

Skandia MultiManager Trust

Annual Report and Financial Statements
For the year ended 30 September 2012

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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 Audit LLP
15 Canada Square
London
E14 5GL

Administrator

Citibank N.A.
London Branch
Citigroup Centre
Canada Square
Canary Wharf
London
EC14 5LB

Authorised and regulated by the Financial Services Authority.

Registrar

Citibank N.A.
London Branch
PO Box 27061
227 West George Street
Glasgow
G2 9GT

Authorised and regulated by the Financial Services Authority.

(Both the register of unitholders and the plan register can be inspected at the Registrar's Glasgow office at 145 St Vincent Street, 4th floor, G2 5JF)

Risk Monitoring Provider

Citibank N.A. London Branch
Citigroup Centre
Canada Square
Canary Wharf
London
EC14 5LB

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 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 2011 to 30 September 2012. 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").

Changes to the sub-funds

The only sub-funds that held income units were UK Equity Fund, UK Select Fund and the UK Unconstrained Fund. On 30 July 2012, a decision was made to close the income units on these sub-funds. As a result of these closures, this Fund no longer holds income units.

Fundamental changes

As a result of the sub-fund UK Equity Fund losing a significant portion of the assets, the decision has been made to close this sub-fund. The existing clients have all chosen to exit the sub-fund and it will be closed on 14 December 2012.

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

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

JE Millard
Director
Skandia Investment Management Limited

P J R Nathan
Director
Skandia Investment Management Limited

18 December 2012

18 December 2012

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 2012			30 September 2011		
	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
Skandia Ethical Fund - Accumulation	64,316,575	109,878,561	58.53p	£61,755,024	122,332,240	50.48p
Skandia Newton Managed Fund - Accumulation	321,992,282	412,590,355	78.04p	£316,664,746	461,851,258	68.56p
Skandia UK Equity Fund - Income*	-	-	-	£17,710	25,000	70.84p
Skandia UK Equity Fund - Accumulation	89,463,511	89,093,146	100.42p	£100,933,772	115,520,774	87.37p
Skandia UK Index Fund - Accumulation	312,121,597	309,375,084	100.89p	£301,338,611	350,096,607	86.07p
Skandia UK Opportunities Fund - Accumulation	119,570,839	193,628,130	61.75p	£84,494,033	180,613,704	46.78p
Skandia UK Select Fund - Income*	-	-	-	£14,871	25,000	59.48p
Skandia UK Select Fund - Accumulation	154,845,064	161,146,298	96.09p	£153,212,746	191,081,577	80.18p
Skandia UK Unconstrained Fund - Income*	-	-	-	£15,660	25,000	62.64p
Skandia UK Unconstrained Fund - Accumulation	141,966,146	158,183,284	89.75p	£135,062,430	175,295,849	77.05p

* closed on 30 July 2012

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 2011 to 30 September 2012

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
18 December 2012

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 2012 which comprise the Aggregated Statement of Total Return, the Aggregated Statement of Change in Unitholders' Fund, 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 the 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 2012 and of its net revenue and net capital gains 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

18 December 2012

Aggregated statement of total return

for the year from 1 October 2011 to 30 September 2012

		01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
	Notes				
Income					
Net capital gains/(losses)	2		170,518		(71,380)
Revenue	3	38,313		39,962	
Expenses	4	(13,940)		(15,774)	
Finance costs: Interest	6	(1)		(1)	
Net revenue before taxation		24,372		24,187	
Taxation	5	(588)		(325)	
Net revenue after taxation			23,784		23,862
Total return before distributions			194,302		(47,518)
Finance costs: Distributions	6		(28,360)		(28,280)
Change in unitholders' funds from investment activities			165,942		(75,798)

Aggregated statement of change in unitholders' funds

for the year from 1 October 2011 to 30 September 2012

	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Opening net assets attributable to unitholders		1,153,510		1,407,120
Amounts received on issue of units	46,965		70,711	
Amounts paid on cancellation of units	(189,388)		(256,352)	
Transfer of assets to Skandia Global Equity Income Fund on 30 June 2011	-		(18,602)	
		(142,423)		(204,243)
Stamp duty reserve tax		(129)		(148)
Change in unitholders' funds from investment activities		165,942		(75,798)
Retained distribution on accumulation units		27,377		26,579
Closing net assets attributable to unitholders		1,204,277		1,153,510

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

Aggregated balance sheet

as at 30 September 2012

	Notes	30.09.12 £'000	30.09.12 £'000	30.09.11 £'000	30.09.11 £'000
Assets					
Investment assets			1,175,095		1,113,417
Debtors	7	6,247		6,686	
Cash and bank balances	8	44,265		39,183	
Total other assets			50,512		45,869
Total assets			1,225,607		1,159,286
Liabilities					
Investment liabilities			(74)		(253)
Creditors		(21,250)		(5,520)	
Bank overdrafts		(6)		(3)	
Total other liabilities			(21,256)		(5,523)
Total liabilities			(21,330)		(5,776)
Net assets attributable to unitholders			1,204,277		1,153,510

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 2011 to 30 September 2012

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 noon 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 noon 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 noon 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 gains/(losses)

The net gains/(losses) on investments comprise:

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Gains/(losses) on non-derivatives securities	174,355	(69,945)
Losses on currency contracts	(4,726)	(396)
Gains on derivative contracts	82	4
Gains/(losses) on forward currency contracts	930	(884)
Handling charges	(123)	(159)
Net capital gains/(losses) on investments	170,518	(71,380)

3 Revenue

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Bank and term deposit interest	70	57
Interest from overseas debt securities	1,413	1,384
Interest from UK debt securities	1,222	2,076
Taxable overseas dividends*	(7)	207
Non-taxable overseas dividends	6,406	6,217
UK dividends	28,897	28,766
UK stock dividends not distributed	-	928
UK REIT dividends	271	321
Unfranked distributions on Collective Investment Schemes	15	-
Miscellaneous income	26	-
Underwriting commission	-	6
Total revenue	38,313	39,962

* The 'Taxable overseas dividends' is negative as the result of a taxable currency loss arising from the receipt of non-taxable overseas dividends. This discrepancy, however, did not affect the total revenue received.

Notes to the aggregated financial statements (continued)

4 Expenses

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Payable to the Manager, associates of the Manager, and the agents of either of them:		
Manager's periodic charge	12,554	14,260
	12,554	14,260
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	113	91
Trustee's fees	153	208
	266	299
Other expenses:		
Additional termination charge	-	6
Administration fees	675	758
ADR charges	1	1
Audit fees*	55	55
FT Publication fees	2	-
Investment adviser fees	300	337
Legal fees	26	17
Registration fees	1	1
Risk & compliance monitoring fees	14	11
Screening fees	42	42
Subsidised fees	-	(13)
Sundry fees	4	-
	1,120	1,215
Total expenses	13,940	15,774

*The Audit fee for the year, excluding VAT, was £44,783 (30 September 2011: £43,650).

Notes to the aggregated financial statements (continued)

5 Taxation

Analysis of tax charge in the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Overseas tax suffered	588	325
Total current tax charge for the year	588	325
Deferred tax charge for the year	-	-
Total taxation for the year	588	325

Corporation tax has been provided for at a rate of 20% (30 September 2011: 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:

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Interim (31 March)	12,061	10,305
Special (30 June)*	-	275
Final (30 September)	15,315	16,721
	27,376	27,301
Revenue deducted on cancellation of units	1,197	1,509
Revenue received on issue of units	(213)	(530)
Finance costs: Distributions	28,360	28,280
Finance costs: Interest	1	1
Total finance costs	28,361	28,281
Reconciliation of distributions:		
Net revenue after taxation	23,784	23,862
Amounts transferred to Skandia Global Equity Income Fund	-	(6)
Capitalised fees	4,603	5,363
Revenue deficit carried forward	22	43
Tax relief on capitalised fees	(49)	(54)
UK stock dividends not distributed	-	(928)
Finance costs: Distributions	28,360	28,280

*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

	30.09.12	30.09.11
	£'000	£'000
Accrued revenue	3,936	4,201
Amounts receivable for issue of units	618	325
Currency contracts receivable	3	-
Income tax recoverable	5	-
Overseas tax recoverable	586	506
Prepaid expenses	8	-
Sales awaiting settlement	1,091	1,654
Total debtors	6,247	6,686

8 Cash and bank balances

	30.09.12	30.09.11
	£'000	£'000
Amounts held at futures clearing houses and brokers	197	364
Cash and bank balances	44,068	38,819
Total cash and bank balances	44,265	39,183

9 Creditors

	30.09.12	30.09.11
	£'000	£'000
Accrued expenses	333	193
Accrued Investment Advisor's fees	1	-
Accrued Manager's periodic charge	2,073	1,016
Accrued Trustee's fees	24	12
Amounts payable for cancellation of units	4,183	1,251
Currency contracts payable	-	8
Purchases awaiting settlement	14,636	3,040
Total creditors	21,250	5,520

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 unitholders' funds 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, 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 2012, the Fund held a total of 3,168,426 Royal Bank of Scotland Plc shares with a market value of £8,111,169 (30 September 2011: £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 2012, the sub-funds held a total of 883,429 Old Mutual Plc shares with a market value of £1,515,081 (30 September 2011: £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.

i) 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

The Trust Deed constituting the Trust allows the issue of both income and accumulation units. Currently, only accumulation units are available for each sub-fund. 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:

	30.09.12	30.09.11
Ethical Fund – Accumulation units	1.25%	1.25%
Skandia Newton Managed Fund – Accumulation units	1.50%	1.50%
UK Equity Fund – Accumulation units	1.50%	1.50%
UK Index Fund – Accumulation units	0.40%	0.40%
UK Opportunities Fund – Accumulation units	1.00%	1.00%
UK Select Fund – Accumulation units	1.00%	1.00%
UK Unconstrained Fund – Accumulation units	1.00%	1.00%

The distribution per unit class is given in the distribution table for each sub-fund.

15 Post balance sheet event

As a result of the sub-fund UK Equity Fund losing a significant portion of the assets, the decision has been made to close this sub-fund. The existing clients have all chosen to exit the sub-fund and it will be closed on 14 December 2012.

Ethical Fund

Launch date	23 September 2005
Sector classification	Global Growth
Investment adviser	Impax Asset Management Limited
Net asset value	£64,316,575

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
30.09.10			
Accumulation	£71,929,763	127,788,580	56.29p
30.09.11			
Accumulation	£61,755,024	122,332,240	50.48p
30.09.12			
Accumulation	£64,316,575	109,878,561	58.53p

Comparative table

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

Calendar year	Highest price	Lowest price
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	48.68p
2012*		
Accumulation	61.85p	54.46p

* to 30 September

Income (Net Accumulations)

Calendar year	Pence per unit
2007	
Accumulation	0.3570
2008	
Accumulation	0.5957
2009	
Accumulation	0.5655
2010	
Accumulation	0.3058
2011	
Accumulation	0.0000**
2012*	
Accumulation	0.0000**

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.

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

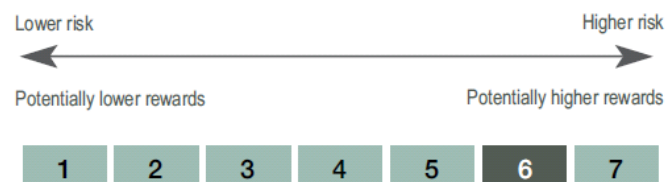
** for the period under review, the expenses exceeded revenue and therefore there is no revenue available to accumulate within this sub-fund.

Investment Manager's review

Despite spells of volatility, financial markets produced solid gains over the period against a backdrop of generally positive corporate news. However, markets were subject to periodic setbacks, particularly after the new year, as investors became concerned that the recoveries in the US, and later China, appeared to be losing momentum. This was due in part to the impact of the lingering uncertainty over the sovereign debt crisis in the euro zone. Despite some leading indicators pointing to price pressures down the road, inflation appeared to have peaked in most parts of the world, and an increasing number of central banks loosened monetary policy. This was the main factor behind a growing appetite for risk as the interval progressed. The US market was one of the best performers. UK equities also enjoyed strong gains over the twelve month interval, as investors took advantage of compelling valuations in the wake of earlier losses. European equity markets advanced over the period as well, with the markets benefiting from growing optimism that the euro zone debt situation could be managed. Tokyo's Topix was one of the few markets to end the period weaker (in local terms), hindered by the poor economy and the strength of the yen. Emerging market stocks ended higher overall, although periods of risk aversion led them to trail other regions for the year.

The Ethical Fund achieved a solid absolute return over the twelve months under review, but lagged the benchmark. Security selection overall was beneficial, but sector positioning was a net negative. Both stock picking and sector positioning in the industrials, materials and telecoms areas were productive for performance. Stock selection was also beneficial in consumer discretionary, despite the slightly unhelpful effect of being underweight the sector. The biggest detractors from performance were being very underweight in financials and healthcare (accompanied by unsuccessful stock selection in the latter case). A big overweight in utilities was also a significant negative for the portfolio despite the benefit derived from stock selection in the sector. At the country level, the sub-fund's overweights in China, Taiwan and the Philippines, as well as an underweight in Canada, all benefited the sub-fund's performance. But being overweight the UK and Austria plus underweight the US all detracted.

Risk and Reward Profile



The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the Fund. The risk category shown is not guaranteed and may change over time. A category 1 fund is not a risk-free investment - the risk of losing your money is small, but the chance of making gains is also limited. With a category 7 fund, the risk of losing your money is high but there is also a chance of making high gains. The seven-category scale is complex, for example, 2 is not twice as risky as 1.

This sub-fund is in category 6 as it invests globally in equity securities; these investments have additional risks as listed below. These factors may increase the value of the investments or expose the sub-fund to losses.

Strategy risk - the Fund invests in sectors and companies using an ethical investment strategy. This means the range of the Fund's investments may be more restrictive, and consequently the Fund may be less diversified than other investment funds.

Investment risk - the Fund invests in securities globally, and share prices can rise or fall due to a number of factors affecting global stock markets.

Emerging markets risk - less developed countries may face more political, economic or structural challenges than developed countries.

Derivative risk - the use of derivatives may result in gains or losses that are greater than the original amount invested. Derivatives also involve counterparty risk the risk to each party of a contract that the other party will not meet its contractual obligations.

Currency risk - the Fund is denominated in Sterling but holds assets denominated in other currencies. The value of your shares may rise and fall as a result of exchange rate movements between these currencies.

For full details of the Fund's risks, please refer to the "Risks" section of the prospectus.

Asset allocation

North American Equities	42.00%
Asia Pacific (Excluding Japan) Equities	18.53%
European Equities	15.98%
UK Equities	14.73%
Japan Equities	8.16%
Net other assets	0.60%
Total	100.00%

Portfolio allocation

United Kingdom:

Gas, Water & Multiutilities	6.08%
Industrial Engineering	5.70%
Software & Computer Services	1.94%
Support Services	1.01%

Overseas:

United States of America Equities	42.00%
Japan Equities	8.16%
Hong Kong Equities	7.29%
Germany Equities	5.65%
France Equities	4.44%
China Equities	4.27%
Taiwan Equities	3.17%
Ireland Equities	2.30%
Singapore Equities	2.18%
Switzerland Equities	2.11%
Philippines Equities	1.62%
Netherlands Equities	1.48%
Net other assets	0.60%

Total 100.00%

Major holdings

Percentage of portfolio

ENN Energy	4.27%
Xylem	4.12%
American Water Works	4.08%
Hubbell	3.88%
GEA	3.55%
Johnson Controls	3.48%
Watts Water Technologies 'A' Shares	3.48%
Republic Services	3.43%
Pennon	3.41%
Legrand	3.37%

Number of holdings 41

Ongoing charges figures (OCF)*

30.09.12 1.95%

*The on-going charges figure is the ratio of the sub-fund's ongoing charges to the average net-assets of the sub-fund.

There are no prior period comparatives as this is a new measure.

All information is at 30 September 2012 unless otherwise stated.

Portfolio Statement

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 14.73% (30 September 2011 13.16%)		
	United Kingdom Equities 14.73% (30 September 2011 13.16%)		
	Electronic & Electrical Equipment 0.00% (30 September 2011 2.25%)		
	Gas, Water & Multiutilities 6.08% (30 September 2011 3.83%)		
300,088	Pennon	2,195	3.41
238,487	United Utilities	1,715	2.67
		3,910	6.08
	Industrial Engineering 5.70% (30 September 2011 5.81%)		
238,393	IMI	2,145	3.34
72,107	Spirax-Sarco	1,519	2.36
		3,664	5.70
	Software & Computer Services 1.94% (30 September 2011 2.02%)		
530,950	Invensys	1,249	1.94
	Support Services 1.01% (30 September 2011 1.27%)		
264,938	RPS	650	1.01
	Overseas 84.67% (30 September 2011 85.33%)		
	Europe 15.98% (30 September 2011 28.48%)		
	Europe Equities 15.98% (30 September 2011 28.48%)		
	Austria Equities 0.00% (30 September 2011 3.68%)		
	Belgium Equities 0.00% (30 September 2011 0.93%)		
	France Equities 4.44% (30 September 2011 6.58%)		
92,114	Legrand	2,171	3.37
96,945	Suez Environnement	687	1.07
		2,858	4.44
	Germany Equities 5.65% (30 September 2011 6.45%)		
120,578	GEA	2,288	3.55
340,803	Infineon Technologies	1,348	2.10
		3,636	5.65
	Ireland Equities 2.30% (30 September 2011 2.01%)		
234,927	Kingspan	1,482	2.30
	Italy Equities 0.00% (30 September 2011 1.42%)		
	Netherlands Equities 1.48% (30 September 2011 1.12%)		
57,700	Imtech	951	1.48

Portfolio Statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Portugal Equities 0.00% (30 September 2011 1.10%)		
	Spain Equities 0.00% (30 September 2011 2.43%)		
	Switzerland Equities 2.11% (30 September 2011 2.76%)		
115,241	ABB	1,360	2.11
	Asia Pacific (Excluding Japan) 18.53% (30 September 2011 14.57%)		
	Asia Pacific (Excluding Japan) Equities 18.53% (30 September 2011 14.57%)		
	China Equities 4.27% (30 September 2011 2.33%)		
1,060,000	ENN Energy	2,744	4.27
	Hong Kong Equities 7.29% (30 September 2011 6.00%)		
5,367,000	China Everbright International	1,745	2.71
5,120,000	Lee & Man Paper Manufacturing	1,387	2.16
5,834,000	Sound Global	1,557	2.42
		4,689	7.29
	Philippines Equities 1.62% (30 September 2011 1.18%)		
2,619,500	Manila Water	1,040	1.62
	Singapore Equities 2.18% (30 September 2011 0.88%)		
1,976,500	Hyflux	1,399	2.18
	Taiwan Equities 3.17% (30 September 2011 3.34%)		
375,300	Delta Electronics	894	1.39
866,000	Epistar	1,142	1.78
		2,036	3.17
	Japan 8.16% (30 September 2011 8.49%)		
	Japan Equities 8.16% (30 September 2011 8.49%)		
	Japan Equities 8.16% (30 September 2011 8.49%)		
115,800	Daiseiki	1,116	1.74
72,700	Horiba	1,326	2.06
60,400	Kurita Water Industries	829	1.29
16,400	Rinnai	758	1.18
12,200	SMC	1,217	1.89
		5,246	8.16
	North America 42.00% (30 September 2011 33.79%)		
	North America Equities 42.00% (30 September 2011 33.79%)		
	United States of America Equities 42.00% (30 September 2011 33.79%)		
115,300	American Water Works	2,626	4.08
28,900	Chart Industries	1,324	2.06
78,500	Clarcor	2,155	3.35
35,700	Delphi	689	1.07

Portfolio Statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
United States of America Equities (continued)			
42,600	Franklin Electric	1,599	2.49
50,700	Hubbell	2,497	3.88
50,200	Itron	1,334	2.07
131,400	Johnson Controls	2,241	3.48
115,600	LKQ	1,345	2.09
103,200	MasTec	1,287	2.00
61,300	Power Integrations	1,173	1.82
130,700	Republic Services	2,206	3.43
29,900	Stericycle	1,662	2.58
95,700	Watts Water Technologies 'A' Shares	2,241	3.48
169,200	Xylem	2,641	4.12
		27,020	42.00
Investment assets		63,934	99.40
Net other assets		383	0.60
Total net assets		64,317	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 2011 to 30 September 2012

	Notes	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Income					
Net capital gains/(losses)	2		9,681		(6,876)
Revenue	3	1,383		1,499	
Expenses	4	(1,292)		(1,444)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		91		55	
Taxation	5	(113)		(79)	
Net revenue after taxation			(22)		(24)
Total return before distributions			9,659		(6,900)
Finance costs: Distributions	6		-		-
Change in unitholders' funds from investment activities			9,659		(6,900)

Statement of change in unitholders' funds

for the year from 1 October 2011 to 30 September 2012

	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Opening net assets attributable to unitholders		61,755		71,930
Amounts received on issue of units	2,114		4,494	
Amounts paid on cancellation of units	(9,209)		(7,767)	
		(7,095)		(3,273)
Stamp duty reserve tax		(2)		(2)
Change in unitholders' funds from investment activities		9,659		(6,900)
Retained distribution on accumulation units		-		-
Closing net assets attributable to unitholders		64,317		61,755

