

Skandia MultiManager Trust

Annual Report and Financial Statements
For the year ended 30 September 2011

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Fund information

Manager

Skandia Investment Management Limited
Skandia House
Portland Terrace
Southampton
SO14 7EJ

Authorised and regulated by the Financial Services Authority.

Trustee

National Westminster Bank plc
135 Bishopsgate
London
EC2M 3UR

Authorised and regulated by the Financial Services Authority.

Legal Advisers

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Administrator

The Bank of New York Mellon
One Canada Square
London
E14 5AL

Authorised and regulated by the Financial Services Authority.

Registrar

Bank of New York Mellon
One Canada Square
London
E14 5AL

Authorised and regulated by the Financial Services Authority.

(Both the register of unitholders and the plan register can be inspected at the Registrar's Edinburgh office, 12 Blenheim Place, Edinburgh EH7 5JH)

Risk Monitoring Provider

Portfolio Risk Services (PRS)
RBS (Luxembourg) S.A.
33, rue de Gasperich - H2O Building B
L-5826 Hesperange
Luxembourg

Fund information (continued)

Investment advisers

Ethical Fund

Impax Asset Management Limited
Pegasus House
37-43 Sackville Street
London
W1S 3EH

Authorised and regulated by the Financial Services Authority.

Skandia Newton Managed Fund

Newton Investment Management Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

Authorised and regulated by the Financial Services Authority.

UK Equity Fund

Kames Capital
3 Lochside Avenue
Edinburgh Park
Edinburgh
EH12 9SA

Authorised and regulated by the Financial Services Authority.

UK Income Plus Fund

Newton Investment Management Limited
BNY Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

Authorised and regulated by the Financial Services Authority.

UK Index Fund

BlackRock Advisors (UK) Limited
Murray House
1 Royal Mint Court
London
EC3N 4HH

Authorised and regulated by the Financial Services Authority.

UK Opportunities Fund

Old Mutual Asset Managers (UK) Limited
2 Lambeth Hill
London
EC4P 4WR

Authorised and regulated by the Financial Services Authority.

UK Select Fund

Investec Asset Management Limited
2 Gresham Street
London
EC2V 7QP

Authorised and regulated by the Financial Services Authority.

UK Unconstrained Fund

Schroder Investment Management Limited
31 Gresham Street
London
EC2V 7QP

Authorised and regulated by the Financial Services Authority.

Skandia Investment Management Ltd, a member of the Skandia Group of companies, is authorised and regulated by the Financial Services Authority. FSA Register number 208543. Registered Office: Skandia House, Portland Terrace, Southampton, SO14 7EJ, United Kingdom.
Registered Number: 4227837 England. www.skandiainvestmentmanagement.com

Report of the Manager

Manager's report

The Manager presents the report and financial statements for the Skandia MultiManager Trust (the "Fund") for the period from 1 October 2010 to 30 September 2011. The Fund was launched on 13 December 2002 and units for each sub-fund were first offered for sale at 50p each.

Authorised status

The Skandia MultiManager Trust is an authorised unit trust scheme ("AUT") under section 243 of the Financial Services and Markets Act 2000 (Authorisation orders) and is constituted by a Trust Deed between Skandia Investment Management Limited (the "Manager") and National Westminster Bank Plc (the "Trustee"), authorised and regulated by the Financial Services Authority. It is a "UCITS Scheme" for the purpose of the Financial Services Authority's Collective Investment Schemes Sourcebook (the "COLL Sourcebook").

Change of the Trustee*

As part of an internal re-structuring in 2011 the Royal Bank of Scotland Group Plc transferred its Trustee and Depositary Services business from the Royal Bank of Scotland Plc to National Westminster Bank Plc and consequently National Westminster Bank was appointed as trustee of the Scheme on 10 September 2011.

As trustee, National Westminster Bank Plc will have the same duties and responsibilities as the Royal Bank of Scotland Plc and the change of trustee will have no impact on the way the Scheme is operated.

*Please note that this transfer was a result of the Royal Bank of Scotland Plc's internal restructuring and was not initiated by Skandia Investment Management Limited.

Fundamental Changes

On 30th June 2011, following unitholder approval, the sub-fund, the UK Income Plus Fund merged into the Skandia Global Equity Income Fund (a sub-fund of the Skandia Balanced Funds), which is also managed by Skandia Investment Management Limited.

Additional information

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) for authorised Funds issued by the Investment Management Association (IMA) in October 2010.

The Fund is an umbrella scheme which complies with the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL) and has seven sub-funds (listed below). Additional sub-funds may be launched in the future:

Sub-fund name	Launch date
Ethical Fund	23 September 2005
Skandia Newton Managed Fund	23 February 2005
UK Equity Fund	13 December 2002
UK Index Fund	13 December 2002
UK Opportunities Fund	19 October 2004
UK Select Fund	13 December 2002
UK Unconstrained Fund	31 January 2003

The UK Income Plus Fund closed 30 June 2011.

In accordance with the requirements of the Financial Services and Market Act 2000, we hereby certify these financial statements on behalf of the Manager.

J E Millard
Director
Skandia Investment Management Limited

M R A Bulstrode
Director
Skandia Investment Management Limited

25 November 2011

25 November 2011

Manager's report

The purpose of this report is to provide details of the progress of the Skandia MultiManager Trust, and its sub-funds contained within. The report provides details of the performance and the portfolio of each of the sub-funds.

Net asset value of sub-funds

	30 September 2011			30 September 2010		
	Net asset value of sub-fund	Units in issue	Net asset value per unit	Net asset value of sub-fund	Units in issue	Net asset value per unit
Ethical Fund - Accumulation	£61,755,024	122,332,240	50.48p	£71,929,763	127,788,580	56.29p
Skandia Newton Managed Fund - Accumulation	£316,664,746	461,851,258	68.56p	£381,857,275	528,620,309	72.24p
UK Equity Fund - Income	£17,710	25,000	70.84p	£3,854,791	4,875,807	79.06p
UK Equity Fund - Accumulation	£100,933,772	115,520,774	87.37p	£118,397,264	122,609,278	96.56p
UK Income Plus Fund - Income*	-	-	-	£32,732,578	53,910,145	60.72p
UK Index Fund - Accumulation	£301,338,611	350,096,607	86.07p	£368,457,731	407,772,201	90.36p
UK Opportunities Fund - Accumulation	£84,494,033	180,613,704	46.78p	£100,302,124	203,806,849	49.21p
UK Select Fund - Income	£14,871	25,000	59.48p	£13,859,483	22,284,841	62.19p
UK Select Fund - Accumulation	£153,212,746	191,081,577	80.18p	£160,473,513	201,040,007	79.82p
UK Unconstrained Fund - Income	£15,660	25,000	62.64p	£7,382,173	10,912,971	67.65p
UK Unconstrained Fund - Accumulation	£135,062,430	175,295,849	77.05p	£147,872,491	180,964,522	81.71p

*closed 30 June 2011

Statement of the Manager's responsibilities

The Regulations, as issued and amended by the Financial Services Authority, require the Manager to prepare financial statements for each interim and annual accounting period which give a true and fair view of the financial affairs of the Fund and of its net revenue/(expense) and the net capital gains/(losses) of the scheme for the period. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the accounting requirements of the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association ("IMA") in October 2010;
- follow generally accepted United Kingdom accounting principles and standards and applicable United Kingdom laws;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the scheme will continue in operation;
- keep proper accounting records which enable it to demonstrate that the financial statements, as prepared, comply with the above requirements; and
- take reasonable steps for the detection and prevention of fraud and non-compliance with laws or regulations.

The Manager is responsible for the management of the Fund in accordance with the Regulations, the Prospectus and the Trust Deed.

Statement of the Trustee's responsibilities

The Trustee is responsible for the safekeeping of all the property of the scheme (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

Report of the Trustee to the Unitholders of the Skandia MultiManager Trust

for the year from 1 October 2010 to 30 September 2011

It is the duty of the Trustee to take reasonable care to ensure that the scheme is managed in accordance with the Financial Services Authority's Collective Investment Scheme Sourcebook (COLL), as amended, the scheme's trust deed and Prospectus, in relation to the pricing of, and dealings in, units in the Scheme; the application of revenue of the Scheme; and the investment and borrowing powers of the Scheme.

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that, in all material respects, the Manager:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Scheme's units and the application of the Scheme's revenue in accordance with the COLL, the trust deed and Prospectus; and
- has observed the investment and borrowing powers and restrictions applicable to the Scheme.

National Westminster Bank Plc
Trustee
25 November 2011

Independent Auditor's Report to the Unitholders of Skandia MultiManager Trust ("the Fund")

We have audited the financial statements of the Fund for the year ended 30 September 2011 which comprise the Aggregated Statement of Total Return, the Aggregated Statement of Change in Net Assets Attributable to Unitholders, the Aggregated Balance Sheet together with the related notes and the distribution table. The financial reporting framework that has been applied in their preparation is applicable law, UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('COLL') issued by the Financial Services Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Fund's unitholders 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 Fund and the Fund's unitholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Manager and Auditors

As explained more fully in the Statement of Manager's Responsibilities set out on page 7, the Manager is responsible for the preparation of the Annual Report and the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of the Fund as at 30 September 2011 and of its net revenue and net capital losses on the property of the Fund for the year then ended; and
- have been prepared in accordance with the requirements of the Trust Deed, Statement of Recommended Practice relating to Authorised Funds and the COLL Rules.

Opinion on other matters prescribed by the COLL Rules

In our opinion the information given in the Manager's Report is consistent with the financial statements

We have received all of the information and explanations which we consider necessary for the purposes of the audit.

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 Fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

Stuart Crisp

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

25 November 2011

Aggregated statement of total return

for the year from 1 October 2010 to 30 September 2011

	Notes	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Income					
Net capital (losses)/gains	2		(71,380)		99,346
Revenue	3	39,962		43,543	
Expenses	4	(15,774)		(17,335)	
Finance costs: Interest	6	(1)		(8)	
Net revenue before taxation		24,187		26,200	
Taxation	5	(325)		(630)	
Net revenue after taxation			23,862		25,570
Total return before distributions			(47,518)		124,916
Finance costs: Distributions	6		(28,280)		(30,889)
Change in net assets attributable to unitholders from investment activities			(75,798)		94,027

Aggregated statement of change in net assets attributable to unitholders

for the year from 1 October 2010 to 30 September 2011

	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Opening net assets attributable to unitholders		1,407,120		1,360,971
Amounts received on issue of units	70,711		134,948	
Amounts paid on cancellation of units	(256,352)		(210,540)	
Transfer of assets to Skandia Global Equity				
Income Fund on 30 June 2011	(18,602)		-	
		(204,243)		(75,592)
Stamp duty reserve tax		(148)		(486)
Change in net assets attributable to unitholders from investment activities		(75,798)		94,027
Retained distribution on accumulation units		26,579		28,200
Closing net assets attributable to unitholders		1,153,510		1,407,120

The notes on pages 12 to 19 form an integral part of these financial statements.

Aggregated balance sheet

as at 30 September 2011

	Notes	30.09.11 £'000	30.09.11 £'000	30.09.10 £'000	30.09.10 £'000
Assets					
Investment assets			1,113,417		1,349,166
Debtors	7	6,686		8,450	
Cash and bank balances	8	39,183		56,973	
Total other assets			45,869		65,423
Total assets			1,159,286		1,414,589
Liabilities					
Investment liabilities			(253)		(806)
Creditors	9	(5,520)		(5,487)	
Bank overdrafts		(3)		-	
Distribution payable on income shares		-		(1,176)	
Total other liabilities			(5,523)		(6,663)
Total liabilities			(5,776)		(7,469)
Net assets attributable to unitholders			1,153,510		1,407,120

The notes on pages 12 to 19 form an integral part of these financial statements.

Notes to the aggregated financial statements

for the year from 1 October 2010 to 30 September 2011

1 Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments in accordance with applicable United Kingdom accounting principles, and in accordance with the Statement of Recommended Practice 'Financial Statements of Authorised Funds', issued by the IMA in October 2010.

b) Recognition of revenue

Dividends on quoted ordinary shares, preference shares and distributions on holdings in Collective Investment Schemes are recognised when the securities are quoted ex-dividend. Where such securities are not quoted, dividends are recognised when they are declared. Nominal interest on interest bearing securities and bank interest are recognised on an accruals basis. Accrued interest purchased and sold on interest bearing securities is excluded from the capital cost of these securities and dealt with as part of the revenue of the Fund. Revenue arising on debt securities that are issued at a significant discount/premium to the maturity value is amortised or accumulated over the life of such securities and recognised at a consistent rate over the life of the instrument. Revenue arising on fixed income securities has been accounted for on an effective yield basis. This basis uses the effective interest rate of the security to discount exactly the expected stream of future cash flows to the current net carrying value of the security. All distributions from accumulation holdings in Collective Investment Schemes are treated as revenue. Equalisation on distributions received from Collective Investment Schemes are treated as revenue.

c) Treatment of stock dividends

Ordinary stock dividends are recognised wholly as revenue and are based on the market value of the shares on the dates they are quoted ex-dividend. Where an enhancement is offered, the amount by which the market value of the shares (on the date they are quoted ex-dividend) exceeds the cash dividend is taken to capital. The ordinary element of stock dividends is treated as revenue but does not form part of the distribution.

d) Special dividends and share buy-backs

The underlying circumstances behind both special dividends and share buy backs are reviewed on a case by case basis in determining whether the amount is revenue or capital in nature. Amounts recognised as revenue will form part of the distribution. Any tax treatment will follow the accounting treatment of the principal amount.

e) Underwriting commission

Underwriting commission is wholly recognised as revenue when the issue takes place, except where the Fund is required to take up some or all of the shares underwritten, in which case an appropriate proportion of the commission received is deducted from the cost of those shares.

f) Treatment of expenses

All expenses, except those relating to the purchase and sale of investments, capitalised Manager's periodic charge and stamp duty reserve tax, are charged against revenue in arriving at the distributable amount.

g) Rebate of Manager's periodic charge from underlying instruments

The Fund may be entitled to a rebate of Manager's periodic charge, or is sometimes paid as renewal commission, when it holds underlying investments in Collective Investment Schemes. This is accrued daily and treated as revenue or capital depending on the treatment of the ACD charge in the underlying investment.

h) Taxation and deferred taxation

Provision is made for corporation tax at the current rate on the excess of taxable revenue over allowable expenses. Provision is made on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that there will be taxable profits in the future against which the asset can be offset.

i) Distribution policy

All of the net revenue available for distribution at the end of both interim and final distribution periods will be distributed to unitholders. Should expenses and taxation exceed revenue, there will be no distribution and the shortfall will be met from capital. The Manager's periodic charge is charged against capital for all sub-funds except Skandia Newton Managed Fund, Ethical Fund, UK Opportunities Fund and UK Index Fund where the charge is charged against revenue. All sub-funds distribute income on debt securities on an effective yield basis.

Notes to the aggregated financial statements (continued)

1 Accounting policies (continued)

j) Basis of valuation of investments

The investments of the Fund are valued at closing bid prices on the last business day of the accounting year. Any unquoted or suspended investments are valued at the Manager's valuation taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

The Manager may apply a fair value price determined in accordance with the COLL Sourcebook if it has reasonable grounds for believing that no reliable price exists for a security at a valuation point or the most recent price available does not reflect the Manager's best estimate of the value at the valuation point.

Where a Fund invests in securities markets that are closed for trading (including planned stock exchange closures) at the Fund's valuation point, there is a risk that the price calculated is not representative of the markets in which it invests due to developments since the market's closure. Potentially this could lead to gains or losses on the Fund as it opens a window for investors or market timers to buy or sell at stale prices. An example would be when a Fund is priced using end of day prices from a market which closed for trading for a material period prior to the Fund's valuation point, for example, a UK Fund which is invested in US stocks, valuing at 12 noon UK time and using US asset prices from the previous day close of the US market within the Fund valuation. During this period it may be concluded that prices may change significantly when the market reopens, perhaps off the back of a global event or on indications from the global futures markets. In an event like this, the Manager has the power to invoke a fair value price to give our best estimate of the value of the market or asset in question using a reliable source. A delegated Committee is responsible for the monitoring and approval of any fair value pricing decisions.

The fair value pricing policy for Skandia's managed funds differs dependant on the type of instruments held within the Portfolio and their economic exposure and the materiality of any fair value adjustment. Our fair value pricing policy is regularly reviewed by the Trustee of the Funds to ensure adherence to the COLL Sourcebook.

k) Exchange rates

Assets and liabilities in foreign currencies are translated into sterling at the exchange rates ruling at close of business on the last business day of the accounting year. Revenue items in foreign currencies are translated into sterling at the exchange rates ruling when the revenue is received.

l) Financial instruments

Where appropriate, certain permitted financial instruments such as derivatives or forward currency contracts are used for efficient portfolio management. Where such financial instruments are used to protect or enhance revenue, the revenue and expenses derived therefrom are included in "revenue" or "expenses" in the statement of total return. Where such financial instruments are used to protect or enhance capital, the gains and losses derived therefrom are included in "Net capital gains/(losses)" in the statement of total return. Any positions on such financial instruments open at the year end are reflected in the balance sheet at their market value at the close of business on the last business day of the accounting year.

m) Aggregation

The aggregated financial statements represent the sum of the individual sub-funds within the umbrella scheme. Further analysis of the distribution and the net asset position can be found within the financial statements of the individual sub-funds.

Notes to the aggregated financial statements (continued)

2 Net capital (losses)/gains

The net (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities

(Losses)/gains on currency contracts

Gains on derivative contracts

Losses on forward currency contracts

Handling charges

Net (losses)/gains on investments

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
(69,945)	99,600
(396)	130
4	566
(884)	(798)
(159)	(152)
(71,380)	99,346

3 Revenue

Bank and term deposit interest

Franked distributions on Collective Investment Schemes

Interest from overseas debt securities

Interest from UK debt securities

Manager's fee rebates

Non-taxable overseas dividends

Overseas stock dividends not distributed

Taxable overseas dividends

UK dividends

UK stock dividends not distributed

Underwriting commission

Unfranked distributions on Collective Investment Schemes

Unfranked UK dividends

Total revenue

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
57	74
-	279
1,384	1,981
2,076	1,773
-	30
6,217	6,124
-	12
207	426
28,766	31,696
928	1,123
6	-
-	(168)*
321	193
39,962	43,543

* The 'Unfranked Distributions on Collective Investment Schemes' is negative as the accrued revenue on Aegon Asset Management Ethical Equity Fund was treated as 100% unfranked, whereas the actual dividend voucher received showed that 88% of the dividend was to be considered, for tax purposes, to be franked. This discrepancy, however, did not affect the total revenue received.

Notes to the aggregated financial statements (continued)

4 Expenses

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	14,260	15,902
	14,260	15,902
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	91	73
Trustee's fees	208	215
	299	288
Other expenses:		
Additional termination charge	6	-
Administration fees	758	755
ADR charges	1	6
Audit fees	55	59
Investment adviser fees	337	254
Legal fees	17	24
Registration fees	1	1
Risk & compliance monitoring fees	11	12
Screening fees	42	34
Subsidised fees	(13)	-
	1,215	1,145
Total expenses	15,774	17,335

Notes to the aggregated financial statements (continued)

5 Taxation

Analysis of tax charge in the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Corporation tax suffered	-	110
Irrecoverable income tax	-	(33)
Overseas tax suffered	325	553
Total current tax charge for the year	325	630
Deferred tax charge for the year	-	-
Total taxation for the year	325	630

Corporation tax has been provided for at a rate of 20% (30 September 2010: 20%).

The tax reconciliation disclosures required are included in the notes to the financial statements of the individual sub-funds where applicable.

6 Finance costs

Distribution and interest

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Interim (31 March)	10,305	14,036
Special (30 June)*	275	-
Final (30 September)	16,721	16,248
	27,301	30,284
Revenue deducted on cancellation of units	1,509	1,212
Revenue received on issue of units	(530)	(607)
Finance costs: Distributions	28,280	30,889
Finance costs: Interest	1	8
Total finance costs	28,281	30,897
Reconciliation of distributions:		
Net revenue after taxation	23,862	25,570
Amounts transferred to Skandia Global Equity Income Fund	(6)	-
Capitalised fees	5,363	6,467
Overseas stock dividends not distributed	-	(12)
Revenue deficit carried forward	43	-
Tax relief on capitalised fees	(54)	(13)
UK stock dividends not distributed	(928)	(1,123)
Finance costs: Distributions	28,280	30,889

*This was the final distribution for the sub-fund, UK Income Plus Fund prior to its closure on 30 June 2011.

Notes to the aggregated financial statements (continued)

7 Debtors

	30.09.11 £'000	30.09.10 £'000
Accrued revenue	4,201	4,594
Amounts receivable for issue of units	325	1,772
Currency contracts receivable	-	2
Income tax recoverable	-	3
Overseas tax recoverable	506	382
Sales awaiting settlement	1,654	1,697
Total debtors	6,686	8,450

8 Cash and bank balances

	30.09.11 £'000	30.09.10 £'000
Amount held at futures clearing houses and brokers	364	263
Cash and bank balances	38,819	56,710
Total cash and bank balances	39,183	56,973

9 Creditors

	30.09.11 £'000	30.09.10 £'000
Accrued expenses	193	241
Accrued Manager's periodic charge	1,016	1,185
Accrued Trustee's fees	12	19
Amounts payable for cancellation of units	1,251	1,416
Currency contracts payable	8	-
Purchases awaiting settlement	3,040	2,626
Total creditors	5,520	5,487

10 Related party transactions

Skandia Investment Management Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Aggregated statement of change in net assets attributable to unitholders on page 10. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

The National Westminster Bank Plc (or prior to their appointment, RBS Trustee and Depositary Services Limited), as the Trustee, is a related party, and amounts payable to it are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9. The amounts held on a deposit account at the year end with National Westminster Bank Plc are included in the notes to the financial statements of the individual sub-funds where applicable.

National Westminster Bank Plc is ultimately owned by Royal Bank of Scotland Plc. As at 30 September 2011, the Fund held a total of 18,643,477 Royal Bank of Scotland Plc shares with a market value of £4,379,353.

Skandia MultiManager Trust is managed by Skandia Investment Management Limited (the "Manager") whose ultimate parent is Old Mutual Plc. At 30 September 2011, the sub-fund held a total of 1,039,177 Old Mutual Plc shares with a market value of £1,090,097.

Notes to the aggregated financial statements (continued)

11 Derivatives and other financial instruments

a) Financial instrument risk

The Fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares, equity related shares, fixed income securities and variable rate securities.

The Fund may also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the Fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the Fund's investment policy.

Each Investment Adviser is responsible for monitoring the portfolio of his sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The Manager has appointed specialist managers to manage the sub-funds, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

The inherent risks remain unchanged since the last Annual Report was produced. These risks persist due to the continuing global investor uncertainty.

b) Currency exposures

The numerical disclosures required are included in the notes to the financial statements of the individual sub-funds where applicable.

c) Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

Bond yields are determined mainly by market perception to the appropriate level of yields given the economic background. Key determinants include economic growth, inflation, expectations as regards future interest rates and international market comparisons.

Returns from bonds are fixed at the time of purchase. The fixed coupon payment is known as the final redemption proceeds. This means that if a bond is held until its redemption date, the total return achieved is unaltered from its purchase date. However, over the life of a bond, the yield (and hence market price) at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a different price to its purchase level and a profit or loss may be incurred.

This risk is managed by the active monitoring and adjustment of the credit rating of the portfolio.

An analysis of the interest rate and maturity of the investments can be found in the tables of each sub-fund if applicable.

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. Bond investors are exposed to credit risk which reflects the ability of a borrower to meet its obligations, i.e. pay the interest on a bond and return the capital on the redemption date. Generally the higher quality the issuer, the lower the interest rate at which they can borrow money. Issuers of lower quality will tend to have to pay more to borrow to compensate the lender (the purchaser of a bond) for the extra risk taken.

The value of a bond will fall in the event of a default on principal or coupon payment or reduced credit rating of the issuer. Generally the higher the rate of interest on any bond, the higher the perceived credit risk of the issuer. The impact of any default is reduced by diversification of the portfolio across a wide spread of issuers and sectors.

e) Counterparty risk

Certain transactions in financial instruments that a sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-funds will only buy and sell investments through brokers which have been approved by the Manager and Investment Advisor as an acceptable counterparty. This is overseen by the Trustee to ensure that the exposure to any counterparty remains appropriate for investors.

Notes to the aggregated financial statements (continued)

11 Derivatives and other financial instruments (continued)

f) Liquidity risk

Each sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation from unitholders to meet any cancellation of units. Assets from a sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the Manager regularly monitors the liquidity levels held on each sub-fund (cash and underlying securities) to ensure any redemptions can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigates the risk of excessive to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the Fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The Manager adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the Manager monitors and controls the exposure to risk from any type of security, sector or issuer. The Fund may also use derivative instruments to mitigate risk and reduce cost.

h) Fair value of financial assets and liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.

h) Sensitivity analysis

The Fund may use derivatives for efficient portfolio management and during the year entered into forward foreign exchange contracts (or futures contracts) in order to minimise the effect of exchange rate movements. Due to the use of forward foreign exchange contracts, the percentage movements in the value of the Fund will be different from the percentage movements in the market. The use of derivatives in a rising market may restrict potential gains.

The numerical disclosures are included in the notes to the financial statements of the individual sub-funds where applicable.

12 Contingent liabilities

The numerical disclosures are included in the notes to the financial statements of the individual sub-funds where applicable.

13 Portfolio transaction costs

The numerical disclosures are included in the notes to the financial statements of the individual sub-funds where applicable.

14 Unitholders' funds

Accumulation and Income units are currently available for each sub-fund as specified in the Prospectus. The net asset value of the sub-fund, net asset value per unit and the number of units in issue are given in the information pages for each sub-fund.

The types of units currently in issue and the Manager's periodic charge for each sub-fund are shown below:

	30.09.11	30.09.10
Ethical Fund - Accumulation units	1.25%	1.25%
Skandia Newton Managed Fund - Accumulation units	1.50%	1.50%
UK Equity Fund - Accumulation and Income units	1.50%	1.50%
UK Income Plus Fund - Income units*	n/a	1.00%
UK Index Fund - Accumulation units	0.40%	0.40%
UK Opportunities Fund - Accumulation units	1.00%	1.00%
UK Select Fund - Accumulation and Income units	1.00%	1.00%
UK Unconstrained Fund - Accumulation and Income units	1.00%	1.00%

*closed 30 June 2011

The distribution per unit class is given in the distribution table for each sub-fund. Both income and accumulations units have the same rights on winding up.

Ethical Fund

Launch date	23 September 2005
Sector classification	Global Growth
Investment adviser	Impax Asset Management Limited
Net asset value	£61,755,024

Objective

To achieve long term capital growth and income through investment in a well-diversified portfolio of international securities issued by companies that demonstrate sound ethical practice.

Policy

Investment will be in a well diversified portfolio, predominantly of equities, which are held either directly or through collective investment schemes. Investment may also be in fixed interest securities.

For efficient portfolio management purposes only, investment may also be made into derivatives or forward transactions.

