Scottish Widows. Investment Solutions Funds ICVC.

Annual Short Report
for the year ended
31 May 2013

SCOTTISH WIDOWS

Scottish Widows Investment Solutions Funds ICVC.

The Company

Scottish Widows Investment Solutions Funds ICVC
15 Dalkeith Road
Edinburgh
EH16 5WL

Incorporated in Great Britain under registered number IC000409. Authorised and regulated by the Financial Conduct Authority.

Authorised Corporate Director (ACD), Authorised Fund Manager & Registrar

Scottish Widows Unit Trust Managers Limited

Registered Office:
Charlton Place
Andover
SP10 1RE

Head Office:
15 Dalkeith Road
Edinburgh
EH16 5WL

Authorised and regulated by the Financial Conduct Authority and a member of the Investment Management Association.

Investment Adviser

Scottish Widows Investment Partnership Limited

Registered Office:
33 Old Broad Street
London
EC2N 1HZ

Business Address:
Edinburgh One
60 Morrison Street
Edinburgh
EH3 8BE

Authorised and regulated by the Financial Conduct Authority and a member of the Investment Management Association.

Depositary

State Street Trustees Limited

Registered Office:
20 Churchill Place
London
E14 5HJ

Head Office:
525 Ferry Road
Edinburgh
EH5 2AW

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors

PricewaterhouseCoopers LLP
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

Scottish Widows Investment Solutions Funds ICVC.

Introduction

Twice a year we are required to send you a Short Report of the Investment Company with Variable Capital (ICVC) in which you're invested. The report covers how the funds in the ICVC have performed and how they are invested. It also includes a review from the funds' managers. Short Reports are important as not only do they keep you up-to-date with fund activity and fund managers' opinion, but they also contain important information about any changes to how the funds operate. However please note that Short Reports don't contain any details about the value of your personal investment. Information that is personal to you is sent to you annually in your OEIC or ISA statement. The statement gives you the value of your investment. You can also get an up-to-date value of your investment by registering at **www.scottishwidows.co.uk/statements**.

Contents

Long reports are available on request. If you would like a copy, please telephone Client Services on 0845 300 2244 or download the Financial Statements from the website www.scottishwidows.co.uk which is a website maintained by Scottish Widows Unit Trust Managers Limited.

Fund prices can also be found at the above website.

Scottish Widows Investment Solutions Funds ICVC.

Prospectus Changes

During the year and up to the date of this report, the following changes were made to the Company and therefore the following changes were reflected in the Prospectus of Scottish Widows Investment Solutions Funds ICVC:

- The wording in the Prospectus was updated on 30 June 2012 to explain that Shares in the Funds are currently only available to be acquired or switched by persons that are resident in the UK (unless the ACD agrees otherwise). The ACD is unable to accept business from persons who are US residents or subsequently become US residents:
- The Prospectus was updated on 30 June 2012 to modify the wording describing the custodian arrangements and to show the current rates of custody charges applicable to each fund;
- The wording in the Prospectus was updated on 30 June 2012 to explain the method used for the calculation of the global exposure of derivative and forward transactions that may be used by the Funds;
- Japan Equity Fund was launched on 15 February 2013
- US Equity Fund was launched on 22 February 2013
- European (ex UK) Equity Fund was launched on 8 March 2013
- Asia Pacific (ex Japan) Equity Fund was launched on 21 March 2013
- Fundamental Index UK Equity Fund was launched on 11 April 2013
- Fundamental Index Global Equity Fund was launched on 18 April 2013
- Fundamental Index Emerging Markets Equity Fund was launched on 23 May 2013
- With effect from 24 October 2012, the Instrument of Incorporation and the Prospectus were revised to reflect the changes described below for the Capital Protected Funds.

  Capital Protected Funds 1 - 7

  With effect from 24 October 2012, the Investment Objectives of Capital Protected Funds 1 – 7 (inclusive) was amended. These amendments reflect our decision not to offer any future Investment Cycles for these funds. Instead, each of these funds will end 8 weeks after its Protection Date.

  Capital Protected Funds 1 - 17

  With effect from 24 October 2012, the Investment Policies of Capital Protected Funds 1 to 17 (inclusive) was amended to allow each fund to remain open for 8 weeks following its Protection Date. During this period (which is referred to as the "Redemption Period") each fund will be invested in deposits, cash, near cash and/or 1 or more collective investment schemes. During a Redemption Period, the relevant fund will value on a daily basis.
- On 12 November 2012 a new Share Class was introduced: A Class G net income share and a Class G net accumulation share. The Class G net accumulation share is available in the Defensive Solution, Cautious Solution, Discovery Solution, Balanced Solution, Strategic Solution, Dynamic Solution and Adventurous Solution funds. The Class G net income share is only available in the Defensive Solution, Cautious Solution and Discovery Solution funds.
- With effect from 20 December 2012, Capital Protected Fund 1 commenced the process of being terminated and was therefore no longer available for further investment and had a termination completion date on 28 December 2012, the ACD has now issued the termination statements and on 20 May 2013 this fund was removed from the Prospectus and Instrument of Incorporation;
- With effect from 20 December 2012, Capital Protected Fund 3 commenced the process of being terminated and was therefore no longer available for further investment and had a termination completion date on 28 December 2012, the ACD has now issued the termination statements and on 20 May 2013 this fund was removed from the Prospectus and Instrument of Incorporation;
- With effect from 22 March 2013, Capital Protected Fund 2 commenced the process of being terminated and was therefore no longer available for further investment and had a termination completion date on 28 March 2013, following which the ACD will issue the termination statements within 4 months of this date;

Scottish Widows Investment Solutions Funds ICVC.

- With effect from 22 March 2013, Capital Protected Fund 4 commenced the process of being terminated and was therefore no longer available for further investment and had a termination completion date on 28 March 2013, following which the ACD will issue the termination statements within 4 months of this date;
- With effect from 6 April 2013, the dilution adjustment basis for the Funds was changed so that the ACD may now make a dilution adjustment under the following circumstances:
  - on a Fund where there is a net inflow or net outflow on any Dealing Day; or
  - in any other case where the ACD believes that the imposition of a dilution adjustment is required to safeguard the interests of continuing Shareholders.
- With effect from 4 June 2013, Capital Protected Fund 5 commenced the process of being terminated and was therefore no longer available for further investment and had a termination completion date on 12 June 2013, following which the ACD will issue the termination statements within 4 months of this date.

A copy of the Prospectus is available on request.

Important information

Amendments to the UK Regulations governing Open-Ended Investment Companies and the FSA's Collective Investment Schemes sourcebook which require limitation of liability between sub-funds of the Company came into effect on 21 December 2011. The new segregated liability regime is mandatory and it is our intention to apply to the FSA within the transitional period for approval to amend the Company's Prospectus and Instrument of Incorporation which will provide for this change. The transitional implementation period is open until 20 December 2013.

On 31 July 2008 a motion was passed by shareholders in the Defensive Solution, Cautious Solution, Discovery Solution, Balanced Solution, Strategic Solution, Dynamic Solution and Adventurous Solution funds allowing changes to the objectives, policy and investment and borrowing powers of each of these Funds. These changes were made to allow more flexibility and efficiency in managing the Funds and provide more options as to the type of asset classes that each Fund can invest in.

As at 31 May 2013, the restructuring of these funds continues and the change in asset allocation continues to progress and the sale of gilts is now complete. Portfolios will be fully optimised in due course subject to market conditions. The proceeds from the sale of gilts have been partially reinvested in corporate bonds with the remainder being held in cash until market liquidity in corporate bonds improves.

These restructuring changes described above apply to the Defensive Solution, Cautious Solution, Discovery Solution, Balanced Solution and Strategic Solution funds only.

Important Information for the Diversified Portfolio Fund:

A note is being added to the objective of the Diversified Portfolio Fund to confirm that investment in the fund is at risk and there is no guarantee that the fund will deliver a total return in excess of the Bank of England Base Rate over the specific, or any, time period. The note will be added to the objective in the fund's Prospectus later this year. The note will be added to the objective in the Key Investor Information Document with effect from 1 September 2013.

Fund Profile

Fund objectives and investment policy

This Fund aims to give long-term capital growth by investing mainly in funds such as collective investment schemes.

The Fund will provide exposure primarily to equities (including UK, overseas and emerging markets equities). The Fund will also provide exposure to fixed interest securities (including UK fixed interest securities and overseas high yield bonds), property and commodities. In addition the Fund has the power to invest in other asset classes permitted by the FSA rules. Exposure will be generally to UK investments but with a significant proportion overseas.

High yield bonds are also known as Non-investment grade bonds. Non-investment grade bonds have not been awarded the minimum rating required to meet the investment grade rating. Therefore they are considered higher risk than bonds with a higher credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any Income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund;
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The bulk of the portfolio is invested in equities. Stock markets across the globe have staged an impressive recovery over the last year. The Fund has taken advantage of these market gains, producing a return of 25.80% during the review period.

Looking first at the UK, share prices have enjoyed an impressive run throughout the review period. From June 2012 through to end of May this year, the FTSE 100 index rose for twelve consecutive months. January 2013 represented the UK market's strongest start to the year since 1989. The run higher has not necessarily been the result of developments in the UK though. Some of the largest UK companies earn a large proportion of their profits overseas and investors took encouragement from economic developments abroad.

In particular, the actions of central banks have been key. Throughout the last year, monetary authorities have been engaging in policies such as "quantitative easing" to try and boost their economies. Most recently, the Bank of Japan unveiled a programme of stimulus measures worth ¥7 trillion (£923 billion). This will involve buying a range of assets, including bonds and equities. The intention is to force down borrowing costs, while boosting inflation and economic growth. Similar, albeit less drastic, measures have been undertaken by the Bank of England, the European Central Bank and the US Federal Reserve. These measures have boosted confidence that something is being done to promote global economic recovery and has encouraged investors back into stock markets. As a result, most major global equity markets registered strong gains over the year. In addition, stock selection within the international equity sub-funds was very strong, thereby enhancing returns.

The Fund also has a small position in corporate bonds, which is mainly through the high yield market. This is one of our favoured areas, as corporate balance sheets are generally in good health, making the extra yield provided by the asset class look very attractive.

Returns from the Fund's holdings in alternative asset classes, including commercial property and commodities have been more pedestrian. They have on the whole produced low single-digit returns, lagging some of the more impressive gains produced by equities and corporate bonds.

Looking ahead, we believe that the Fund's current positioning leaves it well placed to participate in any future stock market gains and that the balance between regions is appropriate given current valuations and growth prospects.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Adventurous Solution (continued).

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %	31/05/12 %
A Accumulation	1.84	n/a
G Accumulation	1.31	*
X Accumulation	0.19	n/a

Share class G Accumulation was launched 12 November 2012.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %	31/05/12 %
Equity Funds	82.78	80.92
Bond Funds	5.81	6.03
Property Funds	5.75	6.72
Other Funds	5.06	6.16
Derivatives	0.08	(0.46)
Net other assets	0.52	0.63
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
A Accumulation	149.18	118.59	25.79
G Accumulation	117.21	-	-
X Accumulation	164.73	129.23	27.47

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %	01/06/07 to 31/05/08 %
Adventurous Solution A Accumulation	25.80	(6.39)	16.56	24.04	(24.13)	(6.78)

Source: Lipper for Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution

	Final 31/05/13 (p)
A Accumulation	1.7610
G Accumulation	0.7125
X Accumulation	3.8610

Top five holdings

	31/05/13 %		31/05/12 %
1. SWIP Multi-Manager International Equity Fund A Acc ‡	26.73	SWIP Multi-Manager International Equity Fund A Acc ‡	25.25
2. SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	17.12	SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	16.95
3. SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	16.05	SWIP Multi-Manager UK Equity Income Fund A Acc ‡	15.95
4. SWIP Multi-Manager UK Equity Income Fund A Acc ‡	16.04	SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	15.84
5. SWIP High Yield Bond Fund A Inc ‡	5.81	SWIP High Yield Bond Fund A Inc ‡	6.03

Number of holdings: 36

Number of holdings: 25

‡ Scottish Widows Investment Partnership (SWIP).

