation share	0.00	0.43	0.32
Redemption value as at 21 June 2018	(60.04)	0.00	0.00
Closing net asset value per share	0.00	57.29	51.69
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.80%	10.83%	3.38%
Other information			
Closing net asset value (£'000)	–	1	1
Closing number of shares	–	2,200	2,200
Operating charges****	1.74%	1.72%	1.77%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	61.05	58.86	52.62
Lowest share price	57.51	52.33	48.59

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

† Launched 27 January 2016

^ Share class closed on 21 June 2018.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.96%)		3,677,964	99.96
Absolute Return Funds (17.35%)		707,400	19.23
18,641,523	SLI Absolute Return Global Bond Strategies SICAV	205,308	5.58
628,399,808	SLI Global Absolute Return Strategies	502,092	13.65
Bond Funds (25.02%)		857,560	23.31
2,960,315	Neuberger Berman Emerging Markets Debt Local Currency	28,478	0.77
88,947,150	SLI Corporate Bond	50,424	1.37
4,766,869	SLI Emerging Market Local Currency Debt SICAV	52,885	1.44
17,369,197	SLI Ethical Corporate Bond	14,845	0.40
21,624,472	SLI Global Corporate Bond SICAV	212,540	5.78
9,424,102	SLI Global High Yield Bond SICAV	131,175	3.57
70,731,181	SLI Global Index Linked Bond	132,621	3.60
6,660,000	SLI Global Short Duration Corporate Bond SICAV	65,899	1.79
17,903,134	SLI Investment Grade Corporate Bond	29,093	0.79
58,176,949	SLI Short Dated Corporate Bond	29,403	0.80
46,266,980	SLI Short Duration Credit	42,903	1.17
129,063,238	SLI Short Duration Global Index Linked Bond	67,294	1.83
Equity Funds (49.27%)		1,837,905	49.95
2,322,606	Brookfield Global Listed Real Estate	46,940	1.28
19,771,651	SLI American Equity Unconstrained	34,304	0.93
8,146,765	SLI European Equity Growth	19,202	0.52
75,306,856	SLI European Equity Income	104,978	2.85
961,087	SLI European Smaller Companies SICAV	35,663	0.97
43,607,031	SLI Global Emerging Markets Equity	37,934	1.03
140,464,294	SLI Global Emerging Markets Equity Income	113,172	3.08
58,184,889	SLI Global REIT	30,855	0.84
2,662,382	SLI Japanese Equities SICAV	37,402	1.02
54,132,657	SLI Japanese Equity Growth	67,341	1.83
12,244,514	SLI UK Equity Growth	52,076	1.41
24,522,793	SLI UK Equity High Alpha	58,879	1.60
26,531,612	SLI UK Equity High Income	78,746	2.14
143,031,711	SLI UK Equity Income Unconstrained	136,896	3.72
27,211,504	SLI UK Equity Unconstrained	80,084	2.18
8,524,724	SLI UK Smaller Companies	78,163	2.12
315,453,371	SLMT American Equity Unconstrained	161,260	4.38
192,437,319	SLMT Standard Life Japan	106,630	2.90

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Equity Funds (continued)			
26,134,723	SLTM European Trust	68,708	1.87
48,336,405	SLTM North American Trust	131,862	3.58
86,328,239	SLTM Pacific Basin Trust	135,794	3.69
1,227,793	Vanguard US Equity Index	221,016	6.01
Money Market Funds (1.27%)		54,138	1.47
54,138,111	Standard Life CNAV Sterling Liquidity Fund*	54,138	1.47
Property Funds (7.05%)		220,961	6.00
164,039,657	SLI UK Real Estate Feeder	220,961	6.00
Total investment assets		3,677,964	99.96
Net other assets		1,191	0.04
Total Net Assets		3,679,155	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	3,623,826
*Collective Investment Schemes classified as Cash Equivalents	54,138
Net other assets	1,191
Total Net Assets	3,679,155

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	95,559	235,373
Revenue	4	69,183	56,670
Expenses	5	(24,289)	(22,206)
Interest payable and similar charges	6	(1)	(1)
Net revenue before taxation		44,893	34,463
Taxation	7	(3,891)	(4,003)
Net revenue after taxation		41,002	30,460
Total return before distributions		136,561	265,833
Distributions	8	(41,353)	(30,460)
Change in net assets attributable to shareholders from investment activities		95,208	235,373

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	3,058,021	2,269,820
Amounts receivable on the issue of shares	539,656	557,998
Amounts payable on the cancellation of shares	(58,940)	(41,415)
	480,716	516,583
Dilution adjustment	2,645	3,780
Change in net assets attributable to shareholders from investment activities (see above)	95,208	235,373
Retained distribution on accumulation shares	42,565	32,465
Closing net assets attributable to shareholders	3,679,155	3,058,021

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Assets:					
Fixed assets:					
Investment assets			3,623,826		3,018,151
Current assets:					
Debtors	9	4,970		4,581	
Cash and bank balances	10	0		191	
Cash equivalents	11	54,138		38,796	
			59,108		43,568
Total assets			3,682,934		3,061,719
Liabilities:					
Creditors	12	(3,765)		(3,698)	
Bank overdrafts	10	(14)		0	
			(3,779)		(3,698)
Total liabilities			(3,779)		(3,698)
Net assets attributable to shareholders			3,679,155		3,058,021

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	93,797	233,846
ACD fee rebate on collective investment scheme holdings	1,765	1,530
Handling charges taken from the capital account	(3)	(3)
Net capital gains	95,559	235,373
The above includes*		
Realised gains	24,160	67,276
Unrealised gains	69,637	166,570
	93,797	233,846

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Sub-funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	1,130,067	1,158,231
Taxes & Other Fees	4	0
Total purchase transaction costs	4	0
Purchases including transaction costs	1,130,071	1,158,231
Sales		
Collective investment schemes	678,731	610,134
	2018 % Transaction	2017 % Transaction
Purchases		
Taxes & Other Fees	0.00%	0.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Notes to the Financial Statements

(Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Purchases		
Commissions	0.00%	0.00%
Taxes & Other Fees	0.00%	0.00%

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.02% (2017: 1.03%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	27,204	15,980
Unfranked non-foreign component of dividend distributions	14,029	7,676
Unfranked foreign component of dividend distributions	1,017	0
Deemed interest distribution on distributions	33	5,129
Interest distributions	21,264	23,077
Bank interest	195	146
ACD fee rebate on collective investment scheme holdings	5,441	4,662
Total revenue	69,183	56,670

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	23,042	21,232
Dealing charge	161	132
Registration fees	698	532
	23,901	21,896
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	199	163
Safe custody fee	178	136
	377	299
Other:		
Audit fee	11	11
Total expenses	24,289	22,206

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Notes to the Financial Statements

(Continued)

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	1	1
Total interest payable & similar charges	1	1

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	3,891	4,003
Adjustments in respect of prior periods	33	0
Double taxation relief	(170)	0
Overseas taxes	170	0
Overseas withholding tax prior year adjustment	(33)	0
Total taxation (note 7b)	3,891	4,003

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	44,893	34,463
Corporation tax at 20% (2017: 20%)	8,979	6,893
Effects of:		
Revenue not subject to taxation	(5,441)	(3,196)
Overseas taxes	170	0
Double taxation relief	(170)	0
Capitalised revenue subject to taxation	353	306
Total tax charge for year (note 7a)	3,891	4,003

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	42,565	32,465
Add: Income deducted on cancellation of shares	221	192
Deduct: Income received on issue of shares	(1,433)	(2,197)
Net distribution for the year	41,353	30,460

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Notes to the Financial Statements

(Continued)

8 Distributions (continued)

Details of the distribution per share are set out in this Sub-fund's distribution tables.

	2018 £'000	2017 £'000
(b) Difference between net revenue and distribution		
Net revenue after taxation	41,002	30,460
Tax relief on capitalised fees	352	0
Undistributed revenue brought forward	2	2
Undistributed revenue carried forward	(3)	(2)
Total distributions	41,353	30,460

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	4,001	3,606
Accrued revenue	44	11
Accrued rebate of Management fees on underlying investments	925	964
Total debtors	4,970	4,581

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	0	191
Cash overdrafts at bank	(14)	0
Total cash and bank balances	(14)	191

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	54,138	38,796
Total cash equivalents	54,138	38,796

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	729	278
Accrued expenses payable to ACD	1,951	2,063
Accrued expenses payable to the Depositary or associates of the Depositary	33	29
Other accrued expenses	11	11
Corporation tax payable	1,041	1,317
Total creditors	3,765	3,698

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Notes to the Financial Statements

(Continued)

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £6,289,000 (2017: £5,585,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £528,000 (2017: £521,000) and is included in the total rebate amount disclosed in note 9.

The Sub-fund holds shares in other Standard Life Investment funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £545,277,000 (2017: £1,012,295,000) and the total sales proceeds were £517,541,000 (2017: £554,215,000).

The Sub-fund holds 54,138,111 shares (2017: 38,796,024) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £495,202,000 (2017: £467,340,000), the total sales proceeds were £479,860,000 (2017: £471,720,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	358,723	439,005
Purchase of shares by Sub-fund	33,827	25,358
Distributions made by Sub-fund	31,245	24,397
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	76.5%	75.1%

14 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	2,954,179,665	416,111,434	(17,912,155)	(81,930)	3,352,297,014
Institutional accumulation	534,021,613	167,990,882	(37,840,720)	555,875	664,727,650
Standard Life accumulation	15,911,916	2,067,266	(990,807)	0	16,988,375
Platform 1 accumulation	392,767,704	74,103,023	(11,577,948)	(525,106)	454,767,673
Institutional A accumulation	2,200	0	(2,200)	0	0

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Notes to the Financial Statements

(Continued)

15 Fair Value Hierarchy

	2018	2018	2018	2017	2017	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	3,677,964	0	24,903	3,032,044	0
Total investment assets	0	3,677,964	0	24,903	3,032,044	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate affect on the value of the Sub-fund.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	54,124	3,625,161	3,679,285
2017			
Currency			
UK Sterling	38,987	3,019,034	3,058,021

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed III Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.8688	–	0.8688*	0.7515
Group 2	0.6633	0.2055	0.8688*	0.7515
Institutional accumulation				
Group 1	1.2573	–	1.2573*	1.1880
Group 2	0.9493	0.3080	1.2573*	1.1880
Standard Life accumulation				
Group 1	1.2047	–	1.2047*	1.1362
Group 2	0.7137	0.4910	1.2047*	1.1362
Platform 1 accumulation				
Group 1	1.0727	–	1.0727*	0.9520
Group 2	0.7033	0.3694	1.0727*	0.9520
Institutional A accumulation^				
Group 1	–	–	–	0.4337
Group 2	–	–	–	–

* Distribution accumulated on 30 June 2018

^ Share class closed on 21 June 2018.

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	65.51%
Treat as an annual payment net of Income tax at 20%	34.49%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	22 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The policy of the Sub-fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life Aberdeen group of companies to achieve exposure to diversified investments, of primarily equities, but which may include fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have high exposure to assets providing potential for growth, such as equities.

Important Note to the Investment Policy

The Standard Life group of companies enlarged following the effective date of the merger of Standard Life plc with Aberdeen Asset Management plc (the "Effective Date") to create Standard Life Aberdeen plc (the "Combined Group"). For the present time, the Sub-Fund will continue to invest mainly in the range of collective investment schemes managed by companies that, immediately prior to the Effective Date, were in the Standard Life group.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	82.60	72.44	71.81
Return before operating charges*	5.89	11.35	1.72
Operating charges**	(1.18)	(1.19)	(1.09)
Return after operating charges*	4.71	10.16	0.63
Distributions	(1.01)	(0.81)	(0.50)
Retained distributions on accumulation share	1.01	0.81	0.50
Closing net asset value per share	87.31	82.60	72.44
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	5.70%	14.03%	0.88%
Other information			
Closing net asset value (£'000)	977,757	822,254	656,534
Closing number of shares	1,119,812,249	995,518,558	906,324,406
Operating charges****	1.37%	1.49%	1.52%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	89.56	85.05	74.04
Lowest share price	82.90	73.40	66.87

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	86.00	75.03	73.87
Return before operating charges*	6.10	11.67	1.81
Operating charges**	(0.77)	(0.70)	(0.65)
Return after operating charges*	5.33	10.97	1.16
Distributions	(1.43)	(1.27)	(1.03)
Retained distributions on accumulation share	1.43	1.27	1.03
Closing net asset value per share	91.33	86.00	75.03
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.20%	14.62%	1.57%
Other information			
Closing net asset value (£'000)	176,838	133,134	105,562
Closing number of shares	193,625,367	154,810,681	140,695,386
Operating charges****	0.86%	0.85%	0.87%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	93.53	88.59	76.43
Lowest share price	86.36	76.05	69.11

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	74.79	65.12	63.99
Return before operating charges*	5.28	10.12	1.55
Operating charges**	(0.50)	(0.45)	(0.42)
Return after operating charges*	4.78	9.67	1.13
Distributions	(1.38)	(1.23)	(1.00)
Retained distributions on accumulation share	1.38	1.23	1.00
Closing net asset value per share	79.57	74.79	65.12
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.39%	14.85%	1.77%
Other information			
Closing net asset value (£'000)	6,511	6,623	2,542
Closing number of shares	8,182,707	8,855,536	3,903,933
Operating charges****	0.63%	0.62%	0.65%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	81.42	77.04	66.32
Lowest share price	75.11	66.00	59.94

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	79.65	69.61	68.66
Return before operating charges*	5.66	10.86	1.71
Operating charges**	(0.80)	(0.82)	(0.76)
Return after operating charges*	4.86	10.04	0.95
Distributions	(1.24)	(1.04)	(0.83)
Retained distributions on accumulation share	1.24	1.04	0.83
Closing net asset value per share	84.51	79.65	69.61
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.10%	14.42%	1.38%
Other information			
Closing net asset value (£'000)	168,116	128,126	89,924
Closing number of shares	198,923,810	160,864,329	129,184,919
Operating charges****	0.96%	1.07%	1.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	86.56	82.05	70.92
Lowest share price	79.99	70.55	64.16

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.92%)		1,328,438	99.94
Absolute Return Funds (18.21%)		259,741	19.55
2,480,736	SLI Absolute Return Global Bond Strategies SICAV	27,322	2.06
290,887,674	SLI Global Absolute Return Strategies	232,419	17.49
Bond Funds (9.22%)		115,085	8.65
1,312,826	Neuberger Berman Emerging Markets Debt Local Currency	12,629	0.95
2,111,362	SLI Emerging Market Local Currency Debt SICAV	23,424	1.76
1,660,302	SLI Global Corporate Bond SICAV	16,319	1.23
3,833,867	SLI Global High Yield Bond SICAV	53,364	4.01
944,907	SLI Global Short Duration Corporate Bond SICAV	9,349	0.70
Equity Funds (64.62%)		852,970	64.17
794,138	Brookfield Global Listed Real Estate	16,050	1.21
14,344,115	SLI American Equity Unconstrained	24,887	1.87
5,072,910	SLI Asian Pacific Growth	20,393	1.53
12,954,906	SLI Europe ex UK Smaller Companies	10,523	0.79
6,162,061	SLI European Equity Growth	14,524	1.09
33,052,899	SLI European Equity Income	46,076	3.47
232,832	SLI European Smaller Companies SICAV	8,640	0.65
25,470,013	SLI Global Emerging Markets Equity	22,156	1.67
54,216,018	SLI Global Emerging Markets Equity Income	43,682	3.29
20,883,485	SLI Global REIT	11,075	0.83
1,350,369	SLI Japanese Equities SICAV	18,971	1.43
29,041,453	SLI Japanese Equity Growth	36,127	2.72
4,678,832	SLI UK Equity Growth	19,899	1.50
9,348,275	SLI UK Equity High Alpha	22,445	1.69
15,071,113	SLI UK Equity High Income	44,731	3.36
85,973,853	SLI UK Equity Income Unconstrained	82,285	6.19
12,195,937	SLI UK Equity Unconstrained	35,893	2.70
3,918,061	SLI UK Smaller Companies	35,925	2.70
140,935,870	SLMT American Equity Unconstrained	72,046	5.42
66,100,044	SLMT Standard Life Japan	36,626	2.75
10,093,518	SLTM European Trust	26,536	2.00
22,239,405	SLTM North American Trust	60,669	4.56
28,619,540	SLTM Pacific Basin Trust	45,018	3.39
543,260	Vanguard US Equity Index	97,793	7.36

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Money Market Funds (1.23%)		20,189	1.52
20,189,113	Standard Life CNAV Sterling Liquidity Fund*	20,189	1.52
Property Funds (6.64%)		80,453	6.05
69,475,492	SLI UK Real Estate	80,453	6.05
Total investment assets		1,328,438	99.94
Net other assets		784	0.06
Total Net Assets		1,329,222	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	1,308,249
*Collective Investment Schemes classified as Cash Equivalents	20,189
Net other assets	784
Total Net Assets	1,329,222

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Income:					
Net capital gains	2		48,829		112,746
Revenue	4	25,249		20,122	
Expenses	5	(8,701)		(8,223)	
Interest payable and similar charges	6	0		(1)	
Net revenue before taxation		16,548		11,898	
Taxation	7	(701)		(524)	
Net revenue after taxation			15,847		11,374
Total return before distributions			64,676		124,120
Distributions	8		(16,002)		(11,374)
Change in net assets attributable to shareholders from investment activities			48,674		112,746

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

		2018		2017	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			1,090,137		854,562
Amounts receivable on the issue of shares		208,963		147,922	
Amounts payable on the cancellation of shares		(36,282)		(37,764)	
			172,681		110,158
Dilution adjustment			1,086		832
Change in net assets attributable to shareholders from investment activities (see above)			48,674		112,746
Retained distribution on accumulation shares			16,644		11,839
Closing net assets attributable to shareholders			1,329,222		1,090,137

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Assets:					
Fixed assets:					
Investment assets			1,308,249		1,075,890
Current assets:					
Debtors	9	1,728		1,954	
Cash and bank balances	10	0		88	
Cash equivalents	11	20,189		13,391	
			21,917		15,433
Total assets			1,330,166		1,091,323
Liabilities:					
Creditors	12	(940)		(1,186)	
Bank overdrafts	10	(4)		0	
			(944)		(1,186)
Total liabilities			(944)		(1,186)
Net assets attributable to shareholders			1,329,222		1,090,137

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	48,051	112,066
ACD fee rebate on collective investment scheme holdings	781	684
Other losses	0	(1)
Handling charges taken from the capital account	(3)	(3)
Net capital gains	48,829	112,746
The above includes*		
Realised gains	11,053	25,248
Unrealised gains	36,998	86,818
	48,051	112,066

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	291,102	354,746
Sales		
Collective investment schemes	128,892	251,702

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.02% (2017: 1.07%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	13,821	9,961
Unfranked non-foreign component of dividend distributions	2,830	128
Unfranked foreign component of dividend distributions	437	0
Deemed interest distribution on distributions	6	2,353
Interest distributions	4,135	3,745
Bank interest	72	49
ACD fee rebate on collective investment scheme holdings	1,998	1,679
Property income distributions	1,950	2,197
Other	0	10
Total revenue	25,249	20,122

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	8,205	7,825
Dealing charge	74	56
Registration fees	254	190
	8,533	8,071
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	92	83
Safe custody fee	64	49
	156	132
Other:		
Audit fee	12	20
Total expenses	8,701	8,223

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Dividends payable on short positions	0	1
Total interest payable & similar charges	0	1

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Notes to the Financial Statements

(Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	701	524
Adjustments in respect of prior periods	15	0
Double taxation relief	(72)	0
Overseas taxes	72	0
Overseas withholding tax prior year adjustment	(15)	0
Total taxation (note 7b)	701	524

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	16,548	11,898
Corporation tax at 20% (2017: 20%)	3,309	2,380
Effects of:		
Revenue not subject to taxation	(2,764)	(1,992)
Overseas taxes	72	0
Double taxation relief	(72)	0
Capitalised revenue subject to taxation	156	136
Total tax charge for year (note 7a)	701	524

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	16,644	11,839
Add: Income deducted on cancellation of shares	140	157
Deduct: Income received on issue of shares	(782)	(622)
Net distribution for the year	16,002	11,374

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distributions

Net revenue after taxation	15,847	11,374
Tax relief on capitalised fees	156	0
Undistributed revenue carry forward	(1)	0
Net distribution for the year	16,002	11,374

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Notes to the Financial Statements

(Continued)

9 Debtors

	2018	2017
	£'000	£'000
Amounts receivable from the ACD for the issue of shares	1,250	1,571
Accrued revenue	26	3
United Kingdom income tax recoverable	92	71
Accrued rebate of Management fees on underlying investments	360	309
Total debtors	1,728	1,954

10 Cash and Bank Balances

	2018	2017
	£'000	£'000
Cash and bank balances	0	88
	0	88
Cash overdrafts at bank	(4)	0
Total cash and bank balances	(4)	88

11 Cash Equivalents

	2018	2017
	£'000	£'000
Standard Life CNAV Sterling Liquidity Fund	20,189	13,391
Total cash equivalents	20,189	13,391

12 Creditors

	2018	2017
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	213	385
Accrued expenses payable to ACD	702	740
Accrued expenses payable to the Depositary or associates of the Depositary	14	13
Other accrued expenses	11	48
Total creditors	940	1,186

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Notes to the Financial Statements

(Continued)

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £2,763,000 (2017: £2,519,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £189,000 (2017: £199,000) and is included in the total rebate amount in note 9.

The Sub-fund holds shares in other Standard Life Investment funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £275,866,000 and the total sales proceeds were £108,850,000.

The Sub-fund holds 20,189,113 shares (2017: 13,391,207) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £171,787,625 (2017: £159,515,905), the total sales proceeds were £164,989,719 (2017: £159,515,905).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	136,804	106,505
Purchase of shares by Sub-fund	17,402	21,224
Distributions made by Sub-fund	10,185	7,094
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	63.6%	59.9%

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	995,518,558	142,519,407	(17,716,851)	(508,865)	1,119,812,249
Institutional accumulation	154,810,681	53,785,925	(14,842,127)	(129,112)	193,625,367
Standard Life accumulation	8,855,536	821,064	(1,493,893)	0	8,182,707
Platform 1 accumulation	160,864,329	44,073,397	(6,681,263)	667,347	198,923,810

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Notes to the Financial Statements

(Continued)

15 Fair Value Hierarchy

	2018	2018	2018	2017	2017	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	1,328,439	0	10,051	1,097,230	0
Total investment assets	0	1,328,439	0	10,051	1,097,230	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Sub-fund.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	20,184	1,309,038	1,329,222
2017			
Currency			
UK Sterling	13,479	1,075,889	1,089,368

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed IV Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	1.0088	–	1.0088*	0.8121
Group 2	0.7254	0.2834	1.0088*	0.8121
Institutional accumulation				
Group 1	1.4261	–	1.4261*	1.2712
Group 2	1.0026	0.4235	1.4261*	1.2712
Standard Life accumulation				
Group 1	1.3806	–	1.3806*	1.2344
Group 2	0.9172	0.4634	1.3806*	1.2344
Platform 1 accumulation				
Group 1	1.2434	–	1.2434*	1.0423
Group 2	0.7947	0.4487	1.2434*	1.0423

* Distribution accumulated on 30 June 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	85.98%
Treat as an annual payment net of Income tax at 20%	14.02%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	22 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life Aberdeen group of companies to achieve exposure to diversified investments, of primarily equities, but which may include fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have high exposure to assets providing potential for growth, such as equities.

Important Note to the Investment Policy

The Standard Life group of companies enlarged following the effective date of the merger of Standard Life plc with Aberdeen Asset Management plc (the "Effective Date") to create Standard Life Aberdeen plc (the "Combined Group"). For the present time, the Sub-Fund will continue to invest mainly in the range of collective investment schemes managed by companies that, immediately prior to the Effective Date, were in the Standard Life group.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	88.31	76.03	75.03
Return before operating charges*	7.03	13.56	2.15
Operating charges**	(1.27)	(1.28)	(1.15)
Return after operating charges*	5.76	12.28	1.00
Distributions	(0.86)	(0.65)	(0.49)
Retained distributions on accumulation share	0.86	0.65	0.49
Closing net asset value per share	94.07	88.31	76.03
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.52%	16.15%	1.33%
Other information			
Closing net asset value (£'000)	340,643	280,063	206,613
Closing number of shares	362,128,708	317,118,335	271,750,364
Operating charges****	1.37%	1.51%	1.53%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	96.70	90.98	77.48
Lowest share price	88.58	76.81	68.85

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	91.85	78.63	77.06
Return before operating charges*	7.32	13.98	2.26
Operating charges**	(0.83)	(0.76)	(0.69)
Return after operating charges*	6.49	13.22	1.57
Distributions	(1.34)	(1.16)	(1.03)
Retained distributions on accumulation share	1.34	1.16	1.03
Closing net asset value per share	98.34	91.85	78.63
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	7.07%	16.81%	2.04%
Other information			
Closing net asset value (£'000)	77,599	61,671	45,384
Closing number of shares	78,909,453	67,141,642	57,719,921
Operating charges****	0.86%	0.87%	0.89%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	100.90	94.67	79.63
Lowest share price	92.19	79.48	71.05

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	79.19	67.67	66.20
Return before operating charges*	6.28	12.00	1.91
Operating charges**	(0.53)	(0.48)	(0.44)
Return after operating charges*	5.75	11.52	1.47
Distributions	(1.30)	(1.13)	(1.00)
Retained distributions on accumulation share	1.30	1.13	1.00
Closing net asset value per share	84.94	79.19	67.67
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	7.26%	17.02%	2.22%
Other information			
Closing net asset value (£'000)	2,470	2,105	1,485
Closing number of shares	2,907,818	2,657,642	2,194,324
Operating charges****	0.63%	0.64%	0.66%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	87.08	81.62	68.53
Lowest share price	79.49	68.40	61.11

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	84.60	72.56	71.23
Return before operating charges*	6.74	12.92	2.12
Operating charges**	(0.86)	(0.88)	(0.79)
Return after operating charges*	5.88	12.04	1.33
Distributions	(1.15)	(0.92)	(0.83)
Retained distributions on accumulation share	1.15	0.92	0.83
Closing net asset value per share	90.48	84.60	72.56
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.95%	16.59%	1.87%
Other information			
Closing net asset value (£'000)	79,510	59,211	42,598
Closing number of shares	87,879,135	69,985,629	58,710,889
Operating charges****	0.96%	1.09%	1.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	92.85	87.18	73.58
Lowest share price	84.89	73.33	65.61

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (100.28%)		500,817	100.12
Absolute Return Funds (19.02%)		94,129	18.82
117,808,907	SLI Global Absolute Return Strategies	94,129	18.82
Bond Funds (0.68%)		2,355	0.47
3,519	Neuberger Berman Emerging Markets Debt Local Currency	34	0.01
209,194	SLI Emerging Market Local Currency Debt SICAV	2,321	0.46
Equity Funds (76.34%)		398,115	79.59
9,119,135	SLI American Equity Unconstrained	15,822	3.16
1,435,863	SLI Asian Pacific Growth	5,772	1.15
4,211,690	SLI Europe ex UK Smaller Companies	3,421	0.69
3,046,605	SLI European Equity Growth	7,181	1.44
15,073,049	SLI European Equity Income	21,012	4.20
125,465	SLI European Smaller Companies SICAV	4,656	0.93
10,640,010	SLI Global Emerging Markets Equity	9,256	1.85
25,433,698	SLI Global Emerging Markets Equity Income	20,492	4.10
611,260	SLI Japanese Equities SICAV	8,587	1.72
13,076,692	SLI Japanese Equity Growth	16,267	3.25
3,121,601	SLI UK Equity Growth	13,276	2.66
4,474,893	SLI UK Equity High Alpha	10,744	2.15
5,342,286	SLI UK Equity High Income	15,856	3.17
44,444,611	SLI UK Equity Income Unconstrained	42,538	8.50
5,763,256	SLI UK Equity Unconstrained	16,961	3.39
1,807,379	SLI UK Smaller Companies	16,572	3.31
64,273,589	SLMT American Equity Unconstrained	32,828	6.56
32,984,519	SLMT Standard Life Japan	18,219	3.64
6,866,027	SLTM European Trust	18,051	3.61
11,594,776	SLTM North American Trust	31,630	6.32
14,506,507	SLTM Pacific Basin Trust	22,819	4.56
256,401	Vanguard US Equity Index	46,155	9.23
Money Market Funds (1.34%)		6,218	1.24
6,218,448	Standard Life CNAV Sterling Liquidity Fund*	6,218	1.24

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (2.90%)		-	-
Total investment assets		500,817	100.12
Net other liabilities		(595)	(0.12)
Total Net Assets		500,222	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	494,599
*Collective Investment Schemes classified as Cash Equivalents	6,218
Net other liabilities	(595)
Total Net Assets	500,222

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	23,000	47,276
Revenue	4	8,129	6,179
Expenses	5	(3,154)	(2,868)
Interest payable and similar charges	6	0	(2)
Net revenue before taxation		4,975	3,309
Taxation	7	(27)	0
Net revenue after taxation		4,948	3,309
Total return before distributions		27,948	50,585
Distributions	8	(4,964)	(3,309)
Change in net assets attributable to shareholders from investment activities		22,984	47,276

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	403,049	296,079
Amounts receivable on the issue of shares	102,143	84,082
Amounts payable on the cancellation of shares	(33,500)	(28,223)
	68,643	55,859
Dilution adjustment	311	327
Change in net assets attributable to shareholders from investment activities (see above)	22,984	47,276
Retained distribution on accumulation shares	5,235	3,508
Closing net assets attributable to shareholders	500,222	403,049

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		494,599	398,754
Current assets:			
Debtors	9	931	2,034
Cash and bank balances	10	0	54
Cash equivalents	11	6,218	5,405
		7,149	7,493
Total assets		501,748	406,247
Liabilities:			
Creditors	12	(1,525)	(3,198)
Bank overdrafts	10	(1)	0
		(1,526)	(3,198)
Total liabilities		(1,526)	(3,198)
Net assets attributable to shareholders		500,222	403,049

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	22,749	47,060
ACD fee rebate on collective investment scheme holdings	254	219
Handling charges taken from the capital account	(3)	(3)
Net capital gains	23,000	47,276
The above includes*		
Realised gains	722	11,946
Unrealised gains	22,027	35,114
	22,749	47,060

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	87,454	147,379
Sales		
Collective investment schemes	21,342	94,063

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs - an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.76% (2017: 0.88%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	5,741	3,936
Unfranked non-foreign component of dividend distributions	75	56
Unfranked foreign component of dividend distributions	135	0
Deemed interest distribution on distributions	1,065	949
Interest distributions	119	178
Bank interest	27	19
ACD fee rebate on collective investment scheme holdings	840	680
Property income distributions	127	361
Total revenue	8,129	6,179

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,916	2,682
Dealing charge	35	26
Registration fees	113	86
	3,064	2,794
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	55	45
Safe custody fee	24	18
	79	63
Other:		
Audit fee	11	11
Total expenses	3,154	2,868

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	2
Total interest payable & similar charges	0	2

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Notes to the Financial Statements

(Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	21	0
Overseas taxes prior year adjustment	6	0
Total taxation (note 7b)	27	0

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	4,975	3,309
Corporation tax at 20% (2017: 20%)	995	662
Effects of:		
Revenue not subject to taxation	(1,149)	(787)
Overseas taxes	21	0
Overseas tax expensed	(4)	0
Excess allowable expenses	107	81
Capitalised revenue subject to taxation	51	44
Overseas withholding tax: prior year adjustment	6	0
Total tax charge for year (note 7a)	27	0

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £189,000 (2017: £81,000) due to surplus ACD expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	5,235	3,508
Add: Income deducted on cancellation of shares	128	96
Deduct: Income received on issue of shares	(399)	(295)
Net distribution for the year	4,964	3,309

Details of the distribution per share are set out in this Sub-fund's distribution tables.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Notes to the Financial Statements

(Continued)

8 Distributions (Continued)

	2018 £'000	2017 £'000
(b) Difference between net revenue and distributions		
Net revenue after taxation	4,948	3,309
Tax relief on capitalised fees	16	0
Net distribution for the year	4,964	3,309

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	629	1,217
Sales awaiting settlement	0	617
Accrued revenue	13	1
United Kingdom income tax recoverable	158	91
Accrued rebate of Management fees on underlying investments	131	108
Total debtors	931	2,034

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	0	54
Cash overdrafts at bank	0	54
	(1)	0
Total cash and bank balances	(1)	54

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	6,218	5,405
Total cash equivalents	6,218	5,405

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	1,251	337
Purchases awaiting settlement	0	2,580
Accrued expenses payable to ACD	256	263
Accrued expenses payable to the Depositary or associates of the Depositary	7	7
Other accrued expenses	11	11
Total creditors	1,525	3,198

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Notes to the Financial Statements

(Continued)

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £1,078,000 (2017: £861,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £90,000 (2017: £81,000) and is included in the total rebate amount disclosed in note 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

The Sub-fund holds shares in other Standard Life Investment funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £77,571,000 (2017: £133,021,000) and the total sales proceeds were £18,767,000 (2017: £133,021,000).

The Sub-fund holds 6,218,448 shares (2017: 5,405,187) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £79,321,000 (2017: £20,469,000), the total sales proceeds were £78,508,000 (2017: £20,438,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	61,635	53,493
Purchase of shares by Sub-fund	20,793	15,485
Distributions made by Sub-fund	3,439	2,415
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	69.2%	68.9%

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	317,118,335	64,337,833	(19,327,460)	0	362,128,708
Institutional accumulation	67,141,642	22,140,042	(10,669,388)	297,157	78,909,453
Standard Life accumulation	2,657,642	617,621	(367,445)	0	2,907,818
Platform 1 accumulation	69,985,629	22,389,521	(4,173,334)	(322,681)	87,879,135

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Notes to the Financial Statements

(Continued)

15 Fair Value Hierarchy

	2018	2018	2018	2017	2017	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	500,817	0	2,513	401,646	0
Total investment assets	0	500,817	0	2,513	401,646	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

*Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market Price Risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign Currency Risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(c) Interest Rate Risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	6,217	494,005	500,222
2017			
Currency			
UK Sterling	5,459	397,590	403,049

(d) Credit Risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity Risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed V Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.8628	–	0.8628*	0.6487
Group 2	0.5836	0.2792	0.8628*	0.6487
Institutional accumulation				
Group 1	1.3403	–	1.3403*	1.1563
Group 2	0.8338	0.5065	1.3403*	1.1563
Standard Life accumulation				
Group 1	1.3030	–	1.3030*	1.1310
Group 2	0.7970	0.5060	1.3030*	1.1310
Platform 1 accumulation				
Group 1	1.1546	–	1.1546*	0.9207
Group 2	0.7010	0.4536	1.1546*	0.9207

* Distribution accumulated on 30 June 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	9 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. Exposure to equities and fixed and variable rate interest bearing securities is achieved by investing mainly in passively managed collective investment schemes. Exposure to immoveable property is achieved by investing mainly in actively managed collective investment schemes. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a high exposure to lower risk assets, such as fixed interest.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in a portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	67.37	63.76	61.30
Return before operating charges*	1.76	4.33	3.28
Operating charges**	(0.57)	(0.72)	(0.70)
Return after operating charges*	1.19	3.61	2.58
Distributions	(1.22)	(0.78)	(0.62)
Retained distributions on accumulation share	1.22	0.78	0.50
Closing net asset value per share	68.56	67.37	63.76
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.76%	5.66%	4.21%
Other information			
Closing net asset value (£'000)	145,771	126,995	94,082
Closing number of shares	212,601,572	188,503,871	147,561,464
Operating charges****	0.84%	1.08%	1.13%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	69.35	68.50	63.90
Lowest share price	67.11	64.20	60.40

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	70.31	66.11	63.13
Return before operating charges*	1.85	4.50	3.53
Operating charges**	(0.24)	(0.30)	(0.31)
Return after operating charges*	1.61	4.20	3.22
Distributions	(1.65)	(1.25)	(1.19)
Retained distributions on accumulation share	1.65	1.25	0.95
Closing net asset value per share	71.92	70.31	66.11
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.29%	6.35%	5.10%
Other information			
Closing net asset value (£'000)	83,200	78,699	60,179
Closing number of shares	115,684,780	111,938,059	91,031,004
Operating charges****	0.33%	0.44%	0.48%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	72.59	71.47	66.28
Lowest share price	70.21	66.51	62.41

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	62.32	58.47	55.74
Return before operating charges*	1.64	3.98	3.12
Operating charges**	(0.13)	(0.13)	(0.15)
Return after operating charges*	1.51	3.85	2.97
Distributions	(1.54)	(1.24)	(1.18)
Retained distributions on accumulation share	1.54	1.24	0.94
Closing net asset value per share	63.83	62.32	58.47
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.42%	6.58%	5.33%
Other information			
Closing net asset value (£'000)	371	333	77
Closing number of shares	581,713	534,874	131,320
Operating charges****	0.21%	0.21%	0.26%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	64.40	63.35	58.63
Lowest share price	62.24	58.83	55.13

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	64.71	60.98	58.33
Return before operating charges*	1.70	4.15	3.26
Operating charges**	(0.29)	(0.42)	(0.42)
Return after operating charges*	1.41	3.73	2.84
Distributions	(1.44)	(1.01)	(0.96)
Retained distributions on accumulation share	1.44	1.01	0.77
Closing net asset value per share	66.12	64.71	60.98
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.17%	6.12%	4.87%
Other information			
Closing net asset value (£'000)	64,118	54,964	31,200
Closing number of shares	96,974,471	84,944,896	51,167,103
Operating charges****	0.44%	0.66%	0.71%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	66.75	65.80	61.10
Lowest share price	64.61	61.30	57.60

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.64%)		292,712	99.75
Bond Funds (64.53%)		191,646	65.31
7,127,004	BlackRock Corporate Bond Tracker	10,947	3.73
9,001,367	Fidelity Global Inflation-Linked Bond	11,036	3.76
5,072,701	L&G Emerging Markets Government Bond Index	3,176	1.08
26,817,656	L&G Global Inflation Linked Bond Index	14,709	5.01
32,722,014	L&G Short Dated Corporate Bond Index	18,089	6.17
731,678	PIMCO Global High Yield Bond	4,258	1.45
265,047	Putnam Global High Yield Bond	3,122	1.06
5,096,262	Royal London Short Duration Global Index Linked Bond	5,259	1.79
338,573	Vanguard Global Corporate Bond Index	33,301	11.35
110,399	Vanguard Global Short-Term Corporate Bond Index	10,967	3.74
46,483	Vanguard UK Inflation-Linked Gilt Index	6,262	2.13
305,524	Vanguard UK Investment Grade Bond Index	36,667	12.50
311,946	Vanguard UK Short-Term Investment Grade Bond	33,853	11.54
Equity Funds (22.94%)		74,888	25.52
2,977	Amundi Index FTSE EPRA Nareit Global	3,028	1.03
3,741,519	BlackRock Continental European Equity Tracker	9,140	3.12
4,390,261	BlackRock Japan Equity Tracker	9,913	3.38
1,964,923	BlackRock Pacific Ex Japan Equity Tracker	6,339	2.16
1,749,084	BlackRock UK Equity Tracker	4,070	1.39
1,481,400	BlackRock US Equity Tracker	3,856	1.31
1,612,784	L&G UK Index	5,109	1.74
1,456,067	L&G US Index	7,577	2.58
56,149	Vanguard Emerging Markets Stock Index	7,451	2.54
49,655	Vanguard FTSE UK All Share Index	6,581	2.24
65,683	Vanguard US Equity Index	11,824	4.03
Money Market Funds (8.68%)		16,447	5.60
16,447,083	Standard Life CNAV Sterling Liquidity Fund *	16,447	5.60

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (3.49%)		9,731	3.32
220,635	M&G Feeder of Property Portfolio	3,110	1.06
4,915,102	SLI UK Real Estate Feeder	6,621	2.26
Total investment assets		292,712	99.75
Net other assets		748	0.25
Total Net Assets		293,460	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.
The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	276,265
*Collective Investment Schemes classified as Cash Equivalents	16,447
Net other assets	748
Total Net Assets	293,460

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital (losses)/gains	2	(381)	8,989
Revenue	4	7,164	4,872
Expenses	5	(1,422)	(1,567)
Interest payable and similar charges	6	0	(1)
Net revenue before taxation		5,742	3,304
Taxation	7	0	0
Net revenue after taxation		5,742	3,304
Total return before distributions		5,361	12,293
Distributions	8	(5,742)	(3,304)
Change in net assets attributable to shareholders from investment activities		(381)	8,989

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	260,991	185,538
Amounts receivable on the issue of shares	61,388	92,008
Amounts payable on the cancellation of shares	(34,508)	(29,442)
	26,880	62,566
Dilution adjustment	54	159
Change in net assets attributable to shareholders from investment activities (see above)	(381)	8,989
Retained distribution on accumulation shares	5,916	3,739
Closing net assets attributable to shareholders	293,460	260,991

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Assets:					
Fixed assets:					
Investment assets			276,265		237,402
Current assets:					
Debtors	9	890		1,338	
Cash equivalents	10	16,447		22,656	
			17,337		23,994
Total assets			293,602		261,396
Liabilities:					
Creditors	11	(109)		(405)	
Bank overdrafts	12	(33)		0	
			(142)		(405)
Total liabilities			(142)		(405)
Net assets attributable to shareholders			293,460		260,991

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities*	(335)	8,871
ACD fee rebate on collective investment scheme holdings	(43)	122
Handling charges taken from the capital account	(3)	(4)
Net capital (losses)/gains	(381)	8,989
The above includes*		
Realised gains	437	2,051
Unrealised (losses)/gains	(772)	6,820
	(335)	8,871

*where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	80,170	111,127
Sales		
Collective investment schemes	47,554	50,679

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; (bid the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.30% (2017: 0.39%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	1,494	829
Unfranked non-foreign component of dividend distributions	369	350
Interest distributions	5,100	3,512
Bank interest	78	89
ACD fee rebate on collective investment scheme holdings	123	92
Total revenue	7,164	4,872

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,217	1,395
Dealing charge	29	22
Registration fees	113	95
	1,359	1,512
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	39	33
Safe custody fee	13	10
	52	43
Other:		
Audit fee	11	12
Total expenses	1,422	1,567

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	1
Total interest payable & similar charges	0	1

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Notes to the Financial Statements

(Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Total taxation (note 7b)	0	0
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	5,742	3,304
Corporation tax at 20% (2017: 20%)	1,148	661
Effects of:		
Revenue not subject to taxation	(304)	(166)
Distributions treated as tax deductible	(836)	(519)
Capitalised revenue subject to taxation	(8)	24
Total tax charge for year (note 7a)	0	0

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	5,916	3,739
Add: Income deducted on cancellation of shares	317	274
Deduct: Income received on issue of shares	(491)	(709)
Net distribution for the year	5,742	3,304

Details of the distribution per share are set out in this Sub-fund's distribution tables.

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	581	857
Accrued rebate of Management fees on underlying investments	169	208
Accrued revenue	66	57
Income tax recoverable	74	216
Total debtors	890	1,338

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Notes to the Financial Statements

(Continued)

10 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	16,447	22,656
Total cash equivalents	16,447	22,656

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	0	247
Accrued expenses payable to ACD	94	143
Accrued expenses payable to the Depositary or associates of the Depositary	4	4
Other accrued expenses	11	11
Total creditors	109	405

12 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash overdrafts at bank	(33)	0
Total cash and bank balances	(33)	0

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £16,000 (2017: £Nil) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £1,000 (2017: £Nil) and is included in the total rebate amount disclosed in note 9.

