

Standard Life

US Equity Fund (Russell) Russell Investments Canada Limited

Lead Manager(s): Dave Hintz

Performance Review Date: December 31, 2013

Investment Objective: The fund's investment objective is to provide long-term capital appreciation by investing principally in equity securities of U.S. issuers.

Investment Style: Blend

Annual Fund Performance (%)

	2009	2010	2011	2012	2013	5 yrs
US Equity Fund (Russell)	9.86	8.95	0.90	12.81	40.40	13.85
Russell 1000 Index (Can\$)	9.07	10.04	4.01	13.84	42.04	15.08
Value Added (+) / Lost (-)	0.79	-1.09	-3.11	-1.03	-1.64	-1.23
Quartile Ranking ⁽¹⁾	2nd	2nd	3rd	3rd	4th	3rd

Annualized Performance – Relative Rankings ⁽¹⁾ (ending December 31, 2013)

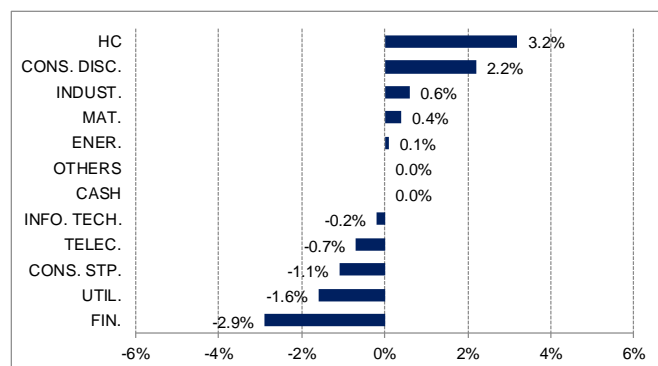
3 years	3 rd	Quartile
5 years	3 rd	Quartile
7 years	3 rd	Quartile
10 years	3 rd	Quartile

Risk Characteristics (5 years ending December 31, 2013)

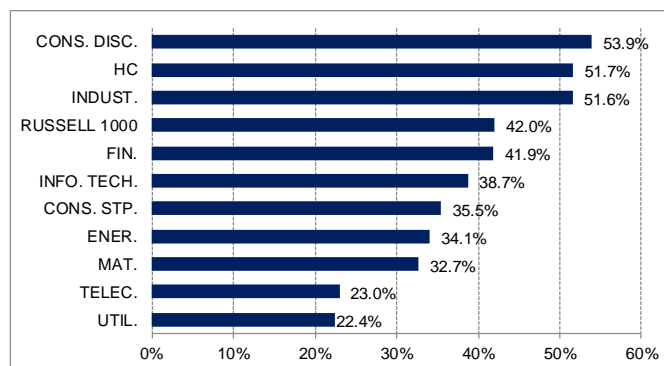
Downside Volatility	2.55%	3 rd	Quartile
Standard deviation	11.68%	3 rd	Quartile
Tracking error	2.51%	4 th	Quartile
Information ratio	-0.10	3 rd	Quartile
Beta	1.02	2 nd	Quartile

Portfolio Positioning

Fund Sector Deviations



Year-to-date Index Sector Performance



Short-Term Performance Analysis

- In 2013, the fund underperformed its benchmark and ranks in the fourth quartile relative to its peers.
- Security selection was the main detractor of relative value, particularly within the Health Care and Information Technology sectors.
- Sector allocation produced positive results, primarily due to an overweight position in the outperforming Health Care sector.
- Based on the S&P 500 Style indices, Growth stocks outperformed on average. Given the fund's Blend investment bias, its style had no impact on short-term performance.

Long-Term Style Analysis

	2009	2010	2011	2012	2013	5 years
Outperforming Investment Style	Growth	Value	Growth	Value	Growth	Growth

Long-Term Performance Analysis

- The fund underperformed its benchmark in four of the past five years and failed to add value on a five-year annualized basis. This long-term performance ranks it in the third quartile when compared to its peers.
- Security selection was negative more often than not and was the main detractor of relative value on a five-year annualized basis.
- Sector allocation produced positive results over the long term.
- Based on the S&P 500 Style indices, Growth stocks outperformed on average. Given the fund's Blend investment bias, its style had no impact on long-term performance.