Asia Pacific (ex Japan) Equity Fund. for the year ended 31 May 2013

Fund Profile

Fund objectives and investment policy

To provide long term capital growth by investing primarily in Asia Pacific equities (but excluding Japanese equities).

The fund's benchmark index is the MSCI Pacific ex-Japan Index however the fund isn't limited to investing within the index.

Investors should aim to hold their investment in this fund for the medium to long term (at least five to ten years).

Any income received by the fund is retained in the fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 7 because it has experienced very high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The Scottish Widows Asia Pacific (ex Japan) Equity Fund was launched on 21 March 2013. The portfolio is a low-cost index tracker vehicle. It is designed to replicate to replicate the MSCI Pacific ex-Japan index. It offers investors the chance to capture a market's performance with a very low risk of returns deviating from that performance.

Equity markets in the Asia Pacific region ended the reporting period almost back where they started. The MSCI Asia Pacific (ex-Japan) index gained just 0.8% in local currency, total return terms. March brought positive employment news from Australia: the economy added 71,500 jobs in February, a huge increase on the expected figure of 10,000. More recently, the country's central bank surprised markets with its decision to cut its benchmark interest rate to a record low of 2.75%. The Reserve Bank of Australia (RBA) wants to defy slowing growth in the country's mining sector.

Elsewhere in Asia, market sentiment was hurt by weak manufacturing data from China. May began with the news that the official purchasing managers' index (PMI) had fallen to 50.6 in April, from 50.9 the month before. The end of the month offered little comfort: HSBC's flash manufacturing PMI for May read 49.6 – below the 50% level that indicates expansion. In addition, the International Monetary Fund announced that it had cut this year's growth forecast for China to 7.75% from its previous estimate of 8%.

In South Korea, the government announced a new stimulus package in April. The scheme, which is worth around £10 billion, is aimed at spurring the property market and reviving the economy. It is aimed at small and medium-sized exporters and aims to help to create up to 40,000 jobs.

Australia is now in transition: the peak in resource-sector investment is likely to occur this year, giving scope for other areas of demand to grow faster over the next couple of years without triggering inflation. Unemployment has picked up, credit growth has slowed and house prices have fallen. Upon announcing its latest rate cut, the RBA said that it was aiming to underpin a strengthening in consumer spending and "modest firming" of property investment. No doubt it is also hoping that its actions will weaken the currency, providing some relief for sectors such as manufacturing and tourism.

Meanwhile, weak Chinese data suggest that achieving solid, sustainable GDP growth may require further policy intervention. However, authorities' concerns over asset bubbles leave the nature and timing of such moves unclear. In both cases, comments from officials -alongside data either reinforcing or confounding market expectations - could cause further jitters.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Asia Pacific (ex Japan) Equity Fund (continued).

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %
X Accumulation	0.05*

Share class X Accumulation was launched 22 March 2013.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %
Australia	61.17
Hong Kong	20.04
Singapore	11.69
Bermuda	1.91
Cayman Islands	1.44
New Zealand	0.90
Ireland	0.61
Isle of Man	0.45
Mauritius	0.22
Derivatives	(0.12)
Net other assets	1.69
Total net assets	100.00

Net asset value

	NAV per share 31/05/13 (p)
X Accumulation	95.69

Please note: negative figures are shown in brackets.

Distribution

	Final 31/05/13 (p)
X Accumulation	0.9123

Top five holdings

	31/05/13 %
1. BHP Billiton	6.89
2. Commonwealth Bank of Australia	6.61
3. Westpac Banking	5.39
4. Australia & New Zealand Banking	4.60
5. National Australia Bank	4.14

Number of holdings: 169

Fund Profile

Fund objectives and investment policy

This Fund aims to give long-term capital growth by investing mainly in funds such as collective investment schemes.

The Fund will provide exposure to equities (including UK, overseas and emerging markets equities) balanced mainly with fixed interest securities (including UK fixed interest securities and overseas high yield bonds). The Fund will also provide exposure to property, commodities and other asset classes. Exposure will be to both UK and overseas markets.

High yield bonds are also known as Non-investment grade bonds. Non-investment grade bonds have not been awarded the minimum rating required to meet the investment grade rating. Therefore they are considered higher risk than bonds with a higher credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any Income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund;
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 4 because it has experienced medium levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The portfolio is split between UK equities, international equities, bonds, real estate and some alternative investments. Overall, the Fund rose by a very pleasing 18.21% over twelve months to the end of May. This more than makes up for the losses we reported on the Fund for the previous 12 months, this time last year.

Some of the Fund's best gains were produced by equity markets. In the UK, share prices have enjoyed an impressive run throughout the review period. From June 2012 through to end of may this year, the FTSE 100 index rose for twelve consecutive months. January 2013 represented the UK market's strongest start to the year since 1989. The run higher has not necessarily been the result of developments in the UK though. Some of the largest UK companies earn a large proportion of their profits overseas and investors took encouragement from economic developments abroad.

In particular, the actions of central banks have been key. Throughout the last year, monetary authorities have been engaging in policies such as "quantitative easing" to try and boost their economies. Most recently, the Bank of Japan unveiled a programme of stimulus measures worth ¥7 trillion (£923 billion). This will involve buying a range of assets, including bonds and equities. The intention is to force down borrowing costs, while boosting inflation and economic growth. Similar, albeit less drastic, measures have been undertaken by the Bank of England, the European Central Bank and the US Federal Reserve. These measures have boosted confidence that something is being done to promote global economic recovery and encouraged investors back into stock markets. As a result, most major global equity markets registered strong gains over the year. The Fund's holdings in international markets have produced particularly strong returns in recent months, helping to boosting returns.

Corporate bonds also provided strong returns over the year. Yields have been driven lower and prices higher by the sheer weight of demand chasing an asset where not enough new debt is being issued. This rise in demand is a result of investors' "hunt for yield". Signs that the economy isn't getting any worse have given investors confidence to seek assets that provide more than the miserly payouts currently available from "safe" assets, such as government bonds and cash. The high yield corporate bond market, which represents greater risk but offers higher returns, has performed particularly well and made a strong contribution to the Fund's performance.

Balanced Solution (continued).

Investment Manager's Review (continued)

Looking at the portfolio in a bit more depth, stock selection within the UK portfolio has had a negative impact on returns. On the plus side, stock selection within international equities and corporate bonds was positive, helping enhance returns from these asset classes.

Meanwhile, the Fund's holdings in direct commercial property produced low positive returns. Capital values have been in decline for well over a year, although total returns are still being held up by rental income. The Fund's commercial property holdings therefore had a negative impact on relative performance, as most other major asset classes, with the exception of government bonds, performed better over the year.

Looking ahead, we believe that the Fund's current positioning leaves it well placed to participate in any future stock market gains, while providing a degree of protection to investors via holdings in bonds and property. Overall, we are cautiously optimistic about the global economy's continuing recovery. This view is reflected in the composition of the portfolio through the comparatively large positions in "risk assets", including equities and high yield corporate bonds.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %	31/05/12 %
A Accumulation	1.89	n/a
G Accumulation	1.34	*
X Accumulation	0.24	n/a

Share class G Accumulation was launched 12 November 2012.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %	31/05/12 %
Equity Funds	48.00	46.77
Bond Funds	34.07	36.91
Property Funds	11.76	12.27
Other Funds	4.60	3.53
Derivatives	0.07	(0.29)
Net other assets	1.50	0.81
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
A Accumulation	135.66	114.83	18.14
G Accumulation	110.82	-	-
X Accumulation	149.90	125.22	19.71

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %	01/06/07 to 31/05/08 %
Balanced Solution A Accumulation	18.21	(3.45)	12.28	20.07	(16.40)	(7.13)

Source: Lipper for Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution

	Final 31/05/13 (p)
A Accumulation	2.4347
G Accumulation	1.0546
X Accumulation	4.4885

Top five holdings

	31/05/13 %		31/05/12 %
1. SWIP High Yield Bond Fund A Inc ‡	15.45	SWIP High Yield Bond Fund A Inc ‡	15.61
2. SWIP Multi-Manager International Equity Fund A Acc ‡	13.04	SWIP Multi-Manager International Equity Fund A Acc ‡	12.35
3. SWIP Corporate Bond Plus Fund A Inc ‡	10.98	SWIP Corporate Bond Plus Fund A Inc ‡	11.97
4. SWIP Property Trust A Acc ‡	8.79	SWIP Property Trust A Acc ‡	9.22
5. SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	8.07	SWIP Multi-Manager UK Equity Income Fund A Acc ‡	7.92

Number of holdings: 39 Number of holdings: 31

‡ Scottish Widows Investment Partnership (SWIP).

Fund Profile

Fund objectives and investment policy

This Fund aims to give an income with some potential for long-term capital growth by investing mainly in funds such as collective investment schemes.

The Fund will provide exposure generally to fixed interest securities (including UK government bonds, other UK fixed interest securities and overseas high yield bonds). The Fund will also provide exposure to equities (including UK and overseas equities), property, commodities and other asset classes. Exposure will be generally to UK investments but with a significant proportion overseas.

High yield bonds are also known as Non-investment grade bonds. Non-investment grade bonds have not been awarded the minimum rating required to meet the investment grade rating. Therefore they are considered higher risk than bonds with a higher credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any Income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any Income received by the Fund in respect of Income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund;
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

← Typically lower rewards, lower risk — Typically higher rewards, higher risk →

1	2	3	4	5	6	7

This Fund is ranked at 4 because it has experienced medium levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The period under review has been a positive one for most asset classes. There was an upturn in confidence among investors, with the result that riskier assets, such as equities outperformed. The Fund adopts a comparatively cautious approach, which means it did not participate in the rally to the same extent as Funds that are focussed purely on equities. Nonetheless, it generated a healthy return of 11.89% over the twelve months under review.

Some of the Fund's best returns were generated by holdings in corporate bonds. The asset class has performed very well over the last year; yields have been driven lower and prices higher by the sheer weight of demand chasing an asset where not enough new debt is being issued. This rise in demand is a result of the "hunt for yield" on which investors have been embarking. Signs that the economy isn't getting any worse have given investors confidence to seek assets that provide more than the miserly payouts currently available from "safe" assets, such as government bonds and cash. The high yield corporate bond market, which represents greater risk but offers higher returns, has performed particularly well and made a strong contribution to the Fund's performance. In addition, the corporate bond-related sub-funds in which the portfolio invests performed very well, which further enhanced returns.

The Fund has a small equity position that is concentrated mainly within the UK. Share prices have enjoyed an impressive run throughout the review period. From June 2012 through to end of May this year, the FTSE 100 index rose for twelve consecutive months. January 2013 represented the UK market's strongest start to the year since 1989. The run higher has not necessarily been the result of developments in the UK though. Some of the largest UK companies earn a large proportion of their profits overseas and investors took encouragement from economic developments abroad. Signs of improvement in the US economy, and hopes that the European economy at least won't get any worse, both provided a boost to sentiment. Unfortunately, however, stock selection within one of the portfolio's main UK equity sub-funds was disappointing, which had a negative impact on performance.

Cautious Solution (continued).

Investment Manager's Review (continued)

The Fund's holdings in direct commercial property produced positive returns, but only just. Capital values have been in decline for well over a year, although total returns are still being held up by rental income. The performance of central London office market continues to dominate, although there are signs that returns are starting to moderate even in the capital. The Fund's commercial property holdings therefore had a negative impact on relative performance, as most other major asset classes, with the exception of government bonds, performed better over the year.

Looking ahead, we believe that the Fund's current positioning leaves it well placed to participate in any future market gains, while providing a degree of protection to investors via holdings in bonds and property. Overall, we are cautiously optimistic about the global economy's continuing recovery. This view is reflected in the composition of the portfolio through the comparatively large equity weighting and the corresponding lack of exposure to government bonds.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Distribution

XD date:	Payment date
28/02/13	30/04/13
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %	31/05/12 %
A Accumulation	1.60	n/a
A Income	1.60	n/a
G Accumulation	1.07	*
G Income	1.07	*
X Accumulation	0.25	n/a

Share class G Accumulation was launched 12 November 2012.

