Skandia Spectrum Funds

Interim Report and Financial Statements (unaudited)

For the period ended 1 May 2011 to 31 October 2011

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Fund information

Authorised Corporate Director

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

Authorised and regulated by the Financial Services Authority.

Depositary

National Westminster Bank plc
Trustee and Depositary Services
135 Bishopsgate
London
EC2M 3UR

Authorised and regulated by the Financial Services Authority.

Auditors

KPMG Audit Plc
15 Canada Square
London
E14 5GL

Registrar

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

Authorised and regulated by the Financial Services Authority.

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

Investment Manager

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

Authorised and regulated by the Financial Services Authority.

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

Report of the Directors of Skandia Spectrum Funds

Directors' report

The directors present their report and financial statements for the Skandia Spectrum Funds ("the Fund") for the period ended 31 October 2011. The Fund was launched on 28 April 2008 and shares for each sub-fund were first offered for sale at 50 pence each.

Authorised status

The Fund is an Investment Company with Variable Capital ("ICVC") under Regulation 12 (authorisation) of the Open-ended Investment Company ("OEIC") Regulations. It is incorporated in the United Kingdom and authorised by the Financial Services Authority under the OEIC Regulations 2001 and the Collective Investment Schemes Sourcebook ("the Regulations").

Liability

If the Fund is unable to meet liabilities attributed to any particular sub-fund out of the assets attributed to that sub-fund, excess liabilities may have to be met out of the assets attributable to the other sub-funds. The shareholders have no interest in the scheme property and are not liable for the debts of the Fund.

Economic and market review

Financial markets grew increasingly volatile in the six months to the end of October. Global equities suffered in May and most of June over renewed concerns about weaker global economic data, and the debt situation in Europe. Market gyrations became more intense as the summer progressed. The debt crisis in Europe and the US deepened and fears of another slide into global recession intensified. Equity markets fell sharply worldwide, with some markets recording their largest daily declines since 2008. Unsurprisingly Greece was the notable underperformer. Italy became a point of growing concern on worries about its financial position. US stocks also ended the reporting interval significantly lower. In July and August worries about the gridlock in Congress on getting approval to raise the debt ceiling and weaker news on the economy hit confidence hard amid fears that a double dip recession might be on the horizon. However, markets experienced some recovery in the final months, particularly in October. The Japanese equity market benefited from signs of recovery from the March earthquake. But more general worries about the European debt crisis and slower global growth affected performance for much of the period, before a recovery arrived in September and October. A surge in the yen helped make the Tokyo market one of the more resilient among the major exchanges. Rising inflation in a number of Asia Pacific countries remained a concern for investors, with Chinese and Indian equities particularly affected, although there were signs of a moderation in growth, largely the result of interest rate rises.

In the more risk-averse environment, government bonds outperformed corporate equivalents benefiting from a decline in risk appetite as investors refocused their attention on the potential wider impact of the debt problems faced by Greece, while corporate bonds, especially the riskier high yield segment, underperformed. Emerging debt markets also came under pressure, notably local currency bonds, as investors moved out of emerging currencies following strong performance earlier in the year.

The UK commercial property market recorded a positive total return over the six months. Rental income accounted for the bulk of this, with only modest capital growth seen across the market.

Change of Depositary*

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

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

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

Report of the Directors of Skandia Spectrum Funds (continued)

Additional information

The Fund is an umbrella scheme. It comprises a number of sub-funds which have their own investment objective and policy and its investment borrowing powers and restrictions are prescribed by the OEIC Regulations 2001 and the Regulations. At 31 October 2011 the Fund had the following six sub-funds:

Sub-fund name	Launch date
Skandia Spectrum 3 Fund	28 April 2008
Skandia Spectrum 4 Fund	28 April 2008
Skandia Spectrum 5 Fund	28 April 2008
Skandia Spectrum 6 Fund	28 April 2008
Skandia Spectrum 7 Fund	28 April 2008
Skandia Spectrum 8 Fund	28 April 2008