The Sub-fund holds 164,447,083 shares (2017: 22,656,000) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £67,047,078 (2017: £98,317,000), the total sales proceeds were £73,256,000 (2017: £93,415,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	37,700	42,751
Purchase of shares by Sub-fund	21,027	16,313
Distributions made by Sub-fund	2,819	1,777
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	49.1%	47.5%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Notes to the Financial Statements

(Continued)

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	188,503,871	50,263,218	(26,161,916)	(3,601)	212,601,572
Institutional accumulation	111,938,059	17,515,051	(13,112,304)	(656,026)	115,684,780
Standard Life accumulation	534,874	186,472	(139,633)	0	581,713
Platform 1 accumulation	84,944,896	21,792,179	(10,479,778)	717,174	96,974,471

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	292,712	0	2,599	257,459	0
Total investment assets	0	292,712	0	2,599	257,459	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Sub-fund.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	16,414	277,046	293,460
2017			
Currency			
UK Sterling	22,656	238,335	260,991

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market I Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	1.2239	–	1.2239*	0.7794
Group 2	0.8062	0.4177	1.2239*	0.7794
Institutional accumulation				
Group 1	1.6471	–	1.6471*	1.2545
Group 2	0.9090	0.7381	1.6471*	1.2545
Standard Life accumulation				
Group 1	1.5405	–	1.5405*	1.2355
Group 2	0.6400	0.9005	1.5405*	1.2355
Platform 1 accumulation				
Group 1	1.4433	–	1.4433*	1.0108
Group 2	0.7792	0.6641	1.4433*	1.0108

* Distribution accumulated on 30 June 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	0.00%
Treat as an annual payment net of Income tax at 20%	100.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambí
Launch Date	9 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. Exposure to equities and fixed and variable rate interest bearing securities is achieved by investing mainly in passively managed collective investment schemes. Exposure to immoveable property is achieved by investing mainly in actively managed collective investment schemes. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a preference towards lower risk assets, such as fixed interest.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in a portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	75.14	68.50	65.61
Return before operating charges*	3.15	7.44	3.64
Operating charges**	(0.65)	(0.80)	(0.75)
Return after operating charges*	2.50	6.64	2.89
Distributions	(1.23)	(0.87)	(0.78)
Retained distributions on accumulation share	1.23	0.87	0.78
Closing net asset value per share	77.64	75.14	68.50
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.33%	9.69%	4.40%
Other information			
Closing net asset value (£'000)	550,590	459,188	365,505
Closing number of shares	709,133,778	611,080,879	533,572,120
Operating charges****	0.85%	1.09%	1.13%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	78.61	76.80	68.60
Lowest share price	75.06	69.10	63.20

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	78.26	70.98	67.52
Return before operating charges*	3.22	7.62	3.79
Operating charges**	(0.28)	(0.34)	(0.33)
Return after operating charges*	2.94	7.28	3.46
Distributions	(1.62)	(1.29)	(1.27)
Retained distributions on accumulation share	1.62	1.29	1.27
Closing net asset value per share	81.20	78.26	70.98
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.76%	10.26%	5.12%
Other information			
Closing net asset value (£'000)	260,319	223,475	201,559
Closing number of shares	320,595,127	285,540,704	283,962,438
Operating charges****	0.34%	0.44%	0.48%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	82.08	79.90	71.10
Lowest share price	78.19	71.50	65.40

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

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++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	67.41	61.01	57.92
Return before operating charges*	2.75	6.54	3.24
Operating charges**	(0.15)	(0.14)	(0.15)
Return after operating charges*	2.60	6.40	3.09
Distributions	(1.46)	(1.23)	(1.20)
Retained distributions on accumulation share	1.46	1.23	1.20
Closing net asset value per share	70.01	67.41	61.01
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.86%	10.49%	5.33%
Other information			
Closing net asset value (£'000)	248	204	79
Closing number of shares	354,694	302,908	129,634
Operating charges****	0.22%	0.22%	0.26%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	70.75	68.90	61.10
Lowest share price	67.35	61.50	56.20

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	71.06	64.55	61.51
Return before operating charges*	2.92	6.97	3.48
Operating charges**	(0.32)	(0.46)	(0.44)
Return after operating charges*	2.60	6.51	3.04
Distributions	(1.40)	(1.05)	(1.05)
Retained distributions on accumulation share	1.40	1.05	1.05
Closing net asset value per share	73.66	71.06	64.55
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.66%	10.09%	4.94%
Other information			
Closing net asset value (£'000)	448,007	322,024	108,326
Closing number of shares	608,175,011	453,152,057	167,817,410
Operating charges****	0.44%	0.67%	0.71%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	74.47	72.59	64.65
Lowest share price	71.00	65.06	59.49

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation^			
Change in net assets per share			
Opening net asset value per share	58.35	53.33	50.00
Return before operating charges*	2.92	5.80	3.64
Operating charges**	(0.78)	(0.78)	(0.31)
Return after operating charges*	2.14	5.02	3.33
Distributions	0.00	(0.53)	(0.22)
Retained distributions on accumulation share	0.00	0.53	0.22
Redemption value as at 14 June 2018	(60.49)	0.00	0.00
Closing net asset value per share	0.00	58.35	53.33
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.67%	9.41%	6.66%
Other information			
Closing net asset value (£'000)	–	1	1
Closing number of shares	–	2,200	2,200
Operating charges****	1.37%	1.37%	1.41%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	60.94	59.61	53.40
Lowest share price	58.11	53.73	49.25

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

^ Share class closed on 14 June 2018.

Standard Life Investment Company III

Annual Report & Financial Statements

MyFolio Market II Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.79%)		1,256,957	99.82
Bond Funds (47.61%)		623,696	49.53
33,438,283	Fidelity Global Inflation-Linked Bond	40,995	3.26
39,884,091	L&G Emerging Markets Government Bond Index	24,971	1.98
117,509,524	L&G Global Inflation Linked Bond Index	64,454	5.12
103,262,412	L&G Short Dated Corporate Bond Index	57,083	4.53
4,447,445	PIMCO Global High Yield Bond	25,884	2.06
1,350,788	Putnam Global High Yield Bond	15,912	1.26
31,097,626	Royal London Short Duration Global Index Linked Bond	32,093	2.55
1,161,957	Vanguard Global Corporate Bond Index	114,286	9.08
401,031	Vanguard Global Short-Term Corporate Bond Index	39,839	3.16
205,220	Vanguard UK Inflation-Linked Gilt Index	27,645	2.20
1,024,379	Vanguard UK Investment Grade Bond Index	122,939	9.76
530,720	Vanguard UK Short-Term Investment Grade Bond	57,595	4.57
Equity Funds (42.77%)		551,196	43.77
25,282	Amundi Index FTSE EPRA Nareit Global	25,712	2.04
27,451,594	BlackRock Continental European Equity Tracker	67,064	5.33
27,011,175	BlackRock Japan Equity Tracker	60,991	4.84
13,532,724	BlackRock Pacific Ex Japan Equity Tracker	43,657	3.47
16,120,042	BlackRock UK Equity Tracker	37,511	2.98
7,878,057	BlackRock US Equity Tracker	20,507	1.63
14,166,161	L&G UK Index	44,878	3.56
11,326,733	L&G US Index	58,944	4.68
339,785	Vanguard Emerging Markets Stock Index	45,088	3.58
439,958	Vanguard FTSE UK All Share Index	58,307	4.63
491,842	Vanguard US Equity Index	88,537	7.03
Money Market Funds (3.90%)		20,791	1.65
20,789,539	Standard Life CNAV Sterling Liquidity Fund *	20,791	1.65

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (5.51%)		61,274	4.87
1,502,949	M&G Feeder of Property Portfolio	21,187	1.68
29,760,230	SLI UK Real Estate Feeder	40,087	3.19
Total investment assets		1,256,957	99.82
Net other assets		2,207	0.18
Total Net Assets		1,259,164	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	1,236,166
*Collective Investment Schemes classified as Cash Equivalents	20,791
Net other assets	2,207
Total Net Assets	1,259,164

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	16,667	62,721
Revenue	4	28,561	19,876
Expenses	5	(5,485)	(6,044)
Interest payable and similar charges	6	(2)	(6)
Net revenue before taxation		23,074	13,826
Taxation	7	(2,347)	(1,703)
Net revenue after taxation		20,727	12,123
Total return before distributions		37,394	74,844
Distributions	8	(20,727)	(12,123)
Change in net assets attributable to shareholders from investment activities		16,667	62,721

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	1,004,892	675,470
Amounts receivable on the issue of shares	245,546	306,534
Amounts payable on the cancellation of shares	(31,021)	(54,544)
	214,525	251,990
Dilution adjustment	605	944
Change in net assets attributable to shareholders from investment activities (see above)	16,667	62,721
Retained distribution on accumulation shares	22,475	13,767
Closing net assets attributable to shareholders	1,259,164	1,004,892

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

	Notes	2018 £'000	2017 £'000
Assets:			
Fixed assets:			
Investment assets		1,236,166	963,635
Current assets:			
Debtors	9	4,369	3,621
Cash equivalents	11	20,791	39,157
		25,160	42,778
Total assets		1,261,326	1,006,413
Liabilities:			
Creditors	12	(1,936)	(1,419)
Bank overdrafts	10	(226)	(102)
		(2,162)	(1,521)
Total liabilities		(2,162)	(1,521)
Net assets attributable to shareholders		1,259,164	1,004,892

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	16,831	62,226
ACD fee rebate on collective investment scheme holdings	(161)	498
Handling charges taken from the capital account	(3)	(3)
Net capital gains	16,667	62,721
The above includes*		
Realised (losses)/gains	(975)	6,679
Unrealised gains	17,806	55,547
	16,831	62,226

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	392,844	369,856
Taxes & Other Fees	53	0
Total purchase transaction costs	53	0
Purchases including transaction costs	392,897	369,856

Sales

Collective investment schemes	163,045	132,593
-------------------------------	---------	---------

	2018 % Transaction	2017 % Transaction
Purchases		
Taxes & Other Fees	0.01%	0.00%

	2018 % Average NAV	2017 % Average NAV
Purchases		
Taxes & Other Fees	0.00%	0.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Notes to the Financial Statements

(Continued)

3 Purchases, Sales and Transaction Costs (continued)

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.41% (2017: 0.49%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	11,177	6,520
Unfranked non-foreign component of dividend distributions	2,037	2,103
Interest distributions	14,686	10,727
Bank interest	103	104
ACD fee rebate on collective investment scheme holdings	558	422
Total revenue	28,561	19,876

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	4,628	5,413
Dealing charge	195	125
Registration fees	506	376
	5,329	5,914
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	90	77
Safe custody fee	57	40
	147	117
Other:		
Audit fee	9	13
Total expenses	5,485	6,044

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	2	6
Total interest payable & similar charges	2	6

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Notes to the Financial Statements

(Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	2,347	1,561
Adjustments in respect of prior periods	0	142
Total taxation (note 7b)	2,347	1,703

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	23,074	13,826
Corporation tax at 20% (2017: 20%)	4,614	2,765
Effects of:		
Revenue not subject to taxation	(2,235)	(1,304)
Capitalised revenue subject to taxation	(32)	100
Adjustments in respect of prior periods	0	142
Total tax charge for year (note 7a)	2,347	1,703

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	22,475	13,767
Add: Income deducted on cancellation of shares	295	531
Deduct: Income received on issue of shares	(2,043)	(2,175)
Net distribution for the year	20,727	12,123

Details of the distribution per share are set out in this Sub-fund's distribution tables.

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	3,259	2,475
Accrued revenue	362	302
Accrued rebate of Management fees on underlying investments	748	844
Total debtors	4,369	3,621

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Notes to the Financial Statements

(Continued)

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash overdrafts at bank	(226)	(102)
Total cash and bank balances	(226)	(102)

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	20,791	39,157
Total cash equivalents	20,791	39,157

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	205	0
Accrued expenses payable to ACD	362	556
Accrued expenses payable to the Depositary or associates of the Depositary	13	11
Other accrued expenses	30	13
Corporation tax payable	1,326	840
Income tax payable	0	(1)
Total creditors	1,936	1,419

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

The Sub-fund holds 20,789,539 shares (2017: 39,156,740) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £192,799,799 (2017: £217,634,000), the total sales proceeds were £211,167,000 (2017: £190,049,000).

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MyFolio Market II Fund

Notes to the Financial Statements

(Continued)

13 Related Party Transactions (continued)

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	97,651	87,651
Purchase of shares by Sub-fund	21,799	28,664
Distributions made by Sub-fund	9,058	6,136
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	43.7%	44.6%

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Closing shares 2018
Retail accumulation	611,080,879	116,511,468	(18,458,569)	709,133,778
Institutional accumulation	285,540,704	50,076,615	(15,022,192)	320,595,127
Standard Life accumulation	302,908	203,731	(151,945)	354,694
Platform 1 accumulation	453,152,057	161,906,273	(6,883,319)	608,175,011
Institutional A accumulation	2,200	0	(2,200)	0

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	1,256,957	0	8,806	993,986	0
Total investment assets	0	1,256,957	0	8,806	993,986	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Sub-fund.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	20,564	1,238,600	1,259,164
2017			
Currency			
UK Sterling	39,055	965,837	1,004,892

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market II Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	1.2339	–	1.2339*	0.8683
Group 2	0.7277	0.5062	1.2339*	0.8683
Institutional accumulation				
Group 1	1.6162	–	1.6162*	1.2936
Group 2	0.7819	0.8343	1.6162*	1.2936
Standard Life accumulation				
Group 1	1.4623	–	1.4623*	1.2308
Group 2	0.6136	0.8487	1.4623*	1.2308
Platform 1 accumulation				
Group 1	1.4039	–	1.4039*	1.0513
Group 2	0.7703	0.6336	1.4039*	1.0513
Institutional A accumulation^				
Group 1	–	–	–	0.5269
Group 2	–	–	–	–

* Distribution accumulated on 30 June 2018

^ Share class closed on 14 June 2018.

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	53.92%
Treat as an annual payment net of Income tax at 20%	46.08%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	9 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. Exposure to equities and fixed and variable rate interest bearing securities is achieved by investing mainly in passively managed collective investment schemes. Exposure to immoveable property is achieved by investing mainly in actively managed collective investment schemes. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in a portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

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MyFolio Market III Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	80.45	70.92	67.80
Return before operating charges*	4.77	10.38	3.89
Operating charges**	(0.72)	(0.85)	(0.77)
Return after operating charges*	4.05	9.53	3.12
Distributions	(1.43)	(1.12)	(1.05)
Retained distributions on accumulation share	1.43	1.12	1.05
Closing net asset value per share	84.50	80.45	70.92
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	5.03%	13.44%	4.60%
Other information			
Closing net asset value (£'000)	917,396	788,031	641,623
Closing number of shares	1,085,735,655	979,527,720	904,688,103
Operating charges****	0.87%	1.10%	1.13%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	85.48	82.54	70.99
Lowest share price	80.41	71.63	63.99

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	83.85	73.54	69.83
Return before operating charges*	4.89	10.68	4.05
Operating charges**	(0.31)	(0.37)	(0.34)
Return after operating charges*	4.58	10.31	3.71
Distributions	(1.85)	(1.58)	(1.56)
Retained distributions on accumulation share	1.85	1.58	1.56
Closing net asset value per share	88.43	83.85	73.54
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	5.46%	14.02%	5.31%
Other information			
Closing net asset value (£'000)	334,146	269,993	222,267
Closing number of shares	377,864,285	321,986,587	302,237,109
Operating charges****	0.36%	0.45%	0.48%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	89.44	86.02	73.61
Lowest share price	83.82	74.28	66.20

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

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++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	72.33	63.32	60.00
Return before operating charges*	4.21	9.17	3.48
Operating charges**	(0.18)	(0.16)	(0.16)
Return after operating charges*	4.03	9.01	3.32
Distributions	(1.67)	(1.49)	(1.45)
Retained distributions on accumulation share	1.67	1.49	1.45
Closing net asset value per share	76.36	72.33	63.32
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	5.57%	14.23%	5.53%
Other information			
Closing net asset value (£'000)	3,802	2,950	396
Closing number of shares	4,978,990	4,077,539	624,829
Operating charges****	0.24%	0.23%	0.26%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	77.23	74.20	63.38
Lowest share price	72.30	63.95	56.96

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	76.62	67.32	64.03
Return before operating charges*	4.48	9.80	3.75
Operating charges**	(0.37)	(0.50)	(0.46)
Return after operating charges*	4.11	9.30	3.29
Distributions	(1.62)	(1.32)	(1.32)
Retained distributions on accumulation share	1.62	1.32	1.32
Closing net asset value per share	80.73	76.62	67.32
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	5.36%	13.81%	5.14%
Other information			
Closing net asset value (£'000)	236,536	177,019	133,535
Closing number of shares	292,998,248	231,043,941	198,371,462
Operating charges****	0.46%	0.68%	0.71%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	81.66	78.60	67.38
Lowest share price	76.58	67.99	60.64

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation^			
Change in net assets per share			
Opening net asset value per share	61.22	54.10	50.00
Return before operating charges*	4.32	7.94	4.84
Operating charges**	(0.87)	(0.82)	(0.74)
Return after operating charges*	3.45	7.12	4.10
Distributions	0.00	(0.72)	(0.23)
Retained distributions on accumulation share	0.00	0.72	0.23
Redemption value as at 14 June 2018	(64.67)	0.00	0.00
Closing net asset value per share	0.00	61.22	54.10
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	5.64%	13.16%	8.20%
Other information			
Closing net asset value (£'000)	–	1	1
Closing number of shares	–	2,200	2,200
Operating charges****	1.39%	1.38%	1.41%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	64.94	62.82	54.15
Lowest share price	61.11	54.64	48.85

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

^ Share class closed on 14 June 2018.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.97%)		1,492,888	100.07
Bond Funds (29.44%)		431,283	28.91
14,017,696	Fidelity Global Inflation-Linked Bond	17,186	1.15
64,789,148	L&G Emerging Markets Government Bond Index	40,564	2.72
84,535,737	L&G Global Inflation Linked Bond Index	46,368	3.11
75,954,282	L&G Short Dated Corporate Bond Index	41,987	2.81
6,916,114	PIMCO Global High Yield Bond	40,252	2.70
1,418,997	Putnam Global High Yield Bond	16,716	1.12
16,579,924	Royal London Short Duration Global Index Linked Bond	17,110	1.15
1,104,178	Vanguard Global Corporate Bond Index	108,603	7.28
347,921	Vanguard Global Short-Term Corporate Bond Index	34,563	2.32
147,094	Vanguard UK Inflation-Linked Gilt Index	19,815	1.33
400,949	Vanguard UK Investment Grade Bond Index	48,119	3.22
Equity Funds (60.26%)		916,311	61.42
38,565	Amundi Index FTSE EPRA Nareit Global	39,220	2.63
47,429,114	BlackRock Continental European Equity Tracker	115,869	7.77
44,003,160	BlackRock Japan Equity Tracker	99,359	6.66
21,858,507	BlackRock Pacific Ex Japan Equity Tracker	70,516	4.73
26,551,486	BlackRock UK Equity Tracker	61,785	4.14
17,252,714	BlackRock US Equity Tracker	44,909	3.01
27,198,794	L&G UK Index	86,166	5.77
17,066,245	L&G US Index	88,813	5.95
502,354	Vanguard Emerging Markets Stock Index	66,659	4.47
766,211	Vanguard FTSE UK All Share Index	101,545	6.81
785,895	Vanguard US Equity Index	141,470	9.48
Money Market Funds (1.25%)		28,591	1.92
28,591,104	Standard Life CNAV Sterling Liquidity Fund *	28,591	1.92

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (9.02%)		116,703	7.82
2,547,428	M&G Property Portfolio	35,966	2.41
69,721,367	SLI UK Real Estate	80,737	5.41
Total investment assets		1,492,888	100.07
Net other liabilities		(1,008)	(0.07)
Total Net Assets		1,491,880	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.
The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	1,464,297
*Collective Investment Schemes classified as Cash Equivalents	28,591
Net other liabilities	(1,008)
Total Net Assets	1,491,880

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	41,457	121,190
Revenue	4	34,004	28,033
Expenses	5	(7,466)	(8,662)
Interest payable and similar charges	6	(2)	(7)
Net revenue before taxation		26,536	19,364
Taxation	7	(1,309)	(1,152)
Net revenue after taxation		25,227	18,212
Total return before distributions		66,684	139,402
Distributions	8	(25,227)	(18,213)
Change in net assets attributable to shareholders from investment activities		41,457	121,189

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
£'000	£'000	£'000
Opening net assets attributable to shareholders	1,237,994	997,822
Amounts receivable on the issue of shares	224,285	157,676
Amounts payable on the cancellation of shares	(40,016)	(58,405)
	184,269	99,271
Dilution adjustment	812	500
Change in net assets attributable to shareholders from investment activities (see above)	41,457	121,189
Retained distribution on accumulation shares	27,348	19,212
Closing net assets attributable to shareholders	1,491,880	1,237,994

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

	Notes	2018 £'000	2017 £'000
Assets:			
Fixed assets:			
Investment assets		1,464,297	1,222,117
Current assets:			
Debtors	9	6,270	2,784
Cash equivalents	10	28,591	15,453
		34,861	18,237
Total assets		1,499,158	1,240,354
Liabilities:			
Creditors	11	(6,832)	(1,789)
Bank overdrafts	12	(446)	(571)
		(7,278)	(2,360)
Total liabilities		(7,278)	(2,360)
Net assets attributable to shareholders		1,491,880	1,237,994

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	41,466	120,596
ACD fee rebate on collective investment scheme holdings	(6)	597
Handling charges taken from the capital account	(3)	(3)
Net capital gains	41,457	121,190
The above includes*		
Realised gains	1,017	21,251
Unrealised gains	40,449	99,345
	41,466	120,596

*where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	336,428	381,896
Taxes & Other Fees	12	0
Total purchase transaction costs	12	0
Purchases including transaction costs	336,440	381,896
Sales		
Collective investment schemes	165,902	260,264

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Notes to the Financial Statements

(Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Purchases		
Taxes & Other Fees	0.00%	0.00%

	2018 % Average NAV	2017 % Average NAV
Purchases		
Commissions	0.00%	0.00%
Taxes & Other Fees	0.00%	0.00%

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.64% (2017: 0.70%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Bank interest	82	60
Franked dividend distributions	19,986	14,201
Unfranked non-foreign component of dividend distributions	260	172
Interest distributions	10,193	9,136
ACD fee rebate on collective investment scheme holdings	728	609
Property income distributions	2,755	3,855
Total revenue	34,004	28,033

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Notes to the Financial Statements

(Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	6,780	8,098
Dealing charge	101	78
Registration fees	406	329
	<u>7,287</u>	<u>8,505</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	100	89
Safe custody fee	67	57
	<u>167</u>	<u>146</u>
Other:		
Audit fee	12	11
Total expenses	<u>7,466</u>	<u>8,662</u>

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	2	7
Total interest payable & similar charges	<u>2</u>	<u>7</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	1,309	1,152
Total taxation (note 7b)	<u>1,309</u>	<u>1,152</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	26,536	19,364
Corporation tax at 20% (2017: 20%)	<u>5,307</u>	<u>3,873</u>
Effects of:		
Revenue not subject to taxation	(3,997)	(2,840)
Capitalised revenue subject to taxation	(1)	119
Total tax charge for year (note 7a)	<u>1,309</u>	<u>1,152</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Notes to the Financial Statements

(Continued)

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	27,348	19,212
Add: Income deducted on cancellation of shares	368	642
Deduct: Income received on issue of shares	(2,489)	(1,641)
Net distribution for the year	25,227	18,213

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation	25,227	18,212
Undistributed revenue brought forward	1	1
Undistributed revenue carried forward	(1)	0
Total distributions	25,227	18,213

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	4,686	1,164
Accrued revenue	559	721
Accrued rebate of Management fees on underlying investments	1,025	899
Total debtors	6,270	2,784

10 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	28,591	15,453
Total cash equivalents	28,591	15,453

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	3	686
Purchases awaiting settlement	5,733	0
Accrued expenses payable to ACD	534	767
Accrued expenses payable to the Depositary or associates of the Depositary	15	13
Other accrued expenses	11	11
Corporation tax payable	536	312
Total creditors	6,832	1,789

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Notes to the Financial Statements

(Continued)

12 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash overdrafts at bank	(446)	(571)
Total cash and bank balances	(446)	(571)

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £59,000 (2017: £Nil) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £1,400 (2017: £Nil) and is included in the total rebate amount disclosed in note 9.

The Sub-fund holds 28,591,104 shares (2017: 15,453,144) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £198,847,000 (2017: £201,925,000), the total sales proceeds were £185,709,000 (2017: £202,083,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	122,167	96,451
Purchase of shares by Sub-fund	31,250	37,428
Distributions made by Sub-fund	15,843	11,996
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	62.8%	62.4%

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	979,527,720	134,857,649	(28,618,684)	(31,030)	1,085,735,655
Institutional accumulation	321,986,587	64,482,390	(10,359,528)	1,754,836	377,864,285
Standard Life accumulation	4,077,539	1,095,519	(194,068)	0	4,978,990
Platform 1 accumulation	231,043,941	71,628,715	(7,784,924)	(1,889,484)	292,998,248
Institutional A accumulation	2,200	0	(2,200)	0	0

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Notes to the Financial Statements

(Continued)

15 Fair Value Hierarchy

	2018	2018	2018	2017	2017	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	1,492,888	0	10,244	1,227,326	0
Total investment assets	0	1,492,888	0	10,244	1,227,326	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate affect on the value of the Sub-fund.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	28,145	1,463,735	1,491,880
2017			
Currency			
UK Sterling	14,882	1,223,112	1,237,994

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market III Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	1.4306	–	1.4306*	1.1244
Group 2	0.6280	0.8026	1.4306*	1.1244
Institutional accumulation				
Group 1	1.8488	–	1.8488*	1.5832
Group 2	0.8013	1.0475	1.8488*	1.5832
Standard Life accumulation				
Group 1	1.6703	–	1.6703*	1.4888
Group 2	0.3056	1.3647	1.6703*	1.4888
Platform 1 accumulation				
Group 1	1.6199	–	1.6199*	1.3157
Group 2	0.6719	0.9480	1.6199*	1.3157
Institutional A accumulation[^]				
Group 1	–	–	–	0.7155
Group 2	–	–	–	0.7155

* Distribution accumulated on 30 June 2018

[^] Share class closed on 14 June 2018.

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	79.22%
Treat as an annual payment net of Income tax at 20%	20.78%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	9 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. Exposure to equities and fixed and variable rate interest bearing securities is achieved by investing mainly in passively managed collective investment schemes. Exposure to immoveable property is achieved by investing mainly in actively managed collective investment schemes. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a preference to those assets providing potential for growth, such as equities.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in a portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	85.13	72.66	69.09
Return before operating charges*	6.27	13.35	4.35
Operating charges**	(0.77)	(0.88)	(0.78)
Return after operating charges*	5.59	12.47	3.57
Distributions	(1.61)	(1.25)	(1.18)
Retained distributions on accumulation share	1.61	1.25	1.18
Closing net asset value per share	90.72	85.13	72.66
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.57%	17.16%	5.17%
Other information			
Closing net asset value (£'000)	345,896	291,163	220,364
Closing number of shares	381,260,721	342,007,112	303,296,497
Operating charges****	0.88%	1.09%	1.13%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	92.07	87.61	72.43
Lowest share price	85.07	73.29	63.62

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	88.97	75.54	71.38
Return before operating charges*	6.56	13.82	4.50
Operating charges**	(0.34)	(0.39)	(0.34)
Return after operating charges*	6.22	13.43	4.16
Distributions	(2.06)	(1.74)	(1.67)
Retained distributions on accumulation share	2.06	1.74	1.67
Closing net asset value per share	95.19	88.97	75.54
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.99%	17.78%	5.83%
Other information			
Closing net asset value (£'000)	109,467	87,055	71,595
Closing number of shares	114,994,209	97,842,613	94,775,305
Operating charges****	0.37%	0.46%	0.48%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	96.59	91.54	75.36
Lowest share price	88.94	76.25	66.04

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	77.67	65.82	62.08
Return before operating charges*	5.72	12.02	3.90
Operating charges**	(0.20)	(0.17)	(0.16)
Return after operating charges*	5.52	11.85	3.74
Distributions	(1.88)	(1.65)	(1.57)
Retained distributions on accumulation share	1.88	1.65	1.57
Closing net asset value per share	83.19	77.67	65.82
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	7.11%	18.00%	6.02%
Other information			
Closing net asset value (£'000)	1,570	1,411	320
Closing number of shares	1,886,930	1,815,939	485,628
Operating charges****	0.24%	0.23%	0.26%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	84.41	79.91	65.66
Lowest share price	77.64	66.44	57.50

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	82.41	70.09	66.35
Return before operating charges*	6.08	12.86	4.21
Operating charges**	(0.40)	(0.54)	(0.47)
Return after operating charges*	5.68	12.32	3.74
Distributions	(1.84)	(1.47)	(1.43)
Retained distributions on accumulation share	1.84	1.47	1.43
Closing net asset value per share	88.09	82.41	70.09
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.89%	17.58%	5.64%
Other information			
Closing net asset value (£'000)	121,276	82,821	54,277
Closing number of shares	137,671,761	100,501,288	77,440,929
Operating charges****	0.47%	0.68%	0.71%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	89.39	84.79	69.92
Lowest share price	82.37	70.74	61.31

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.71%)		578,077	99.98
Bond Funds (11.13%)		67,991	11.76
28,629,279	L&G Emerging Markets Government Bond Index	17,925	3.10
5,066,369	L&G Global Inflation Linked Bond Index	2,779	0.48
2,850,330	PIMCO Global High Yield Bond	16,589	2.87
950,175	Putnam Global High Yield Bond	11,193	1.94
143,933	Vanguard Global Corporate Bond Index	14,157	2.45
53,836	Vanguard Global Short-Term Corporate Bond Index	5,348	0.92
Equity Funds (79.19%)		458,552	79.31
13,798	Amundi Index FTSE EPRA Nareit Global	14,033	2.43
23,404,688	BlackRock Continental European Equity Tracker	57,178	9.89
21,250,885	BlackRock Japan Equity Tracker	47,984	8.30
10,256,566	BlackRock Pacific Ex Japan Equity Tracker	33,088	5.72
13,544,676	BlackRock UK Equity Tracker	31,518	5.45
7,582,094	BlackRock US Equity Tracker	19,736	3.41
13,372,332	L&G UK Index	42,364	7.33
9,969,978	L&G US Index	51,884	8.97
271,696	Vanguard Emerging Markets Stock Index	36,052	6.24
441,021	Vanguard FTSE UK All Share Index	58,448	10.11
368,129	Vanguard US Equity Index	66,267	11.46
Money Market Funds (1.17%)		9,071	1.57
9,071,065	Standard Life CNAV Sterling Liquidity Fund*	9,071	1.57

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (8.22%)		42,463	7.34
1,174,617	M&G Property Portfolio	16,583	2.87
22,348,655	SLI UK Real Estate	25,880	4.47
Total investment assets		578,077	99.98
Net other assets		132	0.02
Total Net Assets		578,209	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	569,006
*Collective Investment Schemes classified as Cash Equivalents	9,071
Net other assets	132
Total Net Assets	578,209

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	22,777	55,722
Revenue	4	12,881	10,180
Expenses	5	(2,863)	(3,189)
Interest payable and similar charges	6	0	(4)
Net revenue before taxation		10,018	6,987
Taxation	7	(39)	(58)
Net revenue after taxation		9,979	6,929
Total return before distributions		32,756	62,651
Distributions	8	(9,984)	(6,929)
Change in net assets attributable to shareholders from investment activities		22,772	55,722

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	462,450	346,556
Amounts receivable on the issue of shares	115,336	88,616
Amounts payable on the cancellation of shares	(33,744)	(36,191)
	81,592	52,425
Dilution adjustment	333	247
Change in net assets attributable to shareholders from investment activities (see above)	22,772	55,722
Retained distribution on accumulation shares	11,062	7,500
Closing net assets attributable to shareholders	578,209	462,450

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		569,006	455,706
Current assets:			
Debtors	9	1,275	1,756
Cash and bank balances	10	14	0
Cash equivalents	11	9,071	5,425
		10,360	7,181
Total assets		579,366	462,887
Liabilities:			
Creditors	12	(1,157)	(337)
Bank overdrafts	10	0	(100)
		(1,157)	(437)
Total liabilities		(1,157)	(437)
Net assets attributable to shareholders		578,209	462,450

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	22,722	55,566
ACD fee rebate on collective investment scheme holdings	58	159
Handling charges taken from the capital account	(3)	(3)
Net capital gains	22,777	55,722
The above includes*		
Realised gains	1,921	7,550
Unrealised gains	20,801	48,016
	22,722	55,566

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	121,554	151,938
Taxes & Other Fees	6	0
Total purchase transaction costs	6	0
Purchases including transaction costs	121,560	151,938
Sales		
Collective investment schemes	42,613	91,296
	2018 % Transaction	2017 % Transaction
Purchases		
Taxes & Other Fees	0.00%	0.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Notes to the Financial Statements

(Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Average NAV	2017 % Average NAV
Purchases		
Commissions	0.00%	0.00%
Taxes & Other Fees	0.00%	0.00%

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs – an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume – active markets have a lower spread the difference between bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.62% (2017: 0.64%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	9,883	6,810
Unfranked non-foreign component of dividend distributions	107	67
Interest distributions	1,627	1,889
Bank interest	32	23
ACD fee rebate on collective investment scheme holdings	302	249
Property income distributions	930	1,142
Total revenue	12,881	10,180

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,559	2,953
Dealing charge	49	34
Registration fees	158	120
	2,766	3,107
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	60	50
Safe custody fee	26	21
	86	71
Other:		
Audit fee	11	11
Total expenses	2,863	3,189

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Notes to the Financial Statements

(Continued)

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	4
Total interest payable & similar charges	0	4

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	39	58
Total taxation (note 7b)	39	58

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	10,018	6,987
Corporation tax at 20% (2017: 20%)	2,004	1,397
Effects of:		
Revenue not subject to taxation	(1,977)	(1,362)
Excess allowable expenses	0	(9)
Capitalised revenue subject to taxation	12	32
Total tax charge for year (note 7a)	39	58

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	11,062	7,500
Add: Income deducted on cancellation of shares	351	414
Deduct: Income received on issue of shares	(1,429)	(985)
Net distribution for the year	9,984	6,929

Details of the distribution per share are set out in this Fund's distribution tables.

(b) Difference between net revenue and distributions

Net revenue after taxation	9,979	6,929
Tax relief on capitalised fees	5	0
Total distributions	9,984	6,929

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Notes to the Financial Statements

(Continued)

9 Debtors

	2018	2017
	£'000	£'000
Amounts receivable from the ACD for the issue of shares	738	1,245
Accrued revenue	5	137
United Kingdom income tax recoverable	112	146
Accrued rebate of Management fees on underlying investments	420	228
Total debtors	1,275	1,756

10 Cash and Bank Balances

	2018	2017
	£'000	£'000
Cash and bank balances	14	0
	14	0
Cash overdrafts at bank	0	(100)
Total cash and bank balances	14	(100)

11 Cash Equivalents

	2018	2017
	£'000	£'000
Standard Life CNAV Sterling Liquidity Fund	9,071	5,425
Total cash equivalents	9,071	5,425

12 Creditors

	2018	2017
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	932	32
Accrued expenses payable to ACD	206	287
Accrued expenses payable to the Depositary or associates of the Depositary	8	7
Other accrued expenses	11	11
Total creditors	1,157	337

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in notes 4 and 5 and any amounts due at the year end in note 9 and 12.

The Sub-fund holds 9,071,065 shares (2017: 5,425,004) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was £90,497,000 (2017: £89,247,000), the total sales proceeds were £86,851,000 (2017: £89,080,000).

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Notes to the Financial Statements

(Continued)

13 Related Party Transactions (continued)

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	55,210	48,642
Purchase of shares by Sub-fund	19,502	18,016
Distributions made by Sub-fund	6,138	4,630
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	61.5%	61.7%

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	342,007,112	63,842,363	(24,519,164)	(69,590)	381,260,721
Institutional accumulation	97,842,613	24,951,298	(8,829,169)	1,029,467	114,994,209
Standard Life accumulation	1,815,939	295,453	(224,462)	0	1,886,930
Platform 1 accumulation	100,501,288	41,808,398	(3,597,293)	(1,040,632)	137,671,761

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	578,077	0	4,530	456,601	0
Total investment assets	0	578,077	0	4,530	456,601	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	9,085	569,124	578,209
2017			
Currency			
UK Sterling	5,325	457,125	462,450

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market IV Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	1.6064	–	1.6064*	1.2546
Group 2	0.7021	0.9043	1.6064*	1.2546
Institutional accumulation				
Group 1	2.0641	–	2.0641*	1.7382
Group 2	0.7649	1.2992	2.0641*	1.7382
Standard Life accumulation				
Group 1	1.8838	–	1.8838*	1.6483
Group 2	0.4882	1.3956	1.8838*	1.6483
Platform 1 accumulation				
Group 1	1.8365	–	1.8365*	1.4708
Group 2	0.6471	1.1894	1.8365*	1.4708

* Distribution accumulated on 30 June 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	98.99%
Treat as an annual payment net of Income tax at 20%	1.01%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	9 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. Exposure to equities and fixed and variable rate interest bearing securities is achieved by investing mainly in passively managed collective investment schemes. Exposure to immoveable property is achieved by investing mainly in actively managed collective investment schemes. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have high exposure to assets providing potential for growth, such as equities.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in a portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	90.88	75.67	71.33
Return before operating charges*	7.65	16.13	5.11
Operating charges**	(0.76)	(0.92)	(0.77)
Return after operating charges*	6.89	15.21	4.34
Distributions	(1.60)	(1.13)	(1.06)
Retained distributions on accumulation share	1.60	1.13	1.06
Closing net asset value per share	97.77	90.88	75.67
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	7.58%	20.10%	6.08%
Other information			
Closing net asset value (£'000)	169,788	139,987	99,008
Closing number of shares	173,663,413	154,029,444	130,842,967
Operating charges****	0.80%	1.07%	1.09%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	99.38	93.59	74.98
Lowest share price	90.36	76.04	64.39

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	95.36	78.92	73.80
Return before operating charges*	8.07	16.82	5.45
Operating charges**	(0.29)	(0.38)	(0.33)
Return after operating charges*	7.78	16.44	5.12
Distributions	(2.19)	(1.71)	(1.69)
Retained distributions on accumulation share	2.19	1.71	1.69
Closing net asset value per share	103.14	95.36	78.92
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	8.16%	20.83%	6.94%
Other information			
Closing net asset value (£'000)	37,894	30,584	23,562
Closing number of shares	36,739,390	32,073,887	29,855,540
Operating charges****	0.29%	0.42%	0.45%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	104.8	98.22	78.19
Lowest share price	95.22	79.30	66.98

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	82.54	68.19	63.65
Return before operating charges*	7.00	14.50	4.68
Operating charges**	(0.15)	(0.15)	(0.14)
Return after operating charges*	6.85	14.35	4.54
Distributions	(1.99)	(1.62)	(1.57)
Retained distributions on accumulation share	1.99	1.62	1.57
Closing net asset value per share	89.39	82.54	68.19
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	8.30%	21.04%	7.13%
Other information			
Closing net asset value (£'000)	1,367	1,279	468
Closing number of shares	1,529,490	1,549,445	686,784
Operating charges****	0.17%	0.20%	0.22%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	90.84	85.01	67.56
Lowest share price	82.46	68.52	57.84

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	87.93	72.91	68.30
Return before operating charges*	7.39	15.56	5.06
Operating charges**	(0.35)	(0.54)	(0.45)
Return after operating charges*	7.04	15.02	4.61
Distributions	(1.92)	(1.43)	(1.44)
Retained distributions on accumulation share	1.92	1.43	1.44
Closing net asset value per share	94.97	87.93	72.91
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	8.01%	20.60%	6.75%
Other information			
Closing net asset value (£'000)	40,886	23,883	17,117
Closing number of shares	43,049,301	27,161,149	23,477,796
Operating charges****	0.39%	0.65%	0.67%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	96.52	90.54	72.23
Lowest share price	87.69	73.26	61.92

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.74%)		248,970	99.61
Bond Funds (0.64%)		1,194	0.48
1,907,114	L&G Emerging Markets Government Bond Index	1,194	0.48
Equity Funds (94.23%)		244,694	97.90
13,345,156	BlackRock Continental European Equity Tracker	32,602	13.04
11,483,030	BlackRock Japan Equity Tracker	25,929	10.38
5,403,990	BlackRock Pacific Ex Japan Equity Tracker	17,433	6.98
6,754,020	BlackRock UK Equity Tracker	15,717	6.29
5,040,995	BlackRock US Equity Tracker	13,122	5.25
8,015,582	L&G UK Index	25,393	10.16
4,823,325	L&G US Index	25,100	10.04
142,847	Vanguard Emerging Markets Stock Index	18,955	7.58
248,052	Vanguard FTSE UK All Share Index	32,874	13.15
208,702	Vanguard US Equity Index	37,569	15.03
Money Market Funds (1.36%)		3,082	1.23
3,081,986	Standard Life CNAV Sterling Liquidity Fund*	3,082	1.23
Property Funds (3.51%)		-	-
Total investment assets		248,970	99.61
Net other assets		965	0.39
Total Net Assets		249,935	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	245,888
*Collective Investment Schemes classified as Cash Equivalents	3,082
Net other assets	965
Total Net Assets	249,935

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	12,483	27,630
Revenue	4	5,239	3,868
Expenses	5	(1,311)	(1,403)
Interest payable and similar charges	6	0	(1)
Net revenue before taxation		3,928	2,464
Taxation	7	0	0
Net revenue after taxation		3,928	2,464
Total return before distributions		16,411	30,094
Distributions	8	(3,928)	(2,464)
Change in net assets attributable to shareholders from investment activities		12,483	27,630

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	195,733	140,155
Amounts receivable on the issue of shares	54,336	47,630
Amounts payable on the cancellation of shares	(17,089)	(22,442)
	37,247	25,188
Dilution adjustment	44	64
Change in net assets attributable to shareholders from investment activities (see above)	12,483	27,630
Retained distribution on accumulation shares	4,428	2,696
Closing net assets attributable to shareholders	249,935	195,733

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		245,888	192,569
Current assets:			
Debtors	9	1,127	719
Cash and bank balances	10	0	13
Cash equivalents	11	3,082	2,663
		4,209	3,395
Total assets		250,097	195,964
Liabilities:			
Creditors	12	(162)	(231)
		(162)	(231)
Total liabilities		(162)	(231)
Net assets attributable to shareholders		249,935	195,733

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	12,479	27,586
ACD fee rebate on collective investment scheme holdings	7	47
Handling charges taken from the capital account	(3)	(3)
Net capital gains	12,483	27,630
The above includes*		
Realised gains	45	2,678
Unrealised gains	12,434	24,908
	12,479	27,586

*where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	46,179	62,389
Taxes & Other Fees	2	0
Total purchase transaction costs	2	0
Purchases including transaction costs	46,181	62,389

Sales

Collective investment schemes	10,399	35,421
-------------------------------	--------	--------

	2018 % Transaction	2017 % Transaction
Purchases		
Taxes & Other Fees	0.00%	0.00%

	2018 % Average NAV	2017 % Average NAV
Purchases		
Commissions	0.00%	0.00%
Taxes & Other Fees	0.00%	0.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Notes to the Financial Statements

(Continued)

3 Purchases, Sales and Transaction Costs (continued)

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.18% (2017: 0.38%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	4,912	2,996
Unfranked non-foreign component of dividend distributions	40	32
Interest distributions	63	508
Bank interest	13	9
ACD fee rebate on collective investment scheme holdings	146	115
Property income distributions	65	208
Total revenue	5,239	3,868

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,190	1,302
Dealing charge	15	11
Registration fees	53	41
	1,258	1,354

Payable to the Depositary or associates of the Depositary, and agents of either of them:

Depositary's fees	32	27
Safe custody fee	11	9
	43	36

Other:

Audit fee	10	13
Total expenses	1,311	1,403

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Dividends payable on short positions	0	1
Total interest payable & similar charges	0	1

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Notes to the Financial Statements

(Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Total taxation (note 7b)	0	0
(b) Factors affecting current tax charge for the year		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	3,928	2,464
Corporation tax at 20% (2017: 20%)	786	493
Effects of:		
Revenue not subject to taxation	(982)	(599)
Excess allowable expenses	195	97
Capitalised revenue subject to taxation	1	9
Total tax charge for year (note 7a)	0	0

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £586,000 (2017: £391,000) due to surplus ACD expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	4,428	2,696
Add: Income deducted on cancellation of shares	172	261
Deduct: Income received on issue of shares	(672)	(493)
Net distribution for the year	3,928	2,464

Details of the distribution per share are set out in this Sub-fund's distribution tables.