Share class G Income was launched 12 November 2012.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %	31/05/12 %
Bond Funds	57.90	66.06
Equity Funds	19.68	18.57
Property Funds	13.37	13.44
Other Funds	7.00	1.47
Derivatives	0.01	(0.16)
Net other assets	2.04	0.62
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
A Accumulation	128.91	115.25	11.85
A Income	105.58	96.47	9.44
G Accumulation	105.80	-	-
G Income	104.67	-	-
X Accumulation	139.83	123.68	13.06

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %	01/06/07 to 31/05/08 %
Cautious Solution A Accumulation	11.89	(0.78)	8.50	16.43	(10.34)	(4.30)

Source: Lipper for Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution

	Third interim 28/02/13 (p)	Final 31/05/13 (p)
A Accumulation	0.5912	0.5476
A Income	0.4889	0.4504
G Accumulation	0.5945	0.5548
G Income	0.5874	0.5527
X Accumulation	0.9966	0.9712

Top five holdings

		31/05/13 %		31/05/12 %
1.	SWIP Corporate Bond Plus Fund A Inc ‡	16.97	SWIP Corporate Bond Plus Fund A Inc ‡	20.12
2.	SWIP Sterling Credit Advantage Fund A Inc ‡	15.91	SWIP Sterling Credit Advantage Fund A Inc ‡	16.15
3.	SWIP High Yield Bond Fund A Inc ‡	14.89	SWIP High Yield Bond Fund A Inc ‡	15.22
4.	SWIP Property Trust A Inc ‡	9.74	SWIP Property Trust A Inc ‡	9.71
5.	SWIP Multi-Manager UK Equity Income Fund A Inc ‡	9.21	SWIP Multi-Manager UK Equity Income Fund A Inc ‡	8.72

Number of holdings: 41 Number of holdings: 28

‡ Scottish Widows Investment Partnership (SWIP).

Fund Profile

Fund objectives and investment policy

This Fund aims to give an income or growth (when income is kept in the Fund) by investing mainly in funds such as collective investment schemes.

The Fund will provide exposure generally to fixed interest securities (including UK government bonds, other UK fixed interest securities and overseas high yield bonds). The Fund will also provide exposure to equities (including UK and overseas equities), property, commodities and other asset classes. Exposure will be mainly to UK investments but with a significant proportion overseas.

High yield bonds are also known as Non-investment grade bonds. Non-investment grade bonds have not been awarded the minimum rating required to meet the investment grade rating. Therefore they are considered higher risk than bonds with a higher credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any Income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any Income received by the Fund in respect of Income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund;
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

← Typically lower rewards, lower risk — Typically higher rewards, higher risk →

1	2	3	4	5	6	7

This Fund is ranked at 3 because it has experienced low to medium levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The period under review has been positive for most asset classes. For the last year, an upturn in confidence among investors has been evident, with the result that riskier assets such as equities outperformed. The Fund adopts a comparatively defensive approach, which means it did not participate in the rally to the same extent as Funds that are focussed on equities. Nonetheless, it generated a healthy return of 9.86% over the twelve months under review.

One of the Fund's largest positions is in corporate bonds. The asset class has performed very well over the last year; yields have been driven lower and prices higher by the sheer weight of demand chasing an asset where not enough new debt is being issued. This rise in demand is a result of the "hunt for yield" on which investors have been embarking. Signs that the economy isn't getting any worse have given investors confidence to seek assets that provide more than the miserly payouts currently available from "safe" assets, such as government bonds and cash. The high yield corporate bond market, which represents greater risk but offers higher returns, has performed particularly well. In addition, the corporate bond-related sub-funds in which the portfolio invests performed very well, which further enhanced returns.

Meanwhile, returns from government bonds have been more pedestrian over the year, but still positive. Government bond prices had rocketed in previous years because of their perceived status as a safe investment, with the result that yields are now close to record lows. Even though the UK has been stripped of its triple-A credit rating by two ratings agencies, Gilts continue to be regarded as a safe-haven asset. This perception continues to hold down yields. As a result, we do not consider that they represent good value at current levels. The Fund has a relatively small position in this asset class.

The Fund's holdings in direct commercial property produced positive returns, but only just. Capital values have been in decline for well over a year, although total returns are still being held up by rental income. The performance of the central London office market continues to dominate, although there are signs that returns are starting to moderate even in the capital.

Defensive Solution (continued).

Investment Manager's Review (continued)

A small proportion of the portfolio is invested in equities, which helped boost returns. Many stock markets have produced double-digit gains over the last year. In the UK, share prices have enjoyed an impressive run throughout the review period. From June 2012 through to end of May this year, the FTSE 100 index rose for twelve consecutive months. January 2013 represented the UK market's strongest start to the year since 1989.

Looking ahead, the level of economic activity is not showing any sign of a rapid decline. As a result, we remain cautiously optimistic about the ongoing global economic recovery. This view is reflected in the composition of the portfolio. However, further volatility is likely and investing in a defensive, diversified portfolio that spreads risk across markets and throughout regions remains a sensible policy.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Distribution

XD date:	Payment date
28/02/13	30/04/13
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %	31/05/12 %
A Accumulation	1.60	n/a
A Income	1.60	n/a
G Accumulation	1.07	*
G Income	1.07	*
X Accumulation	0.25	n/a

Share class G Accumulation was launched 12 November 2012.

Share class G Income was launched 12 November 2012.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %	31/05/12 %
Bond Funds	64.22	74.28
Equity Funds	13.63	12.46
Other Funds	10.44	1.87
Property Funds	10.24	10.33
Derivatives	0.01	(0.18)
Net other assets	1.46	1.24
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
A Accumulation	121.37	110.47	9.87
A Income	100.27	92.93	7.90
G Accumulation	104.39	-	-
G Income	103.36	-	-
X Accumulation	131.69	118.57	11.07

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %	01/06/07 to 31/05/08 %
Defensive Solution A Accumulation	9.86	(0.27)	6.64	15.32	(8.51)	(4.67)

Source: Lipper for Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution

	Third interim 28/02/13 (p)	Final 31/05/13 (p)
A Accumulation	0.4577	0.4016
A Income	0.3812	0.3327
G Accumulation	0.4978	0.4509
G Income	0.4932	0.4467
X Accumulation	0.8343	0.7920

Top five holdings

	31/05/13 %		31/05/12 %
1. SWIP Corporate Bond Plus Fund A Inc ‡	20.04	SWIP Corporate Bond Plus Fund A Inc ‡	25.00
2. SWIP Sterling Credit Advantage Fund A Inc ‡	19.94	SWIP Sterling Credit Advantage Fund A Inc ‡	24.82
3. SWIP Property Trust A Inc ‡	7.67	SWIP Gilt Plus Fund A Inc ‡	10.25
4. SWIP High Yield Bond Fund A Inc ‡	7.10	SWIP Property Trust A Inc ‡	7.81
5. Julius Baer Absolute Return Bond Fund A Inc	6.94	SWIP High Yield Bond Fund A Inc ‡	7.19
Number of holdings: 39		Number of holdings: 27	

‡ Scottish Widows Investment Partnership (SWIP).

Fund Profile

Fund objectives and investment policy

This Fund aims to give an income with the potential for long-term capital growth by investing mainly in funds such as collective investment schemes.

The Fund will provide exposure mainly to fixed interest securities (including UK fixed interest securities and overseas high yield bonds) and equities (including UK and overseas equities). The Fund will also provide exposure to property, commodities and other asset classes. Exposure will be generally to UK investments but with a significant proportion overseas.

High yield bonds are also known as Non-investment grade bonds. Non-investment grade bonds have not been awarded the minimum rating required to meet the investment grade rating. Therefore they are considered higher risk than bonds with a higher credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any Income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any Income received by the Fund in respect of Income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund;
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 4 because it has experienced medium levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The portfolio is split between UK equities, international equities, bonds, real estate and some alternative investments. Over the period under review, most of these asset classes registered gains, while the Fund produced an encouraging return of 15.50%.

One of the portfolio's largest positions is in corporate bonds, which provided some of the Fund's best returns over the year. Yields have been driven lower and prices higher by the sheer weight of demand chasing an asset where not enough new debt is being issued. This rise in demand is a result of the "hunt for yield" on which investors have been embarking. Signs that the economy isn't getting any worse have given investors confidence to seek assets that provide more than the miserly payouts currently available from "safe" assets, such as government bonds and cash. The high yield corporate bond market, which represents greater risk but offers higher returns, has performed particularly well and made a strong contribution to the Fund's performance. In addition, the corporate bond sub-funds in which the portfolio invests performed very well, which further enhanced returns.

Looking at the Fund's equity positions, the largest holdings are in the UK. Share prices have enjoyed an impressive run throughout the review period. From June 2012 through to end of May this year, the FTSE 100 index rose for twelve consecutive months. January 2013 represented the UK market's strongest start to the year since 1989. The run higher has not necessarily been the result of developments in the UK though. Some of the largest UK companies earn a large proportion of their profits overseas and investors took encouragement from economic developments abroad. Signs of improvement in the US economy, and hopes that the European economy at least won't get any worse, both provided a boost to sentiment.

Our decision to increase exposure to equities during November last year proved positive. Unfortunately, however, stock selection within one of the portfolio's main UK equity sub-funds was disappointing, which had a negative impact on performance.

The Fund's holdings in direct commercial property produced positive returns, but only just. Capital values have been in decline for well over a year, although total returns are still being held up by rental income. The performance of central London office market continues to dominate, although there are signs that returns are starting to moderate even in the capital. The Fund's commercial

Investment Manager's Review (continued)

property holdings therefore had a negative impact on relative performance, as most other major asset classes, with the exception of government bonds, performed better over the year.

Looking ahead, we believe that the Fund's current positioning leaves it well placed to participate in any future stock market gains, while providing a degree of protection to investors via holdings in bonds and property. Overall, we are cautiously optimistic about the global economy's continuing recovery. This view is reflected in the composition of the portfolio through the comparatively large positions in "risk assets", including equities and high yield corporate bonds.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Distribution

XD date:	Payment date
28/02/13	30/04/13
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %	31/05/12 %
A Accumulation	1.61	n/a
A Income	1.61	n/a
G Accumulation	1.05	*
G Income	1.05	*
X Accumulation	0.26	n/a

Share class G Accumulation was launched 12 November 2012.

Share class G Income was launched 12 November 2012.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %	31/05/12 %
Bond Funds	45.46	49.19
Equity Funds	35.05	33.73
Property Funds	12.53	13.17
Other Funds	5.05	3.68
Derivatives	0.07	(0.31)
Net other assets	1.84	0.54
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
A Accumulation	134.90	116.76	15.54
A Income	112.57	99.60	13.02
G Accumulation	108.63	-	-
G Income	107.55	-	-
X Accumulation	146.26	125.23	16.79

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %	01/06/07 to 31/05/08 %
Discovery Solution A Accumulation	15.50	(2.26)	10.85	18.50	(14.18)	(5.27)

Source: Lipper for Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution

	Third interim 28/02/13 (p)	Final 31/05/13 (p)
A Accumulation	0.5957	0.5905
A Income	0.5022	0.4948
G Accumulation	0.5921	0.5878
G Income	0.5867	0.5857
X Accumulation	1.0124	1.0328

Top five holdings

	31/05/13 %		31/05/12 %
1. SWIP High Yield Bond Fund A Inc ‡	15.45	SWIP Corporate Bond Plus Fund A Inc ‡	15.94
2. SWIP Corporate Bond Plus Fund A Inc ‡	14.43	SWIP High Yield Bond Fund A Inc ‡	15.63
3. SWIP Property Trust A Inc ‡	9.45	SWIP Property Trust A Inc ‡	9.96
4. SWIP Sterling Credit Advantage Fund A Inc ‡	8.81	SWIP Sterling Credit Advantage Fund A Inc ‡	9.21
5. SWIP Multi-Manager International Equity Fund A Acc ‡	7.05	SWIP Multi-Manager UK Equity Income Fund A Inc ‡	7.04
Number of holdings: 41		Number of holdings: 30	

‡ Scottish Widows Investment Partnership (SWIP).