Securities are screened against ethical investment criteria, with the aim of ensuring that only companies with sound ethical practice are included in the portfolio. Further information about these criteria is available to unitholders or prospective unitholders on request.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per unit in pence and the number of units in existence at the end of the accounting year. Units were first issued at 50p per unit.

Date	Net asset value of sub-fund	Units in issue	Net asset value per unit
30.09.09			
Accumulation	£73,417,530	134,921,621	54.41p
30.09.10			
Accumulation	£71,929,763	127,788,580	56.29p
30.09.11			
Accumulation	£61,755,024	122,332,240	50.48p

Comparative table

The table below shows the highest and lowest unit prices in pence per unit since launch.

Calendar year	Highest price	Lowest price
2006		
Accumulation	64.26p	52.69p
2007		
Accumulation	68.29p	60.64p
2008		
Accumulation	65.55p	38.55p
2009		
Accumulation	56.05p	36.80p
2010		
Accumulation	64.54p	51.33p
2011*		
Accumulation	65.70p	49.52p

*to 30 September

Income (Net Accumulations)

Calendar year	Pence per unit
2006	
Accumulation	0.4489
2007	
Accumulation	0.3570
2008	
Accumulation	0.5957
2009	
Accumulation	0.5655
2010	
Accumulation	0.3058
2011*	
Accumulation	0.0000**

*ex dividend date of 30 September and payable on 30 November

**for the period under review, the expenses exceeded revenue and therefore there is no revenue available to accumulate within this sub-fund.

Income

Any revenue available is distributed semi-annually on 31 May and 30 November.

For the period under review, the expenses exceeded revenue and therefore there is no revenue available to accumulate within this sub-fund.

Investment Manager's review

The global equity market had an eventful year, performing well for most of the period before a very sharp sell off through the late summer. This resulted in the MSCI World Index ending the 12 months to the end of September falling 3.2% on the back of the worst quarter for almost 10 years. The year was marked by a series of significant global events that resulted in a hugely volatile period for investors. Political unrest in the Middle East early in 2011 was followed by the devastating tsunami in Japan in the spring. As the summer approached, the world became focused on Europe as fears that the sovereign crisis that initially hit peripheral Europe was spreading to the larger countries. Consequently, European markets performed poorly over the period as did Asian and emerging market equities. Helped by large currency moves, both the US and Japanese markets ended the 12 month period in positive territory.

The Ethical Fund demonstrated a year of two halves, outperforming the IMA Global sector in the first half of the review period, but giving up this performance during the latter half of the period. Relative performance is somewhat impacted by the ethical criteria the fund works within, forcing large underweight's or overweight's to particular sectors or countries. A positive impact was received from having a large underweight to financial companies and also a large overweight to the utilities sector. At a stock level, positive contributions came from Baldor Electric which benefited from a takeover bid from ABB, while Mastec (power network efficiency) performed well following company upgrades based on pipeline and renewable energy contract orders. On the negative side, an overweight to China hurt as did an underweight to the United States. At a company level, Asian paper business Lee & Man Paper Manufacturing fell back amid concerns of slowing growth in the Chinese market.

Asset allocation

North American Equities	33.79%
European Equities	28.48%
Asia Pacific Equities (excluding Japan)	14.57%
UK Equities	13.16%
Japan Equities	8.49%

Net other assets	1.51%
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Total	100.00%
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Portfolio allocation

United Kingdom:

Industrial Engineering	5.81%
Gas, Water & Multiutilities	3.83%
Electronic & Electrical Equipment	2.25%
Support Services	1.27%

Overseas:

United States of America Equities	33.79%
Japan Equities	8.49%
France Equities	6.58%
Germany Equities	6.45%
Hong Kong Equities	6.00%
Austria Equities	3.68%
Taiwan Equities	3.34%
Switzerland Equities	2.76%
Spain Equities	2.43%
China Equities	2.33%
Ireland Equities	2.01%
Italy Equities	1.42%
Philippine Equities	1.18%
Netherlands Equities	1.12%
Portugal Equities	1.10%
Belgium Equities	0.93%
Singapore Equities	0.88%
Australia Equities	0.84%

Net other assets	1.51%
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Total	100.00%
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Major Holdings

Percentage of portfolio

American Water Works	4.64%
LKQ	4.34%
Cooper Industries	4.00%
Pennon	3.83%
Johnson Controls	3.81%
Legrand	3.73%
Andritz	3.68%
Gea	3.43%
Daiseki	3.39%
Hubbell	3.39%

Number of holdings	45
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Total expense ratio

30.09.10	1.90%
30.09.11	1.93%

All information is at 30 September 2011 unless otherwise stated.

Portfolio statement

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 13.16% (30 September 2010 7.60%)		
	United Kingdom Equities 13.16% (30 September 2010 7.60%)		
	Electronic & Electrical Equipment 2.25% (30 September 2010 3.14%)		
616,881	Invensys	1,391	2.25
	Gas, Water & Multiutilities 3.83% (30 September 2010 0.00%)		
350,033	Pennon	2,363	3.83
	Industrial Engineering 5.81% (30 September 2010 2.96%)		
264,749	IMI	1,880	3.05
95,165	Spirax Sarco	1,707	2.76
		3,587	5.81
	Support Services 1.27% (30 September 2010 1.50%)		
478,248	RPS	782	1.27
	Overseas 85.33% (30 September 2010 89.44%)		
	Europe 28.48% (30 September 2010 17.14%)		
	European Equities 28.48% (30 September 2010 17.14%)		
	Austria Equities 3.68% (30 September 2010 2.58%)		
42,909	Andritz	2,274	3.68
	Belgium Equities 0.93% (30 September 2010 0.96%)		
875,839	Hansen Transmissions International	571	0.93
	Denmark Equities 0.00% (30 September 2010 2.32%)		
	France Equities 6.58% (30 September 2010 2.50%)		
113,948	Legrand	2,305	3.73
195,530	Suez Environnement	1,760	2.85
		4,065	6.58
	Germany Equities 6.45% (30 September 2010 2.73%)		
140,873	Gea	2,121	3.43
389,937	Infineon	1,863	3.02
		3,984	6.45
	Ireland Equities 2.01% (30 September 2010 1.65%)		
234,927	Kingspan	1,244	2.01
	Italy Equities 1.42% (30 September 2010 0.00%)		
102,800	Prysmian	877	1.42
	Netherlands Equities 1.12% (30 September 2010 0.86%)		
58,474	Arcadis	694	1.12

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Portugal Equities 1.10% (30 September 2010 1.84%)		
193,392	EDP Renovaveis	681	1.10
	Spain Equities 2.43% (30 September 2010 1.70%)		
108,973	Abengoa	1,503	2.43
	Switzerland Equities 2.76% (30 September 2010 0.00%)		
153,165	ABB	1,707	2.76
	Asia Pacific (excluding Japan) 14.57% (30 September 2010 16.79%)		
	Asia Pacific (excluding Japan) Equities 14.57% (30 September 2010 16.79%)		
	Australia Equities 0.84% (30 September 2010 1.65%)		
67,018	Sims Metal Management	517	0.84
	China Equities 2.33% (30 September 2010 0.00%)		
1,383,000	China Automaton	226	0.37
456,000	ENN Energy	951	1.54
66,800	Trina Solar	259	0.42
		1,436	2.33
	Hong Kong Equities 6.00% (30 September 2010 7.33%)		
7,275,000	China Everbright International	1,098	1.78
1,194,000	China Longyuan Power	631	1.02
4,007,000	Lee & Man Paper Manufacturing	869	1.41
5,353,000	Sound Global	1,108	1.79
		3,706	6.00
	Philippine Equities 1.18% (30 September 2010 1.10%)		
2,619,500	Manila Water	729	1.18
	Singapore Equities 0.88% (30 September 2010 1.65%)		
742,500	Hyflux	543	0.88
	South Korea Equities 0.00% (30 September 2010 1.57%)		
	Taiwan Equities 3.34% (30 September 2010 3.49%)		
522,300	Delta Electronic	797	1.29
1,112,000	Epistar	1,267	2.05
		2,064	3.34
	Japan 8.49% (30 September 2010 15.64%)		
	Japan Equities 8.49% (30 September 2010 15.64%)		
163,500	Daiseiki	2,096	3.39
70,300	Horiba	1,383	2.24
60,400	Kurita Water Industries	1,097	1.78
7,000	SMC	665	1.08
		5,241	8.49

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
North America 33.79% (30 September 2010 39.87%)			
North America Equities 33.79% (30 September 2010 39.87%)			
United States of America Equities 33.79% (30 September 2010 39.87%)			
148,000	American Water Works	2,868	4.64
71,500	Clarcor	1,899	3.08
83,500	Cooper Industries	2,472	4.00
112,500	Hollysys Automation Technologies	420	0.68
65,700	Hubbell	2,091	3.39
38,100	Itron	721	1.17
138,900	Johnson Controls	2,351	3.81
172,900	LKQ	2,682	4.34
48,200	Power Integrations	946	1.53
100,500	Republic Services	1,811	2.93
24,500	Stericycle	1,270	2.06
78,100	Watts Water Technologies Class 'A'	1,335	2.16
		20,866	33.79
Investment assets		60,825	98.49
Net other assets		930	1.51
Total net assets		61,755	100.00

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2010 to 30 September 2011

		01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
	Notes				
Income					
Net capital (losses)/gains	2		(6,876)		2,146
Revenue	3	1,499		1,791	
Expenses	4	(1,444)		(1,304)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		55		487	
Taxation	5	(79)		(77)	
Net (expense)/revenue after taxation			(24)		410
Total return before distributions			(6,900)		2,556
Finance costs: Distributions	6		-		(398)
Change in net assets attributable to unitholders from investment activities			(6,900)		2,158

Statement of change in net assets attributable to unitholders

for the year from 1 October 2010 to 30 September 2011

	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Opening net assets attributable to unitholders		71,930		73,418
Amounts received on issue of units	4,494		2,744	
Amounts paid on cancellation of units	(7,767)		(6,773)	
		(3,273)		(4,029)
Stamp duty reserve tax		(2)		(8)
Change in net assets attributable to unitholders from investment activities		(6,900)		2,158
Retained distribution on accumulation units		-		391
Closing net assets attributable to unitholders		61,755		71,930

The notes on pages 27 to 35 form an integral part of these financial statements.

Balance sheet

as at 30 September 2011

	Notes	30.09.11 £'000	30.09.11 £'000	30.09.10 £'000	30.09.10 £'000
Assets					
Investment assets			60,825		69,802
Debtors	7	362		400	
Cash and bank balances	8	777		2,007	
Total other assets			1,139		2,407
Total assets			61,964		72,209
Liabilities					
Creditors	9	(206)		(279)	
Bank overdrafts		(3)		-	
Total other liabilities			(209)		(279)
Total liabilities			(209)		(279)
Net assets attributable to unitholders			61,755		71,930

The notes on pages 27 to 35 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2010 to 30 September 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia Ethical Fund are included on pages 12 to 13 of the Notes to the aggregated financial statements.

2 Net capital (losses)/gains

The net (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities

Losses on currency contracts

Handling charges

Net (losses)/gains on investments

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
(6,590)	2,208
(272)	(41)
(14)	(21)
(6,876)	2,146

3 Revenue

Franked distributions on Collective Investment Schemes

Manager's fee rebates

Non-taxable overseas dividends

Overseas stock dividends not distributed

Taxable overseas dividends

UK dividends

UK stock dividends not distributed

Unfranked distributions on Collective Investment Schemes

Total revenue

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
-	279
-	30
1,257	878
-	12
-	9
223	751
19	-
-	(168)*
1,499	1,791

*The 'Unfranked distributions on Collective Investment Schemes' is negative as the accrued revenue on Aegon Asset Management Ethical Equity Fund was treated as 100% unfranked, whereas the actual dividend voucher received showed that 88% of the dividend was to be considered, for tax purposes, to be franked. This discrepancy, however, did not affect the total revenue received.

Notes to the financial statements (continued)

4 Expenses

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	936	903
	936	903
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	14	7
Trustee's fees	12	12
	26	19
Other expenses:		
Administration fees	93	81
Audit fees	7	8
Investment adviser fees	337	254
Legal fees	1	3
Registration fees	1	1
Risk & compliance monitoring fees	1	1
Screening fees	42	34
	482	382
Total expenses	1,444	1,304

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Irrecoverable income tax	-	(33)
Overseas tax suffered	79	110
Total current tax charge for the year (see note 5(b))	79	77
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	79	77

b) Factors affecting current tax charge for the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net revenue before taxation	55	487
Corporation tax at 20% (30 September 2010: 20%)	11	97
Effects of:		
Excess management expenses for which no relief taken	289	286
Franked investment revenue at 20%	(45)	(206)
Irrecoverable income tax	-	(33)
Non-taxable overseas dividends	(251)	(175)
Non-taxable stock dividends	(4)	(2)
Overseas tax suffered	79	110
Total current tax charge for the year (see note 5(a))	79	77

Collective Investment Schemes are exempt from tax in capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge/(credit) for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 30 September 2011 the sub-fund had surplus management expenses of £5,230,504 (30 September 2010: £3,787,504), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Interim (31 March)	-	-
Final (30 September)	-	391
	-	391
Revenue deducted on cancellation of units	-	16
Revenue received on issue of units	-	(9)
Finance costs: Distributions	-	398
Finance costs: Interest	-	-
Total finance costs	-	398
Reconciliation of distributions:		
Net (expense)/revenue after taxation	(24)	410
Overseas stock dividends not distributed	-	(12)
Revenue deficit carried forward	43	-
UK stock dividends not distributed	(19)	-
Finance costs: Distributions	-	398

Details of the interim and final distributions per unit are set out in the table on page 36.

7 Debtors

	30.09.11 £'000	30.09.10 £'000
Accrued revenue	207	115
Amounts receivable for issue of units	88	201
Overseas tax recoverable	67	47
Sales awaiting settlement	-	37
Total debtors	362	400

8 Cash and bank balances

	30.09.11 £'000	30.09.10 £'000
Cash and bank balances	777	2,007
Total cash and bank balances	777	2,007

Notes to the financial statements (continued)

9 Creditors

	30.09.11 £'000	30.09.10 £'000
Accrued expenses	52	55
Accrued Manager's periodic charge	66	71
Accrued Trustee's fees	1	1
Amounts payable for cancellation of units	87	152
Total creditors	206	279

10 Related party transactions

Skandia Investment Management Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to unitholders on page 10. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

National Westminster Bank Plc (or prior to their appointment, RBS Trustee and Depositary Services Limited), as the Trustee, is a related party, and amounts payable to it are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

Each Investment Adviser is responsible for monitoring the portfolio of his sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

The inherent risks remain unchanged since the last Annual Report was produced. These risks persist due to the continuing global economic uncertainty.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments

b) Currency exposures

The majority of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2011 (30 September 2010) was as follows:

	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures	exposures		exposures	exposures	
	30.09.11	30.09.11	30.09.11	30.09.10	30.09.10	30.09.10
	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	-	531	531	-	1,183	1,183
Danish Kroner	-	-	-	-	1,670	1,670
Euro	47	15,334	15,381	17	9,992	10,009
Hong Kong Dollar	-	3,787	3,787	-	5,277	5,277
Japanese Yen	-	5,265	5,265	-	11,320	11,320
Korean Won	-	-	-	-	1,130	1,130
Norwegian Kroner	-	56	56	-	-	-
Phillipine Peso	-	736	736	-	793	793
Singapore Dollar	-	1,651	1,651	-	1,184	1,184
Swiss Franc	10	1,707	1,717	-	40	40
Taiwan Dollar	-	2,064	2,064	214	2,511	2,725
US Dollar	(3)	21,177	21,174	2	28,699	28,701
Total	54	52,308	52,362	233	63,799	64,032

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk

The interest rate risk profile of the sub-fund's financial assets and liabilities at 30 September 2011 (30 September 2010) was as follows:

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
30.09.11				
Australian Dollar	-	-	531	531
Euro	47	-	15,334	15,381
Hong Kong Dollar	-	-	3,787	3,787
Japanese Yen	-	-	5,265	5,265
Norwegian Kroner	-	-	56	56
Phillipine Peso	-	-	736	736
Singapore Dollar	-	-	1,651	1,651
Sterling	720	-	8,878	9,598
Swiss Franc	10	-	1,707	1,717
Taiwan Dollar	-	-	2,064	2,064
US Dollar	-	-	21,178	21,178
Total	777	-	61,187	61,964

30.09.10

Australian Dollar	-	-	1,183	1,183
Danish Kroner	-	-	1,670	1,670
Euro	17	-	9,992	10,009
Hong Kong Dollar	-	-	5,277	5,277
Japanese Yen	-	-	11,320	11,320
Korean Won	-	-	1,130	1,130
Phillipine Peso	-	-	793	793
Singapore Dollar	-	-	1,184	1,184
Sterling	1,774	-	6,366	8,140
Swiss Franc	-	-	40	40
Taiwan Dollar	214	-	2,511	2,725
US Dollar	2	-	28,736	28,738
Total	2,007	-	70,202	72,209

Currency	Variable rate financial liabilities*	Financial liabilities not carrying interest	Total
	£'000	£'000	£'000
30.09.11			
Sterling	-	(205)	(205)
US Dollar	(3)	(1)	(4)
Total	(3)	(206)	(209)

30.09.10

Sterling	-	(279)	(279)
Total	-	(279)	(279)

*Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts. The sub-fund holds cash on a deposit account with National Westminster Bank Plc which has an interest rate of the Bank of England base rate less 50 basis points with a minimum rate payable of 0.2%. Other bank accounts of the sub-fund held with the Bank of New York Mellon have a contractual right of set off. Interest receivable on the net position is currently at a rate of 0.25% and interest payable is at a rate of 2%.

There are no material amounts of non-interest bearing financial assets, other than equities, which do not have maturity dates.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. This risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

e) Counterparty risk

Certain transactions in financial instruments that a sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the Manager and Investment Adviser as an acceptable counterparty. This is overseen by the Trustee to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

Each sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation from unitholders to meet any cancellation of units. Assets from a sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the Manager regularly monitors the liquidity levels held on each sub-fund (cash and underlying securities) to ensure any redemptions can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigates the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The Manager adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the Manager monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

h) Fair value of financial assets and financial liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

i) Sensitivity analysis

As the sub-fund is not sophisticated and derivative instruments do not have a significant impact in the sub-fund's operations, no sensitivity analysis has been presented.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (30 September 2010: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs	30.09.11 £'000	30.09.11 £'000
Purchases in the year before transaction costs		59,369
Commissions	89	
Other costs	43	
Total purchase costs		132
Gross purchase total		59,501
Analysis of total sale costs		
Gross sales in the year before transaction costs		62,018
Commissions	(93)	
Other costs	(15)	
Total sales costs		(108)
Total sales net of transaction costs		61,910

14 Unitholders' funds

The details of the unitholders' funds for the Skandia Ethical Fund are included on page 19 of the Notes to the aggregated financial statements.

The net asset value of the sub-fund, net asset value per unit and number of units in issue are given in the comparative table on page 20.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2011
 Group 2: Units purchased from 1 April 2011 to 30 September 2011

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.11 pence per unit**	Distribution paid 30.11.10 pence per unit
Accumulation Units				
Group 1	0.0000	-	0.0000	0.3058
Group 2	0.0000	0.0000	0.0000	0.3058

Interim distribution

Group 1: Units purchased prior to 1 October 2010
 Group 2: Units purchased from 1 October 2010 to 31 March 2011

	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.11 pence per unit**	Distribution paid 31.05.10 pence per unit**
Accumulation Units				
Group 1	0.0000	-	0.0000	0.0000
Group 2	0.0000	0.0000	0.0000	0.0000

*Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

**For the period under review, the expenses exceeded revenue and therefore there was no revenue available to accumulate. Please refer to the Distribution policy in Note 1i on page 12.

Skandia Newton Managed Fund

Launch date	23 February 2005
Sector classification	Balanced Managed
Investment adviser	Newton Investment Management Limited
Net asset value	£316,664,746

Objective

To achieve capital growth through predominant investment in a well-diversified portfolio with long-term asset allocation of global equities and global fixed interest securities, with a bias towards the UK.

Policy

Investments may be made through collective investment schemes or through directly invested portfolios. Outperformance is sought through a combination of stock selection and asset allocation between markets, and the performance of this sub-fund will therefore be determined by movements in both asset prices and currency exchange rates.

For efficient portfolio management purposes only, investment may also be made into currency forwards (but no other derivatives or forward transactions).

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per unit in pence and the number of units in existence at the end of the accounting year. Units were first issued at 50p per unit.

Date	Net asset value of sub-fund	Units in issue	Net asset value per unit
30.09.09			
Accumulation	£388,265,730	581,500,787	66.77p
30.09.10			
Accumulation	£381,857,275	528,620,309	72.24p
30.09.11			
Accumulation	£316,664,746	461,851,258	68.56p

Comparative table

The table below shows the highest and lowest unit prices in pence per unit since launch.

Calendar year	Highest price	Lowest price
2006		
Accumulation	63.18p	56.37p
2007		
Accumulation	72.96p	62.58p
2008		
Accumulation	73.09p	49.52p
2009		
Accumulation	69.85p	52.23p
2010		
Accumulation	76.53p	66.61p
2011*		
Accumulation	78.20p	67.95p

*to 30 September

Income (Net Accumulations)

Calendar year	Pence per unit
2006	
Accumulation	0.9494
2007	
Accumulation	0.9237
2008	
Accumulation	1.1641
2009	
Accumulation	1.2802
2010	
Accumulation	1.1880
2011*	
Accumulation	1.1078

*ex-dividend date of 30 September and payable on 30 November

Income

The interim distribution paid on 31 May 2011 was 0.3223 pence per accumulation unit. The final distribution payable on 30 November 2011 is 0.7855 pence per accumulation unit.

Any revenue available is distributed semi-annually on 31 May and 30 November.

Investment Manager's review

The global equity market had an eventful year, performing well for most of the period before a very sharp sell off through the late summer. This resulted in the MSCI World Index ending the 12 months to the end of September falling 3.2% on the back of the worst quarter for almost 10 years. The year was marked by a series of significant global events that resulted in a hugely volatile period for investors. Political unrest in the Middle East early in 2011 was followed by the devastating tsunami on Japan in the spring. As the summer approached, the world became focused on Europe as fears that the sovereign crisis that initially hit peripheral Europe was spreading to the larger countries. Consequently, European markets performed poorly over the period as did Asian and emerging market equities. Helped by large currency moves, both the US and Japanese markets ended the 12 month period in positive territory.

The UK government bond (gilt) market ended the period performing very strongly as investors flocked to the safety of government bonds, despite earlier fears that rising inflation would lead to higher interest rates.

Against this backdrop, the Newton Managed Fund recorded a negative return for the period, but managed to outperform the IMA Balanced Managed sector.

Asset allocation

UK Equities	32.40%
Europe Equities	15.56%
UK Debt Securities	14.08%
America Equities	13.71%
Asia Pacific (excluding Japan) Equities	6.79%
Europe Debt Securities	4.11%
Japan Equities	2.94%
North America Debt Securities	1.99%
Africa Equities	0.83%
Asia Pacific (excluding Japan) Debt Securities	0.21%
UK Derivatives	0.16%
European Derivatives	(0.04)%
Net other assets	7.26%

Total **100.00%**

Portfolio allocation**United Kingdom:**

United Kingdom Fixed Rate Government Bonds	8.23%
Oil & Gas Producers	4.57%
United Kingdom Fixed Rate Corporate Bonds	3.23%
Pharmaceuticals & Biotechnology	3.07%
Mining	2.96%
Food & Drug Retailers	2.80%
Tobacco	2.23%
Support Services	2.19%
United Kingdom Variable Rate Corporate Bonds	2.12%
Banks	1.72%
Aerospace & Defence	1.54%
Media	1.41%
Electricity	1.37%
Gas, Water & Multiutilities	1.08%
Health Care Equipment & Services	0.91%
General Retailers	0.88%
Fixed Line Telecommunications	0.86%
Life Insurance	0.78%
Food Producers	0.77%
Mobile Telecommunications	0.77%
General Financial	0.65%
General Industrials	0.58%
United Kingdom Index-Linked Government Bonds	0.50%
Travel & Leisure	0.44%
Beverages	0.41%
Chemicals	0.41%
Sterling Open Forward Exchange Contracts	0.16%

Portfolio allocation (continued)**Overseas:**

United States of America Equities	9.93%
Switzerland Equities	6.06%
France Equities	3.79%
Canada Equities	3.03%
Japan Equities	2.94%
Hong Kong Equities	2.77%
Norway Fixed Rate Government Bonds	2.51%
Singapore Equities	1.90%
Germany Equities	1.86%
Australian Equities	1.40%
United States of America Fixed Rate Government Bonds	1.30%
South Africa Equities	0.83%
Brazil Equities	0.75%
Thailand Equities	0.72%
Luxembourg Equities	0.70%
Ireland Equities	0.65%
Norway Equities	0.54%
Sweden Equities	0.51%
Luxembourg Fixed Rate Corporate Bonds	0.49%
Italy Equities	0.45%
Spain Equities	0.44%
United States of America Variable Rate Corporate Bonds	0.36%
Spain Fixed Rate Corporate Bonds	0.33%
United States of America Fixed Rate Corporate Bonds	0.33%
Greece Equities	0.30%
Ireland Fixed Rate Corporate Bonds	0.27%
Sweden Fixed Rate Corporate Bonds	0.26%
Turkey Equities	0.26%
Germany Fixed Rate Corporate Bonds	0.25%
Australian Fixed Rate Corporate Bonds	0.21%
European Open Forward Exchange Contracts	(0.04)%

Net other assets 7.26%

Total **100.00%**

Major Holdings**Percentage of portfolio**

Treasury 0% Bill 21/11/2011	4.73%
BP	3.15%
GlaxoSmithKline	3.07%
Norway (Kingdom of) 4.25% Bonds 19/5/2017	2.51%
Tesco	2.24%
British American Tobacco	2.23%
BHP Billiton	1.98%
Bayer	1.86%
Standard Chartered	1.72%
Roche	1.63%

Number of holdings **132**

Total expense ratio

30.09.10	1.57%
30.09.11	1.57%

All information is at 30 September 2011 unless otherwise stated.