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

Balance sheet

as at 30 September 2012

	Notes	30.09.12 £'000	30.09.12 £'000	30.09.11 £'000	30.09.11 £'000
Assets					
Investment assets			63,934		60,825
Debtors	7	341		362	
Cash and bank balances	8	318		777	
Total other assets			659		1,139
Total assets			64,593		61,964
Liabilities					
Creditors	9	(275)		(206)	
Bank overdrafts		(1)		(3)	
Total other liabilities			(276)		(209)
Total liabilities			(276)		(209)
Net assets attributable to unitholders			64,317		61,755

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 2011 to 30 September 2012

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 gains/(losses)

The net gains(losses) on investments comprise:

Gains/(losses) on non-derivatives securities

Losses on currency contracts

Losses on forward currency contracts

Handling charges

Net capital gains/(losses) on investments

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
11,361	(6,590)
(1,664)	(272)
(2)	-
(14)	(14)
9,681	(6,876)

3 Revenue

Non-taxable overseas dividends

UK dividends

UK stock dividends not distributed

Total revenue

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
1,072	1,257
311	223
-	19
1,383	1,499

Notes to the financial statements (continued)

4 Expenses

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Payable to the Manager, associates of the Manager, and the agents of either of them:		
Manager's periodic charge	833	936
	833	936
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	15	14
Trustee's fees	8	12
	23	26
Other expenses:		
Administration fees	76	93
Audit fees*	7	7
FT Publication fees	2	-
Investment adviser fees	300	337
Legal fees	6	1
Registration fees	1	1
Risk & compliance monitoring fees	2	1
Screening fees	42	42
	436	482
Total expenses	1,292	1,444

*The Audit fee for the year, excluding VAT, was £6,398 (30 September 2011: £6,381).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Overseas tax suffered	113	79
Total current tax charge for the year (see note 5(b))	113	79
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	113	79

b) Factors affecting current tax charge for the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:		
Net revenue before taxation	91	55
Corporation tax at 20% (30 September 2011: 20%)	18	11
Effects of:		
Excess management expenses for which no relief taken	257	289
Franked investment revenue at 20%	(61)	(45)
Non-taxable overseas dividends	(214)	(251)
Non-taxable stock dividends	-	(4)
Overseas tax suffered	-	79
Overseas tax irrecoverable	113	-
Total current tax charge for the year (see note 5 (a))	113	79

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

c) Movement in deferred tax

	01.10.11 to 30.09.12	01.10.10 to 30.09.11
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 2012 the sub-fund had surplus management expenses of £6,515,775 (30 September 2011: £5,230,504), 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

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:

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Interim (31 March)	-	-
Final (30 September)	-	-
Revenue deducted on cancellation of units	-	-
Revenue received on issue of units	-	-
Finance costs: Distributions	-	-
Finance costs: Interest	-	-
Total finance costs	-	-
Reconciliation of distributions:		
Net expense after taxation	(22)	(24)
Revenue deficit carried forward	22	43
UK stock dividends not distributed	-	(19)
Finance costs: Distributions	-	-

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

7 Debtors

	30.09.12 £'000	30.09.11 £'000
Accrued revenue	214	207
Amounts receivable for issue of units	82	88
Overseas tax recoverable	45	67
Total debtors	341	362

8 Cash and bank balances

	30.09.12 £'000	30.09.11 £'000
Cash and bank balances	318	777
Total cash and bank balances	318	777

Notes to the financial statements (continued)

9 Creditors

	30.09.12 £'000	30.09.11 £'000
Accrued expenses	71	52
Accrued Investment Advisor's fees	1	-
Accrued Manager's periodic charge	136	66
Accrued Trustee's fees	1	1
Amounts payable for cancellation of units	66	87
Total creditors	275	206

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 unitholders' funds 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, 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, 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.

Adheres 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

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 2012 (30 September 2011) 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	
	30.09.12	30.09.12	30.09.12	30.09.11	30.09.11	30.09.11
	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	-	-	-	-	531	531
Euro	11	8,927	8,938	47	15,334	15,381
Hong Kong Dollar	46	5,876	5,922	-	3,787	3,787
Japanese Yen	28	5,246	5,274	-	5,265	5,265
Norwegian Krone	55	-	55	-	56	56
Phillipine Peso	-	1,040	1,040	-	736	736
Singapore Dollar	-	2,956	2,956	-	1,651	1,651
Swiss Franc	-	1,360	1,360	10	1,707	1,717
Taiwan Dollar	-	2,036	2,036	-	2,064	2,064
US Dollar	39	27,020	27,059	(3)	21,177	21,174
Total	179	54,461	54,640	54	52,308	52,362

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 2012 (30 September 2011) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest	Total
30.09.12				
Euro	-	-	8,938	8,938
Hong Kong Dollar	-	-	5,922	5,922
Japanese Yen	-	-	5,274	5,274
Norwegian Krone	22	-	33	55
Phillipine Peso	-	-	1,040	1,040
Singapore Dollar	-	-	2,956	2,956
Sterling	296	-	9,656	9,952
Swiss Franc	-	-	1,360	1,360
Taiwan Dollar	-	-	2,036	2,036
US Dollar	-	-	27,060	27,060
Total	318	-	64,275	64,593

	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest	Total
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 Krone	-	-	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

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.12			
Sterling	-	(275)	(275)
US Dollar	(1)	-	(1)
Total	(1)	(276)	(276)

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

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. The 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-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.

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.

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 2011: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs

	30.09.12 £'000	30.09.12 £'000
Purchases in the year before transaction costs		40,770
Commissions	36	
Other costs	30	
Total purchase costs		66
Gross purchases total		40,836

Analysis of total sale costs

Gross sales in the year before transaction costs		51,600
Commissions	(64)	
Other costs	(9)	
Total sale costs		(73)
Total sales net of transaction costs		51,527

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 2012
 Group 2 : Units purchased from 1 April 2012 to 30 September 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.12 pence per unit**	Distribution paid 30.11.11 pence per unit**
Accumulation Units				
Group 1	0.0000	-	0.0000	0.0000
Group 2	0.0000	0.0000	0.0000	0.0000

Interim distribution

Group 1: Units purchased prior to 1 October 2011
 Group 2 : Units purchased from 1 October 2011 to 31 March 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 31.05.12 pence per unit**	Distribution paid 31.05.11 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 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 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	£321,992,282

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
30.09.10			
Accumulation	£381,857,275	528,620,309	72.24p
30.09.11			
Accumulation	£316,664,746	461,851,258	68.56p
30.09.12			
Accumulation	£321,992,282	412,590,355	78.04p

Comparative table

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

Calendar year	Highest price	Lowest price
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	66.90p
2012*		
Accumulation	78.23p	71.20p

* to 30 September

Income (Net Accumulations)

Calendar year	Pence per unit
2007	
Accumulation	0.9237
2008	
Accumulation	1.1641
2009	
Accumulation	1.2802
2010	
Accumulation	1.1880
2011	
Accumulation	1.1078
2012*	
Accumulation	1.0051

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

Income

The interim distribution paid on 31 May 2012 was 0.3802 pence per accumulation unit. The final distribution payable on 30 November 2012 is 0.6249 pence per accumulation unit.

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

Investment Manager's review

Despite spells of volatility, financial markets produced solid gains over the period against a backdrop of generally positive corporate news. However, markets were subject to periodic setbacks, particularly after the new year, as investors became concerned that the recoveries in the US and later China appeared to be losing momentum, in part because of the impact of the lingering uncertainty over the sovereign debt crisis in the euro zone. Despite some leading indicators pointing to price pressures down the road, inflation appeared to have peaked in most parts of the world, and an increasing number of central banks loosened monetary policy. This was the main factor behind a growing appetite for risk as the interval progressed. The US market was one of the best performers. UK equities also enjoyed strong gains over the twelve month interval, as investors took advantage of compelling valuations in the wake of earlier losses. European equity markets advanced over the period as well, with the markets benefiting from growing optimism that the euro zone debt situation could be managed. Tokyo's Topix was one of the few markets to end the period weaker (in local terms), hindered by the poor economy and the strength of the yen. Emerging market stocks ended higher overall, although periods of risk aversion led them to trail other regions for the year.

UK government bonds (gilts) remained strong over the twelve-month period, with yields staying near historic lows, as concerns over the global recovery became more pronounced in the new year, which continued to help gilts benefit from their perceived safe haven appeal. Nevertheless, generally positive corporate earnings and balance sheets also served to support corporate bonds as well.

Against this backdrop, the Newton Managed Fund recorded a strong absolute return for the period, but trailed the benchmark. Stock selection overall benefited performance, but sector allocations were a small negative. Stock picking in the oil & gas, basic materials and telecom sectors (where the holding in Sprint Nextel was the single biggest contributor) were especially fruitful, but selection among both consumer goods and consumer services, as well as technology detracted from returns.

Risk and Reward Profile



The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the Fund. The risk category shown is not guaranteed and may change over time. A category 1 fund is not a risk-free investment - the risk of losing your money is small, but the chance of making gains is also limited. With a category 7 fund, the risk of losing your money is high but there is also a chance of making high gains. The seven-category scale is complex, for example, 2 is not twice as risky as 1.

This sub-fund is in category 6 as it invests in both equity and debt securities; these investments have additional risks as listed below. These factors may increase the value of the investments or expose this sub-fund to losses.

Investment risk - the Fund invests in equity securities, and share prices can rise or fall due to a number of factors affecting global stock markets.

Interest rate risk - changes in market interest rates will affect the value of debt securities held by the Fund. Generally, the market value of debt securities decreases when interest rates rise and increases when interest rates fall.

Credit risk - if any of the companies or governments issuing the debt securities becomes insolvent or experiences financial or economic difficulties, this may affect the value of the relevant securities, which may in turn affect the value of your investment.

Derivative risk - derivatives involve counterparty risk - the risk to each party of a contract that the other party will not meet its contractual obligations.

Currency risk - the Fund is denominated in British Pounds but may hold assets denominated in other currencies. The value of your units may rise and fall as a result of exchange rate movements between these currencies.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Asset allocation

UK Equities	28.16%
UK Debt Securities	24.70%
America Equities	15.64%
Europe Equities	14.24%
Asia Pacific (Excluding Japan) Equities	3.41%
Europe Debt Securities	3.21%
Japan Equities	3.03%
North America Debt Securities	1.62%
Africa Equities	0.76%
Asia Pacific (Excluding Japan) Debt Securities	0.22%
UK Derivatives	0.05%
Net other assets	4.96%
Total	100.00%

Portfolio allocation

United Kingdom:

United Kingdom Fixed Rate Government Bonds	17.78%
United Kingdom Fixed Rate Corporate Bonds	4.07%
Oil & Gas Producers	3.84%
Pharmaceuticals & Biotechnology	3.24%
Support Services	2.74%
Media	2.16%
Food & Drug Retailers	1.93%
United Kingdom Variable Rate Corporate Bonds	1.92%
Tobacco	1.67%
Mining	1.62%
Banks	1.48%
Gas, Water & Multiutilities	1.18%
Food Producers	1.16%
Fixed Line Telecommunications	1.12%
Aerospace & Defence	1.11%
Life Insurance	1.10%
United Kingdom Index-Linked Government Bonds	0.93%
Electricity	0.89%
Mobile Telecommunications	0.80%
General Retailers	0.62%
General Industrials	0.51%
Chemicals	0.50%
Travel & Leisure	0.49%
Sterling Open Forward Exchange Contracts	0.05%

Overseas:

United States of America Equities	11.89%
Switzerland Equities	4.74%
France Equities	3.86%
Canada Equities	3.37%
Japan Equities	3.03%
Norway Fixed Rate Government Bonds	2.48%
Germany Equities	2.45%
Hong Kong Equities	2.17%
United States of America Fixed Rate Government Bonds	1.28%
Ireland Equities	0.89%

Portfolio allocation (continued)
Overseas:

South Africa Equities	0.76%
Thailand Equities	0.67%
Belgium Equities	0.63%
Norway Equities	0.60%
Luxembourg Equities	0.59%
Australia Equities	0.57%
Sweden Equities	0.46%
Mexico Equities	0.38%
United States of America Variable Rate Corporate Bonds	0.34%
Germany Fixed Rate Corporate Bonds	0.28%
Ireland Fixed Rate Corporate Bonds	0.27%
Australia Fixed Rate Corporate Bonds	0.22%
Luxembourg Fixed Rate Corporate Bonds	0.18%
Italy Equities	0.02%
Net other assets	4.96%

Total **100.00%**

Major holdings	Percentage of portfolio
Treasury 0% Bill 19/11/2012	8.18
Treasury 0% Bill 01/10/2012	3.73
Treasury 0% Bill 12/03/2013	3.72
GlaxoSmithKline	2.92
Norway (Kingdom of) Government Bond 3.75% 25/05/2021	2.48
Bayer	2.45
BP	1.98
Tesco	1.93
British American Tobacco	1.67
Syngenta	1.66

Ongoing charges figures (OCF)*

30.09.12 1.58%

*The on-going charges figure is the ratio of the sub-fund's ongoing charges to the average net-assets of the sub-fund.

There are no prior period comparatives as this is a new measure.

All information is at 30 September 2012 unless otherwise stated.

Portfolio statement

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
United Kingdom 52.91% (30 September 2011 46.64%)			
United Kingdom Debt Securities 24.70% (30 September 2011 14.08%)			
United Kingdom Fixed Rate Government Bonds 17.78% (30 September 2011 8.23%)			
£1,360,000	Treasury 4.5% Gilt 07/09/2034	1,757	0.55
£12,000,000	Treasury 0% Bill 01/10/2012	12,000	3.73
£26,390,000	Treasury 0% Bill 19/11/2012	26,376	8.18
£12,000,000	Treasury 0% Bill 12/03/2013	11,983	3.72
£3,850,000	Treasury 4.75% 07/12/2030	5,156	1.60
		57,272	17.78
United Kingdom Index-Linked Government Bonds 0.93% (30 September 2011 0.50%)			
£2,440,000	Treasury Inflation Linked 0.625% 22/03/2040	2,987	0.93
United Kingdom Fixed Rate Corporate Bonds 4.07% (30 September 2011 3.23%)			
\$2,000,000	BAT International Finance 8.125% 15/11/2013	1,330	0.42
£1,000,000	Boparan Finance 9.875% 30/04/2018	1,062	0.33
£1,235,000	Coventry Building Society 5.875% Guaranteed Senior Medium Term Bond 28/09/2022	1,373	0.43
£535,000	Daily Mail & General Trust 5.75% Bonds 07/12/2018	564	0.18
£160,000	Daily Mail & General Trust 7.5% Bonds 29/03/2013	164	0.05
£1,291,000	Direct TV 4.375% Guaranteed Senior Notes 14/09/2029	1,296	0.40
£247,000	Imperial Tobacco Finance 6.25% European Medium Term Notes 04/12/2018	296	0.09
£800,000	Imperial Tobacco Finance 8.125% Guaranteed European Medium Term Bonds 15/03/2024	1,105	0.34
€1,040,000	International Personal Finance 11.5% Guaranteed Senior European Medium Term Notes 06/08/2015	914	0.28
£1,200,000	National Grid Electricity Transmission 5.875% 02/02/2024	1,491	0.46
£555,000	Nationwide Building Society 5.625% Medium Term Notes 09/09/2019	651	0.20
£1,532,000	Tesco Property Finance 3 5.744% Guaranteed Mortgage Backed Bonds 13/04/2040	1,688	0.52
£1,050,000	Virgin Media Secured Finance 8.875% Bonds 15/10/2019	1,181	0.37
		13,115	4.07
United Kingdom Variable Rate Corporate Bonds 1.92% (30 September 2011 2.12%)			
£746,000	BUPA Finance 6.125% Guaranteed Perpetual Subordinated Floating Rate Notes	658	0.20
£800,000	Co-Operative Bank 5.75% Variable European Medium Term Notes 02/12/2024	672	0.21
£2,904,000	HSBC Bank Capital Funding 5.862% Guaranteed Perpetual Subordinated Floating Rate Notes	2,764	0.86
£1,350,000	Standard Chartered Bank 5.375% Perpetual Floating Rate Medium Term Notes	1,228	0.38
£1,040,000	Co-Operative Bank 5.625% Floating Rate Notes 16/11/2021	861	0.27
		6,183	1.92
United Kingdom Equities 28.16% (30 September 2011 32.40%)			
Aerospace & Defence 1.11% (30 September 2011 1.54%)			
742,245	BAE Systems	2,420	0.75
291,090	Meggitt	1,153	0.36
		3,573	1.11

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Banks 1.48% (30 September 2011 1.72%)		
338,826	Standard Chartered	4,757	1.48
	Beverages 0.00% (30 September 2011 0.41%)		
	Chemicals 0.50% (30 September 2011 0.41%)		
66,438	Johnson Matthey	1,606	0.50
	Electricity 0.89% (30 September 2011 1.37%)		
204,633	SSE	2,875	0.89
	Fixed Line Telecommunications 1.12% (30 September 2011 0.86%)		
9,981,090	Cable & Wireless Communications	3,622	1.12
	Food & Drug Retailers 1.93% (30 September 2011 2.80%)		
1,878,154	Tesco	6,216	1.93
	Food Producers 1.16% (30 September 2011 0.77%)		
163,543	Associated British Foods	2,121	0.66
71,331	Unilever	1,626	0.50
		3,747	1.16
	Gas, Water & Multiutilities 1.18% (30 September 2011 1.08%)		
1,145,588	Centrica	3,788	1.18
	General Financial 0.00% (30 September 2011 0.65%)		
	General Industrials 0.51% (30 September 2011 0.58%)		
160,056	Smiths	1,657	0.51
	General Retailers 0.62% (30 September 2011 0.88%)		
1,222,887	Carphone Warehouse	1,993	0.62
	Health Care Equipment & Services 0.00% (30 September 2011 0.91%)		
	Life Insurance 1.10% (30 September 2011 0.78%)		
441,606	Prudential	3,551	1.10
	Media 2.16% (30 September 2011 1.41%)		
989,882	Informa	3,991	1.24
499,696	Reed Elsevier	2,976	0.92
		6,967	2.16
	Mining 1.62% (30 September 2011 2.96%)		
105,643	Anglo American	1,918	0.60
169,485	BHP Billiton	3,286	1.02
		5,204	1.62
	Mobile Telecommunications 0.80% (30 September 2011 0.77%)		
1,461,446	Vodafone	2,588	0.80

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Oil & Gas Producers 3.84% (30 September 2011 4.57%)			
341,140	BG	4,292	1.33
1,447,553	BP	6,362	1.98
77,346	Royal Dutch Shell 'B' Shares	1,707	0.53
		12,361	3.84
Pharmaceuticals & Biotechnology 3.24% (30 September 2011 3.07%)			
653,103	GlaxoSmithKline	9,395	2.92
142,292	Hikma Pharmaceuticals	1,023	0.32
		10,418	3.24
Support Services 2.74% (30 September 2011 2.19%)			
239,467	Atkins	1,728	0.54
335,292	Bunzl	3,749	1.16
57,641	Intertek	1,579	0.49
66,172	Wolseley	1,761	0.55
		8,817	2.74
Tobacco 1.67% (30 September 2011 2.23%)			
168,170	British American Tobacco	5,389	1.67
Travel & Leisure 0.49% (30 September 2011 0.44%)			
69,143	Carnival	1,584	0.49
United Kingdom Derivatives 0.05% (30 September 2011 0.16%)			
Sterling Open Forward Exchange Contracts 0.05% (30 September 2011 0.16%)			
£5,985,179	Sterling vs Euro Forward Exchange Contract	(39)	(0.01)
£8,935,609	Sterling vs Swiss Franc Forward Exchange Contract	206	0.06
		167	0.05
Overseas 41.57% (30 September 2011 46.10%)			
Europe 17.45% (30 September 2011 19.63%)			
Europe Debt Securities 3.21% (30 September 2011 4.11%)			
Germany Fixed Rate Corporate Bond 0.28% (30 September 2011 0.25%)			
€1,000,000	HeidelbergCement Finance 7.5% Guaranteed Bonds 03/04/2020	889	0.28
Ireland Fixed Rate Corporate Bond 0.27% (30 September 2011 0.27%)			
€1,040,000	Smurfit Kappa Acquisitions 7.25% Senior Notes 15/11/2017	882	0.27
Luxembourg Fixed Rate Corporate Bonds 0.18% (30 September 2011 0.49%)			
€800,000	Wind Acquisition Finance 11.75% Notes 15/07/2017	585	0.18
Norway Fixed Rate Government Bonds 2.48% (30 September 2011 2.51%)			
NOK64,550,000	Norway (Kingdom of) 3.75% Bonds 25/05/2021	7,989	2.48
Spain Fixed Rate Corporate Bonds 0.00% (30 September 2011 0.33%)			