Fund Profile

Fund objectives and investment policy

This Fund aims to give a total return primarily through capital growth, in excess of the Bank of England base rate over any period of five consecutive years.

The fund manager aims to minimise volatility by investing in a diverse and global range of investments. In addition, the fund manager can make changes to the fund asset allocation within certain limits.

The Fund will have exposure to equities (including UK, overseas and emerging markets equities), bonds, (including UK government bonds, other UK and overseas fixed interest securities and high yield bonds), property and cash. The fund may also have exposure to commodities, private equity and other asset classes. The Fund may achieve exposure to these assets by investing either directly or indirectly, for example through other funds such as collective investment schemes.

High yield bonds are also known as Non-investment grade bonds. Non-investment grade bonds have not been awarded the minimum rating required to meet the investment grade rating. Therefore they are considered higher risk than bonds with a higher credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold investment in this Fund for the medium to long term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund;
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day’s price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund’s volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn’t tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund’s ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows’ Investment Approaches (where we use our own methodology to take an overall look at funds’ risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 4 because it has experienced medium levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager’s Review

The portfolio is split between UK equities, international equities, bonds, real estate and certain alternative investments. Most asset classes delivered a positive total return over the last twelve months, during which time the Fund rose by 13.37%.

One of the Fund’s largest positions is in corporate bonds. The asset class has performed very well over the last year; yields have been driven lower and prices higher by the sheer weight of demand chasing an asset where not enough new debt is being issued. This rise in demand is largely a result of investors’ “hunt for yield”. Signs that the economy isn’t getting any worse have given investors confidence to seek assets that provide more than the miserly payouts currently available from “safe” assets, such as government bonds and cash. The high yield corporate bond market, which represents greater risk but offers higher returns, has performed particularly well. In addition, the corporate bond-related sub-funds in which the portfolio invests performed very well, which further enhanced returns.

Meanwhile, returns from government bonds have been more pedestrian over the year, but still positive. Government bond prices had rocketed in previous years because of their perceived status as a safe investment, with the result that yields are now close to record lows. Even though the UK has been stripped of its triple-A credit rating by two ratings agencies, Gilts continue to be regarded as a safe-haven asset. This perception continues to hold down yields. As a result, we do not consider that they represent good value at current levels. The Fund has a relatively small position in this asset class.

Looking at the Fund’s equity positions, the largest holdings are in the UK. Share prices have enjoyed an impressive run throughout the review period. From June 2012 through to end of May this year, the FTSE 100 index rose for twelve consecutive months.

Diversified Portfolio Fund (continued).

Investment Manager's Review (continued)

January 2013 represented the UK market's strongest start to the year since 1989. The run higher has not necessarily been the result of developments in the UK though. Some of the largest UK companies earn a large proportion of their profits overseas and investors took encouragement from economic developments abroad. Signs of improvement in the US and hopes that the European economy at least won't get any worse, both provided a boost to sentiment. Within the portfolio, we reduced the Fund's equity exposure slightly during August, as we took the view that following the stock market rally, prices had become fully valued given the risks that remained. The proceeds were held in cash until November, when we decided to re-invest in the stock market. The rationale behind this decision was that our economic and stock market indicators both showed signs of improving prospects for equity investors. The move proved well timed, as equities continued to rise throughout the second half of the review period. Stock selection has on the whole been positive, with a disappointing performance within UK equities more than made up for by a strong performance of the Fund's bond sub-funds.

Looking ahead, we believe that the Fund's current positioning leaves it well placed to participate in any future market gains, while providing a degree of protection to investors via holdings in bonds and property. Overall, we are cautiously optimistic about the global economy's continuing recovery. This view is reflected in the composition of the portfolio through the comparatively large equity weighting and the corresponding lack of exposure to government bonds.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %	31/05/12 %
A Accumulation	1.89	n/a

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/05/13 %	31/05/12 %
Other Funds	33.19	21.48
Equity Funds	29.86	28.59
Bond Funds	24.43	36.20
Property Funds	11.29	12.08
Derivatives	0.31	(1.05)
Net other assets	0.92	2.70
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
A Accumulation	144.92	127.87	13.33

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %
Diversified Portfolio Fund A Accumulation	13.37	(4.77)	10.81	16.43	4.10

Source: Lipper for Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution

	Final 31/05/13 (p)
A Accumulation	0.7533

Top five holdings

	31/05/13 %		31/05/12 %
1. SWIP Sterling Liquidity Fund ‡	14.82	SWIP Gilt Plus Fund C Acc ‡	16.04
2. SWIP UK Opportunities Fund A Inc ‡	12.51	SWIP Sterling Liquidity Fund ‡	12.09
3. SWIP Sterling Investment Cash Fund X Acc ‡	10.31	SWIP UK Opportunities Fund A Inc ‡	10.95
4. SWIP Sterling Credit Advantage Fund A Inc ‡	8.51	SWIP Sterling Credit Advantage Fund A Inc ‡	8.65
5. SWIP Corporate Bond Plus Fund X Acc ‡	6.40	SWIP Corporate Bond Plus Fund X Acc ‡	7.50

Number of holdings: 47 | Number of holdings: 32

‡ Scottish Widows Investment Partnership (SWIP).

Fund Profile

Fund objectives and investment policy

This Fund aims to give long-term capital growth by investing mainly in funds such as collective investment schemes.

The Fund will provide exposure mainly to equities (including UK, overseas and emerging markets equities). The Fund will also provide exposure to fixed interest securities (including UK fixed interest securities and overseas high yield bonds), property, commodities and other asset classes. Exposure will be to both UK and overseas markets.

High yield bonds are also known as Non-investment grade bonds. Non-investment grade bonds have not been awarded the minimum rating required to meet the investment grade rating. Therefore they are considered higher risk than bonds with a higher credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any Income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund;
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The Fund's largest single exposure is towards equities, although the Fund also holds positions in bonds, real estate and certain alternative assets. The Fund produced a very pleasing return of 24.23% over twelve months to the end of May, thereby more than making up for the disappointing losses we reported at this time last year.

The Fund's equity holdings are split between the UK and international markets. Looking first at the UK, share prices have enjoyed an impressive run throughout the review period. From June 2012 through to end of May this year, the FTSE 100 index rose for twelve consecutive months. January 2013 represented the UK market's strongest start to the year since 1989. The run higher has not necessarily been the result of developments in the UK though. Some of the largest UK companies earn a large proportion of their profits overseas and investors took encouragement from economic developments abroad.

In particular, the actions of central banks have been key. Throughout the last year, monetary authorities have been engaging in policies such as "quantitative easing" to try and boost their economies. Most recently, the Bank of Japan unveiled a programme of stimulus measures worth ¥7 trillion (£923 billion). This will involve buying a range of assets, including bonds and equities. The intention is to force down borrowing costs, while boosting inflation and economic growth. Similar, albeit less drastic, measures have been undertaken by the Bank of England, the European Central Bank and the US Federal Reserve. These measures have boosted confidence that something is being done to promote global economic recovery and has encouraged investors back into stock markets. As a result, most major global equity markets registered strong gains over the year. In addition, stock selection within the international equity sub-funds was very strong, thereby enhancing returns.

To aid diversification, the Fund also invests in corporate bonds, which have performed very well. However, yields within the asset class have been driven lower and prices higher by the sheer weight of money chasing an asset where not enough new debt is being issued to meet demand. High yield bonds have performed particularly well. This is one of our favoured areas within bond markets, as corporate balance sheets are generally in good health, making the extra yield provided by the asset class look attractive

Returns from the Fund's holdings in other asset classes, including commercial property, commodities and absolute return funds, have been more pedestrian. They have on the whole produced low single-digit returns, lagging some of the more impressive gains produced by equities and corporate bonds.

Dynamic Solution (continued).

Investment Manager's Review (continued)

Looking ahead, we believe that the Fund's current positioning leaves it well placed to participate in any future stock market gains, while providing some degree of diversification. Meanwhile, we are satisfied the portfolio's balance between equity regions is appropriate given current valuations and growth prospects.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %	31/05/12 %
A Accumulation	1.84	n/a
G Accumulation	1.32	*
X Accumulation	0.19	n/a

Share class G Accumulation was launched 12 November 2012.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %	31/05/12 %
Equity Funds	72.98	72.15
Bond Funds	13.21	16.17
Property Funds	7.70	8.03
Other Funds	4.22	3.64
Derivatives	0.08	(0.28)
Net other assets	1.81	0.29
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
A Accumulation	148.65	119.67	24.22
G Accumulation	115.53	-	-
X Accumulation	164.35	130.57	25.87

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %	01/06/07 to 31/05/08 %
Dynamic Solution A Accumulation	24.23	(5.52)	16.24	23.22	(22.40)	(7.24)

Source: Lipper for Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution

	Final 31/05/13 (p)
A Accumulation	2.2804
G Accumulation	0.9319
X Accumulation	4.4448

Top five holdings

	31/05/13 %		31/05/12 %
1. SWIP Multi-Manager International Equity A Acc ‡	21.20	SWIP Multi-Manager International Equity Fund A Acc ‡	20.28
2. SWIP High Yield Bond Fund A Inc ‡	13.21	SWIP High Yield Bond Fund A Inc ‡	13.74
3. SWIP Multi-Manager UK Equity Income Fund A Acc ‡	12.08	SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	11.95
4. SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	12.05	SWIP Multi-Manager UK Equity Income Fund A Acc ‡	11.92
5. SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	11.90	SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	11.92

Number of holdings: 36 | Number of holdings: 29

‡ Scottish Widows Investment Partnership (SWIP).

Fund Profile

Fund objectives and investment policy

This Fund aims to give long-term capital growth by investing mainly in funds such as collective investment schemes.

To provide long term capital growth by investing primarily in European equities (but excluding UK equities).

The fund's benchmark index is the MSCI Europe ex-UK Index however the fund isn't limited to investing within the index.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any Income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund;
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 7 because it has experienced very high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The fund was launched on 8 March 2013. The portfolio is a low-cost index tracker vehicle. It is designed to replicate the MSCI Europe ex-UK index. The fund offers investors the chance to capture a market's performance with a very low risk of returns deviating from that performance.

During this time, European equity markets have had a volatile time. Central bank policy has been the main driver of this turbulence. At first, huge liquidity measures by the US Federal Reserve and historically low interest rates in Europe have depressed bond yields and supported riskier assets. Equity markets, as a result, surged. But the Fed's announcement that it planned to curtail its quantitative easing programme saw investors take fright in late-May, and markets fell back. Since then, however, policy setters have been at pains to point out that support is data-dependent and therefore likely to continue for some time. At the time of writing, markets had consequently rebounded. The index was up 1.2% in local currency terms to 31 May.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

European (ex UK) Equity Fund (continued).

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %
X Accumulation	0.02*

Share class X Accumulation was launched 8 March 2013.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %
France	20.92
Switzerland	20.70
Germany	19.94
Sweden	7.21
Spain	6.66
Netherlands	6.55
Italy	4.52
Belgium	2.60
Denmark	2.55
Ireland	1.96
Finland	1.84
Norway	1.59
Luxembourg	0.85
Austria	0.61
Portugal	0.42
Bermuda	0.26
Greece	0.07
Derivatives	0.01
Net other assets	0.74
Total net assets	100.00

Net asset value

	NAV per share 31/05/13 (p)
X Accumulation	102.97

Please note: negative figures are shown in brackets.

Distribution

	Final 31/05/13 (p)
X Accumulation	1.7795

Top five holdings

	31/05/13 %
1. Nestle	4.28
2. Roche	3.48
3. Novartis	3.30
4. Sanofi	2.57
5. Total	2.13

Number of holdings: 367

Fundamental Index Emerging Markets Equity Fund.

for the year ended 31 May 2013

Fund Profile

Fund objectives and investment policy

To provide long term capital growth based on the performance of emerging market equities by tracking the FTSE RAFI Emerging Index.

The fund will invest primarily in emerging markets equities.