Portfolio statement

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
United Kingdom 46.64% (30 September 2010 49.72%)			
United Kingdom Debt Securities 14.08% (30 September 2010 14.96%)			
United Kingdom Fixed Rate Government Bonds 8.23% (30 September 2010 8.94%)			
£15,000,000	Treasury 0% Bill 21/11/2011	14,982	4.73
£3,850,000	Treasury 4.75% Stock 7/12/2030	4,697	1.48
£1,550,000	Treasury 4.75% Stock 7/12/2038	1,894	0.60
£3,740,000	Treasury 5% Gilt 7/3/2018	4,492	1.42
		26,065	8.23
United Kingdom Index-Linked Government Bonds 0.50% (30 September 2010 0.00%)			
£1,340,000	Treasury 0.625% Index-Linked 22/3/2040	1,577	0.50
United Kingdom Fixed Rate Corporate Bonds 3.23% (30 September 2010 3.87%)			
£1,000,000	Cable & Wireless Communications 8.75% Bonds 6/8/2012	993	0.31
£1,040,000	Co-operative Bank 5.625% 16/11/2021	812	0.26
£1,235,000	Coventry Building Society 5.875% Guaranteed Senior European Medium Term Bonds 28/9/2022	1,183	0.37
£200,000	Crown NewCo 3 7% Senior Notes 15/2/2018	181	0.06
£535,000	Daily Mail & General Trust 5.75% Bonds 7/12/2018	501	0.16
£160,000	Daily Mail & General Trust 7.5% Bonds 29/3/2013	166	0.05
£247,000	Imperial Tobacco 6.25% European Medium Term Notes 4/12/2018	278	0.09
£800,000	Imperial Tobacco Finance 8.125% Guaranteed European Medium Term Bonds 15/3/2024	1,010	0.32
£1,040,000	International Personal Finance 11.5% Guaranteed Senior European Medium Term Notes 6/8/2015	817	0.26
£555,000	Nationwide Building Society 5.625% Medium Term Notes 9/9/2019	553	0.17
£1,536,610	Tesco Property Finance 5.744% Guaranteed Mortgage Backed Bonds 13/4/2040	1,584	0.50
£1,610,000	Thomas Cook 7.75% Guaranteed European Medium Term Notes 22/6/2017	1,044	0.33
£1,050,000	Virgin Media Secured Finance 8.875% Bonds 15/10/2019	1,094	0.35
		10,216	3.23
United Kingdom Variable Rate Corporate Bonds 2.12% (30 September 2010 2.15%)			
£700,000	BNP Paribas 5.945% Perpetual Floating Rate Notes	460	0.14
£746,000	Bupa Finance 6.125% Guaranteed Perpetual Subordinated Floating Rate Notes	537	0.17
£800,000	Co-operative Bank 5.75% Variable European Medium Term Notes 2/12/2024	592	0.19
£3,254,000	HSBC Capital Funding (Sterling 2) 5.862% Guaranteed Perpetual Subordinated Floating Rate Notes	2,685	0.85
£1,200,000	National Grid Electricity Transmission 5.875% Variable Bonds 2/2/2024	1,370	0.43
£1,350,000	Standard Chartered 5.375% Perpetual Floating Rate Medium Term Notes	1,086	0.34
		6,730	2.12
United Kingdom Equities 32.40% (30 September 2010 34.97%)			
Aerospace & Defence 1.54% (30 September 2010 1.89%)			
1,172,832	BAE Systems	3,135	0.99
995,608	Cobham	1,740	0.55
		4,875	1.54
Banks 1.72% (30 September 2010 3.84%)			
423,909	Standard Chartered	5,454	1.72
Beverages 0.41% (30 September 2010 0.43%)			
61,898	SABMiller	1,302	0.41

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Chemicals 0.41% (30 September 2010 0.00%)		
80,861	Johnson Matthey	1,283	0.41
	Electricity 1.37% (30 September 2010 1.12%)		
336,136	Scottish & Southern Energy	4,350	1.37
	Fixed Line Telecommunications 0.86% (30 September 2010 1.09%)		
6,774,705	Cable & Wireless Communications	2,518	0.80
628,030	Cable & Wireless Worldwide	195	0.06
		2,713	0.86
	Food & Drug Retailers 2.80% (30 September 2010 1.56%)		
607,234	Morrison (Wm) Supermarkets	1,764	0.56
1,878,154	Tesco	7,098	2.24
		8,862	2.80
	Food Producers 0.77% (30 September 2010 1.29%)		
163,543	Associated British Foods	1,815	0.57
5,939,068	Premier Foods	613	0.20
		2,428	0.77
	Gas, Water & Multiutilities 1.08% (30 September 2010 0.97%)		
1,145,588	Centrica	3,409	1.08
	General Financial 0.65% (30 September 2010 0.56%)		
500,837	ICAP	2,064	0.65
	General Industrials 0.58% (30 September 2010 0.46%)		
183,814	Smiths	1,836	0.58
	General Retailers 0.88% (30 September 2010 0.82%)		
818,051	Carphone Warehouse	2,781	0.88
	Health Care Equipment & Services 0.91% (30 September 2010 1.14%)		
495,464	Smith & Nephew	2,881	0.91
	Life Insurance 0.78% (30 September 2010 0.00%)		
441,606	Prudential	2,460	0.78
	Media 1.41% (30 September 2010 0.90%)		
209,688	British Sky Broadcasting	1,392	0.44
940,257	Informa	3,077	0.97
		4,469	1.41
	Mining 2.96% (30 September 2010 2.76%)		
139,324	Anglo American	3,106	0.98
361,190	BHP Billiton	6,276	1.98
		9,382	2.96

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Mobile Telecommunications 0.77% (30 September 2010 3.52%)			
1,461,446	Vodafone	2,429	0.77
Non-Life Insurance 0.00% (30 September 2010 0.49%)			
Oil & Gas Producers 4.57% (30 September 2010 4.76%)			
363,702	BG	4,514	1.42
2,564,591	BP	9,962	3.15
		14,476	4.57
Pharmaceuticals & Biotechnology 3.07% (30 September 2010 3.13%)			
728,977	GlaxoSmithKline	9,714	3.07
Support Services 2.19% (30 September 2010 1.97%)			
304,569	Atkins	1,646	0.52
335,292	Bunzl	2,575	0.81
62,703	Intertek	1,163	0.37
306,944	Serco	1,565	0.49
		6,949	2.19
Tobacco 2.23% (30 September 2010 1.82%)			
258,452	British American Tobacco	7,052	2.23
Travel & Leisure 0.44% (30 September 2010 0.45%)			
69,143	Carnival	1,391	0.44
United Kingdom Derivatives 0.16% (30 September 2010 0.00%)			
Sterling Open Forward Exchange Contracts 0.16% (30 September 2010 0.00%)			
6,568,586	Sterling vs Euro Forward Exchange Contract	77	0.02
13,302,379	Sterling vs Swiss Franc Forward Exchange Contract	436	0.14
		513	0.16
Overseas 46.10% (30 September 2010 43.74%)			
Europe 19.63% (30 September 2010 19.73%)			
Europe Debt Securities 4.11% (30 September 2010 4.74%)			
Germany Fixed Rate Corporate Bonds 0.25% (30 September 2010 0.38%)			
€ 1,000,000	HeidelbergCement 7.5% Guaranteed Bonds 3/4/2020	781	0.25
Ireland Fixed Rate Corporate Bonds 0.27% (30 September 2010 0.25%)			
£1,040,000	Smurfit Kappa Acquisition 7.25% Senior Notes 15/11/2017	854	0.27
Luxembourg Fixed Rate Corporate Bonds 0.49% (30 September 2010 0.40%)			
€ 394,000	Ontex 7.5% Notes 15/4/2018	293	0.09
€ 790,000	Phoenix Pib Finance 9.625% Guaranteed Notes 15/7/2014	699	0.22
€ 800,000	Wind Acquisition Finance 11.75% Notes 15/7/2017	562	0.18
		1,554	0.49

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Norway Fixed Rate Government Bonds 2.51% (30 September 2010 2.75%)			
NOK65,000,000	Norway (Kingdom of) 4.25% Bonds 19/5/2017	7,956	2.51
Spain Fixed Rate Corporate Bonds 0.33% (30 September 2010 0.53%)			
€ 1,300,000	Campofrio Food 8.25% Guaranteed Senior Notes 31/10/2016	1,034	0.33
Sweden Fixed Rate Corporate Bonds 0.26% (30 September 2010 0.25%)			
€ 1,200,000	Stena AB 6.125% Notes 1/2/2017	832	0.26
Sweden Variable Rate Corporate Bonds 0.00% (30 September 2010 0.18%)			
Europe Equities 15.56% (30 September 2010 14.99%)			
France Equities 3.79% (30 September 2010 2.91%)			
44,453	Air Liquide	3,365	1.06
17,514	L'Oreal	1,107	0.35
56,503	Sanofi	2,402	0.76
91,886	Thales	1,864	0.59
113,627	Total	3,251	1.03
		11,989	3.79
Germany Equities 1.86% (30 September 2010 2.07%)			
166,611	Bayer	5,908	1.86
Greece Equities 0.30% (30 September 2010 0.00%)			
86,632	Coca Cola Hellenic Bottling	960	0.30
Ireland Equities 0.65% (30 September 2010 0.52%)			
60,495	Accenture	2,047	0.65
Italy Equities 0.45% (30 September 2010 0.32%)			
454,722	Amplifon	1,418	0.45
Luxembourg Equities 0.70% (30 September 2010 1.46%)			
34,832	Millicom International Cellular	2,228	0.70
Norway Equities 0.54% (30 September 2010 0.56%)			
124,667	Statoil	1,724	0.54
Spain Equities 0.44% (30 September 2010 0.73%)			
133,961	Amadeus	1,391	0.44
Sweden Equities 0.51% (30 September 2010 0.47%)			
259,275	Ericsson	1,611	0.51

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Switzerland Equities 6.06% (30 September 2010 5.48%)			
140,346	ABB	1,564	0.50
68,024	Actelion	1,449	0.46
54,395	Bank Sarasin	1,065	0.34
62,041	Nestle	2,197	0.69
45,053	Novartis	1,616	0.51
49,768	Roche	5,170	1.63
23,477	Syngenta	3,957	1.25
16,027	Zurich Financial	2,163	0.68
		19,181	6.06
Turkey Equities 0.26% (30 September 2010 0.47%)			
113,627	Turkcell Iletisim	822	0.26
European Derivatives (0.04)% (30 September 2010 0.00%)			
European Open Forward Exchange Contracts (0.04%) (30 September 2010 0.00%)			
3,511,196	Swiss Franc vs Sterling Forward Exchange Contract	(123)	(0.04)
Asia Pacific (excluding Japan) 7.00% (30 September 2010 6.75%)			
Asia Pacific (excluding Japan) Debt Securities 0.21% (30 September 2010 0.00%)			
Australian Fixed Rate Corporate Bonds 0.21% (30 September 2010 0.00%)			
865,000	Origin Energy 7.87% Bonds 16/6/2071	663	0.21
Asia Pacific (excluding Japan) Equities 6.79% (30 September 2010 6.75%)			
Australian Equities 1.40% (30 September 2010 1.30%)			
475,291	AMP	1,171	0.37
76,268	Newcrest Mining	1,621	0.51
233,395	Santos	1,656	0.52
		4,448	1.40
Hong Kong Equities 2.77% (30 September 2010 2.79%)			
679,400	AIA	1,252	0.40
807,000	Belle International	898	0.28
8,721,000	Gome Electrical	1,323	0.42
3,327,000	Huabao International	1,745	0.55
4,464,000	Shenguan	1,472	0.47
3,534,000	Yinge Gases	2,069	0.65
		8,759	2.77
Singapore Equities 1.90% (30 September 2010 1.88%)			
348,700	Keppel	1,330	0.42
1,831,000	Straits Asia Resources	1,804	0.57
343,000	United Overseas Bank	2,872	0.91
		6,006	1.90

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Thailand Equities 0.72% (30 September 2010 0.78%)		
766,900	Bangkok Bank (Alien Market)	2,296	0.72
	Japan 2.94% (30 September 2010 1.71%)		
	Japan Equities 2.94% (30 September 2010 1.71%)		
133,900	Asahi	1,837	0.58
33,900	Sawai Pharmaceutical	2,355	0.74
143,600	Sumco	875	0.28
423,000	Toshiba	1,127	0.36
139,900	Toyota Motor	3,120	0.98
		9,314	2.94
	America 15.70% (30 September 2010 14.70%)		
	North America Debt Securities 1.99% (30 September 2010 1.70%)		
	United States of America Fixed Rate Corporate Bonds 0.33% (30 September 2010 0.45%)		
1,600,000	Sprint Capital 8.375% Notes 15/3/2012	1,037	0.33
	United States of America Fixed Rate Government Bonds 1.30% (30 September 2010 0.93%)		
\$5,000,000	US Treasury 4.375% Notes 15/11/2039	4,127	1.30
	United States of America Variable Rate Corporate Bonds 0.36% (30 September 2010 0.32%)		
\$1,450,000	US Bank National 4.375% Subordinated Floating Rate Medium Term Notes 28/2/2017	1,136	0.36
	America Equities 13.71% (30 September 2010 13.00%)		
	Brazil Equities 0.75% (30 September 2010 1.44%)		
383,775	Hypermarcas	1,171	0.37
83,062	Vale	1,215	0.38
		2,386	0.75
	Canada Equities 3.03% (30 September 2010 1.13%)		
77,539	Barrick Gold	2,322	0.73
129,113	Nexen	1,290	0.41
73,761	Potash Corp of Saskatchewan	2,056	0.65
443,817	Yamana Gold	3,918	1.24
		9,586	3.03
	United States of America Equities 9.93% (30 September 2010 10.43%)		
47,067	Abbott Laboratories	1,545	0.49
220,523	Altria	3,794	1.20
72,944	Ariba	1,298	0.41
290,952	Cisco Systems	2,893	0.91
59,537	Consol Energy	1,295	0.41
63,531	Ebay	1,202	0.38

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
United States of America Equities (continued)			
87,915	EMC	1,185	0.37
77,760	Lazard	1,055	0.33
57,934	Medcohealth Solutions	1,743	0.55
151,171	Medtronic	3,223	1.02
98,769	Microsoft	1,578	0.50
145,900	News	1,461	0.46
151,840	Petroleo Brasileiro Petrobras Sponsored ADR (Each Representing 2 Preference Shares)	2,020	0.64
106,032	Principal Financial	1,543	0.49
1,892,691	Sprint Nextel	3,694	1.16
70,240	Vale Sponsored ADR (Representing 1 Ordinary Share)	1,140	0.36
100,880	Weatherford International	790	0.25
		31,459	9.93
Africa 0.83% (30 September 2010 0.85%)			
South Africa Equities 0.83% (30 September 2010 0.85%)			
249,474	MTN	2,619	0.83
Investment assets*		293,664	92.74
Net other assets		23,001	7.26
Total net assets		316,665	100.00

*Including investment liabilities.

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2010 to 30 September 2011

		01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
	Notes				
Income					
Net capital (losses)/gains	2		(20,657)		22,855
Revenue	3	11,245		13,932	
Expenses	4	(5,771)		(6,049)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		5,474		7,883	
Taxation	5	(113)		(373)	
Net revenue after taxation			5,361		7,510
Total return before distributions			(15,296)		30,365
Finance costs: Distributions	6		(5,361)		(6,560)
Change in net assets attributable to unitholders from investment activities			(20,657)		23,805

Statement of change in net assets attributable to unitholders

for the year from 1 October 2010 to 30 September 2011

	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Opening net assets attributable to unitholders		381,857		388,266
Amounts received on issue of units	11,618		16,316	
Amounts paid on cancellation of units	(61,348)		(52,887)	
		(49,730)		(36,571)
Stamp duty reserve tax		(16)		(24)
Change in net assets attributable to unitholders from investment activities		(20,657)		23,805
Retained distribution on accumulation units		5,211		6,381
Closing net assets attributable to unitholders		316,665		381,857

The notes on pages 48 to 57 form an integral part of these financial statements.

Balance sheet

as at 30 September 2011

	Notes	30.09.11 £'000	30.09.11 £'000	30.09.10 £'000	30.09.10 £'000
Assets					
Investment assets			293,787		357,683
Debtors	7	2,372		2,768	
Cash and bank balances	8	22,970		23,812	
Total other assets			25,342		26,580
Total assets			319,129		384,263
Liabilities					
Investment liabilities			(123)		(798)
Creditors	9	(2,341)		(1,608)	
Total other liabilities			(2,341)		(1,608)
Total liabilities			(2,464)		(2,406)
Net assets attributable to unitholders			316,665		381,857

The notes on pages 48 to 57 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2010 to 30 September 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia Newton Managed Fund are included on pages 12 to 13 of the Notes to the aggregated financial statements.

2 Net capital gains

The net (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities

(Losses)/gains on currency contracts

Losses on derivative contracts

Losses on forward currency contracts

Handling charges

Net (losses)/gains on investments

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
(19,476)	23,538
(151)	137
(1)	-
(1,005)	(798)
(24)	(22)
(20,657)	22,855

3 Revenue

Bank and term deposit interest

Interest from overseas debt securities

Interest from UK debt securities

Non-taxable overseas dividends

Taxable overseas dividends

UK dividends

UK stock dividends not distributed

Total revenue

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
39	44
1,355	1,981
1,860	1,623
3,318	3,411
129	416
4,544	5,507
-	950
11,245	13,932

Notes to the financial statements (continued)

4 Expenses

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	5,524	5,778
	5,524	5,778
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	45	41
Trustee's fees	54	58
	99	99
Other expenses:		
Administration fees	138	154
ADR charges	1	6
Audit fees	7	8
Legal fees	1	3
Risk & compliance monitoring fees	1	1
	148	172
Total expenses	5,771	6,049

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Overseas tax suffered	113	373
Total current tax charge for the year (see note 5(b))	113	373
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	113	373

b) Factors affecting current tax charge for the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net revenue before taxation	5,474	7,883
Corporation tax at 20% (30 September 2010: 20%)	1,095	1,577
Effects of:		
Excess management expenses for which no relief taken	474	401
Franked investment revenue at 20%	(909)	(1,102)
Movement on revenue accruals not taxable	-	3
Non-taxable overseas dividend	(660)	(689)
Non-taxable stock dividend	-	(190)
Overseas tax suffered	113	373
Total current tax charge for the year (see note 5(a))	113	373

Collective Investment Schemes are exempt from tax in capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 30 September 2011 the sub-fund had surplus management expenses of £4,375,257 (30 September 2010: £2,004,095), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Interim (31 March)	1,583	2,464
Final (30 September)	3,628	3,917
	5,211	6,381
Revenue deducted on issue of units	198	273
Revenue received on issue of units	(48)	(94)
Finance costs: Distributions	5,361	6,560
Finance costs: Interest	-	-
Total finance costs	5,361	6,560
Reconciliation of distributions:		
Net revenue after taxation	5,361	7,510
UK stock dividends not distributed	-	(950)
Finance costs: Distributions	5,361	6,560

Details of the interim and final distributions per unit are set out in the table on page 58.

7 Debtors

	30.09.11 £'000	30.09.10 £'000
Accrued revenue	1,436	1,860
Amounts receivable for issue of units	-	634
Overseas tax recoverable	340	274
Sales awaiting settlement	596	-
Total debtors	2,372	2,768

8 Cash and bank balances

	30.09.11 £'000	30.09.10 £'000
Cash and bank balances	22,970	23,812
Total cash and bank balances	22,970	23,812

Notes to the financial statements (continued)

9 Creditors

	30.09.11 £'000	30.09.10 £'000
Accrued expenses	33	34
Accrued Manager's periodic charge	405	469
Accrued Trustee's fees	3	5
Amounts payable for cancellation of units	641	213
Currency contracts payable	8	-
Purchases awaiting settlement	1,251	887
Total creditors	2,341	1,608

10 Related party transactions

Skandia Investment Management Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to unitholders on page 10. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

National Westminster Bank Plc (or prior to their appointment, RBS Trustee and Depositary Services Limited), as the Trustee, is a related party, and amounts payable to it are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9. The sub-fund held cash on a deposit account at the year end with National Westminster Bank Plc of £22,746,229 (30 September 2010: £23,559,508).

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

Fixed income securities and variable rate securities.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

Each Investment Adviser is responsible for monitoring the portfolio of his sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

The inherent risks remain unchanged since the last Annual Report was produced. These risks persist due to the continuing global economic uncertainty.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

b) Currency exposures

A significant proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2011 (30 September 2010) was as follows:

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures	exposures		exposures	exposures	
	30.09.11	30.09.11	30.09.11	30.09.10	30.09.10	30.09.10
	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	22	4,502	4,524	-	5,045	5,045
Brazilian Real	-	1,171	1,171	-	5,499	5,499
Canadian Dollar	-	7,267	7,267	-	4,330	4,330
China Yuan Renminbi	-	6	6	-	11	11
Euro	-	29,719	29,719	40	33,033	33,073
Hong Kong Dollar	-	8,800	8,800	7	10,687	10,694
Japanese Yen	-	9,370	9,370	-	6,563	6,563
Norwegian Kroner	-	9,792	9,792	-	12,824	12,824
Singapore Dollar	-	6,006	6,006	-	7,197	7,197
South African Rand	-	2,619	2,619	-	3,251	3,251
Swedish Krona	-	3,840	3,840	-	1,809	1,809
Swiss Franc	-	19,868	19,868	-	21,131	21,131
Taiwan Dollar	2	-	2	2	-	2
Thailand Baht	-	2,296	2,296	-	2,965	2,965
US Dollar	-	43,518	43,518	4	54,682	54,686
Total	24	148,774	148,798	53	169,027	169,080

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk

The interest rate risk profile of the sub-fund's financial assets and liabilities at 30 September 2011 (30 September 2010) was as follows:

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
30.09.11				
Australian Dollar	22	663	4,502	5,187
Brazilian Real	-	-	1,171	1,171
Canadian Dollar	-	-	7,268	7,268
China Yuan Renminbi	-	-	6	6
Euro	-	5,055	22,046	27,101
Hong Kong Dollar	-	-	8,800	8,800
Japanese Yen	-	-	9,370	9,370
Norwegian Kroner	-	7,956	1,836	9,792
Singapore Dollar	-	-	6,006	6,006
South African Rand	-	-	2,619	2,619
Sterling	31,251	36,281	103,617	171,149
Swedish Krona	-	-	3,840	3,840
Swiss Franc	-	-	19,868	19,868
Taiwan Dollar	2	-	-	2
Thailand Baht	-	-	2,296	2,296
US Dollar	1,136	5,164	38,354	44,654
Total	32,411	55,119	231,599	319,129
30.09.10				
Australian Dollar	-	-	5,045	5,045
Brazilian Real	-	-	5,499	5,499
Canadian Dollar	-	-	4,330	4,330
China Yuan Renminbi	-	-	11	11
Euro	40	9,750	23,283	33,073
Hong Kong Dollar	7	-	10,687	10,694
Japanese Yen	-	-	6,563	6,563
Norwegian Kroner	-	10,519	2,305	12,824
Singapore Dollar	-	-	7,197	7,197
South African Rand	-	-	3,251	3,251
Sterling	23,759	56,234	135,190	215,183
Swedish Krona	-	-	1,809	1,809
Swiss Franc	-	-	21,131	21,131
Taiwan Dollar	2	-	-	2
Thailand Baht	-	-	2,965	2,965
US Dollar	4	5,270	49,412	54,686
Total	23,812	81,773	278,678	384,263

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk (continued)

Currency	Variable rate financial liabilities*	Financial liabilities not carrying interest	Total
	£'000	£'000	£'000
30.09.11			
Euro	-	(682)	(682)
Sterling	-	(1,659)	(1,659)
Swiss Franc	-	(123)	(123)
Total	-	(2,464)	(2,464)
30.09.10			
Euro	-	(40)	(40)
Hong Kong Dollar	-	(7)	(7)
Sterling	-	(1,898)	(1,898)
US Dollar	-	(461)	(461)
Total	-	(2,406)	(2,406)

*Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts. The sub-fund holds cash on a deposit account with National Westminster Bank Plc which has an interest rate of the Bank of England base rate less 50 basis points with a minimum rate payable of 0.2%. Other bank accounts of the sub-fund held with the Bank of New York Mellon have a contractual right of set off. Interest receivable on the net position is currently at a rate of 0.25% and interest payable is at a rate of 2%.

There are no material amounts of non-interest bearing financial assets, other than equities, which do not have maturity dates.

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. This risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the portfolio statement.

As at 30 September 2011 the sub-fund's exposure to credit risk is analysed as follows:

Analysis of bonds	£'000	%
Investment Grade	40,350	12.74
Below Investment Grade	11,552	3.65
Unrated	12,660	4.00
	64,562	20.39

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

e) Counterparty risk

Certain transactions in financial instruments that a sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the Manager and Investment Adviser as an acceptable counterparty. This is overseen by the Trustee to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

Each sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation from unitholders to meet any cancellation of units. Assets from a sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the Manager regularly monitors the liquidity levels held on each sub-fund (cash and underlying securities) to ensure any redemptions can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigates the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The Manager adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the Manager monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk.

h) Fair value of financial assets and financial liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair value.

i) Sensitivity analysis

As the sub-fund is not sophisticated and derivative instruments do not have a significant impact in the sub-fund's operations, no sensitivity analysis has been presented.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance Sheet date (30 September 2010: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs	30.09.11 £'000	30.09.11 £'000
Purchases in the year before transaction costs		114,136
Commissions	90	
Other costs	124	
Total purchase costs		214
Gross purchase total		114,350
Analysis of total sale costs		
Gross sales in the year before transaction costs		159,510
Commissions	(113)	
Other costs	(7)	
Total sales costs		(120)
Total sales net of transaction costs		159,390

14 Unitholders' funds

The details of the unitholders' funds for the Skandia Newton Managed Fund are included on page 19 of the Notes to the aggregated financial statements.

The net asset value of the sub-fund, net asset value per unit and number of units in issue are given in the comparative table on page 37.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2011
 Group 2: Units purchased from 1 April 2011 to 30 September 2011

Accumulation Units	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.11 pence per unit	Distribution paid 30.11.10 pence per unit
Group 1	0.7855	-	0.7855	0.7410
Group 2	0.3269	0.4586	0.7855	0.7410

Interim distribution

Group 1: Units purchased prior to 1 October 2010
 Group 2: Units purchased from 1 October 2010 to 31 March 2011

Accumulation Units	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.11 pence per unit	Distribution paid 31.05.10 pence per unit
Group 1	0.3223	-	0.3223	0.4470
Group 2	0.1277	0.1946	0.3223	0.4470

*Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

UK Equity Fund

Launch date	13 December 2002
Sector classification	Unclassified
Investment adviser	Kames Capital
Net asset value	£100,951,482

Objective

To maximise capital growth through investment in a portfolio of equities predominantly listed within the FTSE All-Share Index.

Policy

Investment will be in a portfolio of predominantly UK equities, either directly in transferable securities or through collective investment schemes, including those managed and operated by the Manager.

For efficient portfolio management purposes only, investment may also be made into derivative or forward transactions.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per unit in pence and the number of units in existence at the end of the accounting year. Units were first issued at 50p per unit.

Date	Net asset value of sub-fund	Units in issue	Net asset value per unit
30.09.09			
Income	£7,128,554	9,599,860	74.26p
Accumulation	£116,006,761	132,452,256	87.58p
30.09.10			
Income	£3,854,791	4,875,807	79.06p
Accumulation	£118,397,264	122,609,278	96.56p
30.09.11			
Income	£17,710	25,000	70.84p
Accumulation	£100,933,772	115,520,774	87.37p

Comparative table

The table below shows the highest and lowest unit prices in pence per unit since launch.