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	916	581
Accrued revenue	2	1
United Kingdom income tax recoverable	0	45
Accrued rebate of Management fees on underlying investments	209	92
Total debtors	1,127	719

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Notes to the Financial Statements

(Continued)

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	0	13
Total cash and bank balances	0	13

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	3,082	2,663
Total cash equivalents	3,082	2,663

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	68	87
Accrued expenses payable to ACD	95	128
Accrued expenses payable to the Depositary or associates of the Depositary	4	3
Other accrued expenses	11	13
Corporation tax payable	(16)	0
Total creditors	162	231

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited in respect of periodic charge and registration services, are disclosed in notes 2 and 4 and any amounts at the end of the accounting year are disclosed in notes 9 and 12.

The Sub-fund holds 3,081,986 shares (2017: 2,662,599) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £36,155,000 (2017: £47,799,000), the total sales proceeds were £35,736,000 (2017: £46,452,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	28,969	10,815
Purchase of shares by Sub-fund	11,394	30,880
Distributions made by Sub-fund	2,759	1,903
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	70.2%	70.6%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Notes to the Financial Statements

(Continued)

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	154,029,444	30,789,948	(11,155,979)	0	173,663,413
Institutional accumulation	32,073,887	8,727,732	(4,141,329)	79,100	36,739,390
Standard Life accumulation	1,549,445	189,664	(209,619)	0	1,529,490
Platform 1 accumulation	27,161,149	18,496,375	(2,522,384)	(85,839)	43,049,301

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	248,970	0	813	194,419	0
Total investment assets	0	248,970	0	813	194,419	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	3,082	246,853	249,935
2017			
Currency			
UK Sterling	2,676	193,057	195,733

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Market V Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	1.5950	–	1.5950*	1.1256
Group 2	0.5980	0.9970	1.5950*	1.1256
Institutional accumulation				
Group 1	2.1866	–	2.1866*	1.7109
Group 2	0.7751	1.4115	2.1866*	1.7109
Standard Life accumulation				
Group 1	1.9933	–	1.9933*	1.6190
Group 2	0.8953	1.0980	1.9933*	1.6190
Platform 1 accumulation				
Group 1	1.9155	–	1.9155*	1.4299
Group 2	0.6184	1.2971	1.9155*	1.4299

* Distribution accumulated on 30 June 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	20 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a high exposure to lower risk assets, such as fixed interest.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	63.98	60.73	59.68
Return before operating charges*	1.60	4.28	2.06
Operating charges**	(1.01)	(1.03)	(1.01)
Return after operating charges*	0.59	3.25	1.05
Distributions	(0.54)	(0.20)	(0.30)
Retained distributions on accumulation share	0.54	0.20	0.30
Closing net asset value per share	64.57	63.98	60.73
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	0.92%	5.35%	1.76%
Other information			
Closing net asset value (£'000)	41,286	35,493	27,956
Closing number of shares	63,944,240	55,472,414	46,032,703
Operating charges****	1.55%	1.64%	1.69%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	65.71	64.75	60.76
Lowest share price	63.92	60.95	58.15

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	66.89	63.08	61.57
Return before operating charges*	1.67	4.46	2.15
Operating charges**	(0.71)	(0.65)	(0.64)
Return after operating charges*	0.96	3.81	1.51
Distributions	(0.91)	(0.63)	(0.73)
Retained distributions on accumulation share	0.91	0.63	0.73
Closing net asset value per share	67.85	66.89	63.08
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.43%	6.04%	2.45%
Other information			
Closing net asset value (£'000)	15,867	15,991	12,700
Closing number of shares	23,385,493	23,906,229	20,131,806
Operating charges****	1.05%	0.99%	1.04%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	68.91	67.68	63.11
Lowest share price	66.83	63.32	60.27

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	61.39	57.61	56.00
Return before operating charges*	1.53	4.09	1.93
Operating charges**	(0.36)	(0.31)	(0.32)
Return after operating charges*	1.17	3.78	1.61
Distributions	(1.14)	(0.87)	(0.88)
Retained distributions on accumulation share	1.14	0.87	0.88
Closing net asset value per share	62.56	61.39	57.61
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.91%	6.56%	2.88%
Other information			
Closing net asset value (£'000)	86	66	79
Closing number of shares	138,135	107,910	137,974
Operating charges****	0.57%	0.52%	0.57%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	63.40	62.11	57.64
Lowest share price	61.35	57.83	54.97

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	62.48	59.06	57.74
Return before operating charges*	1.56	4.17	2.05
Operating charges**	(0.73)	(0.75)	(0.73)
Return after operating charges*	0.83	3.42	1.32
Distributions	(0.78)	(0.45)	(0.58)
Retained distributions on accumulation share	0.78	0.45	0.58
Closing net asset value per share	63.31	62.48	59.06
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.32%	5.79%	2.29%
Other information			
Closing net asset value (£'000)	14,358	13,061	12,050
Closing number of shares	22,679,892	20,903,539	20,403,223
Operating charges****	1.15%	1.22%	1.27%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	64.31	63.22	59.08
Lowest share price	62.42	59.27	56.46

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.82%)		71,356	99.66
Absolute Return Funds (9.97%)		11,053	15.44
10,226	AQR Systematic Total Return	949	1.33
855,106	Invesco Perpetual Global Targeted Returns	1,014	1.42
371,518	Payden Absolute Return Bond	4,076	5.69
1,259,289	SLI Global Absolute Return Strategies	1,006	1.40
9,849	TM Fulcrum Diversified Core Absolute Return	1,010	1.41
27,102	Ventobel TwentyFour Absolute Return Credit	2,998	4.19
Bond Funds (59.61%)		40,220	56.18
2,853	Barings European High Yield Bond	294	0.41
1,498,648	Fidelity Global Inflation-Linked Bond	1,837	2.56
116,460	Fidelity Short Dated Corporate Bond	1,201	1.68
3,451,361	Fidelity UK Corporate Bond	4,477	6.25
128,506	Neuberger Berman Emerging Markets Debt Local Currency	1,236	1.73
9,483	Nomura US High Yield Bond	1,237	1.73
161,362	PIMCO GIS Global Investment Grade Credit	3,172	4.43
31,012	Robeco Global Credits	3,171	4.43
21,007	Robeco Global Credits Short Maturity	2,079	2.90
3,076,806	Royal London Global Index Linked	4,009	5.60
2,903,683	Royal London Short Duration Credit	2,962	4.14
1,135,611	Royal London Short Duration Global Index Linked Bond	1,172	1.64
631,530	T Rowe Price Dynamic Global Bond	6,134	8.57
39,098	TwentyFour Global Corporate Bond	4,472	6.25
25,499	Vanguard UK Short-Term Investment Grade Bond	2,767	3.86
Equity Funds (19.08%)		15,365	21.45
670,156	Artemis European Opportunities	752	1.05
367,783	Artemis US Select	705	0.98
34,428	Brookfield Global Listed Real Estate	696	0.97
47,590	Brown Advisory US Small Cap Blend	531	0.74
445,220	CF Morant Wright Nippon Yield	1,987	2.78
135,265	Fidelity UK Smaller Companies	358	0.50
313,643	Hermes Asia Ex Japan Equity	834	1.17
312,428	Invesco Perpetual Emerging Countries	745	1.04
551,519	Invesco Perpetual European Equity Income	1,113	1.55
381,598	Investec UK Alpha	846	1.18

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Equity Funds (continued)			
510,498	Janus Henderson Emerging Markets Opportunities	761	1.06
759,549	JO Hambro UK Dynamic	1,183	1.65
341,848	Majedie UK Equity	641	0.90
84,015	Mirae Asset Asia Sector Equity	817	1.14
417,844	Old Mutual North American Equity	919	1.28
10,712	Vanguard US Equity Index	1,928	2.69
46,518	Wellington US Research Equity	549	0.77
Money Market Funds (8.55%)		2,839	3.97
2,839,131	Standard Life CNAV Sterling Liquidity Fund*	2,839	3.97
Property Funds (2.61%)		1,879	2.62
1,333,904	Janus Henderson UK Property Feeder	1,879	2.62
Total investment assets		71,356	99.66
Net other assets		241	0.34
Total Net Assets		71,597	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.
The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	68,517
*Collective Investment Schemes classified as Cash Equivalents	2,839
Net other assets	241
Total Net Assets	71,597

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital (losses)/gains	2	(40)	2,765
Revenue	4	1,358	934
Expenses	5	(624)	(597)
Net revenue before taxation		734	337
Taxation	6	(9)	(6)
Net revenue after taxation		725	331
Total return before distributions		685	3,096
Distributions	7	(734)	(336)
Change in net assets attributable to shareholders from investment activities		(49)	2,760

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	64,611	52,785
Amounts receivable on the issue of shares	16,734	20,216
Amounts payable on the cancellation of shares	(10,442)	(11,517)
	6,292	8,699
Dilution adjustment	5	9
Change in net assets attributable to shareholders from investment activities (see above)	(49)	2,760
Retained distribution on accumulation shares	738	358
Closing net assets attributable to shareholders	71,597	64,611

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		68,517	58,972
Current assets:			
Debtors	8	248	264
Cash and bank balances	9	87	36
Cash equivalents	10	2,839	5,525
		3,174	5,825
Total assets		71,691	64,797
Liabilities:			
Creditors	11	(94)	(186)
		(94)	(186)
Total liabilities		(94)	(186)
Net assets attributable to shareholders		71,597	64,611

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities*	(71)	2,753
ACD fee rebate on collective investment scheme holdings	34	16
Handling charges taken from the capital account	(3)	(4)
Net capital (losses)/gains	(40)	2,765
The above includes*		
Realised (losses)/gains	(104)	759
Unrealised gains	33	1,994
	(71)	2,753

*where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	22,355	37,454
Sales		
Collective investment schemes	13,703	30,177

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.15% (2017: 0.18%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	237	148
Unfranked non-foreign component of dividend distributions	75	67
Unfranked foreign component of dividend distributions	2	0
Deemed interest distribution on distributions	39	22
Interest distributions	953	630
Bank interest	16	21
ACD fee rebate on collective investment scheme holdings	36	46
Total revenue	1,358	934

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	563	542
Dealing charge	7	7
Registration fees	24	22
	594	571
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	15	12
Safe custody fee	3	3
	18	15
Other:		
Audit fee	12	11
Total expenses	624	597

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Notes to the Financial Statements

(Continued)

6 Taxation

(a) Analysis of charge in year

	2018 £'000	2017 £'000
Total current tax	0	0
Deferred tax (note 6c)	9	6
Total taxation (note 6b)	9	6

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	734	337
Corporation tax at 20% (2017: 20%)	147	68
Effects of:		
Revenue not subject to taxation	(48)	(30)
Distributions treated as tax deductible	(99)	(41)
Interest distributions	0	3
Tax on offshore fund unrealised gains	9	6
Total tax charge for year (note 6a)	9	6

(c) Deferred tax

Deferred tax charge at the start of the year	6	0
Deferred tax charge in statement of total return for year (note 6a)	9	6
Provision at the end of the year	15	6

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

7 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	738	358
Add: Income deducted on cancellation of shares	30	41
Deduct: Income received on issue of shares	(34)	(63)
Net distribution for the year	734	336

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation	724	331
Taxation on offshore income gains taken from the capital account	10	5
	734	336

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Notes to the Financial Statements

(Continued)

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	149	77
Accrued revenue	1	1
United Kingdom income tax recoverable	16	73
Accrued rebate of Management fees on underlying investments	82	113
Total debtors	248	264

9 Cash and Bank Balances

Cash and bank balances	87	36
Total cash and bank balances	87	36

10 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	2,839	5,525
Total cash equivalents	2,839	5,525

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	18	116
Accrued expenses payable to ACD	48	51
Accrued expenses payable to the Depositary or associates of the Depositary	2	2
Other accrued expenses	11	11
Deferred tax payable	15	6
Total creditors	94	186

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £3,000 (2017: £5,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £nil (2017: £nil) and is included in the total rebate amount disclosed in note 8.

The Sub-fund holds 2,839,131 shares (2017: 5,524,827) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £17,533,000 (2017: £32,126,000), the total sales proceeds were £20,219,000 (2017: £30,946,000).

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Notes to the Financial Statements

(Continued)

12 Related Party Transactions (continued)

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	10,395	1,223
Purchase of shares by Sub-fund	4,377	6,364
Distributions made by Sub-fund	466	190
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	57.3%	53.2%

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Closing shares 2018
Retail accumulation	55,472,414	15,643,583	(7,171,757)	63,944,240
Institutional accumulation	23,906,229	5,122,762	(5,643,498)	23,385,493
Standard Life accumulation	107,910	80,270	(50,045)	138,135
Platform 1 accumulation	20,903,539	4,893,925	(3,117,572)	22,679,892

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	71,356	0	332	64,165	0
Total investment assets	0	71,356	0	332	64,165	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Notes to the Financial Statements

(Continued)

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Notes to the Financial Statements

(Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	2,926	68,671	71,597
2017			
Currency			
UK Sterling	5,561	59,050	64,611

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager I Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.5398	–	0.5398*	0.2002
Group 2	0.4736	0.0662	0.5398*	0.2002
Institutional accumulation				
Group 1	0.9132	–	0.9132*	0.6318
Group 2	0.6374	0.2758	0.9132*	0.6318
Standard Life accumulation				
Group 1	1.1371	–	1.1371*	0.8731
Group 2	0.5790	0.5581	1.1371*	0.8731
Platform 1 accumulation				
Group 1	0.7834	–	0.7834*	0.4528
Group 2	0.5908	0.1926	0.7834*	0.4528

* Distribution accumulated on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	20 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a preference towards lower risk assets, such as fixed interest.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	71.50	65.54	64.51
Return before operating charges*	2.97	7.11	2.15
Operating charges**	(1.17)	(1.15)	(1.12)
Return after operating charges*	1.80	5.96	1.03
Distributions	(0.64)	(0.36)	(0.42)
Retained distributions on accumulation share	0.64	0.36	0.42
Closing net asset value per share	73.30	71.50	65.54
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.52%	9.09%	1.60%
Other information			
Closing net asset value (£'000)	251,698	214,687	176,382
Closing number of shares	343,394,603	300,241,600	269,107,420
Operating charges****	1.60%	1.70%	1.74%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	74.68	71.50	65.82
Lowest share price	71.52	65.95	61.84

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	74.53	67.97	66.44
Return before operating charges*	3.01	7.30	2.26
Operating charges**	(0.83)	(0.74)	(0.73)
Return after operating charges*	2.18	6.56	1.53
Distributions	(0.98)	(0.75)	(0.89)
Retained distributions on accumulation share	0.98	0.75	0.89
Closing net asset value per share	76.71	74.53	67.97
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.92%	9.65%	2.30%
Other information			
Closing net asset value (£'000)	114,092	103,683	87,913
Closing number of shares	148,724,748	139,110,547	129,343,658
Operating charges****	1.09%	1.05%	1.09%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	78.03	74.53	68.24
Lowest share price	74.55	68.39	63.99

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	65.72	59.69	58.13
Return before operating charges*	2.60	6.39	1.92
Operating charges**	(0.42)	(0.36)	(0.36)
Return after operating charges*	2.18	6.03	1.56
Distributions	(1.13)	(0.90)	(1.00)
Retained distributions on accumulation share	1.13	0.90	1.00
Closing net asset value per share	67.90	65.72	59.69
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.32%	10.10%	2.68%
Other information			
Closing net asset value (£'000)	514	125	54
Closing number of shares	757,025	189,482	89,834
Operating charges****	0.62%	0.58%	0.62%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	68.94	65.72	59.92
Lowest share price	65.74	60.06	56.11

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	68.35	62.44	61.14
Return before operating charges*	2.78	6.73	2.11
Operating charges**	(0.84)	(0.82)	(0.81)
Return after operating charges*	1.94	5.91	1.30
Distributions	(0.84)	(0.57)	(0.71)
Retained distributions on accumulation share	0.84	0.57	0.71
Closing net asset value per share	70.29	68.35	62.44
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.84%	9.47%	2.13%
Other information			
Closing net asset value (£'000)	64,186	56,362	51,966
Closing number of shares	91,322,273	82,465,763	83,225,951
Operating charges****	1.20%	1.28%	1.32%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	71.50	68.35	62.69
Lowest share price	68.36	62.83	58.82

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.88%)		430,646	100.04
Absolute Return Funds (11.39%)		66,201	15.38
103,157	AQR Systematic Total Return	9,575	2.22
8,617,192	Invesco Perpetual Global Targeted Returns	10,222	2.38
1,559,036	Payden Absolute Return Bond	17,105	3.97
12,790,092	SLI Global Absolute Return Strategies	10,219	2.37
101,355	TM Fulcrum Diversified Core Absolute Return	10,396	2.42
78,517	Ventobel TwentyFour Absolute Return Credit	8,684	2.02
Bond Funds (43.41%)		185,072	42.99
22,740	Barings European High Yield Bond	2,342	0.55
10,638,880	Fidelity Global Inflation-Linked Bond	13,043	3.03
523,911	Fidelity Short Dated Corporate Bond	5,404	1.26
12,382,040	Fidelity UK Corporate Bond	16,060	3.73
618,642	Neuberger Berman Emerging Markets Debt Local Currency	5,951	1.38
72,584	Nomura US High Yield Bond	9,465	2.20
823,742	PIMCO GIS Global Investment Grade Credit	16,195	3.76
158,419	Robeco Global Credits	16,197	3.76
113,991	Robeco Global Credits Short Maturity	11,279	2.62
19,164,682	Royal London Global Index Linked	24,972	5.80
7,952,918	Royal London Short Duration Credit	8,112	1.89
6,565,601	Royal London Short Duration Global Index Linked Bond	6,776	1.57
2,624,090	T Rowe Price Dynamic Global Bond	25,489	5.92
139,796	TwentyFour Global Corporate Bond	15,988	3.71
71,861	Vanguard UK Short-Term Investment Grade Bond	7,799	1.81
Equity Funds (36.61%)		155,324	36.08
7,168,469	Artemis European Opportunities	8,038	1.87
5,289,023	Artemis US Select	10,134	2.35
298,532	Brookfield Global Listed Real Estate	6,033	1.40
522,884	Brown Advisory US Small Cap Blend	5,835	1.36
2,210,960	CF Morant Wright Nippon Yield	9,869	2.29
1,949,619	Fidelity UK Smaller Companies	5,159	1.20
2,427,402	Hermes Asia Ex Japan Equity	6,457	1.50
2,779,667	Invesco Perpetual Emerging Countries	6,628	1.54
5,172,833	Invesco Perpetual European Equity Income	10,442	2.43
5,330,883	Investec UK Alpha	11,819	2.75
4,145,038	Janus Henderson Emerging Markets Opportunities	6,176	1.43

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Equity Funds (continued)			
7,118,852	JO Hambro UK Dynamic	11,084	2.57
1,952,950	L&G US Index	10,163	2.36
5,229,213	Majedie UK Equity	9,810	2.28
3,622	Mirabaud Equities Europe ex-UK Small & Mid Cap	597	0.14
641,216	Mirae Asset Asia Sector Equity	6,233	1.45
3,269,594	Old Mutual North American Equity	7,190	1.67
5,170,850	Schroder Tokyo	4,533	1.05
16,087	Tokio Marine Japanese Equity Focus	3,893	0.90
63,599	Vanguard US Equity Index	11,448	2.66
320,389	Wellington US Research Equity	3,783	0.88
Money Market Funds (3.18%)		6,493	1.51
6,493,252	Standard Life CNAV Sterling Liquidity Fund*	6,493	1.51
Property Funds (5.29%)		17,556	4.08
12,461,718	Janus Henderson UK Property Feeder	17,556	4.08
Total investment assets		430,646	100.04
Net other liabilities		(155)	(0.04)
Total Net Assets		430,491	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.
The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	424,153
*Collective Investment Schemes classified as Cash Equivalents	6,493
Net other liabilities	(155)
Total Net Assets	430,491

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	5,961	27,615
Revenue	4	8,404	6,121
Expenses	5	(3,629)	(3,406)
Interest payable and similar charges	6	0	(3)
Net revenue before taxation		4,775	2,712
Taxation	7	(554)	(254)
Net revenue after taxation		4,221	2,458
Total return before distributions		10,182	30,073
Distributions	8	(4,340)	(2,480)
Change in net assets attributable to shareholders from investment activities		5,842	27,593

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	374,857	316,314
Amounts receivable on the issue of shares	73,353	57,026
Amounts payable on the cancellation of shares	(28,059)	(28,713)
	45,294	28,313
Dilution adjustment	63	51
Change in net assets attributable to shareholders from investment activities (see above)	5,842	27,593
Retained distribution on accumulation shares	4,435	2,586
Closing net assets attributable to shareholders	430,491	374,857

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Assets:					
Fixed assets:					
Investment assets			424,153		362,463
Current assets:					
Debtors	9	727		1,057	
Cash and bank balances	10	328		197	
Cash equivalents	11	6,493		11,927	
			7,548		13,181
Total assets			431,701		375,644
Liabilities:					
Creditors	12	(1,210)		(787)	
			(1,210)		(787)
Total liabilities			(1,210)		(787)
Net assets attributable to shareholders			430,491		374,857

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	5,702	27,521
ACD fee rebate on collective investment scheme holdings	254	98
Other gains	8	0
Handling charges taken from the capital account	(3)	(4)
Net capital gains	5,961	27,615
The above includes*		
Realised gains	1,002	4,785
Unrealised gains	4,700	22,736
	5,702	27,521

*where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	123,887	166,492
Taxes & Other Fees	2	0
Total purchase transaction costs	2	0
Purchases including transaction costs	123,889	166,492
Sales		
Collective investment schemes	74,484	149,353

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Notes to the Financial Statements

(Continued)

3 Purchases, Sales and Transaction Costs (continued)

	2018 % Transaction	2017 % Transaction
Purchases		
Taxes & Other Fees	0.00%	0.00%

	2018 % Average NAV	2017 % Average NAV
Purchases		
Commissions	0.00%	0.00%
Taxes & Other Fees	0.00%	0.00%

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.23% (2017: 0.33%), this is representative of the average spread on the assets held during the year.

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	2,600	1,650
Unfranked non-foreign component of dividend distributions	715	702
Unfranked foreign component of dividend distributions	24	0
Deemed interest distribution on distributions	228	195
Interest distributions	4,496	3,188
Bank interest	30	35
ACD fee rebate on collective investment scheme holdings	311	351
Total revenue	8,404	6,121

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Notes to the Financial Statements

(Continued)

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	3,379	3,183
Dealing charge	30	28
Registration fees	138	122
	<u>3,547</u>	<u>3,333</u>
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	51	45
Safe custody fee	20	17
	<u>71</u>	<u>62</u>
Other:		
Audit fee	11	11
Total expenses	<u>3,629</u>	<u>3,406</u>

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Dividends payable on short positions	0	3
Total interest payable & similar charges	<u>0</u>	<u>3</u>

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	486	232
Double taxation relief	(3)	0
Overseas taxes	3	0
Total current tax	<u>486</u>	<u>232</u>
Deferred tax (note 7(c))	68	22
Total taxation (note 7b)	<u>554</u>	<u>254</u>

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Notes to the Financial Statements

(Continued)

7 Taxation (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	4,775	2,712
Corporation tax at 20% (2017: 20%)	955	542
Effects of:		
Revenue not subject to taxation	(520)	(330)
Overseas taxes	3	0
Double taxation relief	(3)	0
Capitalised revenue subject to taxation	51	20
Tax on unrealised offshore gains	68	22
Total tax charge for year (note 7a)	554	254
(c) Deferred tax		
Deferred tax charge at the start of the year	22	0
Deferred tax charge in statement of total return for year (note 7a)	68	22
Provision at the end of the year	90	22

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	4,435	2,586
Add: Income deducted on cancellation of shares	96	120
Deduct: Income received on issue of shares	(191)	(226)
Net distribution for the year	4,340	2,480

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distributions

Net revenue after taxation	4,221	2,458
Tax relief on capitalised fees	119	0
Total distributions	4,340	2,458

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	404	275
Accrued revenue	3	3
United Kingdom income tax recoverable	0	224
Accrued Management Fee Rebate	320	555
Total debtors	727	1,057

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Notes to the Financial Statements

(Continued)

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	328	197
Total cash and bank balances	328	197

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	6,493	11,927
Total cash equivalents	6,493	11,927

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	487	452
Accrued expenses payable to ACD	293	296
Accrued expenses payable to the Depositary or associates of the Depositary	6	6
Other accrued expenses	12	11
Corporation tax payable	322	0
Deferred tax payable	90	22
Total creditors	1,210	787

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

The Sub-fund holds 6,493,252 shares (2017: 11,926,529) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £79,974,000 (2017: £421,000), the total sales proceeds were £85,407,000 (2017: £13,491,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	47,404	38,720
Purchase of shares by Sub-fund	15,374	15,422
Distributions made by Sub-fund	2,533	1,362
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	58.4%	52.7%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Notes to the Financial Statements

(Continued)

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	300,241,600	59,861,904	(16,223,881)	(485,020)	343,394,603
Institutional accumulation	139,110,547	23,765,688	(14,931,529)	780,042	148,724,748
Standard Life accumulation	189,482	585,978	(18,435)	0	757,025
Platform 1 accumulation	82,465,763	14,655,984	(5,455,857)	(343,617)	91,322,273

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	430,646	0	3,526	370,864	0
Total investment assets	0	430,646	0	3,526	370,864	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	6,821	423,670	430,491
2017			
Currency			
UK Sterling	12,124	362,733	374,857

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager II Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.6405	–	0.6405*	0.3593
Group 2	0.5125	0.1280	0.6405*	0.3593
Institutional accumulation				
Group 1	0.9823	–	0.9823*	0.7469
Group 2	0.6579	0.3244	0.9823*	0.7469
Standard Life accumulation				
Group 1	1.1258	–	1.1258*	0.8987
Group 2	0.5334	0.5924	1.1258*	0.8987
Platform 1 accumulation				
Group 1	0.8394	–	0.8394*	0.5660
Group 2	0.5838	0.2556	0.8394*	0.5660

* Distribution accumulated on 30 June 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	59.85%
Treat as an annual payment net of Income tax at 20%	40.15%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	20 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	76.52	68.07	67.13
Return before operating charges*	4.21	9.80	2.14
Operating charges**	(1.33)	(1.35)	(1.20)
Return after operating charges*	2.88	8.45	0.94
Distributions	(0.75)	(0.49)	(0.50)
Retained distributions on accumulation share	0.75	0.49	0.50
Closing net asset value per share	79.40	76.52	68.07
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.76%	12.41%	1.40%
Other information			
Closing net asset value (£'000)	545,263	493,151	419,843
Closing number of shares	686,699,481	644,446,803	616,822,808
Operating charges****	1.69%	1.82%	1.80%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	81.02	78.13	68.55
Lowest share price	76.63	68.61	63.37

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	79.93	70.73	69.28
Return before operating charges*	4.37	10.11	2.25
Operating charges**	(0.98)	(0.91)	(0.80)
Return after operating charges*	3.39	9.20	1.45
Distributions	(1.13)	(0.91)	(0.99)
Retained distributions on accumulation share	1.13	0.91	0.99
Closing net asset value per share	83.32	79.93	70.73
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.24%	13.01%	2.09%
Other information			
Closing net asset value (£'000)	228,621	210,095	189,508
Closing number of shares	274,387,731	262,849,204	267,931,059
Operating charges****	1.18%	1.18%	1.15%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	84.89	81.64	71.14
Lowest share price	80.07	71.30	65.70

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	70.15	61.81	60.33
Return before operating charges*	3.76	8.81	1.89
Operating charges**	(0.51)	(0.47)	(0.41)
Return after operating charges*	3.25	8.34	1.48
Distributions	(1.27)	(1.05)	(1.10)
Retained distributions on accumulation share	1.27	1.05	1.10
Closing net asset value per share	73.40	70.15	61.81
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.63%	13.49%	2.45%
Other information			
Closing net asset value (£'000)	4,974	4,511	617
Closing number of shares	6,776,110	6,429,985	998,423
Operating charges****	0.71%	0.70%	0.68%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	74.66	71.64	62.15
Lowest share price	70.28	62.31	57.33

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

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++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	73.83	65.45	64.22
Return before operating charges*	4.01	9.38	2.12
Operating charges**	(0.98)	(1.00)	(0.89)
Return after operating charges*	3.07	8.38	1.23
Distributions	(0.98)	(0.71)	(0.80)
Retained distributions on accumulation share	0.98	0.71	0.80
Closing net asset value per share	76.90	73.83	65.45
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.16%	12.80%	1.92%
Other information			
Closing net asset value (£'000)	104,887	93,956	82,040
Closing number of shares	136,401,325	127,259,098	125,348,717
Operating charges****	1.29%	1.40%	1.38%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	78.36	75.41	65.83
Lowest share price	73.96	65.97	60.83

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

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++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional A accumulation^			
Change in net assets per share			
Opening net asset value per share	58.69	52.30	50.00 [†]
Return before operating charges*	3.82	7.58	3.37
Operating charges**	(1.27)	(1.19)	(1.07)
Return after operating charges*	2.55	6.39	2.30
Distributions	0.00	(0.25)	(0.14)
Retained distributions on accumulation share	0.00	0.25	0.14
Redemption value as at 21 June 2018	(61.24)	0.00	0.00
Closing net asset value per share	0.00	58.69	52.30
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.34%	12.22%	4.60%
Other information			
Closing net asset value (£'000)	–	1	1
Closing number of shares	–	2,200	2,200
Operating charges****	2.11%	2.10%	2.08%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	62.02	59.91	52.62
Lowest share price	58.75	52.71	48.70

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

† launched 27 January 2016.

^ Share class closed on 21 June 2018.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.38%)		882,361	99.84
Absolute Return Funds (15.95%)		135,522	15.34
286,334	AQR Systematic Total Return	26,578	3.01
24,105,482	Invesco Perpetual Global Targeted Returns	28,594	3.24
1,633,488	Payden Absolute Return Bond	17,921	2.03
37,190,465	SLI Global Absolute Return Strategies	29,715	3.36
318,945	TM Fulcrum Diversified Core Absolute Return	32,714	3.70
Bond Funds (25.97%)		230,081	26.03
55,840	Barings European High Yield Bond	5,751	0.65
4,880,615	Fidelity Global Inflation-Linked Bond	5,984	0.68
816,432	Fidelity Short Dated Corporate Bond	8,421	0.95
8,500,580	Fidelity UK Corporate Bond	11,025	1.25
2,045,668	Neuberger Berman Emerging Markets Debt Local Currency	19,679	2.23
178,027	Nomura US High Yield Bond	23,216	2.63
1,351,510	PIMCO GIS Global Investment Grade Credit	26,571	3.01
260,726	Robeco Global Credits	26,657	3.01
167,548	Robeco Global Credits Short Maturity	16,579	1.88
22,134,813	Royal London Global Index Linked	28,842	3.26
9,222,800	Royal London Short Duration Credit	9,407	1.06
9,854,713	Royal London Short Duration Global Index Linked Bond	10,170	1.15
2,750,045	T Rowe Dynamic Global Bond	26,713	3.02
96,760	TwentyFour Global Corporate Bond	11,066	1.25
Equity Funds (49.24%)		443,335	50.17
20,038,198	Artemis European Opportunities	22,469	2.54
11,914,930	Artemis US Select	22,829	2.58
966,498	Brookfield Global Listed Real Estate	19,533	2.21
640,412	Brown Advisory US Small Cap Blend	7,147	0.81
5,745,637	CF Morant Wright Nippon Yield	25,646	2.90
5,987,163	Fidelity UK Smaller Companies	15,842	1.79
6,606,197	Hermes Asia Ex Japan Equity	17,574	1.99
9,479,710	Invesco Perpetual Emerging Countries	22,602	2.56
14,796,528	Invesco Perpetual European Equity Income	29,868	3.38
18,396,299	Investec UK Alpha	40,785	4.61
8,272,826	Janus Henderson Emerging Markets Opportunities	12,327	1.40
20,071,935	JO Hambro UK Dynamic	31,252	3.54
5,206,671	L&G US Index	27,096	3.07

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net asset
Equity Funds (continued)			
16,011,518	Majedie UK Equity	30,039	3.40
13,496	Mirabaud Equities Europe ex-UK Small & Mid Cap	2,223	0.25
1,776,276	Mirae Asset Asia Sector Equity	17,265	1.95
11,966,444	Old Mutual North American Equity	26,314	2.98
13,617,963	Schroder Tokyo	11,938	1.35
600,186	THB US Opportunities	6,968	0.79
40,665	Tokio Marine Japanese Equity Focus	9,842	1.11
174,034	Vanguard US Equity Index	31,328	3.55
1,054,184	Wellington US Research Equity	12,448	1.41
Money Market Funds (0.54%)		14,082	1.59
14,082,279	Standard Life CNAV Sterling Liquidity Fund *	14,082	1.59
Property Funds (7.68%)		59,341	6.71
25,430,854	Janus Henderson UK Property	35,837	4.05
1,664,766	M&G Property Portfolio	23,504	2.66
Total investment assets		882,361	99.84
Net other assets		1,384	0.16
Total Net Assets		883,745	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.
The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market Value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	868,279
*Collective Investment Schemes classified as Cash Equivalents	14,082
Net other assets	1,384
Total Net Assets	883,745

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	22,834	81,821
Revenue	4	17,552	14,257
Expenses	5	(7,641)	(7,518)
Interest payable and similar charges	6	0	(4)
Net revenue before taxation		9,911	6,735
Taxation	7	(688)	(347)
Net revenue after taxation		9,223	6,388
Total return before distributions		32,057	88,209
Distributions	8	(9,568)	(6,458)
Change in net assets attributable to shareholders from investment activities		22,489	81,751

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	801,714	692,009
Amounts receivable on the issue of shares	100,767	92,943
Amounts payable on the cancellation of shares	(51,027)	(71,582)
	49,740	21,361
Dilution adjustment	108	57
Change in net assets attributable to shareholders from investment activities (see above)	22,489	81,751
Retained distribution on accumulation shares	9,694	6,536
Closing net assets attributable to shareholders	883,745	801,714

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		868,279	792,475
Current assets:			
Debtors	9	2,557	5,919
Cash and bank balances	10	391	705
Cash equivalents	11	14,082	4,295
		17,030	10,919
Total assets		885,309	803,394
Liabilities:			
Creditors	12	(1,564)	(1,680)
		(1,564)	(1,680)
Total liabilities		(1,564)	(1,680)
Net assets attributable to shareholders		883,745	801,714

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	22,204	81,592
ACD fee rebate on collective investment scheme holdings	633	233
Handling charges taken from the capital account	(3)	(4)
Net capital gains	22,834	81,821
The above includes*		
Realised gains	5,240	20,167
Unrealised gains	16,964	61,425
	22,204	81,592

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	182,907	371,032
Sales		
Collective investment schemes	144,287	342,036

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread the difference between bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.41% (2017: 0.48%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	8,201	5,586
Unfranked non-foreign component of dividend distributions	908	74
Unfranked foreign component of dividend distributions	77	0
Deemed interest distribution on distributions	94	623
Interest distributions	6,067	5,325
Bank interest	47	32
ACD fee rebate on collective investment scheme holdings	790	871
Property income distributions	1,368	1,746
Total revenue	17,552	14,257

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	7,199	7,114
Dealing charge	50	45
Registration fees	262	238
	7,511	7,397
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	77	72
Safe custody fee	42	38
	119	110
Other:		
Audit fee	11	11
Total expenses	7,641	7,518

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	4
Total interest payable & similar charges	0	4

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Notes to the Financial Statements

(Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	468	276
Double taxation relief	(11)	0
Adjustments in respect of prior periods	0	71
Overseas taxes	11	0
Total current tax (note 7b)	468	347
Deferred tax (note 7(c))	220	0
Total taxation	688	347

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	9,911	6,735
Corporation tax at 20% (2017: 20%)	1,982	1,347
Effects of:		
Revenue not subject to taxation	(1,641)	(1,117)
Overseas taxes	11	0
Double taxation relief	(11)	0
Capitalised revenue subject to taxation	127	46
Tax on offshore fund gains	220	71
Total tax charge for year (note 7a)	688	347

(c) Deferred tax

Deferred tax charge at the start of the year	71	71
Deferred tax charge in statement of total return for year (note 7a)	220	0
Provision at the end of the year	291	71

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Notes to the Financial Statements

(Continued)

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	9,694	6,536
Add: Income deducted on cancellation of shares	197	335
Deduct: Income received on issue of shares	(323)	(413)
Net distribution for the year	9,568	6,458

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distributions

Net revenue after taxation	9,223	6,388
Tax relief on capitalised fees	346	71
Undistributed revenue carried forward	(1)	(1)
Total distributions	9,568	6,458

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	1,773	1,302
Sales awaiting settlement	0	3,000
Accrued revenue	6	2
United Kingdom income tax recoverable	0	216
Accrued rebate of Management fees on underlying investments	778	1,399
Total debtors	2,557	5,919

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	391	705
Total cash and bank balances	391	705

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	14,082	4,295
Total cash equivalents	14,082	4,295

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Notes to the Financial Statements

(Continued)

12 Creditors

	2018	2017
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	268	939
Accrued expenses payable to ACD	609	650
Other accrued expenses	11	11
Accrued Expenses payable to the Depository	10	9
Corporation tax payable	375	0
Deferred tax payable	291	71
Total creditors	1,564	1,680

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £105,000 (2017: £152,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £6,000 (2017: £8,000) and is included in the total rebate amount disclosed in note 9.

The Sub-fund holds 14,082,279 shares (2017: 4,295,078) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £142,376,000 (2017: £175,839,000), the total sales proceeds were £132,588,000 (2017: £182,381,000).

	2018	2017
	£'000	£'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	64,977	59,659
Purchase of shares by Sub-fund	29,955	38,619
Distributions made by Sub-fund	5,916	3,924
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	61.8%	60.0%

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MyFolio Multi-Manager III Fund

Notes to the Financial Statements

(Continued)

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	644,446,803	72,092,758	(29,644,538)	(195,542)	686,699,481
Institutional accumulation	262,849,204	33,178,938	(21,886,815)	246,404	274,387,731
Standard Life accumulation	6,429,985	1,763,715	(1,417,590)	0	6,776,110
Platform 1 accumulation	127,259,098	20,206,709	(10,999,793)	(64,689)	136,401,325
Institutional A accumulation	2,200	0	(2,200)	0	0

15 Fair Value Hierarchy

	2018 £'000 Level 1	2018 £'000 Level 2	2018 £'000 Level 3	2017 £'000 Level 1	2017 £'000 Level 2	2017 £'000 Level 3
Fair value of investment assets						
Collective Investment Schemes*	0	882,361	0	5,607	791,163	0
Total investment assets	0	882,361	0	5,607	791,163	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	14,474	869,271	883,745
2017			
Currency			
UK Sterling	5,000	796,714	801,714

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager III Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.7542	–	0.7542*	0.4919
Group 2	0.5879	0.1663	0.7542*	0.4919
Institutional accumulation				
Group 1	1.1289	–	1.1289*	0.9097
Group 2	0.7217	0.4072	1.1289*	0.9097
Standard Life accumulation				
Group 1	1.2691	–	1.2691*	1.0523
Group 2	0.6719	0.5972	1.2691*	1.0523
Platform 1 accumulation				
Group 1	0.9763	–	0.9763*	0.7132
Group 2	0.6291	0.3472	0.9763*	0.7132
Institutional A accumulation^				
Group 1	–	–	–	0.2514
Group 2	–	–	–	0.2514

* Distribution accumulated on 30 June 2018

^ Share class closed on 21 June 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	85.62%
Treat as an annual payment net of Income tax at 20%	14.38%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	20 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a preference to those assets providing potential for growth, such as equities.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities and immoveable property. The diversified nature of the underlying portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	82.99	71.70	70.74
Return before operating charges*	5.80	12.80	2.25
Operating charges**	(1.51)	(1.51)	(1.29)
Return after operating charges*	4.29	11.29	0.96
Distributions	(0.83)	(0.46)	(0.47)
Retained distributions on accumulation share	0.83	0.46	0.47
Closing net asset value per share	87.28	82.99	71.70
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	5.17%	15.75%	1.36%
Other information			
Closing net asset value (£'000)	287,533	270,965	235,712
Closing number of shares	329,438,583	326,512,000	328,730,725
Operating charges****	1.75%	1.90%	1.84%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	88.95	84.95	72.59
Lowest share price	80.41	72.21	65.68

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	86.49	74.31	72.79
Return before operating charges*	6.02	13.22	2.38
Operating charges**	(1.12)	(1.04)	(0.86)
Return after operating charges*	4.90	12.18	1.52
Distributions	(1.26)	(0.94)	(1.00)
Retained distributions on accumulation share	1.26	0.94	1.00
Closing net asset value per share	91.39	86.49	74.31
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	5.67%	16.39%	2.09%
Other information			
Closing net asset value (£'000)	85,580	76,955	70,527
Closing number of shares	93,639,570	88,974,055	94,911,686
Operating charges****	1.24%	1.25%	1.19%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	93.06	88.59	74.73
Lowest share price	83.82	74.89	67.95

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	75.32	64.46	62.91
Return before operating charges*	5.18	11.42	2.00
Operating charges**	(0.60)	(0.56)	(0.45)
Return after operating charges*	4.58	10.86	1.55
Distributions	(1.40)	(1.09)	(1.11)
Retained distributions on accumulation share	1.40	1.09	1.11
Closing net asset value per share	79.90	75.32	64.46
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.08%	16.85%	2.46%
Other information			
Closing net asset value (£'000)	2,310	1,736	1,360
Closing number of shares	2,891,339	2,304,334	2,110,445
Operating charges****	0.77%	0.78%	0.72%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	81.30	77.15	64.75
Lowest share price	72.30	64.97	58.86

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	79.69	68.59	67.31
Return before operating charges*	5.53	12.23	2.23
Operating charges**	(1.12)	(1.13)	(0.95)
Return after operating charges*	4.41	11.10	1.28
Distributions	(1.08)	(0.73)	(0.81)
Retained distributions on accumulation share	1.08	0.73	0.81
Closing net asset value per share	84.10	79.69	68.59
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	5.53%	16.18%	1.90%
Other information			
Closing net asset value (£'000)	58,369	49,051	39,515
Closing number of shares	69,403,831	61,550,142	57,612,297
Operating charges****	1.35%	1.48%	1.42%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	85.64	81.60	69.10
Lowest share price	76.58	69.13	62.76

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.39%)		433,823	100.01
Absolute Return Funds (18.02%)		80,773	18.62
192,474	AQR Systematic Total Return	17,865	4.12
16,200,158	Invesco Perpetual Global Targeted Returns	19,217	4.43
321,233	Payden Absolute Return Bond	3,524	0.81
23,483,341	SLI Global Absolute Return Strategies	18,763	4.33
208,674	TM Fulcrum Diversified Core Absolute Return	21,404	4.93
Bond Funds (13.14%)		39,720	9.16
31,548	Barings European High Yield Bond	3,249	0.75
984,844	Neuberger Berman Emerging Markets Debt Local Currency	9,474	2.18
99,726	Nomura US High Yield Bond	13,005	3.00
149,977	PIMCO GIS Global Investment Grade Credit	2,949	0.68
28,749	Robeco Global Credits	2,939	0.68
28,922	Robeco Global Credits Short Maturity	2,862	0.66
539,655	T Rowe Price Dynamic Global Bond	5,242	1.21
Equity Funds (60.62%)		278,180	64.13
13,464,411	Artemis European Opportunities	15,098	3.48
7,668,293	Artemis US Select	14,692	3.39
366,954	Brookfield Global Listed Real Estate	7,416	1.71
393,422	Brown Advisory US Small Cap Blend	4,391	1.01
3,602,769	CF Morant Wright Nippon Yield	16,081	3.71
4,141,225	Fidelity UK Smaller Companies	10,958	2.53
3,002,178	Hermes Asia Ex Japan Equity	7,986	1.84
4,196,033	Invesco Perpetual Emerging Countries	10,005	2.31
9,046,453	Invesco Perpetual European Equity Income	18,261	4.21
11,161,769	Investec UK Alpha	24,746	5.70
4,068,921	Janus Henderson Emerging Markets Opportunities	6,063	1.40
14,311,343	JO Hambro UK Dynamic	22,283	5.14
3,295,647	L&G US Index	17,151	3.95
11,789,634	Majedie UK Equity	22,119	5.10
5,090	Mirabaud Equities Europe ex-UK Small & Mid Cap	838	0.19
1,312,090	Mirae Asset Asia Sector Equity	12,754	2.94
7,303,474	Old Mutual North American Equity	16,060	3.70
6,995,432	Schroder Small Cap Discovery	6,255	1.44
8,511,665	Schroder Tokyo	7,461	1.72
370,164	THB U.S. Opportunities	4,298	0.99

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Equity Funds (continued)			
24,731	Tokio Marine Japanese Equity Focus	5,985	1.38
106,594	Vanguard US Equity Index	19,188	4.42
685,202	Wellington US Research Equity	8,091	1.87
Money Market Funds (0.13%)		7,497	1.73
7,496,873	Standard Life CNAV Sterling Liquidity Fund *	7,497	1.73
Property Funds (7.48%)		27,653	6.37
14,334,621	Janus Henderson UK Property	20,200	4.65
527,870	M&G Property Portfolio	7,453	1.72
Total investment assets		433,823	100.01
Net other liabilities		(31)	(0.01)
Total Net Assets		433,792	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	426,326
*Collective Investment Schemes classified as Cash Equivalents	7,497
Net other liabilities	(31)
Total Net Assets	433,792

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	16,982	52,923
Revenue	4	8,467	6,856
Expenses	5	(3,903)	(4,004)
Interest payable and similar charges	6	0	(3)
Net revenue before taxation		4,564	2,849
Taxation	7	(9)	0
Net revenue after taxation		4,555	2,849
Total return before distributions		21,537	55,772
Distributions	8	(4,624)	(2,849)
Change in net assets attributable to shareholders from investment activities		16,913	52,923

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	398,707	347,114
Amounts receivable on the issue of shares	51,658	52,665
Amounts payable on the cancellation of shares	(38,217)	(56,810)
	13,441	(4,145)
Dilution adjustment	28	(6)
Change in net assets attributable to shareholders from investment activities (see above)	16,913	52,923
Retained distribution on accumulation shares	4,703	2,821
Closing net assets attributable to shareholders	433,792	398,707

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		426,326	395,768
Current assets:			
Debtors	9	728	3,087
Cash and bank balances	10	0	135
Cash equivalents	11	7,497	521
		8,225	3,743
Total assets		434,551	399,511
Liabilities:			
Creditors	12	(759)	(804)
		(759)	(804)
Total liabilities		(759)	(804)
Net assets attributable to shareholders		433,792	398,707

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	16,601	52,805
ACD fee rebate on collective investment scheme holdings	364	122
Other gains	21	0
Handling charges taken from the capital account	(4)	(4)
Net capital gains	16,982	52,923
The above includes*		
Realised gains	5,282	12,395
Unrealised gains	11,319	40,410
	16,601	52,805

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	59,065	173,095
Sales		
Collective investment schemes	52,800	173,188

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.40% (2017: 0.46%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	5,218	3,789
Unfranked non-foreign component of dividend distributions	161	46
Unfranked foreign component of dividend distributions	45	0
Deemed interest distribution on distributions	359	372
Interest distributions	1,506	1,360
Bank interest	22	16
ACD fee rebate on collective investment scheme holdings	456	470
Property income distributions	700	803
Total revenue	8,467	6,856

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	3,679	3,804
Dealing charge	26	23
Registration fees	110	98
	3,815	3,925

Payable to the Depositary or associates of the Depositary, and agents of either of them:

Depositary's fees	56	48
Safe custody fee	20	20
	76	68

Other:

Audit fee	12	11
Total expenses	3,903	4,004

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	3
Total interest payable & similar charges	0	3

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Notes to the Financial Statements

(Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	6	0
Overseas taxes prior year adjustment	3	0
Total taxation (note 7b)	9	0

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	4,564	2,849
Corporation tax at 20% (2017: 20%)	913	570
Effects of:		
Revenue not subject to taxation	(1,044)	(758)
Overseas taxes	6	57
Overseas tax expensed	(1)	0
Excess allowable expenses	(81)	107
Capitalised revenue subject to taxation	73	24
Overseas withholding tax: prior year adjustment	3	0
Tax on offshore fund gains	140	0
Total tax charge for year (note 7a)	9	0

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £89,000 (2017: £169,000) due to surplus ACD expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	4,704	2,821
Add: Income deducted on cancellation of shares	136	216
Deduct: Income received on issue of shares	(216)	(188)
Net distribution for the year	4,624	2,849

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Notes to the Financial Statements

(Continued)

8 Distributions (continued)

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation	4,555	2,849
Tax relief on capitalised fees	70	0
Undistributed revenue brought forward	(1)	0
Total distributions	4,624	2,849

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	341	357
Sales awaiting settlement	0	2,000
Accrued revenue	3	1
United Kingdom income tax recoverable	69	130
Accrued rebate of Management fees on underlying investments	315	599
Total debtors	728	3,087

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	0	135
Total cash and bank balances	0	135

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	7,497	521
Total cash equivalents	7,497	521

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	429	448
Accrued expenses payable to ACD	305	339
Accrued expenses payable to the Depositary or associates of the Depositary	14	6
Other accrued expenses	11	11
Total creditors	759	804

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Notes to the Financial Statements

(Continued)

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £60,000 (2016: £93,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £4,000 (2017: £5,000) and is included in the total rebate amount disclosed in note 9.