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Sweden Fixed Rate Corporate Bonds 0.00% (30 September 2011 0.26%)		
	Europe Equities 14.24% (30 September 2011 15.56%)		
	Belgium Equities 0.63% (30 September 2011 0.00%)		
37,836	Anheuser-Busch Inbev	2,017	0.63
	France Equities 3.86% (30 September 2011 3.79%)		
37,199	Air Liquide	2,895	0.90
61,896	Sanofi	3,350	1.04
73,861	Thales	1,579	0.49
147,430	Total	4,618	1.43
		12,442	3.86
	Germany Equities 2.45% (30 September 2011 1.86%)		
145,204	Bayer	7,892	2.45
	Greece Equities 0.00% (30 September 2011 0.30%)		
	Ireland Equities 0.89% (30 September 2011 0.65%)		
70,777	Accenture	2,857	0.89
	Italy Equities 0.02% (30 September 2011 0.45%)		
28,444	Amplifon	76	0.02
	Luxembourg Equities 0.59% (30 September 2011 0.70%)		
33,099	Millicom International Cellular	1,913	0.59
	Norway Equities 0.60% (30 September 2011 0.54%)		
251,039	DnB NOR Bank	1,914	0.60
	Spain Equities 0.00% (30 September 2011 0.44%)		
	Sweden Equities 0.46% (30 September 2011 0.51%)		
259,275	Ericsson	1,475	0.46
	Switzerland Equities 4.74% (30 September 2011 6.06%)		
54,395	Bank Sarasin	962	0.30
62,041	Nestlé	2,446	0.76
51,100	Novartis	1,944	0.60
38,917	Roche	4,546	1.42
22,860	Syngenta	5,356	1.66
		15,254	4.74
	Turkey Equities 0.00% (30 September 2011 0.26%)		
	European Derivatives 0.00% (30 September 2011 (0.04)%)		
	European Open Forward Exchange Contracts 0.00% (30 September 2011 (0.04)%)		
	Asia Pacific (Excluding Japan) 3.63% (30 September 2011 7.00%)		

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Asia Pacific (excluding Japan) Debt Securities 0.22% (30 September 2011 0.21%)		
	Australia Fixed Rate Corporate Bonds 0.22% (30 September 2011 0.21%)		
AUD865,000	Origin Energy 7.87% Bonds 16/6/2071	703	0.22
	Asia Pacific (excluding Japan) Equities 3.41% (30 September 2011 6.79%)		
	Australia Equities 0.57% (30 September 2011 1.40%)		
97,843	Newcrest Mining	1,827	0.57
	Hong Kong Equities 2.17% (30 September 2011 2.77%)		
679,400	AIA	1,556	0.48
807,000	Belle International	900	0.28
9,233,000	Gome Electrical	603	0.19
4,762,000	Huabao International	1,670	0.52
4,464,000	Shenguan	1,518	0.47
1,368,842	Yingde Gases	749	0.23
		6,996	2.17
	Singapore Equities 0.00% (30 September 2011 1.90%)		
	Thailand Equities 0.67% (30 September 2011 0.72%)		
535,800	Bangkok Bank (Alien Market)	2,161	0.67
	Japan 3.03% (30 September 2011 2.94%)		
	Japan Equities 3.03% (30 September 2011 2.94%)		
133,900	Asahi	2,046	0.64
101,400	Japan Tobacco	1,884	0.59
33,900	Sawai Pharmaceutical	2,444	0.76
139,900	Toyota Motor	3,373	1.04
		9,747	3.03
	America 17.26% (30 September 2011 15.70%)		
	North America Debt Securities 1.62% (30 September 2011 1.99%)		
	United States of America Fixed Rate Corporate Bonds 0.00% (30 September 2011 0.33%)		
	United States of America Fixed Rate Government Bonds 1.28% (30 September 2011 1.30%)		
\$5,000,000	US Treasury 4.375% Notes 15/11/2039	4,106	1.28
	United States of America Variable Rate Corporate Bonds 0.34% (30 September 2011 0.36%)		
€1,450,000	US Bank National 4.375% Subordinated Floating Rate Medium Term Notes 28/2/2017	1,099	0.34
	America Equities 15.64% (30 September 2011 13.71%)		
	North America Equities 15.64% (30 September 2011 12.96%)		

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Canada Equities 3.37% (30 September 2011 3.03%)			
125,228	Barrick Gold	3,236	1.00
116,006	Suncor Energy	2,368	0.74
443,817	Yamana Gold	5,240	1.63
		10,844	3.37
Mexico Equities 0.38% (30 September 2011 0.00%)			
147,355	Grupo Financiero Santander Mexico	1,222	0.38
United States of America Equities 11.89% (30 September 2011 9.93%)			
47,067	Abbott Laboratories	2,016	0.63
150,127	Altria	3,142	0.98
28,876	Ariba	798	0.25
41,422	Baker Hughes	1,172	0.36
290,952	Cisco Systems	3,376	1.06
59,537	Consol Energy	1,110	0.34
125,579	EMC	2,135	0.66
36,985	Express Scripts	1,469	0.46
39,779	Illinois Tool Works	1,454	0.45
265,297	Interpublic	1,805	0.56
34,431	LabCorp	1,948	0.60
123,165	Medtronic	3,306	1.03
115,815	Microsoft	2,159	0.67
151,840	Petroleo Brasileiro ADR (each representing 2 ordinary shares)	2,107	0.65
106,032	Principal Financial	1,764	0.55
1,518,993	Sprint Nextel	5,245	1.63
26,567	United Technologies	1,285	0.40
125,772	Xylem	1,964	0.61
		38,255	11.89
South America Equities 0.00% (30 September 2011 0.75%)			
Brazil Equities 0.00% (30 September 2011 0.75%)			
Africa 0.76% (30 September 2011 0.83%)			
Africa Equities 0.76% (30 September 2011 0.83%)			
South Africa Equities 0.76% (30 September 2011 0.83%)			
206,446	MTN	2,437	0.76
Investment assets*		306,019	95.04
Net other assets		15,973	4.96
Total net assets		321,992	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 2011 to 30 September 2012

	Notes	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Income					
Net capital gains/(losses)	2		37,279		(20,657)
Revenue	3	9,788		11,245	
Expenses	4	(5,063)		(5,771)	
Finance costs: Interest	6	(1)		-	
Net revenue before taxation		4,724		5,474	
Taxation	5	(357)		(113)	
Net revenue after taxation			4,367		5,361
Total return before distributions			41,646		(15,296)
Finance costs: Distributions	6		(4,367)		(5,361)
Change in unitholders' funds from investment activities			37,279		(20,657)

Statement of change in unitholders' funds

for the year from 1 October 2011 to 30 September 2012

	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Opening net assets attributable to unitholders		316,665		381,857
Amounts received on issue of units	7,763		11,618	
Amounts paid on cancellation of units	(43,937)		(61,348)	
		(36,174)		(49,730)
Stamp duty reserve tax		(13)		(16)
Change in unitholders' funds from investment activities		37,279		(20,657)
Retained distribution on accumulation units		4,235		5,211
Closing net assets attributable to unitholders		321,992		316,665

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

Balance sheet

as at 30 September 2012

	Notes	30.09.12 £'000	30.09.12 £'000	30.09.11 £'000	30.09.11 £'000
Assets					
Investment assets			306,058		293,787
Debtors	7	2,623		2,372	
Cash and bank balances	8	28,805		22,970	
Total other assets			31,428		25,342
Total assets			337,486		319,129
Liabilities					
Investment liabilities			(39)		(123)
Creditors	9	(15,455)		(2,341)	
Total other liabilities			(15,455)		(2,341)
Total liabilities			(15,494)		(2,464)
Net assets attributable to unitholders			321,992		316,665

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 2011 to 30 September 2012

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/(losses)

The net gains/(losses) on investments comprise:

Gains/(losses) on non-derivatives securities

Losses on currency contracts

Losses on derivative contracts

Gains/(losses) on forward currency contracts

Handling charges

Net capital gains/(losses) on investments

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
38,854	(19,476)
(2,288)	(151)
-	(1)
730	(1,005)
(17)	(24)
37,279	(20,657)

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

Total revenue

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
50	39
1,413	1,355
1,000	1,860
3,006	3,318
48	129
4,271	4,544
9,788	11,245

Notes to the financial statements (continued)

4 Expenses

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Payable to the Manager, associates of the Manager, and the agents of either of them:		
Manager's periodic charge	4,835	5,524
	4,835	5,524
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	39	45
Trustee's fees	41	54
	80	99
Other expenses:		
Administration fees	135	138
ADR charges	1	1
Audit fees*	8	7
Legal fees	3	1
Risk & compliance monitoring fees	1	1
	148	148
Total expenses	5,063	5,771

*The Audit fee for the year, excluding VAT, was £6,398 (30 September 2011: £5,595).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Overseas tax suffered	357	113
Total current tax charge for the year (see note 5(b))	357	113
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	357	113

b) Factors affecting current tax charge for the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:		
Net revenue before taxation	4,724	5,474
Corporation tax at 20% (30 September 2011: 20%)	945	1,095
Effects of:		
Excess management expenses for which no relief taken	511	474
Franked investment revenue at 20%	(854)	(909)
Movement in revenue taxable in different periods	2	-
Non-taxable overseas dividends	(601)	(660)
Overseas tax expensed	(3)	-
Overseas tax suffered	357	113
Total current tax charge for the year (see note 5 (a))	357	113

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

c) Movement in deferred tax

	01.10.11 to 30.09.12	01.10.10 to 30.09.11
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 2012 the sub-fund had surplus management expenses of £6,971,635 (30 September 2011: £4,375,257), 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

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:

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Interim (31 March)	1,657	1,583
Final (30 September)	2,578	3,628
	4,235	5,211
Revenue deducted on cancellation of units	162	198
Revenue received on issue of units	(30)	(48)
Finance costs: Distributions	4,367	5,361
Finance costs: Interest	1	-
Total finance costs	4,368	5,361
Reconciliation of distributions:		
Net revenue after taxation	4,367	5,361
Finance costs: Distributions	4,367	5,361

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

7 Debtors

	30.09.12 £'000	30.09.11 £'000
Accrued revenue	1,162	1,436
Amounts receivable for issue of units	172	-
Currency contracts receivable	3	-
Overseas tax recoverable	445	340
Prepaid expenses	8	-
Sales awaiting settlement	833	596
Total debtors	2,623	2,372

8 Cash and bank balances

	30.09.12 £'000	30.09.11 £'000
Cash and bank balances	28,805	22,970
Total cash and bank balances	28,805	22,970

Notes to the financial statements (continued)

9 Creditors

	30.09.12	30.09.11
	£'000	£'000
Accrued expenses	63	33
Accrued Manager's periodic charge	806	405
Accrued Trustee's fees	7	3
Amounts payable for cancellation of units	560	641
Currency contracts payable	-	8
Purchases awaiting settlement	14,019	1,251
Total creditors	15,455	2,341

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 unitholders' funds 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, 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 £28,231,473 (30 September 2011: £22,746,229).

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 2012 (30 September 2011) 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	
	30.09.12	30.09.12	30.09.12	30.09.11	30.09.11	30.09.11
	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	30	1,827	1,857	22	4,502	4,524
Brazilian Real	-	-	-	-	1,171	1,171
Canadian Dollar	-	7,608	7,608	-	7,267	7,267
China Yuan Renminbi	6	-	6	-	6	6
Euro	132	21,474	21,606	-	29,719	29,719
Hong Kong Dollar	34	6,996	7,030	-	8,800	8,800
Japanese Yen	61	9,747	9,807	-	9,370	9,370
Norwegian Krone	142	9,903	10,045	-	9,792	9,792
Singapore Dollar	-	-	-	-	6,006	6,006
South African Rand	4	2,437	2,441	-	2,619	2,619
Swedish Krona	-	3,388	3,388	-	3,840	3,840
Swiss Franc	324	6,524	6,848	-	19,868	19,868
Taiwan Dollar	-	-	-	2	-	2
Thailand Baht	-	2,161	2,161	-	2,296	2,296
US Dollar	(483)	51,007	50,524	-	43,518	43,518
Total	250	123,071	123,321	24	148,774	148,798

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 2012 (30 September 2011) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest	Total
30.09.12				
Australian Dollar	-	-	1,857	1,857
Canadian Dollar	-	-	7,608	7,608
China Yuan Renminbi	-	-	6	6
Euro	1,803	3,270	22,557	27,630
Hong Kong Dollar	-	-	7,030	7,030
Japanese Yen	-	-	9,807	9,807
Norwegian Krone	-	7,989	2,056	10,045
South African Rand	4	-	2,441	2,441
Sterling	34,913	71,129	106,501	212,543
Swedish Krona	-	-	3,397	3,397
Swiss Franc	-	-	15,578	15,578
Thailand Baht	-	-	2,161	2,161
US Dollar	71	5,435	46,583	52,089
Total	36,787	87,823	227,582	352,192

	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest	Total
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 Krone	-	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

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.12			
Euro	-	(6,024)	(6,024)
Swedish Krona	-	(9)	(9)
Swiss Franc	-	(8,730)	(8,730)
Sterling	-	(13,872)	(13,872)
US Dollar	-	(1,565)	(1,565)
Total	-	(30,200)	(30,200)

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

30.09.11	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Euro	-	(682)	(682)
Sterling	-	(1,659)	(1,659)
Swiss Franc	-	(123)	(123)
Total	-	(2,464)	(2,464)

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. The 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 2012 the sub-fund's exposure to credit risk is analysed as follows:

Analysis of bonds	£'000	%
Investment Grade	89,569	27.81
Below Investment Grade	5,327	1.66
Unrated	914	0.28
	95,810	29.75

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-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.

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 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 2011: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs

	30.09.12 £'000	30.09.12 £'000
Purchases in the year before transaction costs		160,783
Commissions	31	
Other costs	59	
Total purchase costs		90
Gross purchases total		160,873

Analysis of total sale costs

Gross sales in the year before transaction costs		77,779
Commissions	(91)	
Other costs	(6)	
Total sale costs		(97)
Total sales net of transaction costs		77,682

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 2012
 Group 2 : Units purchased from 1 April 2012 to 30 September 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.12 pence per unit	Distribution paid 30.11.11 pence per unit
Accumulation Units				
Group 1	0.6249	-	0.6249	0.7855
Group 2	0.1733	0.4516	0.6249	0.7855

Interim distribution

Group 1: Units purchased prior to 1 October 2011
 Group 2 : Units purchased from 1 October 2011 to 31 March 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.12 pence per unit	Distribution paid 31.05.11 pence per unit
Accumulation Units				
Group 1	0.3802	-	0.3802	0.3223
Group 2	0.2131	0.1671	0.3802	0.3223

* Equalisation only applies to units purchased during the 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 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	£89,463,511

Fundamental changes

As a result of the sub-fund UK Equity Fund losing a significant portion of the assets, the decision has been made to close this sub-fund. The existing clients have all chosen to exit the sub-fund and it will be closed on 14 December 2012.

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
30.09.10			
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
30.09.12			
Income*	-	-	-
Accumulation	£89,463,511	89,093,146	100.42p

* closed on 30 July 2012

Comparative table

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

Calendar year	Highest price	Lowest price
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	67.56
Accumulation	107.80p	84.58p
2012*		
Income	83.19p	74.18p
Accumulation	104.20 p	93.82p

* to 30 September

Income (Net Distributions/Accumulations)

Calendar year	Pence per unit
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
2012*	
Income	1.0347
Accumulation	2.5174

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

Income

The interim distribution paid on 31 May 2012 was 1.0347 pence per distribution unit and 1.2954 pence per accumulation unit. The final distribution payable on 30 November 2012 is 1.2220 pence per accumulation unit.

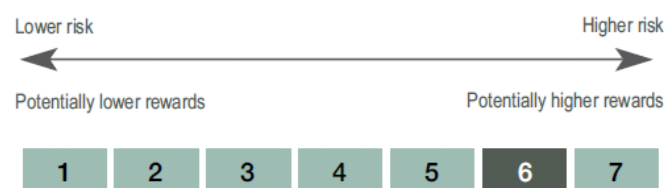
Any revenue available is distributed semi-annually on 31 May and 30 November.

Investment Manager's review

UK equities achieved big gains over the 12 months to the end of September, albeit in intermittently rocky trading conditions. Markets were subject to periodic setbacks amid bouts of risk aversion, due to investor nervousness about European sovereign debt and increasing concerns over global growth. More defensive areas, such as healthcare, consumer staples and mega cap stocks tended to outperform during these more bearish intervals. However, for much of the period very attractive stock prices drew investors back to equities, and during these times of increased risk appetite more cyclical sectors and medium cap stocks rebounded and outperformed the market.

Despite having a substantial absolute gain over the reporting year, the UK Equity Fund (managed by Kames Capital) trailed the benchmark over the 12 months. Sector positioning benefited performance overall, but the net impact of stock selection was significantly negative, despite the beneficial impact of stock picking in technology, insurance and retail (sector positioning in these areas was also positive). However, this was more than offset by the negative impact of stock selection in food & beverages, utilities, banks, telecoms and healthcare. At the company level, overweights in Ashted Group and Telecity Group were big contributors to relative returns, but an overweight in Shire and not holding Diageo were the most significant detractors.

Risk and Reward Profile



The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the Fund. The risk category shown is not guaranteed and may change over time. A category 1 fund is not a risk-free investment - the risk of losing your money is small, but the chance of making gains is also limited. With a category 7 fund, the risk of losing your money is high but there is also a chance of making high gains. The seven-category scale is complex, for example, 2 is not twice as risky as 1.

This sub-fund is in category 6 as it invests in UK equity securities; these investments have additional risks as listed below. These factors may increase the value of the investments or expose this unit sub-fund to losses.

Concentration risk - the Fund's investments are concentrated in the UK. This means the Fund's investments may become more susceptible to fluctuations in value resulting from adverse economic or business conditions in the UK.

Investment risk - the Fund invests in UK securities, and share prices can rise or fall due to a number of factors affecting global stock markets.

Derivative risk - the use of derivatives may result in gains or losses that are greater than the original amount invested. Derivatives also involve counterparty risk - the risk to each party of a contract that the other party will not meet its contractual obligations.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Asset allocation

UK Equities	94.86%
Net other assets	5.14%
Total	100.00%

Portfolio allocation

United Kingdom:

Oil & Gas Producers	14.23%
Pharmaceuticals & Biotechnology	10.71%
Tobacco	7.64%
Mining	7.46%
Media	6.33%
Support Services	6.25%
Banks	5.84%
Technology	5.06%
Industrial Engineering	4.14%
Life Insurance	3.93%
Mobile Telecommunications	3.63%
Aerospace & Defence	3.49%
Food & Drug Retailers	2.31%
Food Producers	2.25%
General Retailers	2.17%
Chemicals	1.90%
General Financial	1.76%
Household Goods	1.58%
Electronic & Electrical Equipment	1.21%
Electricity	1.05%
Personal Goods	1.00%
Financial Services	0.92%

Net other assets	5.14%
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Total	100.00%
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Major holdings

Major holdings	Percentage of portfolio
GlaxoSmithKline	6.00%
British American Tobacco	5.55%
Rio Tinto	4.78%
BG	4.28%
Prudential	3.93%
Vodafone	3.63%
Rolls-Royce	3.49%
Telecity	3.38%
Petrofac	3.13%
HSBC	3.11%

Number of holdings	44
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Ongoing charges figures (OCF)*

30.09.12	1.61%
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*The on-going charges figure is the ratio of the sub-fund's ongoing charges to the average net-assets of the sub-fund.

There are no prior period comparatives as this is a new measure.

All information is at 30 September 2012 unless otherwise stated.

Portfolio statement

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 94.86% (30 September 2011 98.09%)		
	United Kingdom Equities 94.86% (30 September 2011 98.09%)		
	Aerospace & Defence 3.49% (30 September 2011 2.31%)		
368,947	Rolls-Royce	3,125	3.49
	Banks 5.84% (30 September 2011 3.79%)		
609,050	Barclays	1,320	1.48
483,127	HSBC	2,784	3.11
437,829	Royal Bank of Scotland	1,121	1.25
		5,225	5.84
	Basic Materials 0.00% (30 September 2011 1.46%)		
	Chemicals 1.90% (30 September 2011 0.00%)		
128,101	Victrex	1,704	1.90
	Electricity 1.05% (30 September 2011 3.10%)		
131,192	Andor Technology	498	0.56
101,754	KSK Power	438	0.49
		936	1.05
	Electronic & Electrical Equipment 1.21% (30 September 2011 0.00%)		
63,519	Spectris	1,082	1.21
	Financial Services 0.92% (30 September 2011 0.00%)		
183,627	IG	820	0.92
	Food & Drug Retailers 2.31% (30 September 2011 0.00%)		
624,500	Tesco	2,067	2.31
	Food Producers 2.25% (30 September 2011 2.69%)		
302,217	Tate & Lyle	2,011	2.25
	Gas, Water & Multiutilities 0.00% (30 September 2011 1.99%)		
	General Financial 1.76% (30 September 2011 2.88%)		
103,701	Schroders	1,577	1.76
	General Retailers 2.17% (30 September 2011 1.25%)		
305,590	Dunelm	1,942	2.17
	Household Goods 1.58% (30 September 2011 0.00%)		
101,200	Berkeley	1,412	1.58
	Industrial Engineering 4.14% (30 September 2011 1.85%)		
171,218	IMI	1,541	1.72
895,000	Melrose	2,165	2.42
		3,706	4.14

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Life Insurance 3.93% (30 September 2011 2.84%)			
437,810	Prudential	3,520	3.93
Media 6.33% (30 September 2011 6.15%)			
267,427	British Sky Broadcasting	1,994	2.23
131,076	Mood Media	197	0.22
279,170	Perform	1,083	1.21
151,967	Rightmove	2,387	2.67
		5,661	6.33
Mining 7.46% (30 September 2011 9.16%)			
620,207	Centamin Egypt	574	0.64
105,776	First Quantum Minerals	1,324	1.48
431,554	Petra Diamonds	504	0.56
147,355	Rio Tinto	4,271	4.78
		6,673	7.46
Mobile Telecommunications 3.63% (30 September 2011 7.33%)			
1,832,918	Vodafone	3,246	3.63
Oil & Gas Producers 14.23% (30 September 2011 13.20%)			
304,688	BG	3,834	4.28
619,785	BP	2,724	3.04
233,840	Ophir Energy	1,395	1.56
174,427	Petrofac	2,798	3.13
145,090	Tullow Oil	1,986	2.22
		12,737	14.23
Personal Goods 1.00% (30 September 2011 2.47%)			
88,443	Burberry	892	1.00
Pharmaceuticals & Biotechnology 10.71% (30 September 2011 11.38%)			
250,538	Abcam	995	1.11
200,142	BTG	647	0.72
373,328	GlaxoSmithKline	5,369	6.00
143,120	Shire	2,578	2.88
		9,589	10.71
Support Services 6.25% (30 September 2011 7.90%)			
91,620	Aggreko	2,122	2.37
123,255	De La Rue	1,250	1.40
45,763	Intertek	1,254	1.40
269,423	Michael Page International	962	1.08
		5,588	6.25
Technology 5.06% (30 September 2011 5.19%)			
76,441	Aveva	1,501	1.68
336,685	Telecity	3,022	3.38
		4,523	5.06

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Tobacco 7.64% (30 September 2011 8.77%)		
154,965	British American Tobacco	4,966	5.55
81,518	Imperial Tobacco	1,868	2.09
		6,834	7.64
	Travel & Leisure 0.00% (30 September 2011 2.38%)		
	Investment assets	84,870	94.86
	Net other assets	4,594	5.14
	Total net assets	89,464	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 2011 to 30 September 2012

	Notes	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Income					
Net capital gains /(losses)	2		13,242		(10,324)
Revenue	3	2,800		2,856	
Expenses	4	(1,657)		(1,921)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		1,143		935	
Taxation	5	(15)		(9)	
Net revenue after taxation			1,128		926
Total return before distributions			14,370		(9,398)
Finance costs: Distributions	6		(2,682)		(2,741)
Change in unitholders' funds from investment activities			11,688		(12,139)

Statement of change in unitholders' funds

for the year from 1 October 2011 to 30 September 2012

	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Opening net assets attributable to unitholders		100,951		122,252
Amounts received on issue of units	1,915		4,834	
Amounts paid on cancellation of units	(27,616)		(16,671)	
		(25,701)		(11,837)
Stamp duty reserve tax		(7)		(9)
Change in unitholders' funds from investment activities		11,688		(12,139)
Retained distribution on accumulation units		2,533		2,684
Closing net assets attributable to unitholders		89,464		100,951

The notes on pages 66 to 72 form an integral part of these financial statements.