Calendar year	Highest price	Lowest price
2006		
Income	95.20p	80.57p
Accumulation	103.30p	85.56p
2007		
Income	101.20p	83.61p
Accumulation	111.10p	93.19p
2008		
Income	91.56p	45.54p
Accumulation	102.00p	52.88p
2009		
Income	76.17p	48.79p
Accumulation	89.84p	56.65p
2010		
Income	86.19p	67.72p
Accumulation	105.30p	81.81p
2011*		
Income	88.26p	69.61p
Accumulation	107.80p	85.86p

*to 30 September

Income (Net Distributions/Accumulations)

Calendar year	Pence per unit
2006	
Income	2.8748
Accumulation	3.0459
2007	
Income	2.5219
Accumulation	2.7534
2008	
Income	2.9260
Accumulation	3.2907
2009	
Income	1.9685
Accumulation	2.3063
2010	
Income	1.6069
Accumulation	1.9336
2011*	
Income	1.8847
Accumulation	2.3146

*ex-dividend date of 30 September and payable 30 November

Income

The interim distribution paid on 31 May 2011 was 0.8260 pence per distribution unit and 1.0089 pence per accumulation unit. The final distribution payable on 30 November 2011 is 1.0587 pence per distribution unit and 1.3057 pence per accumulation unit.

Any revenue available is distributed semi-annually on 31 May and 30 November.

Investment Manager's review

The UK equity market had an eventful year, performing well for most of the period before a very sharp sell off through the late summer. This resulted in the FTSE All-Share Index ending the 12 months to the end of September falling 4.7% on the back of the worst quarter for almost 10 years. The year was marked by a series of significant global events that resulted in a hugely volatile period for investors. Political unrest in the Middle East early in 2011 was followed by the devastating tsunami in Japan in the spring. As the summer approached, the world became focused on Europe as fears that the sovereign crisis that initially hit peripheral Europe was spreading to the larger countries. While none of the events originated in the UK, the nature of global markets meant that the UK stock market was not immune to these issues. Over the year, many of the sectors did well including utilities and consumer goods but these were more than offset by poor performance in financials and basic materials which made up a much larger part of the index.

The UK Equity Fund, managed by Kames Capital, had a very challenging year, underperforming both the FTSE All-Share Index and the IMA UK All Companies Index. Underweight exposure to the oil & gas sector, in particular Royal Dutch Shell hampered returns, as did a position in mining company Centamin Egypt, which suffered amid political unrest in Egypt and Tunisia. On the positive, exposure to defensive stocks such as Tate & Lyle, Shire and British American Tobacco helped as did a large underweight to UK Banks.

Asset allocation

UK Equities	98.09%
Net other assets	1.91%
Total	100.00%

Portfolio allocation

United Kingdom:

Oil & Gas Producers	13.20%
Pharmaceuticals & Biotechnology	11.38%
Mining	9.16%
Tobacco	8.77%
Support Services	7.90%
Mobile Telecommunications	7.33%
Media	6.15%
Technology	5.19%
Banks	3.79%
Electricity	3.10%
General Financial	2.88%
Life Insurance	2.84%
Food Producers	2.69%
Personal Goods	2.47%
Travel & Leisure	2.38%
Aerospace & Defence	2.31%
Gas, Water & Multiutilities	1.99%
Industrial Engineering	1.85%
Basic Materials	1.46%
General Retailers	1.25%
Net other assets	1.91%
Total	100.00%

Major Holdings

Percentage of portfolio

Vodafone	7.33%
GlaxoSmithKline	6.89%
British American Tobacco	5.84%
BG	4.15%
British Sky Broadcasting	3.81%
Rio Tinto	3.74%
BP	3.72%
Shire	3.26%
Imperial Tobacco	2.93%
Prudential	2.84%

Number of holdings	43
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Total expense ratio

30.09.10	1.59%
30.09.11	1.59%

All information is at 30 September 2011 unless otherwise stated.

Portfolio statement

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 98.09% (30 September 2010 100.02%)		
	United Kingdom Equities 98.09% (30 September 2010 100.02%)		
	Aerospace & Defence 2.31% (30 September 2010 0.83%)		
392,000	Rolls Royce	2,332	2.31
	Banks 3.79% (30 September 2010 10.45%)		
475,968	HSBC	2,365	2.34
6,219,988	Royal Bank of Scotland	1,461	1.45
		3,826	3.79
	Basic Materials 1.46% (30 September 2010 1.68%)		
135,028	Victrex	1,476	1.46
	Electricity 3.10% (30 September 2010 2.00%)		
139,012	Andor Technology	796	0.79
179,625	KSK Power	1,105	1.09
105,109	Spectris	1,228	1.22
		3,129	3.10
	Equity Investment Instruments 0.00% (30 September 2010 0.28%)		
	Food Producers 2.69% (30 September 2010 1.42%)		
433,000	Tate & Lyle	2,711	2.69
	Food & Drug Retailers 0.00% (30 September 2010 1.75%)		
	Gas, Water & Multiutilities 1.99% (30 September 2010 2.33%)		
130,250	Severn Trent	2,006	1.99
	General Financial 2.88% (30 September 2010 2.71%)		
336,793	Hargreaves Lansdown	1,516	1.50
109,241	Schroders	1,397	1.38
		2,913	2.88
	General Retailers 1.25% (30 September 2010 0.00%)		
287,629	Majestic Wine	1,258	1.25
	Industrial Engineering 1.85% (30 September 2010 2.30%)		
120,893	Weir	1,870	1.85
	Life Insurance 2.84% (30 September 2010 4.64%)		
513,970	Prudential	2,863	2.84

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Media 6.15% (30 September 2010 6.82%)		
579,795	British Sky Broadcasting	3,850	3.81
197,147	Rightmove	2,358	2.34
		6,208	6.15
	Mining 9.16% (30 September 2010 15.12%)		
852,424	Centamin Egypt	802	0.79
1,390,668	Eastern Platinum	601	0.60
203,875	First Quantum Minerals	1,772	1.75
391,260	Petra Diamonds	433	0.43
130,668	Rio Tinto	3,774	3.74
227,834	Xstrata	1,868	1.85
		9,250	9.16
	Mobile Telecommunications 7.33% (30 September 2010 4.42%)		
4,449,992	Vodafone		
		7,396	7.33
	Oil & Gas Producers 13.20% (30 September 2010 16.22%)		
337,688	BG		
965,605	BP	4,191	4.15
345,000	Cape	3,751	3.72
118,000	Tullow Oil	1,565	1.55
189,934	Petrofac	1,542	1.53
		2,274	2.25
		13,323	13.20
	Personal Goods 2.47% (30 September 2010 0.00%)		
212,747	Burberry		
		2,495	2.47
	Pharmaceuticals & Biotechnology 11.38% (30 September 2010 8.25%)		
341,118	Abcam		
521,928	GlaxoSmithKline	1,237	1.23
164,020	Shire	6,955	6.89
		3,295	3.26
		11,487	11.38
	Support Services 7.90% (30 September 2010 4.95%)		
155,956	Aggreko		
1,299,041	Ashtead	2,539	2.52
721,526	G4S	1,728	1.71
96,500	Intertek	1,922	1.90
		1,790	1.77
		7,979	7.90
	Technology 5.19% (30 September 2010 2.00%)		
100,741	Aveva		
879,848	Spirent Communications	1,417	1.40
496,475	Telecity	1,077	1.07
		2,745	2.72
		5,239	5.19
	Tobacco 8.77% (30 September 2010 4.38%)		
216,175	British American Tobacco		
136,078	Imperial Tobacco	5,898	5.84
		2,958	2.93
		8,856	8.77

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Travel & Leisure 2.38% (30 September 2010 7.47%)		
352,202	Domino's Pizza	1,569	1.55
207,302	Millennium	833	0.83
		2,402	2.38
	Investment assets	99,019	98.09
	Net other assets	1,932	1.91
	Total net assets	100,951	100.00

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2010 to 30 September 2011

	Notes	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Income					
Net capital (losses)/gains	2		(10,324)		11,817
Revenue	3	2,856		2,707	
Expenses	4	(1,921)		(1,913)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		935		794	
Taxation	5	(9)		(7)	
Net revenue after taxation			926		787
Total return before distributions			(9,398)		12,604
Finance costs: Distributions	6		(2,741)		(2,590)
Change in net assets attributable to unitholders from investment activities			(12,139)		10,014

Statement of change in net assets attributable to unitholders

for the year from 1 October 2010 to 30 September 2011

	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Opening net assets attributable to unitholders		122,252		123,135
Amounts received on issue of units	4,834		12,297	
Amounts paid on cancellation of units	(16,671)		(25,594)	
		(11,837)		(13,297)
		(9)		(52)
Stamp duty reserve tax				
Change in net assets attributable to unitholders from investment activities		(12,139)		10,014
Retained distribution on accumulation units		2,684		2,452
Closing net assets attributable to unitholders		100,951		122,252

The notes on pages 66 to 73 form an integral part of these financial statements.

Balance sheet

as at 30 September 2011

	Notes	30.09.11 £'000	30.09.11 £'000	30.09.10 £'000	30.09.10 £'000
Assets					
Investment assets			99,019		122,282
Debtors	7	1,012		1,550	
Cash and bank balances	8	1,765		55	
Total other assets			2,777		1,605
Total assets			101,796		123,887
Liabilities					
Creditors	9	(845)		(1,591)	
Distribution payable on income units		-		(44)	
Total other liabilities			(845)		(1,635)
Total liabilities			(845)		(1,635)
Net assets attributable to unitholders			100,951		122,252

The notes on pages 66 to 73 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2010 to 30 September 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia UK Equity Fund are included on pages 12 to 13 of the Notes to the aggregated financial statements.

2 Net capital (losses)/gains

The net (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities

Losses on currency contracts

Gains on derivative contracts

Handling charges

Net (losses)/gains on investments

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
(10,444)	11,835
(1)	(1)
134	-
(13)	(17)
(10,324)	11,817

3 Revenue

Bank and term deposit interest

Non-taxable overseas dividends

UK dividends

Total revenue

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
3	6
143	99
2,710	2,602
2,856	2,707

Notes to the financial statements (continued)

4 Expenses

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	1,815	1,803
	<u>1,815</u>	<u>1,803</u>
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	4	3
Trustee's fees	19	19
	<u>23</u>	<u>22</u>
Other expenses:		
Administration fees	73	77
Audit fees	8	7
Legal fees	1	3
Risk & compliance monitoring fees	1	1
	<u>83</u>	<u>88</u>
Total expenses	<u>1,921</u>	<u>1,913</u>

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Overseas tax suffered	9	7
Total current tax charge for the year (see note 5(b))	9	7
Deferred tax charge/(credit) for the year (see note 5(c))	-	-
Total taxation for the year	9	7

b) Factors affecting current tax charge for the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net revenue before taxation	935	794
Corporation tax at 20% (30 September 2010: 20%)	187	159
Effects of:		
Excess management expenses for which no relief taken	384	382
Franked investment revenue at 20%	(542)	(521)
Non-taxable overseas dividends	(29)	(20)
Overseas tax suffered	9	7
Total current tax charge for year (see note 5(a))	9	7

Collective Investment Schemes are exempt from tax in capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge/(credit) for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 30 September 2011 the sub-fund had surplus management expenses of £21,921,278 (30 September 2010: £20,003,389), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Interim (31 March)	1,212	1,167
Final (30 September)	1,509	1,367
	2,721	2,534
Revenue deducted on cancellation of units	65	101
Revenue received on issue of units	(45)	(45)
Finance costs: Distributions	2,741	2,590
Finance costs: Interest	-	-
Total finance costs	2,741	2,590
Reconciliation of distributions:		
Net revenue after taxation	926	787
Capitalised fees	1,815	1,803
Finance costs: Distributions	2,741	2,590

Details of the interim and final distributions per unit are set out in the table on page 74.

7 Debtors

	30.09.11 £'000	30.09.10 £'000
Accrued revenue	175	248
Amounts receivable on issue of units	153	63
Overseas tax recoverable	11	3
Sales awaiting settlement	673	1,236
Total debtors	1,012	1,550

8 Cash and bank balances

	30.09.11 £'000	30.09.10 £'000
Cash and bank balances	1,765	55
Total cash and bank balances	1,765	55

Notes to the financial statements (continued)

9 Creditors

	30.09.11 £'000	30.09.10 £'000
Accrued expenses	18	22
Accrued Manager's periodic charge	129	149
Accrued Trustee's fees	1	2
Amounts payable for cancellation of units	23	98
Purchases awaiting settlement	674	1,320
Total creditors	845	1,591

10 Related party transactions

Skandia Investment Management Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to unitholders on page 10. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

National Westminster Bank Plc (or prior to their appointment, RBS Trustee and Depositary Services Limited), as the Trustee, is a related party, and amounts payable to it are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9. The sub-fund held cash on deposit accounts at the year end with the National Westminster Bank Plc of £1,558,831 (30 September 2010: £52).

National Westminster Bank Plc is ultimately owned by Royal Bank of Scotland Plc. As at 30 September 2011, the sub-fund held a total of 6,219,988 Royal Bank of Scotland Plc shares with a market value of £1,461,075.

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

Each Investment Adviser is responsible for monitoring the portfolio of his sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

The inherent risks remain unchanged since the last Annual Report was produced. These risks persist due to the continuing global economic uncertainty.

b) Currency exposures

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Manager does seek to reduce some of this risk by using forward currency contracts.

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures	exposures		exposures	exposures	
	30.09.11 £'000	30.09.11 £'000	30.09.11 £'000	30.09.10 £'000	30.09.10 £'000	30.09.10 £'000
Swiss Franc	-	11	11	-	-	-
US Dollar	6	65	71	14	-	14
Total	6	76	82	14	-	14

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk

The interest rate risk profile of the sub-fund's financial assets and liabilities at 30 September 2011 (30 September 2010) was as follows:

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
30.09.11				
Sterling	1,759	-	99,955	101,714
Swiss Franc	-	-	11	11
US Dollar	6	-	65	71
Total	1,765	-	100,031	101,796
30.09.10				
Sterling	41	-	123,721	123,762
US Dollar	14	-	-	14
Total	55	-	123,721	123,776

Currency	Variable rate financial liabilities*	Financial liabilities not carrying interest	Total
	£'000	£'000	£'000
30.09.11			
Sterling	-	(845)	(845)
Total	-	(845)	(845)
30.09.10			
Sterling	-	(1,635)	(1,635)
Total	-	(1,635)	(1,635)

*Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts. The sub-fund holds cash on a deposit account with National Westminster Bank Plc which has an interest rate of the Bank of England base rate less 50 basis points with a minimum rate payable of 0.2%. Other bank accounts of the sub-fund held with the Bank of New York Mellon have a contractual right of set off. Interest receivable on the net position is currently at a rate of 0.25% and interest payable is at a rate of 2%.

There are no material amounts of non-interest bearing financial assets, other than equities, which do not have maturity dates.

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. This risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

e) Counterparty risk

Certain transactions in financial instruments that a sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the Manager and Investment Adviser as an acceptable counterparty. This is overseen by the Trustee to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

Each sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation from unitholders to meet any cancellation of units. Assets from a sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the Manager regularly monitors the liquidity levels held on each sub-fund (cash and underlying securities) to ensure any redemptions can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigates the risk of excessive exposure to assets which are not readily realisable.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The Manager adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the Manager monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

h) Fair value of financial assets and financial liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

i) Sensitivity analysis

As the sub-fund is not sophisticated and derivative instruments do not have a significant impact in the sub-fund's operations, no sensitivity analysis has been presented.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (30 September 2010: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs	30.09.11 £'000	30.09.11 £'000
Purchases in the year before transaction costs		79,998
Commissions	120	
Other costs	362	
Total purchase costs		482
Gross purchase total		80,480
Analysis of total sale costs		
Gross sales in the year before transaction costs		93,183
Commissions	(138)	
Other costs	(1)	
Total sales costs		(139)
Total sales net of transaction costs		93,044

14 Unitholders' funds

The details of the unitholders' funds for the Skandia UK Equity Fund are included on page 19 of the Notes to the aggregated financial statements.

The net asset value of the sub-fund, net asset value per unit and number of units in issue are given in the comparative table on page 59.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2011
 Group 2: Units purchased from 1 April 2011 to 30 September 2011

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.11 pence per unit	Distribution paid 30.11.10 pence per unit
Income Units				
Group 1	1.0587	-	1.0587	0.8938
Group 2	1.0587	0.0000	1.0587	0.8938
Accumulation Units				
Group 1	1.3057	-	1.3057	1.0796
Group 2	0.3817	0.9240	1.3057	1.0796

Interim distribution

Group 1: Units purchased prior to 1 October 2010
 Group 2: Units purchased from 1 October 2010 to 31 March 2011

	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.11 pence per unit	Distribution paid 31.05.10 pence per unit
Income Units				
Group 1	0.8260	-	0.8260	0.7131
Group 2	0.4522	0.3738	0.8260	0.7131
Accumulation Units				
Group 1	1.0089	-	1.0089	0.8540
Group 2	0.7386	0.2703	1.0089	0.8540

*Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

UK Income Plus Fund

Launch date	22 August 2003
Sector classification	Unclassified
Investment adviser	Newton Investment Management Limited
Net asset value	£0

The UK Income Plus Fund was merged into the Skandia Global Equity Income Fund (a sub-fund of Skandia Balanced Funds) on 30 June 2011.

Objective

To achieve income with the potential for capital growth through investment in a portfolio of predominantly UK Equities.

Policy

Investment will be in a portfolio of predominantly UK equities, either directly in transferable securities or through collective investment schemes, including those managed and operated by the Manager.

For efficient portfolio management purposes only, investment may also be made into derivatives or forward transactions.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per unit in pence and the number of units in existence at the end of the accounting year. Units were first issued at 50p per unit.

Date	Net asset value of sub-fund	Units in issue	Net asset value per unit
30.09.09			
Income	£24,860,379	43,139,003	57.63p
30.09.10			
Income	£32,732,578	53,910,145	60.72p
30.06.11			
Income*	-	-	-

* As at date of closure.

Comparative table

The table below shows the highest and lowest unit prices in pence per unit for the calendar years indicated below.

Calendar year	Highest price	Lowest price
2006		
Income	70.69p	67.95p
2007		
Income	80.71p	69.83p
2008		
Income	73.24p	45.87p
2009		
Income	60.92p	45.40p
2010		
Income	65.17p	55.82p
2011*		
Income	66.03p	61.12p

*to 30 June

Income (Net Distributions)

Calendar year	Pence per unit
2006	
Income	3.0471
2007	
Income	2.9903
2008	
Income	2.8875
2009	
Income	2.9941
2010	
Income	2.8886
2011*	
Income	2.1723

*to 31 August

Income

The interim distribution paid on 31 May 2011 was 1.2551 pence per distribution unit. The special distribution paid on 31 August 2011 was 0.9172 pence per distribution unit.

Investment Manager's review

On 30th June 2011, following shareholder approval, the UK Income Plus Fund merged into the Skandia Global Equity Income Fund.

The global equity market had an eventful year, performing well for most of the period before a very sharp sell off through the late summer. This resulted in the MSCI World Index ending the 12 months to the end of September falling 3.2% on the back of the worst quarter for almost 10 years. The year was marked by a series of significant global events that resulted in a hugely volatile period for investors. Political unrest in the Middle East early in 2011 was followed by the devastating tsunami in Japan in the spring. As the summer approached, the world became focused in Europe as fears that the sovereign crisis that initially hit peripheral Europe was spreading to the larger countries. Consequently, European markets performed poorly over the period as did Asian and emerging market equities. Helped by large currency moves, both the US and Japanese markets ended the 12 month period in positive territory.

In the nine months that Newton were managing the fund, Newton recorded a positive return but underperformed the IMA UK Equity Income sector. The sub-fund's lack of exposure to mining companies, such as Rio Tinto, Xstrata and Anglo American, had a negative impact, as the sector recorded strong gains in late 2010 and early 2011.

Total expense ratio

30.09.10	1.59%
30.06.11*	1.23%

*The sub-fund closed on 30 June 2011.

All information is at 30 September 2011 unless otherwise stated.

Statement of total return

for the year from 1 October 2010 to 30 September 2011

		01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
	Notes				
Income					
Net capital gains	2		775		1,098
Revenue	3	1,003		1,473	
Expenses	4	(267)		(446)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		736		1,027	
Taxation	5	(3)		-	
Net revenue after taxation			733		1,027
Total return before distributions			1,508		2,125
Finance costs: Distributions	6		(955)		(1,406)
Change in net assets attributable to unitholders from investment activities			553		719

Statement of change in net assets attributable to unitholders

for the year from 1 October 2010 to 30 September 2011

	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Opening net assets attributable to unitholders		32,733		24,860
Amounts received on issue of units	5,935		11,778	
Amounts paid on cancellation of units	(20,615)		(4,624)	
Transfer of assets to Skandia Global Equity Income Fund on 30 June 2011	(18,602)		-	
		(33,282)		7,154
Stamp duty reserve tax		(4)		-
Change in net assets attributable to unitholders from investment activities		553		719
Closing net assets attributable to unitholders		-		32,733

The notes on pages 78 to 82 form an integral part of these financial statements.

Balance sheet

as at 30 September 2011

	Notes	30.09.11 £'000	30.09.11 £'000	30.09.10 £'000	30.09.10 £'000
Assets					
Investment assets			-		32,201
Debtors	7	-		155	
Cash and bank balances	8	-		1,234	
Total other assets			-		1,389
Total assets			-		33,590
Liabilities					
Creditors	9	-		(42)	
Distribution payable on income units		-		(815)	
Total other liabilities			-		(857)
Total liabilities			-		(857)
Net assets attributable to unitholders			-		32,733

The notes on pages 78 to 82 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2010 to 30 September 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia UK Income Plus Fund are included on pages 12 to 13 of the Notes to the aggregated financial statements.

2 Net capital gains

The net gains on investments comprise:

Gains on non-derivative securities

Gains on currency contracts

Gains on derivative contracts

Handling charges

Net gains on investments

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
689	1,107
72	-
23	-
(9)	(9)
775	1,098

3 Revenue

Bank and term deposit interest

Non-taxable overseas dividends

UK dividends

Total revenue

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
-	1
46	81
957	1,391
1,003	1,473

Notes to the financial statements (continued)

4 Expenses

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	217	379
	217	379
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	1	1
Trustee's fees	4	6
	5	7
Other expenses:		
Additional termination charge	6	-
Administration fees	39	49
Audit fees	3	7
Legal fees	10	3
Risk & compliance monitoring fees	-	1
Subsidised fees	(13)	-
	45	60
Total expenses	267	446

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Overseas tax suffered	3	-
Total current tax charge for the year (see note 5(b))	3	-
Deferred tax charge/(credit) for the year (see note 5(c))	-	-
Total taxation for the year	3	-

b) Factors affecting current tax charge for the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net revenue before taxation	736	1,027
Corporation tax at 20% (30 September 2010: 20%)	147	205
Effects of:		
Excess management expenses for which no relief taken	53	89
Franked investment revenue at 20%	(191)	(278)
Non-taxable overseas dividends	(9)	(16)
Overseas tax suffered	3	-
Total current tax charge for the year (see note 5(a))	3	-

Collective Investment Schemes are exempt from tax in capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Interim (31 March)	373	559
Special (30 June)*	275	-
Final (30 September)	-	815
	648	1,374
Revenue deducted on cancellation of units	374	55
Revenue received on issue of units	(67)	(23)
Finance costs: Distributions	955	1,406
Finance costs: Interest	-	-
Total finance costs	955	1,406
Reconciliation of distributions:		
Net revenue after taxation	733	1,027
Amounts transferred to Skandia Global Equity Income Fund	(6)	-
Capitalised fees	228	379
Finance costs: Distributions	955	1,406

*This was the final distribution for this sub-fund prior to its closure on 30 June 2011.

Details of the interim and final distributions per unit are set out in the table on page 83.

7 Debtors

	30.09.11 £'000	30.09.10 £'000
Accrued revenue	-	113
Amounts receivable on issue of units	-	8
Income tax recoverable	-	2
Sales awaiting settlement	-	32
Total debtors	-	155

8 Cash and bank balances

	30.09.11 £'000	30.09.10 £'000
Cash and bank balances	-	1,234
Total cash and bank balances	-	1,234

Notes to the financial statements (continued)

9 Creditors

	30.09.11 £'000	30.09.10 £'000
Accrued expenses	-	14
Accrued Manager's periodic charge	-	27
Accrued Trustee's fees	-	1
Total creditors	-	42

10 Related party transactions

Skandia Investment Management Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to unitholders on page 10. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

National Westminster Bank Plc (or prior to their appointment, RBS Trustee and Depositary Services Limited), as the Trustee, is a related party, and amounts payable to it are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9. The sub-fund held cash on a deposit account at the year end with National Westminster Bank Plc of £Nil (30 September 2010: £1,034,321).

11 Derivatives and other financial instruments

Financial instrument risk

As outlined in the Manager's report on page 75, on 30 June 2011 the sub-fund was closed for dealing to investors and all securities were transferred to the Skandia Global Equity Income Fund. All remaining assets and liabilities of the sub-fund were settled by 30 September 2011. As the sub-fund has no further exposure to financial instruments or derivatives, no detailed disclosures have been made.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 July 2011
 Group 2: Units purchased from 1 July 2011 to 30 September 2011

Income Units	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.11 pence per unit	Distribution paid 30.11.10 pence per unit
Group 1	-	-	-	1.5122
Group 2	-	-	-	1.5122

Special distribution

Group 1: Units purchased prior to 1 April 2011
 Group 2: Units purchased from 1 April 2011 to 30 June 2011

Income Units	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.08.11 pence per unit	Distribution paid 31.08.10 pence per unit
Group 1	0.9172	-	0.9172	n/a
Group 2	0.2188	0.6984	0.9172	n/a

Interim distribution

Group 1: Units purchased prior to 1 October 2010
 Group 2: Units purchased from 1 October 2010 to 31 March 2011

Income Units	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.11 pence per unit	Distribution paid 31.05.10 pence per unit
Group 1	1.2551	-	1.2551	1.3764
Group 2	0.6774	0.5777	1.2551	1.3764

*Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

UK Index Fund

Launch date	13 December 2002
Sector classification	UK All Companies
Investment adviser	BlackRock Advisors (UK) Limited
Net asset value	£301,338,611

Objective

To achieve capital growth through predominant investment in a portfolio of UK equities aimed at tracking the performance of the FTSE All-Share Index.

Policy

Investment will be in a portfolio of predominantly UK equities, either directly in transferable securities or through collective investment schemes, including those managed and operated by the Manager.

For efficient portfolio management purposes only, investment may also be made into derivatives or forward transactions.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per unit in pence and the number of units in existence at the end of the accounting year. Units were first issued at 50p per unit.

Date	Net asset value of sub-fund	Units in issue	Net asset value per unit
30.09.09			
Accumulation	£346,201,698	429,035,573	80.69p
30.09.10			
Accumulation	£368,457,731	407,772,201	90.36p
30.09.11			
Accumulation	£301,338,611	350,096,607	86.07p

Comparative table

The table below shows the highest and lowest unit prices in pence per unit since launch.

Calendar year	Highest price	Lowest price
2006		
Accumulation	93.23p	79.29p
2007		
Accumulation	101.00p	88.47p
2008		
Accumulation	96.20p	56.07p
2009		
Accumulation	85.51p	53.28p
2010		
Accumulation	98.74p	78.25p
2011*		
Accumulation	101.50p	83.52p

*to 30 September

Income (Accumulations)

Calendar year	Pence per unit
2006	
Accumulation	3.3634
2007	
Accumulation	2.8728
2008	
Accumulation	3.2491
2009	
Accumulation	2.7614
2010	
Accumulation	2.4181
2011*	
Accumulation	2.5205

*ex-dividend date of 30 September and payable on 30 November

Income

The interim distribution paid on 31 May 2011 was 1.0812 pence per accumulation unit. The final distribution payable on 30 November 2011 is 1.4393 per accumulation unit.