The Sub-fund holds 7,496,873 shares (2017: 521,463) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £69,014,000 (2017: £372,000), the total sales proceeds were £62,039,000 (2017: £30,223,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	29,737	32,504
Purchase of shares by Fund	26,823	29,221
Distributions made by Fund	3,103	1,499
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	67.1%	53.2%

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	326,512,000	29,526,061	(26,463,364)	(136,114)	329,438,583
Institutional accumulation	88,974,055	13,795,213	(9,152,613)	22,915	93,639,570
Standard Life accumulation	2,304,334	858,751	(282,118)	10,372	2,891,339
Platform 1 accumulation	61,550,142	16,073,704	(8,336,616)	116,601	69,403,831

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	433,822	0	3,683	392,606	0
Total investment assets	0	433,822	0	3,683	392,606	0

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Notes to the Financial Statements

(Continued)

15 Fair Value Hierarchy (continued)

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	7,497	426,295	433,792
2017			
Currency			
UK Sterling	656	398,051	398,707

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager IV Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.8299	–	0.8299*	0.4631
Group 2	0.6249	0.2050	0.8299*	0.4631
Institutional accumulation				
Group 1	1.2570	–	1.2570*	0.9390
Group 2	0.7032	0.5538	1.2570*	0.9390
Standard Life accumulation				
Group 1	1.3966	–	1.3966*	1.0880
Group 2	0.8649	0.5317	1.3966*	1.0880
Platform 1 accumulation				
Group 1	1.0838	–	1.0838*	0.7278
Group 2	0.6299	0.4539	1.0838*	0.7278

* Distribution accumulated on 30 June 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	20 September 2010

Investment objective

The Sub-fund aims to provide a total return from a combination of income and capital appreciation over the longer term.

Investment policy

The policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve exposure to diversified investments, of primarily equities, but which may include fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have high exposure to assets providing potential for growth, such as equities.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of total return from a combination of capital appreciation and income over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest primarily in equities, but also in fixed and variable rate interest bearing securities and immoveable property. The investor must be able to accept significant temporary losses to capital due to the volatile nature of equity, bond, property and currency markets and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	86.86	73.33	72.01
Return before operating charges*	6.77	15.12	2.63
Operating charges**	(1.58)	(1.59)	(1.31)
Return after operating charges*	5.19	13.53	1.32
Distributions	(0.56)	(0.22)	(0.36)
Retained distributions on accumulation share	0.56	0.22	0.36
Closing net asset value per share	92.05	86.86	73.33
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	5.98%	18.45%	1.83%
Other information			
Closing net asset value (£'000)	156,066	146,455	122,409
Closing number of shares	169,547,733	168,606,668	166,922,975
Operating charges****	1.75%	1.93%	1.84%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	93.85	88.98	73.97
Lowest share price	86.84	73.65	65.91

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	91.10	76.43	74.42
Return before operating charges*	7.12	15.78	2.89
Operating charges**	(1.18)	(1.11)	(0.88)
Return after operating charges*	5.94	14.67	2.01
Distributions	(1.07)	(0.78)	(1.01)
Retained distributions on accumulation share	1.07	0.78	1.01
Closing net asset value per share	97.04	91.10	76.43
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.52%	19.19%	2.70%
Other information			
Closing net asset value (£'000)	44,321	41,792	35,828
Closing number of shares	45,674,541	45,873,859	46,878,505
Operating charges****	1.24%	1.29%	1.19%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	98.89	93.31	76.47
Lowest share price	91.09	76.75	68.49

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	79.59	66.52	64.49
Return before operating charges*	6.17	13.68	2.49
Operating charges**	(0.64)	(0.61)	(0.46)
Return after operating charges*	5.53	13.07	2.03
Distributions	(1.30)	(0.98)	(1.16)
Retained distributions on accumulation share	1.30	0.98	1.16
Closing net asset value per share	85.12	79.59	66.52
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.95%	19.65%	3.15%
Other information			
Closing net asset value (£'000)	2,375	1,871	962
Closing number of shares	2,790,572	2,351,218	1,446,703
Operating charges****	0.77%	0.81%	0.72%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	86.72	81.54	66.52
Lowest share price	79.61	66.76	59.49

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	84.45	71.00	69.29
Return before operating charges*	6.59	14.66	2.69
Operating charges**	(1.19)	(1.21)	(0.98)
Return after operating charges*	5.40	13.45	1.71
Distributions	(0.90)	(0.55)	(0.78)
Retained distributions on accumulation share	0.90	0.55	0.78
Closing net asset value per share	89.85	84.45	71.00
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	6.39%	18.94%	2.47%
Other information			
Closing net asset value (£'000)	50,468	47,626	39,697
Closing number of shares	56,166,231	56,395,231	55,907,687
Operating charges****	1.35%	1.51%	1.42%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	91.57	86.50	71.20
Lowest share price	84.43	71.30	63.68

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.81%)		253,895	100.26
Absolute Return Funds (19.14%)		48,586	19.19
122,800	AQR Systematic Total Return	11,398	4.50
10,220,436	Invesco Perpetual Global Targeted Returns	12,124	4.79
14,851,433	SLI Global Absolute Return Strategies	11,866	4.69
128,673	TM Fulcrum Diversified Core Absolute Return	13,198	5.21
Bond Funds (0.83%)		1,445	0.57
150,188	Neuberger Berman Emerging Markets Debt Local Currency	1,445	0.57
Equity Funds (76.11%)		201,414	79.53
9,809,366	Artemis European Opportunities	10,999	4.34
5,836,456	Artemis US Select	11,183	4.42
292,500	Brown Advisory US Small Cap Blend	3,264	1.29
2,580,657	CF Morant Wright Nippon Yield	11,519	4.55
3,857,011	Fidelity UK Smaller Companies	10,206	4.03
2,628,306	Hermes Asia Ex Japan Equity	6,992	2.76
2,824,471	Invesco Perpetual Emerging Countries	6,734	2.66
7,041,926	Invesco Perpetual European Equity Income	14,215	5.61
7,345,115	Investec UK Alpha	16,284	6.43
2,695,671	Janus Henderson Emerging Markets Opportunities	4,017	1.59
11,272,225	JO Hambro UK Dynamic	17,551	6.93
2,843,560	L&G US Index	14,798	5.84
8,023,306	Majedie UK Equity	15,052	5.94
11,090	Mirabaud Equities Europe ex-UK Small & Mid Cap	1,827	0.72
822,495	Mirae Asset Asia Sector Equity	7,995	3.16
4,798,971	Old Mutual North American Equity	10,553	4.17
4,708,612	Schroder Small Cap Discovery	4,210	1.66
5,609,553	Schroder Tokyo	4,917	1.94
261,864	THB US Opportunities	3,040	1.20
21,148	Tokio Marine Japanese Equity Focus	5,118	2.02
87,305	Vanguard US Equity Index	15,716	6.21
442,394	Wellington US Research Equity	5,224	2.06
Money Market Funds (0.80%)		2,450	0.97
2,449,930	Standard Life CNAV Sterling Liquidity Fund *	2,450	0.97

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (2.93%)		-	-
Total investment assets		253,895	100.26
Net other liabilities		(665)	(0.26)
Total Net Assets		253,230	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	251,445
*Collective Investment Schemes classified as Cash Equivalents	2,450
Net other liabilities	(665)
Total Net Assets	253,230

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	12,843	36,502
Revenue	4	4,241	3,355
Expenses	5	(2,255)	(2,292)
Interest payable and similar charges	6	0	(4)
Net revenue before taxation		1,986	1,059
Taxation	7	(6)	0
Net revenue after taxation		1,980	1,059
Total return before distributions		14,823	37,561
Distributions	8	(1,982)	(1,059)
Change in net assets attributable to shareholders from investment activities		12,841	36,502

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	237,744	198,897
Amounts receivable on the issue of shares	30,066	30,002
Amounts payable on the cancellation of shares	(29,405)	(28,718)
	661	1,284
Dilution adjustment	1	3
Change in net assets attributable to shareholders from investment activities (see above)	12,841	36,502
Retained distribution on accumulation shares	1,983	1,058
Closing net assets attributable to shareholders	253,230	237,744

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		251,445	235,381
Current assets:			
Debtors	9	355	2,617
Cash and bank balances	10	0	122
Cash equivalents	11	2,450	1,904
		2,805	4,643
Total assets		254,250	240,024
Liabilities:			
Creditors	12	(1,020)	(2,280)
		(1,020)	(2,280)
Total liabilities		(1,020)	(2,280)
Net assets attributable to shareholders		253,230	237,744

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	12,624	36,443
ACD fee rebate on collective investment scheme holdings	222	63
Handling charges taken from the capital account	(3)	(4)
Net capital gains	12,843	36,502
The above includes*		
Realised gains	2,456	9,512
Unrealised gains	10,168	26,931
	12,624	36,443

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	23,764	95,504
Sales		
Collective investment schemes	24,183	96,488

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs – an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume – active markets have a lower spread between bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.08% (2017: 0.24%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	3,512	2,456
Unfranked non-foreign component of dividend distributions	83	25
Unfranked foreign component of dividend distributions	28	0
Deemed interest distribution on distributions	208	241
Interest distributions	65	123
Bank interest	10	11
ACD fee rebate on collective investment scheme holdings	286	300
Property income distributions	49	199
Total revenue	4,241	3,355

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,095	2,145
Dealing charge	25	23
Registration fees	77	69
	2,197	2,237
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	35	33
Safe custody fee	12	11
	47	44
Other:		
Audit fee	11	11
Total expenses	2,255	2,292

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	4
Total interest payable & similar charges	0	4

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Notes to the Financial Statements

(Continued)

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	4	0
Overseas taxes prior year adjustment	2	0
Total taxation (note 7b)	6	0

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	1,986	1,059
Corporation tax at 20% (2017: 20%)	397	212
Effects of:		
Revenue not subject to taxation	(702)	(491)
Overseas taxes	4	36
Overseas tax expensed	(1)	0
Excess allowable expenses	172	230
Capitalised revenue subject to taxation	45	13
Overseas withholding tax: prior year adjustment	2	0
Tax on offshore fund gains	89	0
Total tax charge for year (note 7a)	6	0

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £698,000 (2017: £526,000) due to surplus ACD expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
Distribution	1,983	1,058
Add: Income deducted on cancellation of shares	94	93
Deduct: Income received on issue of shares	(95)	(92)
Net distribution for the year	1,982	1,059

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Notes to the Financial Statements

(Continued)

8 Distributions (continued)

Details of the distribution per share are set out in this Fund's distribution tables.

	2018 £'000	2017 £'000
(b) Difference between net revenue and distribution		
Net revenue after taxation	1,980	1,059
Tax relief on capitalised fees	2	0
Total distributions	1,982	1,059

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	153	753
Sales awaiting settlement	0	1,500
Accrued revenue	1	1
United Kingdom income tax recoverable	23	21
Accrued rebate of Management fees on underlying investments	178	342
Total debtors	355	2,617

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	0	122
Total cash and bank balances	0	122

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	2,450	1,904
Total cash equivalents	2,450	1,904

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	828	799
Purchases awaiting settlement	0	1,270
Accrued expenses payable to ACD	176	196
Accrued expenses payable to the Depositary or associates of the Depositary	4	4
Other accrued expenses	12	11
Total creditors	1,020	2,280

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Notes to the Financial Statements

(Continued)

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £37,000 (2017: £1,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £2,000 (2017: £nil) and is included in the total rebate amount in note 9.

The Sub-fund holds 2,449,930 shares (2017: 1,903,570) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was £31,277,000 (2017: £53,758,000), the total sales proceeds were £30,730,000 (2017: £54,051,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	17,997	18,139
Purchase of shares by Sub-fund	16,799	15,742
Distributions made by Sub-fund	1,237	541
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	62.4%	51.2%

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	168,606,668	16,983,673	(16,039,236)	(3,372)	169,547,733
Institutional accumulation	45,873,859	7,803,181	(8,045,710)	43,211	45,674,541
Standard Life accumulation	2,351,218	596,519	(157,165)	0	2,790,572
Platform 1 accumulation	56,395,231	8,041,325	(8,227,138)	(43,187)	56,166,231

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	253,895	0	761	236,524	0
Total investment assets	0	253,895	0	761	236,524	0

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Notes to the Financial Statements

(Continued)

15 Fair Value Hierarchy (continued)

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	2,450	250,780	253,230
2017			
Currency			
UK Sterling	2,026	235,718	237,744

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager V Fund

Distribution Tables

for the year ended 30 June 2018

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.5609	–	0.5609*	0.2185
Group 2	0.3199	0.2410	0.5609*	0.2185
Institutional accumulation				
Group 1	1.0746	–	1.0746*	0.7821
Group 2	0.6835	0.3911	1.0746*	0.7821
Standard Life accumulation				
Group 1	1.3044	–	1.3044*	0.9766
Group 2	1.0034	0.3010	1.3044*	0.9766
Platform 1 accumulation				
Group 1	0.8988	–	0.8988*	0.5464
Group 2	0.5568	0.3420	0.8988*	0.5464

* Distribution accumulated on 30 June 2018

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambri
Launch Date	14 December 2011

Investment objective

The Sub-fund aims to provide an income-focused return with some capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life Aberdeen group of companies to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a high exposure to lower risk assets, such as fixed interest.

Important Note to the Investment Policy

The Standard Life group of companies enlarged following the effective date of the merger of Standard Life plc with Aberdeen Asset Management plc (the "Effective Date") to create Standard Life Aberdeen plc (the "Combined Group"). For the present time, the Sub-Fund will continue to invest mainly in the range of collective investment schemes managed by companies that, immediately prior to the Effective Date, were in the Standard Life group.

Risk Profile

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of income with the potential of some capital appreciation over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities, and immoveable property. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital and the possibility of fluctuations in the income level due to the volatile nature of equity, bond, property and currency markets, and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	61.42	58.33	56.93
Return before operating charges*	1.32	3.97	2.24
Operating charges**	(0.82)	(0.88)	(0.84)
Return after operating charges*	0.50	3.09	1.40
Distributions	(0.88)	(0.81)	(0.60)
Retained distributions on accumulation share	0.88	0.81	0.60
Closing net asset value per share	61.92	61.42	58.33
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	0.82%	5.30%	2.46%
Other information			
Closing net asset value (£'000)	10,069	7,904	5,644
Closing number of shares	16,262,757	12,868,241	9,676,066
Operating charges****	1.32%	1.45%	1.47%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	63.09	62.58	58.17
Lowest share price	61.29	58.90	56.02

** The operating charges include all costs borne by the Sub-fund except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	63.58	60.03	58.19
Return before operating charges*	1.37	4.05	2.33
Operating charges**	(0.53)	(0.50)	(0.49)
Return after operating charges*	0.84	3.55	1.84
Distributions	(1.24)	(1.20)	(1.01)
Retained distributions on accumulation share	1.24	1.20	1.01
Closing net asset value per share	64.42	63.58	60.03
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.32%	5.91%	3.16%
Other information			
Closing net asset value (£'000)	1,883	1,519	1,124
Closing number of shares	2,922,074	2,388,873	1,873,289
Operating charges****	0.82%	0.80%	0.83%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	65.50	64.76	59.82
Lowest share price	63.66	60.62	57.52

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	53.72	52.22	52.61
Return before operating charges*	1.17	3.51	1.41
Operating charges**	(0.71)	(0.78)	(0.77)
Return after operating charges*	0.46	2.73	0.64
Distributions	(1.21)	(1.23)	(1.03)
Closing net asset value per share	52.97	53.72	52.22
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	0.86%	5.23%	1.22%
Other information			
Closing net asset value (£'000)	1	1	2
Closing number of shares	2,000	2,000	3,079
Operating charges****	1.32%	1.45%	1.47%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	54.81	55.07	53.33
Lowest share price	52.95	52.71	51.21

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	56.94	54.95	54.36
Return before operating charges*	1.23	3.70	2.11
Operating charges**	(0.47)	(0.46)	(0.45)
Return after operating charges*	0.76	3.24	1.66
Distributions	(1.28)	(1.25)	(1.07)
Closing net asset value per share	56.42	56.94	54.95
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.33%	5.90%	3.05%
Other information			
Closing net asset value (£'000)	3,172	3,197	1,427
Closing number of shares	5,621,444	5,614,899	2,597,377
Operating charges****	0.82%	0.80%	0.83%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	58.15	58.34	55.16
Lowest share price	56.35	55.47	53.23

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	54.95	52.89	52.16
Return before operating charges*	1.21	3.54	2.03
Operating charges**	(0.33)	(0.32)	(0.31)
Return after operating charges*	0.88	3.22	1.72
Distributions	(1.22)	(1.16)	(0.99)
Closing net asset value per share	54.61	54.95	52.89
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.60%	6.09%	3.30%
Other information			
Closing net asset value (£'000)	2	7	8
Closing number of shares	2,978	12,336	15,469
Operating charges****	0.59%	0.58%	0.60%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	56.16	56.29	52.94
Lowest share price	54.50	53.39	51.17

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	62.07	58.72	57.02
Return before operating charges*	1.34	3.98	2.30
Operating charges**	(0.58)	(0.63)	(0.60)
Return after operating charges*	0.76	3.35	1.70
Distributions	(1.14)	(1.05)	(0.89)
Retained distributions on accumulation share	1.14	1.05	0.89
Closing net asset value per share	62.83	62.07	58.72
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.22%	5.71%	2.98%
Other information			
Closing net asset value (£'000)	3,883	2,469	1,387
Closing number of shares	6,179,323	3,977,546	2,362,772
Operating charges****	0.91%	1.03%	1.05%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	63.89	63.23	58.72
Lowest share price	62.12	59.29	56.30

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	55.68	53.88	53.42
Return before operating charges*	1.20	3.60	2.07
Operating charges**	(0.52)	(0.58)	(0.56)
Return after operating charges*	0.68	3.02	1.51
Distributions	(1.25)	(1.22)	(1.05)
Closing net asset value per share	55.11	55.68	53.88
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.22%	5.61%	2.83%
Other information			
Closing net asset value (£'000)	1,507	1,642	1,462
Closing number of shares	2,734,974	2,947,918	2,714,024
Operating charges****	0.93%	1.03%	1.05%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	56.85	57.06	54.19
Lowest share price	55.05	54.38	52.24

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (100.27%)		20,520	100.01
Absolute Return Funds (12.66%)		2,153	10.49
121,546	SLI Absolute Return Global Bond Strategies SICAV	1,339	6.52
1,019,262	SLI Global Absolute Return Strategies	814	3.97
Bond Funds (60.99%)		12,350	60.19
2,941,104	L&G Short Dated Sterling Corporate Bond Index	1,497	7.30
2,301,818	SLI Corporate Bond	1,197	5.83
3,239,533	SLI Ethical Corporate Bond	1,796	8.75
201,819	SLI Global Corporate Bond SICAV	1,961	9.56
62,826	SLI Global Emerging Market Local Currency Debt SICAV	561	2.74
56,507	SLI Global High Yield Bond SICAV	543	2.65
881,004	SLI Global Index Linked Bond	1,348	6.57
69,293	SLI Global Short Duration Corporate Bond SICAV II	682	3.32
3,201,631	SLI Short Duration Credit	1,712	8.34
2,075,656	SLI Short Duration Global Index-Linked Bond	1,053	5.13
Equity Funds (18.66%)		4,447	21.68
329,328	BNY Mellon U.S. Equity Income	341	1.66
15,751	CC Japan Income & Growth	269	1.31
76,824	CF Morant Wright Nippon Yield	279	1.36
179,815	Invesco Perpetual Global Targeted Income	177	0.86
476,004	Schroder Asian Trust	330	1.61
1,409,045	SLI American Equity Income	911	4.44
497,057	SLI European Equity Income	472	2.30
506,918	SLI Global Emerging Markets Equity Income	348	1.69
655,451	SLI Global REIT	267	1.30
262,899	SLI UK Equity High Income	264	1.29
1,053,603	SLI UK Equity Income Unconstrained	612	3.00
1,844	TM Fulcrum Income	177	0.86
Money Market Funds (4.27%)		852	4.15
851,783	Standard Life CNAV Sterling Liquidity Fund*	852	4.15

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (3.69%)		718	3.50
649,502	SLI UK Real Estate Income Feeder	718	3.50
Total investment assets		20,520	100.01
Net other liabilities		(3)	(0.01)
Total Net Assets		20,517	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	19,668
*Collective Investment Schemes classified as Cash Equivalents	852
Net other liabilities	(3)
Total Net Assets	20,517

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital (losses)/gains	2	(126)	495
Revenue	4	401	347
Expenses	5	(119)	(109)
Interest payable and similar charges	6	0	(2)
Net revenue before taxation		282	236
Taxation	7	(1)	0
Net revenue after taxation		281	236
Total return before distributions		155	731
Distributions	8	(316)	(278)
Change in net assets attributable to shareholders from investment activities		(161)	453

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	16,738	11,055
Amounts receivable on the issue of shares	6,891	7,254
Amounts payable on the cancellation of shares	(3,186)	(2,205)
	3,705	5,049
Dilution adjustment	16	26
Change in net assets attributable to shareholders from investment activities (see above)	(161)	453
Retained distribution on accumulation shares	219	155
Closing net assets attributable to shareholders	20,517	16,738

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Assets:					
Fixed assets:					
Investment assets			19,668		16,068
Current assets:					
Debtors	9	337		102	
Cash and bank balances	10	10		1	
Cash equivalents	11	852		715	
			1,199		818
Total assets			20,867		16,886
Liabilities:					
Creditors	12	(320)		(119)	
Distribution payable		(30)		(29)	
			(350)		(148)
Total liabilities			(350)		(148)
Net assets attributable to shareholders			20,517		16,738

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities*	(156)	461
ACD fee rebate on collective investment scheme holdings	11	10
Other gains	0	1
Equalisation component of distributions from collective investment schemes	19	23
Net capital (losses)/gains	(126)	495
The above includes*		
Realised gains	166	79
Unrealised (losses)/gains	(322)	382
	(156)	461

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	8,010	8,907
Sales		
Collective investment schemes	4,284	3,780

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs – an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.71% (2017: 0.76%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	93	59
Unfranked non-foreign component of dividend distributions	26	23
Unfranked foreign component of dividend distributions	4	0
Deemed interest distribution on distributions	9	12
Interest distributions	244	230
Bank interest	4	4
ACD fee rebate on collective investment scheme holdings	21	19
Total revenue	401	347

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	81	72
Authorised Corporate Director's periodic charge taken from the capital account	12	14
Dealing charge	1	1
Dealing charge taken from the capital account	1	1
Registration fees	4	3
Registration fees taken from the capital account	4	4
	103	95
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees*	4	6
Safe custody fees*	1	1
	5	7
Other:		
Audit fee*	11	11
Expenses reimbursed by SLI (Mutual Funds) Limited	0	(4)
	11	7
Total expenses	119	109

* A proportion of these fees were re-imbursed by SLI (Mutual Funds) Limited.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Notes to the Financial Statements

(Continued)

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	2
Total interest payable & similar charges	0	2

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Overseas taxes	1	0
Total taxation (note 7b)	1	0

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	282	236
Corporation tax at 20% (2017: 20%)	56	47
Effects of:		
Revenue not subject to taxation	(18)	(12)
Overseas taxes	1	0
Distributions treated as tax deductible	(40)	(38)
Capitalised revenue subject to taxation	2	2
Revenue taxable in other periods	0	1
Total tax charge for year (note 7a)	1	0

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Notes to the Financial Statements

(Continued)

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	73	59
Second interim distribution	45	47
Third interim distribution	101	103
Final distribution	108	76
	<hr/> 327	<hr/> 285
Add: Income deducted on cancellation of shares	8	6
Deduct: Income received on issue of shares	(19)	(13)
Net distribution for the year	<hr/> 316	<hr/> 278

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation	281	236
Annual ACD charge to capital	11	14
Registration fees charged to capital	4	4
Dealing charges charged to capital	1	1
Equalisation on Collective Investment Schemes	19	23
Total distributions	<hr/> 316	<hr/> 278

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	20	1
Sales awaiting settlement	270	0
Accrued revenue	36	49
Expenses reimbursement receivable from the ACD	0	3
United Kingdom income tax recoverable	7	42
Accrued rebate of Management fees on underlying investments	4	7
Total debtors	<hr/> 337	<hr/> 102

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	10	1
Total cash and bank balances	<hr/> 10	<hr/> 1

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Notes to the Financial Statements

(Continued)

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	852	715
Total cash equivalents	852	715

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	29	99
Purchases awaiting settlement	270	0
Accrued expenses payable to ACD	9	9
Accrued expenses payable to the Depositary or associates of the Depositary	1	0
Other accrued expenses	11	11
Total creditors	320	119

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Amounts payable to or receivable from Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge, registration services and expense reimbursement are disclosed in notes 4 and 5 and any amounts due at the period end in notes 9 and 12.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the year £36,000 (2017: £28,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the year end in respect of this amounted to £2,000 (2017: £3,000) and is included in the total rebate amount disclosed in note 9.

The Sub-fund holds shares in other Standard Life Investments funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £6,681,000 (2017: £6,768,000) and the total sales proceeds were £3,105,000 (2017: £2,774,000).

The Sub-fund holds 851,783 shares (2017: 714,810) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £8,429,314 (2017: £6,768,000), the total sales proceeds were £8,292,341 (2017: £2,774,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	3,275	2,726
Purchase of shares by Sub-fund	1,118	788
Distributions made by Sub-fund	153	95
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	48.5%	45.1%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Notes to the Financial Statements

(Continued)

14 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Closing shares 2018
Retail accumulation	12,868,241	5,199,053	(1,804,537)	16,262,757
Institutional accumulation	2,388,873	1,073,516	(540,315)	2,922,074
Retail income	2,000	0	0	2,000
Institutional income	5,614,899	1,386,333	(1,379,788)	5,621,444
Standard Life income	12,336	0	(9,358)	2,978
Platform 1 accumulation	3,977,546	2,905,412	(703,635)	6,179,323
Platform 1 income	2,947,918	651,627	(864,571)	2,734,974

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	20,520	0	0	16,783	0
Total investment assets	0	20,520	0	0	16,783	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

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MyFolio Managed Income I Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	862	19,655	20,517
2017			
Currency			
UK Sterling	716	16,022	16,738

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Distribution Tables

for the three months ended 30 September 2017

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 September 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2066	–	0.2066*	0.1504
Group 2	0.0729	0.1337	0.2066*	0.1504
Institutional accumulation				
Group 1	0.3186	–	0.3186*	0.2353
Group 2	0.2921	0.0265	0.3186*	0.2353
Retail income				
Group 1	0.3290	–	0.3290**	0.2432
Group 2	–	–	–	–
Institutional income				
Group 1	0.3300	–	0.3300**	0.2495
Group 2	0.1185	0.2115	0.3300**	0.2495
Standard Life income				
Group 1	0.3108	–	0.3108**	0.2334
Group 2	–	–	–	0.2334
Platform 1 accumulation				
Group 1	0.2753	–	0.2753*	0.2025
Group 2	0.0544	0.2209	0.2753*	0.2025
Platform 1 income				
Group 1	0.3226	–	0.3226**	0.2449
Group 2	0.1668	0.1558	0.3226**	0.2449

* Distribution accumulated on 30 September 2017

** Distribution paid on 31 December 2017

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Distribution Tables

(Continued)

for the three months ended 31 December 2017

Group 1 – shares purchased prior to 1 October 2017

Group 2 – shares purchased between 1 October 2017 and 31 December 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.1019	–	0.1019*	0.1033
Group 2	0.0497	0.0522	0.1019*	0.1033
Institutional accumulation				
Group 1	0.1857	–	0.1857*	0.1866
Group 2	0.1610	0.0247	0.1857*	0.1866
Retail income				
Group 1	0.2100	–	0.2100**	0.2016
Group 2	–	–	–	–
Institutional income				
Group 1	0.2134	–	0.2134**	0.2053
Group 2	0.0813	0.1321	0.2134**	0.2053
Standard Life income				
Group 1	0.2031	–	0.2031**	0.1872
Group 2	–	–	–	0.1872
Platform 1 accumulation				
Group 1	0.1653	–	0.1653*	0.1550
Group 2	0.1090	0.0563	0.1653*	0.1550
Platform 1 income				
Group 1	0.2096	–	0.2096**	0.2010
Group 2	0.1109	0.0987	0.2096**	0.2010

* Distribution accumulated on 31 December 2017

** Distribution paid on 31 March 2018

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MyFolio Managed Income I Fund

Distribution Tables

(Continued)

for the three months ended 31 March 2018

Group 1 – shares purchased prior to 1 January 2018

Group 2 – shares purchased between 1 January 2018 and 31 March 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.2862	–	0.2862*	0.3450
Group 2	0.0953	0.1909	0.2862*	0.3450
Institutional accumulation				
Group 1	0.3686	–	0.3686*	0.4565
Group 2	0.1497	0.2189	0.3686*	0.4565
Retail income				
Group 1	0.3370	–	0.3370**	0.4505
Group 2	–	–	–	–
Institutional income				
Group 1	0.3698	–	0.3698**	0.4573
Group 2	0.1498	0.2200	0.3698**	0.4573
Standard Life income				
Group 1	0.3454	–	0.3454**	0.4287
Group 2	–	–	–	0.4287
Platform 1 accumulation				
Group 1	0.3514	–	0.3514*	0.4120
Group 2	0.0413	0.3101	0.3514*	0.4120
Platform 1 income				
Group 1	0.3613	–	0.3613**	0.4477
Group 2	0.1201	0.2412	0.3613**	0.4477

* Distribution accumulated on 31 March 2018

** Distribution paid on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income I Fund

Distribution Tables

(Continued)

for the three months ended 30 June 2018

Group 1 – shares purchased prior to 1 April 2018

Group 2 – shares purchased between 1 April 2018 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.2818	–	0.2818*	0.2158
Group 2	0.1049	0.1769	0.2818*	0.2158
Institutional accumulation				
Group 1	0.3651	–	0.3651*	0.3253
Group 2	0.1506	0.2145	0.3651*	0.3253
Retail income				
Group 1	0.3320	–	0.3320**	0.3335
Group 2	–	–	–	–
Institutional income				
Group 1	0.3655	–	0.3655**	0.3364
Group 2	0.1480	0.2175	0.3655**	0.3364
Standard Life income				
Group 1	0.3563	–	0.3563**	0.3121
Group 2	–	–	–	–
Platform 1 accumulation				
Group 1	0.3477	–	0.3477*	0.2831
Group 2	0.1636	0.1841	0.3477*	0.2831
Platform 1 income				
Group 1	0.3567	–	0.3567**	0.3294
Group 2	0.1746	0.1821	0.3567**	0.3294

* Distribution accumulated on 30 June 2018

** Distribution payable on 30 September 2018

Standard Life Investment Company III

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MyFolio Managed Income I Fund

Distribution Tables

(Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	0.00%	0.00%	0.00%	0.00%
Treat as an annual payment net of Income tax at 20%	100.00%	100.00%	100.00%	100.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	14 December 2011

Investment objective

The Sub-fund aims to provide an income-focused return with some capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life Aberdeen group of companies to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a preference towards lower risk assets, such as fixed interest.

Important Note to the Investment Policy

The Standard Life group of companies enlarged following the effective date of the merger of Standard Life plc with Aberdeen Asset Management plc (the "Effective Date") to create Standard Life Aberdeen plc (the "Combined Group"). For the present time, the Sub-Fund will continue to invest mainly in the range of collective investment schemes managed by companies that, immediately prior to the Effective Date, were in the Standard Life group.

Risk

The Sub-fund it is intended for investors who wish to participate in the opportunity to achieve a competitive level of income with the potential of some capital appreciation over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities, and immoveable property. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital and the possibility of fluctuations in the income level due to the volatile nature of equity, bond, property and currency markets, and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	67.65	62.64	61.82
Return before operating charges*	1.87	6.01	1.75
Operating charges**	(0.95)	(1.00)	(0.93)
Return after operating charges*	0.92	5.01	0.82
Distributions	(1.05)	(1.07)	(1.05)
Retained distributions on accumulation share	1.05	1.07	1.05
Closing net asset value per share	68.57	67.65	62.64
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.36%	8.00%	1.33%
Other information			
Closing net asset value (£'000)	26,635	25,860	23,207
Closing number of shares	38,841,835	38,227,311	37,049,989
Operating charges****	1.37%	1.49%	1.50%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	70.24	69.23	63.22
Lowest share price	67.27	63.43	60.02

** The operating charges include all costs borne by the Sub-fund except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	70.05	64.53	63.25
Return before operating charges*	1.87	6.11	1.83
Operating charges**	(0.62)	(0.59)	(0.55)
Return after operating charges*	1.25	5.52	1.28
Distributions	(1.38)	(1.45)	(1.52)
Retained distributions on accumulation share	1.38	1.45	1.52
Closing net asset value per share	71.30	70.05	64.53
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.78%	8.55%	2.02%
Other information			
Closing net asset value (£'000)	5,710	4,923	4,331
Closing number of shares	8,008,760	7,027,322	6,711,248
Operating charges****	0.86%	0.85%	0.87%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	72.92	71.68	65.06
Lowest share price	69.89	65.34	61.69

** The operating charges include all costs borne by the Sub-fund except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	58.16	55.26	56.19
Return before operating charges*	1.60	5.26	1.55
Operating charges**	(0.81)	(0.87)	(0.84)
Return after operating charges*	0.79	4.39	0.71
Distributions	(1.36)	(1.49)	(1.64)
Closing net asset value per share	57.59	58.16	55.26
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.36%	7.94%	1.26%
Other information			
Closing net asset value (£'000)	161	172	265
Closing number of shares	280,340	295,320	479,477
Operating charges****	1.38%	1.49%	1.50%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	59.79	59.90	57.34
Lowest share price	57.19	55.97	53.83

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	60.89	57.44	57.84
Return before operating charges*	1.62	5.43	1.65
Operating charges**	(0.53)	(0.52)	(0.50)
Return after operating charges*	1.09	4.91	1.15
Distributions	(1.37)	(1.46)	(1.55)
Closing net asset value per share	60.61	60.89	57.44
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.79%	8.55%	1.99%
Other information			
Closing net asset value (£'000)	19,755	19,884	8,679
Closing number of shares	32,594,324	32,656,506	15,107,738
Operating charges****	0.86%	0.85%	0.86%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	62.79	62.68	59.04
Lowest share price	60.12	58.18	55.77

** The operating charges include all costs borne by the Sub-fund except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	57.02	53.75	53.96
Return before operating charges*	1.49	4.92	1.51
Operating charges**	(0.37)	(0.36)	(0.34)
Return after operating charges*	1.12	4.56	1.17
Distributions	(1.22)	(1.29)	(1.38)
Closing net asset value per share	56.92	57.02	53.75
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.96%	8.48%	2.17%
Other information			
Closing net asset value (£'000)	23	22	115
Closing number of shares	39,629	37,562	213,382
Operating charges****	0.63%	0.62%	0.63%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	58.89	58.67	55.09
Lowest share price	56.43	54.44	52.12

** The operating charges include all costs borne by the Sub-fund except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	67.27	62.07	60.95
Return before operating charges*	1.81	5.91	1.78
Operating charges**	(0.67)	(0.71)	(0.66)
Return after operating charges*	1.14	5.20	1.12
Distributions	(1.26)	(1.28)	(1.36)
Retained distributions on accumulation share	1.26	1.28	1.36
Closing net asset value per share	68.41	67.27	62.07
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.69%	8.38%	1.84%
Other information			
Closing net asset value (£'000)	6,545	6,447	5,228
Closing number of shares	9,568,207	9,584,147	8,422,253
Operating charges****	0.97%	1.07%	1.08%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	69.97	68.83	62.60
Lowest share price	67.05	62.85	59.38

** The operating charges include all costs borne by the Sub-fund except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	58.88	55.68	56.18
Return before operating charges*	1.57	5.28	1.64
Operating charges**	(0.58)	(0.63)	(0.61)
Return after operating charges*	0.59	4.65	1.03
Distributions	(1.33)	(1.45)	(1.53)
Closing net asset value per share	58.54	58.88	55.68
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.68%	8.35%	1.83%
Other information			
Closing net asset value (£'000)	5,140	4,746	4,311
Closing number of shares	8,779,405	8,061,455	7,741,563
Operating charges****	0.97%	1.07%	1.08%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	60.66	60.62	57.34
Lowest share price	58.08	56.40	54.11

** The operating charges include all costs borne by the Sub-fund except for direct transaction costs.

*** The direct transaction costs are made up of, fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Portfolio Statement

		Market value £'000	Percentage of total net assets
Holding	Investment		
Collective Investment Schemes (99.82%)		64,161	100.30
Absolute Return Funds (15.23%)		7,474	11.68
289,466	SLI Absolute Return Global Bond Strategies SICAV	3,188	4.98
5,364,557	SLI Global Absolute Return Strategies	4,286	6.70
Bond Funds (45.47%)		29,502	46.11
4,260,010	SLI Corporate Bond	2,215	3.46
3,441,465	SLI Ethical Corporate Bond	1,908	2.98
803,970	SLI Global Corporate Bond SICAV	7,812	12.21
176,980	SLI Global Emerging Market Local Currency Debt SICAV	1,581	2.47
292,794	SLI Global High Yield Bond SICAV	2,815	4.40
2,597,093	SLI Global Index Linked Bond	3,974	6.21
255,836	SLI Global Short Duration Corporate Bond SICAV II	2,517	3.94
7,001,954	SLI Short Duration Credit	3,743	5.85
5,787,595	SLI Short Duration Global Index-Linked Bond	2,937	4.59
Equity Funds (31.60%)		24,383	38.13
1,986,667	BNY Mellon U.S. Equity Income	2,059	3.22
79,337	CC Japan Income & Growth	1,354	2.12
382,497	CF Morant Wright Nippon Yield	1,391	2.17
993,246	Invesco Perpetual Global Targeted Income	980	1.53
2,637,518	Schroder Asian Trust	1,827	2.86
7,608,212	SLI American Equity Income	4,919	7.69
2,877,695	SLI European Equity Income	2,735	4.28
2,877,016	SLI Global Emerging Markets Equity Income	1,974	3.09
1,991,300	SLI Global REIT	810	1.27
1,644,726	SLI UK Equity High Income	1,651	2.58
6,466,662	SLI UK Equity Income Unconstrained	3,760	5.88
9,627	TM Fulcrum Income	923	1.44
Money Market Funds (0.73%)		884	1.38
883,668	Standard Life CNAV Sterling Liquidity Fund*	884	1.38

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (6.79%)		1,918	3.00
1,736,008	SLI UK Real Estate Income Feeder	1,918	3.00
Total investment assets		64,161	100.30
Net other liabilities		(192)	(0.30)
Total Net Assets		63,969	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	63,277
*Collective Investment Schemes classified as Cash Equivalents	884
Net other liabilities	(192)
Total Net Assets	63,969

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital (losses)/gains	2	(48)	3,282
Revenue	4	1,540	1,518
Expenses	5	(374)	(393)
Interest payable and similar charges	6	0	(13)
Net revenue before taxation		1,166	1,112
Taxation	7	(124)	(149)
Net revenue after taxation		1,042	963
Total return before distributions		994	4,245
Distributions	8	(1,199)	(1,157)
Change in net assets attributable to shareholders from investment activities		(205)	3,088

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	62,054	46,134
Amounts receivable on the issue of shares	12,443	24,027
Amounts payable on the cancellation of shares	(10,965)	(11,927)
	1,478	12,100
Dilution adjustment	9	93
Change in net assets attributable to shareholders from investment activities (see above)	(205)	3,088
Retained distribution on accumulation shares	633	639
Closing net assets attributable to shareholders	63,969	62,054

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

			2018		2017	
	Notes	£'000	£'000	£'000	£'000	£'000
Assets:						
Fixed assets:						
Investment assets			63,277			61,483
Current assets:						
Debtors	9	1,519		344		
Cash and bank balances	10	25		27		
Cash equivalents	11	884		457		
			2,428			828
Total assets			65,705			62,311
Liabilities:						
Creditors	12	(1,564)		(133)		
Distribution payable		(172)		(124)		
			(1,736)			(257)
Total liabilities			(1,736)			(257)
Net assets attributable to shareholders			63,969			62,054

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities*	(170)	3,107
ACD fee rebate on collective investment scheme holdings	56	57
Equalisation component of distributions from collective investment schemes	66	118
Net capital (losses)/gains	(48)	3,282
The above includes*		
Realised gains	778	323
Unrealised (losses)/gains	(948)	2,784
	(170)	3,107

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	24,857	25,915
Sales		
Collective investment schemes	22,948	13,147

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.72% (2017: 0.95%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	603	424
Unfranked non-foreign component of dividend distributions	124	156
Unfranked foreign component of dividend distributions	18	0
Deemed interest distribution on distributions	60	87
Interest distributions	661	772
Bank interest	3	15
ACD fee rebate on collective investment scheme holdings	71	64
Total revenue	1,540	1,518

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	249	278
Authorised Corporate Director's periodic charge taken from the capital account	61	57
Dealing charge	3	3
Dealing charge taken from the capital account	3	2
Registration fees	10	9
Registration fees taken from the capital account	20	17
	346	366
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	14	12
Safe custody fee	3	6
	17	18
Other:		
Audit fee	11	11
Expenses reimbursed by SLI (Mutual Funds) Limited	0	(2)
	11	9
Total expenses	374	393

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	13
Total interest payable & similar charges	0	13

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Notes to the Financial Statements

(Continued)

7 Taxation

(a) Analysis of charge in year

	2018 £'000	2017 £'000
Corporation tax	124	149
Double taxation relief	(3)	0
Overseas taxes	3	0
Total taxation (note 7b)	124	149

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	1,166	1,112
Corporation tax at 20% (2017: 20%)	233	222
Effects of:		
Revenue not subject to taxation	(120)	(85)
Overseas taxes	3	0
Double taxation relief	(3)	0
Capitalised revenue subject to taxation	11	12
Total tax charge for year (note 7a)	124	149

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	270	213
Second interim distribution	224	217
Third interim distribution	321	421
Final distribution	385	344
	1,200	1,195
Add: Income deducted on cancellation of shares	27	25
Deduct: Income received on issue of shares	(28)	(63)
Net distribution for the year	1,199	1,157

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation	1,042	963
Annual ACD charged to capital	61	57
Registration fees charged to capital	20	17
Dealing charges charged to capital	3	2
Tax relief on capitalised fees	7	0
Equalisation component of distributions from collective investment schemes	66	118
Total distributions	1,199	1,157

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Notes to the Financial Statements

(Continued)

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	0	127
Sales awaiting settlement	1,360	0
Accrued revenue	144	187
Expenses reimbursement receivable from the ACD	0	2
Accrued rebate of Management fees on underlying investments	15	28
Total debtors	1,519	344

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	25	27
Total cash and bank balances	25	27

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	884	457
Total cash equivalents	884	457

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	76	22
Purchases awaiting settlement	1,360	0
Accrued expenses payable to ACD	27	32
Accrued expenses payable to the Depositary or associates of the Depositary	1	1
Other accrued expenses	12	11
Corporation tax payable	88	67
Total creditors	1,564	133

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Notes to the Financial Statements

(Continued)

13 Related Party Transactions (continued)

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £141,000 (2017: £120,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £8,000 (2017: £11,000) and is included in the total rebate amount disclosed in note 9.