Balance sheet

as at 30 September 2012

	Notes	30.09.12 £'000	30.09.12 £'000	30.09.11 £'000	30.09.11 £'000
Assets					
Investment assets			84,870		99,019
Debtors	7	392		1,012	
Cash and bank balances	8	5,370		1,765	
Total other assets			5,762		2,777
Total assets			90,632		101,796
Liabilities					
Creditors	9	(1,168)		(845)	
Total other liabilities			(1,168)		(845)
Total liabilities			(1,168)		(845)
Net assets attributable to unitholders			89,464		100,951

The notes on pages 66 to 72 form an integral part of these statements.

Notes to the financial statements

for the year from 1 October 2011 to 30 September 2012

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 gains/(losses)

The net gains/(losses) on investments comprise:

Gains/(losses) on non-derivatives securities

Gains/(losses) on currency contracts

Gains on derivative contracts

Handling charges

Net capital gains/(losses) on investments

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
13,253	(10,444)
3	(1)
-	134
(14)	(13)
13,242	(10,324)

3 Revenue

Bank and term deposit interest

Non-taxable overseas dividends

UK dividends

Miscellaneous income

Total revenue

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
3	3
73	143
2,698	2,710
26	-
2,800	2,856

Notes to the financial statements (continued)

4 Expenses

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Payable to the Manager, associates of the Manager, and the agents of either of them:		
Manager's periodic charge	1,554	1,815
	<u>1,554</u>	<u>1,815</u>
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	7	4
Trustee's fees	13	19
	<u>20</u>	<u>23</u>
Other expenses:		
Administration fees	68	73
Audit fees*	8	8
Legal fees	4	1
Risk & compliance monitoring fees	3	1
	<u>83</u>	<u>83</u>
Total expenses	<u>1,657</u>	<u>1,921</u>

*The Audit fee for the year, excluding VAT, was £6,398 (30 September 2011: £6,381).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Overseas tax suffered	15	9
Total current tax charge for the year (see note 5(b))	15	9
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	15	9

b) Factors affecting current tax charge for the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:		
Net revenue before taxation	1,143	935
Corporation tax at 20% (30 September 2011: 20%)	228	187
Effects of:		
Excess management expenses for which no relief taken	327	384
Franked investment revenue at 20%	(540)	(542)
Non-taxable overseas dividends	(15)	(29)
Overseas tax suffered	15	9
Total current tax charge for the year (see note 5 (a))	15	9

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

c) Movement in deferred tax

	01.10.11 to 30.09.12	01.10.10 to 30.09.11
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 2012 the sub-fund had surplus management expenses of £23,553,872 (30 September 2011: £21,921,278), 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

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:

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Interim (31 March)	1,445	1,212
Final (30 September)	1,089	1,509
	2,534	2,721
Revenue deducted on cancellation of units	159	65
Revenue received on issue of units	(11)	(45)
Finance costs: Distributions	2,682	2,741
Finance costs: Interest	-	-
Total finance costs	2,682	2,741
Reconciliation of distributions:		
Net revenue after taxation	1,128	926
Capitalised fees	1,554	1,815
Finance costs: Distributions	2,682	2,741

Details of the interim and final distributions per unit are set out in the table on page 73.

7 Debtors

	30.09.12 £'000	30.09.11 £'000
Accrued revenue	214	175
Amounts receivable for issue of units	157	153
Overseas tax recoverable	21	11
Sales awaiting settlement	-	673
Total debtors	392	1,012

8 Cash and bank balances

	30.09.12 £'000	30.09.11 £'000
Cash and bank balances	5,370	1,765
Total cash and bank balances	5,370	1,765

Notes to the financial statements (continued)

9 Creditors

	30.09.12 £'000	30.09.11 £'000
Accrued expenses	29	18
Accrued Manager's periodic charge	228	129
Accrued Trustee's fees	2	1
Amounts payable for cancellation of units	486	23
Purchases awaiting settlement	423	674
Total creditors	1,168	845

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 unitholders' funds 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, 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 £5,305,890 (30 September 2011: £1,558,831).

National Westminster Bank Plc is ultimately owned by Royal Bank of Scotland Plc. As at 30 September 2012, the sub-fund held a total of 437,829 Royal Bank of Scotland Plc shares with a market value of £1,120,842. (30 September 2011: £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 exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	30.09.12 £'000	30.09.12 £'000	30.09.12 £'000	30.09.11 £'000	30.09.11 £'000	30.09.11 £'000
Canadian Dollar	4	-	4	-	-	-
Euro	34	-	34	-	-	-
Swiss Franc	-	-	-	-	11	11
US Dollar	96	-	96	6	65	71
Total	134	-	134	6	76	82

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 2012 (30 September 2011) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.12				
Canadian Dollar	4	-	-	4
Euro	27	-	7	34
Sterling	5,307	-	85,191	90,498
US Dollar	32	-	64	96
Total	5,370	-	85,262	90,632

	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'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

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.12			
Sterling	-	(1,168)	(1,168)
Total	-	(1,168)	(1,168)

	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.11			
Sterling	-	(845)	(845)
Total	-	(845)	(845)

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. The 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-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.

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.

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 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 2011: £Nil).

13 Portfolio transaction costs

Analysis of total purchase costs

	30.09.12 £'000	30.09.12 £'000
Purchases in the year before transaction costs		37,127
Commissions	60	
Other costs	182	
Total purchase costs		242
Gross purchases total		37,369

Analysis of total sale costs

Gross sales in the year before transaction costs		63,268
Commissions	(107)	
Other costs	-	
Total sale costs		(107)
Total sales net of transaction costs		63,161

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.

15 Post balance sheet event

As a result of the sub-fund UK Equity Fund losing a significant portion of the assets, the decision has been made to close this sub-fund. The existing clients have all chosen to exit the sub-fund and it will be closed on 14 December 2012.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2012
 Group 2: Units purchased from 1 April 2012 to 30 September 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.12 pence per unit	Distribution paid 30.11.11 pence per unit
Income Units				
Group 1	0.0000	-	0.0000	1.0587
Group 2	0.0000	0.000	0.0000	1.0587
Accumulation Units				
Group 1	1.2220	-	1.2220	1.3057
Group 2	1.2178	0.0042	1.2220	1.3057

Interim distribution

Group 1: Units purchased prior to 1 October 2011
 Group 2: Units purchased from 1 October 2011 to 31 March 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.12 pence per unit	Distribution paid 31.05.11 pence per unit
Income Units				
Group 1	1.0347	-	1.0347	0.8260
Group 2	1.0347	0.0000	1.0347	0.8260
Accumulation Units				
Group 1	1.2954	-	1.2954	1.0089
Group 2	0.9062	0.3892	1.2954	1.0089

* Equalisation only applies to units purchased during the 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 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	£312,121,597

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
30.09.10			
Accumulation	£368,457,731	407,772,201	90.36p
30.09.11			
Accumulation	£301,338,611	350,096,607	86.07p
30.09.12			
Accumulation	£312,121,597	309,375,084	100.89p

Comparative table

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

Calendar year	Highest price	Lowest price
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	82.77p
2012*		
Accumulation	103.50p	90.82p

* to 30 September

Income (Accumulations)

Calendar year	Pence per unit
2007	
Accumulation	2.8728
2008	
Accumulation	3.2491
2009	
Accumulation	2.7614
2010	
Accumulation	2.4181
2011	
Accumulation	2.5205
2012*	
Accumulation	3.1770

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

Income

The interim distribution paid on 31 May 2012 was 1.4034 pence per accumulation unit. The final distribution payable on 30 November 2012 is 1.7736 pence per accumulation unit.

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

Investment Manager's review

UK equities achieved big gains over the 12 months to the end of September, albeit in intermittently rocky trading conditions. Markets were subject to periodic setbacks amid bouts of risk aversion, due to investor nervousness about European sovereign debt and increasing concerns over global growth. More defensive areas, such as healthcare, consumer staples and mega cap stocks tended to outperform during these more bearish intervals. However, for much of the period very attractive stock prices drew investors back to equities, and during these times of increased risk appetite more cyclical sectors and medium cap stocks rebounded and outperformed the market.

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 recorded a strong positive return nearly in line with the benchmark over the review period.

Risk and Reward Profile



The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the Fund. The risk category shown is not guaranteed and may change over time. A category 1 fund is not a risk-free investment - the risk of losing your money is small, but the chance of making gains is also limited. With a category 7 fund, the risk of losing your money is high but there is also a chance of making high gains. The seven-category scale is complex, for example, 2 is not twice as risky as 1.

This sub-fund is in category 6 because it invests in UK equity securities while tracking an index; this investment approach has additional risks as listed below. These factors may increase the value of the investments or expose this sub-fund to losses.

Concentration risk - the Fund's investments are concentrated in the UK. This means the Fund may become more susceptible to fluctuations in value resulting from adverse economic or business conditions in the UK.

Investment risk - the Fund invests in UK securities, and share prices can rise or fall due to a number of factors affecting stock markets.

Derivative risk - the use of derivatives may result in gains or losses that are greater than the original amount invested. Derivatives also involve counterparty risk - the risk to each party of a contract that the other party will not meet its contractual obligations.

Index-tracking risk - the performance of the Fund will depend on the performance of the relevant index and the success of the Fund in tracking that index.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Asset allocation

UK Equities	99.85%
UK Futures	(0.01)%
Net other assets	0.16%
Total	100.00%

Portfolio allocation

United Kingdom:

Oil & Gas Producers	16.60%
Banks	10.39%
Mining	9.04%
Pharmaceuticals & Biotechnology	7.12%
Mobile Telecommunications	5.21%
Tobacco	4.94%
Beverages	4.10%
Support Services	4.10%
Life Insurance	3.29%
Equity Investment instruments	3.14%
Gas, Water & Multiutilities	3.10%
Media	2.81%
Travel & Leisure	2.76%
Food & Drug Retailers	2.32%
Food Producers	2.16%
Aerospace & Defence	2.07%
Household Goods	1.92%
Real Estate	1.80%
General Retailers	1.56%
General Financial	1.52%
Fixed Line Telecommunications	1.24%
Industrial Engineering	0.90%
Electricity	0.88%
Non-Life Insurance	0.86%
Construction & Materials	0.76%
Software & Computer Services	0.73%
Chemicals	0.72%
Oil Equipment, Services & Distribution	0.72%
General Industrials	0.69%
Technology Hardware & Equipment	0.69%
Electronic & Electrical Equipment	0.44%
Healthcare Equipment & Services	0.41%
Personal Goods	0.33%
Automobiles & Parts	0.21%
Forestry & Paper	0.13%
Industrial Transportation	0.11%
Financial Services	0.07%
Leisure Goods	0.01%
United Kingdom Derivatives	(0.01)%

Net other assets	0.16%
Total	100.00%

Major holdings	Percentage of portfolio
HSBC	6.05%
Vodafone	5.06%
BP	4.85%
Royal Dutch Shell 'A' Shares	4.60%
GlaxoSmithKline	4.19%
British American Tobacco	3.61%
Royal Dutch Shell 'B' Shares	3.38%
Diageo	2.55%
BG	2.45%
BHP Billiton	2.36%
Number of holdings	612

Ongoing charges figures (OCF)*

30.09.12	0.48%
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*The on-going charges figure is the ratio of the sub-fund's ongoing charges to the average net-assets of the sub-fund.

There are no prior period comparatives as this is a new measure.

All information is at 30 September 2012 unless otherwise stated.

Portfolio statement

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 99.94% (30 September 2011 99.15%)		
	United Kingdom Equities 99.85% (30 September 2011 99.19%)		
	Aerospace & Defence 2.07% (30 September 2011 1.95%)		
5,821	Avon Rubber	18	0.01
587,169	BAE Systems	1,914	0.61
34,593	Chemring	112	0.04
195,987	Cobham	437	0.14
139,488	Meggitt	553	0.18
118,148	QinetiQ	223	0.07
338,361	Rolls-Royce	2,866	0.91
76,788	Senior	158	0.05
12,440	Ultra Electronics	193	0.06
		6,474	2.07
	Alternative Energy 0.00% (30 September 2011 0.02%)		
	Automobiles & Parts 0.21% (30 September 2011 0.18%)		
293,194	GKN	630	0.21
30,791	Torotrak	11	0.00
		641	0.21
	Banks 10.39% (30 September 2011 9.90%)		
3,232	Bank of Georgia	41	0.01
2,202,144	Barclays	4,773	1.53
3,276,180	HSBC	18,878	6.05
7,503,364	Lloyds Banking	2,909	0.93
369,111	Royal Bank of Scotland	945	0.30
347,948	Standard Chartered	4,886	1.57
		32,432	10.39
	Beverages 4.10% (30 September 2011 3.65%)		
14,196	Barr (A.G.)	64	0.02
42,530	Britvic	155	0.05
455,293	Diageo	7,975	2.55
169,225	SABMiller	4,618	1.48
		12,812	4.10
	Chemicals 0.72% (30 September 2011 0.53%)		
68,549	AZ Electronic Materials	233	0.07
12,514	Carclo	53	0.02
24,309	Croda International	590	0.19
84,022	Elementis	194	0.06
37,133	Johnson Matthey	898	0.29
14,331	Victrex	191	0.06
50,613	Yule Catto	84	0.03
		2,243	0.72

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Construction & Materials 0.76% (30 September 2011 0.37%)			
127,022	Balfour Beatty	388	0.13
18,459	Boat (Henry)	25	0.01
6,068	Costain	15	0.00
129,894	CRH	1,552	0.50
14,874	Galliford Try	109	0.04
10,457	Keller	57	0.02
6,867	Kier	89	0.03
54,970	Low & Bonar	32	0.01
33,910	Marshalls	30	0.01
6,141	Morgan Sindall	40	0.01
109,377	Norcross	13	0.00
		2,350	0.76
Electricity 0.88% (30 September 2011 1.17%)			
66,067	Drax	337	0.11
170,374	SSE	2,394	0.77
		2,731	0.88
Electronic & Electrical Equipment 0.44% (30 September 2011 0.38%)			
5,579	Dialight	66	0.02
19,666	Domino Printing Sciences	110	0.04
38,860	e2v Technologies	51	0.02
69,521	Halma	294	0.09
49,112	Morgan Crucible	129	0.04
9,240	Oxford Instruments	125	0.04
6,910	Renishaw	113	0.04
21,430	Spectris	366	0.11
27,561	TT Electronics	39	0.01
10,038	Volex	17	0.01
13,704	Xaar	34	0.01
2,621	XP Power	26	0.01
		1,370	0.44
Equity Investment instruments 3.14% (30 September 2011 3.02%)			
106,330	3i Infrastructure	134	0.04
25,733	Aberdeen Asian Income Fund	53	0.02
5,920	Aberdeen Asian Smaller Companies Investment Trust	48	0.02
4,702	Aberdeen New Dawn Investment Trust	39	0.01
17,094	Aberforth Smaller Companies Trust	112	0.04
28,845	Absolute Return Trust Cumulative Preference Shares	35	0.01
19,269	AcenciA Debt Strategies	16	0.01
14,387	Advance Developing Markets Fund	60	0.02
102,802	Alliance Trust	382	0.11
24,293	Alternative Investment Strategies Hedged Shares	27	0.01
7,029	Artemis Alpha Trust	20	0.01
1,050	Artemis Alpha Trust Subscription Shares	1	0.00
3,614	Ashmore Global Opportunities	17	0.01
12,862	Baillie Gifford Japan Trust	25	0.01
19,568	Bankers Investment Trust	82	0.03
4,871	Baring Emerging Europe	34	0.01
8,718	BH Global	100	0.03

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Equity Investment Instruments (continued)			
11,451	BH Macro	226	0.06
31,702	Bilfinger Berger Global	34	0.01
9,747	Biotech Growth Trust	29	0.01
14,613	BlackRock Commodities Income Investment Trust	17	0.01
11,893	BlackRock Frontiers Investment Trust	10	0.00
24,240	BlackRock Greater Europe Investment Trust	44	0.01
8,024	BlackRock Latin American Investment Trust	40	0.01
26,048	BlackRock New Energy Technology Investment Trust	8	0.00
9,435	BlackRock Smaller Companies Investment Trust	48	0.02
32,803	BlackRock World Mining Investment Trust	188	0.06
88,715	Bluecrest Allblue Fund	146	0.05
17,000	Bluecrest BlueTrend	18	0.01
54,049	British Assets Trust	65	0.02
28,604	British Empire Securities and General Trust	125	0.04
5,409	Brunner Investment Trust	22	0.01
6,355	Caledonia Investments	94	0.03
4,215	Candover Investments	14	0.00
537	Capital Gearing Trust	18	0.01
15,072	City Merchants High Yield Trust	24	0.01
13,269	City Natural Resources High Yield Trust	29	0.01
2,544	City of London Investment	8	0.00
44,466	City of London Investment Trust	139	0.04
47,300	Dexion Absolute	65	0.02
20,540	Dexion Commodities	0	0.00
6,085	Dexion Equity Alternative	7	0.00
15,517	Dexion Trading	19	0.01
5,976	Dunedin Enterprise Investment Trust	22	0.01
28,334	Dunedin Income Growth Investment Trust	64	0.02
9,126	Dunedin Smaller Companies Investment Trust	14	0.00
7,144	Eastern European Trust	18	0.01
1,428	Eastern European Trust Subscription Shares	0	0.00
37,405	Ecofin Water & Power Opportunities	43	0.01
35,949	Edinburgh Dragon Trust	89	0.03
35,783	Edinburgh Investment Trust	185	0.06
18,609	Edinburgh UK Tracker Trust	49	0.02
7,392	Edinburgh Worldwide Investment Trust	20	0.01
6,237	Electra Private Equity	110	0.04
11,295	Electric and General Investment Trust	0	0.00
11,186	EP Global Opportunities Trust	18	0.01
13,856	F&C Capital & Income Investment Trust	31	0.01
7,780	F&C European Investment Trust	40	0.01
8,007	F&C Global Smaller Companies	47	0.02
106,894	Foreign & Colonial Investment Trust	336	0.11
14,307	F&C Private Equity Trust	23	0.01
4,505	F&C US Smaller Companies	22	0.01
8,253	Fidelity Asian Values	15	0.00
3,135	Fidelity Asian Values Subscription Shares	0	0.00
113,873	Fidelity China Special Situations	83	0.02
7,879	Fidelity European Values	92	0.03
10,571	Fidelity Special Values	58	0.02
11,272	Finsbury Growth & Income Trust	43	0.01