Investment weightings will be based on fundamental factors rather than market capitalisation.

A fund based on market capitalisation will hold larger positions (larger weighting) in the largest companies. A fundamental index fund is weighted differently. Investment decisions for a fundamental index fund will instead depend on a company's fundamental financial measures and not just its market value. Examples of these fundamental factors can include sales, cash flow, book value and dividends.

The fund may use a number of methods to track its selected index. Discretion may be used in deciding which investments in the index will be included in the fund but the fund is not restricted to investing within the index.

Investors should aim to hold their investment in this fund for the medium to long term (at least five to ten years).

Any income received by the fund is retained in the fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 7 because it has experienced very high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The SW Fundamental Index Emerging Markets Equity Fund was launched on 23 May 2013. The portfolio is a low-cost index tracker vehicle. It is designed to replicate to replicate the FTSE RAFI Emerging index. It offers investors the chance to capture a market's performance with a very low risk of returns deviating from that performance.

Over May, concerns mounted about the health of the Chinese banking system. Fears of a Chinese credit crunch remain and interbank lending rates were sharply up in June. There were also worries about the country's economy, on the back of discouraging manufacturing data. The HSBC/Markit purchasing managers' index, which focuses on exporters and smaller operations, fell to a nine-month low of 48.2. As the reading falls below 50, it indicates that the Chinese manufacturing sector is contracting.

Other non-developed equity markets also had a tough month, falling by 5% in local currency terms according to the MSCI Emerging Markets index. Egypt's stock market suffered the largest declines, as the country's political crisis worsened. Finally, Brazilian equities entered a bear market during June: political protests, weak growth estimates and a strong dollar have combined to drag the country's stock market down.

Slowing Chinese economic growth, falling commodity prices, fiscal challenges, corporate governance issues and a deteriorating political situation in many countries continue to act as negative influences on emerging market performance.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Fundamental Index Emerging Markets Equity Fund (continued).

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %
X Accumulation	0.20*

Share class X Accumulation was launched 23 May 2013.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %
Brazil	21.10
Taiwan	14.12
China	13.92
Russia	12.24
South Africa	7.61
Ireland	5.55
Hong Kong	4.72
Mexico	4.55
Malaysia	3.04
Turkey	2.63
Thailand	2.28
Poland	2.02
Indonesia	1.76
Chile	1.33
Cayman Islands	0.78
Hungary	0.62
Bermuda	0.41
Derivatives	(0.28)
Net other assets	1.60
Total net assets	100.00

Please note: negative figures are shown in brackets.

Net asset value

	NAV per share 31/05/13 (p)
X Accumulation	94.66

Distribution

	Final 31/05/13 (p)
X Accumulation	0.0949

Top five holdings

	31/05/13 %
1. SWIP Sterling Liquidity Fund ǂ	5.28
2. Gazprom ADR	4.31
3. Petroleo Brasileiro Preference Shares	3.32
4. Petroleo Brasileiro	3.12
5. Lukoil ADR ǂ	2.78

Number of holdings: 328

Stocks shown as ADR's represent American Depositary Receipts.

ǂ Scottish Widows Investment Partnership (SWIP).

Fundamental Index Global Equity Fund.

for the year ended 31 May 2013

Fund Profile

Fund objectives and investment policy

To provide long term capital growth based on the performance of the Global Equity Market by tracking the FTSE RAFI Developed 1000 Index.

The fund will invest primarily in global equities.

Investment weightings will be based on fundamental factors rather than market capitalisation.

A fund based on market capitalisation will hold larger positions (larger weighting) in the largest companies. A fundamental index fund is weighted differently. Investment decisions for a fundamental index fund will instead depend on a company's fundamental financial measures and not just its market value. Examples of these fundamental factors can include sales, cash flow, book value and dividends.

The fund may use a number of methods to track its selected index. Discretion may be used in deciding which investments in the index will be included in the fund but the fund is not restricted to investing within the index.

Investors should aim to hold their investment in this fund for the medium to long term (at least five to ten years).

Any income received by the fund is retained in the fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The fund was launched on 18 April 2013. The portfolio is a low-cost index tracker vehicle. It is designed to replicate the FTSE Developed 1000 index. The fund offers investors the chance to capture a market's performance with a very low risk of returns deviating from that performance.

During this time, global equity markets have had a volatile time. Central bank policy has been the main driver of this turbulence. At first, huge liquidity measures by the US Federal Reserve and historically low interest rates in Europe have depressed bond yields and supported riskier assets. Equity markets, as a result, surged. But the Fed's announcement that it planned to curtail its quantitative easing programme saw investors take fright in late-May, and markets fell back. Since then, however, policy setters have been at pains to point out that support is data-dependent and therefore likely to continue for some time. At the time of writing, markets had consequently rebounded. The index was up 5.3% in dollar terms to 31 May.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Fundamental Index Global Equity Fund (continued).

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %
X Accumulation	0.07*

Share class X Accumulation was launched 19 April 2013.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %
United States	41.92
Japan	11.21
United Kingdom	10.46
France	5.96
Germany	5.16
Canada	3.34
Switzerland	3.03
Ireland	2.70
Italy	2.57
Australia	2.51
Spain	2.42
Netherlands	1.56
South Korea	1.55
Sweden	1.01
Hong Kong	0.57
Bermuda	0.46
Finland	0.45
Belgium	0.43
Singapore	0.42
Denmark	0.40
Norway	0.31
Jersey	0.28
Austria	0.18
Luxembourg	0.18
Curacao	0.16
Portugal	0.12
Israel	0.11
Panama	0.05
Greece	0.04
Guernsey	0.04
Derivatives	(0.02)
Net other assets	0.42
Total net assets	100.00

Please note: negative figures are shown in brackets.

Net asset value

	NAV per share 31/05/13 (p)
X Accumulation	107.03

Distribution

	Final 31/05/13 (p)
X Accumulation	0.6384

Top five holdings

	31/05/13 %
1. iShares MSCI World	2.06
2. Exxon Mobil	1.44
3. BP	1.16
4. Bank of America	1.16
5. Chevron	0.97

Number of holdings: 760

Fundamental Index UK Equity Fund.

for the year ended 31 May 2013

Fund Profile

Fund objectives and investment policy

To provide long term capital growth based on the performance of the UK Equity Market by tracking the FTSE RAFI UK 300 Index.

The fund will invest primarily in UK equities.

Investment weightings will be based on fundamental factors rather than market capitalisation.

A fund based on market capitalisation will hold larger positions (larger weighting) in the largest companies. A fundamental index fund is weighted differently. Investment decisions for a fundamental index fund will instead depend on a company's fundamental financial measures and not just its market value. Examples of these fundamental factors can include sales, cash flow, book value and dividends.

The fund may use a number of methods to track its selected index. Discretion may be used in deciding which investments in the index will be included in the fund but the fund is not restricted to investing within the index.

Investors should aim to hold their investment in this fund for the medium to long term (at least five to ten years).

Any income received by the fund is retained in the fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The fund was launched on 11 April 2013. The portfolio is a low-cost index tracker vehicle. It is designed to replicate the FTSE RAFI UK 300 index. The fund offers investors the chance to capture a market's performance with a very low risk of returns deviating from that performance.

During this time, UK equity markets have had a volatile time. Central bank policy has been the main driver of this turbulence. At first, huge liquidity measures by the US Federal Reserve and historically low interest rates in Europe have depressed bond yields and supported riskier assets. Equity markets, as a result, surged. But the Fed's announcement that it planned to curtail its quantitative easing programme saw investors take fright in late-May, and markets fell back. Since then, however, policy setters have been at pains to point out that support is data-dependent and therefore likely to continue for some time. At the time of writing, markets had consequently rebounded.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Fundamental Index UK Equity Fund (continued).

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %
X Accumulation	0.07*

Share class X Accumulation was launched 12 April 2013.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %
Financials	24.60
Oil & Gas	23.22
Consumer Services	10.73
Telecommunications	8.74
Industrials	7.74
Consumer Goods	7.61
Health Care	6.47
Basic Materials	6.29
Utilities	4.28
Technology	0.54
Derivatives	-
Net other liabilities	(0.22)
Total net assets	100.00

Net asset value

	NAV per share 31/05/13 (p)
X Accumulation	105.56

Please note: negative figures are shown in brackets.

Distribution

	Final 31/05/13 (p)
X Accumulation	0.8393

Top five holdings

	31/05/13 %
1. BP	9.39
2. HSBC	7.55
3. Vodafone	7.02
4. Royal Dutch Shell ‘A’ Shares	6.64
5. Royal Dutch Shell ‘B’ Shares	4.93

Number of holdings: 306

Fund Profile

Fund objectives and investment policy

To provide long term capital growth by investing primarily in Japanese equities.

The fund's benchmark index is the MSCI Japan Index however the fund isn't limited to investing within the index.

Investors should aim to hold their investment in this fund for the medium to long term (at least five to ten years).

Any income received by the fund is retained in the fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The Scottish Widows Japan Equity Fund was launched on 15 February 2013. The portfolio is a low-cost index tracker vehicle. It is designed to replicate to replicate the MSCI Japan index. It offers investors the chance to capture a market's performance with a very low risk of returns deviating from that performance.

Japanese equity markets made very strong gains over the reporting period, with the MSCI Japan index gaining 21.6% in yen, total return terms. In the preceding months, equity market performance was driven by the victory of Shinzo Abe and the Liberal Democratic Party (LDP) in the Japanese general election on 16 December. Mr Abe later encouraged investors with his move to nominate Haruhiko Kuroda, current head of the Asian Development Bank and another advocate of aggressive monetary easing as the new governor of the Bank of Japan (BoJ). The central bank set a new inflation target of 2% and promised to begin a new programme of quantitative easing, similar to that operated by the Federal Reserve. The new stimulus will not come into effect until next year, however, when the current asset purchase scheme ends. Later, the BoJ decision to double the amount of these purchases to ¥7 trillion a month. It also plans to increase its purchases of other assets such as real estate investment trusts and exchange-traded funds.

May was less encouraging for Tokyo stocks, however. During the month, Japanese indices experienced their sharpest one-day declines since the tsunami in March 2011. Fears had arisen that the US may cut stimulus measures, while a spike in the yield of Japanese government bonds led to speculation that borrowing costs may soon increase. Nevertheless, some recent economic reports have been heartening. The latest data on growth revealed an annual expansion of 3.5% and quarter-on-quarter growth of 0.9% over the first three months of the year, significantly outstripping analysts' estimates.

For over two decades investors in Japan had become accustomed to sluggish gross domestic product growth, mild deflationary pressures, very low bond yields and a weak equity market. They are now faced with a radical and far reaching government strategy which aims to transform deflation into inflation over a compressed time horizon using policy tools on a hitherto unseen scale. This revolution has caused enormous volatility in currency, bond and equity markets. The corporate sector has an important role to play – one of the biggest tests of this new approach to monetary policy will be its effects on earnings. So far, the signs are encouraging, judging by the direction of earnings sentiment indicators.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Japan Equity Fund (continued).

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %
X Accumulation	0.02*

Share class X Accumulation was launched 15 February 2013.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %
Consumer Goods	23.76
Industrials	19.91
Financials	19.62
Consumer Services	9.15
Technology	8.16
Basic Materials	6.34
Health Care	5.94
Utilities	3.01
Telecommunications	2.72
Oil & Gas	0.70
Derivatives	0.01
Net other assets	0.68
Total net assets	100.00

Net asset value

	NAV per share 31/05/13 (p)
X Accumulation	113.56

Please note: negative figures are shown in brackets.

Distribution

	Final 31/05/13 (p)
X Accumulation	0.9347

Top five holdings

	31/05/13 %
1. Toyota Motor	6.47
2. Mitsubishi UFJ Financial	2.97
3. Honda Motor	2.44
4. Sumitomo Mitsui Financial	2.13
5. Softbank	1.91

Number of holdings: 332

Fund Profile

Fund objectives and investment policy

This Fund aims to give long-term capital growth by investing mainly in funds such as collective investment schemes.