Any revenue available is distributed semi-annually on 31 May and 30 November.

Investment Manager's review

The UK equity market had an eventful year, performing well for most of the period before a very sharp sell off through the late summer. This resulted in the FTSE All-Share Index ending the 12 months to the end of September falling 4.7% on the back of the worst quarter for almost 10 years. The year was marked by a series of significant global events that resulted in a hugely volatile period for investors. Political unrest in the Middle East early in 2011 was followed by the devastating tsunami in Japan in the spring. As the summer approached, the world became focused on Europe as fears that the sovereign crisis that initially hit peripheral Europe was spreading to the larger countries. While none of the events originated in the UK, the nature of global markets meant that the UK stock market was not immune to these issues. Over the year, many of the sectors did well including utilities and consumer goods but these were more than offset by poor performance in financials and basic materials which made up a much larger part of the index.

The UK Index Fund, managed by BlackRock, is designed to track the performance of the FTSE All-Share Index. In keeping with this objective, the UK Index Fund similarly recorded a negative return over the period under review.

Asset allocation		Portfolio allocation	
UK Equities	99.19%	Oil & Gas Producers	16.87%
UK Derivatives	(0.04)%	Banks	9.90%
		Mining	9.77%
Net other assets	0.85%	Pharmaceuticals & Biotechnology	7.63%
		Mobile Telecommunications	5.52%
Total	100.00%	Tobacco	4.83%
		Beverages	3.65%
		Support Services	3.41%
		Gas, Water & Multiutilities	3.17%
		Equity Investment Instruments	3.02%
		Food & Drug Retailers	2.84%
		Life Insurance	2.78%
		Media	2.71%
		Food Producers	2.26%
		Travel & Leisure	2.25%
		Aerospace & Defence	1.95%
		Household Goods	1.94%
		General Financial	1.90%
		Real Estate	1.73%
		General Retailers	1.53%
		Electricity	1.17%
		Fixed Line Telecommunications	1.08%
		Software & Computer Services	1.07%
		Industrial Engineering	0.94%
		Non-Life Insurance	0.86%
		Technology Hardware & Equipment	0.65%
		General Industrials	0.58%
		Oil Equipment Services & Distribution	0.58%
		Chemicals	0.53%
		Personal Goods	0.39%
		Electronic & Electrical Equipment	0.38%
		Construction & Materials	0.37%
		Health Care Equipment & Services	0.37%
		Automobiles & Parts	0.18%
		Industrial Transportation	0.14%
		Forestry & Paper	0.11%
		Leisure Goods	0.06%
		Gaming	0.05%
		Alternative Energy	0.02%
		Derivatives	(0.04)%
		Net other assets	0.85%
		Total	100.00%

Major Holdings	Percentage of portfolio
HSBC	5.59%
Vodafone	5.38%
BP	4.62%
Royal Dutch Shell 'A' Shares	4.54%
GlaxoSmithKline	4.28%
British American Tobacco	3.44%
Royal Dutch Shell 'B' Shares	3.42%
Rio Tinto	2.70%
BG	2.64%
AstraZeneca	2.45%

Number of holdings	637
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Total expense ratio

30.09.10	0.46%
30.09.11	0.46%

All information is at 30 September 2011 unless otherwise stated.

Portfolio statement

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
United Kingdom 99.15% (30 September 2010 99.20%)			
United Kingdom Equities 99.19% (30 September 2010 99.20%)			
Aerospace & Defence 1.95% (30 September 2010 1.81%)			
5,821	Avon Rubber	17	0.01
651,302	BAE Systems	1,741	0.58
37,017	Chemring	195	0.07
218,692	Cobham	382	0.13
6,003	Flybe	7	0.00
59,614	Hampson Industries	6	0.00
351,455	IAG	538	0.18
146,578	Meggitt	491	0.16
123,563	Qinetiq	144	0.05
356,130	Rolls Royce	2,119	0.70
13,055	Ultra Electronic	196	0.06
8,656	Umeco	27	0.01
		5,863	1.95
Alternative Energy 0.02% (30 September 2010 0.01%)			
104,074	Hansen Transmissions International	68	0.02
Automobiles & Parts 0.18% (30 September 2010 0.16%)			
292,681	GKN	514	0.17
30,791	Torotrak	14	0.01
		528	0.18
Banks 9.90% (30 September 2010 13.17%)			
2,314,554	Barclays	3,732	1.24
3,387,846	HSBC	16,834	5.59
7,646,055	Lloyds Banking	2,666	0.88
3,318,442	Royal Bank of Scotland	780	0.26
452,570	Standard Chartered	5,822	1.93
		29,834	9.90
Beverages 3.65% (30 September 2010 3.15%)			
7,275	Barr (AG)	87	0.03
45,432	Britvic	142	0.05
479,703	Diageo	5,908	1.96
102,519	Marston	95	0.03
226,125	SABMiller	4,755	1.58
		10,987	3.65
Chemicals 0.53% (30 September 2010 0.45%)			
35,888	AZ	79	0.03
13,394	Carclo	41	0.01
25,959	Croda International	428	0.14
83,699	Elementis	103	0.04
40,556	Johnson Matthey	644	0.21
16,030	Victrex	175	0.06

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Chemicals (continued)			
13,704	Xaar	32	0.01
50,866	Yule Catto	82	0.03
		1,584	0.53
Construction & Materials 0.37% (30 September 2010 0.29%)			
129,673	Balfour Beatty	331	0.11
18,459	Boot (Henry)	22	0.01
81,047	Carillion	271	0.09
7,257	Costain	15	0.01
14,874	Galliford Try	65	0.02
12,471	Keller	42	0.01
6,842	Kier	87	0.03
16,776	Kentz	76	0.03
54,970	Low & Bonar	27	0.01
33,910	Marshalls	33	0.01
6,996	Morgan Sindall	37	0.01
19,669	New World Resources	90	0.03
109,377	Norcross	13	0.00
40,307	ROK	0	0.00
		1,109	0.37
Electricity 1.17% (30 September 2010 1.04%)			
69,798	Drax	335	0.11
288,989	International Power	886	0.30
177,267	Scottish & Southern Energy	2,294	0.76
		3,515	1.17
Electronic & Electrical Equipment 0.38% (30 September 2010 0.36%)			
5,579	Dialight	43	0.02
38,860	e2v Technologies	38	0.01
156,301	Invensys	352	0.12
48,131	Laird	67	0.02
53,081	Morgan Crucible	130	0.04
10,049	Oxford Instruments	81	0.03
42,768	PV Crystalox Solar	6	0.00
6,910	Renishaw	70	0.02
22,217	Spectris	259	0.09
27,561	TT Electronics	43	0.01
12,426	Volex	36	0.01
2,621	XP Power	28	0.01
		1,153	0.38
Equity Investment Instruments 3.02% (30 September 2010 2.87%)			
25,733	Aberdeen Asian Income Fund	40	0.01
7,267	Aberdeen Asian Smaller Companies Investment Trust	43	0.01
4,702	Aberdeen New Dawn Investment Trust	35	0.01
18,683	Aberforth Smaller Companies Trust	100	0.03
38,313	Absolute Return Trust Redemption Preference Shares	42	0.01

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Equity Investment Instruments (continued)			
31,539	Acencia Debt Strategies	27	0.01
123,185	Alliance Trust	397	0.13
33,488	Alternative Invest Strategies Sterling Hedged Shares	35	0.01
7,353	Artemis Alpha Trust	20	0.01
1,050	Artemis Alpha Trust Subscription Shares	1	0.00
12,862	Baillie Gifford Japan Trust	24	0.01
22,242	Bankers Investment Trust	80	0.03
6,088	Baring Emerging Europe	39	0.01
9,378	BH Global Nil Paid Voting Shares	112	0.04
12,941	BH Macro Nil Paid Voting Shares	258	0.09
14,442	Biotech Growth Trust	25	0.01
14,613	BlackRock Commodities Trust	16	0.01
18,000	Blackrock Fontiers Investment Trust	13	0.00
15,029	BlackRock Greater Europe Investment Trust	24	0.01
8,024	BlackRock Latin American Investment Trust	41	0.01
61,127	BlackRock New Energy Investment Trust	18	0.01
9,435	BlackRock Smaller Companies Fund	41	0.01
34,446	BlackRock World Mining Trust	208	0.07
94,872	Bluecrest Allblue Fund	161	0.05
54,049	British Assets Trust	61	0.02
30,913	British Empire Securities & General Trust	131	0.04
6,992	Brunner Investment Trust	26	0.01
8,331	Caledonia Investments	124	0.04
4,215	Candover Investments	20	0.01
537	Capital Gearing Investment Trust	17	0.01
13,078	Cazenove Absolute Equity	15	0.00
15,072	City Merchants High Yield Trust	23	0.01
13,269	City Natural Resources High Yield Trust	33	0.01
41,324	City of London Investments (Alternate Listing)	109	0.04
5,530	City of London Investments	20	0.01
87,208	Dexion Absolute	116	0.04
20,540	Dexion Commodities	0	0.00
14,454	Dexion Equity Alternative	16	0.01
24,010	Dexion Trading	29	0.01
6,639	Dunedin Enterprise Investment Trust	18	0.01
9,126	Dunedin Smaller Companies Investment Trust	12	0.00
28,334	Dunedin Income Growth Investment Trust	56	0.02
10,907	Eastern European Trust	25	0.01
2,181	Eastern European Trust Subscription Shares	0	0.00
37,405	Ecofin Water & Power Opportunities	43	0.01
35,949	Edinburgh Dragon Trust	75	0.02
37,948	Edinburgh Investment Trust	170	0.06
18,609	Edinburgh UK Tracker Trust	42	0.01
5,723	Edinburgh US Tracker Trust	33	0.01
11,131	Edinburgh Worldwide Investment Trust	28	0.01
6,827	Electra Private Equity	92	0.03
11,295	Electric & General Investment Trust	0	0.00
11,186	EP Global Opportunities Trust	17	0.01

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Equity Investment Instruments (continued)			
7,780	European Investment Trust	36	0.01
18,412	F&C Capital & Income Investment Trust	37	0.01
8,007	F&C Global Smaller Companies Trust	40	0.01
113,053	F&C Investment Trust	307	0.10
12,779	F&C Private Equity	20	0.01
4,505	F&C US Smaller Companies	17	0.01
8,253	Fidelity Asian Values	14	0.00
3,135	Fidelity Asian Values Subscription Shares	0	0.00
123,413	Fidelity China Special	93	0.03
8,824	Fidelity European Values	84	0.03
10,571	Fidelity Special Values	49	0.02
11,272	Finsbury Growth & Income Trust	35	0.01
7,435	Finsbury Worldwide Pharmaceutical Trust	51	0.02
3,378	Gartmore European Investment Trust	16	0.01
3,271	Gartmore Fledgling Trust	13	0.00
9,302	Gartmore Global Trust	27	0.01
26,059	Genesis Emerging Markets Fund Participating Shares	115	0.04
26,546	Goldman Sachs Dynamic Opportunities	26	0.01
13,248	Graphite Enterprise Trust	48	0.02
1,040	Hansa Trust	9	0.00
3,000	Hansa Trust 'A' (Non-Voting)	26	0.01
12,049	Henderson Diversified Income	9	0.00
4,942	Henderson Eurotrust	23	0.01
19,386	Henderson Far East Income Trust (GB Line)	51	0.02
14,132	Henderson High Income Trust	16	0.01
15,947	Henderson Smaller Companies Investment Trust	40	0.01
32,701	Henderson TR Pacific Investment Trust	48	0.02
15,836	Herald Investment Trust	69	0.02
6,370	HG Capital Trust	64	0.02
1,157	HG Capital Trust (Rights 1/6/2013)	1	0.00
116,122	HSBC Infrastructure	135	0.04
44,733	Impax Asian Environmental Markets	34	0.01
3,202	Impax Asian Environmental Markets Subscription Shares	0	0.00
90,854	International Public Partnership	104	0.03
15,960	Invesco Asia Trust	22	0.01
12,785	Invesco Income Growth Trust	24	0.01
10,638	Invesco Perpetual UK Smaller Companies Investment Trust	19	0.01
54,117	John Laing Infrastructure Fund	57	0.02
27,058	John Laing Infrastructure Fund (Rights 29/10/2011)	0	0.00
8,341	JP Morgan Fleming American Investment Trust	65	0.02
31,118	JP Morgan Fleming Asian Investment Trust	56	0.02
17,541	JP Morgan Fleming Chinese Investment Trust	21	0.01
10,116	JP Morgan Fleming Claverhouse Investment Trust	38	0.01
22,006	JP Morgan Fleming Emerging Markets Investment Trust	108	0.04
8,536	JP Morgan Fleming European Fledgling Investment Trust	62	0.02
11,959	JP Morgan Fleming European Investment Trust	9	0.00
19,639	JP Morgan Fleming European Investment Trust (Growth Shares)	27	0.01
22,507	JP Morgan Fleming Global Emerging Markets Investment Trust	22	0.01
21,054	JP Morgan Fleming Indian Investment Trust	75	0.02

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Equity Investment Instruments (continued)			
9,165	JP Morgan Fleming Japan Smaller Companies Investment Trust	13	0.00
28,327	JP Morgan Fleming Japanese Investment Trust	46	0.02
5,553	JP Morgan Fleming Mid Cap Investment Trust	20	0.01
4,599	JP Morgan Fleming Overseas Investment Trust	32	0.01
10,491	JP Morgan Fleming Russian Securities	45	0.01
4,391	JP Morgan Fleming Smaller Companies Investment Trust	18	0.01
13,938	Jupiter European Opportunities Trust	32	0.01
42,779	Jupiter Fund Management	84	0.03
9,466	JZ Capital Partners	32	0.01
2,860	Keystone Investment Trust	32	0.01
23,015	Law Debenture Trust	78	0.03
246,028	Lonrho	32	0.01
5,691	Lowland Investment Trust	43	0.01
5,681	Majedie Investment Trust	8	0.00
157	Marshall Wace	14	0.00
8,837	Martin Currie Pacific Trust	21	0.01
23,008	Martin Currie Portfolio Investment Trust	26	0.01
19,185	Mercantile Investment Trust	171	0.06
19,090	Merchants Trust	70	0.02
15,216	Middlefield Canadian	13	0.00
50,178	Monks Investment Trust	156	0.05
12,679	Murray Income Trust	74	0.02
19,735	Murray International Trust	166	0.05
151	MW Gavekal	15	0.00
42,759	NB Global Floating Rate Income Fund	41	0.01
2,494	North Atlantic Smaller Companies Investment Trust	26	0.01
25,137	Pacific Assets Trust	28	0.01
18,116	Pacific Horizon Investment Trust	25	0.01
6,846	Pantheon International Participations	42	0.01
38,696	Perpetual Income & Growth Investment Trust	93	0.03
217	Personal Assets Trust	71	0.02
19,260	Polar Capital Global Health	20	0.01
23,763	Polar Capital Technology Trust	76	0.02
5,519	Polar Capital Technology Trust (Rights 31/3/14)	1	0.00
2,959	RCM Technology Trust	9	0.00
29,751	RIT Capital Partners	361	0.12
21,547	Ruffer Investment	42	0.01
27,619	Schroder Asia Pacific Fund	52	0.02
13,627	Schroder Income Growth Fund	24	0.01
26,829	Schroder Japan Growth Fund	23	0.01
34,698	Schroder Oriental Income Fund	49	0.02
30,790	Schroder UK Growth Fund	35	0.01
8,049	Schroder UK Mid & Small Cap Fund	18	0.01
27,768	Scottish American Investment Trust	59	0.02
20,735	Scottish Investment Trust	89	0.03
49,262	Scottish Mortgage Investment Trust	307	0.10
21,754	Securities Trust of Scotland	23	0.01
7,860	Shires Income	14	0.00

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Equity Investment Instruments (continued)			
6,976	Standard Life Equity Income Trust	19	0.01
18,977	Standard Life European Private Equity Trust	25	0.01
1,395	Standard Life UK Equity Income Trust (Rights 1/1/17)	0	0.00
13,953	Standard Life UK Small Companies Trust	27	0.01
57,483	SVG Capital	120	0.04
8,051	SVM Global Fund	23	0.01
11,176	Temple Bar Investment Trust	92	0.03
63,541	Templeton Emerging Markets Investment Trust	328	0.11
27,260	Thames River Multi-Hedge Fund	32	0.01
13,523	Throgmorton Trust	22	0.01
8,547	TR European Growth Trust	26	0.01
26,211	Troy Income & Growth Trust	13	0.00
10,076	Value & Income Trust	18	0.01
37,396	Witan Investment Trust	157	0.05
14,638	Witan Pacific Investment Trust	26	0.01
		9,110	3.02
Fixed Line Telecommunications 1.08% (30 September 2010 0.93%)			
1,471,568	BT	2,553	0.85
488,309	Cable & Wireless Communications	182	0.06
522,488	Cable & Wireless Worldwide	162	0.05
68,465	Colt Telecom	69	0.02
93,698	Kingston Communication	65	0.02
129,215	TalkTalk Telecom	163	0.06
9,459	Telecom Plus	68	0.02
		3,262	1.08
Food & Drug Retailers 2.84% (30 September 2010 2.97%)			
294,310	Booker	212	0.07
19,951	Greggs	92	0.03
500,230	Morrison (Wm) Supermarkets	1,453	0.48
75,501	Ocado	72	0.02
354,501	Sainsbury (J)	971	0.32
127,257	Spirit Pub	45	0.02
1,513,926	Tesco	5,721	1.90
		8,566	2.84
Food Producers 2.26% (30 September 2010 1.90%)			
3,933	Anglo-Eastern Plantations	25	0.01
74,868	Associated British Foods	831	0.27
1,205	Carr's Milling Industries	9	0.00
9,276	Cranswick	58	0.02
25,034	Dairy Crest	88	0.03
30,483	Devro	72	0.02
8,182	Hilton Food	23	0.01
459,021	Premier Foods	47	0.02
5,417	Rea	33	0.01
5,299	Robert Wiseman	16	0.01
89,080	Tate & Lyle	558	0.19
249,527	Unilever	5,038	1.67
		6,798	2.26

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Forestry & Paper 0.11% (30 September 2010 0.11%)			
72,698	Mondi	344	0.11
Gaming 0.05% (30 September 2010 0.00%)			
9,117	Wembley	1	0.00
120,998	Bwin.party Digital Entertainment	148	0.05
		149	0.05
Gas, Water & Multiutilities 3.17% (30 September 2010 2.68%)			
979,911	Centrica	2,916	0.97
677,269	National Grid	4,321	1.43
74,255	Northumbrian	344	0.11
69,470	Pennon	469	0.16
44,769	Severn Trent	690	0.23
128,244	United Utilities	799	0.27
		9,539	3.17
General Financial 1.90% (30 September 2010 1.92%)			
184,515	3i	346	0.11
114,675	3i Infrastructure	138	0.05
219,176	Aberdeen Asset Management	379	0.13
14,067	Advance Developing Markets Fund	57	0.02
67,449	Ashmore	219	0.07
46,095	Brewin Dolphin	55	0.02
233	Camellia	21	0.01
9,049	Charles Taylor Consulting	13	0.00
27,690	Close Brothers	183	0.06
49,626	Collins Stewart	31	0.01
48,144	Evolution	38	0.01
104,105	F&C Asset Management	68	0.02
45,514	Hargreaves Lansdown	205	0.07
208,379	Henderson	214	0.07
125,203	ICAP	516	0.17
69,178	IG	307	0.10
62,277	Impax Environmental Markets	57	0.02
76,243	Intermediate Capital	163	0.05
51,162	International Personal Finance	114	0.04
101,340	Investec	354	0.12
84,602	IP	40	0.01
45,172	LMS Capital	25	0.01
38,787	London Stock Exchange	316	0.10
360,714	Man	608	0.20
5,526	Montanaro UK Smaller Companies Fund	18	0.01
21,726	MWB	7	0.00
10,253	New India	22	0.01
58,174	Paragon	89	0.03
25,833	Provident Financial	259	0.09
8,546	Rathbone Brothers	89	0.03
71,895	RSM Tenon	15	0.00
32,096	Schroders	411	0.14
10,790	Schroders (Non-Voting)	113	0.04
		33	0.01

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
General Financial			
6,495	Scottish Value Trust	140	0.05
41,445	Tullett Prebon	55	0.02
72,448	UK Commercial Property	5,718	1.90
General Industrials 0.58% (30 September 2010 0.58%)			
6,209	British Polythene	231	0.07
53,306	Cookson	515	0.17
165,824	REXAM	101	0.03
30,050	RPC	145	0.05
82,576	Smith (DS)	747	0.25
74,798	Smiths	1,759	0.58
General Retailers 1.53% (30 September 2010 1.62%)			
38,676	Brown (N)	47	0.02
9,475	Carpetright	137	0.05
243,338	Debenhams	86	0.03
10,235	Dignity	78	0.03
681,858	DSG International	73	0.02
15,337	Dunhelm	15	0.00
340,532	Findel	12	0.00
14,406	French Connection	13	0.00
55,845	Game	118	0.04
40,253	Halfords	177	0.06
157,185	Home Retail	244	0.08
87,346	Inchcape	41	0.01
4,913	JD Sport Fashion	84	0.03
99,705	KESA Electricals	1,103	0.37
444,919	Kingfisher	11	0.00
53,901	Laura Ashley	32	0.01
62,326	Lookers	950	0.32
302,117	Marks & Spencer	49	0.02
47,631	MoneySupermarket.com	50	0.02
15,966	Mothercare	832	0.28
32,867	Next	24	0.01
265,376	Pendragon	30	0.01
60,322	Photo-Me	119	0.04
54,324	Sports Direct	40	0.01
5,813	Ted Baker	11	0.00
32,956	Topps Tiles	136	0.04
27,697	WH Smith	4,616	1.53
Health Care Equipment & Services 0.37% (30 September 2010 0.34%)			
5,312	Consort Medical	17	0.01
11,723	Optos	979	0.32
168,431	Smith & Nephew	94	0.03
10,982	Synergy Healthcare	1,118	0.37

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Household Goods 1.94% (30 September 2010 1.87%)			
15,500	AGA Rangemaster	13	0.00
186,093	Barratt	146	0.05
23,664	Bellway	147	0.05
24,981	Berkeley	297	0.10
26,415	Bovis Homes	107	0.04
15,511	Headlam	38	0.01
34,579	McBride	41	0.01
60,146	Persimmon	274	0.09
138,130	Reckitt Benckiser	4,515	1.50
55,403	Redrow	62	0.02
611,850	Taylor Wimpey	214	0.07
		5,854	1.94
Industrial Engineering 0.94% (30 September 2010 0.86%)			
35,535	Bodycote International	88	0.03
32,146	Charter	278	0.09
21,655	Domino Printing	100	0.03
37,386	Fenner	117	0.04
314	Goodwin	3	0.00
72,133	Halma	227	0.08
15,585	Hill & Smith	38	0.01
60,675	IMI	431	0.14
75,274	Melrose	219	0.07
45,659	Renold	12	0.00
16,759	Rotork	260	0.09
77,342	Senior	112	0.04
17,632	Severfield-Rowen	26	0.01
14,617	Spirax-Sarco	262	0.09
8,894	Vitec	47	0.02
39,935	Weir	618	0.20
		2,838	0.94
Industrial Transportation 0.14% (30 September 2010 0.17%)			
90,519	BBA Aviation	151	0.05
4,283	Braemar Seascope	13	0.00
2,678	Clarkson	29	0.01
8,905	Fisher (J) & Sons	45	0.02
4,953	Goldenport (GB Line)	4	0.00
26,697	Northgate	67	0.02
68,943	Stobart	87	0.03
5,253	UK Mail	11	0.00
24,835	Wincanton	20	0.01
		427	0.14
Leisure Goods 0.06% (30 September 2010 0.07%)			
8,626	Hornby	11	0.00
57,642	Pace	55	0.02
39,249	Restaurant	108	0.04
		174	0.06

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Life Insurance 2.78% (30 September 2010 3.07%)			
542,436	Aviva	1,656	0.55
21,035	Chesnara	44	0.01
1,109,761	Legal & General	1,072	0.36
1,039,177	Old Mutual	1,090	0.36
33,230	Phoenix	159	0.05
479,836	Prudential	2,673	0.89
278,170	Resolution	688	0.23
38,034	St James's Place	118	0.04
444,167	Standard Life	888	0.29
		8,388	2.78
Media 2.71% (30 September 2010 2.66%)			
244,732	Aegis	304	0.10
16,970	Bloomsbury Publishing	16	0.01
250,547	British Sky Broadcasting	1,664	0.55
28,290	Centaur	11	0.00
15,669	Chime Communications	29	0.01
52,714	Daily Mail & General Trust 'A' Shares	191	0.06
6,314	Euromoney	39	0.01
50,303	Huntsworth	34	0.01
114,540	Informa	375	0.12
48,092	ITE	76	0.03
733,826	ITV	435	0.14
22,008	Mecom	34	0.01
154,794	Pearson	1,762	0.59
17,084	Perform	38	0.01
232,841	Reed Elsevier	1,151	0.38
21,440	Rightmove	256	0.09
11,316	Tarsus	15	0.00
53,124	Trinity Mirror	21	0.01
46,692	United Business Media	210	0.07
14,917	UTV	18	0.01
18,953	Wilmington	17	0.01
239,703	WPP	1,439	0.48
510,657	Yell	21	0.01
		8,156	2.71
Mining 9.77% (30 September 2010 11.57%)			
23,706	African Barrick	119	0.04
38,396	Allied Gold	71	0.02
24,804	Anglesey	9	0.00
251,845	Anglo American	5,614	1.86
19,716	Anglo Pacific	49	0.02
74,518	Antofagasta	689	0.23
89,421	Aquarius Platinum	158	0.05
403,107	BHP Billiton	7,004	2.33
203,527	Centamin Egypt	191	0.07
73,364	Eurasian Natural	421	0.14
33,169	Ferrexpo	88	0.03

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Mining (continued)		
41,207	Fresnillo	651	0.22
26,295	Gem Diamonds	55	0.02
32,319	Hochschild Mining	131	0.04
88,094	International Ferro Metals	15	0.00
40,954	Kazakhmys	325	0.11
481,336	Kenmare	164	0.05
38,140	Lonmin	400	0.13
44,059	Namakwa Diamonds	5	0.00
36,430	Petropavlovsk	217	0.07
17,325	Randgold	1,087	0.36
281,052	Rio Tinto	8,117	2.70
34,430	Talvivaara Mining	87	0.03
64,077	UK Coal	21	0.01
25,294	Vedanta Resources	278	0.09
422,306	Xstrata	3,463	1.15
		29,429	9.77
	Mobile Telecommunications 5.52% (30 September 2010 5.01%)		
87,040	Inmarsat	428	0.14
9,750,594	Vodafone	16,205	5.38
		16,633	5.52
	Non-Life Insurance 0.86% (30 September 2010 0.89%)		
38,985	Admiral	493	0.16
95,963	Amlin	272	0.09
95,781	Beazley	112	0.04
68,503	Catlin	256	0.08
11,303	Hardy Underwriting Bermuda	24	0.01
73,505	Hiscox	271	0.09
30,770	Jardine Lloyd Thompson	194	0.06
29,135	Lancashire	200	0.07
11,740	Novae	35	0.01
668,464	RSA Insurance	743	0.25
		2,600	0.86
	Oil & Gas Producers 16.87% (30 September 2010 15.48%)		
186,220	Afren	151	0.05
639,991	BG	7,942	2.64
3,583,402	BP	13,920	4.62
22,472	Cadogan Petroleum	9	0.00
268,316	Cairn Energy	752	0.25
117,703	Enquest	105	0.03
74,714	Essar Energy	188	0.06
23,373	Exillon Energy	47	0.02
271,135	Fortune Oil	26	0.01
157,555	Glencore International	632	0.21
14,727	Hardy Oil & Gas	25	0.01
40,012	Heritage Oil	93	0.03