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

J E Millard
Director
Skandia Investment Management Limited

M R A Bulstrode
Director
Skandia Investment Management Limited

20 December 2011

Authorised Corporate Director's report

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

Net asset value of sub-funds

	31 October 2011			30 April 2011		
	Net asset value of sub-fund	Shares in issue	Net asset value per share	Net asset value of sub-fund	Shares in issue	Net asset value per share
Skandia Spectrum 3 Fund	£189,622,042	344,596,530	55.03p	£163,336,323	293,043,650	55.74p
Skandia Spectrum 4 Fund	£264,891,306	488,635,047	54.21p	£228,218,051	409,616,464	55.72p
Skandia Spectrum 5 Fund	£328,124,546	612,173,032	53.60p	£297,250,582	531,774,769	55.90p
Skandia Spectrum 6 Fund	£197,059,118	378,164,609	52.11p	£186,819,036	338,702,622	55.16p
Skandia Spectrum 7 Fund	£74,136,133	146,360,579	50.65p	£66,313,528	122,155,698	54.29p
Skandia Spectrum 8 Fund	£34,879,704	71,019,404	49.11p	£32,583,904	61,015,772	53.40p

Statement of Authorised Corporate Director's responsibilities

The OEIC Regulations 2001 and the Regulations, as issued and amended by the Financial Services Authority, require the Authorised Corporate Director ("ACD") to prepare financial statements for each interim and annual accounting period which give a true and fair view of the financial affairs of the Fund and of its net revenue and the net gains on the property of the Fund for the period. In preparing the financial statements, the ACD is required to:

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

The ACD is responsible for the management of the Fund in accordance with the Regulations, the Prospectus and the Instrument of Incorporation.

Statement of the Depositary's responsibilities and report of the Depositary to the shareholders of the Skandia Spectrum Funds ("the Company")

The Depositary is under a duty to take into custody and to hold the property of the ICVC on behalf of the shareholders. Under the Regulations relating to reports, it is the duty of the Depositary to enquire into the conduct of the Authorised Corporate Director in the management of the Company in each annual accounting period and report thereon to shareholders in a report which shall contain the matters prescribed by the Regulations.

Aggregated statement of total return

for the period from 1 May 2011 to 31 October 2011

	Note	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Income					
Net capital (losses)/gains			(52,919)		17,208
Revenue		21,441		11,847	
Expenses		(6,984)		(4,228)	
Finance costs: Interest	2	-		-	
Net revenue before taxation		14,457		7,619	
Taxation		(2,103)		(1,160)	
Net revenue after taxation			12,354		6,459
Total return before distributions			**(40,565)**		**23,667**
Finance costs: Distributions	2		(10,932)		(6,459)
Change in net assets attributable to shareholders from investment activities			**(51,497)**		**17,208**

Aggregated statement of change in net assets attributable to shareholders

for the period from 1 May 2011 to 31 October 2011

	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	*01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Opening net assets attributable to shareholders		**974,521**		**547,417**
Amounts received on issue of shares	178,158		175,516	
Amounts paid on cancellation of shares	(23,730)		(12,944)	
		154,428		162,572
Stamp duty reserve tax		(261)		(216)
Change in net assets attributable to shareholders from investment activities		(51,497)		17,208
Retained distribution on accumulation shares		11,522		7,286
Closing net assets attributable to shareholders		**1,088,713**		**734,267**

*Section 3.30 of the IMA SORP requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Aggregated Balance sheet

as at 31 October 2011

	31.10.11 £'000	31.10.11 £'000	30.04.11 £'000	30.04.11 £'000
Assets				
Investment assets		1,073,915		959,079
Debtors	11,567		10,412	
Cash and bank balances	15,291		16,929	
Total other assets		26,858		27,341
Total assets		1,100,773		986,420
Liabilities				
Creditors	(12,060)		(11,899)	
Total liabilities		(12,060)		(11,899)
Net assets attributable to shareholders		**1,088,713**		**974,521**

Notes to the aggregated financial statements

for the period from 1 May 2011 to 31 October 2011

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds, issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the period ended 30 April 2011.