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Equity Investment Instruments (continued)			
25,390	GCP Infrastructure Investments	27	0.01
24,042	Genesis Emerging Markets Fund Participating Shares	124	0.04
13,273	Goldman Sachs Dynamic Opportunities Fund	12	0.00
13,248	Graphite Enterprise Trust	52	0.02
1,045	Hansa Trust	8	0.00
188,316	Henderson	200	0.06
26,878	Henderson Asian Growth Trust	44	0.01
12,049	Henderson Diversified Income Trust	10	0.00
3,378	Henderson European Focus Trust	20	0.01
2,773	Henderson EuroTrust	15	0.00
19,386	Henderson Far East Income Trust	57	0.02
3,271	Henderson Fledgling Trust	11	0.00
5,911	Henderson Global Trust	18	0.01
14,132	Henderson High Income Trust	19	0.01
12,319	Henderson Smaller Companies Investment Trust	42	0.01
13,915	Herald Investment Trust	71	0.02
5,327	HG Capital Trust	53	0.02
1,157	HG Capital Trust (Rights 1/6/2013)	1	0.00
162,823	HICL Infrastructure	197	0.05
31,127	Impax Asian Environmental Markets Trust	23	0.01
3,202	Impax Asian Environmental Markets Trust Subscription Shares	0	0.00
51,717	Impax Environmental Markets	51	0.02
130,363	International Public Partnerships	158	0.05
15,960	Invesco Asia Trust	23	0.01
12,785	Invesco Income Growth Trust	29	0.01
10,638	Invesco Perpetual UK Smaller Companies Investment Trust	23	0.01
13,613	Investors in Global Real Estate	14	0.00
74,352	John Laing Infrastructure Fund	79	0.03
9,294	John Laing Infrastructure Fund (Rights 29/10/2011)	0	0.00
8,341	JPMorgan American Investment Trust	80	0.03
25,683	JPMorgan Asian Investment Trust	48	0.02
17,541	JPMorgan Chinese Investment Trust	22	0.01
10,116	JPMorgan Claverhouse Investment Trust	43	0.01
22,059	JPMorgan Emerging Markets Investment Trust	120	0.04
7,008	JPMorgan European Smaller Companies Trust	47	0.02
19,639	JPMorgan European Investment Trust Growth Shares	31	0.01
11,959	JPMorgan European Investment Trust Income Shares	10	0.00
33,826	JPMorgan Global Emerging Markets Income Trust	38	0.01
21,054	JPMorgan Indian Investment Trust	78	0.02
9,165	JPMorgan Japanese Smaller Companies Trust	12	0.00
28,327	JPMorgan Japanese Investment Trust	44	0.01
5,553	JPMorgan Mid Cap Investment Trust	25	0.01
4,599	JPMorgan Overseas Investment Trust	35	0.01
10,491	JPMorgan Russian Securities	53	0.02
4,391	JPMorgan Smaller Companies Investment Trust	22	0.01
13,938	Jupiter European Opportunities Trust	45	0.01
31,948	Jupiter Second Split Trust	10	0.00
2,423	Keystone Investment Trust	32	0.01
20,397	Law Debenture	82	0.03
37,468	LMS Capital	24	0.01
4,429	Lowland Investment Company	44	0.01

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Equity Investment Instruments (continued)			
6,312	Majedie Investment Trust	10	0.00
3,334	Manchester & London Investment Trust	10	0.00
8,837	Martin Currie Pacific Trust	22	0.01
18,856	Martin Currie Portfolio Investment Trust	26	0.01
18,005	Mercantile Investment Trust	190	0.06
19,090	Merchants Trust	71	0.02
15,216	Middlefield Canadian Income Trust Cumulative Preference Shares	16	0.00
46,937	Monks Investment Trust	145	0.05
5,526	Montanaro UK Smaller Companies Investment Trust	20	0.01
12,623	Murray Income Trust	84	0.03
20,804	Murray International Trust	214	0.07
69,240	NB Global Floating Rate Income Fund	69	0.02
10,253	New India Investment Trust	22	0.01
5,723	North American Income Trust	40	0.01
1,956	North Atlantic Smaller Companies Investment Trust	21	0.01
25,137	Pacific Assets Trust	33	0.01
11,537	Pacific Horizon Investment Trust	17	0.01
6,846	Pantheon International	53	0.02
38,696	Perpetual Income and Growth Investment Trust	108	0.03
246	Personal Assets Trust	87	0.03
19,260	Polar Capital Global Healthcare Growth & Income Trust	24	0.01
23,763	Polar Capital Technology Trust	93	0.03
5,519	Polar Capital Technology Trust (Rights 31/3/14)	0	0.00
3,343	RCM Technology Trust	11	0.00
23,478	RIT Capital Partners	268	0.08
21,547	Ruffer Investment Company Cumulative Preference Shares	43	0.01
27,619	Schroder Asia Pacific Fund	65	0.02
13,627	Schroder Income Growth Fund	28	0.01
26,829	Schroder Japan Growth Fund	23	0.01
34,261	Schroder Oriental Income Fund	58	0.02
30,790	Schroder UK Growth Fund	40	0.01
8,049	Schroder UK Mid & Small Cap Fund	22	0.01
23,116	Scottish American Investment Trust	51	0.02
20,735	Scottish Investment Trust	98	0.03
46,295	Scottish Mortgage Investment Trust	325	0.09
4,906	Scottish Oriental Smaller Companies Trust	32	0.01
17,965	Securities Trust of Scotland	23	0.01
7,860	Shires Income	17	0.01
6,976	Standard Life Equity Income Trust	20	0.01
1,395	Standard Life Equity Income Trust Subscription Shares	0	0.00
11,314	Standard Life European Private Equity Trust	18	0.01
13,953	Standard Life UK Smaller Companies Trust	31	0.01
8,015	SVM Global Fund	20	0.01
11,176	Temple Bar Investment Trust	107	0.03
60,287	Templeton Emerging Markets Investment Trust	336	0.10
9,437	Thames River Multi Hedge Participating Preference Shares	11	0.00
13,523	Throgmorton Trust	25	0.01
8,547	TR European Growth Trust	27	0.01
43,911	Troy Income & Growth Trust	25	0.01
37,730	Utilico Emerging Markets	61	0.02

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Equity Investment Instruments (continued)			
9,399	Value and Income Trust	17	0.01
35,075	Witan Investment Trust	171	0.05
14,638	Witan Pacific Investment Trust	29	0.01
8,645	Worldwide Healthcare Trust	75	0.02
		9,922	3.14
Financial Services 0.07% (30 September 2011 0.00%)			
52,549	Paragon	108	0.03
47,485	SVG Capital	128	0.04
		236	0.07
Fixed Line Telecommunications 1.24% (30 September 2011 1.08%)			
1,424,012	BT	3,309	1.06
461,535	Cable & Wireless	167	0.05
58,647	Colt Telecom	70	0.02
93,698	KCOM	78	0.02
92,908	TalkTalk Telecom	174	0.06
9,459	Telecom Plus	79	0.03
		3,877	1.24
Food & Drug Retailers 2.32% (30 September 2011 2.84%)			
266,729	Booker	251	0.08
17,924	Greggs	90	0.03
407,869	Morrison (Wm) Supermarkets	1,173	0.38
75,501	Ocado	49	0.02
252,425	Sainsbury (J)	880	0.28
1,452,548	Tesco	4,806	1.53
		7,249	2.32
Food Producers 2.16% (30 September 2011 2.26%)			
3,933	Anglo-Eastern Plantations	30	0.01
62,739	Associated British Foods	814	0.26
1,205	Carr's Milling Industries	12	0.00
8,266	Cranswick	65	0.02
25,034	Dairy Crest	86	0.03
30,483	Devro	100	0.03
67,667	Greencore	54	0.02
8,438	Hilton Food	23	0.01
41,946	Premier Foods	27	0.01
83,481	Tate & Lyle	555	0.18
218,112	Unilever	4,972	1.59
		6,738	2.16
Forestry & Paper 0.13% (30 September 2011 0.11%)			
66,698	Mondi	414	0.13
Gaming 0.09% (30 September 2011 0.05%)			
Gas, Water & Multiutilities 3.11% (30 September 2011 3.17%)			
931,463	Centrica	3,080	0.99
657,094	National Grid	4,505	1.44

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Gas, Water & Multiutilities (continued)			
65,508	Pennon	479	0.15
43,200	Severn Trent	730	0.23
122,547	United Utilities	881	0.29
		9,675	3.10
General Financial 1.52% (30 September 2011 1.90%)			
175,228	3i	391	0.13
164,700	Aberdeen Asset Management	508	0.16
69,433	Ashmore	239	0.08
46,095	Brewin Dolphin	78	0.02
233	Camellia	22	0.01
6,793	Charles Taylor Consulting	12	0.00
26,360	Close Brothers	219	0.07
76,912	F&C Asset Management	74	0.02
39,758	Hargreaves Lansdown	249	0.08
97,713	ICAP	313	0.10
66,025	IG	295	0.09
71,855	Intermediate Capital	214	0.07
46,814	International Personal Finance	141	0.05
92,561	Investec	353	0.11
62,596	IP	76	0.02
55,562	Jupiter Fund Management	135	0.04
31,787	London Stock Exchange	299	0.11
302,334	Man	251	0.08
24,931	Provident Financial	341	0.11
7,601	Rathbone Brothers	100	0.03
850	S&U	7	0.00
20,593	Schroders	314	0.10
38,157	Tullett Prebon	112	0.04
		4,743	1.52
General Industrials 0.69% (30 September 2011 0.58%)			
4,780	British Polythene Industries	18	0.01
49,801	Cookson	296	0.09
157,890	Rexam	687	0.22
30,050	RPC	129	0.04
165,344	Smith (DS)	306	0.10
70,843	Smiths	733	0.23
		2,169	0.69
General Retailers 1.56% (30 September 2011 1.53%)			
21,937	Ashley (Laura)	6	0.00
28,981	Brown (N)	81	0.03
9,475	Carpetright	62	0.02
99,705	Darty	56	0.02
230,266	Debenhams	236	0.08
10,235	Dignity	93	0.03
636,380	Dixon	125	0.04
17,124	Dunelm	108	0.03
340,532	Findel	21	0.01
37,325	Halfords	97	0.03

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
General Retailers (continued)			
149,224	Home Retail	132	0.04
83,985	Inchcape	303	0.10
2,211	JD Sports Fashion	16	0.01
428,160	Kingfisher	1,135	0.36
45,009	Lookers	33	0.01
290,549	Marks & Spencer	1,046	0.33
11,192	Mothercare	24	0.01
28,692	Next	992	0.32
265,376	Pendragon	37	0.01
33,303	Sports Direct International	114	0.03
32,956	Topps Tiles	15	0.00
22,316	WH Smith	142	0.05
		4,874	1.56
Healthcare Equipment & Services 0.41% (30 September 2011 0.37%)			
5,312	Consort Medical	38	0.01
13,240	NMC Health	25	0.01
14,933	Optos	29	0.01
161,781	Smith & Nephew	1,110	0.35
9,784	Synergy Health	90	0.03
		1,292	0.41
Household Goods 1.92% (30 September 2011 1.94%)			
15,500	Aga Rangemaster	9	0.00
175,591	Barratt Developments	296	0.09
22,268	Bellway	205	0.07
22,190	Berkeley	310	0.10
24,311	Bovis Homes	120	0.04
15,554	Headlam	47	0.02
28,121	McBride	36	0.01
54,699	Persimmon	412	0.13
116,636	Reckitt Benckiser	4,175	1.34
40,536	Redrow	64	0.02
590,689	Taylor Wimpey	320	0.10
		5,994	1.92
Industrial Engineering 0.90% (30 September 2011 0.94%)			
35,535	Bodycote	138	0.04
34,838	Fenner	134	0.04
304	Goodwin	4	0.00
12,576	Hill & Smith	47	0.02
58,366	IMI	526	0.17
227,979	Melrose	552	0.17
45,659	Renold	11	0.00
15,758	Rotork	356	0.11
17,632	Severfield-Rowen	24	0.01
14,160	Spirax-Sarco	298	0.10
6,746	Vitec	48	0.02
38,475	Weir	681	0.22
		2,819	0.90

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Industrial Transportation 0.11% (30 September 2011 0.10%)		
85,269	BBA Aviation	170	0.05
3,927	Braemar Shipping	14	0.00
1,895	Clarkson	25	0.01
8,069	Fisher (James) & Sons	61	0.02
	Industrial Transportation		
5,080	Goldenport	2	0.00
54,680	Stobart	62	0.03
1,495	UK Mail	4	0.00
24,835	Wincanton	13	0.00
		351	0.11
	Leisure Goods 0.01% (30 September 2011 0.06%)		
37,598	Photo-Me International	17	0.01
	Life Insurance 3.29% (30 September 2011 2.78%)		
525,171	Aviva	1,695	0.54
21,035	Chesnara	40	0.01
1,062,317	Legal & General	1,399	0.45
883,429	Old Mutual	1,515	0.49
22,244	Phoenix	113	0.04
461,334	Prudential	3,709	1.19
233,873	Resolution	508	0.16
35,749	St James's Place Capital	133	0.04
426,513	Standard Life	1,166	0.37
		10,278	3.29
	Media 2.81% (30 September 2011 2.71%)		
4,810	4imprint	16	0.01
138,103	Aegis	326	0.10
14,526	Bloomsbury Publishing	19	0.01
183,897	British Sky Broadcasting	1,371	0.44
9,282	Centaur	4	0.00
13,502	Chime Communications	31	0.01
6,314	Euromoney Institutional Investor	48	0.02
50,303	Huntsworth	25	0.01
109,528	Informa	441	0.14
43,840	ITE	89	0.03
647,955	ITV	569	0.18
22,008	Mecom	18	0.01
47,631	Moneysupermarket.com	66	0.02
146,584	Pearson	1,776	0.56
12,309	Perform	48	0.02
219,009	Reed Elsevier	1,305	0.41
18,571	Rightmove	292	0.09
11,316	Tarsus	20	0.01
53,124	Trinity Mirror	27	0.01
44,563	United Business Media	312	0.10
12,902	UTV Media	17	0.01
18,927	Wilmington	23	0.01
227,505	WPP	1,930	0.61

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
		8,773	2.81
	Mining 9.04% (30 September 2011 9.77%)		
21,766	African Barrick Gold	96	0.03
236,213	Anglo American	4,290	1.37
16,764	Anglo Pacific	47	0.02
64,135	Antofagasta	815	0.27
75,108	Aquarius Platinum	32	0.01
36,704	Avocet Mining	30	0.01
381,778	BHP Billiton	7,400	2.36
15,146	Bumi	23	0.01
189,618	Centamin Egypt	176	0.06
44,585	Eurasian Natural Resources	139	0.04
60,884	Evraz	150	0.05
25,008	Ferrexpo	49	0.02
29,511	Fresnillo	540	0.18
17,038	Gem Diamonds	30	0.01
639,515	Glencore International	2,188	0.70
28,297	Hochschild Mining	137	0.04
88,094	International Ferro Metals	12	0.00
37,672	Kazakhmys	262	0.08
460,567	Kenmare Resources	182	0.06
28,395	Lonmin	159	0.05
19,669	New World Resources	53	0.02
69,162	Petra Diamonds	80	0.03
30,739	Petropavlovsk	123	0.04
35,564	Polymetal International	381	0.12
16,640	Randgold Resources	1,251	0.40
225,551	Rio Tinto	6,537	2.09
27,940	Talvivaara Mining	43	0.01
18,349	Vedanta Resources	188	0.06
292,728	Xstrata	2,810	0.90
		28,223	9.04
	Mobile Telecommunications 5.21% (30 September 2011 5.52%)		
76,694	Inmarsat	456	0.15
8,919,334	Vodafone	15,796	5.06
		16,252	5.21
	Non-Life Insurance 0.86% (30 September 2011 0.86%)		
34,411	Admiral	366	0.12
90,167	Amlin	362	0.12
96,707	Beazley	161	0.05
61,191	Catlin	289	0.09
70,895	Hiscox	342	0.11
22,571	Jardine Lloyd Thompson	173	0.06
29,367	Lancashire	242	0.08
11,740	Novae	43	0.01
633,030	RSA Insurance	700	0.22
		2,678	0.86

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Oil & Gas Producers 16.60% (30 September 2011 16.87%)			
192,571	Afren	268	0.09
609,028	BG	7,662	2.45
3,440,709	BP	15,121	4.85
109,510	Cairn Energy	301	0.10
135,249	Enquest	156	0.05
55,146	Essar Energy	64	0.02
23,373	Exillon Energy	32	0.01
222,283	Fortune Oil	20	0.01
14,727	Hardy Oil & Gas	19	0.01
34,873	Heritage Oil	68	0.02
20,042	JKX Oil & Gas	16	0.01
11,181	Melrose Resources	14	0.00
53,565	Ophir Energy	320	0.10
96,161	Premier Oil	345	0.11
667,964	Royal Dutch Shell 'A' Shares	14,348	4.60
478,433	Royal Dutch Shell 'B' Shares	10,559	3.38
24,528	RusPetro	26	0.01
43,873	Salamander Energy	89	0.03
40,609	SOCO International	134	0.04
163,396	Tullow Oil	2,236	0.71
		51,798	16.60
Oil Equipment, Services & Distribution 0.72% (30 September 2011 0.58%)			
56,679	AMEC	652	0.21
20,400	Cape	49	0.02
25,134	Hunting	208	0.07
16,776	Kentz	71	0.02
33,706	Lamprell	37	0.01
46,824	Petrofac	751	0.24
59,100	Wood (J)	475	0.15
		2,243	0.72
Personal Goods 0.33% (30 September 2011 0.39%)			
79,527	Burberry	803	0.26
53,226	PZ Cussons	163	0.05
5,842	SuperGroup	35	0.01
4,018	Ted Baker	36	0.01
		1,037	0.33
Pharmaceuticals & Biotechnology 7.12% (30 September 2011 7.63%)			
225,529	Astrazeneca	6,690	2.14
58,438	BTG	189	0.06
15,095	Dechra Pharmaceuticals	88	0.03
10,921	Genus	164	0.05
907,059	GlaxoSmithKline	13,049	4.19
24,028	Hikma Pharmaceuticals	173	0.06
101,186	Shire	1,822	0.58
54,075	Vectura	46	0.01
		22,221	7.12

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Real Estate 1.80% (30 September 2011 1.73%)			
21,056	Big Yellow	66	0.02
160,564	British Land	840	0.27
109,943	Capital & Counties Properties	240	0.08
44,895	Capital & Regional	11	0.00
101,748	Capital Shopping	333	0.11
3,590	CLS	26	0.01
774	Daejan	23	0.01
16,514	Derwent London	324	0.10
23,907	Development Securities	38	0.01
84,730	F&C Commercial Property Trust	87	0.03
74,314	Grainger Trust	80	0.03
57,134	Great Portland Estates	260	0.08
127,183	Hammerson	577	0.18
111,894	Hansteen	87	0.03
18,353	Helical Bar	34	0.01
56,261	Invista European Real Estate Trust	7	0.00
16,088	IRP Property Investments	11	0.00
16,451	ISIS Property Trust	14	0.00
140,710	Land Securities	1,078	0.36
92,475	London & Stamford Property	106	0.03
16,115	LSL Property Services	34	0.01
9,436	McKay Securities	13	0.00
44,295	MedicX Fund	33	0.01
32,601	Metric Property Investments	29	0.01
7,278	Mucklow (A&J)	25	0.01
68,733	Picton Property Income	25	0.01
12,745	Primary Health Properties	44	0.01
81,953	Quintain Estates & Development	43	0.01
96,099	Raven Russia	65	0.02
32,189	Safestore	33	0.01
22,091	Savills	89	0.03
61,026	Schroder Real Estate Investment Trust	24	0.01
135,343	Segro	311	0.10
45,933	Shaftesbury	243	0.08
26,867	Standard Life Investment Property Income Trust	17	0.01
26,650	St Modwen Properties	52	0.02
5,628	Town Centre Securities	10	0.00
47,360	TR Property Investment Trust - Ordinary Shares	76	0.02
29,317	TR Property Investment Trust - Sigma Shares	23	0.01
72,448	UK Commercial Property Trust	48	0.02
27,835	Unite	71	0.02
18,110	Workspace	48	0.02
		5,598	1.80
Software & Computer Services 0.73% (30 September 2011 1.07%)			
53,557	Anite	67	0.02
12,275	Aveva	241	0.08
14,897	Computacenter	57	0.02
14,927	Emblaze	7	0.00
6,837	Fidessa	100	0.03
176,418	Innovation	38	0.01

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Software & Computer Services (continued)			
146,772	Invensys	345	0.11
12,284	Kofax	36	0.01
29,297	Micro Focus International	172	0.06
6,164	NCC	57	0.02
13,604	Phoenix IT	21	0.01
19,537	RM	15	0.00
224,359	Sage	706	0.23
14,345	SDL	95	0.03
36,582	Telecity	328	0.10
		2,285	0.73
Support Services 4.10% (30 September 2011 3.41%)			
45,493	Aggreko	1,053	0.33
93,024	Ashtead	302	0.09
17,868	Atkins	129	0.04
64,696	Babcock International	598	0.19
30,672	Berendsen	167	0.05
20,306	Brammer	58	0.02
59,295	Bunzl	662	0.21
117,625	Capita	913	0.29
77,876	Carillion	212	0.07
7,007	CPP	1	0.00
18,067	De La Rue	184	0.05
20,017	Diploma	93	0.03
78,412	Electrocomponents	156	0.05
180,342	Experian	1,872	0.60
33,413	Fiberweb	23	0.01
38,258	Filtrona	196	0.06
256,388	G4S	683	0.22
254,149	Hays	197	0.06
51,368	Hogg Robinson	26	0.01
50,012	Homeserve	108	0.03
109,787	Howden Joinery	163	0.05
6,023	Hyder Consulting	25	0.01
24,254	Interserve	87	0.03
29,056	Intertek	796	0.26
33,145	Lavendon	48	0.02
246,028	Lonrho	23	0.01
61,540	Management Consulting	15	0.00
17,277	Mears	49	0.02
9,444	Menzies (John)	61	0.02
52,433	Michael Page International	187	0.06
65,368	Mitie	191	0.06
22,532	Northgate	54	0.02
11,485	Paypoint	85	0.03
66,718	Premier Farnell	115	0.04
116,852	Regus	118	0.04
329,988	Rentokil Initial	270	0.09
9,538	Ricardo	36	0.01
11,063	Robert Walters	21	0.01
38,084	RPS	93	0.03