The Sub-fund holds shares in other Standard Life Investments funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £17,766,000 and the total sales proceeds were £15,495,000.

The Sub-fund holds 883,668 shares (2017: 456,913) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £17,124,000 (2017: £21,359,000), the total sales proceeds were £16,697,000 (2017: £21,342,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	6,117	6,509
Purchase of shares by Sub-fund	5,774	5,779
Distributions made by Sub-fund	514	436
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	42.9%	41.1%

14 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	38,227,311	8,590,770	(7,976,246)	0	38,841,835
Institutional accumulation	7,027,322	2,221,336	(1,255,263)	15,365	8,008,760
Retail income	295,320	814	(15,794)	0	280,340
Institutional income	32,656,506	3,485,320	(3,547,502)	0	32,594,324
Standard Life income	37,562	2,067	0	0	39,629
Platform 1 accumulation	9,584,147	1,973,231	(1,969,224)	(19,947)	9,568,207
Platform 1 income	8,061,455	2,490,727	(1,777,339)	4,562	8,779,405

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	64,161	0	0	61,940	0
Total investment assets	0	64,161	0	0	61,940	0

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Notes to the Financial Statements

(Continued)

15 Fair Value Hierarchy (continued)

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	909	63,060	63,969
2017			
Currency			
UK Sterling	484	61,570	62,054

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Distribution Tables

for the three months ended 30 September 2017

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 September 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2230	–	0.2230*	0.1913
Group 2	0.1480	0.0750	0.2230*	0.1913
Institutional accumulation				
Group 1	0.3234	–	0.3234*	0.2836
Group 2	0.2306	0.0928	0.3234*	0.2836
Retail income				
Group 1	0.3301	–	0.3301**	0.3092
Group 2	0.2145	0.1156	0.3301**	0.3092
Institutional income				
Group 1	0.3257	–	0.3257**	0.3019
Group 2	0.1723	0.1534	0.3257**	0.3019
Standard Life income				
Group 1	0.2895	–	0.2895**	0.2629
Group 2	0.1794	0.1101	0.2895**	0.2629
Platform 1 accumulation				
Group 1	0.2796	–	0.2796*	0.2439
Group 2	0.1340	0.1456	0.2796*	0.2439
Platform 1 income				
Group 1	0.3214	–	0.3214**	0.2952
Group 2	0.1828	0.1386	0.3214**	0.2952

* Distribution accumulated on 30 September 2017

** Distribution paid on 31 December 2017

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Distribution Tables

(Continued)

for the three months ended 31 December 2017

Group 1 – shares purchased prior to 1 October 2017

Group 2 – shares purchased between 1 October 2017 and 31 December 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.1776	–	0.1776*	0.1898
Group 2	0.0668	0.1108	0.1776*	0.1898
Institutional accumulation				
Group 1	0.2589	–	0.2589*	0.2842
Group 2	0.1279	0.1310	0.2589*	0.2842
Retail income				
Group 1	0.2712	–	0.2712**	0.3095
Group 2	0.1323	0.1389	0.2712**	0.3095
Institutional income				
Group 1	0.2683	–	0.2683**	0.2938
Group 2	0.1808	0.0875	0.2683**	0.2938
Standard Life income				
Group 1	0.2361	–	0.2361**	0.2482
Group 2	0.1030	0.1331	0.2361**	0.2482
Platform 1 accumulation				
Group 1	0.2331	–	0.2331*	0.2435
Group 2	0.0958	0.1373	0.2331*	0.2435
Platform 1 income				
Group 1	0.2628	–	0.2628**	0.2951
Group 2	0.1392	0.1236	0.2628**	0.2951

* Distribution accumulated on 31 December 2017

** Distribution paid on 31 March 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Distribution Tables

(Continued)

for the three months ended 31 March 2018

Group 1 – shares purchased prior to 1 January 2018

Group 2 – shares purchased between 1 January 2018 and 31 March 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.2882	–	0.2882*	0.3809
Group 2	0.1214	0.1668	0.2882*	0.3809
Institutional accumulation				
Group 1	0.3627	–	0.3627*	0.4815
Group 2	0.2000	0.1627	0.3627*	0.4815
Retail income				
Group 1	0.3507	–	0.3507**	0.4709
Group 2	0.1663	0.1844	0.3507**	0.4709
Institutional income				
Group 1	0.3552	–	0.3552**	0.4663
Group 2	0.1227	0.2325	0.3552**	0.4663
Standard Life income				
Group 1	0.3182	–	0.3182**	0.4581
Group 2	0.1476	0.1706	0.3182**	0.4581
Platform 1 accumulation				
Group 1	0.3403	–	0.3403*	0.4324
Group 2	0.1390	0.2013	0.3403*	0.4324
Platform 1 income				
Group 1	0.3450	–	0.3450**	0.4615
Group 2	0.1804	0.1646	0.3450**	0.4615

* Distribution accumulated on 31 March 2018

** Distribution paid on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Distribution Tables

(Continued)

for the three months ended 30 June 2018

Group 1 – shares purchased prior to 1 April 2018

Group 2 – shares purchased between 1 April 2018 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.3576	–	0.3576*	0.3041
Group 2	0.1786	0.1790	0.3576*	0.3041
Institutional accumulation				
Group 1	0.4354	–	0.4354*	0.4017
Group 2	0.3161	0.1193	0.4354*	0.4017
Retail income				
Group 1	0.4090	–	0.4090**	0.3998
Group 2	0.1946	0.2144	0.4090**	0.3998
Institutional income				
Group 1	0.4164	–	0.4164**	0.4021
Group 2	0.1818	0.2346	0.4164**	0.4021
Standard Life income				
Group 1	0.3761	–	0.3761**	0.3205
Group 2	0.1747	0.2014	0.3761**	0.3205
Platform 1 accumulation				
Group 1	0.4105	–	0.4105*	0.3619
Group 2	0.1950	0.2155	0.4105*	0.3619
Platform 1 income				
Group 1	0.4036	–	0.4036**	0.3937
Group 2	0.1576	0.2460	0.4036**	0.3937

* Distribution accumulated on 30 June 2018

** Distribution payable 30 September 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income II Fund

Distribution Tables

(Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	58.51%	73.51%	64.75%	50.54%
Treat as an annual payment net of Income tax at 20%	41.49%	26.49%	35.25%	49.46%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	14 December 2011

Investment objective

The Sub-fund aims to provide an income-focused return with some capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life Aberdeen group of companies to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash.

Important Note to the Investment Policy

The Standard Life group of companies enlarged following the effective date of the merger of Standard Life plc with Aberdeen Asset Management plc (the "Effective Date") to create Standard Life Aberdeen plc (the "Combined Group"). For the present time, the Sub-Fund will continue to invest mainly in the range of collective investment schemes managed by companies that, immediately prior to the Effective Date, were in the Standard Life group.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of income with the potential of some capital appreciation over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities, and immoveable property. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital and the possibility of fluctuations in the income level due to the volatile nature of equity, bond, property and currency markets, and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	72.62	65.78	64.90
Return before operating charges*	2.93	7.95	1.89
Operating charges**	(1.07)	(1.11)	(1.01)
Return after operating charges*	1.86	6.84	0.88
Distributions	(1.40)	(1.30)	(1.28)
Retained distributions on accumulation share	1.40	1.30	1.28
Closing net asset value per share	74.48	72.62	65.78
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.56%	10.40%	1.36%
Other information			
Closing net asset value (£'000)	44,738	40,197	31,655
Closing number of shares	60,069,166	55,354,071	48,123,041
Operating charges****	1.43%	1.57%	1.55%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	76.39	74.47	66.59
Lowest share price	72.56	66.61	62.17

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	75.19	67.76	66.39
Return before operating charges*	2.95	8.11	1.97
Operating charges**	(0.71)	(0.68)	(0.60)
Return after operating charges*	2.24	7.43	1.37
Distributions	(1.77)	(1.72)	(1.77)
Retained distributions on accumulation share	1.77	1.72	1.77
Closing net asset value per share	77.43	75.19	67.76
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.98%	10.97%	2.06%
Other information			
Closing net asset value (£'000)	10,018	9,861	7,166
Closing number of shares	12,938,684	13,115,437	10,575,992
Operating charges****	0.92%	0.92%	0.90%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	79.28	77.09	68.52
Lowest share price	75.36	68.62	63.90

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	60.99	56.82	57.91
Return before operating charges*	2.44	6.81	1.64
Operating charges**	(0.88)	(0.95)	(0.89)
Return after operating charges*	1.56	5.86	0.75
Distributions	(1.65)	(1.69)	(1.84)
Closing net asset value per share	60.90	60.99	56.82
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.56%	10.31%	1.30%
Other information			
Closing net asset value (£'000)	301	191	266
Closing number of shares	495,221	313,001	467,305
Operating charges****	1.42%	1.57%	1.55%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	63.50	63.03	59.39
Lowest share price	60.17	57.55	54.70

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	63.83	59.06	59.60
Return before operating charges*	2.50	7.02	1.72
Operating charges**	(0.60)	(0.58)	(0.54)
Return after operating charges*	1.90	6.44	1.21
Distributions	(1.67)	(1.67)	(1.75)
Closing net asset value per share	64.06	63.83	59.06
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.98%	10.90%	2.03%
Other information			
Closing net asset value (£'000)	14,253	12,867	10,692
Closing number of shares	22,248,221	20,158,809	18,105,391
Operating charges****	0.92%	0.92%	0.90%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	66.66	65.92	61.14
Lowest share price	63.22	59.82	56.67

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	59.28	54.69	55.02
Return before operating charges*	2.30	6.48	1.59
Operating charges**	(0.42)	(0.41)	(0.37)
Return after operating charges*	1.88	6.07	1.22
Distributions	(1.50)	(1.48)	(1.55)
Closing net asset value per share	59.66	59.28	54.69
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.17%	11.10%	2.22%
Other information			
Closing net asset value (£'000)	233	317	224
Closing number of shares	390,826	535,304	409,113
Operating charges****	0.70%	0.70%	0.68%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	62.00	61.21	56.44
Lowest share price	58.85	55.40	52.41

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	70.94	64.04	62.87
Return before operating charges*	2.80	7.69	1.89
Operating charges**	(0.75)	(0.79)	(0.72)
Return after operating charges*	2.05	6.90	1.17
Distributions	(1.60)	(1.50)	(1.56)
Retained distributions on accumulation share	1.60	1.50	1.56
Closing net asset value per share	72.99	70.94	64.04
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.89%	10.77%	1.86%
Other information			
Closing net asset value (£'000)	9,316	9,249	7,178
Closing number of shares	12,762,640	13,037,779	11,208,045
Operating charges****	1.03%	1.15%	1.13%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	74.76	72.74	64.78
Lowest share price	71.05	64.86	60.44

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	61.06	56.62	57.26
Return before operating charges*	2.40	6.77	1.71
Operating charges**	(0.64)	(0.70)	(0.65)
Return after operating charges*	1.76	6.07	1.06
Distributions	(1.61)	(1.63)	(1.70)
Closing net asset value per share	61.21	61.06	56.62
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.88%	10.72%	1.85%
Other information			
Closing net asset value (£'000)	8,362	6,990	5,567
Closing number of shares	13,660,131	11,448,030	9,831,964
Operating charges****	1.03%	1.15%	1.13%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	63.71	63.07	58.74
Lowest share price	60.42	57.35	54.38

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.96%)		86,991	99.74
Absolute Return Funds (17.52%)		11,247	12.90
207,157	SLI Absolute Return Global Bond Strategies SICAV	2,282	2.62
11,220,450	SLI Global Absolute Return Strategies	8,965	10.28
Bond Funds (30.37%)		22,170	25.42
49,538	Neuberger Berman Emerging Markets Debt Local Currency	444	0.51
3,657,148	SLI Corporate Bond	1,901	2.18
496,287	SLI Global Corporate Bond SICAV	4,822	5.53
303,933	SLI Global Emerging Market Local Currency Debt SICAV	2,715	3.11
596,629	SLI Global High Yield Bond SICAV	5,736	6.58
1,664,953	SLI Global Index Linked Bond	2,547	2.92
148,330	SLI Global Short Duration Corporate Bond SICAV II	1,459	1.67
2,610,766	SLI Short Duration Credit	1,396	1.60
2,266,994	SLI Short Duration Global Index-Linked Bond	1,150	1.32
Equity Funds (44.45%)		44,327	50.82
2,267,726	BNY Mellon U.S. Equity Income	2,350	2.69
131,257	CC Japan Income & Growth	2,240	2.57
626,845	CF Morant Wright Nippon Yield	2,280	2.61
1,962,045	Invesco Perpetual Global Targeted Income	1,936	2.22
4,883,117	Schroder Asian Trust	3,384	3.88
14,601,037	SLI American Equity Income	9,440	10.82
4,643,944	SLI European Equity Income	4,414	5.06
4,778,888	SLI Global Emerging Markets Equity Income	3,278	3.76
6,856,684	SLI Global REIT	2,790	3.20
3,583,709	SLI UK Equity High Income	3,598	4.13
11,475,499	SLI UK Equity Income Unconstrained	6,672	7.65
20,295	TM Fulcrum Income	1,945	2.23
Money Market Funds (1.40%)		1,094	1.25
1,093,541	Standard Life CNAV Liquidity Fund*	1,094	1.25

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (6.22%)		8,153	9.35
8,048,262	SLI UK Real Estate	8,153	9.35
Total investment assets		86,991	99.74
Net other assets		230	0.26
Total Net Assets		87,221	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	85,897
*Collective Investment Schemes classified as Cash Equivalents	1,094
Net other assets	230
Total Net Assets	87,221

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	475	5,548
Revenue	4	2,296	2,041
Expenses	5	(531)	(519)
Interest payable and similar charges	6	0	(21)
Net revenue before taxation		1,765	1,501
Taxation	7	(136)	(148)
Net revenue after taxation		1,629	1,353
Total return before distributions		2,104	6,901
Distributions	8	(1,822)	(1,564)
Change in net assets attributable to shareholders from investment activities		282	5,337

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	79,673	62,748
Amounts receivable on the issue of shares	23,175	21,333
Amounts payable on the cancellation of shares	(17,208)	(10,893)
	5,967	10,440
Dilution adjustment	47	72
Change in net assets attributable to shareholders from investment activities (see above)	282	5,337
Retained distribution on accumulation shares	1,252	1,076
Closing net assets attributable to shareholders	87,221	79,673

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		85,897	78,528
Current assets:			
Debtors	9	2,737	447
Cash and bank balances	10	36	0
Cash equivalents	11	1,094	1,111
		3,867	1,558
Total assets		89,764	80,086
Liabilities:			
Creditors	12	(2,349)	(218)
Bank overdrafts	10	0	(46)
Distribution payable		(194)	(149)
		(2,543)	(413)
Total liabilities		(2,543)	(413)
Net assets attributable to shareholders		87,221	79,673

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	271	5,321
ACD fee rebate on collective investment scheme holdings	101	88
Equalisation component of distributions from collective investment schemes	103	139
Net capital gains	475	5,548
The above includes*		
Realised gains	1,436	252
Unrealised (losses)/gains	(1,165)	5,069
	271	5,321

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	34,931	18,444
Sales		
Collective investment schemes	28,029	13,624

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs-an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.17% (2017: 0.96%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	1,185	851
Unfranked non-foreign component of dividend distributions	13	6
Unfranked foreign component of dividend distributions	44	0
Deemed interest distribution on distributions	125	146
Interest distributions	674	795
Bank interest	4	25
ACD fee rebate on collective investment scheme holdings	84	71
Property income distributions	167	147
Total revenue	2,296	2,041

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	402	396
Authorised Corporate Director's periodic charge taken from the capital account	55	54
Dealing charge	4	4
Dealing charge taken from capital account	4	3
Registration fees	16	14
Registration fees taken from the capital account	17	15
	498	486
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees*	18	15
Safe custody fee*	4	10
	22	25
Other:		
Audit fee*	11	11
Expenses reimbursed by SLI (Mutual Funds) Limited	0	(3)
	11	8
Total expenses	531	519

* A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Notes to the Financial Statements

(Continued)

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	21
Total interest payable & similar charges	0	21

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	136	148
Double taxation relief	(8)	0
Adjustments in respect of prior periods	1	0
Overseas taxes	8	0
Overseas withholding tax prior year adjustment	(1)	0
Total taxation (note 7b)	136	148

(b) Factors affecting current tax charge for the year

The tax assessed for the year is the lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	1,765	1,501
Corporation tax at 20% (2017: 20%)	353	300
Effects of:		
Revenue not subject to taxation	(237)	(170)
Overseas taxes	8	0
Double taxation relief	(8)	0
Capitalised revenue subject to taxation	20	18
Total tax charge for year (note 7a)	136	148

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	353	278
Second interim distribution	297	291
Third interim distribution	544	547
Final distribution	641	478
	1,835	1,594
Add: Income deducted on cancellation of shares	49	33
Deduct: Income received on issue of shares	(62)	(63)
Net distribution for the year	1,822	1,564

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Notes to the Financial Statements

(Continued)

8 Distributions (continued)

Details of the distribution per share are set out in this Sub-fund's distribution tables.

	2018 £'000	2017 £'000
(b) Difference between net revenue and distribution		
Net revenue after taxation	1,629	1,353
Annual ACD charge to capital	55	54
Tax relief on capitalised fees	14	0
Registration fees taken from the capital account	17	15
Dealing charges taken from the capital account	4	3
Equalisation component of distributions from collective investment schemes	103	139
Total distributions	1,822	1,564

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	162	74
Sales awaiting settlement	2,250	0
Accrued revenue	301	326
Expenses reimbursement receivable from the ACD	0	3
Accrued rebate of Management fees on underlying investments	24	44
Total debtors	2,737	447

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	36	0
	36	0
Cash overdrafts at bank	0	(46)
Total cash and bank balances	36	(46)

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Liquidity Fund	1,094	1,111
Total cash equivalents	1,094	1,111

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Notes to the Financial Statements

(Continued)

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	28	79
Purchases awaiting settlement	2,250	0
Accrued expenses payable to ACD	40	45
Accrued expenses payable to the Depositary or associates of the Depositary	2	2
Other accrued expenses	11	11
Corporation tax payable	18	81
Total creditors	2,349	218

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £180,000 (2017: £159,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £12,000 (2017: (£14,000)) and is included in the total rebate amount disclosed in note 9.

The Sub-fund holds shares in other Standard Life Investments funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £22,868,000 (2017: £18,590,000) and the total sales proceeds were £21,675,000 (2017: £12,266,000).

The Sub-fund holds 1,093,541 shares (2017: 1,110,835) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £25,752,000 (2017: £20,469,000), the total sales proceeds were £25,769,000 (2017: £20,438,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	10,189	9,175
Purchase of shares by Sub-fund	7,198	3,981
Distributions made by Sub-fund	877	709
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	50.5%	49.8%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Notes to the Financial Statements

(Continued)

14 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	55,354,071	13,895,812	(9,180,717)	0	60,069,166
Institutional accumulation	13,115,437	3,812,064	(3,994,380)	5,563	12,938,684
Retail income	313,001	229,227	(26,345)	(20,662)	495,221
Institutional income	20,158,809	5,477,992	(3,477,005)	88,425	22,248,221
Standard Life income	535,304	82,900	(227,378)	0	390,826
Platform 1 accumulation	13,037,779	4,139,575	(4,408,815)	(5,899)	12,762,640
Platform 1 income	11,448,030	4,974,702	(2,690,704)	(71,897)	13,660,131

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	86,991	0	0	79,639	0
Total investment assets	0	86,991	0	0	79,639	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(a) Market Price Risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign Currency Risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest Rate Risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	1,130	86,091	87,221
2017			
Currency			
UK Sterling	1,065	78,608	79,673

(d) Credit Risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity Risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Distribution Tables

for the three months ended 30 September 2017

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 September 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2634	–	0.2634*	0.2290
Group 2	0.1430	0.1204	0.2634*	0.2290
Institutional accumulation				
Group 1	0.3775	–	0.3775*	0.3277
Group 2	0.1699	0.2076	0.3775*	0.3277
Retail income				
Group 1	0.3622	–	0.3622**	0.3433
Group 2	–	–	–	–
Institutional income				
Group 1	0.3662	–	0.3662**	0.3323
Group 2	0.1583	0.2079	0.3662**	0.3323
Standard Life income				
Group 1	0.3251	–	0.3251**	0.2903
Group 2	0.1282	0.1969	0.3251**	0.2903
Platform 1 accumulation				
Group 1	0.3237	–	0.3237*	0.2795
Group 2	0.2365	0.0872	0.3237*	0.2795
Platform 1 income				
Group 1	0.3574	–	0.3574**	0.3255
Group 2	0.2041	0.1533	0.3574**	0.3255

* Distribution accumulated on 30 September 2017

** Distribution paid on 31 December 2017

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Distribution Tables

(Continued)

for the three months ended 31 December 2017

Group 1 – shares purchased prior to 1 October 2017

Group 2 – shares purchased between 1 October 2017 and 31 December 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2118	–	0.2118*	0.2309
Group 2	0.1156	0.0962	0.2118*	0.2309
Institutional accumulation				
Group 1	0.2994	–	0.2994*	0.3318
Group 2	0.0976	0.2018	0.2994*	0.3318
Retail income				
Group 1	0.3103	–	0.3103**	0.3424
Group 2	0.1036	0.2067	0.3103**	–
Institutional income				
Group 1	0.2984	–	0.2984**	0.3353
Group 2	0.1035	0.1949	0.2984**	0.3353
Standard Life income				
Group 1	0.2620	–	0.2620**	0.2927
Group 2	0.0894	0.1726	0.2620**	0.2927
Platform 1 accumulation				
Group 1	0.2651	–	0.2651*	0.2827
Group 2	0.0995	0.1656	0.2651*	0.2827
Platform 1 income				
Group 1	0.2903	–	0.2903**	0.3277
Group 2	0.1215	0.1688	0.2903**	0.3277

* Distribution accumulated on 31 December 2017

** Distribution paid on 31 March 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Distribution Tables

(Continued)

for the three months ended 31 March 2018

Group 1 – shares purchased prior to 1 January 2018

Group 2 – shares purchased between 1 January 2018 and 31 March 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.4204	–	0.4204*	0.4611
Group 2	0.2014	0.2190	0.4204*	0.4611
Institutional accumulation				
Group 1	0.4992	–	0.4992*	0.5699
Group 2	0.2254	0.2738	0.4992*	0.5699
Retail income				
Group 1	0.4533	–	0.4533**	0.5361
Group 2	0.1129	0.3404	0.4533**	0.5361
Institutional income				
Group 1	0.4641	–	0.4641**	0.5410
Group 2	0.2014	0.2627	0.4641**	0.5410
Standard Life income				
Group 1	0.4168	–	0.4168**	0.4802
Group 2	0.1829	0.2339	0.4168**	0.4802
Platform 1 accumulation				
Group 1	0.4642	–	0.4642*	0.5088
Group 2	0.2141	0.2501	0.4642*	0.5088
Platform 1 income				
Group 1	0.4467	–	0.4467**	0.5244
Group 2	0.1605	0.2862	0.4467**	0.5244

* Distribution accumulated on 31 March 2018

** Distribution paid on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income III Fund

Distribution Tables

(Continued)

for the three months ended 30 June 2018

Group 1 – shares purchased prior to 1 April 2018

Group 2 – shares purchased between 1 April 2018 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.5007	–	0.5007*	0.3782
Group 2	0.2980	0.2027	0.5007*	0.3782
Institutional accumulation				
Group 1	0.5895	–	0.5895*	0.4865
Group 2	0.1526	0.4369	0.5895*	0.4865
Retail income				
Group 1	0.5236	–	0.5236**	0.4723
Group 2	–	–	–	–
Institutional income				
Group 1	0.5369	–	0.5369**	0.4655
Group 2	0.2920	0.2449	0.5369**	0.4655
Standard Life income				
Group 1	0.4935	–	0.4935**	0.4163
Group 2	0.3169	0.1766	0.4935**	0.4163
Platform 1 accumulation				
Group 1	0.5479	–	0.5479*	0.4265
Group 2	0.2915	0.2564	0.5479*	0.4265
Platform 1 income				
Group 1	0.5145	–	0.5145**	0.4515
Group 2	0.3379	0.1766	0.5145**	0.4515

* Distribution accumulated on 30 June 2018

** Distribution payable on 30 September 2018

Standard Life Investment Company III

Annual Report & Financial Statements

MyFolio Managed Income III Fund

Distribution Tables

(Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	69.57%	46.44%	79.32%
Treat as an annual payment net of Income tax at 20%	0.00%	30.43%	53.56%	14.49%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	14 December 2011

Investment objective

The Sub-fund aims to provide an income-focused return with some capital appreciation over the longer term.

Investment policy

The policy of the Sub-fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life Aberdeen group of companies to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a preference to those assets providing potential for growth, such as equities.

Important Note to the Investment Policy

The Standard Life group of companies enlarged following the effective date of the merger of Standard Life plc with Aberdeen Asset Management plc (the "Effective Date") to create Standard Life Aberdeen plc (the "Combined Group"). For the present time, the Sub-Fund will continue to invest mainly in the range of collective investment schemes managed by companies that, immediately prior to the Effective Date, were in the Standard Life group.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of income with the potential of some capital appreciation over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities, and immoveable property. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital and the possibility of fluctuations in the income level due to the volatile nature of equity, bond, property and currency markets, and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	76.51	68.35	67.63
Return before operating charges*	3.56	9.38	1.82
Operating charges**	(1.18)	(1.22)	(1.10)
Return after operating charges*	2.38	8.16	0.72
Distributions	(1.57)	(1.44)	(1.40)
Retained distributions on accumulation share	1.57	1.44	1.40
Closing net asset value per share	78.89	76.51	68.35
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.11%	11.94%	1.06%
Other information			
Closing net asset value (£'000)	14,698	14,435	12,392
Closing number of shares	18,629,970	18,866,715	18,129,773
Operating charges****	1.50%	1.63%	1.62%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	81.24	78.63	69.57
Lowest share price	75.92	69.29	64.23

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	78.90	70.13	68.92
Return before operating charges*	3.60	9.53	1.88
Operating charges**	(0.80)	(0.76)	(0.67)
Return after operating charges*	2.80	8.77	1.21
Distributions	(1.95)	(1.88)	(1.90)
Retained distributions on accumulation share	1.95	1.88	1.90
Closing net asset value per share	81.70	78.90	70.13
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.55%	12.51%	1.76%
Other information			
Closing net asset value (£'000)	2,750	2,181	2,130
Closing number of shares	3,365,794	2,764,321	3,037,780
Operating charges****	0.98%	0.99%	0.97%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	83.99	81.08	71.23
Lowest share price	78.54	71.10	65.76

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	63.84	58.72	60.02
Return before operating charges*	2.95	7.99	1.62
Operating charges**	(0.98)	(1.04)	(0.97)
Return after operating charges*	1.97	6.95	0.65
Distributions	(1.80)	(1.83)	(1.95)
Closing net asset value per share	64.01	63.84	58.72
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.09%	11.84%	1.08%
Other information			
Closing net asset value (£'000)	170	209	241
Closing number of shares	265,479	327,472	410,772
Operating charges****	1.51%	1.63%	1.62%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	67.04	66.14	61.80
Lowest share price	62.53	59.54	56.27

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	66.58	60.82	61.62
Return before operating charges*	3.02	8.22	1.67
Operating charges**	(0.67)	(0.65)	0.60
Return after operating charges*	2.35	7.57	1.07
Distributions	(1.82)	(1.81)	(1.87)
Closing net asset value per share	67.11	66.58	60.82
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.53%	12.45%	1.74%
Other information			
Closing net asset value (£'000)	4,421	4,732	3,746
Closing number of shares	6,588,195	7,107,690	6,159,300
Operating charges****	0.98%	0.99%	0.97%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	70.14	68.95	63.48
Lowest share price	65.48	61.67	58.10

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	61.27	55.79	56.37
Return before operating charges*	2.70	7.52	1.48
Operating charges**	(0.48)	(0.46)	(0.42)
Return after operating charges*	2.22	7.06	1.06
Distributions	(1.58)	(1.58)	(1.64)
Closing net asset value per share	61.91	61.27	55.79
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.62%	12.65%	1.88%
Other information			
Closing net asset value (£'000)	50	125	72
Closing number of shares	80,888	204,033	129,269
Operating charges****	0.76%	0.76%	0.74%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	64.64	63.40	58.06
Lowest share price	60.39	56.57	53.24

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	73.87	65.77	64.75
Return before operating charges*	3.38	8.97	1.80
Operating charges**	(0.83)	(0.87)	(0.78)
Return after operating charges*	2.55	8.10	1.02
Distributions	(1.76)	(1.64)	(1.67)
Retained distributions on accumulation share	1.76	1.64	1.67
Closing net asset value per share	76.42	73.87	65.77
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.45%	12.32%	1.58%
Other information			
Closing net asset value (£'000)	5,961	4,874	3,524
Closing number of shares	7,800,573	6,597,971	5,358,888
Operating charges****	1.09%	1.21%	1.19%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	78.58	75.91	66.82
Lowest share price	73.48	66.67	61.70

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	62.98	57.66	58.55
Return before operating charges*	2.87	7.82	1.60
Operating charges**	(0.70)	(0.76)	(0.70)
Return after operating charges*	2.17	7.06	0.90
Distributions	(1.74)	(1.74)	(1.79)
Closing net asset value per share	63.41	62.98	57.66
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.45%	12.24%	1.54%
Other information			
Closing net asset value (£'000)	3,012	3,657	2,811
Closing number of shares	4,749,246	5,807,075	4,875,666
Operating charges****	1.10%	1.21%	1.20%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	66.29	65.23	60.29
Lowest share price	61.88	58.47	55.13

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.67%)		30,943	99.62
Absolute Return Funds (19.28%)		4,241	13.65
27,599	SLI Absolute Return Global Bond Strategies SICAV	304	0.98
4,927,334	SLI Global Absolute Return Strategies	3,937	12.67
Bond Funds (18.83%)		3,042	9.80
10,559	Neuberger Berman Emerging Markets Debt Local Currency	94	0.31
51,492	SLI Global Corporate Bond SICAV	500	1.61
95,691	SLI Global Emerging Market Local Currency Debt SICAV	855	2.75
124,984	SLI Global High Yield Bond SICAV	1,202	3.87
23,935	SLI Global Short Duration Corporate Bond SICAV II	235	0.76
291,178	SLI Short Duration Credit	156	0.50
Equity Funds (52.70%)		21,558	69.40
1,674,134	BNY Mellon US Equity Income	1,735	5.59
64,170	CC Japan Income & Growth	1,095	3.52
305,478	CF Morant Wright Nippon Yield	1,111	3.58
871,869	Invesco Perpetual Global Targeted Income	860	2.77
2,131,615	Schroder Asian Trust	1,477	4.75
6,398,472	SLI American Equity Income	4,137	13.32
2,592,364	SLI European Equity Income	2,464	7.93
2,303,797	SLI Global Emerging Markets Equity Income	1,581	5.09
1,496,870	SLI Global REIT	609	1.96
2,016,450	SLI UK Equity High Income	2,025	6.52
6,244,049	SLI UK Equity Income Unconstrained	3,630	11.69
8,705	TM Fulcrum Income	834	2.68
Money Market Funds (0.94%)		224	0.72
224,482	Standard Life CNAV Sterling Liquidity Fund*	224	0.72

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (7.92%)		1,878	6.05
1,853,950	SLI UK Real Estate	1,878	6.05
Total investment assets		30,943	99.62
Net other assets		119	0.38
Total Net Assets		31,062	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.
The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	30,719
*Collective Investment Schemes classified as Cash Equivalents	224
Net other assets	119
Total Net Assets	31,062

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	380	2,546
Revenue	4	843	822
Expenses	5	(196)	(213)
Interest payable and similar charges		0	(8)
Net revenue before taxation		647	601
Taxation	6	(30)	(48)
Net revenue after taxation		617	553
Total return before distributions		997	3,099
Distributions	7	(696)	(649)
Change in net assets attributable to shareholders from investment activities		301	2,450

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	30,215	24,917
Amounts receivable on the issue of shares	7,530	7,819
Amounts payable on the cancellation of shares	(7,456)	(5,415)
	74	2,404
Dilution adjustment	0	19
Change in net assets attributable to shareholders from investment activities (see above)	301	2,450
Retained distribution on accumulation shares	472	425
Closing net assets attributable to shareholders	31,062	30,215

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		30,719	29,829
Current assets:			
Debtors	8	1,276	252
Cash and bank balances	9	70	0
Cash equivalents	10	224	285
		1,570	537
Total assets		32,289	30,366
Liabilities:			
Creditors	11	(1,157)	(63)
Bank overdrafts	9	0	(19)
Distribution payable		(70)	(69)
		(1,227)	(151)
Total liabilities		(1,227)	(151)
Net assets attributable to shareholders		31,062	30,215

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	299	2,444
ACD fee rebate on collective investment scheme holdings	39	39
Equalisation component of distributions from collective investment schemes	42	63
Net capital gains	380	2,546
The above includes*		
Realised gains	684	249
Unrealised (losses)/gains	(385)	2,195
	299	2,444

*where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	11,498	8,738
Sales		
Collective investment schemes	10,979	5,961

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.02% (2017: 1.08%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	538	402
Unfranked non-foreign component of dividend distributions	79	3
Unfranked foreign component of dividend distributions	11	0
Deemed interest distribution on distributions	0	67
Interest distributions	135	247
Bank interest	1	9
ACD fee rebate on collective investment scheme holdings	28	25
Property income distributions	51	69
Total revenue	843	822

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	137	154
Authorised Corporate Director's periodic charge taken from the capital account	22	25
Dealing charge	2	2
Dealing charge taken from the capital account	2	2
Registration fees	6	5
Registration fees taken from the capital account	7	6
	176	194
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees*	7	6
Safe custody fee*	2	5
	9	11
Other:		
Audit fee*	11	11
Expenses reimbursed by SLI (Mutual Funds) Limited	0	(3)
	11	8
Total expenses	196	213

* A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Notes to the Financial Statements

(Continued)

6 Taxation

(a) Analysis of charge in year

	2018 £'000	2017 £'000
Corporation tax	30	48
Double taxation relief	(2)	0
Overseas taxes	2	0
Total taxation (note 6b)	30	48

(b) Factors affecting current tax charge for the year

The tax assessed for the year is the same as the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	647	601
Corporation tax at 20% (2017: 20%)	129	120
Effects of:		
Revenue not subject to taxation	(107)	(80)
Overseas taxes	2	0
Double taxation relief	(2)	0
Capitalised revenue subject to taxation	8	8
Total tax charge for year (note 6a)	30	48

7 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	129	118
Second interim distribution	130	118
Third interim distribution	185	222
Final distribution	250	199
	694	657
Add: Income deducted on cancellation of shares	20	18
Deduct: Income received on issue of shares	(18)	(26)
Net distribution for the year	696	649

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation	617	553
Annual ACD charge to capital	22	25
Tax relief on capitalised fees	6	0
Registration fees taken from the capital account	7	6
Dealing charges taken from the capital account	2	2
Equalisation component of distributions from collective investment schemes	42	63
Total distributions	696	649

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Notes to the Financial Statements

(Continued)

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	72	103
Sales awaiting settlement	1,100	0
Accrued revenue	95	128
Expenses reimbursement receivable from the ACD	0	3
Accrued rebate of Management fees on underlying investments	9	18
Total debtors	1,276	252

9 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	70	0
	70	0
Cash overdrafts at bank	0	(19)
Total cash and bank balances	70	(19)

10 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	224	285
Total cash equivalents	224	285

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	23	6
Purchases awaiting settlement	1,100	0
Accrued expenses payable to ACD	13	17
Accrued expenses payable to the Depositary or associates of the Depositary	1	1
Other accrued expenses	11	11
Corporation tax payable	9	28
Total creditors	1,157	63

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Notes to the Financial Statements

(Continued)

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

A portion of the management fee rebate received by the Sub-fund, is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £74,000 (2017: £64,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £5,000 (2017: £6,000) and is included in the total rebate amount disclosed in note 8.

The Sub-fund holds shares in other Standard Life Investments funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £4,562,000 (2017: £5,650,000) and the total sales proceeds were £8,780,000 (2017: £5,339,000).