2 Finance costs

Distribution and interest

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

	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000
Interim (31 October)	11,522	7,286
	11,522	7,286
Amounts deducted on cancellation of shares	123	47
Amounts received on issue of shares	(713)	(874)
Finance costs: Distribution	**10,932**	**6,459**
Finance costs: Interest	-	-
Total finance costs	**10,932**	**6,459**
Reconciliation of distribution:		
Net revenue after taxation for the period	12,354	6,459
Authorised Corporate Director's capitalised fee rebates	(1,777)	-
Tax relief on capitalised fees	355	-
Finance costs: Distribution	**10,932**	**6,459**

Skandia Spectrum 3 Fund

Launch date	28 April 2008
Sector classification	Unclassified
Investment adviser	Skandia Investment Management Limited
Net asset value	£189,622,042

Objective

The sub-fund aims to achieve long-term capital growth by investing in a diversified range of asset classes. The risk profile of the sub-fund is defensive with a significant majority of investments in defensive asset classes, and between 15% and 40% in equities.

Policy

The sub-fund will predominantly invest in units in collective investment schemes, including those managed and operated by the ACD, but cash, near cash and permitted deposits may also be held.

The assets within these collective investment schemes will form a diversified portfolio, predominantly of cash, money market instruments, international and UK equities, property and fixed income. However securities of other asset classes may be held.

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

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting period. Shares were first issued at 50p per share.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
30.04.09			
Accumulation	£27,244,152	62,731,840	43.43p
30.04.10			
Accumulation	£80,048,038	153,439,029	52.17p
30.04.11			
Accumulation	£163,336,323	293,043,650	55.74p
31.10.11			
Accumulation	£189,622,042	344,596,530	55.03p

Comparative table

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

Calendar year	Highest price	Lowest price
2008*		
Accumulation	50.78p	41.84p
2009		
Accumulation	50.46p	40.80p
2010		
Accumulation	55.45p	49.89p
2011**		
Accumulation	56.69p	53.00p

*from 28 April 2008
**to 31 October 2011

The table below shows the net accumulations per share in pence for the calendar years indicated below.

Calendar year	Pence per share
2008*	
Accumulation	0.3980
2009	
Accumulation	1.2983
2010	
Accumulation	1.3552
2011**	
Accumulation	1.3662

*from 28 April 2008
**to ex-dividend date of 31 October 2011 and payable on 31 December 2011

Investment Manager's review

The sub-fund held up relatively well over the review period, given the extent of the turmoil across the world. The Spectrum funds continue to perform well compared with their volatility targets since launch in April 2008. Performance across and within the different components in which they invest was mixed. All of the fixed income holdings posted gains in the opening months of the reporting interval. However, by the second half of the period there was a clear distinction between lower risk and higher risk fixed interest performance, the strongest gains coming from UK government bonds. Returns from Stone Harbor's Local Currency Emerging Market Debt mandate were particularly strong in the first half of the period, as Sterling weakness boosted returns from emerging market currencies. And while it suffered in absolute terms during the latter part of the period from the surge in global risk aversion, it continued to outperform its benchmark. Meanwhile, BlackRock's Gilt mandate benefited from the rally in UK government bonds in response to investors' flight to quality amid their growing concerns over the health of the global economy and the financial system as the six month interval progressed. Fidelity's MoneyBuilder Income and Corporate Bond funds fared relatively well, thanks mainly to their underweight exposure to banks. However, the TwentyFour Sterling Bond mandate lagged its sector. Exposure to both financial bonds and high yield bonds hit the mandate, particularly in the second half of the interval, as increased investor caution saw riskier assets fall out of favour. The mandate's, lower-than-average duration, which had benefited performance in the early months of 2011, also had a negative impact. This effect also hindered the JP Morgan High Yield Bond mandate. But while it suffered in absolute terms, it delivered strong relative performance against its benchmark, helped by a defensive allocation to cash.