Significant Corporate Events

Corporate

- In April 2013, Joe Gelly joined Russell Canada as Managing Director, Canada Institutional. Joe has been with Russell since 2010, working in various roles within Americas Institutional, most recently as Managing Director, Fiduciary Solutions.
- In September 2012, James Barber was appointed Chief Investment Officer, Equities.
- In June 2011, Russell Investments Canada Limited announced that Greg Nott had been appointed Chief Investment Officer ("CIO") replacing Mr. Sadiq S. Adatia, CIO and Portfolio Manager. As CIO, Mr. Nott became responsible for all aspects of investment management, including leading the fixed income and equity investment teams. Moreover, he took over the role of lead manager for the LifePoints group of funds.
- In April 2009, significant global workforce reductions (approximately 20% of total staff) were implemented.

Fund Specific

- In June 2013, Russell Investments Canada announced changes to the underlying managers composing their Russell US Equity Fund. First Eagle Investment Management, LLC. was removed. PanAgora Asset Management, Inc., known for its quantitative investing style of investing, was added with target weight of 16%.
- In May 2012, Russell Investments Canada announced changes to the underlying managers composing their Russell US Equity Fund. Montag & Caldwell, Inc was removed and Mar Vista Investment Partners, LLC was added with 22% target weight.
- In November 2011, Dave Hintz, previously head of US equity manager research, assumed the role of portfolio manager at Frank Russell Company (FRC), sub-adviser to Russell Investments Canada Limited (RICL) in respect of the Russell US Equity Fund, which is also part of all the LifePoints Portfolios. Mr. Hintz became a member of the portfolio management teams for FRC's US large cap multi-style funds at the end of 2002. He spent 13 years as a manager research analyst responsible for evaluation of large cap US equity managers and has been with Russell since 1988. Steve Skatrud, previously portfolio manager at FRC, moved to head of US equity manager research.
- In April 2011, Russell Investments Canada announced changes to the underlying managers composing their US Equity Fund. Aronson + Johnson + Ortiz LP, MFS Institutional Advisors, Suffolk Capital Management, Legg Mason Capital Management, and Russell Implementation have been removed from the fund. Levin Capital, possessing a market-oriented investment style, and Institutional Capital, possessing a relative value investment style, has been added with target weights of 20% and 26% respectively.
- In July 2010, Lead Portfolio Manager Dennis Jensen was replaced by Stephen W. Skatrud, who took over portfolio management responsibilities for the Russell U.S. Equity Fund.
- During the third quarter of 2009, growth/momentum manager Turner Investment Partners, Inc. was replaced with Legg Mason Capital Management Inc. (a "thematic/valuation sensitive growth" manager). This replacement represents 9% of the fund. An additional 2% of the mandate has also been shifted to Legg Mason from the aggressive growth fund Cornerstone Capital Management, Inc., resulting in a total weighting of 11% in Legg Mason and reducing Cornerstone's mandate to 12%. These sub-advisor changes have not resulted in any change in the overall investment objectives, strategies and principal risks of the fund.
- At the end of 2009, Dennis Trittin, Portfolio Manager for the Russell US Equity Fund, retired and was replaced by Dennis Jensen, previously a Portfolio Manager with Russell on similar U.S. equity mandates.

Quality & Choice Commentary

- The US Equity Fund (Russell) is a blend of investment styles, through the use of a multi-manager arrangement, with a focus of consistently outperforming its benchmark across a variety of dynamic market conditions.

Conclusion: The fund is No Longer Promoted as a Quality & Choice investment option as of January 2013, based on the analysis done at that time.

Manager Outlook

- The manager has decided not to provide an investment outlook.

⁽¹⁾ Quartile rankings are based on the underlying fund's returns.

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* Sources may include, but are not limited to, Mercer MPA, Morningstar, Principia and Thomson Baseline

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