The Sub-fund holds 224,482 shares (2017: 285,194) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £10,181,000 (2017: £5,650,000), the total sales proceeds were £10,242,000 (2017: £5,339,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	2,554	2,880
Purchase of shares by Sub-fund	2,800	2,316
Distributions made by Sub-fund	333	282
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	47.8%	47.1%

13 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Closing shares 2018
Retail accumulation	18,866,715	3,275,923	(3,512,668)	18,629,970
Institutional accumulation	2,764,321	1,347,829	(746,356)	3,365,794
Retail income	327,472	8,482	(70,475)	265,479
Institutional income	7,107,690	338,437	(857,932)	6,588,195
Standard Life income	204,033	10,808	(133,953)	80,888
Platform 1 accumulation	6,597,971	4,006,477	(2,803,875)	7,800,573
Platform 1 income	5,807,075	917,329	(1,975,158)	4,749,246

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Notes to the Financial Statements

(Continued)

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	30,943	0	0	30,114	0
Total investment assets	0	30,943	0	0	30,114	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market Price Risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign Currency Risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Notes to the Financial Statements

(Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

(c) Interest Rate Risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	294	30,768	31,062
2017			
Currency			
UK Sterling	265	29,950	30,215

(d) Credit Risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity Risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Distribution Tables

for the three months ended 30 September 2017

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 September 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2724	–	0.2724*	0.2562
Group 2	0.1980	0.0744	0.2724*	0.2562
Institutional accumulation				
Group 1	0.3909	–	0.3909*	0.3582
Group 2	0.2999	0.0910	0.3909*	0.3582
Retail income				
Group 1	0.3765	–	0.3765**	0.3742
Group 2	0.2326	0.1439	0.3765**	0.3742
Institutional income				
Group 1	0.3771	–	0.3771**	0.3588
Group 2	0.2327	0.1444	0.3771**	0.3588
Standard Life income				
Group 1	0.3315	–	0.3315**	0.5947
Group 2	0.1478	0.1837	0.3315**	0.5947
Platform 1 accumulation				
Group 1	0.3313	–	0.3313*	0.3051
Group 2	0.1475	0.1838	0.3313*	0.3051
Platform 1 income				
Group 1	0.3648	–	0.3648**	0.3449
Group 2	0.1761	0.1887	0.3648**	0.3449

* Distribution accumulated on 30 September 2017

** Distribution paid on 31 December 2017

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Distribution Tables

(Continued)

for the three months ended 31 December 2017

Group 1 – shares purchased prior to 1 October 2017

Group 2 – shares purchased between 1 October 2017 and 31 December 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2816	–	0.2816*	0.2490
Group 2	0.1337	0.1479	0.2816*	0.2490
Institutional accumulation				
Group 1	0.3788	–	0.3788*	0.3569
Group 2	0.1970	0.1818	0.3788*	0.3569
Retail income				
Group 1	0.3689	–	0.3689**	0.3634
Group 2	0.0482	0.3207	0.3689**	0.3634
Institutional income				
Group 1	0.3656	–	0.3656**	0.3541
Group 2	0.2263	0.1393	0.3656**	0.3541
Standard Life income				
Group 1	0.3216	–	0.3216**	0.0235
Group 2	0.1247	0.1969	0.3216**	0.0235
Platform 1 accumulation				
Group 1	0.3371	–	0.3371*	0.3033
Group 2	0.2482	0.0889	0.3371*	0.3033
Platform 1 income				
Group 1	0.3503	–	0.3503**	0.3401
Group 2	0.1127	0.2376	0.3503**	0.3401

* Distribution accumulated on 31 December 2017

** Distribution paid on 31 March 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Distribution Tables

(Continued)

for the three months ended 31 March 2018

Group 1 – shares purchased prior to 1 January 2018

Group 2 – shares purchased between 1 January 2018 and 31 March 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.4284	–	0.4284*	0.5104
Group 2	0.2053	0.2231	0.4284*	0.5104
Institutional accumulation				
Group 1	0.5082	–	0.5082*	0.6235
Group 2	0.3108	0.1974	0.5082*	0.6235
Retail income				
Group 1	0.4623	–	0.4623**	0.5780
Group 2	0.2459	0.2164	0.4623**	0.5780
Institutional income				
Group 1	0.4671	–	0.4671**	0.5854
Group 2	0.2714	0.1957	0.4671**	0.5854
Standard Life income				
Group 1	0.3782	–	0.3782**	0.5240
Group 2	0.1549	0.2233	0.3782**	0.5240
Platform 1 accumulation				
Group 1	0.4663	–	0.4663*	0.5527
Group 2	0.2176	0.2487	0.4663*	0.5527
Platform 1 income				
Group 1	0.4409	–	0.4409**	0.5603
Group 2	0.2527	0.1882	0.4409**	0.5603

* Distribution accumulated on 31 March 2018

** Distribution paid on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Distribution Tables

(Continued)

for the three months ended 30 June 2018

Group 1 – shares purchased prior to 1 April 2018

Group 2 – shares purchased between 1 April 2018 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.5841	–	0.5841*	0.4385
Group 2	0.4289	0.1552	0.5841*	0.4385
Institutional accumulation				
Group 1	0.6722	–	0.6722*	0.5512
Group 2	0.4690	0.2032	0.6722*	0.5512
Retail income				
Group 1	0.5949	–	0.5949**	0.5241
Group 2	0.2814	0.3135	0.5949**	0.5241
Institutional income				
Group 1	0.6115	–	0.6115**	0.5213
Group 2	0.1960	0.4155	0.6115**	0.5213
Standard Life income				
Group 1	0.5505	–	0.5505**	0.4423
Group 2	0.2871	0.2634	0.5505**	0.4423
Platform 1 accumulation				
Group 1	0.6224	–	0.6224*	0.4850
Group 2	0.3532	0.2692	0.6224*	0.4850
Platform 1 income				
Group 1	0.5818	–	0.5818**	0.5004
Group 2	0.4425	0.1393	0.5818**	0.5004

* Distribution accumulated on 30 June 2018

** Distribution payable on 30 September 2018

Standard Life Investment Company III

Annual Report & Financial Statements

MyFolio Managed Income IV Fund

Distribution Tables

(Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	100.00%	57.60%	94.07%
Treat as an annual payment net of Income tax at 20%	0.00%	0.00%	42.40%	5.93%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	14 December 2011

Investment objective

The Sub-fund aims to provide an income-focused return with some capital appreciation over the longer term.

Investment policy

The policy of the Sub-fund is to invest mainly in a range of collective investment schemes managed or operated within the Standard Life Aberdeen group of companies to achieve exposure to diversified investments, of primarily equities, but which may include fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have high exposure to assets providing potential for growth, such as equities.

Important Note to the Investment Policy

The Standard Life group of companies enlarged following the effective date of the merger of Standard Life plc with Aberdeen Asset Management plc (the "Effective Date") to create Standard Life Aberdeen plc (the "Combined Group"). For the present time, the Sub-Fund will continue to invest mainly in the range of collective investment schemes managed by companies that, immediately prior to the Effective Date, were in the Standard Life group.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of income with the potential of some capital appreciation over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities, and immoveable property. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital and the possibility of fluctuations in the income level due to the volatile nature of equity, bond, property and currency markets, and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	81.44	70.94	69.13
Return before operating charges*	4.65	11.82	2.97
Operating charges**	(1.32)	(1.32)	(1.16)
Return after operating charges*	3.33	10.50	1.81
Distributions	(1.58)	(1.48)	(1.48)
Retained distributions on accumulation share	1.58	1.48	1.48
Closing net asset value per share	84.77	81.44	70.94
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.09%	14.80%	2.62%
Other information			
Closing net asset value (£'000)	7,020	5,765	4,574
Closing number of shares	8,281,326	7,077,255	6,448,692
Operating charges****	1.56%	1.68%	1.67%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	87.76	83.72	71.52
Lowest share price	80.69	71.69	64.85

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	83.73	72.56	70.22
Return before operating charges*	4.75	12.01	3.06
Operating charges**	(0.92)	(0.84)	(0.72)
Return after operating charges*	3.83	11.17	2.34
Distributions	(2.06)	(1.94)	(2.00)
Retained distributions on accumulation share	2.06	1.94	2.00
Closing net asset value per share	87.56	83.73	72.56
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.57%	15.39%	3.33%
Other information			
Closing net asset value (£'000)	655	510	333
Closing number of shares	748,597	609,391	458,684
Operating charges****	1.05%	1.04%	1.02%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	90.44	86.10	73.07
Lowest share price	83.23	73.32	66.17

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	67.27	60.53	61.08
Return before operating charges*	3.86	10.20	2.59
Operating charges**	(1.08)	(1.12)	(1.01)
Return after operating charges*	2.78	9.08	1.58
Distributions	(1.90)	(2.34)	(2.13)
Closing net asset value per share	68.15	67.27	60.53
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.13%	15.00%	2.59%
Other information			
Closing net asset value (£'000)	5	1	13
Closing number of shares	6,373	2,000	21,122
Operating charges****	1.58%	1.68%	1.67%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	71.66	69.75	62.90
Lowest share price	65.88	61.22	56.41

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	70.77	62.99	62.90
Return before operating charges*	3.99	10.37	2.70
Operating charges**	(0.77)	(0.72)	(0.64)
Return after operating charges*	3.22	9.65	2.06
Distributions	(1.93)	(1.87)	(1.97)
Closing net asset value per share	72.06	70.77	62.99
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.55%	15.32%	3.28%
Other information			
Closing net asset value (£'000)	1,319	873	544
Closing number of shares	1,830,831	1,233,519	863,663
Operating charges****	1.05%	1.04%	1.02%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	75.63	73.31	64.79
Lowest share price	69.60	63.66	58.51

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	64.17	57.23	57.10
Return before operating charges*	5.05	9.12	2.34
Operating charges**	(0.56)	(0.51)	(0.46)
Return after operating charges*	4.49	8.61	1.88
Distributions	(1.72)	(1.67)	(1.75)
Closing net asset value per share	66.94	64.17	57.23
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	7.00%	15.04%	3.29%
Other information			
Closing net asset value (£'000)	9	5	105
Closing number of shares	13,170	8,565	182,613
Operating charges****	0.82%	0.81%	0.76%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	70.17	66.90	58.83
Lowest share price	64.59	57.93	53.18

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	77.61	67.38	65.33
Return before operating charges*	4.41	11.17	2.87
Operating charges**	(0.93)	(0.94)	(0.82)
Return after operating charges*	3.48	10.23	2.05
Distributions	(1.83)	(1.66)	(1.75)
Retained distributions on accumulation share	1.83	1.66	1.75
Closing net asset value per share	81.09	77.61	67.38
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.48%	15.18%	3.14%
Other information			
Closing net asset value (£'000)	2,263	2,036	1,941
Closing number of shares	2,790,324	2,623,812	2,880,546
Operating charges****	1.16%	1.26%	1.25%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	83.78	79.80	67.87
Lowest share price	77.09	68.08	61.49

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	67.50	60.22	60.26
Return before operating charges*	3.81	9.93	2.64
Operating charges**	(0.80)	(0.83)	(0.75)
Return after operating charges*	3.01	9.10	1.89
Distributions	(1.85)	(1.82)	(1.93)
Closing net asset value per share	68.66	67.50	60.22
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.46%	15.11%	3.14%
Other information			
Closing net asset value (£'000)	901	560	437
Closing number of shares	1,312,594	828,953	725,325
Operating charges****	1.15%	1.26%	1.25%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	72.08	69.95	62.07
Lowest share price	66.32	60.85	55.99

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (98.98%)		12,118	99.56
Absolute Return Funds (19.70%)		1,625	13.35
2,033,338	SLI Global Absolute Return Strategies	1,625	13.35
Bond Funds (6.53%)		140	1.15
3,117	Neuberger Berman Emerging Markets Debt Local Currency	28	0.23
12,568	SLI Global Emerging Market Local Currency Debt SICAV	112	0.92
Equity Funds (68.29%)		10,308	84.69
769,630	BNY Mellon U.S. Equity Income	798	6.56
31,502	CC Japan Income & Growth	537	4.41
152,270	CF Morant Wright Nippon Yield	554	4.55
355,599	Invesco Perpetual Global Targeted Income	351	2.88
1,021,394	Schroder Asian Trust	708	5.82
3,485,732	SLI American Equity Income	2,253	18.51
1,320,032	SLI European Equity Income	1,255	10.31
1,048,118	SLI Global Emerging Markets Equity Income	719	5.91
972,861	SLI UK Equity High Income	977	8.03
3,115,075	SLI UK Equity Income Unconstrained	1,811	14.88
3,603	TM Fulcrum Income	345	2.83
Money Market Funds (0.71%)		45	0.37
44,743	Standard Life CNAV Sterling Liquidity Fund*	45	0.37

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (3.75%)		-	-
Total investment assets		12,118	99.56
Net other assets		54	0.44
Total Net Assets		12,172	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	12,073
*Collective Investment Schemes classified as Cash Equivalents	45
Net other assets	54
Total Net Assets	12,172

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	213	1,072
Revenue	4	289	247
Expenses	5	(82)	(77)
Interest payable and similar charges		0	(1)
Net revenue before taxation		207	169
Taxation	6	0	(2)
Net revenue after taxation		207	167
Total return before distributions		420	1,239
Distributions	7	(240)	(198)
Change in net assets attributable to shareholders from investment activities		180	1,041

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	9,750	7,947
Amounts receivable on the issue of shares	4,092	3,325
Amounts payable on the cancellation of shares	(2,050)	(2,723)
	2,042	602
Dilution adjustment	9	3
Change in net assets attributable to shareholders from investment activities (see above)	180	1,041
Retained distribution on accumulation shares	191	157
Closing net assets attributable to shareholders	12,172	9,750

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		12,073	9,582
Current assets:			
Debtors	8	596	146
Cash and bank balances	9	43	0
Cash equivalents	10	45	69
		684	215
Total assets		12,757	9,797
Liabilities:			
Creditors	11	(564)	(29)
Bank overdrafts	9	0	(7)
Distribution payable		(21)	(11)
		(585)	(47)
Total liabilities		(585)	(47)
Net assets attributable to shareholders		12,172	9,750

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	170	1,032
ACD fee rebate on collective investment scheme holdings	16	14
Equalisation component of distributions from collective investment schemes	27	26
Net capital gains	213	1,072
The above includes*		
Realised gains	160	204
Unrealised gains	10	828
	170	1,032

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	5,691	3,853
Sales		
Collective investment schemes	3,396	3,153

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.66% (2017: 0.84%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	243	173
Unfranked non-foreign component of dividend distributions	3	1
Unfranked foreign component of dividend distributions	3	0
Deemed interest distribution on distributions	18	24
Interest distributions	9	32
Bank interest	1	1
ACD fee rebate on collective investment scheme holdings	10	7
Property income distributions	2	9
Total revenue	289	247

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	60	60
Authorised Corporate Director's periodic charge taken from the capital account	5	4
Dealing charge	1	1
Registration fees	3	2
Registration fees taken from the capital account	1	1
	70	68
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees*	2	5
Safe custody fee*	1	2
	3	7
Other:		
Audit fee*	12	11
Expenses reimbursed by SLI (Mutual Funds) Limited	(3)	(9)
	9	2
Total expenses	82	77

* A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Notes to the Financial Statements

(Continued)

6 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	0	2
Total taxation (note 6b)	0	2

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	207	169
Corporation tax at 20% (2017: 20%)	41	34
Effects of:		
Revenue not subject to taxation	(48)	(35)
Excess allowable expenses	4	0
Capitalised revenue subject to taxation	3	3
Total tax charge for year (note 6a)	0	2

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £4,000 (2017: £nil) due to surplus ACD expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	41	29
Second interim distribution	48	41
Third interim distribution	60	62
Final distribution	96	64
	245	196
Add: Income deducted on cancellation of shares	5	9
Deduct: Income received on issue of shares	(10)	(7)
Net distribution for the year	240	198

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Notes to the Financial Statements

(Continued)

7 Distributions (continued)

Details of the distribution per share are set out in this Fund's distribution tables.

	2018 £'000	2017 £'000
(b) Difference between net revenue and distribution		
Net revenue after taxation	207	167
Annual ACD charge to capital	5	4
Registration fees taken from the capital account	1	1
Equalisation component of distributions from collective investment schemes	27	26
Total distributions	240	198

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	2	80
Sales awaiting settlement	540	0
Accrued revenue	47	50
Expenses reimbursement receivable from the ACD	0	8
United Kingdom income tax recoverable	3	0
Accrued Management Fee Rebate	4	8
Total debtors	596	146

9 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	43	0
	43	0
Cash overdrafts at bank	0	(7)
Total cash and bank balances	43	(7)

10 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	45	69
Total cash equivalents	45	69

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Notes to the Financial Statements

(Continued)

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	8	12
Purchases awaiting settlement	540	0
Accrued expenses payable to ACD	6	6
Other accrued expenses	10	11
Total creditors	564	29

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £27,000 (2017: £21,000) has been recognised and is included in the total rebate amounts in notes 2 and 4.

The balance due to the Sub-fund at the period end in respect of this amounted to £2,000 (2017: £2,000) and is included in the total rebate amount disclosed in note 8.

The Sub-fund holds shares in other Standard Life Investments funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £2,852,000 (2017: £2,957,000) and the total sales proceeds were £2,621,000 (2017: £2,889,000).

The Sub-fund holds 44,743 shares (2017: 69,333) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £4,238,000 (2017: £3,578,000), the total sales proceeds were £4,263,000 (2017: £3,573,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	1,716	1,620
Purchase of shares by Sub-fund	737	1,166
Distributions made by Sub-fund	139	103
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	57.8%	58.9%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Notes to the Financial Statements

(Continued)

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Closing shares 2018
Retail accumulation	7,077,255	2,079,247	(875,176)	8,281,326
Institutional accumulation	609,391	570,024	(430,818)	748,597
Retail income	2,000	4,373	0	6,373
Institutional income	1,233,519	770,991	(173,679)	1,830,831
Standard Life income	8,565	5,331	(726)	13,170
Platform 1 accumulation	2,623,812	1,096,363	(929,851)	2,790,324
Platform 1 income	828,953	590,108	(106,467)	1,312,594

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	12,118	0	0	9,651	0
Total investment assets	0	12,118	0	0	9,651	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Notes to the Financial Statements

(Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

(a) Market Price Risk

Each Sub-fund investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Sub-fund.

(b) Foreign Currency Risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest Rate Risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	88	12,084	12,172
2017			
Currency			
UK Sterling	62	9,688	9,750

(d) Credit Risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity Risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Distribution Tables

for the three months ended 30 September 2017

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 September 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2650	–	0.2650*	0.2162
Group 2	0.0851	0.1799	0.2650*	0.2162
Institutional accumulation				
Group 1	0.4098	–	0.4098*	0.3425
Group 2	0.3346	0.0752	0.4098*	0.3425
Retail income				
Group 1	0.3970	–	0.3970**	0.3362
Group 2	–	–	–	–
Institutional income				
Group 1	0.3947	–	0.3947**	0.3447
Group 2	0.1324	0.2623	0.3947**	0.3447
Standard Life income				
Group 1	0.3438	–	0.3438**	0.2217
Group 2	0.0384	0.3054	0.3438**	0.2217
Platform 1 accumulation				
Group 1	0.3341	–	0.3341*	0.2590
Group 2	0.2276	0.1065	0.3341*	0.2590
Platform 1 income				
Group 1	0.3773	–	0.3773**	0.3346
Group 2	0.2088	0.1685	0.3773**	0.3346

* Distribution accumulated on 30 September 2017

** Distribution paid on 31 December 2017

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Distribution Tables

(Continued)

for the three months ended 31 December 2017

Group 1 – shares purchased prior to 1 October 2017

Group 2 – shares purchased between 1 October 2017 and 31 December 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.3074	–	0.3074*	0.2958
Group 2	0.1388	0.1686	0.3074*	0.2958
Institutional accumulation				
Group 1	0.4287	–	0.4287*	0.4088
Group 2	0.0778	0.3509	0.4287*	0.4088
Retail income				
Group 1	0.4250	–	0.4250**	0.4067
Group 2	–	–	–	–
Institutional income				
Group 1	0.4171	–	0.4171**	0.4085
Group 2	0.2135	0.2036	0.4171**	0.4085
Standard Life income				
Group 1	0.3721	–	0.3721**	0.3945
Group 2	0.1643	0.2078	0.3721**	0.3945
Platform 1 accumulation				
Group 1	0.3759	–	0.3759*	0.3727
Group 2	0.0654	0.3105	0.3759*	0.3727
Platform 1 income				
Group 1	0.3975	–	0.3975**	0.4001
Group 2	0.3142	0.0833	0.3975**	0.4001

* Distribution accumulated on 31 December 2017

** Distribution paid on 31 March 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Distribution Tables

(Continued)

for the three months ended 31 March 2018

Group 1 – shares purchased prior to 1 January 2018

Group 2 – shares purchased between 1 January 2018 and 31 March 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.3966	–	0.3966*	0.4654
Group 2	0.3321	0.0645	0.3966*	0.4654
Institutional accumulation				
Group 1	0.4756	–	0.4756*	0.6253
Group 2	0.2048	0.2708	0.4756*	0.6253
Retail income				
Group 1	0.4432	–	0.4432**	0.7993
Group 2	0.3497	0.0935	0.4432**	–
Institutional income				
Group 1	0.4392	–	0.4392**	0.5853
Group 2	0.2077	0.2315	0.4392**	0.5853
Standard Life income				
Group 1	0.3905	–	0.3905**	0.4892
Group 2	0.2758	0.1147	0.3905**	0.4892
Platform 1 accumulation				
Group 1	0.4418	–	0.4418*	0.5069
Group 2	0.3475	0.0943	0.4418*	0.5069
Platform 1 income				
Group 1	0.4323	–	0.4323**	0.5534
Group 2	0.2934	0.1389	0.4323**	0.5534

* Distribution accumulated on 31 March 2018

** Distribution paid on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Distribution Tables

(Continued)

for the three months ended 30 June 2018

Group 1 – shares purchased prior to 1 April 2018

Group 2 – shares purchased between 1 April 2018 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.6130	–	0.6130*	0.5051
Group 2	0.4092	0.2038	0.6130*	0.5051
Institutional accumulation				
Group 1	0.7489	–	0.7489*	0.5584
Group 2	0.7082	0.0407	0.7489*	0.5584
Retail income				
Group 1	0.6348	–	0.6348**	0.7974
Group 2	–	–	–	–
Institutional income				
Group 1	0.6742	–	0.6742**	0.5312
Group 2	0.3935	0.2807	0.6742**	0.5312
Standard Life income				
Group 1	0.6130	–	0.6130**	0.5626
Group 2	0.3233	0.2897	0.6130**	0.5626
Platform 1 accumulation				
Group 1	0.6735	–	0.6735*	0.5185
Group 2	0.1896	0.4839	0.6735*	0.5185
Platform 1 income				
Group 1	0.6444	–	0.6444**	0.5295
Group 2	0.6005	0.0439	0.6444**	0.5295

* Distribution accumulated on 30 June 2018

** Distribution payable on 30 September 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Managed Income V Fund

Distribution Tables

(Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	100.00%	100.00%	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%	0.00%	0.00%	0.00%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	16 December 2011

Objective

The Sub-fund aims to provide an income-focused return with some capital appreciation over the longer term.

Policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a high exposure to lower risk assets, such as fixed interest.

Risk Profile

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of income with the potential of some capital appreciation over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities, and immoveable property. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital and the possibility of fluctuations in the income level due to the volatile nature of equity, bond, property and currency markets, and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	59.67	56.62	55.15
Return before operating charges*	1.30	4.12	2.57
Operating charges**	(0.97)	(1.00)	(0.96)
Return after operating charges*	0.33	3.12	1.61
Distributions	(1.20)	(0.74)	(0.71)
Retained distributions on accumulation share	1.20	0.67	0.57
Closing net asset value per share	60.00	59.67	56.62
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	0.56%	5.51%	2.92%
Other information			
Closing net asset value (£'000)	2,839	2,612	2,458
Closing number of shares	4,732,608	4,376,433	4,341,782
Operating charges****	1.61%	1.70%	1.74%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	61.11	60.44	56.62
Lowest share price	59.43	56.94	54.16

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	61.88	58.35	56.45
Return before operating charges*	1.35	4.29	2.77
Operating charges**	(0.69)	(0.64)	(0.62)
Return after operating charges*	0.66	3.65	2.15
Distributions	(1.55)	(1.19)	(1.22)
Retained distributions on accumulation share	1.55	1.07	0.97
Closing net asset value per share	62.54	61.88	58.35
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.06%	6.26%	3.81%
Other information			
Closing net asset value (£'000)	1,749	1,570	701
Closing number of shares	2,796,912	2,537,580	1,201,184
Operating charges****	1.10%	1.05%	1.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	63.58	62.67	58.35
Lowest share price	61.80	58.68	55.69

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	51.32	49.85	49.75
Return before operating charges*	1.13	3.60	2.03
Operating charges**	(0.83)	(0.87)	(0.86)
Return after operating charges*	0.30	2.73	1.17
Distributions	(1.57)	(1.26)	(1.07)
Closing net asset value per share	50.05	51.32	49.85
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	0.58%	5.48%	2.35%
Other information			
Closing net asset value (£'000)	150	155	155
Closing number of shares	299,232	301,818	311,794
Operating charges****	1.62%	1.70%	1.74%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	52.09	52.31	50.35
Lowest share price	50.18	50.15	48.27

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	54.47	52.57	52.02
Return before operating charges*	1.19	3.81	2.24
Operating charges**	(0.60)	(0.57)	(0.57)
Return after operating charges*	0.59	3.24	1.67
Distributions	(1.66)	(1.34)	(1.12)
Closing net asset value per share	53.40	54.47	52.57
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.08%	6.16%	3.21%
Other information			
Closing net asset value (£'000)	1,366	1,234	1,189
Closing number of shares	2,557,443	2,265,775	2,262,023
Operating charges****	1.10%	1.05%	1.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	55.37	55.51	52.69
Lowest share price	53.54	52.89	50.77

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	53.76	51.59	50.72
Return before operating charges*	1.18	3.75	2.25
Operating charges**	(0.34)	(0.31)	(0.32)
Return after operating charges*	0.84	3.44	1.93
Distributions	(1.60)	(1.27)	(1.06)
Closing net asset value per share	53.00	53.76	51.59
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.56%	6.67%	3.81%
Other information			
Closing net asset value (£'000)	2	2	2
Closing number of shares	3,862	3,168	3,440
Operating charges****	0.63%	0.58%	0.62%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	54.78	54.78	51.59
Lowest share price	53.14	51.92	49.74

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	60.32	57.07	55.31
Return before operating charges*	1.31	4.10	2.71
Operating charges**	(0.73)	(0.76)	(0.73)
Return after operating charges*	0.58	3.34	1.98
Distributions	(1.47)	(0.99)	(1.07)
Retained distributions on accumulation share	1.47	0.90	0.85
Closing net asset value per share	60.90	60.32	57.07
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	0.95%	5.85%	3.58%
Other information			
Closing net asset value (£'000)	491	364	719
Closing number of shares	806,448	603,401	1,258,966
Operating charges****	1.20%	1.28%	1.32%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	61.92	61.10	57.07
Lowest share price	60.24	57.39	54.51

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	53.85	52.08	51.62
Return before operating charges*	1.17	3.76	2.26
Operating charges**	(0.65)	(0.69)	(0.68)
Return after operating charges*	0.52	3.07	1.58
Distributions	(1.65)	(1.30)	(1.12)
Closing net asset value per share	52.72	53.85	52.08
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	0.97%	5.89%	3.06%
Other information			
Closing net asset value (£'000)	189	162	129
Closing number of shares	357,709	301,009	247,503
Operating charges****	1.21%	1.28%	1.32%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	54.70	54.88	52.28
Lowest share price	52.86	52.39	50.34

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.39%)		6,786	100.00
Absolute Return Funds (9.33%)		637	9.39
1,034	AQR Systematic Total Return	96	1.41
11,537	Payden Absolute Return Bond	112	1.66
129,401	SLI Global Absolute Return Strategies	103	1.52
2,944	Ventobel TwentyFour Absolute Return Credit	326	4.80
Bond Funds (67.86%)		4,032	59.42
407	Barings European High Yield Bond	39	0.57
99,144	Fidelity Global Inflation-Linked Bond	122	1.79
371,017	Fidelity UK Corporate Bond	481	7.09
372,190	L&G Short Dated Sterling Corporate Bond Index	189	2.79
15,466	Neuberger Berman Emerging Markets Debt Local Currency	139	2.05
1,649	Nomura US High Yield Bond	160	2.36
24,940	PIMCO GIS Global Investment Grade Credit	333	4.91
3,427	Robeco Global Credits	335	4.94
2,442	Robeco Global Credits Short Maturity	238	3.51
332,029	Royal London Global Index Linked	433	6.38
516,933	Royal London Short Duration Credit	527	7.77
205,246	Royal London Short Duration Global Index Linked Bond	212	3.12
35,486	T Rowe Price Dynamic Global Bond	343	5.05
4,797	TwentyFour Global Corporate Bond	481	7.09
Equity Funds (14.87%)		1,545	22.76
31,567	Artemis Income	81	1.19
121,743	BNY Mellon U.S. Equity Income	126	1.86
4,305	Brookfield Global Listed Real Estate	85	1.25
4,959	CC Japan Income & Growth	85	1.25
23,909	CF Morant Wright Nippon Yield	87	1.28
114,303	Invesco Perpetual European Equity Income	161	2.38
105,641	Invesco Perpetual Global Targeted Income	104	1.53
98,756	JPM US Equity Income	290	4.27
11,124	Magna Emerging Market Dividend	117	1.72
28,245	MI Chelverton UK Equity Income	38	0.56
162,403	Schroder Asian Trust	113	1.67
138,183	Threadneedle UK Equity Income	155	2.28
1,075	TM Fulcrum Income	103	1.52

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Money Market Funds (3.54%)		307	4.52
307,131	Standard Life CNAV Sterling Liquidity Fund*	307	4.52
Property Funds (3.79%)		265	3.91
230,031	Janus Henderson UK Property Feeder	265	3.91
Total investment assets		6,786	100.00
Net other assets		0	0.00
Total Net Assets		6,786	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	6,479
*Collective Investment Schemes classified as Cash Equivalents	307
Total Net Assets	6,786

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital (losses)/gains	2	(88)	235
Revenue	4	199	138
Expenses	5	(58)	(55)
Interest payable and similar charges		0	(1)
Net revenue before taxation		141	82
Taxation	6	0	0
Net revenue after taxation		141	82
Total return before distributions		53	317
Distributions	7	(159)	(101)
Change in net assets attributable to shareholders from investment activities		(106)	216

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	6,099	5,353
Amounts receivable on the issue of shares	1,762	1,780
Amounts payable on the cancellation of shares	(1,078)	(1,309)
	684	471
Dilution adjustment	1	1
Change in net assets attributable to shareholders from investment activities (see above)	(106)	216
Retained distribution on accumulation shares	108	58
Closing net assets attributable to shareholders	6,786	6,099

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Assets:					
Fixed assets:					
Investment assets			6,479		5,846
Current assets:					
Debtors	8	20		44	
Cash and bank balances	9	12		19	
Cash equivalents	10	307		216	
			339		279
Total assets			6,818		6,125
Liabilities:					
Creditors	11	(13)		(17)	
Distribution payable		(19)		(9)	
			(32)		(26)
Total liabilities			(32)		(26)
Net assets attributable to shareholders			6,786		6,099

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities*	(100)	222
Equalisation component of distributions from collective investment schemes	8	9
ACD fee rebate on collective investment scheme holdings	4	4
Net capital (losses)/gains	(88)	235
The above includes*		
Realised gains	29	111
Unrealised (losses)/gains	(129)	111
	(100)	222

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	2,732	4,306
Sales		
Collective investment schemes	2,029	3,792

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs – an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume – active markets have a lower spread between bid (the price you receive) and offer (the price you pay).

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.23% (2017: 0.26%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	42	23
Unfranked non-foreign component of dividend distributions	76	9
Deemed interest distribution on distributions	3	2
Interest distributions	75	97
Bank interest	1	3
ACD fee rebate on collective investment scheme holdings	2	4
Total revenue	199	138

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	40	40
Authorised Corporate Director's periodic charge taken from the capital account	9	9
Registration fees	2	1
Registration fees taken from the capital account	1	1
	52	51
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees*	1	5
Other:		
Audit fee*	12	12
Expenses reimbursed by SLI (Mutual Funds) Limited	(7)	(13)
	5	(1)
Total expenses	58	55

* A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Notes to the Financial Statements

(Continued)

6 Taxation

(a) Analysis of charge in year

	2018 £'000	2017 £'000
Total taxation (note 6b)	0	0

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	141	82
Corporation tax at 20% (2017: 20%)	28	16
Effects of:		
Revenue not subject to taxation	(8)	(4)
Distributions treated as tax deductible	(21)	(13)
Capitalised revenue subject to taxation	1	1
Total tax charge for year (note 6a)	0	0

7 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	28	24
Second interim distribution	40	24
Third interim distribution	27	27
Final distribution	65	27
	160	102
Add: Income deducted on cancellation of shares	4	4
Deduct: Income received on issue of shares	(5)	(5)
Net distribution for the year	159	101

Details of the distribution per share are set out in this Fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation	141	82
Annual ACD charge to capital	9	9
Registration fees taken from the capital account	1	1
Equalisation component of distributions from collective investment schemes	8	9
Total distributions	159	101

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Notes to the Financial Statements

(Continued)

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	0	3
Accrued revenue	10	9
Expenses reimbursement receivable from the ACD	0	9
United Kingdom income tax recoverable	2	9
Accrued rebate of Management fees on underlying investments	8	14
Total debtors	20	44

9 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	12	19
Total cash and bank balances	12	19

10 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	307	216
Total cash equivalents	307	216

11 Creditors

	2018 £'000	2017 £'000
Accrued expenses payable to ACD	4	5
Other accrued expenses	9	12
Total creditors	13	17

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Amounts payable to or receivable from Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge, registration services and expense reimbursement are disclosed in notes 4 and 5 and any amounts due at the period end in notes 8 and 10.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £200 (2017: £ nil) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £ nil (2017: £ nil) and is included in the total rebate amount disclosed in note 7.

The Sub-fund holds shares in other Standard Life Investments funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £24,000 (2017: £34,000) and the total sales proceeds were £17,000 (2017: £235,000).

The Sub-fund holds 307,131 shares (2017: 216,073) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £2,200,670 (2017: £2,998,000), the total sales proceeds were £2,109,613 (2017: £3,027,000).

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Notes to the Financial Statements

(Continued)

12 Related Party Transactions (continued)

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	238	441
Purchase of shares by Sub-fund	57	423
Distributions made by Sub-fund	67	33
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	42.2%	42.8%

13 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	4,376,433	377,195	(62,120)	41,100	4,732,608
Institutional accumulation	2,537,580	1,193,907	(934,575)	0	2,796,912
Retail income	301,818	48,725	(2,586)	(48,725)	299,232
Institutional income	2,265,775	845,625	(553,957)	0	2,557,443
Standard Life income	3,168	0	694	0	3,862
Platform 1 accumulation	603,401	337,550	(134,503)	0	806,448
Platform 1 income	301,009	143,697	(86,997)	0	357,709

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	6,786	0	0	6,062	0
Total investment assets	0	6,786	0	0	6,062	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Notes to the Financial Statements

(Continued)

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign currency risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Notes to the Financial Statements

(Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2018			
Currency			
UK Sterling	320	6,466	6,786
2017			
Currency			
UK Sterling	235	5,864	6,099

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Distribution Tables

for the three months ended 30 September 2017

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 September 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.1764	–	0.1764*	0.1558
Group 2	–	–	–	–
Institutional accumulation				
Group 1	0.2845	–	0.2845*	0.2385
Group 2	0.1235	0.1610	0.2845*	0.2385
Retail income				
Group 1	0.3081	–	0.3081**	0.2606
Group 2	–	–	–	–
Institutional income				
Group 1	0.3274	–	0.3274**	0.2750
Group 2	0.1205	0.2069	0.3274**	0.2750
Standard Life income				
Group 1	0.3206	–	0.3206**	0.2604
Group 2	0.1454	0.1752	0.3206**	0.2604
Platform 1 accumulation				
Group 1	0.2427	–	0.2427*	0.2051
Group 2	0.0871	0.1556	0.2427*	0.2051
Platform 1 income				
Group 1	0.3235	–	0.3235**	0.2824
Group 2	0.1325	0.1910	0.3235**	0.2824

* Distribution accumulated on 30 September 2017

** Distribution paid on 31 December 2017

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Distribution Tables

(Continued)

for the three months ended 31 December 2017

Group 1 – shares purchased prior to 1 October 2017

Group 2 – shares purchased between 1 October 2017 and 31 December 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.3179	–	0.3179*	0.1351
Group 2	0.0873	0.2306	0.3179*	0.1351
Institutional accumulation				
Group 1	0.4008	–	0.4008*	0.2400
Group 2	0.1687	0.2321	0.4008*	0.2400
Retail income				
Group 1	0.4091	–	0.4091**	0.2410
Group 2	–	–	–	–
Institutional income				
Group 1	0.4319	–	0.4319**	0.2547
Group 2	0.1889	0.2430	0.4319**	0.2547
Standard Life income				
Group 1	0.4390	–	0.4390**	0.2462
Group 2	0.1701	0.2689	0.4390**	0.2462
Platform 1 accumulation				
Group 1	0.3791	–	0.3791*	0.1840
Group 2	0.1309	0.2482	0.3791*	0.1840
Platform 1 income				
Group 1	0.4267	–	0.4267**	0.2253
Group 2	0.1496	0.2771	0.4267**	0.2253

* Distribution accumulated on 31 December 2017

** Distribution paid on 31 March 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Distribution Tables

(Continued)

for the three months ended 31 March 2018

Group 1 – shares purchased prior to 1 January 2018

Group 2 – shares purchased between 1 January 2018 and 31 March 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.1918	–	0.1918*	0.4654
Group 2	0.0318	0.1600	0.1918*	0.4654
Institutional accumulation				
Group 1	0.2669	–	0.2669*	0.6253
Group 2	0.0962	0.1707	0.2669*	0.6253
Retail income				
Group 1	0.2952	–	0.2952**	0.7993
Group 2	0.1338	0.1614	0.2952**	–
Institutional income				
Group 1	0.3070	–	0.3070**	0.5853
Group 2	0.1094	0.1976	0.3070**	0.5853
Standard Life income				
Group 1	0.2694	–	0.2694**	0.4892
Group 2	0.0904	0.1790	0.2694**	0.4892
Platform 1 accumulation				
Group 1	0.2740	–	0.2740*	0.5069
Group 2	0.1075	0.1665	0.2740*	0.5069
Platform 1 income				
Group 1	0.3161	–	0.3161**	0.5534
Group 2	0.0380	0.2781	0.3161**	0.5534

* Distribution accumulated on 31 March 2018

** Distribution paid on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income I Fund

Distribution Tables

(Continued)

for the three months ended 30 June 2018

Group 1 – shares purchased prior to 1 April 2018

Group 2 – shares purchased between 1 April 2018 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.5115	–	0.5115*	0.1869
Group 2	0.2425	0.2690	0.5115*	0.1869
Institutional accumulation				
Group 1	0.6025	–	0.6025*	0.2932
Group 2	0.4967	0.1058	0.6025*	0.2932
Retail income				
Group 1	0.5570	–	0.5570**	0.3161
Group 2	–	–	–	–
Institutional income				
Group 1	0.5940	–	0.5940**	0.3353
Group 2	0.5086	0.0854	0.5940**	0.3353
Standard Life income				
Group 1	0.5696	–	0.5696**	0.3265
Group 2	0.3654	0.2042	0.5696**	0.3265
Platform 1 accumulation				
Group 1	0.5791	–	0.5791*	0.2516
Group 2	0.3197	0.2594	0.5791*	0.2516
Platform 1 income				
Group 1	0.5865	–	0.5865**	0.3316
Group 2	0.3635	0.2230	0.5865**	0.3316

* Distribution accumulated on 30 June 2018

** Distribution payable on 30 September 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	16 December 2011

Investment objective

The Sub-fund aims to provide an income-focused return with some capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a preference towards lower risk assets, such as fixed interest.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of income with the potential of some capital appreciation over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities, and immoveable property. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital and the possibility of fluctuations in the income level due to the volatile nature of equity, bond, property and currency markets, and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	66.72	61.72	60.65
Return before operating charges*	1.92	6.20	2.20
Operating charges**	(1.14)	(1.20)	(1.13)
Return after operating charges*	0.78	5.00	1.07
Distributions	(1.33)	(1.03)	(1.11)
Retained distributions on accumulation share	1.33	1.03	1.11
Closing net asset value per share	67.50	66.72	61.72
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.17%	8.10%	1.76%
Other information			
Closing net asset value (£'000)	10,084	10,291	8,853
Closing number of shares	14,935,978	15,424,036	14,343,021
Operating charges****	1.69%	1.84%	1.86%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	68.90	67.92	61.77
Lowest share price	66.19	62.21	58.43

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-Fund pricing policy, while the price per the financial statements values the Sub-Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-Fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	69.13	63.62	62.13
Return before operating charges*	1.93	6.32	2.25
Operating charges**	(0.83)	(0.81)	(0.76)
Return after operating charges*	1.10	5.51	1.49
Distributions	(1.67)	(1.42)	(1.51)
Retained distributions on accumulation share	1.67	1.42	1.51
Closing net asset value per share	70.23	69.13	63.62
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.59%	8.66%	2.40%
Other information			
Closing net asset value (£'000)	2,964	2,371	2,323
Closing number of shares	4,220,600	3,429,735	3,651,427
Operating charges****	1.18%	1.20%	1.22%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	71.57	70.36	63.65
Lowest share price	68.79	64.17	60.13

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-Fund pricing policy, while the price per the financial statements values the Sub-Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-Fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	56.88	54.08	54.91
Return before operating charges*	1.65	5.42	1.51
Operating charges**	(0.93)	(1.04)	(1.01)
Return after operating charges*	0.68	4.38	0.50
Distributions	(1.73)	(1.58)	(1.33)
Closing net asset value per share	55.83	56.88	54.08
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.20%	8.10%	0.91%
Other information			
Closing net asset value (£'000)	253	272	289
Closing number of shares	453,687	478,514	534,924
Operating charges****	1.69%	1.84%	1.86%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	58.02	58.32	55.81
Lowest share price	55.57	54.68	52.11

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-Fund pricing policy, while the price per the financial statements values the Sub-Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-Fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	59.51	56.20	56.54
Return before operating charges*	1.67	5.59	2.06
Operating charges**	(0.71)	(0.71)	(0.69)
Return after operating charges*	0.96	4.88	1.37
Distributions	(1.75)	(1.57)	(1.71)
Closing net asset value per share	58.72	59.51	56.20
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.61%	8.68%	2.42%
Other information			
Closing net asset value (£'000)	7,115	5,875	5,220
Closing number of shares	12,116,062	9,872,724	9,289,533
Operating charges****	1.18%	1.20%	1.22%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	60.90	60.99	57.49
Lowest share price	58.39	56.75	53.98

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-Fund pricing policy, while the price per the financial statements values the Sub-Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-Fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	56.05	52.63	52.66
Return before operating charges*	1.52	5.20	1.86
Operating charges**	(0.40)	(0.40)	(0.39)
Return after operating charges*	1.12	4.80	1.47
Distributions	(1.57)	(1.38)	(1.50)
Closing net asset value per share	55.60	56.05	52.63
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.00%	9.12%	2.79%
Other information			
Closing net asset value (£'000)	8	7	6
Closing number of shares	14,918	12,799	10,627
Operating charges****	0.70%	0.72%	0.74%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	57.52	57.41	53.54
Lowest share price	55.22	53.14	50.44

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-Fund pricing policy, while the price per the financial statements values the Sub-Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-Fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	66.37	61.18	59.82
Return before operating charges*	1.87	6.11	2.22
Operating charges**	(0.87)	(0.92)	(0.86)
Return after operating charges*	1.00	5.19	1.36
Distributions	(1.55)	(1.25)	(1.38)
Retained distributions on accumulation share	1.55	1.25	1.38
Closing net asset value per share	67.37	66.37	61.18
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.51%	8.48%	2.27%
Other information			
Closing net asset value (£'000)	2,666	2,571	1,942
Closing number of shares	3,957,775	3,873,867	3,173,672
Operating charges****	1.29%	1.42%	1.44%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	68.66	67.55	61.20
Lowest share price	66.00	61.67	57.83

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-Fund pricing policy, while the price per the financial statements values the Sub-Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-Fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	57.63	54.55	55.00
Return before operating charges*	1.62	5.43	2.00
Operating charges**	(0.74)	(0.81)	(0.79)
Return after operating charges*	0.88	4.62	1.21
Distributions	(1.71)	(1.54)	(1.66)
Closing net asset value per share	56.80	57.63	54.55
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.53%	8.47%	2.20%
Other information			
Closing net asset value (£'000)	2,523	1,425	1,392
Closing number of shares	4,440,353	2,472,758	2,552,251
Operating charges****	1.27%	1.42%	1.44%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	58.92	59.06	55.91
Lowest share price	56.49	55.09	52.45

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-Fund pricing policy, while the price per the financial statements values the Sub-Fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-Fund which is used in the published shareclass price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.76%)		25,847	100.91
Absolute Return Funds (10.94%)		2,435	9.51
6,451	AQR Systematic Total Return	599	2.34
43,742	Payden Absolute Return Bond	426	1.67
786,357	SLI Global Absolute Return Strategies	628	2.45
7,067	Ventobel TwentyFour Absolute Return Credit	782	3.05
Bond Funds (48.50%)		11,834	46.20
1,888	Barings European High Yield Bond	183	0.72
646,541	Fidelity UK Corporate Bond	839	3.28
63,695	Neuberger Berman Emerging Markets Debt Local Currency	571	2.23
7,596	Nomura US High Yield Bond	736	2.87
113,194	PIMCO GIS Global Investment Grade Credit	1,513	5.91
15,519	Robeco Global Credits	1,517	5.92
10,018	Robeco Global Credits Short Maturity	975	3.81
1,217,240	Royal London Global Index Linked	1,586	6.19
756,535	Royal London Short Duration Credit	772	3.01
1,261,616	Royal London Short Duration Global Index Linked Bond	1,302	5.08
103,662	T Rowe Price Dynamic Global Bond	1,002	3.91
8,356	TwentyFour Global Corporate Bond	838	3.27
Equity Funds (32.87%)		10,442	40.77
234,417	Artemis Income	600	2.34
709,542	BNY Mellon U.S. Equity Income	735	2.87
19,178	Brookfield Global Listed Real Estate	380	1.48
30,335	CC Japan Income & Growth	518	2.02
147,575	CF Morant Wright Nippon Yield	537	2.10
783,237	Invesco Perpetual European Equity Income	1,105	4.31
647,721	Invesco Perpetual Global Targeted Income	639	2.49
425,242	JPM US Equity Income	1,250	4.88
75,387	Magna Emerging Market Dividend	791	3.09
337,819	Majedie UK Income	581	2.27
217,085	MI Chelverton UK Equity Income	291	1.14
1,044,317	Schroder Asian Trust	724	2.83
735,548	Threadneedle UK Equity Income	824	3.22
374,548	Threadneedle US Equity Income	839	3.28
6,555	TM Fulcrum Income	628	2.45

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Money Market Funds (0.62%)		421	1.64
421,092	Standard Life CNAV Sterling Liquidity Fund*	421	1.64
Property Funds (6.83%)		715	2.79
620,519	Janus Henderson UK Property Feeder	715	2.79
Total investment assets		25,847	100.91
Net other liabilities		(237)	(0.91)
Total Net Assets		25,610	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	25,426
*Collective Investment Schemes classified as Cash Equivalents	421
Net other liabilities	(237)
Total Net Assets	25,610

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital (losses)/gains	2	(218)	1,343
Revenue	4	802	618
Expenses	5	(218)	(210)
Interest payable and similar charges		0	(3)
Net revenue before taxation		584	405
Taxation	6	(62)	(46)
Net revenue after taxation		522	359
Total return before distributions		304	1,702
Distributions	7	(611)	(431)
Change in net assets attributable to shareholders from investment activities		(307)	1,271

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	22,812	20,025
Amounts receivable on the issue of shares	8,159	5,359
Amounts payable on the cancellation of shares	(5,395)	(4,088)
	2,764	1,271
Dilution adjustment	4	3
Change in net assets attributable to shareholders from investment activities (see above)	(307)	1,271
Retained distribution on accumulation shares	337	242
Closing net assets attributable to shareholders	25,610	22,812

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		25,426	22,616
Current assets:			
Debtors	8	600	189
Cash and bank balances	9	13	9
Cash equivalents	10	421	142
		1,034	340
Total assets		26,460	22,956
Liabilities:			
Creditors	11	(740)	(87)
Distribution payable		(110)	(57)
		(850)	(144)
Total liabilities		(850)	(144)
Net assets attributable to shareholders		25,610	22,812

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities*	(271)	1,300
ACD fee rebate on collective investment scheme holdings	23	21
Other losses*	0	(4)
Equalisation component of distributions from collective investment schemes	30	26
Net capital (losses)/gains	(218)	1,343
The above includes*		
Realised gains	194	356
Unrealised (losses)/gains	(465)	944
	(271)	1,300

*where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	13,516	13,117
Sales		
Collective investment schemes	10,544	11,630

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.19% (2017: 0.42%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	296	194
Unfranked non-foreign component of dividend distributions	46	61
Unfranked foreign component of dividend distributions	1	0
Deemed interest distribution on distributions	8	12
Interest distributions	442	334
Bank interest	2	3
ACD fee rebate on collective investment scheme holdings	7	14
Total revenue	802	618

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	139	143
Authorised Corporate Director's periodic charge taken from the capital account	47	39
Dealing charge	1	1
Dealing charge taken from the capital account	1	1
Registration fees	5	4
Registration fees taken from the capital account	7	6
	200	194
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees	6	5
Safe custody fee	1	1
	7	6
Other:		
Audit fee*	11	11
Expenses reimbursed by SLI (Mutual Funds) Limited	0	(1)
	11	10
Total expenses	218	210

* A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Notes to the Financial Statements

(Continued)

6 Taxation

(a) Analysis of charge in year

	2018 £'000	2017 £'000
Corporation tax	63	46
Total current tax	63	46
Deferred tax (note 6c)	(1)	0
Total taxation (note 6b)	62	46

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	584	405
Corporation tax at 20% (2017: 20%)	117	81
Effects of:		
Revenue not subject to taxation	(59)	(39)
Capitalised revenue subject to taxation	4	4
Total tax charge for year (note 6a)	62	46

(c) Deferred tax

Deferred tax charge at the start of the year	2	2
Deferred tax charge in statement of total return for year (note 6a)	(1)	0
Provision at the end of the year	1	2

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

7 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	84	90
Second interim distribution	157	120
Third interim distribution	129	87
Final distribution	252	136
	622	433
Add: Income deducted on cancellation of shares	18	15
Deduct: Income received on issue of shares	(29)	(17)
Net distribution for the year	611	431

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Notes to the Financial Statements

(Continued)

7 Distributions (continued)

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distribution

	2018 £'000	2017 £'000
Net revenue after taxation	522	359
Annual ACD charged to capital	48	39
Registration fee charged to capital	7	6
Dealing charges charged to capital	1	1
Tax relief on capitalised fees	3	0
Equalisation component of distributions from collective investment schemes	30	26
Total distributions	611	431

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	0	49
Sales awaiting settlement	520	0
Accrued revenue	41	74
Expenses reimbursement receivable from the ACD	0	3
United Kingdom income tax recoverable	1	2
Accrued rebate of Management fees on underlying investments	38	61
Total debtors	600	189

9 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	13	9
Total cash and bank balances	13	9

10 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	421	142
Total cash equivalents	421	142

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Notes to the Financial Statements

(Continued)

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	138	4
Purchases awaiting settlement	520	0
Accrued expenses payable to ACD	16	17
Accrued expenses payable to the Depositary or associates of the Depositary	1	1
Other accrued expenses	11	11
Corporation tax payable	53	12
Deferred tax payable	1	2
Sundry	0	40
Total creditors	740	87

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Amounts payable to or receivable from Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge, registration services and expense reimbursement are disclosed in notes 4 and 5 and any amounts due at the year end in notes 8 and 10.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £1,600 (2017: £3,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £100 (2017: £ nil).