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Oil & Gas Producers (continued)			
24,503	JKX Oil & Gas	40	0.01
11,181	Melrose Resources	15	0.00
30,918	Ophir Energy	84	0.03
89,838	Premier Oil	312	0.10
683,830	Royal Dutch Shell 'A' Shares	13,677	4.54
512,261	Royal Dutch Shell 'B' Shares	10,302	3.42
29,566	Salamander Energy	58	0.02
65,638	Soco International	213	0.07
171,990	Tullow Oil	2,248	0.75
		50,839	16.87
Oil Equipment Services & Distribution 0.58% (30 September 2010 0.62%)			
64,074	Amec	523	0.17
28,074	Hunting	166	0.06
36,732	Lamprell	95	0.03
49,301	Petrofac	590	0.20
69,596	Wood (J)	369	0.12
		1,743	0.58
Personal Goods 0.39% (30 September 2010 0.47%)			
82,562	Burberry	968	0.32
42,742	PZ Cussons	141	0.05
5,842	Supergroup	60	0.02
		1,169	0.39
Pharmaceuticals & Biotechnology 7.63% (30 September 2010 7.21%)			
256,994	AstraZeneca	7,368	2.45
9,547	Axis-Shield	44	0.01
61,217	BTG	152	0.05
11,665	Dechra	58	0.02
11,879	Genus	124	0.04
967,078	GlaxoSmithKline	12,886	4.28
28,321	Hikma Pharmaceutic	161	0.05
176,367	Oxford Biomedica	9	0.00
106,030	Shire	2,130	0.71
67,362	Vectura	58	0.02
		22,990	7.63
Real Estate 1.73% (30 September 2010 1.58%)			
24,524	Big Yellow	59	0.02
167,702	British Land	798	0.27
129,573	Cap & Count	217	0.07
78,760	Capital & Regional	28	0.01
4,899	CLS	27	0.01
1,144	Daejan	27	0.01
19,315	Derwent Valley	278	0.09
23,907	Development Securities	45	0.01
20,726	DTZ	6	0.00

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Real Estate (continued)			
96,412	F&C Commercial Property Trust	92	0.03
54,669	Grainger Trust	47	0.02
60,203	Great Portland Estates	205	0.07
134,622	Hammerson	509	0.17
125,669	Hansteen	91	0.03
22,699	Helical Bar	44	0.01
23,393	ING Global Real Estate Securities	19	0.01
68,733	ING UK Retail Estate	28	0.01
56,261	Invista European Real Estate Trust	16	0.01
61,026	Invista Foundation Property Trust	20	0.01
16,088	IRP Property Investments	12	0.00
13,119	ISIS Property Trust	13	0.00
149,568	Land Securities	949	0.32
101,735	LDN & Stam Properties	120	0.04
123,916	Liberty	406	0.13
16,162	LSL Property Services	36	0.01
7,167	McKay Securities	8	0.00
35,436	MedicX	26	0.01
32,601	Metric Property	33	0.01
4,982	Mucklow (A&J)	16	0.01
12,745	Primary Health	41	0.01
94,152	Quintain Estates & Development	38	0.01
99,041	Raven Russia	54	0.02
32,189	Safestore	33	0.01
24,931	Savills	71	0.02
139,692	Segro	307	0.10
48,043	Shaftesbury	224	0.07
26,650	St. Modwen	31	0.01
26,867	Standard Life Investment Property Trust	15	0.00
9,507	Town Centre Securities	17	0.01
47,360	TR Property Investment Trust	76	0.03
29,317	TR Property Investment Trust Sigma	22	0.01
27,835	Unite	46	0.02
29,616	Workspace	64	0.02
		5,214	1.73
Software & Computer Services 1.07% (30 September 2010 1.11%)			
13,557	Alterian	9	0.00
53,557	Anite	34	0.01
46,014	Autonomy	1,172	0.39
13,580	Aveva	191	0.06
21,053	Computacenter	77	0.03
24,939	Emblaze	14	0.00
6,837	Fidessa	107	0.04
176,418	Innovation	34	0.01
17,021	Kewill	14	0.00
16,569	Kofax	48	0.02
309,718	Logica	245	0.08

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Software & Computer Services (continued)			
38,289	Micro Focus International	124	0.04
65,367	Misys	141	0.05
6,164	NCC	41	0.01
12,377	Phoenix IT	24	0.01
19,537	RM	15	0.01
249,364	Sage	638	0.21
14,345	SDL	93	0.03
38,208	Telecity	211	0.07
		3,232	1.07
Support Services 3.41% (30 September 2010 3.28%)			
50,224	Aggreko	818	0.27
97,828	Ashtead	130	0.04
68,437	Babcock International	451	0.15
18,802	Brammer	45	0.02
64,182	Bunzl	493	0.16
22,697	Cape	103	0.03
116,794	Capita	825	0.27
11,020	Creston	8	0.00
18,607	CPP	23	0.01
32,358	Davis Service	139	0.05
18,638	De La Rue	156	0.05
22,496	Diploma	71	0.02
83,163	Electrocomponents	158	0.05
189,187	Experian	1,372	0.46
33,413	Fiberweb	14	0.00
40,940	Filtrona	142	0.05
117,110	Galiform	120	0.04
267,730	Group 4 Securicor	713	0.24
16,461	Harvey Nash	9	0.00
265,238	Hays	184	0.06
59,030	Hogg Robinson	30	0.01
63,078	Homeserve	290	0.10
6,023	Hyder Consulting	21	0.01
24,254	Interserve	73	0.02
30,077	Intertek	558	0.19
4,810	4imprint	10	0.00
33,145	Lavendon	32	0.01
77,108	Management Consulting	28	0.01
17,277	Mears	48	0.02
9,443	Menzies (John)	46	0.02
58,249	Michael Page	215	0.07
69,180	Mitie	162	0.05
19,226	Mouchel Parkman	7	0.00
10,538	Paypoint	50	0.02
69,258	Premier Farnell	106	0.04
132,005	Regus	97	0.03
343,916	Rentokil Initial	246	0.08
9,538	Ricardo	33	0.01
16,245	Robert Walters	35	0.01
42,545	RPS	69	0.02

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Support Services (continued)			
93,481	Serco	477	0.16
76,692	Shanks	84	0.03
111,444	SIG	103	0.03
38,942	Smiths News	33	0.01
82,092	Speedy	18	0.01
22,422	St Ives	15	0.00
16,818	Sthree	38	0.01
45,852	Travis Perkins	346	0.12
6,150	VP	14	0.00
19,186	W S Atkins	104	0.04
53,662	Wolseley	862	0.29
12,401	WSP	30	0.01
41,725	Xchanging	31	0.01
		10,285	3.41
Technology Hardware & Equipment 0.65% (30 September 2010 0.49%)			
256,169	ARM	1,444	0.48
65,251	BATM Advanced Communications	12	0.01
33,378	CSR	70	0.03
48,478	Imagination Technologies	203	0.07
21,837	Promethean World	11	0.00
21,045	Psion	11	0.00
7,057	Sepura	3	0.00
129,314	Spirent	158	0.05
23,996	Wolfson Microelectronics	32	0.01
		1,944	0.65
Tobacco 4.83% (30 September 2010 3.90%)			
379,815	British American Tobacco	10,363	3.44
193,226	Imperial Tobacco	4,201	1.39
		14,564	4.83
Travel & Leisure 2.25% (30 September 2010 2.53%)			
23,330	888	7	0.00
37,005	Arena Leisure	14	0.00
20,309	Betfair	151	0.05
40,533	Carnival	816	0.27
27,519	Cineworld	49	0.02
358,739	Compass	1,867	0.62
22,997	Domino's Pizza	103	0.04
64,915	Easyjet	223	0.07
101,920	Enterprise Inns	34	0.01
91,418	First	293	0.10
6,233	Fuller Smith & Turner	41	0.01
8,417	Go-Ahead	112	0.04
40,768	Greene King	178	0.06
54,702	Intercontinental Hotels	575	0.19
175,542	Ladbrokes	209	0.07
30,826	Millennium	124	0.04
77,971	Mitchells & Butlers	183	0.06
97,739	National Express	227	0.08

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Travel & Leisure (continued)			
127,257	Punch Taverns	14	0.00
20,000	Rank	22	0.01
121,797	Sportingbet	56	0.02
137,306	Stagecoach	337	0.11
164,174	Thomas Cook	65	0.02
107,112	Tui	160	0.05
25,571	Wetherspoon (JD)	99	0.03
33,164	Whitbread	525	0.18
133,262	William Hill	301	0.10
		6,785	2.25
United Kingdom Derivatives (0.04%) (30 September 2010 0.00%)			
57	FTSE 100 Index December 2010 Futures	(113)	(0.04)
Investment assets*		298,771	99.15
Net other assets		2,568	0.85
Total net assets		301,339	100.00

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

*Including investment liabilities.

Statement of total return

for the year from 1 October 2010 to 30 September 2011

	Notes	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Income					
Net capital (losses)/gains	2		(21,016)		30,623
Revenue	3	11,652		11,760	
Expenses	4	(1,638)		(1,623)	
Finance costs: Interest	6	(1)		-	
Net revenue before taxation		10,013		10,137	
Taxation	5	(46)		(123)	
Net revenue after taxation			9,967		10,014
Total return before distributions			(11,049)		40,637
Finance costs: Distributions	6		(9,204)		(10,005)
Change in net assets attributable to unitholders from investment activities			(20,253)		30,632

Statement of change in net assets attributable to unitholders

for the year from 1 October 2010 to 30 September 2011

	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Opening net assets attributable to unitholders		368,458		346,202
Amounts received on issue of units	11,064		23,950	
Amounts paid on cancellation of units	(66,918)		(41,965)	
		(55,854)		(18,015)
Stamp duty reserve tax		(26)		(204)
Change in net assets attributable to unitholders from investment activities		(20,253)		30,632
Retained distribution on accumulation units		9,014		9,843
Closing net assets attributable to unitholders		301,339		368,458

The notes on pages 105 to 112 form an integral part of these financial statements.

Balance sheet

as at 30 September 2011

	Notes	30.09.11 £'000	30.09.11 £'000	30.09.10 £'000	30.09.10 £'000
Assets					
Investment assets			298,884		365,531
Debtors	7	1,113		1,315	
Cash and bank balances	8	1,753		2,140	
Total other assets			2,866		3,455
Total assets			301,750		368,986
Liabilities					
Investment liabilities			(113)		(8)
Creditors	9	(298)		(520)	
Total other liabilities			(298)		(520)
Total liabilities			(411)		(528)
Net assets attributable to unitholders			301,339		368,458

The notes on pages 105 to 112 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2010 to 30 September 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia UK Index Fund are included on pages 12 to 13 of the Notes to the aggregated financial statements.

2 Net capital (losses)/gains

The net gains/(losses) on investments comprise:

(Losses)/gains on non-derivative securities

Losses on currency contracts

(Losses)/gains on derivative contracts

Handling charges

Net capital (losses)/gains on investments

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
(20,795)	30,098
(16)	(3)
(152)	566
(53)	(38)
(21,016)	30,623

3 Revenue

Bank and term deposit interest

Non-taxable overseas dividends

Taxable overseas dividends

UK dividends

UK stock dividends not distributed

Unfranked UK dividends

Total revenue

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
1	3
592	992
58	1
10,099	10,641
763	5
139	118
11,652	11,760

Notes to the financial statements (continued)

4 Expenses

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	1,412	1,405
	1,412	1,405
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	11	9
Trustee's fees	52	53
	63	62
Other expenses:		
Administration fees	151	140
Audit fees	6	8
Legal fees	1	3
Risk & compliance monitoring fees	5	5
	163	156
Total expenses	1,638	1,623

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Overseas tax suffered	46	123
Total current tax charge for the year (see note 5(b))	46	123
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	46	123

b) Factors affecting current tax charge for the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net revenue before taxation	10,013	10,137
Corporation tax at 20% (30 September 2010: 20%)	2,003	2,027
Effects of:		
Excess management expenses for which no relief taken	288	300
Franked investment revenue at 20%	(2,020)	(2,128)
Non-taxable overseas dividends	(118)	(198)
Non-taxable stock dividends	(153)	(1)
Overseas tax suffered	46	123
Total current tax charge for the year (see note 5(a))	46	123

Collective Investment Schemes are exempt from tax in capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 30 September 2011 the sub-fund had surplus management expenses of £30,847,705 (30 September 2010: £29,405,297), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Interim (31 March)	3,975	5,436
Final (30 September)	5,039	4,407
	9,014	9,843
Revenue deducted on cancellation of units	295	265
Revenue received on issue of units	(105)	(103)
Finance costs: Distributions	9,204	10,005
Finance costs: Interest	1	-
Total finance costs	9,205	10,005
Reconciliation of distributions:		
Net revenue after taxation	9,967	10,014
Capitalised fees	-	(5)
Tax relief on capitalised fees	-	1
UK stock dividends not distributed	(763)	(5)
Finance costs: Distributions	9,204	10,005

Details of the interim and final distributions per unit are set out in the table on page 113.

7 Debtors

	30.09.11 £'000	30.09.10 £'000
Accrued revenue	1,064	1,047
Amounts receivable for issue of units	-	252
Overseas tax recoverable	49	16
Total debtors	1,113	1,315

8 Cash and bank balances

	30.09.11 £'000	30.09.10 £'000
Amount held at futures clearing houses and brokers	364	263
Cash and bank balances	1,389	1,877
Total cash and bank balances	1,753	2,140

Notes to the financial statements (continued)

9 Creditors

	30.09.11 £'000	30.09.10 £'000
Accrued expenses	32	46
Accrued Manager's periodic charge	102	120
Accrued Trustee's fees	3	5
Amounts payable for cancellation of units	161	349
Total creditors	298	520

10 Related party transactions

Skandia Investment Management Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Aggregated statement of change in net assets attributable to unitholders on page 10. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

The National Westminster Bank Plc (or prior to their appointment, RBS Trustee and Depositary Services Limited), as the Trustee, is a related party, and amounts payable to it are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9. The sub-fund held cash on a deposit account at the year end with National Westminster Bank Plc of £1,062,664 (30 September 2010: £1,060,732).

National Westminster Bank Plc is ultimately owned by Royal Bank of Scotland Plc. As at 30 September 2011, the sub-fund held a total of 3,318,442 Royal Bank of Scotland Plc shares with a market value of £779,502.

Skandia MultiManager Trust is managed by Skandia Investment Management Limited (the "Manager") whose ultimate parent is Old Mutual Plc. At 30 September 2011, the sub-fund held a total of 1,039,177 Old Mutual Plc shares with a market value of £1,090,097.

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

Each Investment Adviser is responsible for monitoring the portfolio of his sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

The inherent risks remain unchanged since the last Annual Report was produced. These risks persist due to the continuing global economic uncertainty.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

b) Currency exposures

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2011 (30 September 2010) was as follows:

	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures	exposures		exposures	exposures	
	30.09.11	30.09.11	30.09.11	30.09.10	30.09.10	30.09.10
	£'000	£'000	£'000	£'000	£'000	£'000
Euro	1	36	37	-	14	14
US Dollar	6	352	358	-	313	313
Total	7	388	395	-	327	327

c) Interest rate risk

The interest rate risk profile of the sub-fund's financial assets and liabilities at 30 September 2011 (30 September 2010) was as follows:

Currency	Floating rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
30.09.11				
Euro	1	-	36	37
Sterling	1,746	-	299,609	301,355
US Dollar	6	-	352	358
Total	1,753	-	299,997	301,750
30.09.10				
Euro	-	-	14	14
Sterling	2,140	-	366,519	368,659
US Dollar	-	-	313	313
Total	2,140	-	366,846	368,986
Currency		Floating rate financial liabilities*	Financial liabilities not carrying interest	Total
		£'000	£'000	£'000
30.09.11				
Sterling		-	(411)	(411)
Total		-	(411)	(411)
30.09.10				
Sterling		-	(528)	(528)
Total		-	(528)	(528)

*Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts. The sub-fund holds cash on a deposit account with National Westminster Bank Plc which has an interest rate of the Bank of England base rate less 50 basis points with a minimum rate payable of 0.2%. Other bank accounts of the sub-fund held with the Bank of New York Mellon have a contractual right of set off. Interest receivable on the net position is currently at a rate of 0.25% and interest payable is at a rate of 2%.

There are no material amounts of non-interest bearing financial assets, other than equities, which do not have maturity dates.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. This risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

e) Counterparty risk

Certain transactions in financial instruments that a sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the Manager and Investment Adviser as an acceptable counterparty. This is overseen by the Trustee to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

Each sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation from unitholders to meet any cancellation of units. Assets from a sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the Manager regularly monitors the liquidity levels held on each sub-fund (cash and underlying securities) to ensure any redemptions can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigates the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The Manager adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the Manager monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

h) Fair value of financial assets and financial liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

i) Sensitivity analysis

As the sub-fund is not sophisticated and derivative instruments do not have a significant impact in the sub-fund's operations, no sensitivity analysis has been presented.

12 Contingent liabilities

The sub-fund had contingent liabilities at the Balance Sheet date of £30,611 for Rights over ordinary shares, (30 September 2010: £25,295 for Rights and £750 for Warrants).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs	30.09.11 £'000	30.09.11 £'000
Purchases in the year before transaction costs		13,449
Commissions	4	
Other costs	51	
Total purchase costs		55
Gross purchase total		13,504
Analysis of total sale costs		
Gross sales in the year before transaction costs		59,734
Commissions	(16)	
Other costs	(2)	
Total sales costs		(18)
Total sales net of transaction costs		59,716

14 Unitholders' funds

The details of the unitholders' funds for the Skandia UK Index Fund are included on page 19 of the Notes to the aggregated financial statements.

The net asset value of the sub-fund, net asset value per unit and number of units in issue are given in the comparative table on page 84.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2011
 Group 2: Units purchased from 1 April 2011 to 30 September 2011

Accumulation Units	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.11 pence per unit	Distribution paid 30.11.10 pence per unit
Group 1	1.4393	-	1.4393	1.0807
Group 2	0.4422	0.9971	1.4393	1.0807

Interim distribution

Group 1: Units purchased prior to 1 October 2010
 Group 2: Units purchased from 1 October 2010 to 31 March 2011

Accumulation Units	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.11 pence per unit	Distribution paid 31.05.10 pence per unit
Group 1	1.0812	-	1.0812	1.3374
Group 2	0.6045	0.4767	1.0812	1.3374

*Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

UK Opportunities Fund

Launch date	19 October 2004
Sector classification	Unclassified
Investment adviser	Old Mutual Asset Managers (UK) Limited
Net asset value	£84,494,033

Objective

To maximise capital growth through investment in a focused portfolio of predominantly UK equities.

Policy

Investment will be in a portfolio of predominantly UK equities, either directly in transferable securities or through collective investment schemes, including those managed and operated by the Manager.

For efficient portfolio management purposes only, investment may also be made into derivatives or forward transactions.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per unit in pence and the number of units in existence at the end of the accounting year. Units were first issued at 50p per unit.

Date	Net asset value of sub-fund	Units in issue	Net asset value per unit
30.09.09			
Accumulation	£97,400,530	215,864,954	45.12p
30.09.10			
Accumulation	£100,302,124	203,806,849	49.21p
30.09.11			
Accumulation	£84,494,033	180,613,704	46.78p

Comparative table

The table below shows the highest and lowest unit prices in pence per unit since launch.

Calendar year	Highest price	Lowest price
2006		
Accumulation	71.35p	61.70p
2007		
Accumulation	82.79p	68.15p
2008		
Accumulation	73.65p	31.56p
2009		
Accumulation	48.01p	30.06p
2010		
Accumulation	55.71p	42.39p
2011*		
Accumulation	59.89p	46.05p

*to 30 September

Income (Net Accumulations)

Calendar year	Pence per unit
2006	
Accumulation	1.1225
2007	
Accumulation	1.0845
2008	
Accumulation	1.6967
2009	
Accumulation	0.9338
2010	
Accumulation	0.4419
2011*	
Accumulation	0.6111

*ex-dividend date of 30 September and payable on 30 November

Income

The interim distribution paid on 31 May 2011 was 0.0207 pence per accumulation unit. The final distribution payable on 30 November 2011 is 0.5904 pence per accumulation unit.

Any revenue available is distributed semi-annually on 31 May and 30 November.

Investment Manager's review

The UK equity market had an eventful year, performing well for most of the period before a very sharp sell off through the late summer. This resulted in the FTSE All-Share Index ending the 12 months to the end of September falling 4.7% on the back of the worst quarter for almost 10 years. The year was marked by a series of significant global events that resulted in a hugely volatile period for investors. Political unrest in the Middle East early in 2011 was followed by the devastating tsunami in Japan in the spring. As the summer approached, the world became focused on Europe as fears that the sovereign crisis that initially hit peripheral Europe was spreading to the larger countries. While none of the events originated in the UK, the nature of global markets meant that the UK stock market was not immune to these issues. Over the year, many of the sectors did well including utilities and consumer goods but these were more than offset by poor performance in financials and basic materials which made up a much larger part of the index.

The UK Opportunities Fund, managed by Old Mutual Asset Managers (OMAM), outperformed the IMA UK All Companies sector over the past 12 months. OMAM saw positive performance from exposure to Bluebay Asset Management, which was acquired by RBC during the period while, strong performance from online house seller Rightmove also helped. Not owning Logica and Thomas Cook both aided relative performance as these stocks disappointed during the latter part of the year. On the negative side, an underweight to Northumbrian Water hurt after it received a highly valued takeover bid. In addition, exposure to Premier Farnell hurt after it issued two profits warnings on the back of a challenging outlook for orders in light of the economic slowdown and CPP fell after it announced it was subject to an FSA investigation over its selling practices relating to identity theft protection.

Asset allocation

UK Equities	93.89%
Net other assets	6.11%
Total	100.00%

Portfolio allocation

United Kingdom:	
Support Services	12.44%
Software & Computer Services	10.73%
Travel & Leisure	8.17%
Financial Services	7.13%
Media	6.08%
General Retailers	5.62%
Oil Equipment, Services & Distribution	4.96%
Electronic & Electrical Equipment	4.79%
Chemicals	4.51%
Oil & Gas Producers	4.17%
General Financial	3.38%
Household Goods	3.25%
Aerospace & Defence	3.17%
Non-Life Insurance	3.16%
Real Estate	2.60%
Industrial Engineering	1.96%
Mining	1.68%
Technology Hardware & Equipment	1.42%
Gas, Water & Multiutilities	1.31%
General Industrials	1.03%
Electricity	0.80%
Construction & Materials	0.77%
Equity Investment Instruments	0.58%
Fixed Line Telecommunications	0.18%
Net other assets	6.11%
Total	100.00%

Major Holdings
Percentage of portfolio

Babcock International	3.40%
Telecity	3.18%
Meggitt	3.17%
Rightmove	3.06%
Croda International	2.99%
Wood (J)	2.80%
Premier Oil	2.77%
Aberdeen Asset Management	2.61%
SDL	2.31%
Ashtead	2.22%

Number of holdings	69
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Total expense ratio

30.09.10	1.46%
30.09.11	1.10%

All information is at 30 September 2011 unless otherwise stated.