The UK equity portfolios performed well overall during the first few months of the period, but they struggled during an often difficult second half. Nevertheless, the mandate run by Investec was positive, outperforming the IMA UK All Companies sector over the whole interval. This was due in part to a significant overweight to healthcare stocks, which proved to be very resilient. In addition, not holding many of the mining stocks that form a large part of the index also benefited performance. Schroders initially performed well ahead of the IMA UK All Companies sector in the first few months of the period. However, its performance later disappointed as its more aggressive positioning proved vulnerable to concerns of a global slowdown. For Old Mutual Asset Management (OMAM), positions in Rightmove, Renishaw, Croda International and Melrose all added value in the first half of the period, while not owning Petropavlovsk and Thomas Cook also helped performance compared with the market. But as investors grew more risk averse in the second part of the interval, positions in economically-sensitive stocks hampered the portfolio. An overweight to the oil & gas sector also hit returns. The Skandia UK Best Ideas Fund performed in line with the sector over the first part of the period, but later underperformed the index, hurt by a significant underweight to the larger defensive stocks in the index.

In the Spectrum Funds, exposure to global equities tactical asset-allocation decisions had a broadly neutral impact in the first half of the review period, but thematic investments were modestly negative. The Global Dynamic Equity Fund lagged the IMA Global sector over the six-month review period, with manager selection having a negative impact. Among the holdings, the Skandia Global Best Ideas Fund continued to do well in the first half of the review period. But in the second part of the reporting interval the mandate had a reversal of fortune in the more cautious environment. Meanwhile, Marsico's US portfolio detracted due to its large exposure to financials, amid concerns about the broader impact of the debt problems in Greece.

Investment Manager's review (continued)

In the first half of the period, we replaced Epoch with Lapides as manager of one of the US mandates. Epoch invests primarily in larger US firms, while Lapides focuses solely on medium- and smaller-sized companies, where we see greater scope to add value. The Lapides team have decades of experience investing in this area and have a thorough research process. Nevertheless, the mandate got off to a difficult start as investors focused on large defensive companies. Schroders' UK equity mandate added value in the first part of the reporting interval, but disappointed during much of the second, as its more aggressive positioning proved unproductive amid growing concerns of a global slowdown. The European portfolios generally performed well. The Wellington mandate posted one of the stronger returns, driven by good stock selection among industrials, an underweight to basic material stocks and underweights to French and German equities. Argonaut's performance was helped by the manager's move away from cyclical sectors to more defensive stocks. A significant underweight to French equities and a big overweight to healthcare stocks were the main contributors to this performance. European equity manager Mandarine benefited from holdings in healthcare companies in the first part of the period, as well as from stocks that gained in anticipation of strong results, but its rather aggressive portfolio positioning and its exposure to financials hurt performance in the second half of the interval. The MIR Asia Pacific mandate underperformed, hurt by its overweight exposure to the energy sector, underweight in consumer staples, poor stock selection in China and an underweight in India. On a brighter note, First State's Pacific mandate delivered exceptionally good performance, thanks to its defensive positioning in the more risk-averse environment. An underweight to China helped at the country level, while exposure to more defensive telecoms stocks also added value. The Fulcrum Alternative Beta Plus Fund suffered amid sharp reversals in commodity, currency and equity markets in May and June, but did a good job of protecting capital over the latter part of the period, as it proved quite resilient in retaining value in the face of the huge global market turmoil.