The Fund will provide exposure generally to equities (including UK, overseas and emerging markets equities). The Fund will also provide exposure to fixed interest securities (including UK fixed interest securities and overseas high yield bonds), property, commodities and other asset classes. Exposure will be to both UK and overseas markets.

High yield bonds are also known as Non-investment grade bonds. Non-investment grade bonds have not been awarded the minimum rating required to meet the investment grade rating. Therefore they are considered higher risk than bonds with a higher credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any Income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund;
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 5 because it has experienced medium to high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

More than half of the portfolio is invested in equities, but the Fund also holds positions in bonds, real estate and certain alternative assets. The Fund produced an impressive return of 20.94% over twelve months to the end of May, thereby more than making up for the disappointing losses we reported at this time last year.

The Fund's equity holdings are split between the UK and international markets. Looking first at the UK, share prices have enjoyed an impressive run throughout the review period. From June 2012 through to end of May this year, the FTSE 100 index rose for twelve consecutive months. January 2013 represented the UK market's strongest start to the year since 1989. The run higher has not necessarily been the result of developments in the UK though. Some of the largest UK companies earn a large proportion of their profits overseas and investors took encouragement from economic developments abroad.

In particular, the actions of central banks have been key. Throughout the last year, monetary authorities have been engaging in policies such as "quantitative easing" to try and boost their economies. Most recently, the Bank of Japan unveiled a programme of stimulus measures worth ¥7 trillion (£923 billion). This will involve buying a range of assets, including bonds and equities. The intention is to force down borrowing costs, while boosting inflation and economic growth. Similar, albeit less drastic, measures have been undertaken by the Bank of England, the European Central Bank and the US Federal Reserve. These have boosted confidence among investors that something is being done to promote global economic recovery.

To aid diversification, the Fund also invests in corporate bonds, which have performed very well. However, yields within the asset class have been driven lower and prices higher by the sheer weight of money chasing an asset where not enough new debt is being issued to meet demand. High yield bonds have performed particularly well. This is one of our favoured areas within bond markets, as corporate balance sheets are generally in good health, making the extra yield provided by the asset class look attractive

Returns from the Fund's holdings in other asset classes, including commercial property, commodities and absolute return funds, have been more pedestrian. They have on the whole produced low single-digit returns, lagging some of the more impressive gains produced by equities and corporate bonds.

Strategic Solution (continued).

Investment Manager's Review (continued)

Looking ahead, we believe that the Fund's current positioning leaves it well placed to participate in any future market gains, while providing some degree of diversification. Meanwhile, we are satisfied the portfolio's balance between equity regions is appropriate given current valuations and growth prospects.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %	31/05/12 %
A Accumulation	1.87	n/a
G Accumulation	1.31	*
X Accumulation	0.22	n/a

Share class G Accumulation was launched 12 November 2012.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %	31/05/12 %
Equity Funds	62.84	60.75
Bond Funds	21.97	24.29
Property Funds	10.43	10.99
Other Funds	4.00	3.68
Derivatives	0.06	(0.31)
Net other assets	0.70	0.60
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
A Accumulation	142.08	117.47	20.95
G Accumulation	113.16	-	
X Accumulation	157.13	128.22	22.55

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %	01/06/07 to 31/05/08 %
Strategic Solution A Accumulation	20.94	(4.39)	14.11	21.31	(20.80)	7.51

Source: Lipper for Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Distribution

	Final 31/05/13 (p)
A Accumulation	2.4442
G Accumulation	1.0159
X Accumulation	4.5664

Top five holdings

	31/05/13 %		31/05/12 %
1. SWIP Multi-Manager International Equity Fund A Acc ‡	16.27	SWIP High Yield Bond Fund A Inc ‡	15.72
2. SWIP High Yield Bond Fund A Inc ‡	15.81	SWIP Multi-Manager International Equity Fund A Acc ‡	15.19
3. SWIP Multi-Manager UK Equity Income Fund A Acc ‡	11.24	SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	11.00
4. SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	11.16	SWIP Multi-Manager UK Equity Income Fund A Acc ‡	10.88
5. SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	10.24	SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	9.80
Number of holdings: 39		Number of holdings: 30	

‡ Scottish Widows Investment Partnership (SWIP).

Fund Profile

Fund objectives and investment policy

To provide long term capital growth by investing primarily in US equities.

The fund's benchmark index is the S&P 500 Index however the fund isn't limited to investing within the index.

Investors should aim to hold their investment in this fund for the medium to long term (at least five to ten years).

Any income received by the fund is retained in the fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with a risk level consistent with the risk profile of the Fund.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 May 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The Scottish Widows US Equity Fund was launched on 22 February 2013. The portfolio is a low-cost index tracker vehicle. It is designed to replicate to replicate the S&P 500 index. It offers investors the chance to capture a market's performance with a very low risk of returns deviating from that performance.

US equity markets were up over the reporting period. The S&P 500 index gained 8.2% in dollar, total return terms. Recently, encouraging US employment figures for April (the US economy added 165,000 jobs, beating estimates of 140,000) helped the index to push past the 1,600 mark for the first time ever. House price data were also reassuring: according to a survey by Core Logic, prices increased by 10.5% in March compared to the previous year. The gain represents the thirteenth successive monthly increase.

Investors were left feeling uncertain about the latest monetary policy news, however. Ben Bernanke, the chairman of the Federal Reserve, appeared to hint that the central bank may soon consider the idea of "tapering" its $85 billion-a-month asset-buying programme, should we see a sustained economic improvement.

The USA remains on track for a robust economic upturn which has so far shown itself resilient in the face of fiscal cutbacks. However, the anticipated tapering of quantitative easing this autumn, its subsequent conclusion in the first half of 2014 and the inevitable rise in bond yields have made investors nervous. The Federal Reserve has therefore shifted from being a source of stability for financial markets to one of instability.

Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

US Equity (continued).

Distribution

XD date:	Payment date
31/05/13	31/07/13

Ongoing charges figure

	31/05/13 %
X Accumulation	0.01*

Share class X Accumulation was launched 22 February 2013.

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

* Note: The OCF quoted is since launch and does not represent a full year.

Details of investments

Investments	31/05/13 %
Financials	17.92
Technology	15.88
Health Care	12.34
Consumer Services	11.71
Consumer Goods	11.52
Industrials	10.90
Oil & Gas	10.40
Utilities	3.36
Basic Materials	3.21
Telecommunications	2.68
Derivatives	(0.06)
Net other assets	0.14
Total net assets	100.00

Net asset value

	NAV per share 31/05/13 (p)
X Accumulation	111.15

Please note: negative figures are shown in brackets.

Distribution

	Final 31/05/13 (p)
X Accumulation	0.5142

Top five holdings

	31/05/13 %
1. Apple	2.85
2. Exxon Mobil	2.77
3. Microsoft	1.77
4. General Electric	1.65
5. Chevron	1.63

Number of holdings: 519

Fund Profile

Fund objectives and investment policy

- On each Protection Date to provide:
  - a protected minimum amount, and
  - capital growth linked to the performance of a stockmarket index.

Definitions

Increase for Capital Protected Funds 5 to 17 this is the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the index has grown over the Growth Potential Period and subject to Averaging.

Upper Limit This is a cap on the increase. See the following pages for details of the upper limit for Capital Protected Funds 5 to 17.Index is FTSE 100.

Capital Protected Funds 5 to 7

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date in relation to an Investment Cycle.

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives during an Investment Cycle.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives during an Investment Cycle.

Cash Investment Period is the period during which Shares may be issued in relation to an Investment Cycle.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives in relation to an Investment Cycle.

Investment Cycle is the period between the start of a Cash Investment Period and the relevant Protection Date.

Capital Protected Funds 8 to 17

Capital Protected Price is the minimum share price the Fund aims to achieve on the Protection Date.

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives.

Cash Investment Period is the period during which Shares may be issued.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Risks

General risks that apply to your investment

- If you sell your shares before the Protection Date, you are likely to get back less than you've invested, in some circumstances substantially less.
- Terms for a Fund are set several weeks in advance of the start of the Cash Investment Period, based on the price of the Derivatives at that time, hence the terms may or may not compare favourably with those currently available in the market at the date the shareholder invests.
- If insufficient money is received into a Fund, or the provider of the Derivatives fails to meet the contract terms on the Derivative Date, the Authorised Corporate Director (ACD) may wind up the Fund and return your investment.
- Tax rules can change. New tax practice and legislation, or changes to existing practice and legislation could affect what you get back at the end of the term or when you sell your shares.
- Inflation will reduce the real value of your money in the future.

Risks that apply specifically during the Cash Investment Period

- During this period a Capital Protected Fund invests in cash and other similar investments by investing in another fund called the Global Liquidity Fund as well as on deposit in cash and other similar investments. The Global Liquidity Fund is managed by our Investment Adviser Scottish Widows Investment Partnership Limited. Should any one or more of these fail then you are likely to get back less than you invested, in some circumstances substantially less.
- When a Fund is invested in cash and similar investments during the period up to the Derivative Date your investment may not receive any interest and may fall in value.

Risks that apply specifically during the Growth Potential Period

- If you sell your shares while a Fund is invested in Derivatives, the value of your investment will depend on the value of the Derivatives. The value of these will depend to some extent on the level of the index, but will also be affected by other factors, such as the volatility of the market, the level of interest rates and the time to maturity of the Derivatives. Therefore what you get back will not equal actual index growth.
- During the Growth Potential Period a Fund will hold investments known as Derivatives. These Derivatives are arranged with a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, collateral (cash or other investments we feel are suitable), is received from the counterparty and deposited with an independent custodian (the independent custodian for Capital Protected Funds 5 to 17 is State Street Bank & Trust Company). Should the counterparty fail, we will use this collateral.
- If the Derivative provider (the counterparty) fails and this coincides with a Fund having collateral which fails or which is deposited with an institution that fails, then you are likely to get back significantly less than you invested.

Risks that apply specifically at the end of the term

- At the end of the term, you might get back less than if you invested directly in the shares that make up the index.

  This is mainly because:
  - for Capital Protected Funds 5 to 17 we set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Key Features document for information; see also the Upper Limit definition for Capital Protected Funds 5 to 17 on the following pages.
  - if you held shares directly you would be paid an income (dividends); and
  - for Capital Protected Fund 5 the cost of providing you with capital protection meant that the Participation Rate offers less than the full rise in the index;
  - the Averaging that's applied to determine the value of the index will mean that if the Index rises, your returns may be lower than investing in the shares of the index directly where Averaging would not apply.
- In the event that the index cannot be used, this might affect the value of your investment.

INVESTMENT MANAGER'S REVIEW (Capital Protected Funds 5 to 17)

The Fund is designed to provide investors with a Capital Protected Value on the Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, growth linked to the FTSE 100 Index and protection so that, if the index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 6583.09, with share prices across the market having risen strongly over the year under review. Driving sentiment was the extraordinary policy measures enacted by the world's central bankers. This has involved huge amounts of liquidity being injected into the financial system in the form of quantitative easing, while interest rates have been kept historically low. January 2013, as a result, represented the UK market's strongest start to the year since 1989.

The market's gains tended to be led by high-quality annuity type stocks that generate predictable dividend payments, as investors sought for yield. The telecoms, pharmaceuticals, beverages and household goods sectors all produced strong returns. In contrast, the mining sector struggled over the quarter. The sector was punished for its reliance on demand from China, where survey data pointed towards a slowing in the pace of economic expansion.

Looking ahead, after four years of exceptionally loose monetary policy, the Federal Reserve recently gave its clearest indication yet that the days of easy money would soon be over. Currently, the Fed purchases $85 billion of bonds and mortgage-backed securities a month in an attempt to suppress long-term interest rates and inject life into the US economy. Indications are that these efforts are starting to bear fruit. In response to the improving economic picture, Mr Bernanke has said he will soon "taper" the Fed's asset-buying programme, with a hike in interest rates set for as early as the second half of 2014.