Portfolio statement

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 93.89% (30 September 2010 90.70%)		
	United Kingdom Equities 93.89% (30 September 2010 90.70%)		
	Aerospace & Defence 3.17% (30 September 2010 1.04%)		
799,000	Meggitt	2,676	3.17
	Automobiles & Parts 0.00% (30 September 2010 1.51%)		
	Beverages 0.00% (30 September 2010 1.59%)		
	Chemicals 4.51% (30 September 2010 4.83%)		
153,000	Croda International	2,525	2.99
250,366	Elementis	309	0.36
89,553	Victrex	979	1.16
		3,813	4.51
	Construction & Materials 0.77% (30 September 2010 0.30%)		
253,873	Balfour Beatty	649	0.77
	Electricity 0.80% (30 September 2010 0.00%)		
60,750	APR Energy	680	0.80
	Electronic & Electrical Equipment 4.79% (30 September 2010 1.56%)		
260,000	Halma	819	0.97
27,145	Oxford Instruments	219	0.26
120,000	Renishaw	1,224	1.45
153,000	Spectris	1,787	2.11
		4,049	4.79
	Equity Investment Instruments 0.58% (30 September 2010 1.56%)		
234,769	SVG Capital	492	0.58
	Financial Services 7.13% (30 September 2010 2.94%)		
1,274,490	Aberdeen Asset Management	2,206	2.61
264,767	Henderson	271	0.32
78,078	Jupiter Fund Management	154	0.18
153,000	London Stock Exchange	1,246	1.48
110,000	Provident Financial	1,104	1.31
336,000	St. James's Place Capital	1,042	1.23
		6,023	7.13
	Fixed Line Telecommunications 0.18% (30 September 2010 0.00%)		
21,862	Telecom Plus	156	0.18
	Gas, Water & Multiutilities 1.31% (30 September 2010 1.92%)		
164,000	Pennon	1,107	1.31

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	General Financial 3.38% (30 September 2010 4.39%)		
451,393	International Personal Finance	1,004	1.19
1,206,000	Paragon	1,851	2.19
		2,855	3.38
	General Industrials 1.03% (30 September 2010 1.48%)		
202,000	Cookson	874	1.03
	General Retailers 5.62% (30 September 2010 3.87%)		
438,000	Carphone Warehouse	1,489	1.76
2,687,000	Debenhams	1,514	1.79
8,550	Dunelm	40	0.05
609,000	Inchcape	1,702	2.02
		4,745	5.62
	Household Goods 3.25% (30 September 2010 2.42%)		
1,653,000	Barratt Developments	1,297	1.54
232,000	Bellway	1,443	1.71
		2,740	3.25
	Industrial Engineering 1.96% (30 September 2010 5.18%)		
568,031	Melrose	1,652	1.96
	Industrial Transportation 0.00% (30 September 2010 2.33%)		
	Media 6.08% (30 September 2010 8.78%)		
278,007	Informa	910	1.07
1,041,100	ITE	1,646	1.95
216,000	Rightmove	2,583	3.06
		5,139	6.08
	Mining 1.68% (30 September 2010 3.68%)		
390,000	Ferrexpo	1,035	1.23
1,127,192	Kenmare Resources	383	0.45
		1,418	1.68
	Non-Life Insurance 3.16% (30 September 2010 5.22%)		
340,000	Hiscox	1,254	1.48
206,000	Lancashire	1,415	1.68
		2,669	3.16
	Oil & Gas Producers 4.17% (30 September 2010 4.12%)		
1,146,017	Afren	930	1.10
125,000	Exillon Energy	252	0.30
675,000	Premier Oil	2,343	2.77
		3,525	4.17

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Oil Equipment, Services & Distribution 4.96% (30 September 2010 2.68%)			
118,436	Cape	537	0.64
103,000	Kentz	465	0.55
318,000	Lamprell	820	0.97
446,777	Wood (J)	2,368	2.80
		4,190	4.96
Real Estate 2.60% (30 September 2010 1.14%)			
613,730	Capital & Counties	1,030	1.22
81,000	Derwent London	1,166	1.38
		2,196	2.60
Software & Computer Services 10.73% (30 September 2010 6.15%)			
105,000	Aveva	1,477	1.75
285,048	Blinkx	422	0.50
414,000	Computacenter	1,511	1.79
24,757	Fidessa	389	0.46
291,375	Misys	626	0.74
300,000	SDL	1,950	2.31
485,479	Telecity	2,685	3.18
		9,060	10.73
Support Services 12.44% (30 September 2010 11.27%)			
1,410,000	Ashtead	1,875	2.22
89,408	Atkins (WS)	483	0.57
437,000	Babcock International	2,878	3.40
183,000	Homeserve	840	0.99
1,656,474	Howden Joinery	1,698	2.01
252,000	Michael Page International	929	1.10
453,000	RPS	741	0.88
271,449	SIG	252	0.30
108,000	Travis Perkins	817	0.97
		10,513	12.44
Technology Hardware & Equipment 1.42% (30 September 2010 2.42%)			
981,000	Spirent Communications	1,201	1.42

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Travel & Leisure 8.17% (30 September 2010 8.32%)			
195,420	Domino's Pizza	871	1.03
307,000	Greene King	1,336	1.58
148,721	Millennium & Copthorne Hotels	597	0.71
558,795	Rank	620	0.73
624,048	Restaurant	1,718	2.03
2,352,671	Spirit Pub	835	0.99
379,000	Stagecoach	930	1.10
		6,907	8.17
Investment assets		79,329	93.89
Net other assets		5,165	6.11
Total net assets		84,494	100.00

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2010 to 30 September 2011

	Notes	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Income					
Net capital (losses)/gains	2		(3,774)		7,834
Revenue	3	2,277		2,374	
Expenses	4	(1,141)		(1,444)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		1,136		930	
Taxation	5	1		(6)	
Net revenue after taxation			1,137		924
Total return before distributions			(2,637)		8,758
Finance costs: Distributions	6		(1,137)		(924)
Change in net assets attributable to unitholders from investment activities			(3,774)		7,834

Statement of change in net assets attributable to unitholders

for the year from 1 October 2010 to 30 September 2011

	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Opening net assets attributable to unitholders		100,302		97,400
Amounts received on issue of units	5,937		6,108	
Amounts paid on cancellation of units	(19,054)		(11,929)	
		(13,117)		(5,821)
Stamp duty reserve tax		(23)		(19)
Change in net assets attributable to unitholders from investment activities		(3,774)		7,834
Retained distribution on accumulation units		1,106		908
Closing net assets attributable to unitholders		84,494		100,302

The notes on pages 122 to 129 form an integral part of these financial statements.

Balance sheet

as at 30 September 2011

	Notes	30.09.11 £'000	30.09.11 £'000	30.09.10 £'000	30.09.10 £'000
Assets					
Investment assets			79,329		90,976
Debtors	7	748		792	
Cash and bank balances	8	4,714		9,100	
Total other assets			5,462		9,892
Total assets			84,791		100,868
Liabilities					
Creditors	9	(297)		(566)	
Total other liabilities			(297)		(566)
Total liabilities			(297)		(566)
Net assets attributable to unitholders			84,494		100,302

The notes on pages 122 to 129 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2010 to 30 September 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia UK Opportunities Fund are included on pages 12 to 13 of the Notes to the aggregated financial statements.

2 Net capital (losses)/gains

The net (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities

Handling charges

Net (losses)/gains on investments

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
(3,755)	7,851
(19)	(17)
(3,774)	7,834

3 Revenue

Bank and term deposit interest

Non-taxable overseas dividends

UK dividends

Underwriting commission

Unfranked UK dividends

Total revenue

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
9	8
46	82
2,186	2,271
6	-
30	13
2,277	2,374

Notes to the financial statements (continued)

4 Expenses

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	1,036	1,344
	1,036	1,344
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	3	2
Trustee's fees	16	16
	19	18
Other expenses:		
Administration fees	76	71
Audit fees	8	7
Legal fees	1	3
Risk & compliance monitoring fees	1	1
	86	82
Total expenses	1,141	1,444

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Overseas tax (credit)/suffered	(1)	6
Total current tax charge for the year (see note 5(b))	(1)	6
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	(1)	6

b) Factors affecting current tax charge for the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net revenue before taxation	1,136	930
Corporation tax at 20% (30 September 2010: 20%)	227	186
Effects of:		
Excess management expenses for which no relief taken	219	284
Franked investment revenue at 20%	(437)	(454)
Non-taxable overseas dividends	(9)	(16)
Overseas tax (credit)/suffered	(1)	6
Total current tax charge for the year (see note 5(a))	(1)	6

Collective Investment Schemes are exempt from tax in capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 30 September 2011 the sub-fund had surplus management expenses of £9,789,762 (30 September 2010: £8,696,656), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Interim (31 March)	40	359
Final (30 September)	1,066	549
	1,106	908
Revenue deducted on cancellation of units	72	27
Revenue received on issue of units	(41)	(11)
Finance costs: Distributions	1,137	924
Finance costs: Interest	-	-
Total finance costs	1,137	924
Reconciliation of distributions:		
Net revenue after taxation	1,137	924
Finance costs: Distributions	1,137	924

Details of the interim and final distributions per unit are set out in the table on page 130.

7 Debtors

	30.09.11 £'000	30.09.10 £'000
Accrued revenue	262	338
Amounts receivable on issue of units	84	39
Overseas tax recoverable	17	23
Sales awaiting settlement	385	392
Total debtors	748	792

8 Cash and bank balances

	30.09.11 £'000	30.09.10 £'000
Cash and bank balances	4,714	9,100
Total cash and bank balances	4,714	9,100

Notes to the financial statements (continued)

9 Creditors

	30.09.11 £'000	30.09.10 £'000
Accrued expenses	18	20
Accrued Manager's periodic charge	72	81
Accrued Trustee's fees	1	1
Amounts payable for cancellation of units	23	168
Purchases awaiting settlement	183	296
Total creditors	297	566

10 Related party transactions

Skandia Investment Management Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to unitholders on page 10. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

National Westminster Bank Plc (or prior to their appointment, RBS Trustee and Depositary Services Limited), as the Trustee, is a related party, and amounts payable to it are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9. The sub-fund held cash on a deposit account at the year end with the National Westminster Bank Plc of £4,508,018 (30 September 2010: £8,899,687).

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

Each Investment Adviser is responsible for monitoring the portfolio of his sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

The inherent risks remain unchanged since the last Annual Report was produced. These risks persist due to the continuing global economic uncertainty.

b) Currency exposures

There are no material exposures to foreign currencies as at the Balance sheet date (30 September 2010: £Nil).

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk

The interest rate risk profile of the sub-fund's financial assets and liabilities at 30 September 2011 (30 September 2010) was as follows:

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
30.09.11				
Sterling	4,714	-	80,049	84,763
US Dollar	-	-	28	28
Total	4,714	-	80,077	84,791

30.09.10				
Sterling	9,100	-	91,739	100,839
Swiss Franc	-	-	9	9
US Dollar	-	-	20	20
Total	9,100	-	91,768	100,868

Currency	Variable rate financial liabilities*	Financial liabilities not carrying interest	Total
	£'000	£'000	£'000
30.09.11			
Sterling	-	(297)	(297)
Total	-	(297)	(297)

30.09.10			
Sterling	-	(566)	(566)
Total	-	(566)	(566)

*Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts. The sub-fund holds cash on a deposit account with National Westminster Bank Plc which has an interest rate of the Bank of England base rate less 50 basis points with a minimum rate payable of 0.2%. Other bank accounts of the sub-fund held with the Bank of New York Mellon have a contractual right of set off. Interest receivable on the net position is currently at a rate of 0.25% and interest payable is at a rate of 2%.

There are no material amounts of non-interest bearing financial assets, other than equities, which do not have maturity dates.

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. This risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

e) Counterparty risk

Certain transactions in financial instruments that a sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the Manager and Investment Adviser as an acceptable counterparty. This is overseen by the Trustee to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

Each sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation from unitholders to meet any cancellation of units. Assets from a sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the Manager regularly monitors the liquidity levels held on each sub-fund (cash and underlying securities) to ensure any redemptions can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigates the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The Manager adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the Manager monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

h) Fair value of financial assets and financial liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

i) Sensitivity analysis

As the sub-fund is not sophisticated and derivative instruments do not have a significant impact in the sub-fund's operations, no sensitivity analysis has been presented.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (30 September 2010: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs	30.09.11 £'000	30.09.11 £'000
Purchases in the year before transaction costs		68,053
Commissions	129	
Other costs	308	
Total purchase costs		437
Gross purchase total		68,490
Analysis of total sale costs		
Gross sales in the year before transaction costs		76,495
Commissions	(113)	
Other costs	(1)	
Total sales costs		(114)
Total sales net of transaction costs		76,381

14 Unitholders' funds

The details of the unitholders' funds for the Skandia UK Opportunities Fund are included on page 19 of the Notes to the aggregated financial statements.

The net asset value of the sub-fund, net asset value per unit and number of units in issue are given in the comparative table on page 114.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2011
 Group 2: Units purchased from 1 April 2011 to 30 September 2011

Accumulation Units	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.11 pence per unit	Distribution paid 30.11.10 pence per unit
Group 1	0.5904	-	0.5904	0.2696
Group 2	0.1791	0.4113	0.5904	0.2696

Interim distribution

Group 1: Units purchased prior to 1 October 2010
 Group 2: Units purchased from 1 October 2010 to 31 March 2011

Accumulation Units	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.11 pence per unit	Distribution paid 31.05.10 pence per unit
Group 1	0.0207	-	0.0207	0.1723
Group 2	0.0157	0.0050	0.0207	0.1723

*Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

UK Select Fund

Launch date	13 December 2002
Sector classification	Unclassified
Investment adviser	Investec Asset Management Limited
Net asset value	£153,227,617

Objective

To provide long term total return from capital growth and income in a portfolio of predominantly UK equities.

Policy

Investment will be in a portfolio of predominantly UK equities, either directly in transferable securities or through collective investment schemes, including those managed and operated by the Manager.

For efficient portfolio management purposes only, investment may also be made into derivatives or forward transactions.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per unit in pence and the number of units in existence at the end of the accounting year. Units were first issued at 50p per unit.

Date	Net asset value of sub-fund	Units in issue	Net asset value per unit
30.09.09			
Income	£14,888,349	24,548,347	60.65p
Accumulation	£188,656,489	246,400,009	76.57p
30.09.10			
Income	£13,859,483	22,284,841	62.19p
Accumulation	£160,473,513	201,040,007	79.82p
30.09.11			
Income	£14,871	25,000	59.48p
Accumulation	£153,212,746	191,081,577	80.18p

Comparative table

The table below shows the highest and lowest unit prices in pence per unit since launch.

Calendar year	Highest price	Lowest price
2006		
Income	81.40p	71.62p
Accumulation	90.21p	77.15p
2007		
Income	83.93p	72.06p
Accumulation	94.78p	82.74p
2008		
Income	76.25p	41.75p
Accumulation	87.55p	50.48p
2009		
Income	63.47p	38.53p
Accumulation	80.13p	46.59p
2010		
Income	67.48p	56.39p
Accumulation	88.00p	72.38p
2011*		
Income	70.43p	58.39p
Accumulation	93.09p	77.17p

*to 30 September

Income (Net Distributions/Accumulations)

Calendar year	Pence per unit
2006	
Income	3.8684
Accumulation	4.1336
2007	
Income	2.8431
Accumulation	3.1786
2008	
Income	3.0754
Accumulation	3.5730
2009	
Income	2.2138
Accumulation	2.7121
2010	
Income	2.0545
Accumulation	2.6143
2011*	
Income	2.0911
Accumulation	2.7478

*ex-dividend date of 30 September and payable on 30 November

Income

The interim distribution paid on 31 May 2011 was 0.9090 pence per distribution unit and 1.1854 pence per accumulation unit. The final distribution payable on 30 November 2011 is 1.1821 pence per distribution unit and 1.5624 pence per accumulation unit.

Any revenue available is distributed semi-annually on 31 May and 30 November.

Investment Manager's review

The UK equity market had an eventful year, performing well for most of the period before a very sharp sell off through the late summer. This resulted in the FTSE All-Share Index ending the 12 months to the end of September falling 4.7% on the back of the worst quarter for almost 10 years. The year was marked by a series of significant global events that resulted in a hugely volatile period for investors. Political unrest in the Middle East early in 2011 was followed by the devastating tsunami in Japan in the spring. As the summer approached, the world became focused on Europe as fears that the sovereign crisis that initially hit peripheral Europe was spreading to the larger countries. While none of the events originated in the UK, the nature of global markets meant that the UK stock market was not immune to these issues. Over the year, many of the sectors did well including utilities and consumer goods but these were more than offset by poor performance in financials and basic materials which made up a much larger part of the index.

The UK Select Fund, managed by Investec, recorded a positive return and significantly outperformed both the FTSE All-Share Index and the IMA UK All Companies sector over the period. Investec remained relatively defensively positioned throughout the period, focusing on out of favour companies that exhibited good long term value. Positive contributions came from owning Sky Deutschland, BT, GlaxoSmithKline and the jeweller Signet. Additionally, an overweight position in the healthcare sector and a large underweight in the basic resources sector and banks significantly helped relative returns. On the negative side, overseas stocks Avon Products and Independent News and Media hampered returns as did an underweight to the utilities sector.

Asset allocation

UK Equities	79.91%
European Equities	9.11%
North America Equities	7.01%
UK Debt Securities	2.28%
Africa Equities	1.46%
UK Derivatives	0.01%
Net other assets	0.22%
Total	100.00%

Portfolio allocation

United Kingdom:

Pharmaceuticals & Biotechnology	11.97%
Oil & Gas Producers	11.01%
Ireland Equities	8.99%
United States Equities	7.01%
Banks	6.96%
General Retailers	5.73%
Support Services	5.16%
Tobacco	4.80%
Mobile Telecommunications	4.79%
Fixed Line Telecommunications	4.59%
Food Producers	4.28%
Non-Equity Investment Instruments	3.53%
Aerospace & Defence	2.74%
Real Estate	2.73%
Food & Drug Retailers	2.02%

Portfolio allocation (continued)

United Kingdom:

Industrial Engineering	1.69%
South Africa Equities	1.46%
Media	1.39%
Travel & Leisure	1.23%
United Kingdom Fixed Rate Corporate Bonds	1.11%
Mining	1.00%
Software & Computer Services	1.00%
Gas, Water & Multiutilities	0.98%
United Kingdom Fixed Rate Government Bonds	0.85%
Electricity	0.73%
Transportation	0.61%
Technology Hardware & Equipment	0.47%
United Kingdom Variable Rate Corporate Bonds	0.32%
Construction & Materials	0.22%
Non-Life Insurance	0.20%
Italy Equities	0.12%
Leisure Goods	0.07%
General Financial	0.01%
Sterling Denominated Open Forward Exchange Contracts	0.01%

Net other assets	0.22%
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Total	100.00%
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Major Holdings

Percentage of portfolio

GlaxoSmithKline	8.01%
Royal Dutch Shell 'B' Shares	7.79%
HSBC	6.96%
Vodafone	4.79%
Signet Jewelers	4.67%
Unilever	4.28%
AstraZeneca	3.96%
Investec Asset Management Ireland - Sterling Liquidity 'S' Class	3.53%
British American Tobacco	3.42%
BT	3.23%

Number of holdings	63
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Total expense ratio

30.09.10	1.44%
30.09.11	1.08%

All information is at 30 September 2011 unless otherwise stated.

Portfolio statement

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 82.20% (30 September 2010 91.86%)		
	United Kingdom Equities 79.91% (30 September 2010 90.33%)		
	Aerospace & Defence 2.74% (30 September 2010 0.93%)		
276,311	BAE Systems	739	0.48
2,980,455	Qinetiq	3,466	2.26
		4,205	2.74
	Banks 6.96% (30 September 2010 8.38%)		
2,147,551	HSBC	10,671	6.96
	Construction & Materials 0.22% (30 September 2010 0.06%)		
62,325	Morgan Sindall	333	0.22
	Electricity 0.73% (30 September 2010 2.18%)		
86,854	Scottish & Southern Energy	1,123	0.73
	Electronic & Electrical Equipment 0.00% (30 September 2010 2.17%)		
	Fixed Line Telecommunications 4.59% (30 September 2010 2.59%)		
2,856,400	BT	4,956	3.23
6,299,952	Cable & Wireless	1,953	1.28
117,411	Colt	119	0.08
		7,028	4.59
	Food & Drug Retailers 2.02% (30 September 2010 2.28%)		
30,309	Carrefour	448	0.29
270,231	Morrison (Wm) Supermarkets	785	0.51
493,793	Tesco	1,866	1.22
		3,099	2.02
	Food Producers 4.28% (30 September 2010 3.87%)		
324,579	Unilever	6,553	4.28
	Gas, Water & Multiutilities 0.98% (30 September 2010 1.06%)		
504,543	Centrica	1,502	0.98
	General Financial 0.01% (30 September 2010 0.00%)		
15	Aberdeen Warrants (Jersey)	17	0.01
	General Retailers 5.73% (30 September 2010 5.58%)		
1,001,479	Home Retail	1,126	0.74
197,202	Kingfisher	489	0.32
328,891	Signet Jewelers	7,160	4.67
		8,775	5.73
	Industrial Engineering 1.69% (30 September 2010 1.38%)		
299,588	Charter	2,594	1.69

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Leisure Goods 0.07% (30 September 2010 0.09%)		
86,092	Hornby	106	0.07
	Life Insurance 0.00% (30 September 2010 0.57%)		
	Media 1.39% (30 September 2010 1.44%)		
769,299	Bloomsbury Publishing	746	0.49
99,645	Reed Elsevier	493	0.32
539,334	Sky Deutschland	891	0.58
		2,130	1.39
	Mining 1.00% (30 September 2010 1.07%)		
31,783	Barrick Gold	952	0.62
60,317	Kinross	574	0.38
		1,526	1.00
	Mobile Telecommunications 4.79% (30 September 2010 5.02%)		
4,411,740	Vodafone	7,332	4.79
	Non-Equity Investment Instruments 3.53% (30 September 2010 0.00%)		
5,406,393	Investec Asset Management Ireland - Sterling Liquidity 'S' Class	5,406	3.53
	Non-Life Insurance 0.20% (30 September 2010 0.24%)		
279,813	RSA Insurance	311	0.20
	Oil & Gas Producers 11.01% (30 September 2010 13.54%)		
1,270,708	BP	4,936	3.22
593,717	Royal Dutch Shell 'B' Shares	11,940	7.79
		16,876	11.01
	Pharmaceuticals & Biotechnology 11.97% (30 September 2010 11.15%)		
211,778	AstraZeneca	6,072	3.96
921,319	GlaxoSmithKline	12,277	8.01
		18,349	11.97
	Real Estate 2.73% (30 September 2010 1.86%)		
326,611	British Land	1,554	1.02
648,700	Helical Bar	1,262	0.82
212,592	Land Securities	1,364	0.89
		4,180	2.73
	Software & Computer Services 1.00% (30 September 2010 0.78%)		
421,573	Computacenter	1,539	1.00
	Support Services 5.16% (30 September 2010 5.89%)		
1,896,003	SIG	1,760	1.15
643,051	Travis Perkins	4,865	3.18
79,892	Wolseley	1,284	0.83
		7,909	5.16

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Technology Hardware & Equipment 0.47% (30 September 2010 0.11%)			
1,343,048	Psion	719	0.47
Transportation 0.61% (30 September 2010 0.00%)			
206,963	TNT Express NV	930	0.61
Travel & Leisure 1.23% (30 September 2010 2.27%)			
210,239	Compass	1,094	0.71
202,668	Wetherspoon (JD)	788	0.52
		1,882	1.23
Tobacco 4.80% (30 September 2010 4.05%)			
192,356	British American Tobacco	5,248	3.42
97,149	Imperial Tobacco	2,112	1.38
		7,360	4.80
United Kingdom Debt Securities 2.28% (30 September 2010 1.53%)			
United Kingdom Fixed Rate Government Bonds 0.85% (30 September 2010 0.00%)			
£1,300,000	Treasury 3.25% Gilt 7/12/11	1,306	0.85
United Kingdom Fixed Rate Corporate Bonds 1.11% (30 September 2010 1.14%)			
£1,832,000	Nationwide Building Society 7.971% Permanent Interest Bearing Shares 'A'	1,696	1.11
United Kingdom Variable Rate Corporate Bonds 0.32% (30 September 2010 0.39%)			
£389,000	Aviva 5.9021% Subordinated Perpetual Floating Rate Notes	245	0.16
£370,000	Nationwide Building Society 6.024% Subordinated Perpetual Floating Rate Notes	241	0.16
		486	0.32
United Kingdom Derivatives 0.01% (30 September 2010 0.00%)			
Sterling Denominated Open Forward Exchange Contracts 0.01% (30 September 2010 0.00%)			
£3,668,952	Sterling vs Euro Forward Exchange Contract	33	0.02
£3,823,972	Sterling vs US Dollar Forward Exchange Contract	(17)	(0.01)
		16	0.01
Overseas 17.58% (30 September 2010 11.77%)			
European Equities 9.11% (30 September 2010 4.45%)			
Ireland Equities 8.99% (30 September 2010 4.30%)			
1,296,384	AER Lingus	731	0.48
829,127	C&C	2,014	1.31
220,505	CRH	2,215	1.45
1,800,439	Grafton	4,094	2.67
3,209,367	Independent News	605	0.40
776,498	Kingspan	4,111	2.68
		13,770	8.99

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Italy Equities 0.12% (30 September 2010 0.15%)			
16,800	Eni	190	0.12
North America Equities 7.01% (30 September 2010 5.81%)			
United States Equities 7.01% (30 September 2010 5.81%)			
223,952	Avon	2,815	1.84
179,198	Dell	1,627	1.06
15,701	Johnson & Johnson	642	0.42
82,562	Medtronic	1,760	1.15
33,459	Newmont	1,352	0.88
223,840	Pfizer	2,540	1.66
		10,736	7.01
Africa Equities 1.46% (30 September 2010 1.51%)			
South Africa Equities 1.46% (30 September 2010 1.51%)			
40,517	AngloGold Ashanti	1,075	0.70
117,627	Gold Fields	1,155	0.76
		2,230	1.46
Investment assets*		152,885	99.78
Net other assets		343	0.22
Total net assets		153,228	100.00

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

* Including derivative liabilities.

Statement of total return

for the year from 1 October 2010 to 30 September 2011

		01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
	Notes				
Income					
Net capital (losses)/gains	2		(673)		4,978
Revenue	3	5,810		6,118	
Expenses	4	(1,911)		(2,540)	
Finance costs: Interest	6	-		(7)	
Net revenue before taxation		3,899		3,571	
Taxation	5	(52)		(25)	
Net revenue after taxation			3,847		3,546
Total return before distributions			3,174		8,524
Finance costs: Distributions	6		(5,559)		(5,929)
Change in net assets attributable to unitholders from investment activities			(2,385)		2,595

Statement of change in net assets attributable to unitholders

for the year from 1 October 2010 to 30 September 2011

	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Opening net assets attributable to unitholders		174,333		203,545
Amounts received on issue of units	15,216		14,318	
Amounts paid on cancellation of units	(39,199)		(51,230)	
		(23,983)		(36,912)
Stamp duty reserve tax		(38)		(119)
Change in net assets attributable to unitholders from investment activities		(2,385)		2,595
Retained distribution on accumulation units		5,301		5,224
Closing net assets attributable to unitholders		153,228		174,333

The notes on pages 139 to 146 form an integral part of these financial statements.

Balance sheet

as at 30 September 2011

	Notes	30.09.11 £'000	30.09.11 £'000	30.09.10 £'000	30.09.10 £'000
Assets					
Investment assets			152,902		160,146
Debtors	7	454		1,044	
Cash and bank balances	8	1,115		13,888	
Total other assets			1,569		14,932
Total assets			154,471		175,078
Liabilities					
Investment liabilities			(17)		-
Creditors	9	(1,226)		(525)	
Distribution payable on income units		-		(220)	
Total other liabilities			(1,226)		(745)
Total liabilities			(1,243)		(745)
Net assets attributable to unitholders			153,228		174,333

The notes on pages 139 to 146 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2010 to 30 September 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia UK Select Fund are included on pages 12 to 13 of the Notes to the aggregated financial statements.

2 Net capital (losses)/gains

The net (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities

(Losses)/gains on currency contracts

Gains on forward currency contracts

Handling charges

Net (losses)/gains on investments

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
(766)	4,942
(12)	50
121	-
(16)	(14)
(673)	4,978

3 Revenue

Bank and term deposit interest

Interest from overseas debt securities

Interest from UK debt securities

Non-taxable overseas dividends

Taxable overseas dividends

UK dividends

Unfranked UK dividends

Total revenue

01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
-	7
29	-
216	150
633	321
20	-
4,760	5,578
152	62
5,810	6,118

Notes to the financial statements (continued)

4 Expenses

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	1,766	2,397
	1,766	2,397
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	8	6
Trustee's fees	27	28
	35	34
Other expenses:		
Administration fees	100	98
Audit fees	8	7
Legal fees	1	3
Risk & compliance monitoring fees	1	1
	110	109
Total expenses	1,911	2,540

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Overseas tax suffered	52	25
Total current tax charge for the year (see note 5(b))	52	25
Deferred tax charge/(credit) for the year (see note 5(c))	-	-
Total taxation for the year	52	25

b) Factors affecting current tax charge for the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net revenue before taxation	3,899	3,571
Corporation tax at 20% (30 September 2010: 20%)	780	714
Effects of:		
Excess management expenses for which no relief taken	299	466
Franked investment revenue at 20%	(952)	(1,116)
Non-taxable overseas dividends	(127)	(64)
Overseas tax suffered	52	25
Total current tax charge for the year (see note 5(a))	52	25

Collective Investment Schemes are exempt from tax in capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge/(credit) for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 30 September 2011 the sub-fund had surplus management expenses of £24,521,602 (30 September 2010: £23,024,907), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Interim (31 March)	2,315	2,930
Final (30 September)	2,986	2,766
	5,301	5,696
Revenue deducted on cancellation of units	379	366
Revenue received on issue of units	(121)	(133)
Finance costs: Distributions	5,559	5,929
Finance costs: Interest	-	7
Total finance costs	5,559	5,936
Reconciliation of distributions:		
Net revenue after taxation	3,847	3,546
Capitalised fees	1,766	2,397
Tax relief on capitalised fees	(54)	(14)
Finance costs: Distributions	5,559	5,929

Details of the interim and final distributions per unit are set out in the table on page 147.