The property component was positive for performance, as both the Skandia Property Fund, managed by ING, and the M&G Property Portfolio recorded modest gains. Property continued to benefit from attractive yields offered by the property sector relative to other assets. The performance of the Skandia Property Fund was particularly strong compared with peers. Both ING and M&G continued to seek to enhance income through rent reviews and lease negotiations, and both maintained a relatively low vacancy rate. Both are focusing on prime (high quality) property assets, as the prospects for the secondary (lower quality) sector are much weaker. The Skandia Property Fund had further success maintaining its focus on properties that are attractively robust and reliable tenants, letting an additional part of the Oakhill Industrial Estate and an office at Cornhill, London. The M&G Property Portfolio Fund completed the purchase of several new assets; a prime retail property in Greater London let to two strong tenants on long leases; an industrial unit with trading dispensation in Glasgow let to a leading wholesaler on a 16-year lease with fixed rental uplifts; and an unoccupied office asset located in the prime central business district acquired for its long-term 'recovery' potential. M&G also purchased a large supermarket space in Kent, let to Tesco, and let a large industrial unit near Birmingham with an upward-only rent review.

There were no significant changes to the Spectrum funds' asset allocation positions over the review period.

Asset allocation

Bonds	39.54%
Equities	29.34%
Gilts	15.85%
Property	14.37%
Net other assets	0.90%
Total	**100.00%**

Portfolio allocation

UK Bonds	24.81%
UK Gilts	15.85%
Global Specialist Equities	15.04%
UK Property	14.37%
Overseas Bonds	11.69%
UK Equities	10.58%
Overseas Equities	3.72%
Global Emerging Markets Bonds	3.04%
Net other assets	0.90%
Total	**100.00%**

Major Holdings	**Percentage of portfolio**
Skandia Specialist Funds - Gilt Fund	15.85%
Skandia Investment Funds - Global Dynamic Equity Fund	12.33%
Skandia Specialist Funds - Corporate Bond Fund	11.32%
Skandia Specialist Funds - Sterling Bond Fund	10.17%
M&G Property Portfolio Fund	9.97%
Skandia Specialist Funds - High Yield Bond Fund	6.45%
Skandia Investment Grade Corporate Bond Fund	5.24%
Skandia Property Fund	4.40%
Fidelity Moneybuilder Income Fund	3.32%
Skandia Local Currency Emerging Market Debt Fund	3.04%
Number of holdings	**22**

Total expense ratio

30.04.11	1.84%
31.10.11	1.83%

All information is at 31 October 2011 unless otherwise stated.

Portfolio statement

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 65.61% (30 April 2011 65.57%)		
	UK Bonds 24.81% (30 April 2011 24.50%)		
19,811,614	Fidelity Moneybuilder Income Fund	6,302	3.32
31,976,846	Skandia Specialist Funds - Corporate Bond Fund	21,456	11.32
48,696,540	Skandia Specialist Funds - Sterling Bond Fund	19,289	10.17
		47,047	24.81
	UK Equities 10.58% (30 April 2011 10.30%)		
9,684,425	Skandia Investment Funds - UK Best Ideas Fund	3,989	2.10
4,415,174	Skandia MultiManager Trust - UK Equity Fund	4,240	2.24
4,693,664	Skandia MultiManager Trust - UK Opportunities Fund	2,424	1.28
5,946,943	Skandia MultiManager Trust - UK Select Fund	5,183	2.73
5,023,392	Skandia MultiManager Trust - UK Unconstrained Fund	4,225	2.23
		20,061	10.58
	UK Gilts 15.85% (30 April 2011 16.02%)		
43,142,623	Skandia Specialist Funds - Gilt Fund	30,066	15.85
	UK Property 14.37% (30 April 2011 14.75%)		
25,876,944	M&G Property Portfolio Fund	18,898	9.97
18,003,447	Skandia Property Fund	8,343	4.40
		27,241	14.37
	Overseas 33.49% (30 April 2011 32.53%)		
	Global Emerging Markets Bonds 3.04% (30 April 2011 3.00%)		
584,020	Skandia Local Currency Emerging Market Debt Fund	5,768	3.04
	Global Specialist Equities 15.04% (30 April 2011 14.38%)		
23,402	Fulcrum Alternative Beta Plus Fund	2,497	1.32
4,212,563	Skandia Investment Funds - Global Best Ideas Fund	2,635	1.39
31,739,432	Skandia Investment Funds - Global Dynamic Equity Fund	23,389	12.33
		28,521	15.04
	Overseas Bonds 11.69% (30 April 2011 11.55%)		
983,181	Skandia Investment Grade Corporate Bond Fund	9,936	5.24
30,141,770	Skandia Specialist Funds - High Yield Bond Fund	12,232	6.45
		22,168	11.69