Markets reacted badly to the news: equities and emerging market currencies tumbled, while government bond yields rose. Volatility has been rife – and is likely to persist over the short term. In general, though, the tightening of monetary policy does point to a stronger US economy. It also indicates that the financial system, after years of dysfunction, should be returning to pre-crisis normality. This should be, in the long run, be beneficial to the global economy as a whole. With China slowing and the eurozone facing many challenges, this should provide a modicum of succour to investors.

The outlook for the UK economy has finally started to improve. The construction sector belatedly returned to growth in May, while retail sales picked up 3.4%. The Markit/CIPS construction PMI hit 50.8 in May from 49.4 the previous month. The 50 mark is the demarcation line between growth and contraction. UK manufacturing expanded more quickly than consensus economists' forecasts. The service sector is also performing well.

Capital Protected Fund 5.

Upper Limit is 83.34%:

This is a cap on the Increase so if the Increase is greater than or equal to 83.34% Shareholders will only get an increase of 90% (i.e. the Participation Rate) x 83.34% = 75%.

Ongoing charges figure

	31/05/13 %	31/05/12 %
L Accumulation	0.34	n/a

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	-	100.02
Net other liabilities	-	(0.02)
Total net assets	-	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
L Accumulation	-	104.58	-

The Protection Date for the L share class is 4 April 2013.

The Capital Protected Price is 106.60p.

The FTSE 100 Index starting value is 6,046.20.

Please note: negative figures are shown in brackets.

Performance record

	04/04/13 to 31/05/13 %	01/06/13 to 03/04/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %	16/04/08 to 31/05/08 %
Capital Protected 5 L Accumulation	0.38	1.72	(1.13)	4.44	9.94	(6.42)	2.71
FTSE 100 Index	N/A	24.39	(7.70)	19.12	21.85	(23.67)	3.11
SWIP Global Liquidity Fund GBP Advisory	0.04	N/A	N/A	N/A	N/A	N/A	N/A

Source: Scottish Widows for Capital Protected Fund 5 L Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/13 %		31/05/12 %
1. BlackRock Institutional Cash Series Sterling Liquidity GBP Inc	-	Lloyds TSB Bank plc 120% Put Option April 2013	161.16
2. Insight Liquidity Funds GBP Liquidity Fund 3 Inc	-	Lloyds TSB Bank plc 100% Call Option April 2013	0.98
3. SWIP Sterling Liquidity Fund	-	Lloyds TSB Bank plc 120% Call Option April 2013	(0.02)
4.		Lloyds TSB Bank plc 183% Call Option April 2013	(0.15)
5.		Lloyds TSB Bank plc 100% Put Option April 2013	(61.95)

Number of holdings: 3

Number of holdings: 5

Capital Protected Fund 6.

Upper Limit is 75 %:

This is a cap on the Increase so if the Increase is greater than 75 % Shareholders will only get 100 % (i.e. the Participation Rate) of 75 %.

Ongoing charges figure

	31/05/13 %	31/05/12 %
L Accumulation	0.43	n/a

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.01	100.01
Net other liabilities	(0.01)	(0.02)
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
L Accumulation	117.60	103.46	13.67

The Protection Date for the L share class is 5 June 2014.

The Capital Protected Price is 106.60p.

The FTSE 100 Index starting value is 5,756.90.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	19/09/08 to 31/05/09 %	01/06/08 to 18/09/08 %
Capital Protected 6 L Accumulation	14.81	(2.46)	7.40	8.97	(3.20)	0.20
FTSE 100 Index	28.41	(7.70)	19.12	21.85	(23.56)	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	N/A	0.25

Source: Scottish Widows for Capital Protected Fund 6 L Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 100 % Call Option June 2014	71.38	Lloyds TSB Bank plc 120 % Put Option June 2014	155.56
2. Lloyds TSB Bank plc 120 % Put Option June 2014	36.02	Lloyds TSB Bank plc 100 % Call Option June 2014	24.15
3. Lloyds TSB Bank plc 175 % Call Option June 2014	(1.62)	Lloyds TSB Bank plc 175 % Call Option June 2014	(0.19)
4. Lloyds TSB Bank plc 100 % Put Option June 2014	(1.96)	Lloyds TSB Bank plc 120 % Call Option June 2014	(2.68)
5. Lloyds TSB Bank plc 120 % Call Option June 2014	(3.78)	Lloyds TSB Bank plc 100 % Put Option June 2014	(76.82)

Number of holdings: 5   Number of holdings: 5

Capital Protected Fund 7.

Upper Limit is 75 %:

This is a cap on the Increase so if the Increase is greater than 75 % Shareholders will only get 100 % (i.e. the Participation Rate) of 75 %.

Ongoing charges figure

	31/05/13 %	31/05/12 %
L Accumulation	0.57	n/a

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.01	100.01
Net other liabilities	(0.01)	(0.01)
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
L Accumulation	138.92	114.08	21.77

The Protection Date for the L share class is 4 September 2014.

The Capital Protected Price is 106.60p.

The FTSE 100 Index starting value is 4,880.00.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	19/09/08 to 31/05/09 %	01/06/08 to 18/09/08 %
Capital Protected 7 L Accumulation	22.44	(4.52)	10.55	12.85	(4.21)	1.10
FTSE 100 Index	28.41	(7.70)	19.12	21.85	(7.10)	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	N/A	1.40

Source: Scottish Widows for Capital Protected Fund 7 L Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

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Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 100 % Call Option September 2014	148.01	Lloyds TSB Bank plc 120 % Put Option September 2014	88.92
2. Lloyds TSB Bank plc September 2014	5.72	Lloyds TSB Bank plc September 2014	79.78
3. Lloyds TSB Bank plc 175 % Call Option September 2014	(0.55)	Lloyds TSB Bank plc 175 % Call Option September 2014	(0.01)
4. Lloyds TSB Bank plc 100 % Put Option September 2014	(0.79)	Lloyds TSB Bank plc 120 % Call Option September 2014	(21.82)
5. Lloyds TSB Bank plc 120 % Call Option September 2014	(52.38)	Lloyds TSB Bank plc 100 % Put Option September 2014	(46.86)

Number of holdings: 5 | Number of holdings: 5

Capital Protected Fund 8.

Upper Limit is 90%:

This is a cap on the Increase so if the Increase is greater than 90% Shareholders will only get 100% (i.e. the Participation Rate) of 90%.

Ongoing charges figure

	31/05/13 %	31/05/12 %
M Accumulation	-	-

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

There are no expenses charged to the Fund therefore no OCF has been stated.

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.00	100.00
Net other assets	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
M Accumulation	159.59	125.90	26.76

The Protection Date for the M share class is 4 December 2014.

The Capital Protected Price is 109.60p.

The FTSE 100 Index starting value is 4,330.70.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	19/12/08 to 31/05/09 %	08/09/08 to 18/12/08 %
Capital Protected 8 M Accumulation	26.29	(4.04)	13.79	14.05	0.30	0.80
FTSE 100 Index	28.41	(7.70)	19.12	21.85	4.36	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	N/A	1.21

Source: Scottish Widows for Capital Protected Fund 8 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 100% Call Option December 2014	197.45	Lloyds TSB Bank plc 100% Call Option December 2014	128.29
2. Lloyds TSB Bank plc 120% Put Option December 2014	0.44	Lloyds TSB Bank plc 120% Put Option December 2014	61.73
3. Lloyds TSB Bank plc 190% Call Option December 2014	-	Lloyds TSB Bank plc 190% Call Option December 2014	(0.29)
4. Lloyds TSB Bank plc 100% Put Option December 2014	(0.58)	Lloyds TSB Bank plc 100% Put Option December 2014	(36.13)
5. Lloyds TSB Bank plc 120% Call Option December 2014	(97.31)	Lloyds TSB Bank plc 120% Call Option December 2014	(53.60)

Number of holdings: 5

Number of holdings: 5

Capital Protected Fund 9.

Upper Limit is 65 %:

This is a cap on the Increase so if the Increase is greater than 65 % Shareholders will only get 100 % (i.e. the Participation Rate) of 65 %.

Ongoing charges figure

	31/05/13 %	31/05/12 %
M Accumulation	-	-

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

There are no expenses charged to the Fund therefore no OCF has been stated.

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.00	100.00
Net other assets	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
M Accumulation	159.63	129.72	23.06

The Protection Date for the M share class is 4 February 2015.

The Capital Protected Price is 108.40p.

The FTSE 100 Index starting value is 4,006.80.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	01/06/09 to 31/05/10 %	19/02/09 to 31/05/09 %	20/11/08 to 18/02/09 %
Capital Protected 9 M Accumulation	23.44	(0.31)	14.22	14.61	(0.92)	0.30
FTSE 100 Index	28.41	(7.70)	19.12	21.85	11.92	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	N/A	0.66

Source: Scottish Widows for Capital Protected Fund 9 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 100 % Call Option February 2015	237.71	Lloyds TSB Bank plc 100 % Call Option February 2015	162.91
2. Lloyds TSB Bank plc 120 % Put Option February 2015	1.39	Lloyds TSB Bank plc 120 % Put Option February 2015	50.88
3. Lloyds TSB Bank plc 100 % Put Option February 2015	(0.51)	Lloyds TSB Bank plc 165 % Call Option February 2015	(2.40)
4. Lloyds TSB Bank plc 165 % Call Option February 2015	(5.72)	Lloyds TSB Bank plc 100 % Put Option February 2015	(31.54)
5. Lloyds TSB Bank plc 120 % Call Option February 2015	(132.87)	Lloyds TSB Bank plc 120 % Call Option February 2015	(79.85)

Number of holdings: 5   Number of holdings: 5

Capital Protected Fund 10.

Upper Limit is 33.334 %:

This is a cap on the Increase so if the Increase is greater than 33.334 % Shareholders will only get 150 % (i.e. the Participation Rate) of 33.334 % = 50 %.

Ongoing charges figure

	31/05/13 %	31/05/12 %
M Accumulation	-	-

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

There are no expenses charged to the Fund therefore no OCF has been stated.

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.00	100.00
Net other liabilities	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
M Accumulation	147.54	122.91	20.04

The Protection Date for the M share class is 11 June 2015.

The Capital Protected Price is 108.70p.

The FTSE 100 Index starting value is 4,252.60.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	26/06/09 to 31/05/10 %	01/06/09 to 25/06/09 %	28/01/09 to 31/05/09 %
Capital Protected 10 M Accumulation	20.31	1.07	12.84	7.18	0.10	0.20
FTSE 100 Index	28.41	(7.70)	19.12	25.26	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	0.06	0.34

Source: Scottish Widows for Capital Protected Fund 10 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 100 % Call Option June 2015	230.11	Lloyds TSB Bank plc 100 % Call Option June 2015	154.48
2. Lloyds TSB Bank plc 120 % Put Option June 2015	5.13	Lloyds TSB Bank plc 120 % Put Option June 2015	69.72
3. Lloyds TSB Bank plc 100 % Put Option June 2015	(1.96)	Lloyds TSB Bank plc 133.334 % Call Option June 2015	(13.50)
4. Lloyds TSB Bank plc 133.334 % Call Option June 2015	(23.06)	Lloyds TSB Bank plc 100 % Put Option June 2015	(44.24)
5. Lloyds TSB Bank plc 120 % Call Option June 2015	(110.22)	Lloyds TSB Bank plc 120 % Call Option June 2015	(66.46)

Number of holdings: 5

Number of holdings: 5

Capital Protected Fund 11.

Upper Limit is 33.334%:

This is a cap on the Increase so if the Increase is greater than 33.334% Shareholders will only get 150% (i.e. the Participation Rate) of 33.334% = 50%.

Ongoing charges figure

	31/05/13 %	31/05/12 %
M Accumulation	-	-

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

There are no expenses charged to the Fund therefore no OCF has been stated.

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.00	100.00
Net other assets	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
M Accumulation	133.30	111.10	19.98

The Protection Date for the M share class is 3 September 2015.

The Capital Protected Price is 109.10p.