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Support Services (continued)		
89,648	Serco	525	0.16
69,915	Shanks	57	0.02
101,150	SIG	99	0.03
30,072	Smiths News	37	0.01
82,092	Speedy Hire	24	0.01
22,422	St Ives	17	0.01
19,485	SThree	55	0.02
44,340	Travis Perkins	463	0.15
21,179	Tribal	20	0.01
1,693	Vp	5	0.00
51,633	Wolseley	1,375	0.44
41,725	Xchanging	47	0.02
		12,794	4.10
	Technology Hardware & Equipment 0.69% (30 September 2011 0.65%)		
248,520	ARM	1,416	0.45
65,251	BATM Advanced Communications	11	0.00
36,076	CSR	114	0.04
36,525	Imagination Technologies	173	0.06
48,131	Laird	107	0.04
57,642	Pace	92	0.03
21,837	Promethean World	5	0.00
7,357	Sepura	6	0.00
121,001	Spirent Communications	186	0.06
20,723	Wolfson Microelectronics	41	0.01
		2,151	0.69
	Tobacco 4.94% (30 September 2011 4.83%)		
351,298	British American Tobacco	11,257	3.61
180,936	Imperial Tobacco	4,147	1.33
		15,404	4.94
	Travel & Leisure 2.76% (30 September 2011 2.25%)		
23,330	888	21	0.01
16,833	Betfair	122	0.04
126,927	Bwin-Party Digital	132	0.04
32,774	Carnival	751	0.24
25,599	Cineworld	62	0.02
335,516	Compass	2,311	0.73
25,016	Domino's Pizza	132	0.05
44,219	EasyJet	258	0.08
86,303	Enterprise Inns	54	0.02
88,726	First	217	0.07
2,036	Flybe	1	0.00
6,233	Fuller Smith & Turner	45	0.01
7,599	Go-Ahead	101	0.03
38,988	Greene King	231	0.08
297,441	IAG	444	0.15
52,517	InterContinental Hotels	850	0.28
163,979	Ladbrokes	284	0.09
103,868	Marston's	118	0.04

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Travel & Leisure (continued)		
26,229	Millennium & Copthorne	128	0.04
42,863	Mitchells & Butlers	123	0.04
76,210	National Express	162	0.05
25,000	Playtech	92	0.03
127,257	Punch Taverns	9	0.00
20,000	Rank	29	0.01
35,817	Restaurant	127	0.04
127,257	Spirit Pub	68	0.02
17,895	Sportech	11	0.00
121,797	Sportingbet	64	0.02
78,731	Stagecoach	221	0.07
164,174	Thomas Cook	27	0.01
93,558	TUI Travel	218	0.07
9,117	Wembley	1	0.00
15,936	Wetherspoon (JD)	77	0.02
32,135	Whitbread	729	0.23
125,892	William Hill	396	0.13
		8,616	2.76
	United Kingdom Derivatives (0.01)% (30 September 2011 0.04%)		
	Sterling Futures Contracts (0.01)% (30 September 2011 0.04%)		
32	FTSE 100 Index December 2012 Futures	(35)	(0.01)
	Investment assets*	311,639	99.84
	Net other assets	483	0.16
	Total net assets	312,122	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 2011 to 30 September 2012

	Notes	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Income					
Net capital gains /(losses)	2		39,793		(21,016)
Revenue	3	11,900		11,652	
Expenses	4	(1,490)		(1,638)	
Finance costs: Interest	6	-		(1)	
Net revenue before taxation		10,410		10,013	
Taxation	5	(5)		(46)	
Net revenue after taxation			10,405		9,967
Total return before distributions			50,198		(11,049)
Finance costs: Distributions	6		(10,405)		(9,204)
Change in unitholders' funds from investment activities			39,793		(20,253)

Statement of change in unitholders' funds

for the year from 1 October 2011 to 30 September 2012

	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Opening net assets attributable to unitholders		301,339		368,458
Amounts received on issue of units	5,516		11,064	
Amounts paid on cancellation of units	(44,564)		(66,918)	
		(39,048)		(55,854)
Stamp duty reserve tax		(36)		(26)
Change in unitholders' funds from investment activities		39,793		(20,253)
Retained distribution on accumulation units		10,074		9,014
Closing net assets attributable to unitholders		312,122		301,339

The notes on pages 94 to 101 form an integral part of these financial statements.

Balance sheet

as at 30 September 2012

	Notes	30.09.12 £'000	30.09.12 £'000	30.09.11 £'000	30.09.11 £'000
Assets					
Investment assets			311,674		298,884
Debtors	7	1,038		1,113	
Cash and bank balances	8	855		1,753	
Total other assets			1,893		2,866
Total assets			313,567		301,750
Liabilities					
Investment liabilities			(35)		(113)
Creditors	9	(1,410)		(298)	
Total other liabilities			(1,410)		(298)
Total liabilities			(1,445)		(411)
Net assets attributable to unitholders			312,122		301,339

The notes on pages 94 to 101 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2011 to 30 September 2012

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 gains/(losses)

The net gains/(losses) on investments comprise:

Gains/(losses) on non-derivatives securities

Gains/(losses) on currency contracts

Gains/(losses) on derivative contracts

Handling charges

Net capital gains/(losses) on investments

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
39,707	(20,795)
47	(16)
82	(152)
(43)	(53)
39,793	(21,016)

3 Revenue

Bank and term deposit interest

Taxable overseas dividends*

Non-taxable overseas dividends

UK dividends

UK stock dividends not distributed

UK REIT dividends

Total revenue

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
2	1
(55)	58
264	592
11,596	10,099
-	763
93	139
11,900	11,652

* The 'Taxable overseas dividends' is negative as the result of a taxable currency loss arising from the receipt of non-taxable overseas dividends. This discrepancy, however, did not affect the total revenue received.

Notes to the financial statements (continued)

4 Expenses

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Payable to the Manager, associates of the Manager, and the agents of either of them:		
Manager's periodic charge	1,263	1,412
	1,263	1,412
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	25	11
Trustee's fees	40	52
	65	63
Other expenses:		
Administration fees	145	151
Audit fees*	8	6
Legal fees	4	1
Risk & Compliance monitoring fees	4	5
Sundry fees	1	-
	162	163
Total expenses	1,490	1,638

*The Audit fee for the year, excluding VAT, was £6,398 (30 September 2011: £5,378).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Overseas tax suffered	5	46
Total current tax charge for the year (see note 5(b))	5	46
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	5	46

b) Factors affecting current tax charge for the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:		
Net revenue before taxation	10,410	10,013
Corporation tax at 20% (30 September 2011: 20%)	2,082	2,003
Effects of:		
Excess management expenses for which no relief taken	290	288
Franked investment revenue at 20%	(2,319)	(2,020)
Non-taxable overseas dividends	(53)	(118)
Non-taxable stock dividends	-	(153)
Overseas tax suffered	5	46
Total current tax charge for the year (see note 5 (a))	5	46

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

c) Movement in deferred tax

	01.10.11 to 30.09.12	01.10.10 to 30.09.11
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 2012 the sub-fund had surplus management expenses of £32,296,830 (30 September 2011: £30,847,705), 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

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:

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Interim (31 March)	4,587	3,975
Final (30 September)	5,487	5,039
	10,074	9,014
Revenue deducted on cancellation of units	374	295
Revenue received on issue of units	(43)	(105)
Finance costs: Distributions	10,405	9,204
Finance costs: Interest	-	1
Total finance costs	10,405	9,205
Reconciliation of distributions:		
Net revenue after taxation	10,405	9,967
UK stock dividends not distributed	-	(763)
Finance costs: Distributions	10,405	9,204

Details of the interim and final distributions per unit are set out in the table on page 102.

7 Debtors

	30.09.12 £'000	30.09.11 £'000
Accrued revenue	1,001	1,064
Amounts receivable for issue of units	1	-
Overseas tax recoverable	36	49
Total debtors	1,038	1,113

8 Cash and bank balances

	30.09.12 £'000	30.09.11 £'000
Amounts held at futures clearing houses and brokers	197	364
Cash and bank balances	658	1,389
Total cash and bank balances	855	1,753

Notes to the financial statements (continued)

9 Creditors

	30.09.12	30.09.11
	£'000	£'000
Accrued expenses	65	32
Accrued Manager's periodic charge	210	102
Accrued Trustee's fees	6	3
Amounts payable for cancellation of units	1,129	161
Total creditors	1,410	298

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 unitholders' funds 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, 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 £12 (30 September 2011: £1,062,664).

National Westminster Bank Plc is ultimately owned by Royal Bank of Scotland Plc. As at 30 September 2012, the sub-fund held a total of 369,111 Royal Bank of Scotland Plc shares with a market value of £944,924 (30 September 2011: £779,502).

Skandia MultiManager Trust is managed by Skandia Investment Management Limited (the "Manager") whose ultimate parent is Old Mutual Plc. At 30 September 2012, the sub-fund held a total of 883,429 Old Mutual Plc shares with a market value of £1,515,081 (30 September 2011: 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 2012 (30 September 2011) was as follows:

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	30.09.12 £'000	30.09.12 £'000	30.09.12 £'000	30.09.11 £'000	30.09.11 £'000	30.09.11 £'000
Euro	39	-	39	1	36	37
US Dollar	569	-	569	6	352	358
Total	608	-	608	7	388	395

c) Interest rate risk

The interest rate risk profile of the sub-fund's financial assets and liabilities at 30 September 2012 (30 September 2011) was as follows:

Currency	Floating rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.12				
Euro	13	-	30	42
Sterling	569	-	312,386	312,956
US Dollar	273	-	296	569
Total	855	-	312,712	313,567

	Floating rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'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

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.12			
Euro	-	(3)	(3)
Sterling	-	(1,442)	(1,442)
Total	-	(1,445)	(1,445)

	Floating rate financial liabilities* £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.11			
Sterling	-	(411)	(411)
Total	-	(411)	(411)

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. The 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-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.

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.

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 2011: £30,611 for rights).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs	30.09.12 £'000	30.09.12 £'000
Purchases in the year before transaction costs		14,512
Commissions	3	
Other costs	59	
Total purchase costs		62
Gross purchases total		14,574
Analysis of total sale costs		
Gross sales in the year before transaction costs		31,611
Commissions	(9)	
Other costs	(1)	
Total sale costs		(10)
Total sales net of transaction costs		31,601

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 74.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2012
 Group 2 : Units purchased from 1 April 2012 to 30 September 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.12 pence per unit	Distribution paid 30.11.11 pence per unit
Accumulation Units				
Group 1	1.7736	-	1.7736	1.4393
Group 2	0.7391	1.0345	1.7736	1.4393

Interim distribution

Group 1: Units purchased prior to 1 October 2011
 Group 2 : Units purchased from 1 October 2011 to 31 March 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.12 pence per unit	Distribution paid 31.05.11 pence per unit
Accumulation Units				
Group 1	1.4034	-	1.4034	1.0812
Group 2	0.7652	0.6382	1.4034	1.0812

* Equalisation only applies to units purchased during the 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 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	£119,570,839

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
30.09.10			
Accumulation	£100,302,124	203,806,849	49.21p
30.09.11			
Accumulation	£84,494,033	180,613,704	46.78p
30.09.12			
Accumulation	£119,570,839	193,628,130	61.75p

Comparative table

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

Calendar year	Highest price	Lowest price
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	45.54p
2012*		
Accumulation	64.25 p	50.51 p

* to 30 September

Income (Net Accumulations)

Calendar year	Pence per unit
2007	
Accumulation	1.0845
2008	
Accumulation	1.6967
2009	
Accumulation	0.9338
2010	
Accumulation	0.4419
2011	
Accumulation	0.6111
2012*	
Accumulation	0.5696

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

Income

The interim distribution paid on 31 May 2012 was 0.1124 pence per accumulation unit. The final distribution payable on 30 November 2012 is 0.4572 pence per accumulation unit.

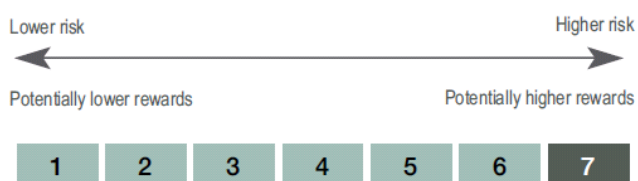
Any revenue available is distributed semi-annually on 31 May and 30 November.

Investment Manager's Review

UK equities achieved big gains over the 12 months to the end of September, albeit in intermittently rocky trading conditions. Markets were subject to periodic setbacks amid bouts of risk aversion, due to investor nervousness about European sovereign debt and increasing concerns over global growth. More defensive areas, such as healthcare, consumer staples and mega cap stocks tended to outperform during these more bearish intervals. However, for much of the period very attractive stock prices drew investors back to equities, and during these times of increased risk appetite more cyclical sectors and medium cap stocks rebounded and outperformed the market.

The UK Opportunities Fund, managed by Old Mutual Asset Managers (OMAM), achieved a robust gain and strongly outperformed the benchmark during the twelve-month reporting interval. Both sector positioning, but especially stock selection, benefited performance. Stock picking was particularly profitable in financial services, industrials, personal/household goods and retail. Among sectors, underweights in financial services and basic resources benefited relative returns, as did an overweight in chemicals. An overweight holding in Ashtead Group was the single biggest stock contributor to performance over the period.

Risk and Reward Profile



The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the Fund. The risk category shown is not guaranteed and may change over time. A category 1 fund is not a risk-free investment - the risk of losing your money is small, but the chance of making gains is also limited. With a category 7 fund, the risk of losing your money is high but there is also a chance of making high gains. The seven-category scale is complex, for example, 2 is not twice as risky as 1.

This sub-fund is in category 7 as it invests in UK equity securities; these investments have additional risks as listed below. These factors may increase the value of the investments or expose this sub-fund to losses.

Concentration risk - the Fund's investments are concentrated in the UK. This means the Fund's investments may become more susceptible to fluctuations in value resulting from adverse economic or business conditions in the UK.

Investment risk - the Fund invests in UK securities, and share prices can rise or fall due to a number of factors affecting global stock markets.

Derivative risk - the use of derivatives may result in gains or losses that are greater than the original amount invested. Derivatives also involve counterparty risk - the risk to each party of a contract that the other party will not meet its contractual obligations.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Asset allocation

UK Equities	98.32%
Net other assets	1.68%
Total	100.00%

Portfolio allocation

United Kingdom:

Support Services	11.19%
Travel & Leisure	10.59%
Financial Services	9.43%
Software & Computer Services	8.48%
Household Goods	6.78%
Real Estate	6.32%
Electronic & Electrical Equipment	5.79%
Media	5.67%
Oil & Gas Producers	4.49%
Oil Equipment, Services & Distribution	4.36%
General Retailers	3.51%
Non-Life Insurance	3.18%
General Industrials	3.15%
Industrial Engineering	3.13%
Technology Hardware & Equipment	2.35%
Construction & Materials	2.26%
Mining	1.65%
Life Insurance	1.43%
Chemicals	1.35%
Fixed Line Telecommunications	1.29%
Aerospace & Defence	1.11%
Mobile Telecommunications	0.81%

Net other assets	1.68%
Total	100.00%

Major holdings

	Percentage of portfolio
Ashtead	3.48%
Telecity	3.39%
Melrose	3.13%
Aberdeen Asset Management	3.11%
Barratt Developments	2.79%
Wood (J)	2.70%
Premier Oil	2.47%
Howden Joinery	2.47%
Rightmove	2.35%
Provident Financial	2.31%

Number of holdings	65
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Ongoing charges figures (OCF)*

30.09.12	1.12%
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*The on-going charges figure is the ratio of the sub-fund's ongoing charges to the average net-assets of the sub-fund.

There are no prior period comparatives as this is a new measure.

All information is at 30 September 2012 unless otherwise stated.

Portfolio statement

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 98.32% (30 September 2011 93.89%)		
	United Kingdom Equities 98.32% (30 September 2011 93.89%)		
	Aerospace & Defence 1.11% (30 September 2011 3.17%)		
646,000	Senior	1,328	1.11
	Chemicals 1.35% (30 September 2011 4.51%)		
473,000	AZ Electronic Materials	1,615	1.35
	Construction & Materials 2.26% (30 September 2011 0.77%)		
370,000	Galliford Try	2,699	2.26
	Electronic & Electrical Equipment 5.79% (30 September 2011 4.79%)		
392,000	Halma	1,655	1.39
62,080	Oxford Instruments	842	0.70
132,967	Renishaw	2,179	1.82
132,000	Spectris	2,249	1.88
		6,925	5.79
	Equity Investment Instruments 0.00% (30 September 2011 0.58%)		
	Financial Services 9.43% (30 September 2011 7.13%)		
1,205,490	Aberdeen Asset Management	3,718	3.11
231,000	Investec	881	0.74
125,000	London Stock Exchange	1,178	0.98
202,000	Provident Financial	2,763	2.31
947,000	Paragon	1,951	1.63
295,266	SVG Capital	793	0.66
		11,284	9.43
	Fixed Line Telecommunications 1.29% (30 September 2011 0.18%)		
830,244	TalkTalk Telecom	1,546	1.29
	Gas Water & Multiutilities 0.00% (30 September 2011 1.31%)		
	General Financial 0.00% (30 September 2011 3.38%)		
	General Industrials 3.15% (30 September 2011 1.03%)		
204,000	Cookson	1,214	1.02
1,379,000	Smith (DS)	2,551	2.13
		3,765	3.15
	General Retailers 3.51% (30 September 2011 5.62%)		
2,433,000	Debenhams	2,494	2.09
14,691	Dunelm	93	0.08
445,000	Inchcape	1,605	1.34
		4,192	3.51
	Household Goods 6.78% (30 September 2011 3.25%)		
1,980,615	Barratt Developments	3,341	2.79
85,461	Bellway	788	0.66

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Household Goods (continued)		
287,492	Persimmon	2,165	1.81
3,337,311	Taylor Wimpey	1,810	1.52
		8,104	6.78
	Industrial Engineering 3.13% (30 September 2011 1.96%)		
1,549,373	Melrose	3,748	3.13
	Life Insurance 1.43% (30 September 2011 0.00%)		
458,000	St James's Place Capital	1,708	1.43
	Media 5.67% (30 September 2011 6.08%)		
416,007	Informa	1,677	1.41
1,124,499	ITE	2,285	1.91
179,000	Rightmove	2,812	2.35
		6,774	5.67
	Mining 1.65% (30 September 2011 1.68%)		
414,000	Ferrexpo	807	0.68
2,384,000	Kenmare Resources	940	0.79
55,000	Petropavlovsk	221	0.18
		1,968	1.65
	Mobile Telecommunications 0.81% (30 September 2011 0.00%)		
162,359	Inmarsat	965	0.81
	Non-Life Insurance 3.18% (30 September 2011 3.16%)		
336,000	Amlin	1,348	1.13
298,000	Lancashire	2,456	2.05
		3,804	3.18
	Oil & Gas Producers 4.49 (30 September 2011 4.17%)		
405,279	Ophir Energy	2,417	2.02
821,000	Premier Oil	2,951	2.47
		5,368	4.49
	Oil Equipment, Services & Distribution 4.36% (30 September 2011 4.96%)		
308,000	Cape	733	0.61
152,000	Hunting	1,259	1.05
401,000	Wood (J)	3,226	2.70
		5,218	4.36
	Oil & Gas Producers 0.00% (30 September 2011 4.12%)		
	Real Estate 6.32% (30 September 2011 2.60%)		
254,034	Big Yellow	799	0.67
1,067,987	Capital & Counties Properties	2,334	1.95
89,000	Derwent London	1,744	1.46
296,000	Great Portland Estates	1,348	1.13
521,000	Unite	1,326	1.11
		7,551	6.32

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Software & Computer Services 8.48% (30 September 2011 10.73%)		
1,447,284	Anite	1,815	1.52
138,000	Aveva	2,710	2.26
228,749	Invensys	538	0.45
156,045	SDL	1,032	0.86
451,000	Telecity	4,048	3.39
		10,143	8.48
	Support Services 11.19% (30 September 2011 12.44%)		
1,285,000	Ashtead	4,160	3.48
186,000	Babcock International	1,720	1.44
240,682	Filtrona	1,235	1.03
1,992,000	Howden Joinery	2,958	2.47
686,000	RPS	1,682	1.41
156,000	Travis Perkins	1,630	1.36
		13,385	11.19
	Technology Hardware & Equipment 2.35% (30 September 2011 1.42%)		
116,000	Imagination Technologies	548	0.46
301,000	Laird	669	0.56
1,036,575	Spirent Communications	1,593	1.33
		2,810	2.35
	Travel & Leisure 10.59% (30 September 2011 8.17%)		
326,000	Domino's Pizza	1,713	1.43
322,000	EasyJet	1,876	1.57
307,000	First	749	0.63
454,000	Greene King	2,692	2.25
590,584	Restaurant	2,096	1.75
2,519,435	Spirit Pub	1,354	1.13
694,000	William Hill	2,185	1.83
		12,665	10.59
	Investment assets	117,565	98.32
	Net other assets	2,006	1.68
	Total net assets	119,571	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 2011 to 30 September 2012

	Notes	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Income					
Net capital gains/(losses)	2		27,314		(3,774)
Revenue	3	2,180		2,277	
Expenses	4	(1,123)		(1,141)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		1,057		1,136	
Taxation	5	(5)		1	
Net revenue after taxation			1,052		1,137
Total return before distributions			28,366		(2,637)
Finance costs: Distributions	6		(1,052)		(1,137)
Change in unitholders' funds from investment activities			27,314		(3,774)

Statement of change in unitholders' funds

for the year from 1 October 2011 to 30 September 2012

	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Opening net assets attributable to unitholders		84,494		100,302
Amounts received on issue of units	17,968		5,937	
Amounts paid on cancellation of units	(11,265)		(19,054)	
		6,703		(13,117)
Stamp duty reserve tax		(26)		(23)
Change in unitholders' funds from investment activities		27,314		(3,774)
Retained distribution on accumulation units		1,086		1,106
Closing net assets attributable to unitholders		119,571		84,494

The notes on pages 110 to 117 form an integral part of these financial statements.