Portfolio statement (continued)

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Overseas Equities 3.72% (30 April 2011 3.60%)		
1,372,855	BlackRock Continental European Equity Tracker Fund	1,717	0.91
711,081	BlackRock Japan Equity Tracker Fund	749	0.39
1,307,053	BlackRock North American Equity Tracker Fund	1,661	0.88
447,482	BlackRock Pacific ex Japan Equity Tracker Fund	815	0.43
149,295	Dimensional Emerging Markets Target Value Fund	2,104	1.11
		7,046	3.72
	Investment assets	**187,918**	**99.10**
	Net other assets	**1,704**	**0.90**
	Total net assets	**189,622**	**100.00**

Statement of total return

for the period from 1 May 2011 to 31 October 2011

	Note	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Income					
Net capital (losses)/gains			(4,589)		2,894
Revenue		4,193		2,141	
Expenses		(1,188)		(673)	
Finance costs: Interest	2	-		-	
Net revenue before taxation		3,005		1,468	
Taxation		(523)		(262)	
Net revenue after taxation			2,482		1,206
Total return before distributions			**(2,107)**		**4,100**
Finance costs: Distributions	2		(2,209)		(1,206)
Change in net assets attributable to shareholders from investment activities			**(4,316)**		**2,894**

Statement of change in net assets attributable to shareholders

for the period from 1 May 2011 to 31 October 2011

	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	*01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Opening net assets attributable to shareholders		**163,336**		**80,048**
Amounts received on issue of shares	33,447		43,274	
Amounts paid on cancellation of shares	(5,180)		(2,704)	
		28,267		40,570
Stamp duty reserve tax		(38)		(27)
Change in net assets attributable to shareholders from investment activities		(4,316)		2,894
Retained distribution on accumulation shares		2,373		1,493
Closing net assets attributable to shareholders		**189,622**		**124,978**

*Section 3.30 of the IMA SORP requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 October 2011

	31.10.11 £'000	31.10.11 £'000	30.04.11 £'000	30.04.11 £'000
Assets				
Investment assets		187,918		160,227
Debtors	1,999		1,861	
Cash and bank balances	3,516		2,023	
Total other assets		5,515		3,884
Total assets		193,433		164,111
Liabilities				
Creditors	(3,811)		(775)	
Total liabilities		(3,811)		(775)
Net assets attributable to shareholders		**189,622**		**163,336**

Notes to the financial statements

for the period from 1 May 2011 to 31 October 2011

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds, issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 30 April 2011.

2 Finance costs

Distribution and interest

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

	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000
Interim (31 October)	2,373	1,493
	2,373	1,493
Amounts deducted on cancellation of shares	39	7
Amounts received on issue of shares	(203)	(294)
Finance costs: Distribution	**2,209**	**1,206**
Finance costs: Interest	-	-
Total finance costs	**2,209**	**1,206**
Reconciliation of distribution:		
Net revenue after taxation for the period	2,482	1,206
Authorised Corporate Director's capitalised fee rebates	(341)	-
Tax relief on capitalised fees	68	-
Finance costs: Distribution	**2,209**	**1,206**

Distribution table

Interim distribution

Group 1: Shares purchased prior to 1 May 2011
Group 2: Shares purchased from 1 May 2011 to 31 October 2011

Accumulation shares	Net revenue pence per share	Equalisation pence per share*	Distribution payable 31.12.11 pence per share	Distribution paid 31.12.10 pence per share
Group 1	0.6887	-	0.6887	0.6483
Group 2	0.3578	0.3309	0.6887	0.6483

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

Skandia Spectrum 4 Fund

Launch date	28 April 2008
Sector classification	Unclassified
Investment adviser	Skandia Investment Management Limited
Net asset value	£264,891,306

Objective

The sub-fund aims to achieve long-term capital growth by investing in a diversified range of asset classes. The risk profile of the sub-fund is moderately defensive with a majority of investments in defensive asset classes, and between 25% and 50% in equities.