The Sub-fund holds shares in other Standard Life Investments funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £35,000 (2017: £12,000) and the total sales proceeds were £85,000 (2017: £1,428,000).

The Sub-fund holds 421,092 shares (2017: 142,044) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £7,938,000 (2017: £7,444,000), the total sales proceeds were £7,659,000 (2017: £7,492,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	1,784	2,338
Purchase of shares by Sub-fund	2,086	1,605
Distributions made by Sub-fund	229	161
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	37.8%	44.4%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Notes to the Financial Statements

(Continued)

13 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Closing shares 2018
Retail accumulation	15,424,036	2,635,749	(3,123,807)	14,935,978
Institutional accumulation	3,429,735	1,841,449	(1,050,584)	4,220,600
Retail income	478,514	1,734	(26,561)	453,687
Institutional income	9,872,724	4,096,977	(1,853,639)	12,116,062
Standard Life income	12,799	2,119	0	14,918
Platform 1 accumulation	3,873,867	1,314,039	(1,230,131)	3,957,775
Platform 1 income	2,472,758	3,028,048	(1,060,453)	4,440,353

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	25,847	0	0	22,758	0
Total investment assets	0	25,847	0	0	22,758	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Notes to the Financial Statements

(Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

(a) Market Price Risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign Currency Risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest Rate Risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	434	25,176	25,610
2017			
Currency			
UK Sterling	151	22,661	22,812

(d) Credit Risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity Risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Distribution Tables

for the three months ended 30 September 2017

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 September 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.1579	–	0.1579*	0.2941
Group 2	0.0209	0.1370	0.1579*	0.2941
Institutional accumulation				
Group 1	0.2542	–	0.2542*	0.3953
Group 2	0.0761	0.1781	0.2542*	0.3953
Retail income				
Group 1	0.3059	–	0.3059**	0.4264
Group 2	–	–	–	0.4264
Institutional income				
Group 1	0.3002	–	0.3002**	0.4250
Group 2	0.1213	0.1789	0.3002**	0.4250
Standard Life income				
Group 1	0.2614	–	0.2614**	0.3622
Group 2	0.0979	0.1635	0.2614**	0.3622
Platform 1 accumulation				
Group 1	0.2138	–	0.2138*	0.3408
Group 2	0.0534	0.1604	0.2138*	0.3408
Platform 1 income				
Group 1	0.2974	–	0.2974**	0.4082
Group 2	0.1633	0.1341	0.2974**	0.4082

* Distribution accumulated on 30 September 2017

** Distribution paid on 31 December 2017

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Distribution Tables

(Continued)

for the three months ended 31 December 2017

Group 1 – shares purchased prior to 1 October 2017

Group 2 – shares purchased between 1 October 2017 and 31 December 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.3349	–	0.3349*	0.3452
Group 2	0.1453	0.1896	0.3349*	0.3452
Institutional accumulation				
Group 1	0.4224	–	0.4224*	0.4553
Group 2	0.1053	0.3171	0.4224*	0.4553
Retail income				
Group 1	0.4365	–	0.4365**	0.5862
Group 2	0.1545	0.2820	0.4365**	–
Institutional income				
Group 1	0.4440	–	0.4440**	0.4735
Group 2	0.2148	0.2292	0.4440**	0.4735
Standard Life income				
Group 1	0.3971	–	0.3971**	0.4081
Group 2	0.1569	0.2402	0.3971**	0.4081
Platform 1 accumulation				
Group 1	0.3883	–	0.3883*	0.3890
Group 2	0.0982	0.2901	0.3883*	0.3890
Platform 1 income				
Group 1	0.4384	–	0.4384**	0.4525
Group 2	0.1440	0.2944	0.4384**	0.4525

* Distribution accumulated on 31 December 2017

** Distribution paid on 31 March 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Distribution Tables

(Continued)

for the three months ended 31 March 2018

Group 1 – shares purchased prior to 1 January 2018

Group 2 – shares purchased between 1 January 2018 and 31 March 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.2550	–	0.2550*	0.1880
Group 2	0.1063	0.1487	0.2550*	0.1880
Institutional accumulation				
Group 1	0.3295	–	0.3295*	0.2812
Group 2	0.0674	0.2621	0.3295*	0.2812
Retail income				
Group 1	0.3531	–	0.3531**	0.3314
Group 2	–	–	–	–
Institutional income				
Group 1	0.3584	–	0.3584**	0.3265
Group 2	0.1551	0.2033	0.3584**	0.3265
Standard Life income				
Group 1	0.3157	–	0.3157**	0.2861
Group 2	0.1309	0.1848	0.3157**	0.2861
Platform 1 accumulation				
Group 1	0.3097	–	0.3097*	0.2411
Group 2	0.1187	0.1910	0.3097*	0.2411
Platform 1 income				
Group 1	0.3481	–	0.3481**	0.3232
Group 2	0.1205	0.2276	0.3481**	0.3232

* Distribution accumulated on 31 March 2018

** Distribution paid on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Distribution Tables

(Continued)

for the three months ended 30 June 2018

Group 1 – shares purchased prior to 1 April 2018

Group 2 – shares purchased between 1 April 2018 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.5804	–	0.5804*	0.3211
Group 2	0.2811	0.2993	0.5804*	0.3211
Institutional accumulation				
Group 1	0.6659	–	0.6659*	0.4221
Group 2	0.4214	0.2445	0.6659*	0.4221
Retail income				
Group 1	0.6227	–	0.6227**	0.4482
Group 2	–	–	–	–
Institutional income				
Group 1	0.6414	–	0.6414**	0.4486
Group 2	0.3516	0.2898	0.6414**	0.4486
Standard Life income				
Group 1	0.5876	–	0.5876**	0.3976
Group 2	0.3817	0.2059	0.5876**	0.3976
Platform 1 accumulation				
Group 1	0.6321	–	0.6321*	0.3768
Group 2	0.4136	0.2185	0.6321*	0.3768
Platform 1 income				
Group 1	0.6220	–	0.6220**	0.4366
Group 2	0.4694	0.1526	0.6220**	0.4366

* Distribution accumulated on 30 June 2018

** Distribution payable on 30 September 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income II Fund

Distribution Tables

(Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	59.64%	60.98%	79.94%	47.61%
Treat as an annual payment net of Income tax at 20%	40.36%	39.02%	20.06%	52.39%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	16 December 2011

Investment objective

The Sub-fund aims to provide an income-focused return with some capital appreciation over the longer term.

Investment policy

The policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of income with the potential of some capital appreciation over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities, and immoveable property. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital and the possibility of fluctuations in the income level due to the volatile nature of equity, bond, property and currency markets, and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	73.33	66.22	64.52
Return before operating charges*	2.77	8.46	2.93
Operating charges**	(1.34)	(1.35)	(1.23)
Return after operating charges*	1.43	7.11	1.70
Distributions	(1.77)	(1.28)	(1.39)
Retained distributions on accumulation share	1.77	1.28	1.39
Closing net asset value per share	74.76	73.33	66.22
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.95%	10.74%	2.63%
Other information			
Closing net asset value (£'000)	28,257	27,214	24,007
Closing number of shares	37,798,026	37,110,525	36,251,785
Operating charges****	1.79%	1.90%	1.90%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	76.58	74.86	66.25
Lowest share price	72.95	66.72	61.43

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	76.06	68.33	66.12
Return before operating charges*	2.80	8.65	3.04
Operating charges**	(1.00)	(0.92)	(0.83)
Return after operating charges*	1.80	7.73	2.21
Distributions	(2.15)	(1.70)	(1.89)
Retained distributions on accumulation share	2.15	1.70	1.89
Closing net asset value per share	77.86	76.06	68.33
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.37%	11.31%	3.34%
Other information			
Closing net asset value (£'000)	8,601	9,134	7,281
Closing number of shares	11,046,684	12,007,661	10,655,151
Operating charges****	1.28%	1.25%	1.25%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	79.63	77.64	68.33
Lowest share price	75.91	68.84	63.25

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	60.72	56.49	57.02
Return before operating charges*	2.28	7.17	2.56
Operating charges**	(1.10)	(1.14)	(1.07)
Return after operating charges*	1.18	6.03	1.49
Distributions	(2.09)	(1.80)	(2.02)
Closing net asset value per share	59.81	60.72	56.49
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	1.94%	10.67%	2.61%
Other information			
Closing net asset value (£'000)	223	368	348
Closing number of shares	373,334	605,862	616,765
Operating charges****	1.80%	1.90%	1.90%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	62.56	62.53	58.40
Lowest share price	59.30	57.04	53.45

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	63.61	58.78	58.83
Return before operating charges*	2.32	7.41	2.66
Operating charges**	(0.83)	(0.79)	(0.73)
Return after operating charges*	1.49	6.62	1.93
Distributions	(2.12)	(1.79)	(1.98)
Closing net asset value per share	62.98	63.61	58.78
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.34%	11.26%	3.28%
Other information			
Closing net asset value (£'000)	9,421	8,537	6,650
Closing number of shares	14,957,648	13,421,299	11,313,741
Operating charges****	1.28%	1.25%	1.25%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	65.75	65.47	60.27
Lowest share price	62.38	59.34	55.44

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	57.51	52.87	52.63
Return before operating charges*	2.05	6.60	2.34
Operating charges**	(0.47)	(0.44)	(0.41)
Return after operating charges*	1.58	6.16	1.93
Distributions	(1.84)	(1.52)	(1.69)
Closing net asset value per share	57.25	57.51	52.87
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.75%	11.65%	3.67%
Other information			
Closing net asset value (£'000)	113	112	114
Closing number of shares	196,423	195,563	215,780
Operating charges****	0.81%	0.78%	0.78%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	59.63	59.16	53.93
Lowest share price	56.64	53.38	49.75

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	70.66	63.59	61.64
Return before operating charges*	2.60	8.08	2.86
Operating charges**	(1.00)	(1.01)	(0.91)
Return after operating charges*	1.60	7.07	1.95
Distributions	(1.94)	(1.45)	(1.65)
Retained distributions on accumulation share	1.94	1.45	1.65
Closing net asset value per share	72.26	70.66	63.59
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.26%	11.12%	3.16%
Other information			
Closing net asset value (£'000)	4,829	4,881	4,582
Closing number of shares	6,681,691	6,908,813	7,205,128
Operating charges****	1.39%	1.48%	1.48%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	73.92	72.12	63.57
Lowest share price	70.46	64.06	58.89

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	59.71	55.31	55.49
Return before operating charges*	2.19	6.98	2.53
Operating charges**	(0.84)	(0.87)	(0.82)
Return after operating charges*	1.35	6.11	1.71
Distributions	(2.01)	(1.71)	(1.89)
Closing net asset value per share	59.05	59.71	55.31
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.26%	11.05%	3.08%
Other information			
Closing net asset value (£'000)	2,851	2,817	2,693
Closing number of shares	4,828,475	4,718,037	4,869,375
Operating charges****	1.39%	1.48%	1.48%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	61.65	61.47	56.85
Lowest share price	58.49	55.84	52.22

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (100.26%)		54,341	100.08
Absolute Return Funds (15.82%)		4,212	7.76
20,829	AQR Systematic Total Return	1,933	3.56
24,552	Payden Absolute Return Bond	239	0.44
2,553,307	SLI Global Absolute Return Strategies	2,040	3.76
Bond Funds (31.93%)		14,824	27.30
7,623	Barings European High Yield Bond	739	1.36
466,810	Fidelity UK Corporate Bond	605	1.12
218,245	Neuberger Berman Emerging Markets Debt Local Currency	1,955	3.60
30,862	Nomura US High Yield Bond	2,988	5.50
111,729	PIMCO GIS Global Investment Grade Credit	1,494	2.75
15,252	Robeco Global Credits	1,491	2.75
8,566	Robeco Global Credits Short Maturity	834	1.54
1,176,984	Royal London Global Index Linked	1,534	2.82
870,286	Royal London Short Duration Credit	888	1.63
635,618	Royal London Short Duration Global Index Linked Bond	656	1.21
107,705	T Rowe Price Dynamic Global Bond	1,041	1.92
5,973	TwentyFour Global Corporate Bond	599	1.10
Equity Funds (45.29%)		29,891	55.05
603,400	Artemis Income	1,545	2.84
1,860,650	BNY Mellon US Equity Income	1,928	3.55
77,349	Brookfield Global Listed Real Estate	1,535	2.83
81,671	CC Japan Income & Growth	1,394	2.57
394,157	CF Morant Wright Nippon Yield	1,434	2.64
2,174,045	Invesco Perpetual European Equity Income	3,066	5.65
2,084,903	Invesco Perpetual Global Targeted Income	2,057	3.79
1,133,764	JPM US Equity Income	3,332	6.14
193,278	Magna Emerging Market Dividend	2,027	3.73
1,244,345	Majedie UK Income	2,141	3.94
498,237	MI Chelverton UK Equity Income	669	1.23
3,024,719	Schroder Asian Trust	2,096	3.86
2,190,116	Threadneedle UK Equity Income	2,454	4.52
978,289	Threadneedle US Equity Income	2,191	4.04
21,098	TM Fulcrum Income	2,022	3.72

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Money Market Funds (1.25%)		528	0.97
528,125	Standard Life CNAV Sterling Liquidity Fund *	528	0.97
Property Funds (5.97%)		4,886	9.00
2,970,954	Janus Henderson UK Property	3,425	6.31
123,206	M&G Property Portfolio	1,461	2.69
Total investment assets		54,341	100.08
Net other liabilities		(46)	(0.08)
Total Net Assets		54,295	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market Value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	53,813
*Collective Investment Schemes classified as Cash Equivalents	528
Net other liabilities	(46)
Total Net Assets	54,295

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital (losses)/gains	2	(168)	4,130
Revenue	4	1,915	1,516
Expenses	5	(482)	(490)
Interest payable and similar charges	6	(3)	(32)
Net revenue before taxation		1,430	994
Taxation	7	(113)	(80)
Net revenue after taxation		1,317	914
Total return before distributions		1,149	5,044
Distributions	8	(1,459)	(1,067)
Change in net assets attributable to shareholders from investment activities		(310)	3,977

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	53,063	45,675
Amounts receivable on the issue of shares	8,721	10,923
Amounts payable on the cancellation of shares	(8,224)	(8,279)
	497	2,644
Dilution adjustment	1	6
Change in net assets attributable to shareholders from investment activities (see above)	(310)	3,977
Retained distribution on accumulation shares	1,044	761
Closing net assets attributable to shareholders	54,295	53,063

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

	Notes	2018 £'000	2017 £'000
Assets:			
Fixed assets:			
Investment assets		53,813	52,538
Current assets:			
Debtors	9	1,650	485
Cash and bank balances	10	47	0
Cash equivalents	11	528	662
		2,225	1,147
Total assets		56,038	53,685
Liabilities:			
Creditors	12	(1,594)	(497)
Bank overdrafts	10	0	(25)
Distribution payable		(149)	(100)
		(1,743)	(622)
Total liabilities		(1,743)	(622)
Net assets attributable to shareholders		54,295	53,063

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital (Losses)/Gains

	2018 £'000	2017 £'000
Non-derivative securities*	(288)	3,980
ACD fee rebate on collective investment scheme holdings	61	65
Equalisation component of distributions from collective investment schemes	59	85
Net capital (losses)/gains	(168)	4,130
The above includes*		
Realised gains	795	1,263
Unrealised (losses)/gains	(1,083)	2,717
	(288)	3,980

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	19,958	28,059
Sales		
Collective investment schemes	18,719	24,581

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.55% (2017: 0.40%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	924	657
Unfranked non-foreign component of dividend distributions	26	5
Unfranked foreign component of dividend distributions	6	0
Deemed interest distribution on distributions	45	46
Interest distributions	765	650
Bank interest	5	33
ACD fee rebate on collective investment scheme holdings	22	32
Property income distributions	122	93
Total revenue	1,915	1,516

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	369	383
Authorised Corporate Director's periodic charge taken from the capital account	62	59
Dealing charge	3	2
Dealing charge taken from the capital account	1	1
Registration fees	11	11
Registration fees taken from the capital account	10	8
	456	464
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees*	11	11
Safe custody fee*	3	2
	14	13
Other:		
Audit fee*	10	13
Expenses reimbursed by SLI (Mutual Funds) Limited	2	0
	12	13
Total expenses	482	490

* A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Notes to the Financial Statements

(Continued)

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	3	32
Total interest payable & similar charges	3	32

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Corporation tax	116	81
Double taxation relief	(1)	0
Overseas taxes	1	0
Total current tax	116	81
Deferred tax (note 7c)	(3)	(1)
Total taxation (note 7b)	113	80

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	1,430	994
Corporation tax at 20% (2017: 20%)	286	199
Effects of:		
Revenue not subject to taxation	(185)	(131)
Overseas taxes	1	0
Double taxation relief	(1)	0
Capitalised revenue subject to taxation	12	13
Revenue taxable in other periods	0	(1)
Total tax charge for year (note 7a)	113	80

(c) Deferred tax

Deferred tax charge at the start of the year	3	4
Deferred tax charge in statement of total return for year (note 7a)	(3)	(1)
Provision at the end of the year	0	3

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Notes to the Financial Statements

(Continued)

8 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	205	242
Second interim distribution	341	255
Third interim distribution	363	227
Final distribution	554	353
	1,463	1,077
Add: Income deducted on cancellation of shares	34	28
Deduct: Income received on issue of shares	(38)	(38)
Net distribution for the year	1,459	1,067

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation	1,317	914
ACD periodic charge taken from the capital account	71	59
Dealing charges taken from the capital account	2	1
Tax relief on capitalised fees	10	8
Equalisation component of distributions from collective investment schemes	59	85
Total distributions	1,459	1,067

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	48	115
Sales awaiting settlement	1,400	0
Accrued revenue	120	220
Accrued rebate of Management fees on underlying investments	82	150
Total debtors	1,650	485

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	47	0
	47	0
Cash overdrafts at bank	0	(25)
Total cash and bank balances	47	(25)

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Notes to the Financial Statements

(Continued)

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	528	662
Total cash equivalents	528	662

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	60	140
Purchases awaiting settlement	1,400	257
Accrued expenses payable to ACD	35	41
Accrued expenses payable to the Depositary or associates of the Depositary	1	1
Other accrued expenses	14	13
Corporation tax payable	84	43
Deferred tax payable	0	2
Total creditors	1,594	497

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

The Sub-fund holds shares in other Standard Life Investments funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £nil (2017: £256,000) and the total sales proceeds were £1,070,000 (2017 £2,950,000).

The Sub-fund holds 528,125 shares (2017: 662,208) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £13,328,000 (2017: £15,205,000), the total sales proceeds were £13,462,000 (2017: £15,246,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	2,876	4,485
Purchase of shares by Sub-fund	2,255	3,796
Distributions made by Sub-fund	777	479
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	53.8%	49.8%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Notes to the Financial Statements

(Continued)

14 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Closing shares 2018
Retail accumulation	37,110,525	3,751,633	(3,064,132)	37,798,026
Institutional accumulation	12,007,661	2,251,456	(3,212,433)	11,046,684
Retail income	605,862	0	(232,528)	373,334
Institutional income	13,421,299	3,918,207	(2,381,858)	14,957,648
Standard Life income	195,563	860	0	196,423
Platform 1 accumulation	6,908,813	1,348,785	(1,575,907)	6,681,691
Platform 1 income	4,718,037	1,183,394	(1,072,956)	4,828,475

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	54,341	0	0	53,200	0
Total investment assets	0	54,341	0	0	53,200	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(a) Market Price Risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Sub-fund.

(b) Foreign Currency Risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-Fund.

(c) Interest Rate Risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-Fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	575	53,720	54,295
2017			
Currency			
UK Sterling	637	52,426	53,063

(d) Credit Risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity Risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Distribution Tables

for the three months ended 30 September 2017

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 September 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2128	–	0.2128*	0.2876
Group 2	0.0454	0.1674	0.2128*	0.2876
Institutional accumulation				
Group 1	0.3206	–	0.3206*	0.3887
Group 2	0.1033	0.2173	0.3206*	0.3887
Retail income				
Group 1	0.3596	–	0.3596**	0.4232
Group 2	–	–	–	–
Institutional income				
Group 1	0.3545	–	0.3545**	0.4207
Group 2	0.1272	0.2273	0.3545**	0.4207
Standard Life income				
Group 1	0.2982	–	0.2982**	0.3540
Group 2	–	–	–	–
Platform 1 accumulation				
Group 1	0.2655	–	0.2655*	0.3321
Group 2	0.0801	0.1854	0.2655*	0.3321
Platform 1 income				
Group 1	0.3398	–	0.3398**	0.4021
Group 2	0.1062	0.2336	0.3398**	0.4021

* Distribution accumulated on 30 September 2017

** Distribution paid on 31 December 2017

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Distribution Tables

(Continued)

for the three months ended 31 December 2017

Group 1 – shares purchased prior to 1 October 2017

Group 2 – shares purchased between 1 October 2017 and 31 December 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.4108	–	0.4108*	0.3070
Group 2	0.1520	0.2588	0.4108*	0.3070
Institutional accumulation				
Group 1	0.5065	–	0.5065*	0.4115
Group 2	0.1216	0.3849	0.5065*	0.4115
Retail income				
Group 1	0.4996	–	0.4996**	0.4408
Group 2	–	–	–	–
Institutional income				
Group 1	0.5092	–	0.5092**	0.4398
Group 2	0.1321	0.3771	0.5092**	0.4398
Standard Life income				
Group 1	0.4385	–	0.4385**	0.3701
Group 2	–	–	–	–
Platform 1 accumulation				
Group 1	0.4536	–	0.4536*	0.3521
Group 2	0.2568	0.1968	0.4536*	0.3521
Platform 1 income				
Group 1	0.4807	–	0.4807**	0.4189
Group 2	0.1339	0.3468	0.4807**	0.4189

* Distribution accumulated on 31 December 2017

** Distribution paid on 31 March 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Distribution Tables

(Continued)

for the three months ended 31 March 2018

Group 1 – shares purchased prior to 1 January 2018

Group 2 – shares purchased between 1 January 2018 and 31 March 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.4393	–	0.4393*	0.2594
Group 2	0.0971	0.3422	0.4393*	0.2594
Institutional accumulation				
Group 1	0.5232	–	0.5232*	0.3636
Group 2	0.1707	0.3525	0.5232*	0.3636
Retail income				
Group 1	0.5059	–	0.5059**	0.3979
Group 2	–	–	–	0.3979
Institutional income				
Group 1	0.5181	–	0.5181**	0.3950
Group 2	0.1431	0.3750	0.5181**	0.3950
Standard Life income				
Group 1	0.4476	–	0.4476**	0.3319
Group 2	0.0830	0.3646	0.4476**	–
Platform 1 accumulation				
Group 1	0.4818	–	0.4818*	0.3070
Group 2	0.1256	0.3562	0.4818*	0.3070
Platform 1 income				
Group 1	0.4881	–	0.4881**	0.3770
Group 2	0.1493	0.3388	0.4881**	0.3770

* Distribution accumulated on 31 March 2018

** Distribution paid on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Distribution Tables

(Continued)

for the three months ended 30 June 2018

Group 1 – shares purchased prior to 1 April 2018

Group 2 – shares purchased between 1 April 2018 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.7057	–	0.7057*	0.4210
Group 2	0.3538	0.3519	0.7057*	0.4210
Institutional accumulation				
Group 1	0.8042	–	0.8042*	0.5337
Group 2	0.4457	0.3585	0.8042*	0.5337
Retail income				
Group 1	0.7217	–	0.7217**	0.5339
Group 2	–	–	–	–
Institutional income				
Group 1	0.7418	–	0.7418**	0.5377
Group 2	0.3935	0.3483	0.7418**	0.5377
Standard Life income				
Group 1	0.6515	–	0.6515**	0.4601
Group 2	–	–	–	0.4601
Platform 1 accumulation				
Group 1	0.7390	–	0.7390*	0.4637
Group 2	0.4280	0.3110	0.7390*	0.4637
Platform 1 income				
Group 1	0.6972	–	0.6972**	0.5125
Group 2	0.4233	0.2739	0.6972**	0.5125

* Distribution accumulated on 30 June 2018

** Distribution payable 30 September 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income III Fund

Distribution Tables

(Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	78.03%	87.45%	67.30%	61.47%
Treat as an annual payment net of Income tax at 20%	21.97%	12.55%	32.70%	38.53%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambi
Launch Date	16 December 2011

Investment objective

The Sub-fund aims to provide an income-focused return with some capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve a broad exposure to diversified investments, including equities, fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have a preference to those assets providing potential for growth, such as equities.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of income with the potential of some capital appreciation over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities, and immoveable property. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital and the possibility of fluctuations in the income level due to the volatile nature of equity, bond, property and currency markets, and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards				Higher risk Typically Higher rewards		
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	74.75	66.53	64.97
Return before operating charges*	3.42	9.67	2.86
Operating charges**	(1.45)	(1.45)	(1.30)
Return after operating charges*	1.97	8.22	1.56
Distributions	(1.76)	(1.40)	(1.49)
Retained distributions on accumulation share	1.76	1.40	1.49
Closing net asset value per share	76.72	74.75	66.53
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.64%	12.36%	2.40%
Other information			
Closing net asset value (£'000)	5,974	5,422	4,703
Closing number of shares	7,787,258	7,252,783	7,067,587
Operating charges****	1.90%	2.01%	2.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	78.56	76.49	66.75
Lowest share price	73.78	67.10	61.13

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the shareclass per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given shareclass in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements shareclass valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published shareclass price.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	77.40	68.53	66.46
Return before operating charges*	3.46	9.89	2.98
Operating charges**	(1.10)	(1.02)	(0.91)
Return after operating charges*	2.36	8.87	2.07
Distributions	(2.15)	(1.84)	(1.99)
Retained distributions on accumulation share	2.15	1.84	1.99
Closing net asset value per share	79.76	77.40	68.53
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.05%	12.94%	3.11%
Other information			
Closing net asset value (£'000)	2,345	3,250	1,984
Closing number of shares	2,940,218	4,199,168	2,895,465
Operating charges****	1.39%	1.37%	1.36%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	81.56	79.19	68.67
Lowest share price	76.64	69.12	62.82

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	61.29	56.49	57.18
Return before operating charges*	2.77	8.03	2.54
Operating charges**	(1.18)	(1.22)	(1.13)
Return after operating charges*	1.59	6.81	1.41
Distributions	(2.07)	(2.01)	(2.10)
Closing net asset value per share	60.81	61.29	56.49
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.59%	12.06%	2.47%
Other information			
Closing net asset value (£'000)	6	6	62
Closing number of shares	10,612	10,612	109,059
Operating charges****	1.91%	2.01%	2.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	63.51	63.40	58.86
Lowest share price	59.39	57.12	52.86

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	64.35	58.71	58.98
Return before operating charges*	2.87	8.41	2.60
Operating charges**	(0.91)	(0.87)	(0.80)
Return after operating charges*	1.96	7.54	1.80
Distributions	(2.11)	(1.90)	(2.07)
Closing net asset value per share	64.20	64.35	58.71
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.05%	12.84%	3.05%
Other information			
Closing net asset value (£'000)	1,844	1,588	1,650
Closing number of shares	2,872,573	2,468,547	2,811,357
Operating charges****	1.39%	1.37%	1.36%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	66.92	66.46	60.73
Lowest share price	62.63	59.35	54.91

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	58.99	53.50	53.48
Return before operating charges*	2.56	7.65	2.26
Operating charges**	(0.55)	(0.52)	(0.47)
Return after operating charges*	2.01	7.13	1.79
Distributions	(1.85)	(1.64)	(1.77)
Closing net asset value per share	59.15	58.99	53.50
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.41%	13.33%	3.35%
Other information			
Closing net asset value (£'000)	10	9	7
Closing number of shares	16,526	14,686	13,642
Operating charges****	0.91%	0.89%	0.88%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	61.52	60.90	55.07
Lowest share price	57.64	54.09	49.92

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**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	72.41	64.23	62.40
Return before operating charges*	3.25	9.29	2.82
Operating charges**	(1.11)	(1.11)	(0.99)
Return after operating charges*	2.14	8.18	1.83
Distributions	(1.95)	(1.59)	(1.76)
Retained distributions on accumulation share	1.95	1.59	1.76
Closing net asset value per share	74.55	72.41	64.23
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.96%	12.74%	2.93%
Other information			
Closing net asset value (£'000)	2,714	2,622	2,593
Closing number of shares	3,640,337	3,621,961	4,037,298
Operating charges****	1.50%	1.59%	1.58%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	76.24	74.08	64.37
Lowest share price	71.64	64.78	58.92

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	60.65	55.46	55.87
Return before operating charges*	2.70	7.96	2.44
Operating charges**	(0.92)	(0.95)	(0.87)
Return after operating charges*	1.78	7.01	1.57
Distributions	(2.00)	(1.82)	(1.98)
Closing net asset value per share	60.43	60.65	55.46
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	2.93%	12.64%	2.81%
Other information			
Closing net asset value (£'000)	1,204	990	963
Closing number of shares	1,991,804	1,631,614	1,736,964
Operating charges****	1.49%	1.59%	1.58%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices++			
Highest share price	63.00	62.66	57.52
Lowest share price	58.96	56.07	51.92

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Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (99.70%)		14,119	100.15
Absolute Return Funds (17.78%)		1,294	9.18
6,533	AQR Systematic Total Return	606	4.30
5,071	Payden Absolute Return Bond	50	0.35
798,656	SLI Global Absolute Return Strategies	638	4.53
Bond Funds (21.16%)		1,343	9.53
1,039	Barings European High Yield Bond	100	0.71
40,602	Neuberger Berman Emerging Markets Debt Local Currency	364	2.58
4,179	Nomura US High Yield Bond	404	2.87
7,314	PIMCO GIS Global Investment Grade Credit	98	0.70
1,001	Robeco Global Credits	98	0.70
1,199	Robeco Global Credits Short Maturity	117	0.83
86,009	Royal London Short Duration Credit	88	0.62
7,666	T Rowe Price Dynamic Global Bond	74	0.52
Equity Funds (53.28%)		10,362	73.50
277,597	Artemis Income	711	5.04
801,342	BNY Mellon U.S. Equity Income	831	5.90
14,538	Brookfield Global Listed Real Estate	288	2.04
28,001	CC Japan Income & Growth	478	3.39
136,223	CF Morant Wright Nippon Yield	496	3.52
750,551	Invesco Perpetual European Equity Income	1,059	7.51
651,794	Invesco Perpetual Global Targeted Income	643	4.56
397,518	JPM US Equity Income	1,168	8.29
66,935	Magna Emerging Market Dividend	702	4.98
347,529	Majedie UK Income	598	4.24
273,403	MI Chelverton UK Equity Income	367	2.60
1,071,116	Schroder Asian Trust	742	5.26
804,223	Threadneedle UK Equity Income	901	6.39
335,030	Threadneedle US Equity Income	750	5.32
6,555	TM Fulcrum Income	628	4.46
Money Market Funds (0.59%)		279	1.98
279,018	Standard Life CNAV Sterling Liquidity Fund*	279	1.98

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Portfolio Statement

(Continued)

Holding	Investment	Market value £'000	Percentage of total net assets
Property Funds (6.89%)		841	5.96
481,196	Janus Henderson UK Property	555	3.93
24,122	M&G Property Portfolio	286	2.03
Total investment assets		14,119	100.15
Net other liabilities		(22)	(0.15)
Total Net Assets		14,097	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	13,840
*Collective Investment Schemes classified as Cash Equivalents	279
Net other liabilities	(22)
Total Net Assets	14,097

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	65	1,253
Revenue	4	480	416
Expenses	5	(130)	(126)
Interest payable and similar charges		0	(3)
Net revenue before taxation		350	287
Taxation	6	(14)	(21)
Net revenue after taxation		336	266
Total return before distributions		401	1,519
Distributions	7	(382)	(306)
Change in net assets attributable to shareholders from investment activities		19	1,213

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	13,887	11,962
Amounts receivable on the issue of shares	3,850	3,372
Amounts payable on the cancellation of shares	(3,940)	(2,893)
	(90)	479
Dilution adjustment	0	1
Change in net assets attributable to shareholders from investment activities (see above)	19	1,213
Retained distribution on accumulation shares	281	232
Closing net assets attributable to shareholders	14,097	13,887

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

	Notes	2018 £'000	2017 £'000
Assets:			
Fixed assets:			
Investment assets		13,840	13,763
Current assets:			
Debtors	8	56	124
Cash and bank balances	9	18	0
Cash equivalents	10	279	82
		353	206
Total assets		14,193	13,969
Liabilities:			
Creditors	11	(62)	(44)
Bank overdrafts	9	0	(13)
Distribution payable		(34)	(25)
		(96)	(82)
Total liabilities		(96)	(82)
Net assets attributable to shareholders		14,097	13,887

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	21	1,209
ACD fee rebate on collective investment scheme holdings	17	21
Equalisation component of distributions from collective investment schemes	27	23
Net capital gains	65	1,253
The above includes*		
Realised gains	267	366
Unrealised (losses)/gains	(246)	843
	21	1,209

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	6,470	7,608
Sales		
Collective investment schemes	6,481	6,906

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.43% (2017: 0.46%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	298	211
Unfranked non-foreign component of dividend distributions	107	151
Unfranked foreign component of dividend distributions	1	0
Deemed interest distribution on distributions	9	13
Interest distributions	34	1
Bank interest	1	3
ACD fee rebate on collective investment scheme holdings	6	8
Property income distributions	24	29
Total revenue	480	416

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	91	93
Authorised Corporate Director's periodic charge taken from the capital account	15	14
Dealing charge	1	1
Dealing charge taken from the capital account	1	1
Registration fees	5	4
Registration fees taken from the capital account	2	2
	115	115
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees*	3	5
Safe custody fee*	1	1
	4	6
Other:		
Audit fee*	12	11
Expenses reimbursed by SLI (Mutual Funds) Limited	(1)	(6)
	11	5
Total expenses	130	126

* A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Notes to the Financial Statements

(Continued)

6 Taxation

(a) Analysis of charge in year

	2018 £'000	2017 £'000
Corporation tax	14	20
Adjustments in respect of prior periods	0	2
Total current tax	14	22
Deferred tax (note 6c)	0	(1)
Total taxation (note 6b)	14	21

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	350	287
Corporation tax at 20% (2017: 20%)	70	57
Effects of:		
Revenue not subject to taxation	(59)	(42)
Capitalised revenue subject to taxation	3	4
Adjustments in respect of prior periods	0	2
Total tax charge for year (note 6a)	14	21

(c) Deferred tax

Deferred tax charge at the start of the year	0	1
Deferred tax charge in statement of total return for year (note 6a)	0	(1)
Provision at the end of the year	0	0

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

7 Distributions

(a) The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	57	66
Second interim distribution	96	75
Third interim distribution	92	58
Final distribution	134	109
	379	308
Add: Income deducted on cancellation of shares	18	12
Deduct: Income received on issue of shares	(15)	(14)
Net distribution for the year	382	306

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Notes to the Financial Statements

(Continued)

7 Distributions (continued)

Details of the distribution per share are set out in this Sub-fund's distribution tables.

(b) Difference between net revenue and distribution

	2018 £'000	2017 £'000
Net revenue after taxation	336	266
Annual ACD charged to capital	15	14
Registration fees charged to capital	2	2
Dealing charges charged to capital	0	1
Tax relief on capitalised fees	2	0
Equalisation component of distributions from collective investment schemes	27	23
Total distributions	382	306

8 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	0	9
Accrued revenue	33	64
Expenses reimbursement receivable from the ACD	0	5
United Kingdom income tax recoverable	0	1
Accrued Management Fee Rebate	23	45
Total debtors	56	124

9 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	18	0
Cash overdrafts at bank	0	(13)
Total cash and bank balances	18	(13)

10 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	279	82
Total cash equivalents	279	82

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Notes to the Financial Statements

(Continued)

11 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	34	6
Accrued expenses payable to ACD	9	10
Other accrued expenses	11	12
Corporation tax payable	8	16
Total creditors	62	44

12 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 8 and 11.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 11.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £2,000 (2017: £3,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £nil (2017: £nil) and is included in the total rebate amount disclosed in note 8.

The Sub-fund holds shares in other Standard Life Investments funds as detailed in the portfolio statement. The total purchase cost of these investments during the year was £50,000 (2017: £13,000) and the total sales proceeds were £238,000 (2017: £1,099,000).

The Sub-fund holds 279,018 shares (2017: 81,508) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £4,432,000 (2017: £3,923,000), the total sales proceeds were £4,235,000 (2017: £3,929,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Sub-fund	1,499	934
Purchase of shares by Sub-fund	1,085	875
Distributions made by Sub-fund	164	107
The percentage value of the Sub-fund held by Standard Life Aberdeen group companies is:	43.2%	38.5%

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Notes to the Financial Statements

(Continued)

13 Shares in issue reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Conversions during the year	Closing shares 2018
Retail accumulation	7,252,783	1,958,297	(1,423,822)	0	7,787,258
Institutional accumulation	4,199,168	609,980	(1,868,930)	0	2,940,218
Retail income	10,612	0	0	0	10,612
Institutional income	2,468,547	1,327,959	(923,933)	0	2,872,573
Standard Life income	14,686	1,840	0	0	16,526
Platform 1 accumulation	3,621,961	1,000,426	(941,168)	(40,882)	3,640,337
Platform 1 income	1,631,614	407,964	(96,839)	49,065	1,991,804

14 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	14,119	0	0	13,845	0
Total investment assets	0	14,119	0	0	13,845	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

15 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

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Notes to the Financial Statements

(Continued)

15 Risk Management Policies & Numerical Disclosures (continued)

(a) Market Price Risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign Currency Risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund.