Balance sheet

as at 30 September 2012

	Notes	30.09.12 £'000	30.09.12 £'000	30.09.11 £'000	30.09.11 £'000
Assets					
Investment assets			117,565		79,329
Debtors	7	554		748	
Cash and bank balances	8	2,184		4,714	
Total other assets			2,738		5,462
Total assets			120,303		84,791
Liabilities					
Creditors	9	(727)		(297)	
Bank overdrafts		(5)		-	
Total other liabilities			(732)		(297)
Total liabilities			(732)		(297)
Net assets attributable to unitholders			119,571		84,494

The notes on pages 110 to 117 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2011 to 30 September 2012

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 gains/(losses)

The net gains/(losses) on investments comprise:

Gains/(losses) on non-derivatives securities

Gains on currency contracts

Handling charges

Net capital gains/(losses) on investments

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
27,330	(3,755)
2	-
(18)	(19)
27,314	(3,774)

3 Revenue

Bank and term deposit interest

Non-taxable overseas dividends

UK dividends

UK REIT dividends

Underwriting commission

Total revenue

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
9	9
462	46
1,696	2,186
13	30
-	6
2,180	2,277

Notes to the financial statements (continued)

4 Expenses

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Payable to the Manager, associates of the Manager, and the agents of either of them:		
Manager's periodic charge	1,020	1,036
	1,020	1,036
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	7	3
Trustee's fees	13	16
	20	19
Other expenses:		
Administration fees	69	76
Audit fees*	8	8
Legal fees	4	1
Risk & compliance monitoring fees	2	1
	83	86
Total expenses	1,123	1,141

*The Audit fee for the year, excluding VAT, was £6,398 (30 September 2011: £6,793).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Overseas tax suffered	5	(1)
Total current tax charge for the year (see note 5(b))	5	(1)
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	5	(1)

b) Factors affecting current tax charge for the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:		
Net revenue before taxation	1,057	1,136
Corporation tax at 20% (30 September 2011: 20%)	211	227
Effects of:		
Excess management expenses for which no relief taken	219	219
Franked investment revenue at 20%	(340)	(437)
Non-taxable overseas dividends	(92)	(9)
Movement in revenue taxable in different periods	2	-
Overseas tax suffered	5	(1)
Total current tax charge for the year (see note 5 (a))	5	(1)

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

c) Movement in deferred tax

	01.10.11 to 30.09.12	01.10.10 to 30.09.11
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 2012 the sub-fund had surplus management expenses of £10,896,666 (30 September 2011: £9,789,762), 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

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:

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Interim (31 March)	200	40
Final (30 September)	885	1,066
	1,085	1,106
Revenue deducted on cancellation of units	35	72
Revenue received on issue of units	(68)	(41)
Finance costs: Distributions	1,052	1,137
Finance costs: Interest	-	-
Total finance costs	1,052	1,137
Reconciliation of distributions:		
Net revenue after taxation	1,052	1,137
Finance costs: Distributions	1,052	1,137

Details of the interim and final distributions per unit are set out in the table on page 118.

7 Debtors

	30.09.12 £'000	30.09.11 £'000
Accrued revenue	271	262
Amounts receivable for issue of units	17	84
Overseas tax recoverable	8	17
Sales awaiting settlement	258	385
Total debtors	554	748

8 Cash and bank balances

	30.09.12 £'000	30.09.11 £'000
Cash and bank balances	2,184	4,714
Total cash and bank balances	2,184	4,714

Notes to the financial statements (continued)

9 Creditors

	30.09.12 £'000	30.09.11 £'000
Accrued expenses	32	18
Accrued Manager's periodic charge	197	72
Accrued Trustee's fees	2	1
Amounts payable for cancellation of units	477	23
Purchases awaiting settlement	19	183
Total creditors	727	297

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 unitholders' funds 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, 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 £ 1,654,655 (30 September 2011: £4,508,018).

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 direct foreign currency exposure of the sub-fund as at 30 September 2012 (30 September 2011) was as follows:

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary exposures 30.09.12 £'000	Non-monetary exposures 30.09.12 £'000	Total 30.09.12 £'000	Monetary exposures 30.09.11 £'000	Non-monetary exposures 30.09.11 £'000	Total 30.09.11 £'000
Swiss Francs	(5)	-	(5)	-	-	-
US Dollar	49	-	49	-	-	-
Total	44	-	44	-	-	-

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 2012 (30 September 2011) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.12				
Sterling	2,154	-	118,100	120,254
US Dollar	31	-	18	49
Total	2,185	-	118,118	120,303

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

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.12			
Swiss Franc	(5)	-	(5)
Sterling	-	(727)	(727)
Total	(5)	(727)	(732)

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

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. The 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-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.

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 2011: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs	30.09.12 £'000	30.09.12 £'000
Purchases in the year before transaction costs		67,647
Commissions	141	
Other costs	305	
Total purchase costs		446
Gross purchases total		68,093
Analysis of total sale costs		
Gross sales in the year before transaction costs		57,716
Commissions	(88)	
Other costs	(1)	
Total sale costs		(89)
Total sales net of transaction costs		57,627

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 103.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2012
 Group 2 : Units purchased from 1 April 2012 to 30 September 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.12 pence per unit	Distribution paid 30.11.11 pence per unit
Accumulation Units				
Group 1	0.4572	-	0.4572	0.5904
Group 2	0.4547	0.0025	0.4572	0.5904

Interim distribution

Group 1: Units purchased prior to 1 October 2011
 Group 2 : Units purchased from 1 October 2011 to 31 March 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.12 pence per unit	Distribution paid 31.05.11 pence per unit
Accumulation Units				
Group 1	0.1124	-	0.1124	0.0207
Group 2	0.0182	0.0942	0.1124	0.0207

* Equalisation only applies to units purchased during the 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 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	£154,845,064

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
30.09.10			
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
30.09.12			
Income*	–	–	–
Accumulation	£154,845,064	161,146,298	96.09p

* closed on 30 July 2012

Comparative table

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

Calendar year	Highest price	Lowest price
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
2012*		
Income	70.35p	63.33p
Accumulation	97.90p	86.71p

* to 30 September

Income (Net Distributions/Accumulations)

Calendar year	Pence per unit
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
2012*	
Income	1.1980
Accumulation	3.2654

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

Income

The interim distribution paid on 31 May 2012 was 1.1980 pence per distribution unit and 1.6148 pence per accumulation unit. The final distribution payable on 30 November 2012 is 1.6506 pence per accumulation unit.

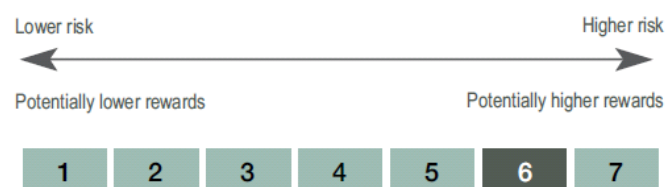
Any revenue available is distributed semi-annually on 31 May and 30 November.

Investment Manager's review

UK equities achieved big gains over the 12 months to the end of September, albeit in intermittently rocky trading conditions. Markets were subject to periodic setbacks amid bouts of risk aversion, due to investor nervousness about European sovereign debt and increasing concerns over global growth. More defensive areas, such as healthcare, consumer staples and mega cap stocks tended to outperform during these more bearish intervals. However, for much of the period very attractive stock prices drew investors back to equities, and during these times of increased risk appetite more cyclical sectors and medium cap stocks rebounded and outperformed the market.

The UK Select Fund (managed by Investec) had a very strong absolute gain and greatly outperformed the benchmark during the reporting interval. Both stock selection and sector allocation in many areas contributed to the excellent relative and absolute performance. The most noteworthy contributors were industrials, financial services, insurance, oil & gas and basic resources. In all these areas both stock selection and sector positioning benefited performance.

Risk and Reward Profile



The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the Fund. The risk category shown is not guaranteed and may change over time. A category 1 fund is not a risk-free investment - the risk of losing your money is small, but the chance of making gains is also limited. With a category 7 fund, the risk of losing your money is high but there is also a chance of making high gains. The seven-category scale is complex, for example, 2 is not twice as risky as 1.

This sub-fund is in category 6 because it invests in UK equity securities while tracking an index; this investment approach has additional risks as listed below. These factors may increase the value of the investments or expose this sub-fund to losses.

Concentration risk - the Fund's investments are concentrated in the UK. This means the Fund may become more susceptible to fluctuations in value resulting from adverse economic or business conditions in the UK.

Investment risk - the Fund invests in UK securities, and share prices can rise or fall due to a number of factors affecting stock markets.

Derivative risk - the use of derivatives may result in gains or losses that are greater than the original amount invested. Derivatives also involve counterparty risk - the risk to each party of a contract that the other party will not meet its contractual obligations.

Index-tracking risk - the performance of the Fund will depend on the performance of the relevant index and the success of the Fund in tracking that index.

For a more detailed explanation of risks, please refer to the "Risks" section of the prospectus.

Asset allocation

UK Equities	75.60%
European Equities	11.05%
North American Equities	7.53%
UK Debt Securities	2.79%
African Equities	1.08%
UK Derivatives	0.04%
Net other assets	1.91%
Total	100.00%

Portfolio allocation

United Kingdom:

Oil & Gas Producers	11.76%
Pharmaceuticals & Biotechnology	10.27%
Banks	9.55%
Support Services	7.68%
General Retailers	5.90%
Mobile Telecommunications	4.12%
Aerospace & Defence	3.78%
Fixed Line Telecommunications	3.62%
Food Producers	3.58%
Real Estate	3.47%
Travel & Leisure	2.77%
Tobacco	2.32%
Food & Drug Retailers	1.86%
United Kingdom Variable Rate Corporate Bonds	1.48%
United Kingdom Fixed Rate Government Bonds	1.31%
Software & Computer Services	1.27%
Transportation	1.02%
Gas, Water & Multiutilities	0.97%
Media	0.66%
Mining	0.31%
Construction & Materials	0.25%
General Industrials	0.23%
Non-Life Insurance	0.18%
Sterling Denominated Open Forward Exchange Contracts	0.04%
Financial Services	0.03%

Overseas:

Ireland Equities	9.89%
United States of America Equities	7.04%
South Africa Equities	1.08%
France Equities	1.01%
Canada Equities	0.49%
Italy Equities	0.15%
Net other assets	1.91%
Total	100.00%

Major holdings	Percentage of Portfolio
Royal Dutch Shell 'B' Shares	7.72%
HSBC	7.16%
GlaxoSmithKline	6.63%
Signet Jewelers	5.60%
Vodafone	4.12%
BP	4.04%
Travis Perkins	3.88%
Astrazeneca	3.64%
Unilever	3.58%
BT	3.53%

Number of holdings	64
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Ongoing charges figures (OCF)*

30.09.12	1.08%
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*The on-going charges figure is the ratio of the sub-fund's ongoing charges to the average net-assets of the sub-fund.

There are no prior period comparatives as this is a new measure.

All information is at 30 September 2012 unless otherwise stated.

Portfolio statement

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
United Kingdom 78.43% (30 September 2011 82.20%)			
United Kingdom Equities 75.60% (30 September 2011 79.91%)			
Aerospace & Defence 3.78% (30 September 2011 2.74%)			
247,567	BAE Systems	807	0.52
2,670,410	QinetiQ	5,047	3.26
		5,854	3.78
Banks 9.55% (30 September 2011 6.96%)			
1,924,150	HSBC	11,087	7.16
1,445,577	Royal Bank of Scotland	3,701	2.39
		14,788	9.55
Construction & Materials 0.25% (30 September 2011 0.22%)			
57,860	Morgan Sindall	381	0.25
Electricity 0.00% (30 September 2011 0.73%)			
Financial Services 0.03% (30 September 2011 0.00%)			
17,241	Aberdeen Asset Management	53	0.03
Fixed Line Telecommunications 3.62% (30 September 2011 4.59%)			
2,354,569	BT	5,472	3.53
117,411	Colt	140	0.09
		5,612	3.62
Food & Drug Retailers 1.86% (30 September 2011 2.02%)			
242,121	Morrison (Wm) Supermarkets	696	0.45
662,135	Tesco	2,191	1.41
		2,887	1.86
Food Producers 3.58% (30 September 2011 4.28%)			
243,366	Unilever	5,549	3.58
Gas, Water & Multiutilities 0.97% (30 September 2011 0.98%)			
452,058	Centrica	1,495	0.97
General Financial 0.00% (30 September 2011 0.01%)			
General Industrials 0.23% (30 September 2011 0.00%)			
44,995	Cookson	267	0.17
8,762	Smiths	91	0.06
		358	0.23
General Retailers 5.90% (30 September 2011 5.73%)			
176,687	Kingfisher	468	0.30
290,804	Signet Jewelers	8,666	5.60
		9,134	5.90
Industrial Engineering 0.00% (30 September 2011 1.69%)			

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Leisure Goods 0.00% (30 September 2011 0.07%)		
	Media 0.66% (30 September 2011 1.39%)		
769,299	Bloomsbury Publishing	1,017	0.66
	Mining 0.31% (30 September 2011 1.00%)		
76,134	Kinross Gold	475	0.31
	Mobile Telecommunications 4.12% (30 September 2011 4.79%)		
3,598,673	Vodafone	6,373	4.12
	Non-Equity Investment Instruments 0.00% (30 September 2011 3.53%)		
	Non-Life Insurance 0.18% (30 September 2011 0.20%)		
257,656	RSA Insurance	285	0.18
	Oil & Gas Producers 11.76% (30 September 2011 11.01%)		
1,422,256	BP	6,251	4.04
542,240	Royal Dutch Shell 'B' Shares	11,967	7.72
		18,218	11.76
	Pharmaceuticals & Biotechnology 10.27% (30 September 2011 11.97%)		
189,747	Astrazeneca	5,629	3.64
714,514	GlaxoSmithKline	10,278	6.63
		15,907	10.27
	Real Estate 3.47% (30 September 2011 2.73%)		
386,024	British Land	2,019	1.30
581,218	Helical Bar	1,090	0.70
294,922	Land Securities	2,262	1.47
		5,371	3.47
	Software & Computer Services 1.27% (30 September 2011 1.00%)		
377,718	Computacenter	1,445	0.93
224,297	Invensys	528	0.34
		1,973	1.27
	Support Services 7.68% (30 September 2011 5.16%)		
355,219	Rentokil Initial	290	0.19
3,297,451	SIG	3,243	2.10
576,157	Travis Perkins	6,021	3.88
87,898	Wolseley	2,340	1.51
		11,894	7.68
	Technology Hardware & Equipment 0.00% (30 September 2011 0.47%)		
	Tobacco 2.32% (30 September 2011 4.80%)		
112,046	British American Tobacco	3,591	2.32

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Transportation 1.02% (30 September 2011 0.61%)		
244,676	TNT Express	1,574	1.02
	Travel & Leisure 2.77% (30 September 2011 1.23%)		
79,289	Carnival	1,816	1.18
115,730	Go-Ahead	1,541	0.99
86,092	Hornby	54	0.03
181,585	Wetherspoon (JD)	879	0.57
		4,290	2.77
	United Kingdom Debt Securities 2.79% (30 September 2011 2.28%)		
	United Kingdom Fixed Rate Government Bonds 1.31% (30 September 2011 0.85%)		
£1,987,300	Treasury 4.5% Gilt 07/03/2013	2,024	1.31
	United Kingdom Fixed Rate Corporate Bonds 0.00% (30 September 2011 1.11%)		
	United Kingdom Variable Rate Corporate Bonds 1.48% (30 September 2011 0.32%)		
£357,000	Aviva 5.9021% Subordinated Perpetual Floating Rate Notes	270	0.17
£370,000	Nationwide Building Society 6.024 % Subordinated Perpetual Floating Rate Notes	293	0.19
£1,682,000	Nationwide Building Society 7.971% Subordinated Perpetual Floating Rate Notes	1,732	1.12
		2,295	1.48
	United Kingdom Derivatives 0.04% (30 September 2011 0.01%)		
	Sterling Denominated Open Forward Exchange Contracts 0.04% (30 September 2011 0.01%)		
£626,005	Sterling vs US Dollar Forward Exchange Contract	4	0.00
£3,176,513	Sterling vs US Dollar Forward Exchange Contract	44	0.03
£74,005	Sterling vs US Dollar Forward Exchange Contract	0	0.00
£157,255	Sterling vs Euro Forward Exchange Contract	1	0.00
£3,623,682	Sterling vs Euro Forward Exchange Contract	10	0.01
		59	0.04
	Overseas 19.66% (30 September 2011 17.58%)		
	Europe 11.05% (30 September 2011 9.11%)		
	Europe Equities 11.05% (30 September 2011 9.11%)		
	France Equities 1.01% (30 September 2011 0.00%)		
120,874	Carrefour	1,560	1.01
	Ireland Equities 9.89% (30 September 2011 8.99%)		
1,161,526	Aer Lingus	957	0.62
970,190	C&C	2,841	1.83
197,567	CRH	2,374	1.53
1,719,929	Grafton	4,627	3.00
715,010	Kingspan	4,509	2.91
		15,308	9.89

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
Italy Equities 0.15% (30 September 2011 0.12%)			
16,564	Eni	229	0.15
North America 7.53% (30 September 2011 7.01%)			
North America Equities 7.53% (30 September 2011 7.01%)			
Canada Equities 0.49% (30 September 2011 0.00%)			
29,266	Barrick Gold	756	0.49
United States Equities 7.04% (30 September 2011 7.01%)			
352,250	Avon Products	3,523	2.27
165,008	Dell	1,023	0.66
14,458	Johnson & Johnson	616	0.40
76,024	Medtronic	2,041	1.32
34,632	Newmont Mining	1,209	0.78
161,787	Pfizer	2,493	1.61
		10,905	7.04
Africa 1.08% (30 September 2011 1.46%)			
Africa Equities 1.08% (30 September 2011 1.46%)			
South Africa Equities 1.08% (30 September 2011 1.46%)			
37,317	AngloGold Ashanti	808	0.52
108,227	Gold Fields	867	0.56
		1,675	1.08
Investment assets		151,890	98.09
Net other assets		2,955	1.91
Total net assets		154,845	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 2011 to 30 September 2012

	Notes	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Income					
Net capital gains /(losses)	2		24,221		(673)
Revenue	3	6,138		5,810	
Expenses	4	(1,745)		(1,911)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		4,393		3,899	
Taxation	5	(83)		(52)	
Net revenue after taxation			4,310		3,847
Total return before distributions			28,531		3,174
Finance costs: Distributions	6		(5,867)		(5,559)
Change in unitholders' funds from investment activities			22,664		(2,385)

Statement of change in unitholders' funds

for the year from 1 October 2011 to 30 September 2012

	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Opening net assets attributable to unitholders		153,228		174,333
Amounts received on issue of units	1,744		15,216	
Amounts paid on cancellation of units	(28,395)		(39,199)	
		(26,651)		(23,983)
Stamp duty reserve tax		(8)		(38)
Change in unitholders' funds from investment activities		22,664		(2,385)
Retained distribution on accumulation units		5,612		5,301
Closing net assets attributable to unitholders		154,845		153,228

The notes on pages 128 to 135 form an integral part of these financial statements.