7 Debtors

	30.09.11 £'000	30.09.10 £'000
Accrued revenue	451	512
Amounts receivable on issue of units	-	523
Income tax recoverable	-	3
Overseas tax recoverable	3	6
Total debtors	454	1,044

8 Cash and bank balances

	30.09.11 £'000	30.09.10 £'000
Cash and bank balances	1,115	13,888
Total cash and bank balances	1,115	13,888

Notes to the financial statements (continued)

9 Creditors

	30.09.11 £'000	30.09.10 £'000
Accrued expenses	21	28
Accrued Manager's periodic charge	128	142
Accrued Trustee's fees	2	2
Amounts payable for cancellation of units	143	230
Purchases awaiting settlement	932	123
Total creditors	1,226	525

10 Related party transactions

Skandia Investment Management Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to unitholders on page 10. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

National Westminster Bank Plc (or prior to their appointment, RBS Trustee and Depositary Services Limited), as the Trustee, is a related party, and amounts payable to it are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

Fixed income securities and variable rate securities.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

Each Investment Adviser is responsible for monitoring the portfolio of his sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

The inherent risks remain unchanged since the last Annual Report was produced. These risks persist due to the continuing global economic uncertainty.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

b) Currency exposures

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Manager does seek to reduce some of this risk by using forward currency contracts.

The direct foreign currency exposure of the sub-fund as at 30 September 2011 (30 September 2010) was as follows:

	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures	exposures		exposures	exposures	
	30.09.11	30.09.11	30.09.11	30.09.10	30.09.10	30.09.10
	£'000	£'000	£'000	£'000	£'000	£'000
Canadian Dollar	141	574	715	64	814	878
Euro	8	15,376	15,384	726	10,414	11,140
US Dollar	10	14,044	14,054	23	13,826	13,849
Total	159	29,994	30,153	813	25,054	25,867

c) Interest rate risk

The interest rate risk profile of the sub-fund's financial assets and liabilities at 30 September 2011 (30 September 2010) was as follows:

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
30.09.11				
Canadian Dollar	141	-	574	715
Euro	8	-	16,308	16,316
Sterling	1,442	3,002	118,942	123,386
US Dollar	10	-	14,044	14,054
Total	1,601	3,002	149,868	154,471
30.09.10				
Canadian Dollar	64	-	814	878
Euro	726	-	10,414	11,140
Sterling	13,760	1,985	133,466	149,211
US Dollar	23	-	13,826	13,849
Total	14,573	1,985	158,520	175,078

Currency	Variable rate financial liabilities*	Financial liabilities not carrying interest	Total
	£'000	£'000	£'000
30.09.11			
Euro	-	(932)	(932)
Sterling	-	(311)	(311)
Total	-	(1,243)	(1,243)
30.09.10			
Sterling	-	(745)	(745)
Total	-	(745)	(745)

*Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts. The sub-fund holds cash on a deposit account with National Westminster Bank Plc which has an interest rate of the Bank of England base rate less 50 basis points with a minimum rate payable of 0.2%. Other bank accounts of the sub-fund held with the Bank of New York Mellon have a contractual right of set off. Interest receivable on the net position is currently at a rate of 0.25% and interest payable is at a rate of 2%.

There are no material amounts of non-interest bearing financial assets, other than equities, which do not have maturity dates.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. This risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

e) Counterparty risk

Certain transactions in financial instruments that a sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the Manager and Investment Adviser as an acceptable counterparty. This is overseen by the Trustee to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

Each sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation from unitholders to meet any cancellation of units. Assets from a sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the Manager regularly monitors the liquidity levels held on each sub-fund (cash and underlying securities) to ensure any redemptions can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigates the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The Manager adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the Manager monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

h) Fair value of financial assets and financial liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

i) Sensitivity analysis

As the sub-fund is not sophisticated and derivative instruments do not have a significant impact in the sub-fund's operations, no sensitivity analysis has been presented.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (30 September 2010: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs

	30.09.11 £'000	30.09.11 £'000
Purchases in the year before transaction costs		37,839
Commissions	32	
Other costs	156	
Total purchase costs		188
Gross purchase total		38,027

Analysis of total sale costs

Gross sales in the year before transaction costs		44,633
Commissions	(30)	
Total sales costs		(30)
Total sales net of transaction costs		44,603

14 Unitholders' funds

The details of the unitholders' funds for the Skandia UK Select Fund are included on page 19 of the Notes to the aggregated financial statements.

The net asset value of the sub-fund, net asset value per unit and number of units in issue are given in the comparative table on page 131.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2011
 Group 2: Units purchased from 1 April 2011 to 30 September 2011

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.11 pence per unit	Distribution paid 30.11.10 pence per unit
Income Units				
Group 1	1.1821	-	1.1821	0.9869
Group 2	1.1821	0.0000	1.1821	0.9869
Accumulation Units				
Group 1	1.5624	-	1.5624	1.2666
Group 2	0.7242	0.8382	1.5624	1.2666

Interim distribution

Group 1: Units purchased prior to 1 October 2010
 Group 2: Units purchased from 1 October 2010 to 31 March 2011

	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.11 pence per unit	Distribution paid 31.05.10 pence per unit
Income Units				
Group 1	0.9090	-	0.9090	1.0676
Group 2	0.9090	0.0000	0.9090	1.0676
Accumulation Units				
Group 1	1.1854	-	1.1854	1.3477
Group 2	0.7861	0.3993	1.1854	1.3477

*Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.

UK Unconstrained Fund

Launch date	31 January 2003
Sector classification	Unclassified
Investment adviser	Schroder Investment Management Limited
Net asset value	£135,078,090

Objective

To maximise capital growth through investment in a portfolio of predominantly UK equities.

Policy

Investment will be in a portfolio of predominantly UK equities, either directly in transferable securities or through collective investment schemes, including those managed and operated by the Manager.

For efficient portfolio management purposes only, investment may also be made into derivatives or forward transactions.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per unit in pence and the number of units in existence at the end of the accounting year. Units were first issued at 50p per unit.

Date	Net asset value of sub-fund	Units in issue	Net asset value per unit
30.09.09			
Income	£6,676,042	11,055,282	60.39p
Accumulation	£97,468,682	137,027,993	71.13p
30.09.10			
Income	£7,382,173	10,912,971	67.65p
Accumulation	£147,872,491	180,964,522	81.71p
30.09.11			
Income	£15,660	25,000	62.64p
Accumulation	£135,062,430	175,295,849	77.05p

Comparative table

The table below shows the highest and lowest unit prices in pence per unit since launch.

Calendar year	Highest price	Lowest price
2006		
Income	96.83p	82.77p
Accumulation	102.80p	87.87p
2007		
Income	93.60p	78.73p
Accumulation	102.90p	86.84p
2008		
Income	83.62p	42.23p
Accumulation	93.66p	48.93p
2009		
Income	62.25p	44.17p
Accumulation	74.66p	51.17p
2010		
Income	72.38p	56.97p
Accumulation	89.16p	68.33p
2011*		
Income	74.99p	59.98p
Accumulation	92.24p	73.77p

*to 30 September

Income (Net Distributions/Accumulations)

Calendar year	Pence per unit
2006	
Income	3.2821
Accumulation	3.4834
2007	
Income	2.4744
Accumulation	2.7127
2008	
Income	2.1960
Accumulation	2.4771
2009	
Income	1.8515
Accumulation	2.1662
2010	
Income	1.3684
Accumulation	1.6487
2011*	
Income	1.5206
Accumulation	1.8682

*ex-dividend date of 30 September and payable on 30 November

Income

The interim distribution paid on 31 May 2011 was 0.3647 pence per distribution unit and 0.4464 pence per accumulation unit. The final distribution payable on 30 November 2011 is 1.1559 pence per distribution unit and 1.4218 pence per accumulation unit.

Investment Manager's review

The UK equity market had an eventful year, performing well for most of the period before a very sharp sell off through the late summer. This resulted in the FTSE All-Share Index ending the 12 months to the end of September falling 4.7% on the back of the worst quarter for almost 10 years. The year was marked by a series of significant global events that resulted in a hugely volatile period for investors. Political unrest in the Middle East early in 2011 was followed by the devastating tsunami in Japan in the spring. As the summer approached, the world became focused on Europe as fears that the sovereign crisis that initially hit peripheral Europe was spreading to the larger countries. While none of the events originated in the UK, the nature of global markets meant that the UK stock market was not immune to these issues. Over the year, many of the sectors did well including utilities and consumer goods but these were more than offset by poor performance in financials and basic materials which made up a much larger part of the index.

The UK Unconstrained Fund, managed by Schroders, lagged both the FTSE All-Share Index and the IMA UK All Companies sector over the period. Stock selection was the main cause of underperformance, with an overweight position in Lloyds the main detractor as investors marked down banks over fears of another liquidity crisis. An overweight in International Consolidated Airlines (the holding company of British Airways) also hurt over fears of a slowdown in business travel caused by the slowing global economy. As did a large underweight to the top 20 constituents in the Index, deemed as defensive by the market. The fund did benefit significantly from a large position in Autonomy which was subject to a takeover bid from Hewlett Packard at a large premium to the quoted price. In addition, Tate and Lyle and Shire performed well.

Asset allocation

UK Equities	95.26%
Net other assets	4.74%
Total	100.00%

Portfolio allocation

United Kingdom:

Banks	9.45%
Travel & Leisure	8.15%
Pharmaceuticals & Biotechnology	8.12%
Mining	7.49%
Oil & Gas Producers	6.22%
General Retailers	6.14%
Food & Drug Retailers	5.98%
General Financials	5.91%
Life Insurance	5.57%
Media	5.21%
Gas, Water & Multiutilities	5.10%
Software and Computer Services	3.49%
Support Services	3.12%
Industrial Engineering	3.07%
Household Goods	2.89%
Personal Goods	2.80%
Aerospace & Defence	2.67%
Electronic & Electrical Equipment	2.08%
Gambling	1.80%
Net other assets	4.74%
Total	100.00%

Major Holdings

Percentage of portfolio

GlaxoSmithKline	5.08%
Tate & Lyle	3.51%
Lloyds Banking	3.46%
Royal Dutch Shell 'B' Shares	3.13%
Experian	3.12%
BG	3.09%
Charter	3.07%
Shire	3.04%
Carnival	2.95%
Legal & General	2.89%

Number of holdings	37
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Total expense ratio

30.09.10	1.44%
30.09.11	1.08%

All information is at 30 September 2011 unless otherwise stated.

Portfolio statement

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 95.26% (30 September 2010 96.97%)		
	United Kingdom Equities 95.26% (30 September 2010 96.97%)		
	Aerospace & Defence 2.67% (30 September 2010 2.53%)		
606,018	Rolls Royce	3,606	2.67
	Banks 9.45% (30 September 2010 12.09%)		
1,364,370	Barclays	2,200	1.63
13,382,071	Lloyds Banking	4,666	3.46
9,105,047	Royal Bank of Scotland	2,139	1.58
291,832	Standard Chartered	3,754	2.78
		12,759	9.45
	Electronic & Electrical Equipment 2.08% (30 September 2010 2.57%)		
1,245,497	Invensys	2,809	2.08
	Food & Drug Producers 5.98% (30 September 2010 4.98%)		
756,897	Tate & Lyle	4,738	3.51
165,163	Unilever	3,335	2.47
		8,073	5.98
	Gambling 1.80% (30 September 2010 0.00%)		
2,044,604	Ladbrokes	2,435	1.80
	Gas, Water & Multiutilities 5.10% (30 September 2010 2.91%)		
1,301,965	Centrica	3,875	2.87
628,550	Drax	3,016	2.23
		6,891	5.10
	General Financial 5.91% (30 September 2010 4.12%)		
265,129	Bumi	2,288	1.70
629,471	ICAP	2,595	1.92
311,130	Vallares	3,096	2.29
		7,979	5.91
	General Retailers 6.14% (30 September 2010 6.08%)		
5,658,631	Debenhams	3,189	2.36
1,488,580	Home Retail	1,673	1.24
135,768	Next	3,438	2.54
		8,300	6.14
	Household Goods 2.89% (30 September 2010 2.19%)		
11,162,121	Taylor Wimpey	3,907	2.89
	Industrial Engineering 3.07% (30 September 2010 2.21%)		
478,526	Charter	4,144	3.07
	Life Insurance 5.57% (30 September 2010 5.66%)		
4,046,929	Legal & General	3,911	2.89
1,462,598	Resolution	3,618	2.68
		7,529	5.57

Portfolio statement (continued)

as at 30 September 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Media 5.21% (30 September 2010 6.06%)		
633,886	Reed Elsevier	3,133	2.32
245,382	Virgin Media	3,904	2.89
		7,037	5.21
	Mining 7.49% (30 September 2010 10.51%)		
139,480	BHP Billiton	2,423	1.79
133,275	Rio Tinto	3,849	2.85
469,423	Xstrata	3,849	2.85
		10,121	7.49
	Oil & Gas Producers 6.22% (30 September 2010 7.12%)		
336,058	BG	4,170	3.09
210,105	Royal Dutch Shell 'B' Shares	4,225	3.13
		8,395	6.22
	Personal Goods 2.80% (30 September 2010 3.41%)		
322,667	Burberry	3,785	2.80
	Pharmaceuticals & Biotechnology 8.12% (30 September 2010 5.05%)		
515,478	GlaxoSmithKline	6,869	5.08
204,097	Shire	4,100	3.04
		10,969	8.12
	Software & Computer Services 3.49% (30 September 2010 9.19%)		
2,813,266	Logica	2,224	1.65
1,157,613	Misys	2,489	1.84
		4,713	3.49
	Support Services 3.12% (30 September 2010 2.78%)		
581,161	Experian	4,213	3.12
	Travel & Leisure 8.15% (30 September 2010 7.51%)		
197,755	Carnival	3,979	2.95
2,167,978	IAG	3,319	2.46
234,101	Whitbread	3,708	2.74
		11,006	8.15
	Investment assets	128,671	95.26
	Net other assets	6,407	4.74
	Total net assets	135,078	100.00

All investments are approved securities being either officially listed in a member state or traded on or under the rules of an eligible securities market, unless otherwise stated.

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 October 2010 to 30 September 2011

	Notes	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Income					
Net capital (losses)/gains	2		(8,835)		17,995
Revenue	3	3,620		3,388	
Expenses	4	(1,681)		(2,016)	
Finance costs: Interest	6	-		(1)	
Net revenue before taxation		1,939		1,371	
Taxation	5	(24)		(19)	
Net revenue after taxation			1,915		1,352
Total return before distributions			(6,920)		19,347
Finance costs: Distributions	6		(3,323)		(3,077)
Change in net assets attributable to unitholders from investment activities			(10,243)		16,270

Statement of change in net assets attributable to unitholders

for the year from 1 October 2010 to 30 September 2011

	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000	01.10.09 to 30.09.10 £'000
Opening net assets attributable to unitholders		155,255		104,145
Amounts received on issue of units	11,613		47,437	
Amounts paid on cancellation of units	(24,780)		(15,538)	
		(13,167)		31,899
Stamp duty reserve tax		(30)		(60)
Change in net assets attributable to unitholders from investment activities		(10,243)		16,270
Retained distribution on accumulation units		3,263		3,001
Closing net assets attributable to unitholders		135,078		155,255

The notes on pages 154 to 161 form an integral part of these financial statements.

Balance sheet

as at 30 September 2011

	Notes	30.09.11 £'000	30.09.11 £'000	30.09.10 £'000	30.09.10 £'000
Assets					
Investment assets			128,671		150,545
Debtors	7	625		426	
Cash and bank balances	8	6,089		4,737	
Total other assets			6,714		5,163
Total assets			135,385		155,708
Liabilities					
Creditors	9	(307)		(356)	
Distribution payable on income units		-		(97)	
Total other liabilities			(307)		(453)
Total liabilities			(307)		(453)
Net assets attributable to unitholders			135,078		155,255

The notes on pages 154 to 161 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2010 to 30 September 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia UK Unconstrained Fund are included on pages 12 to 13 of the Notes to the aggregated financial statements.

2 Net capital (losses)/gains

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Net (losses)/gains on investments comprise:		
(Losses)/gains on non-derivative securities	(8,808)	18,021
Losses on currency contracts	(16)	(12)
Handling charges	(11)	(14)
Net capital (losses)/gains on investments	(8,835)	17,995

3 Revenue

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Bank and term deposit interest	5	5
Non-taxable overseas dividends	182	260
UK dividends	3,287	2,955
UK stock dividends not distributed	146	168
Total revenue	3,620	3,388

Notes to the financial statements (continued)

4 Expenses

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	1,554	1,893
	1,554	1,893
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	5	4
Trustee's fees	24	23
	29	27
Other expenses		
Administration fees	88	85
Audit fees	8	7
Legal fees	1	3
Risk & compliance monitoring fees	1	1
	98	96
Total expenses	1,681	2,016

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Overseas tax suffered	24	19
Total current tax charge for the year (see note 5(b))	24	19
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	24	19

b) Factors affecting current tax charge for the year

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net revenue before taxation	1,939	1,371
Corporation tax at 20% (30 September 2010: 20%)	388	274
Effects of:		
Excess management expenses for which no relief taken	335	403
Franked investment revenue at 20%	(658)	(591)
Non-taxable overseas dividends	(36)	(52)
Non-taxable stock dividends	(29)	(34)
Overseas tax suffered	24	19
Total current tax charge for year (see note 5(a))	24	19

Collective Investment Schemes are exempt from tax in capital gains, therefore, any capital return is not included in the above reconciliation.

c) Movement in deferred tax

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 30 September 2011 the sub-fund had surplus management expenses of £18,080,857 (30 September 2010: £16,406,106), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

The distributions take account of revenue received on the issue of units and revenue deducted on the cancellation of units, and comprise:

	01.10.10 to 30.09.11 £'000	01.10.09 to 30.09.10 £'000
Interim (31 March)	807	1,121
Final (30 September)	2,493	2,036
	3,300	3,157
Revenue deducted on cancellation of units	126	109
Revenue received on issue of units	(103)	(189)
Finance costs: Distributions	3,323	3,077
Finance costs: Interest	-	1
Total finance costs	3,323	3,078
Reconciliation of distributions:		
Net revenue after taxation	1,915	1,352
Capitalised fees	1,554	1,893
UK stock dividends not distributed	(146)	(168)
Finance costs: Distributions	3,323	3,077

Details of the interim and final distributions per unit are set out in the table on page 162.

7 Debtors

	30.09.11 £'000	30.09.10 £'000
Accrued revenue	606	361
Amounts receivable for issue of units	-	52
Overseas tax recoverable	19	13
Total debtors	625	426

8 Cash and bank balances

	30.09.11 £'000	30.09.10 £'000
Cash and bank balances	6,089	4,737
Total cash and bank balances	6,089	4,737

Notes to the financial statements (continued)

9 Creditors

	30.09.11 £'000	30.09.10 £'000
Accrued expenses	19	22
Accrued Manager's periodic charge	114	126
Accrued Trustee's fees	1	2
Amounts payable for cancellation of units	173	206
Total creditors	307	356

10 Related party transactions

Skandia Investment Management Limited, as Manager, is a related party, and acts as principal in respect of all transactions of units in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to unitholders on page 19. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of units in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to the Manager are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

The National Westminster Bank Plc (or prior to their appointment, RBS Trustee and Depositary Services Limited), as the Trustee, is a related party, and amounts payable to it are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9. The sub-fund held cash on a deposit account at the year end with National Westminster Bank Plc of £5,861,094 (30 September 2010: £4,529,356).

National Westminster Bank Plc is ultimately owned by Royal Bank of Scotland Plc. At 30 September 2011, the sub-fund held a total of 9,105,047 Royal Bank of Scotland Plc shares with a market value of £2,138,776.

Skandia MultiManager Trust is managed by Skandia Investment Management Limited (the "Manager") whose ultimate parent is Old Mutual Plc. At 30 September 2011, the sub-fund did not hold any Old Mutual Plc shares.

11 Derivatives and other financial instruments

a) Financial instrument risk

The sub-fund, in pursuing its objective, holds a number of financial instruments, which may comprise of the following:

Equity shares and equity related shares.

The sub-fund will also hold cash and other short term debtors and creditors that arise directly from its operations.

In addition, the sub-fund may hold derivatives in the form of forward foreign exchange contracts and/or futures contracts for the purpose of efficient portfolio management in accordance with the COLL Sourcebook.

The financial instruments are held in line with the sub-fund's investment policy.

Each Investment Adviser is responsible for monitoring the portfolio of his sub-fund in accordance with its investment objective and seeks to ensure that individual assets also meet a risk reward profile that is acceptable. The Manager has appointed specialist managers to manage the sub-fund, and continuously monitors this appointment.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement of each sub-fund.

The main risks arising from financial instruments are interest rate risk, foreign currency risk, credit risk, counterparty risk, liquidity risk and market risk which are summarised below.

The inherent risks remain unchanged since the last Annual Report was produced. These risks persist due to the continuing global economic uncertainty.

b) Currency exposures

A proportion of the sub-fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the market price of investments and, due to timing differences between the transaction dates of investment sales, purchases and income, and actual cash settlement, create currency exchange gains/losses. The Investment Manager does seek to reduce some of this risk by using forward currency contracts.

The foreign currency exposure of the sub-fund as at 30 September 2011 (30 September 2010) was as follows:

	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	30.09.11	30.09.11	30.09.11	30.09.10	30.09.10	30.09.10
	£'000	£'000	£'000	£'000	£'000	£'000
Canadian Dollar	-	-	-	-	4,089	4,089
Swiss Franc	-	20	20	-	-	-
US Dollar	-	76	76	-	23	23
Total	-	96	96	-	4,112	4,112

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk

The interest rate risk profile of the sub-fund's financial assets and liabilities at 30 September 2011 (30 September 2010) was as follows:

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
30.09.11				
Sterling	6,089	-	129,200	135,289
Swiss Franc	-	-	20	20
US Dollar	-	-	76	76
Total	6,089	-	129,296	135,385
30.09.10				
Canadian Dollar	-	-	4,089	4,089
Sterling	4,737	-	146,859	151,596
US Dollar	-	-	23	23
Total	4,737	-	150,971	155,708

Currency	Variable rate financial liabilities*	Financial liabilities not carrying interest	Total
	£'000	£'000	£'000
30.09.11			
Sterling	-	(307)	(307)
Total	-	(307)	(307)
30.09.10			
Sterling	-	(453)	(453)
Total	-	(453)	(453)

*Changes in the base rate will cause movements in the interest rate applied to cash balances and overdrafts. The sub-fund holds cash on a deposit account with National Westminster Bank Plc which has an interest rate of the Bank of England base rate less 50 basis points with a minimum rate payable of 0.2%. Other bank accounts of the sub-fund held with the Bank of New York Mellon have a contractual right of set off. Interest receivable on the net position is currently at a rate of 0.25% and interest payable is at a rate of 2%.

There are no material amounts of non-interest bearing financial assets, other than equities, which do not have maturity dates.

d) Credit risk

Credit risk is the risk of suffering loss due to another party not meeting its financial obligation. This risk is managed by the Investment Adviser who monitors the credit profile of financial instruments in accordance with the objective and policy of the sub-fund.

Adherence to the investment guidelines and the investment and borrowing powers as set out in the Prospectus and in the rules of the Regulations also mitigates the risk of excessive exposure to any particular type of security or issuer. Further information on the investment portfolio is set out in the Investment Manager's review and the Portfolio statement.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

e) Counterparty risk

Certain transactions in financial instruments that a sub-fund enters into have the risk that the counterparty will not meet its financial obligations, i.e. the investment (purchase) or cash (sale) after the sub-fund has fulfilled its responsibilities.

The sub-fund will only buy and sell investments through brokers which have been approved by the Manager and Investment Adviser as an acceptable counterparty. This is overseen by the Trustee to ensure that the exposure to any counterparty remains appropriate for investors.

f) Liquidity risk

Each sub-fund's assets comprise mainly of readily realisable securities which can be sold promptly to meet liquidity requirements. The main source of this risk comes from the obligation from unitholders to meet any cancellation of units. Assets from a sub-fund may need to be sold to meet any redemption proceeds. As part of its operating duties the Manager regularly monitors the liquidity levels held on each sub-fund (cash and underlying securities) to ensure any redemptions can be readily met. Some investments may be less liquid than other securities and can be more sensitive to economic factors. The rules of the Regulations mitigates the risk of excessive exposure to assets which are not readily realisable.

g) Market risk

Market risk arises from uncertainty about future prices of financial instruments held. The main source of risk to the sub-fund is the potential movement in the value of financial instruments held as a result of price fluctuations. Stock market prices can move erratically and be unpredictably affected by diverse factors including political and economic events but also rumours and sentiment. The Manager adheres to the investment guidelines and borrowing powers set out within the Prospectus and the COLL Sourcebook. In this way the Manager monitors and controls the exposure to risk from any type of security, sector or issuer. The sub-fund may also use derivative instruments to mitigate risk and reduce cost.

h) Fair value of financial assets and financial liabilities

There is no material difference between the carrying value of the financial assets and liabilities, as shown in the Balance sheet, and their fair value.

i) Sensitivity analysis

As the sub-fund is not sophisticated and derivative instruments do not have a significant impact in the sub-fund's operations, no sensitivity analysis has been presented.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (30 September 2010: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs	30.09.11 £'000	30.09.11 £'000
Purchases in the year before transaction costs		27,994
Commissions	34	
Other costs	116	
Total purchase costs		150
Gross purchase total		28,144
Analysis of total sale costs		
Gross sales in the year before transaction costs		41,403
Commissions	(48)	
Total sales costs		(48)
Total sales net of transaction costs		41,355

14 Unitholders' funds

The details of the unitholders' funds for the Skandia UK Unconstrained Fund are included on page 19 of the Notes to the aggregated financial statements.

The net asset value of the sub-fund, net asset value per unit and number of units in issue are given in the comparative table on page 148.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2011
 Group 2: Units purchased from 1 April 2011 to 30 September 2011

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.11 pence per unit	Distribution paid 30.11.10 pence per unit
Income Units				
Group 1	1.1559	-	1.1559	0.8870
Group 2	1.1559	0.0000	1.1559	0.8870
Accumulation Units				
Group 1	1.4218	-	1.4218	1.0714
Group 2	0.5972	0.8246	1.4218	1.0714

Interim distribution

Group 1: Units purchased prior to 1 October 2010
 Group 2: Units purchased from 1 October 2010 to 31 March 2011

	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.11 pence per unit	Distribution paid 31.05.10 pence per unit
Income Units				
Group 1	0.3647	-	0.3647	0.4814
Group 2	0.1283	0.2364	0.3647	0.4814
Accumulation Units				
Group 1	0.4464	-	0.4464	0.5773
Group 2	0.2459	0.2005	0.4464	0.5773

*Equalisation only applies to units purchased during the distribution period (Group 2 units). It is the average amount of revenue included in the purchase price of all Group 2 units and is refunded to holders of these units as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of units for capital gains tax purposes.