The FTSE 100 Index starting value is 5,163.95.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	18/09/09 to 31/05/10 %	01/06/09 to 17/09/09 %	27/03/09 to 31/05/09 %
Capital Protected 11 M Accumulation	20.52	(1.25)	12.68	(0.90)	0.20	0.10
FTSE 100 Index	28.41	(7.70)	19.12	3.75	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	0.25	0.12

Source: Scottish Widows for Capital Protected Fund 11 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

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Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 100% Call Option September 2015	125.14	Lloyds TSB Bank plc 120% Put Option September 2015	128.53
2. Lloyds TSB Bank plc 120% Put Option September 2015	32.39	Lloyds TSB Bank plc 100% Call Option September 2015	78.59
3. Lloyds TSB Bank plc 133.334% Call Option September 2015	(6.58)	Lloyds TSB Bank plc 133.334% Call Option September 2015	(3.72)
4. Lloyds TSB Bank plc 100% Put Option September 2015	(10.63)	Lloyds TSB Bank plc 120% Call Option September 2015	(24.66)
5. Lloyds TSB Bank plc 120% Call Option September 2015	(40.32)	Lloyds TSB Bank plc 100% Put Option September 2015	(78.74)

Number of holdings: 5

Number of holdings: 5

Capital Protected Fund 12.

Upper Limit is 43.334%:

This is a cap on the Increase so if the Increase is greater than 43.334% Shareholders will only get 150% (i.e. the Participation Rate) of 43.334% = 65%.

Ongoing charges figure

	31/05/13 %	31/05/12 %
M Accumulation	-	-

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

There are no expenses charged to the Fund therefore no OCF has been stated.

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.00	99.99
Net other assets	-	0.01
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
M Accumulation	134.38	111.26	20.78

The Protected Date for the M share class is 5 October 2015.

The Capital Protected Price is 108.50p.

The FTSE 100 Index starting value is 5,281.54.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	20/10/09 to 31/05/10 %	24/07/09 to 19/10/09 %
Capital Protected 12 M Accumulation	22.74	(3.44)	10.42	2.60	0.10
FTSE 100 Index	28.41	(7.70)	19.12	2.33	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	0.19

Source: Scottish Widows for Capital Protected Fund 12 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

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Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 100% Call Option September 2015	111.32	Lloyds TSB Bank plc 120% Put Option September 2015	135.55
2. Lloyds TSB Bank plc 120% Put Option September 2015	37.46	Lloyds TSB Bank plc 100% Call Option September 2015	70.96
3. Lloyds TSB Bank plc 143% Call Option September 2015	(1.51)	Lloyds TSB Bank plc 143% Call Option September 2015	(1.01)
4. Lloyds TSB Bank plc 100% Put Option September 2015	(13.05)	Lloyds TSB Bank plc 120% Call Option September 2015	(21.84)
5. Lloyds TSB Bank plc 120% Call Option September 2015	(34.22)	Lloyds TSB Bank plc 100% Put Option September 2015	(83.67)

Number of holdings: 5

Number of holdings: 5

Capital Protected Fund 13.

Upper Limit is 33.334%:

This is a cap on the Increase so if the Increase is greater than 33.334% Shareholders will only get 150% (i.e. the Participation Rate) of 33.334% = 50%.

Ongoing charges figure

	31/05/13 %	31/05/12 %
M Accumulation	-	-

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

There are no expenses charged to the Fund therefore no OCF has been stated.

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.00	100.00
Net other liabilities	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
M Accumulation	131.56	107.38	22.52

The Protected Date for the M share class is 19 January 2016.

The Capital Protected Price is 108.10p.

The FTSE 100 Index starting value is 5,253.15.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	04/02/10 to 31/05/10 %	05/10/09 to 03/02/10 %
Capital Protected 13 M Accumulation	24.44	(0.37)	13.06	(4.93)	0.10
FTSE 100 Index	28.41	(7.70)	19.12	(0.17)	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	0.19

Source: Scottish Widows for Capital Protected Fund 13 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 100% Call Option January 2016	116.20	Lloyds TSB Bank plc 120% Put Option January 2016	143.37
2. Lloyds TSB Bank plc 120% Put Option January 2016	44.28	Lloyds TSB Bank plc 100% Call Option January 2016	79.31
3. Lloyds TSB Bank plc 133.334% Call Option January 2016	(5.22)	Lloyds TSB Bank plc 133.334% Call Option January 2016	(4.62)
4. Lloyds TSB Bank plc 100% Put Option January 2016	(16.48)	Lloyds TSB Bank plc 120% Call Option January 2016	(26.78)
5. Lloyds TSB Bank plc 120% Call Option January 2016	(38.78)	Lloyds TSB Bank plc 100% Put Option January 2016	(91.28)

Number of holdings: 5

Number of holdings: 5

Capital Protected Fund 14.

Upper Limit is 30%:

This is a cap on the Increase so if the Increase is greater than 30% Shareholders will only get 150% (i.e. the Participation Rate) of 30% = 45%.

Ongoing charges figure

	31/05/13 %	31/05/12 %
M Accumulation	-	-

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

There are no expenses charged to the Fund therefore no OCF has been stated

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.00	100.00
Net other liabilities	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
M Accumulation	128.51	105.91	21.34

The Protected Date for the M share class is 11 February 2016.

The Capital Protected Price is 108.60p.

The FTSE 100 Index starting value is 5,354.52.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	01/06/10 to 31/05/11 %	27/02/10 to 31/05/10 %	14/12/09 to 26/02/10 %
Capital Protected 14 M Accumulation	21.72	1.05	11.22	(5.77)	0.00
FTSE 100 Index	28.41	(7.70)	19.12	(2.04)	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	0.10

Source: Scottish Widows for Capital Protected Fund 14 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 100% Call Option February 2016	109.69	Lloyds TSB Bank plc 120% Put Option February 2016	152.67
2. Lloyds TSB Bank plc 120% Put Option February 2016	51.08	Lloyds TSB Bank plc 100% Call Option February 2016	74.67
3. Lloyds TSB Bank plc 130% Call Option February 2016	(5.84)	Lloyds TSB Bank plc 130% Call Option February 2016	(4.90)
4. Lloyds TSB Bank plc 100% Put Option February 2016	(19.52)	Lloyds TSB Bank plc 120% Call Option February 2016	(24.79)
5. Lloyds TSB Bank plc 120% Call Option February 2016	(35.41)	Lloyds TSB Bank plc 100% Put Option February 2016	(97.65)

Number of holdings: 5

Number of holdings: 5

Capital Protected Fund 15.

Upper Limit is 28 %:

This is a cap on the Increase so if the Increase is greater than 28 % Shareholders will only get 150 % (i.e. the Participation Rate) of 30 % = 42 %.

Ongoing charges figure

	31/05/13 %	31/05/12 %
M Accumulation	-	-

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

There are no expenses charged to the Fund therefore no OCF has been stated

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.00	100.00
Net other assets	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
M Accumulation	129.24	106.06	21.86

The Protected Date for the M share class is 24 May 2016.

The Capital Protected Price is 108.40p.

The FTSE 100 Index starting value is 5,085.86.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	10/06/10 to 31/05/11 %	01/06/10 to 09/06/10 %	12/02/10 to 31/05/10 %
Capital Protected 15 M Accumulation	21.87	1.92	4.00	0.00	0.00
FTSE 100 Index	28.41	(7.70)	21.16	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	0.01	0.13

Source: Scottish Widows for Capital Protected Fund 15 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 100 % Call Option May 2016	135.46	Lloyds TSB Bank plc 120 % Put Option May 2016	142.26
2. Lloyds TSB Bank plc 120 % Put Option May 2016	45.47	Lloyds TSB Bank plc 100 % Call Option May 2016	97.37
3. Lloyds TSB Bank plc 128 % Call Option May 2016	(11.15)	Lloyds TSB Bank plc 128 % Call Option May 2016	(8.71)
4. Lloyds TSB Bank plc 100 % Put Option May 2016	(18.37)	Lloyds TSB Bank plc 120 % Call Option May 2016	(37.18)
5. Lloyds TSB Bank plc 120 % Call Option May 2016	(51.41)	Lloyds TSB Bank plc 100 % Put Option May 2016	(93.74)

Number of holdings: 5

Number of holdings: 5

Capital Protected Fund 16.

Upper Limit is 28%:

This is a cap on the Increase so if the Increase is greater than 28% Shareholders will only get 150% (i.e. the Participation Rate) of 30% = 42%.

Ongoing charges figure

	31/05/13 %	31/05/12 %
M Accumulation	-	-

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

There are no expenses charged to the Fund therefore no OCF has been stated

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.00	100.00
Net other assets	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
M Accumulation	120.60	100.35	20.18

The Protected Date for the M share class is 13 September 2016.

The Capital Protected Price is 108.40p.

The FTSE 100 Index starting value is 5,569.27p.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	30/09/10 to 31/05/11 %	01/06/10 to 29/09/10 %	21/05/10 to 31/05/10 %
Capital Protected 16 M Accumulation	20.77	0.83	(1.06)	0.10	0.00
FTSE 100 Index	28.41	(7.70)	9.83	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	0.18	0.01

Source: Scottish Widows for Capital Protected Fund 16 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 100% Call Option September 2016	98.35	Lloyds TSB Bank plc 120% Put Option September 2016	180.39
2. Lloyds TSB Bank plc 120% Put Option September 2016	75.54	Lloyds TSB Bank plc 100% Call Option September 2016	72.39
3. Lloyds TSB Bank plc 128% Call Option September 2016	(7.43)	Lloyds TSB Bank plc 128% Call Option September 2016	(5.85)
4. Lloyds TSB Bank plc 120% Call Option September 2016	(32.79)	Lloyds TSB Bank plc 120% Call Option September 2016	(25.62)
5. Lloyds TSB Bank plc 100% Put Option September 2016	(33.67)	Lloyds TSB Bank plc 100% Put Option September 2016	(121.31)

Number of holdings: 5

Number of holdings: 5

Capital Protected Fund 17.

Upper Limit is 21.334%:

This is a cap on the Increase such that if the Increase is greater than 21.334% Shareholders will only get 150% (i.e. the Participation Rate) x 21.334% = 32%.

Ongoing charges figure

	31/05/13 %	31/05/12 %
M Accumulation	-	-

Subsequent to a change in the rules of the Collective Investment Schemes Sourcebook issued by the Financial Conduct Authority the total expense ratio has been replaced by the ongoing charges figure (OCF). As a result of this change comparative figures for the preceding financial year are not required and as such have not been reported.

The ongoing charges figure is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

There are no expenses charged to the Fund therefore no OCF has been stated

Details of investments

Investments	31/05/13 %	31/05/12 %
Derivatives	100.00	100.01
Net other liabilities	-	(0.01)
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/05/13 (p)	NAV per share 31/05/12 (p)	NAV percentage change %
M Accumulation	111.57	91.70	21.67

The Protected Date for the M share class is 21 February 2017.

The Capital Protected Price is 108.10p.

The FTSE 100 Index starting value is 5,937.30.

Please note: negative figures are shown in brackets.

Performance record

	01/06/12 to 31/05/13 %	01/06/11 to 31/05/12 %	10/03/11 to 31/05/11 %	15/09/10 to 09/03/11 %
Capital Protected 17 M Accumulation	19.11	2.00	(8.65)	0.20
FTSE 100 Index	28.41	(7.70)	1.27	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	0.58

Source: Scottish Widows for Capital Protected Fund 17 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Top five holdings

	31/05/13 %		31/05/12 %
1. Lloyds TSB Bank plc 120% Put Option February 2017	108.03	Lloyds TSB Bank plc 120% Put Option February 2017	222.55
2. Lloyds TSB Bank plc 100% Call Option February 2017	79.94	Lloyds TSB Bank plc 100% Call Option February 2017	63.53
3. Lloyds TSB Bank plc 121.33% Call Option February 2017	(8.27)	Lloyds TSB Bank plc 121.33% Call Option February 2017	(9.75)
4. Lloyds TSB Bank plc 120% Call Option February 2017	(26.24)	Lloyds TSB Bank plc 120% Call Option February 2017	(22.44)
5. Lloyds TSB Bank plc 100% Put Option February 2017	(53.46)	Lloyds TSB Bank plc 100% Put Option February 2017	(153.88)

Number of holdings: 5 | Number of holdings: 5