(c) Interest Rate Risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	297	13,800	14,097
2017			
Currency			
UK Sterling	69	13,818	13,887

(d) Credit Risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity Risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

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MyFolio Multi-Manager Income IV Fund

Distribution Tables

for the three months ended 30 September 2017

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 September 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.2176	–	0.2176*	0.2941
Group 2	0.0576	0.1600	0.2176*	0.2941
Institutional accumulation				
Group 1	0.3300	–	0.3300*	0.3953
Group 2	0.1107	0.2193	0.3300*	0.3953
Retail income				
Group 1	0.3641	–	0.3641**	0.4264
Group 2	–	–	–	–
Institutional income				
Group 1	0.3602	–	0.3602**	0.4250
Group 2	0.1193	0.2409	0.3602**	0.4250
Standard Life income				
Group 1	0.3095	–	0.3095**	0.3622
Group 2	0.1218	0.1877	0.3095**	0.3622
Platform 1 accumulation				
Group 1	0.2754	–	0.2754*	0.3408
Group 2	0.0541	0.2213	0.2754*	0.3408
Platform 1 income				
Group 1	0.3475	–	0.3475**	0.4082
Group 2	0.1080	0.2395	0.3475**	0.4082

* Distribution accumulated on 30 September 2017

** Distribution paid on 31 December 2017

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Distribution Tables

(Continued)

for the three months ended 31 December 2017

Group 1 – shares purchased prior to 1 October 2017

Group 2 – shares purchased between 1 October 2017 and 31 December 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.4493	–	0.4493*	0.3452
Group 2	0.2304	0.2189	0.4493*	0.3452
Institutional accumulation				
Group 1	0.5410	–	0.5410*	0.4553
Group 2	0.1155	0.4255	0.5410*	0.4553
Retail income				
Group 1	0.5297	–	0.5297**	0.5862
Group 2	–	–	–	–
Institutional income				
Group 1	0.5373	–	0.5373**	0.4735
Group 2	0.1497	0.3876	0.5373**	0.4735
Standard Life income				
Group 1	0.4713	–	0.4713**	0.4081
Group 2	0.1697	0.3016	0.4713**	0.4081
Platform 1 accumulation				
Group 1	0.4915	–	0.4915*	0.3890
Group 2	0.1482	0.3433	0.4915*	0.3890
Platform 1 income				
Group 1	0.5108	–	0.5108**	0.4525
Group 2	0.0745	0.4363	0.5108**	0.4525

* Distribution accumulated on 31 December 2017

** Distribution paid on 31 March 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Distribution Tables

(Continued)

for the three months ended 31 March 2018

Group 1 – shares purchased prior to 1 January 2018

Group 2 – shares purchased between 1 January 2018 and 31 March 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.4213	–	0.4213*	0.2505
Group 2	0.1461	0.2752	0.4213*	0.2505
Institutional accumulation				
Group 1	0.5119	–	0.5119*	0.3551
Group 2	0.1477	0.3642	0.5119*	0.3551
Retail income				
Group 1	0.4916	–	0.4916**	0.3902
Group 2	–	–	–	–
Institutional income				
Group 1	0.5060	–	0.5060**	0.3882
Group 2	0.0630	0.4430	0.5060**	0.3882
Standard Life income				
Group 1	0.4424	–	0.4424**	0.3288
Group 2	0.0881	0.3543	0.4424**	0.3288
Platform 1 accumulation				
Group 1	0.4722	–	0.4722*	0.2999
Group 2	0.1465	0.3257	0.4722*	0.2999
Platform 1 income				
Group 1	0.4776	–	0.4776**	0.3719
Group 2	0.2985	0.1791	0.4776**	0.3719

* Distribution accumulated on 31 March 2018

** Distribution paid on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income IV Fund

Distribution Tables

(Continued)

for the three months ended 30 June 2018

Group 1 – shares purchased prior to 1 April 2018

Group 2 – shares purchased between 1 April 2018 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.6720	–	0.6720*	0.5149
Group 2	0.2822	0.3898	0.6720*	0.5149
Institutional accumulation				
Group 1	0.7632	–	0.7632*	0.6332
Group 2	0.4945	0.2687	0.7632*	0.6332
Retail income				
Group 1	0.6895	–	0.6895**	0.6085
Group 2	–	–	–	0.6085
Institutional income				
Group 1	0.7068	–	0.7068**	0.6173
Group 2	0.5977	0.1091	0.7068**	0.6173
Standard Life income				
Group 1	0.6286	–	0.6286**	0.5427
Group 2	0.3621	0.2665	0.6286**	0.5427
Platform 1 accumulation				
Group 1	0.7060	–	0.7060*	0.5599
Group 2	0.4953	0.2107	0.7060*	0.5599
Platform 1 income				
Group 1	0.6670	–	0.6670**	0.5906
Group 2	0.2905	0.3765	0.6670**	0.5906

* Distribution accumulated on 30 June 2018

** Distribution payable on 30 September 2018

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MyFolio Multi-Manager Income IV Fund

Distribution Tables

(Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	86.64%	84.71%	99.26%	85.88%
Treat as an annual payment net of Income tax at 20%	13.36%	15.29%	0.74%	14.12%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Investment Report

Fund Information	
Fund Manager	Bambos Hambí
Launch Date	16 December 2011

Investment objective

The Sub-fund aims to provide an income-focused return with some capital appreciation over the longer term.

Investment policy

The current policy of the Sub-fund is to invest mainly in a range of collective investment schemes to achieve exposure to diversified investments, of primarily equities, but which may include fixed and variable rate interest bearing securities and immoveable property. The Sub-fund may also invest in transferable securities, money-market instruments, deposits, cash and near cash. Typically, the Sub-fund will have high exposure to assets providing potential for growth, such as equities.

Risk

The Sub-fund is intended for investors who wish to participate in the opportunity to achieve a competitive level of income with the potential of some capital appreciation over the longer term by investing in an actively managed portfolio of collective investment schemes which themselves invest in equities, fixed and variable rate interest bearing securities, and immoveable property. The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of exposure. The investor must be able to accept significant temporary losses to capital and the possibility of fluctuations in the income level due to the volatile nature of equity, bond, property and currency markets, and should therefore have an investment time horizon of at least 5 years.

Investment Activity

The Investment Activity for each Sub-fund is documented as a whole on pages 7 to 11.

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards			Higher risk Typically Higher rewards			
1	2	3	4	5	6	7

This indicator reflects the volatility of the Sub-fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Sub-fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Sub-fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Sub-fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Sub-fund offers no guarantee against loss or that the Sub-fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

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MyFolio Multi-Manager Income V Fund

Comparative Tables

	2018 pence per share	2017 pence per share	2016 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	79.48	68.52	66.47
Return before operating charges*	4.13	12.50	3.41
Operating charges**	(1.53)	(1.54)	(1.36)
Return after operating charges*	2.60	10.96	2.05
Distributions	(1.53)	(1.41)	(1.45)
Retained distributions on accumulation share	1.53	1.41	1.45
Closing net asset value per share	82.08	79.48	68.52
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.27%	16.00%	3.08%
Other information			
Closing net asset value (£'000)	3,250	3,259	2,521
Closing number of shares	3,959,809	4,098,995	3,678,544
Operating charges****	1.88%	2.03%	2.05%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	84.21	81.43	68.49
Lowest share price	77.98	68.86	61.64

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	82.06	70.34	67.76
Return before operating charges*	4.27	12.80	3.53
Operating charges**	(1.15)	(1.08)	(0.95)
Return after operating charges*	3.12	11.72	2.58
Distributions	(2.01)	(1.89)	(1.95)
Retained distributions on accumulation share	2.01	1.89	1.95
Closing net asset value per share	85.18	82.06	70.34
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.80%	16.66%	3.81%
Other information			
Closing net asset value (£'000)	471	570	257
Closing number of shares	553,491	694,405	365,311
Operating charges****	1.37%	1.38%	1.40%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	87.18	84.10	70.34
Lowest share price	80.83	70.70	63.13

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	64.31	57.11	57.31
Return before operating charges*	3.32	10.38	2.99
Operating charges**	(1.24)	(1.27)	(1.16)
Return after operating charges*	2.08	9.11	1.83
Distributions	(1.93)	(1.91)	(2.03)
Closing net asset value per share	64.46	64.31	57.11
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.23%	15.95%	3.19%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,006	2,006	2,006
Operating charges****	1.90%	2.03%	2.05%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	67.27	66.52	59.10
Lowest share price	62.12	57.48	52.37

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	68.28	60.27	60.09
Return before operating charges*	3.49	10.90	3.04
Operating charges**	(0.95)	(0.92)	(0.83)
Return after operating charges*	2.54	9.98	2.21
Distributions	(2.04)	(1.97)	(2.03)
Closing net asset value per share	68.78	68.28	60.27
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.72%	16.56%	3.68%
Other information			
Closing net asset value (£'000)	554	385	248
Closing number of shares	804,262	563,943	412,183
Operating charges****	1.37%	1.38%	1.40%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	71.64	70.63	61.89
Lowest share price	66.22	60.66	55.11

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	63.61	55.80	55.27
Return before operating charges*	3.23	10.10	2.82
Operating charges**	(0.58)	(0.56)	(0.51)
Return after operating charges*	2.65	9.54	2.31
Distributions	(1.83)	(1.73)	(1.78)
Closing net asset value per share	64.43	63.61	55.80
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	4.17%	17.10%	4.18%
Other information			
Closing net asset value (£'000)	125	143	109
Closing number of shares	193,793	225,258	195,190
Operating charges****	0.89%	0.91%	0.93%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	66.96	65.72	56.92
Lowest share price	61.97	56.16	50.87

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	77.64	66.67	64.35
Return before operating charges*	4.02	12.16	3.37
Operating charges**	(1.17)	(1.19)	(1.05)
Return after operating charges*	2.85	10.97	2.32
Distributions	(1.82)	(1.66)	(1.73)
Retained distributions on accumulation share	1.82	1.66	1.73
Closing net asset value per share	80.49	77.64	66.67
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.67%	16.45%	3.61%
Other information			
Closing net asset value (£'000)	1,107	1,041	961
Closing number of shares	1,375,632	1,340,697	1,441,665
Operating charges****	1.47%	1.61%	1.63%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	82.43	79.56	66.66
Lowest share price	76.40	67.02	59.88

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Comparative Tables

(Continued)

	2018 pence per share	2017 pence per share	2016 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	65.78	58.18	58.13
Return before operating charges*	3.38	10.56	2.99
Operating charges**	(0.98)	(1.03)	(0.94)
Return after operating charges*	2.40	9.53	2.05
Distributions	(1.97)	(1.93)	(2.00)
Closing net asset value per share	66.21	65.78	58.18
* after direct transaction costs of: ***	0.00	0.00	0.00
Performance +			
Return after charges	3.65%	16.38%	3.53%
Other information			
Closing net asset value (£'000)	560	422	279
Closing number of shares	845,353	642,081	480,092
Operating charges****	1.47%	1.61%	1.63%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices ++			
Highest share price	68.97	68.05	59.86
Lowest share price	63.75	58.55	53.25

** The operating charges include all costs borne by the Sub-fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating charge for the current year is lower than the previous comparative year, because the Authorised Corporate Director's periodic charge was reduced on 1 November 2017.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Sub-fund pricing policy, while the price per the financial statements values the Sub-fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Sub-fund which is used in the published share class price.

++ These represent the highest and lowest share prices available to investors in the period. This may differ to the opening and closing net asset value per share in the table above due to accounting adjustments.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Portfolio Statement

Holding	Investment	Market value £'000	Percentage of total net assets
Collective Investment Schemes (100.40%)		6,031	99.39
Absolute Return Funds (20.37%)		582	9.59
3,057	AQR Systematic Total Return	284	4.68
372,839	SLI Global Absolute Return Strategies	298	4.91
Bond Funds (5.83%)		79	1.30
8,832	Neuberger Berman Emerging Markets Debt Local Currency	79	1.30
Equity Funds (70.60%)		5,330	87.84
173,382	Artemis Income	444	7.32
468,875	BNY Mellon U.S. Equity Income	486	8.01
15,167	CC Japan Income & Growth	259	4.27
71,649	CF Morant Wright Nippon Yield	261	4.29
451,432	Invesco Perpetual European Equity Income	637	10.49
307,135	Invesco Perpetual Global Targeted Income	303	4.99
201,714	JPM US Equity Income	593	9.77
35,702	Magna Emerging Market Dividend	374	6.16
168,366	Majedie UK Income	290	4.78
132,788	MI Chelverton UK Equity Income	178	2.94
519,204	Schroder Asian Trust	360	5.93
422,090	Threadneedle UK Equity Income	473	7.79
167,216	Threadneedle US Equity Income	374	6.18
3,113	TM Fulcrum Income	298	4.92
Money Market Funds (1.48%)		40	0.66
40,332	Standard Life CNAV Sterling Liquidity Fund*	40	0.66

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Portfolio Statement

(Continued)

Holding Investment	Market value £'000	Percentage of total net assets
Property Funds (2.12%)	–	–
Total investment assets	6,031	99.39
Net other assets	37	0.61
Total Net Assets	6,068	100.00

All Investments are regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 30 June 2017.

	Market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	5,991
*Collective Investment Schemes classified as Cash Equivalents	40
Net other assets	37
Total Net Assets	6,068

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Financial Statements

Statement of Total Return

for the year ended 30 June 2018

		2018	2017
	Notes	£'000	£'000
Income:			
Net capital gains	2	82	636
Revenue	4	169	150
Expenses	5	(57)	(53)
Interest payable and similar charges	6	0	(2)
Net revenue before taxation		112	95
Taxation	7	0	0
Net revenue after taxation		112	95
Total return before distributions		194	731
Distributions	8	(132)	(110)
Change in net assets attributable to shareholders from investment activities		62	621

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 June 2018

	2018	2017
	£'000	£'000
Opening net assets attributable to shareholders	5,821	4,376
Amounts receivable on the issue of shares	2,258	1,318
Amounts payable on the cancellation of shares	(2,172)	(584)
	86	734
Dilution adjustment	0	1
Change in net assets attributable to shareholders from investment activities (see above)	62	621
Retained distribution on accumulation shares	99	89
Closing net assets attributable to shareholders	6,068	5,821

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Financial Statements

(Continued)

Balance Sheet

as at 30 June 2018

		2018	2017
	Notes	£'000	£'000
Assets:			
Fixed assets:			
Investment assets		5,991	5,758
Current assets:			
Debtors	9	320	67
Cash and bank balances	10	12	0
Cash equivalents	11	40	86
		372	153
Total assets		6,363	5,911
Liabilities:			
Creditors	12	(283)	(73)
Bank overdrafts	10	0	(8)
Distribution payable		(12)	(9)
		(295)	(90)
Total liabilities		(295)	(90)
Net assets attributable to shareholders		6,068	5,821

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Notes to the Financial Statements

1 Accounting Policies

Please refer to pages 12 to 13 for notes on accounting policies.

2 Net Capital Gains

	2018 £'000	2017 £'000
Non-derivative securities*	59	617
ACD fee rebate on collective investment scheme holdings	8	10
Other gains/(losses)	1	(1)
Equalisation component of distributions from collective investment schemes	14	10
Net capital gains	82	636
The above includes*		
Realised gains	200	185
Unrealised (losses)/gains	(141)	432
	59	617

* where realised gains include gains/losses arising in previous periods, a corresponding loss/gain is included in unrealised gains.

3 Purchases, Sales and Transaction Costs

There are no transaction costs associated with the purchases or sales of investments during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into Funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table.

	2018 £'000	2017 £'000
Purchases		
Collective investment schemes	3,325	3,224
Sales		
Collective investment schemes	3,170	2,438

The Sub-fund suffers a number of explicit costs as disclosed in the notes and Sub-fund history. The Sub-fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay.

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.12% (2017: 0.20%), this is representative of the average spread on the assets held during the year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Notes to the Financial Statements

(Continued)

4 Revenue

	2018 £'000	2017 £'000
Franked dividend distributions	145	112
Unfranked non-foreign component of dividend distributions	18	1
Unfranked foreign component of dividend distributions	1	0
Deemed interest distribution on distributions	0	6
Interest distributions	1	22
Bank interest	1	2
ACD fee rebate on collective investment scheme holdings	2	3
Property income distributions	1	4
Total revenue	169	150

5 Expenses

	2018 £'000	2017 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	43	43
Authorised Corporate Director's periodic charge taken from the capital account	5	4
Dealing charge	1	1
Registration fees	1	1
Registration fees taken from the capital account	1	1
	51	50
Payable to the Depositary or associates of the Depositary, and agents of either of them:		
Depositary's fees*	2	5
Other:		
Audit fee*	11	12
Expenses reimbursed by SLI (Mutual Funds) Limited	(7)	(14)
	4	(2)
Total expenses	57	53

* A proportion of these fees were reimbursed by SLI (Mutual Funds) Limited.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Notes to the Financial Statements

(Continued)

6 Interest Payable and Similar Charges

	2018 £'000	2017 £'000
Interest payable	0	2
Total interest payable & similar charges	0	2

7 Taxation

	2018 £'000	2017 £'000
(a) Analysis of charge in year		
Total taxation (note 7b)	0	0

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for Fund's of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	112	95
Corporation tax at 20% (2017: 20%)	22	19
Effects of:		
Revenue not subject to taxation	(29)	(22)
Excess allowable expenses	5	1
Capitalised revenue subject to taxation	2	2
Total tax charge for year (note 7a)	0	0

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £6,000 (2017: £1,000) due to surplus ACD expenses. It is unlikely that the Sub-fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Notes to the Financial Statements

(Continued)

8 Distributions

The distributions takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprise:

	2018 £'000	2017 £'000
First interim distribution	15	19
Second interim distribution	35	29
Third interim distribution	33	21
Final distribution	49	44
	<hr/> 132	<hr/> 113
Add: Income deducted on cancellation of shares	8	2
Deduct: Income received on issue of shares	(8)	(5)
Net distribution for the year	<hr/> 132	<hr/> 110

Details of the distribution per share are set out in this Sub-fund's distribution tables.

	2018 £'000	2017 £'000
Net revenue after taxation	112	95
Annual ACD charge to capital	5	4
Registration fees taken from the capital account	1	1
Equalisation component of distributions from collective investment schemes	14	10
Total distributions	<hr/> 132	<hr/> 110

9 Debtors

	2018 £'000	2017 £'000
Amounts receivable from the ACD for the issue of shares	36	7
Sales awaiting settlement	260	0
Accrued revenue	14	29
Expenses reimbursement receivable from the ACD	0	12
United Kingdom income tax recoverable	1	1
Accrued rebate of Management fees on underlying investments	9	18
Total debtors	<hr/> 320	<hr/> 67

10 Cash and Bank Balances

	2018 £'000	2017 £'000
Cash and bank balances	12	0
	<hr/> 12	<hr/> 0
Cash overdrafts at bank	0	(8)
Total cash and bank balances	<hr/> 12	<hr/> (8)

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Notes to the Financial Statements

(Continued)

11 Cash Equivalents

	2018 £'000	2017 £'000
Standard Life CNAV Sterling Liquidity Fund	40	86
Total cash equivalents	40	86

12 Creditors

	2018 £'000	2017 £'000
Amounts payable to the ACD for cancellation of shares	10	1
Purchases awaiting settlement	260	56
Accrued expenses payable to ACD	4	5
Other accrued expenses	9	11
Total creditors	283	73

13 Related Party Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Sub-fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting year are disclosed in notes 9 and 12.

A portion of the management fee rebate received by the Sub-fund is from other Standard Life Aberdeen Group companies related to investments in funds managed by those Standard Life Aberdeen Group companies. During the period £800 (2017: £1,000) has been recognised and is included in the total rebate amounts in notes 2 and 4. The balance due to the Sub-fund at the period end in respect of this amounted to £nil (2017: £nil) and is included in the total rebate amount disclosed in note 7.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the year end in note 12.

The Sub-fund holds 40,332 shares (2017: 86,139) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £1,929,000 (2017: £1,456,000), the total sales proceeds were £1,975,000 (2017: £1,393,000).

	2018 £'000	2017 £'000
Transactions during the year with Standard Life Aberdeen group companies are as follows:		
Sale of shares by Fund	1,023	551
Purchase of shares by Fund	1,129	237
Distributions made by Fund	72	57
The percentage value of the Fund held by Standard Life Aberdeen group companies is:	54.6%	55.4%

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Notes to the Financial Statements

(Continued)

14 Shares in Issue Reconciliation

	Opening shares 2017	Creations during the year	Cancellations during the year	Closing shares 2018
Retail accumulation	4,098,995	1,249,073	(1,388,259)	3,959,809
Institutional accumulation	694,405	94,695	(235,609)	553,491
Retail income	2,006	0	0	2,006
Institutional income	563,943	403,009	(162,690)	804,262
Standard Life income	225,258	14,698	(46,163)	193,793
Platform 1 accumulation	1,340,697	633,489	(598,554)	1,375,632
Platform 1 income	642,081	542,910	(339,638)	845,353

15 Fair Value Hierarchy

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Collective Investment Schemes*	0	6,031	0	0	5,844	0
Total investment assets	0	6,031	0	0	5,844	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

* Investment in Standard Life CNAV Sterling Liquidity Fund is included in the above table within 'Collective Investment Scheme' in line with disclosure within the portfolio statement. In accordance with the AIFMD requirements, the Sub-fund has treated the investment in the Standard Life CNAV Sterling Liquidity Fund disclosed within the Portfolio Statement as cash equivalents for the purposes of the Balance Sheet disclosure.

16 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Sub-fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Sub-fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk.

The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Notes to the Financial Statements

(Continued)

16 Risk Management Policies & Numerical Disclosures (continued)

(a) Market Price Risk

Each Sub-fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

(b) Foreign Currency Risk

A proportion of the net assets of the Sub-fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Sub-fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Currency exposure

An increase or decrease in a particular foreign currency exchange rate will have a proportionate effect on the value of the Sub-fund

(c) Interest Rate Risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Sub-fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Sub-fund). A decline in interest rates will, in general, have the opposite effect.

The interest rate risk profile of the Sub-fund's financial assets and liabilities is:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2018			
Currency			
UK Sterling	52	6,016	6,068
2017			
Currency			
UK Sterling	79	5,742	5,821

(d) Credit Risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Sub-fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Sub-fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity Risk

The Sub-fund's assets comprise mainly readily realisable securities. The main liabilities of the Sub-fund are the redemption of any shares that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required, the Fund Manager will sell securities.

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Distribution Tables

for the three months ended 30 September 2017

Group 1 – shares purchased prior to 1 July 2017

Group 2 – shares purchased between 1 July 2017 and 30 September 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.1483	–	0.1483*	0.2347
Group 2	–	0.1483	0.1483*	0.2347
Institutional accumulation				
Group 1	0.2867	–	0.2867*	0.3609
Group 2	0.0921	0.1946	0.2867*	0.3609
Retail income				
Group 1	0.3085	–	0.3085**	0.3677
Group 2	–	–	–	–
Institutional income				
Group 1	0.3371	–	0.3371**	0.4046
Group 2	0.1182	0.2189	0.3371**	0.4046
Standard Life income				
Group 1	0.2884	–	0.2884**	0.3505
Group 2	0.1285	0.1599	0.2884**	0.3505
Platform 1 accumulation				
Group 1	0.2275	–	0.2275*	0.3025
Group 2	0.0450	0.1825	0.2275*	0.3025
Platform 1 income				
Group 1	0.3233	–	0.3233**	0.3848
Group 2	0.0479	0.2754	0.3233**	0.3848

* Distribution accumulated on 30 September 2017

** Distribution paid on 30 December 2017

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Distribution Tables

(Continued)

for the three months ended 31 December 2017

Group 1 – shares purchased prior to 1 October 2017

Group 2 – shares purchased between 1 October 2017 and 31 December 2017

	Net Income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.3998	–	0.3998*	0.3814
Group 2	0.0496	0.3502	0.3998*	0.3814
Institutional accumulation				
Group 1	0.5232	–	0.5232*	0.4928
Group 2	0.1150	0.4082	0.5232*	0.4928
Retail income				
Group 1	0.5144	–	0.5144**	0.4396
Group 2	–	–	–	–
Institutional income				
Group 1	0.5237	–	0.5237**	0.5026
Group 2	0.1991	0.3246	0.5237**	0.5026
Standard Life income				
Group 1	0.4721	–	0.4721**	0.4381
Group 2	0.1909	0.2812	0.4721**	0.4381
Platform 1 accumulation				
Group 1	0.4723	–	0.4723*	0.4393
Group 2	0.3473	0.1250	0.4723*	0.4393
Platform 1 income				
Group 1	0.5116	–	0.5116**	0.5047
Group 2	0.4361	0.0755	0.5116**	0.5047

* Distribution accumulated on 31 December 2017

** Distribution paid on 31 March 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Distribution Tables

(Continued)

for the three months ended 31 March 2018

Group 1 – shares purchased prior to 1 January 2018

Group 2 – shares purchased between 1 January 2018 and 31 March 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution paid 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.3865	–	0.3865*	0.2415
Group 2	0.1124	0.2741	0.3865*	0.2415
Institutional accumulation				
Group 1	0.4926	–	0.4926*	0.3939
Group 2	0.0296	0.4630	0.4926*	0.3939
Retail income				
Group 1	0.4331	–	0.4331**	0.3759
Group 2	–	–	–	–
Institutional income				
Group 1	0.5003	–	0.5003**	0.4283
Group 2	0.2342	0.2661	0.5003**	0.4283
Standard Life income				
Group 1	0.4567	–	0.4567**	0.4163
Group 2	0.1832	0.2735	0.4567**	0.4163
Platform 1 accumulation				
Group 1	0.4559	–	0.4559*	0.3230
Group 2	0.2145	0.2414	0.4559*	0.3230
Platform 1 income				
Group 1	0.4816	–	0.4816**	0.4040
Group 2	0.2478	0.2338	0.4816**	0.4040

* Distribution accumulated on 31 March 2018

** Distribution paid on 30 June 2018

Standard Life Investment Company III Annual Report & Financial Statements

MyFolio Multi-Manager Income V Fund

Distribution Tables

(Continued)

for the three months ended 30 June 2018

Group 1 – shares purchased prior to 1 April 2018

Group 2 – shares purchased between 1 April 2018 and 30 June 2018

	Net Income 2018 pence per share	Equalisation 2018 pence per share	Distribution payable 2018 pence per share	Distribution paid 2017 pence per share
Retail accumulation				
Group 1	0.5964	–	0.5964*	0.5484
Group 2	0.0784	0.5180	0.5964*	0.5484
Institutional accumulation				
Group 1	0.7121	–	0.7121*	0.6471
Group 2	0.6740	0.0381	0.7121*	0.6471
Retail income				
Group 1	0.6719	–	0.6719**	0.7244
Group 2	–	–	–	–
Institutional income				
Group 1	0.6761	–	0.6761**	0.6353
Group 2	0.2716	0.4045	0.6761**	0.6353
Standard Life income				
Group 1	0.6079	–	0.6079**	0.5216
Group 2	0.3250	0.2829	0.6079**	0.5216
Platform 1 accumulation				
Group 1	0.6632	–	0.6632*	0.5928
Group 2	0.2632	0.4000	0.6632*	0.5928
Platform 1 income				
Group 1	0.6507	–	0.6507**	0.6327
Group 2	0.6006	0.0501	0.6507**	0.6327

* Distribution accumulated on 30 June 2018

** Distribution payable on 30 September 2018

Standard Life Investment Company III

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MyFolio Multi-Manager Income V Fund

Distribution Tables

(Continued)

Treatment by Corporate Shareholders (Unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution table as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend	100.00%	100.00%	100.00%	100.00%
Treat as an annual payment net of Income tax at 20%	0.00%	0.00%	0.00%	0.00%

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Alternative Investment Fund Disclosures (unaudited)

The Alternative Investment Fund Manager Directive (AIFMD) introduces additional requirements on the ACD and other parties, such as the Depositary. It also creates a clear and harmonised regulated framework for Alternative Investment Fund Managers (AIFMs) and the Fund ranges they manage. The key benefits of the AIFMD are greater investor protection and the creation of a more efficient and transparent market through enhanced Depositary supervisory practices that will help promote market stability and safekeeping of investments.

Risk profile

In conjunction with the other risk narratives in this report and the policies laid out in the prospectus there has been no significant change to the risk profile of the Sub-funds. For ease of reference the profile of the typical investor is included in each of the Sub-Fund reports.

Liquidity profile

With effect from 17 July 2017, the ACD may defer redemptions in times of high redemptions. For this purpose "high redemptions" are redemptions that at a valuation point on any given business day exceed 10% of a Fund's net asset value. The ability to defer redemptions is intended to protect the interests of shareholders remaining in the relevant Fund and will give the ACD, in times of high redemptions, the ability to defer redemptions at a particular valuation point on a business day to the valuation point on the next business day. This is intended to allow the ACD to match the sale of scheme property to the level of redemptions. Subject to COLL and to sufficient liquidity being raised at the next valuation point all deals relating to the earlier valuation point will be completed before those relating to the later valuation point are considered.

The ACD may, with the prior agreement of the Depositary, and must, if the Depositary so requires, suspend the issue, sale, cancellation and redemption of shares in a Sub-fund if it, or the Depositary in the case of any requirement by the Depositary, is of the opinion that due to exceptional circumstances it is in the interests of holders in the Sub-fund. The Depositary must formally review the suspension at least every 28 days and inform the FCA of the results of this review.

When the ACD buys or sells underlying investments in response to a request for the issue, sale, cancellation or redemption of shares, it will generally incur a cost, made up of dealing costs and any spread between the bid and offer prices of the investments concerned, which is not reflected in the price paid by or to the holder. This effect is known as dilution. With a view to reducing this cost which may have an adverse effect on continuing holders' interests in the Sub-fund the ACD may make a dilution adjustment on the issue, sale, cancellation and/or redemption of shares. Where the Sub-fund is, in the opinion of the ACD, experiencing a period of continual decline. In this case, the dilution adjustment would be made on all redemptions.

It could take less than 7 days to liquidate the majority of the investment assets of the Sub-funds.

The ACD has a robust valuation and pricing policy in place to ensure the valuation of assets is undertaken independently to ensure no

conflicts arise. From time to time the ACD may afford preferential terms of investment to certain groups of investors. In assessing whether such terms are afforded to an investor, the ACD will ensure that any such concession is not inconsistent with its obligation to act in the overall best interests of the relevant Sub-fund and its investors. In particular, the ACD may typically exercise its discretion to waive a proportion of the initial charge or investment minima for investment in a Class for investors that are investing sufficiently large amounts, either initially or are anticipated to do so over time. The ACD may also have agreements in place with such groups of investors which result in them paying a reduced annual management charge. The Management charge accrues daily based on the mid valuation of the assets in line with the terms set out in the prospectus. There are no performance fees charged to investors in the Sub-funds.

Leverage of the AIF

There have been no changes to the maximum leverage allowed in the period. The gross leverage figure for Enhanced Diversification Growth Fund does not include centrally cleared interest rate swap contracts which have been economically closed but have not yet been compressed at the clearing house.

Leverage calculated on (basis)	Maximum		Current	
	Gross	Commitment	Gross	Commitment
Enhanced Diversification Growth Fund	850	850	719	642
MyFolio Managed I Fund	300	200	100	100
MyFolio Managed II Fund	300	200	100	100
MyFolio Managed III Fund	300	200	100	100
MyFolio Managed IV Fund	300	200	100	100
MyFolio Managed V Fund	300	200	100	100
MyFolio Market I Fund	300	200	100	100
MyFolio Market II Fund	300	200	100	100
MyFolio Market III Fund	300	200	100	100
MyFolio Market IV Fund	300	200	100	100
MyFolio Market V Fund	300	200	100	100
MyFolio Multi-Manager I Fund	300	200	100	100
MyFolio Multi-Manager II Fund	300	200	100	100
MyFolio Multi-Manager III Fund	300	200	100	100
MyFolio Multi-Manager IV Fund	300	200	100	100
MyFolio Multi-Manager V Fund	300	200	100	100
MyFolio Managed Income I Fund	300	200	100	100
MyFolio Managed Income II Fund	300	200	100	100
MyFolio Managed Income III Fund	300	200	100	100
MyFolio Managed Income IV Fund	300	200	100	100
MyFolio Managed Income V Fund	300	200	100	100

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Alternative Investment Fund Disclosures (unaudited)

(Continued)

Leverage calculated on (basis)	Maximum Gross Commitment		Current Gross Commitment	
MyFolio Multi-Manager Income I Fund	300	200	100	100
MyFolio Multi-Manager Income II Fund	300	200	100	100
MyFolio Multi-Manager Income III Fund	300	200	100	100
MyFolio Multi-Manager Income IV Fund	300	200	100	100
MyFolio Multi-Manager Income V Fund	300	200	100	100

Under the Depositary Agreement the Depositary has agreed that it, and any person to whom it delegates custody functions, may not re-use any of the Sub-fund's assets with which it has been entrusted.

The Investment Adviser may use one or more separate counterparties to undertake derivative transactions on behalf of the Sub-fund and may be required to pledge collateral, paid from within the assets of the Sub-fund, to secure such contracts. There may be a risk that a counterparty will wholly or partially fail to honour their contractual obligations under the arrangement. The Investment Adviser assesses the creditworthiness of counterparties as part of the risk management process and will ordinarily hold collateral to mitigate this. The Depositary may, at the request of the ACD, enter into repo contracts and certain stock lending transactions.

Remuneration for the AIF

Standard Life Investments Limited, the Investment Adviser and Standard Life Investments (Mutual Funds) Limited, the Manager, are subsidiaries of Standard Life Aberdeen plc. The Alternative Investment Fund Managers Directive ("AIFMD") requires certain disclosures on the remuneration paid by Standard Life Investments (Mutual Funds) Limited (the "Manager"), to its staff. This information is set out in the table below.

For Standard Life Investments (Mutual Funds) Limited this applies to variable pay of employees of the Investment Manager identified as AIFM Material Risk Takers (MRTs) in respect of the performance period 1 January to 31 December 2017, awarded in March 2018. Our remuneration policy as set out below has been reviewed against the requirements of the Code.

Standard Life Investments (Mutual Funds) Limited does not employ any direct staff. Details of the Remuneration Policy and Procedures for employees of the Investment Manager classified as MRTs in accordance with European Securities and Markets Authority (ESMA) guidance, including, but not limited to, a description of how remuneration and benefits are calculated, the identities of persons responsible for awarding the remuneration and benefits including the composition of the Remuneration Committee can be found at the following link:

www.standardlifeaberndeen.com/remuneration-disclosure A paper copy will be made available free of charge upon request at the registered office of the Company.

These details together with the information below satisfy the AIFMD remuneration disclosures for the year ended 31 December 2017. Standard Life Aberdeen plc identifies certain individuals as Code Staff, in accordance with ESMA guidance in this regard. In accordance with these guidelines, Board members of the Management Company or self-managed entity (as appropriate) and staff that make up the key advisory committees are identified as roles that have a material impact on the risk profile of the Management Company or the AIF managed. Whilst the Board members direct the business this is done with the assistance of the committees, although the Board are ultimately responsible for risk management.

The Company has determined that the fixed remuneration payable is (a) consistent with sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instrument of incorporation of the Company and (b) in line with the business strategy, objectives, values and interests of the Company and the investors in the Company. The detailed provisions of Article 14b of the Regulations and the related ESMA guidelines in relation to variable remuneration are considered for employees of the Investment Manager on an apportioned basis, to reflect duties for regulated firms in line with regulatory guidance.

During 2017 the following amounts were paid in fixed and variable remuneration to material risk takers. Fixed remuneration includes base salary and benefits. Variable remuneration includes 2017 annual bonus awards paid in March 2018 and the target value of long term incentive awards granted in 2018 (which were based on performance in 2017).

	2017 Material Risk takers	2017 Senior Management	2017 Control Functions
Number of Code Staff ⁽¹⁾	15	23	5
Fixed Remuneration (£)	160,969	324,401	78,793
Variable Remuneration (£)	727,100	1,218,783	84,222
Total (£) ⁽²⁾	888,069	1,543,184	163,015

⁽¹⁾ These figures reflect the material risk takers in respect of AIFMD for SLI(MF) Ltd. The number of individuals reported reflects ESMA guidelines. We undertake continual re-evaluation of material risk takers to align with the latest regulatory guidance.

⁽²⁾ The figures reflect the total remuneration paid to each MRT in relation to AIFM duties and has not been time apportioned to reflect the time spent on issues related to an individual AIF.

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Securities Financing Transactions Disclosure

Securities financing transactions (SFTs), broadly speaking, are any transactions where securities are used to borrow cash, or vice versa. Practically, this mostly includes repurchase agreements (repos or reverse repos), securities lending activities, sell/buy-back transactions, and margin lending transactions. In each of these, ownership of the securities temporarily changes in return for cash temporarily changing ownership. At the end of an SFT, the change of ownership reverts, and both counterparties are left with what they possessed originally, plus or minus a small fee depending on the purpose of the transaction. In this regard, they act like collateralised loans.

Regulation (EU) 2015/2365 of the European Parliament, from November 2015, seeks to increase the transparency of Securities Financing Transactions, and specifically, inform investors on the uses made of SFTs and Total Return Swaps (which have similar characteristics).

As at 30 June 2018 the Standard Life Investments Enhanced Diversification Growth Fund held SFTs in the form of total return swaps. Details are contained the Fund's Portfolio Statement.

Global Data

Type of asset	Absolute Amount (£'000)	Proportion of AUM (%)
Total return swaps	3,996	1.35

Concentration Data

The ten largest collateral issuers across all SFTs and total return swaps is as follows:

	Collateral Issuers	Volume of collateral securities and commodities (£'000)
Total return swap	Deutsche Bank	1,080
Total return swap	NatWest	410
Total return swap	Credit Agricole	263
Total return swap	HSBC	131
Total return swap	BNP Paribas	124
Total return swap	Societe Generale	120
Total return swap	JP Morgan	(81)
Total return swap	Bank of America Merrill Lynch	(114)
Total return swap	Barclays	(381)
Total return swap	Morgan Stanley	(769)

The top counterparties across all SFTs and total return swaps is as follows:

	Counterparty	Gross volume of outstanding trades (£'000)
Total return swap	Goldman Sachs	2,234
Total return swap	Citigroup	1,023
Total return swap	JP Morgan	739

Standard Life Investment Company III Annual Report & Financial Statements

Securities Financing Transactions Disclosure

(Continued)

Aggregate Transaction Data

Total return swap	Type of collateral	Quality	Currency	Maturity tenor (collateral)	Maturity tenor (SFTs/Total Return Swaps)	Country of establishment (counterparty)	Settlement and clearing
BNP Paribas	Cash	N/A - cash	Euro	N/A - cash	3 months - 1 year	France	Bi-lateral
Barclays	Cash	N/A - cash	Euro	N/A - cash	3 months - 1 year	UK	Bi-lateral
JP Morgan	Cash	N/A - cash	Sterling	N/A - cash	3 months - 1 year	UK	Bi-lateral
Royal Bank of Scotland	Cash	N/A - cash	Sterling	N/A - cash	3 months - 1 year	UK	Bi-lateral
Goldman Sachs	Cash	N/A - cash	Sterling	N/A - cash	3 months - 1 year	US	Bi-lateral
Lloyds	Cash	N/A - cash	Euro	N/A - cash	3 months - 1 year	UK	Bi-lateral
Citigroup	Cash	N/A - cash	Sterling	N/A - cash	3 months - 1 year	US	Bi-lateral
Royal Bank of Scotland	Cash	N/A - cash	Euro	N/A - cash	3 months - 1 year	UK	Bi-lateral
Societe Generale	Cash	N/A - cash	Sterling	N/A - cash	3 months - 1 year	France	Bi-lateral
State Street	Cash	N/A - cash	Sterling	N/A - cash	3 months - 1 year	US	Bi-lateral
Royal Bank of Canada	Cash	N/A - cash	Sterling	N/A - cash	3 months - 1 year	Canada	Bi-lateral

Safekeeping

Collateral cash received is held under the same safe-custody arrangements as all other cash within the Sub-fund. Collateral cash is not held in any segregated or pooled account.

Returns

All returns generated by the Total Return Swaps belong solely to the Sub-fund itself. Collateral administration fees are paid for by the AIFM, not by the Sub-fund. During the year to 30 June 2018 the Sub-fund realised a net gain relating to Total Return Swaps of £7,160,000

Standard Life Investment Company III Annual Report & Financial Statements

Further Information

Report and financial statements

The Long Report is available online at aberdeenstandardinvestments.com. The annual accounting year for the Sub-funds finishes on 30 June and the interim accounting period finishes on 31 December.

Prospectus

The Prospectus for Standard Life Investment Company III is available online at aberdeenstandardinvestments.com.

Prices

The most recent share prices are published daily online at aberdeenstandardinvestments.com.

Cancellation Rights

Under certain circumstances, investors will have the right to cancel a deal. Please refer to the Prospectus for full details.

Buying and Selling Shares

Investors wishing to invest in any of the Sub-funds can contact their usual Financial Adviser, or telephone the ACD's Customer Information Team on 0345 113 6966 (or +44 (0)1268 44 5488 from outwith the UK) for information in how to invest.

Applications for shares can be made by sending a completed application form together with a cheque (a cheque need not be provided if paying by direct debit as below) made payable to the ACD at the address: Standard Life Investments (Mutual Funds) Limited, PO Box 12233, Chelmsford CM99 2EE. Applications for shares can also be made by telephone and must be followed by sending an application form and cheque (the latter need not be provided if paying by direct debit as below) made payable to the ACD at the address above.

Holders can sell some or all of their shares through their usual Financial Adviser, or by writing to the ACD at the above address. In either case the holder's account number must be quoted and the request must be signed by the holder or all the joint holders if the shares are held in joint names.

Shares can also be sold by telephone on any day that the ACD is open for business, on 0345 113 6966 (+44 (0)1268 44 5488), although the request must be confirmed in writing. Shares will be sold on a forward pricing basis and the investor will receive the price at the relevant valuation point on the day after the ACD receives the instructions (verbal or written, as the case may be).

Please refer to the Prospectus for full details.

Minimum Investment

The minimum initial investment in shares varies across the Sub-funds. Please refer to the Prospectus for full details.

Minimum Redemption

It is possible to sell all or part of a holding at any time. Please refer to the Prospectus for full details.

Switching

At any time, an investor may switch some or all of the shares in one class/Sub-fund for shares in another class/Sub-fund. Switching instructions can either be given by accessing your investments online at www.myaccountonline.co.uk/sli or by calling us.

Distributions

Distribution of income (if any) to holders of income shares will be made on the income allocation dates shown in the table below. Allocation of revenue to holders of accumulation shares will be transferred to the capital property of each Sub-fund on the first business day following the end of the income allocation year and be reflected in the value of the shares.

Standard Life Investment Company III Annual Report & Financial Statements

Further Information

(Continued)

Fund Name	Income Allocation Periods	Income Allocation Dates
Enhanced Diversification Growth Fund	1 July – 30 June	31 October
MyFolio Managed I Fund	1 July – 30 June	31 October
MyFolio Managed II Fund	1 July – 30 June	31 October
MyFolio Managed III Fund	1 July – 30 June	31 October
MyFolio Managed IV Fund	1 July – 30 June	31 October
MyFolio Managed V Fund	1 July – 30 June	31 October
MyFolio Market I Fund	1 July – 30 June	31 October
MyFolio Market II Fund	1 July – 30 June	31 October
MyFolio Market III Fund	1 July – 30 June	31 October
MyFolio Market IV Fund	1 July – 30 June	31 October
MyFolio Market V Fund	1 July – 30 June	31 October
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MyFolio Multi-Manager II Fund	1 July – 30 June	31 October
MyFolio Multi-Manager III Fund	1 July – 30 June	31 October
MyFolio Multi-Manager IV Fund	1 July – 30 June	31 October
MyFolio Multi-Manager V Fund	1 July – 30 June	31 October
MyFolio Managed Income I Fund	1 July – 30 September (interim)	31 January (interim)
MyFolio Managed Income II Fund	1 October – 31 December (interim)	30 April (interim)
MyFolio Managed Income III Fund	1 January – 31 March(interim)	31 July (interim)
MyFolio Managed Income IV Fund	1 April – 30 June	31 October
MyFolio Managed Income V Fund		
MyFolio Multi-Manager Income I Fund	1 July – 30 September (interim)	31 January (interim)
MyFolio Multi-Manager Income II Fund	1 October – 31 December (interim)	30 April (interim)
MyFolio Multi-Manager Income III Fund	1 January – 31 March(interim)	31 July (interim)
MyFolio Multi-Manager Income IV Fund	1 April – 30 June	31 October
MyFolio Multi-Manager Income V Fund		

Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments.

Standard Life Investments Limited is registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL.

Standard Life Investments Limited is authorised and regulated by the Financial Conduct Authority.

Calls may be monitored and/or recorded to protect both you and us and help with our training.

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