Balance sheet

as at 30 September 2012

	Notes	30.09.12 £'000	30.09.12 £'000	30.09.11 £'000	30.09.11 £'000
Assets					
Investment assets			151,890		152,902
Debtors	7	565		454	
Cash and bank balances	8	3,414		1,115	
Total other assets			3,979		1,569
Total assets			155,869		154,471
Liabilities					
Investment liabilities			-		(17)
Creditors	9	(1,024)		(1,226)	
Total other liabilities			(1,024)		(1,226)
Total liabilities			(1,024)		(1,243)
Net assets attributable to unitholders			154,845		153,228

The notes on pages 128 to 135 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2011 to 30 September 2012

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 gains/(losses)

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
The net gains/(losses) on investments comprise:		
Gains/(losses) on non-derivatives securities	24,862	(766)
Losses on currency contracts	(835)	(12)
Gains on forward currency contracts	202	121
Handling charges	(8)	(16)
Net capital gains/(losses) on investments	24,221	(673)

3 Revenue

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Interest from overseas debt securities	-	29
Interest from UK debt securities	222	216
Taxable overseas dividends	-	20
Non-taxable overseas dividends	845	633
UK dividends	4,891	4,760
UK REIT dividends	165	-
Unfranked UK dividends	-	152
Unfranked distributions on Collective Investment Schemes	15	-
Total revenue	6,138	5,810

Notes to the financial statements (continued)

4 Expenses

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Payable to the Manager, associates of the Manager, and agents of either of them:		
Manager's periodic charge	1,606	1,766
	1,606	1,766
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	12	8
Trustee's fees	20	27
	32	35
Other expenses:		
Administration fees	94	100
Audit fees*	8	8
Legal fees	1	1
Risk & compliance monitoring fees	1	1
Sundry fees	3	-
	107	110
Total expenses	1,745	1,911

*The Audit fee for the year, excluding VAT, was £6,398 (30 September 2011: £6,793).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Overseas tax suffered	83	52
Total current tax charge for the year (see note 5(b))	83	52
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	83	52

b) Factors affecting current tax charge for the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:		
Net revenue before taxation	4,393	3,899
Corporation tax at 20% (30 September 2011: 20%)	878	780
Effects of:		
Excess management expenses for which no relief taken	269	299
Franked investment revenue at 20%	(981)	(952)
Movement in revenue taxable in different periods	3	-
Non-taxable overseas dividends	(169)	(127)
Overseas tax suffered	83	52
Total current tax charge for the year (see note 5 (a))	83	52

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

c) Movement in deferred tax

	01.10.11 to 30.09.12	01.10.10 to 30.09.11
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 2012 the sub-fund had surplus management expenses of £25,893,458 (30 September 2011: £24,521,602), 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

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:

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Interim (31 March)	2,952	2,315
Final (30 September)	2,660	2,986
	5,612	5,301
Revenue deducted on cancellation of units	268	379
Revenue received on issue of units	(13)	(121)
Finance costs: Distributions	5,867	5,559
Finance costs: Interest	-	-
Total finance costs	5,867	5,559
Reconciliation of distributions:		
Net revenue after taxation	4,310	3,847
Capitalised fees	1,606	1,766
Tax relief on capitalised fees	(49)	(54)
Finance costs: Distributions	5,867	5,559

Details of the interim and final distributions per unit are set out in the table on page 136.

7 Debtors

	30.09.12 £'000	30.09.11 £'000
Accrued revenue	420	451
Amounts receivable for issue of units	135	-
Income tax recoverable	5	-
Overseas tax recoverable	5	3
Total debtors	565	454

8 Cash and bank balances

	30.09.12 £'000	30.09.11 £'000
Cash and bank balances	3,414	1,115
Total cash and bank balances	3,414	1,115

Notes to the financial statements (continued)

9 Creditors

	30.09.12 £'000	30.09.11 £'000
Accrued expenses	35	21
Accrued Manager's periodic charge	261	128
Accrued Trustee's fees	3	2
Amounts payable for cancellation of units	725	143
Purchases awaiting settlement	-	932
Total creditors	1,024	1,226

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 unitholders' funds 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, 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 £1,829,203 (30 September 2011: £nil).

National Westminster Bank Plc is ultimately owned by Royal Bank of Scotland Plc. As at 30 September 2011, the Fund held a total of 1,445,577 Royal Bank of Scotland Plc shares with a market value of £3,700,677 (30 September 2011: £nil).

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 2012 (30 September 2011) was as follows:

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	30.09.12 £'000	30.09.12 £'000	30.09.12 £'000	30.09.11 £'000	30.09.11 £'000	30.09.11 £'000
Canadian Dollar	31	475	506	141	574	715
Euro	219	14,900	15,119	8	15,376	15,384
US Dollar	367	9,507	9,874	10	14,044	14,054
Total	617	24,822	25,499	159	29,994	30,153

c) Interest rate risk

The interest rate risk profile of the sub-fund's financial assets and liabilities at 30 September 2012 (30 September 2011) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.12				
Canadian Dollar	31	-	475	506
Euro	142	-	18,748	18,890
Sterling	5,284	2,024	123,062	130,370
US Dollar	252	-	13,450	13,702
Total	5,709	-	155,735	163,468

	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'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

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.12			
Euro	-	(3,771)	(3,771)
Sterling	-	(1,024)	(1,024)
US Dollar	-	(3,828)	(3,828)
Total	-	(8,623)	(8,623)

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

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. The 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-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.

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 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.

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 2011: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs	30.09.12 £'000	30.09.12 £'000
Purchases in the year before transaction costs		43,472
Commissions	25	
Other costs	85	
Total purchase costs		110
Gross purchases total		43,582
Analysis of total sale costs		
Gross sales in the year before transaction costs		57,748
Commissions	(28)	
Other costs	-	
Total sale costs		(28)
Total sales net of transaction costs		57,720

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 119.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2012
 Group 2: Units purchased from 1 April 2012 to 30 September 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.12 pence per unit	Distribution paid 30.11.11 pence per unit
Income Units				
Group 1	0.0000	-	0.0000	1.1821
Group 2	0.0000	0.000	0.0000	1.1821
Accumulation Units				
Group 1	2.0633	-	1.6506	1.5624
Group 2	1.2905	0.6182	1.6506	1.5624

Interim distribution

Group 1: Units purchased prior to 1 October 2011
 Group 2: Units purchased from 1 October 2011 to 31 March 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.12 pence per unit	Distribution paid 31.05.11 pence per unit
Income Units				
Group 1	1.1980	-	1.1980	0.9090
Group 2	1.1980	0.0000	1.1980	0.9090
Accumulation Units				
Group 1	1.6148	-	1.6148	1.1854
Group 2	1.0495	0.5653	1.6148	1.1854

* Equalisation only applies to units purchased during the 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 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 £141,966,146

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
30.09.10			
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
30.09.12			
Income*	–	–	–
Accumulation	£141,966,146	158,183,284	89.75p

* closed on 30 July 2012

Comparative table

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

Calendar year	Highest price	Lowest price
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	59.26p
Accumulation	92.24p	73.77p
2012*		
Income	72.66p	63.57p
Accumulation	92.71p	80.14p

* to 30 September

Income (Net Distributions/Accumulations)

Calendar year	Pence per unit
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
2012*	
Income	0.5612
Accumulation	2.3576

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

Income

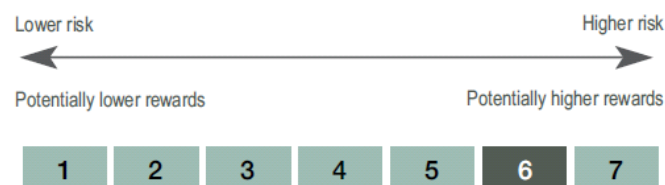
The interim distribution paid on 31 May 2012 was 0.5612 pence per distribution unit and 0.7033 pence per accumulation unit. The final distribution payable on 30 November 2012 is 1.6543 pence per accumulation unit.

Investment Manager's review

UK equities achieved big gains over the 12 months to the end of September, albeit in intermittently rocky trading conditions. Markets were subject to periodic setbacks amid bouts of risk aversion, due to investor nervousness about European sovereign debt and increasing concerns over global growth. More defensive areas, such as healthcare, consumer staples and mega cap stocks tended to outperform during these more bearish intervals. However, for much of the period very attractive stock prices drew investors back to equities, and during these times of increased risk appetite more cyclical sectors and medium cap stocks rebounded and outperformed the market.

The UK Unconstrained Fund (managed by Schroder) achieved a strong absolute gain for the twelve months to the end of September, but slightly lagged the benchmark. Among the bigger pluses were - stock picking in basic resources (being underweight was another benefit); technology (being overweight contributed too); personal/household goods (an underweight also helped); and retail sectors. Among the more important detractors from relative performance were stock picking in oil & gas, healthcare, financials and utilities.

Risk and Reward Profile



The risk indicator was calculated using historical data and may not be a reliable indication of the future risk profile of the Fund. The risk category shown is not guaranteed and may change over time. A category 1 fund is not a risk-free investment - the risk of losing your money is small, but the chance of making gains is also limited. With a category 7 fund, the risk of losing your money is high but there is also a chance of making high gains. The seven-category scale is complex, for example, 2 is not twice as risky as 1.

This sub-fund is in category 6 as it invests globally in equity securities; these investments have additional risks as listed below. These factors may increase the value of the investments or expose the sub-fund to losses.

Investment risk - the Fund invests in securities globally, and share prices can rise or fall due to a number of factors affecting global stock markets.

Emerging markets risk - less developed countries may face more political, economic or structural challenges than developed countries.

Derivative risk - the use of derivatives may result in gains or losses that are greater than the original amount invested. Derivatives also involve counterparty risk the risk to each party of a contract that the other party will not meet its contractual obligations.

Currency risk - the Fund is denominated in Sterling but holds assets denominated in other currencies. The value of your shares may rise and fall as a result of exchange rate movements between these currencies.

For full details of the Fund's risks, please refer to the "Risks" section of the prospectus.

Asset allocation

UK Equities	97.98%
Net other assets	2.02%
Total	100.00%

Portfolio allocation

United Kingdom:

Travel & Leisure	11.61
Mining	11.05
Banks	10.77
General Retailers	7.64
Pharmaceuticals & Biotechnology	7.19
Oil & Gas Producers	6.31
Life Insurance	5.74
Food Producers	5.54
Household Goods	3.68
Electricity	3.56
Aerospace & Defence	3.39
Support Services	3.25
Industrial Engineering	3.11
Fixed Line Telecommunications	2.99
Media	2.85
Software & Computer Services	2.78
Personal Goods	2.29
General Financial	2.24
Gas, Water & Multiutilities	1.99
Electronic & Electrical Equipment	0.00

Net other assets	2.02%
Total	100.00%

Major holdings

	Percentage of portfolio
GlaxoSmithKline	4.76
Debenhams	3.83
Taylor Wimpey	3.68
Drax	3.56
Lloyds Banking	3.55
Xstrata	3.50
Royal Dutch Shell 'B' Shares	3.47
Rolls-Royce	3.39
Tate & Lyle	3.33
Legal & General	3.31

Number of holdings	36
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Ongoing charges figures (OCF)*

30.09.12	1.09%
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*The on-going charges figure is the ratio of the sub-fund's ongoing charges to the average net-assets of the sub-fund.

There are no prior period comparatives as this is a new measure.

All information is at 30 September 2012 unless otherwise stated.

Portfolio statement

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	United Kingdom 97.98% (30 September 2011 95.26%)		
	United Kingdom Equities 97.98% (30 September 2011 95.62%)		
	Aerospace & Defence 3.39% (30 September 2011 2.67%)		
567,991	Rolls-Royce	4,811	3.39
	Banks 10.77% (30 September 2011 9.45%)		
1,660,111	Barclays	3,598	2.53
13,010,023	Lloyds Banking	5,044	3.55
915,909	Royal Bank of Scotland	2,345	1.65
307,570	Standard Chartered	4,318	3.04
		15,305	10.77
	Electricity 3.56% (30 September 2011 0.00%)		
991,240	Drax	5,055	3.56
	Electronic & Electrical Equipment 0.00% (30 September 2011 2.08%)		
	Fixed Line Telecommunications 2.99% (30 September 2011 0.00%)		
234,592	Virgin Media	4,244	2.99
	Food Producers 5.54% (30 September 2011 5.98%)		
709,403	Tate & Lyle	4,721	3.33
137,840	Unilever	3,143	2.21
		7,864	5.54
	Gambling 0.00% (30 September 2011 1.80%)		
	Gas, Water & Multiutilities 1.99% (30 September 2011 5.10%)		
853,800	Centrica	2,824	1.99
	General Financial 2.24% (30 September 2011 5.91%)		
989,439	ICAP	3,176	2.24
	General Retailers 7.64% (30 September 2011 6.14%)		
5,303,566	Debenhams	5,436	3.83
1,395,175	Home Retail	1,233	0.87
120,619	Next	4,173	2.94
		10,842	7.64
	Household Goods 3.68% (30 September 2011 2.89%)		
9,625,065	Taylor Wimpey	5,222	3.68
	Industrial Engineering 3.11% (30 September 2011 3.07%)		
1,825,947	Melrose	4,417	3.11
	Life Insurance 5.74% (30 September 2011 5.57%)		
3,570,435	Legal & General	4,702	3.31
1,586,301	Resolution	3,449	2.43
		8,151	5.74

Portfolio statement (continued)

as at 30 September 2012

Holding	Investment	Market Value £'000	Percentage of total net assets %
	Media 2.85% (30 September 2011 5.21%)		
680,144	Reed Elsevier	4,050	2.85
	Mining 11.05% (30 September 2011 7.49%)		
182,582	BHP Billiton	3,539	2.49
248,492	Bumi	371	0.26
338,616	Genel Energy	2,597	1.83
145,597	Rio Tinto	4,220	2.97
517,325	Xstrata	4,967	3.5
		15,694	11.05
	Oil & Gas Producers 6.31% (30 September 2011 6.22%)		
314,971	BG	3,962	2.79
2,711	Royal Dutch Shell 'A' Shares	58	0.04
223,399	Royal Dutch Shell 'B' Shares	4,931	3.47
		8,951	6.31
	Personal Goods 2.29% (30 September 2011 2.80%)		
322,550	Burberry	3,255	2.29
	Pharmaceuticals & Biotechnology 7.19% (30 September 2011 8.12%)		
469,406	GlaxoSmithKline	6,753	4.76
191,290	Shire	3,445	2.43
		10,198	7.19
	Software & Computer Services 2.78% (30 September 2011 3.49%)		
1,677,192	Invensys	3,947	2.78
	Support Services 3.25% (30 September 2011 3.12%)		
444,441	Experian	4,613	3.25
	Travel & Leisure 11.61% (30 September 2011 8.15%)		
197,159	Carnival	4,517	3.18
2,306,053	IAG	3,445	2.43
2,492,606	Ladbrokes	4,322	3.04
185,221	Whitbread	4,201	2.96
		16,485	11.61
	Investment assets	139,104	97.98
	Net other assets	2,862	2.02
	Total net assets	141,966	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 2011 to 30 September 2012

	Notes	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Income					
Net capital gains/(losses)	2		18,988		(8,835)
Revenue	3	4,124		3,620	
Expenses	4	(1,570)		(1,681)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		2,554		1,939	
Taxation	5	(10)		(24)	
Net revenue after taxation			2,544		1,915
Total return before distributions			21,532		(6,920)
Finance costs: Distributions	6		(3,987)		(3,323)
Change in unitholders' funds from investment activities			17,545		(10,243)

Statement of change in unitholders' funds

for the year from 1 October 2011 to 30 September 2012

	01.10.11 to 30.09.12 £'000	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000	01.10.10 to 30.09.11 £'000
Opening net assets attributable to unitholders		135,078		155,255
Amounts received on issue of units	9,945		11,613	
Amounts paid on cancellation of units	(24,402)		(24,780)	
		(14,457)		(13,167)
Stamp duty reserve tax		(37)		(30)
Change in unitholders' funds from investment activities		17,545		(10,243)
Retained distribution on accumulation units		3,837		3,263
Closing net assets attributable to unitholders		141,966		135,078

The notes on pages 143 to 150 form an integral part of these financial statements.

Balance sheet

as at 30 September 2012

	Notes	30.09.12 £'000	30.09.12 £'000	30.09.11 £'000	30.09.11 £'000
Assets					
Investment assets			139,104		128,671
Debtors	7	734		625	
Cash and bank balances	8	3,319		6,089	
Total other assets			4,053		6,714
Total assets			143,157		135,385
Liabilities					
Creditors	9	(1,191)		(307)	
Total other liabilities			(1,191)		(307)
Total liabilities			(1,191)		(307)
Net assets attributable to unitholders			141,966		135,078

The notes on pages 143 to 150 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 October 2011 to 30 September 2012

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 gains/(losses)

The net gains/(losses) on investments comprise:

Gains/(losses) on non-derivatives securities

Gains/(losses) on currency contracts

Handling charges

Net capital gains/(losses) on investments

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
18,988	(8,808)
9	(16)
(9)	(11)
18,988	(8,835)

3 Revenue

Bank and term deposit interest

Non-taxable overseas dividends

UK dividends

UK stock dividends not distributed

Total revenue

01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
6	5
684	182
3,434	3,287
-	146
4,124	3,620

Notes to the financial statements (continued)

4 Expenses

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Payable to the Manager, associates of the Manager, and the agents of either of them:		
Manager's periodic charge	1,443	1,554
	<u>1,443</u>	<u>1,554</u>
Payable to the Trustee, associates of the Trustee, and agents of either of them:		
Safe custody fees	8	5
Trustee's fees	18	24
	<u>26</u>	<u>29</u>
Other expenses:		
Administration fees	88	88
Audit fees*	8	8
Legal fees	4	1
Risk & compliance monitoring fees	1	1
	<u>101</u>	<u>98</u>
Total expenses	<u>1,570</u>	<u>1,681</u>

*The Audit fee for the year, excluding VAT, was £6,398 (30 September 2011: £6,793).

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Overseas tax suffered	10	24
Total current tax charge for the year (see note 5(b))	10	24
Deferred tax charge for the year (see note 5(c))	-	-
Total taxation for the year	10	24

b) Factors affecting current tax charge for the year

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised unit trust (20%). The differences are explained below:		
Net revenue before taxation	2,554	1,939
Corporation tax at 20% (30 September 2011: 20%)	510	388
Effects of:		
Excess management expenses for which no relief taken	315	335
Franked investment revenue at 20%	(688)	(658)
Non-taxable overseas dividends	(137)	(36)
Non-taxable stock dividends	-	(29)
Overseas tax suffered	10	24
Total current tax charge for the year (see note 5 (a))	10	24

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

5 Taxation (continued)

c) Movement in deferred tax

	01.10.11 to 30.09.12	01.10.10 to 30.09.11
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 2012 the sub-fund had surplus management expenses of £19,653,456 (30 September 2011: £18,080,857), 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

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:

	01.10.11 to 30.09.12 £'000	01.10.10 to 30.09.11 £'000
Interim (31 March)	1,220	807
Final (30 September)	2,616	2,493
	3,836	3,300
Revenue deducted on cancellation of units	199	126
Revenue received on issue of units	(48)	(103)
Finance costs: Distributions	3,987	3,323
Finance costs: Interest	-	-
Total finance costs	3,987	3,323
Reconciliation of distributions:		
Net revenue after taxation	2,544	1,915
Capitalised fees	1,443	1,554
UK stock dividends not distributed	-	(146)
Finance costs: Distributions	3,987	3,323

Details of the interim and final distributions per unit are set out in the table on page 151.

7 Debtors

	30.09.12 £'000	30.09.11 £'000
Accrued revenue	654	606
Amounts receivable for issue of units	54	-
Overseas tax recoverable	26	19
Total debtors	734	625

8 Cash and bank balances

	30.09.12 £'000	30.09.11 £'000
Cash and bank balances	3,319	6,089
Total cash and bank balances	3,319	6,089

Notes to the financial statements (continued)

9 Creditors

	30.09.12 £'000	30.09.11 £'000
Accrued expenses	38	19
Accrued Manager's periodic charge	235	114
Accrued Trustee's fees	3	1
Amounts payable for cancellation of units	740	173
Purchases awaiting settlement	175	-
Total creditors	1,191	307

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 unitholders' funds 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, 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 £2,735,263 (30 September 2011: £5,861,094).

National Westminster Bank Plc is ultimately owned by Royal Bank of Scotland Plc. At 30 September 2012, the sub-fund held a total of 915,909 Royal Bank of Scotland Plc shares with a market value of £2,344,726 (30 September 2011: £2,138,776).

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 2012 (30 September 2011) was as follows:

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	30.09.12	30.09.12	30.09.12	30.09.11	30.09.11	30.09.11
	£'000	£'000	£'000	£'000	£'000	£'000
Swiss Franc	-	-	-	-	20	20
US Dollar	148	-	148	-	76	76
Total	148	-	148	-	96	96

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 2012 (30 September 2011) was as follows:

Currency	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'000
30.09.12				
Sterling	3,249	-	139,759	143,008
US Dollar	70	-	78	148
Total	3,319	-	139,837	143,156

	Variable rate financial assets £'000	Fixed rate financial asset £'000	Financial assets not carrying interest £'000	Total £'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

Currency	Variable rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
30.09.12			
Sterling	-	(1,190)	(1,190)
Total	-	(1,190)	(1,190)

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

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. The 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-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.

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 sub-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.

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 2011: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs	30.09.12 £'000	30.09.12 £'000
Purchases in the year before transaction costs		19,107
Commissions	24	
Other costs	80	
Total purchase costs		104
Gross purchases total		19,211
Analysis of total sale costs		
Gross sales in the year before transaction costs		17,484
Commissions	(22)	
Other costs	-	
Total sale costs		(22)
Total sales net of transaction costs		17,462

14 Unitholders' funds

The details of the unitholders' funds for the 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 137.

Distribution table

Final distribution

Group 1: Units purchased prior to 1 April 2012
 Group 2: Units purchased from 1 April 2012 to 30 September 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution payable 30.11.12 pence per unit	Distribution paid 30.11.11 pence per unit
Income Units				
Group 1	0.0000	-	0.0000	1.1559
Group 2	0.0000	0.000	0.0000	1.1559
Accumulation Units				
Group 1	1.6543	-	1.6543	1.4218
Group 2	0.9377	0.7166	1.6543	1.4218

Interim distribution

Group 1: Units purchased prior to 1 October 2011
 Group 2: Units purchased from 1 October 2011 to 31 March 2012

	Net revenue pence per unit	Equalisation pence per unit*	Distribution paid 31.05.11 pence per unit	Distribution paid 31.05.11 pence per unit
Income Units				
Group 1	0.5612	-	0.5612	0.3647
Group 2	0.5612	0.0000	0.5612	0.3647
Accumulation Units				
Group 1	0.7033	-	0.7033	0.4464
Group 2	0.2996	0.4037	0.7033	0.4464

* Equalisation only applies to units purchased during the 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 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.