Policy

The sub-fund will predominantly invest in units in collective investment schemes, including those managed and operated by the ACD, but cash, near cash and permitted deposits may also be held.

The assets within these collective investment schemes will form a diversified portfolio, predominantly of cash, money market instruments, international and UK equities, property and fixed income. However securities of other asset classes may be held.

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

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting period. Shares were first issued at 50p per share.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
30.04.09			
Accumulation	£37,204,855	87,769,584	42.39p
30.04.10			
Accumulation	£121,521,618	234,839,849	51.75p
30.04.11			
Accumulation	£228,218,051	409,616,464	55.72p
31.10.11			
Accumulation	£264,891,306	488,635,047	54.21p

Comparative table

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

Calendar year	Highest price	Lowest price
2008*		
Accumulation	50.94p	40.24p
2009		
Accumulation	49.86p	39.13p
2010		
Accumulation	55.42p	48.91p
2011**		
Accumulation	56.73p	51.68p

*from 28 April 2008
**to 31 October 2011

The table below shows the net accumulations per share in pence for the calendar years indicated below.

Calendar year	Pence per share
2008*	
Accumulation	0.5013
2009	
Accumulation	1.1714
2010	
Accumulation	1.2007
2011**	
Accumulation	1.1998

*from 28 April 2008
**to ex-dividend date of 31 October 2011 and payable on 31 December 2011

Investment Manager's review

The sub-fund held up relatively well over the review period, given the extent of the turmoil across the world. The Spectrum funds continue to perform well compared with their volatility targets since launch in April 2008. Performance across and within the different components in which they invest was mixed. All of the fixed income holdings posted gains in the opening months of the reporting interval. However, by the second half of the period there was a clear distinction between lower risk and higher risk fixed interest performance, the strongest gains coming from UK government bonds. Returns from Stone Harbor's Local Currency Emerging Market Debt mandate were particularly strong in the first half of the period, as Sterling weakness boosted returns from emerging market currencies. And while it suffered in absolute terms during the latter part of the period from the surge in global risk aversion, it continued to outperform its benchmark. Meanwhile, BlackRock's Gilt mandate benefited from the rally in UK government bonds in response to investors' flight to quality amid their growing concerns over the health of the global economy and the financial system as the six month interval progressed. Fidelity's MoneyBuilder Income and Corporate Bond funds fared relatively well, thanks mainly to their underweight exposure to banks. However, the TwentyFour Sterling Bond mandate lagged its sector. Exposure to both financial bonds and high yield bonds hit the mandate, particularly in the second half of the interval, as increased investor caution saw riskier assets fall out of favour. The mandate's, lower-than-average duration, which had benefited performance in the early months of 2011, also had a negative impact. This effect also hindered the JP Morgan High Yield Bond mandate. But while it suffered in absolute terms, it delivered strong relative performance against its benchmark, helped by a defensive allocation to cash.

The UK equity portfolios performed well overall during the first few months of the period, but they struggled during an often difficult second half. Nevertheless, the mandate run by Investec was positive, outperforming the IMA UK All Companies sector over the whole interval. This was due in part to a significant overweight to healthcare stocks, which proved to be very resilient. In addition, not holding many of the mining stocks that form a large part of the index also benefited performance. Schroders initially performed well ahead of the IMA UK All Companies sector in the first few months of the period. However, its performance later disappointed as its more aggressive positioning proved vulnerable to concerns of a global slowdown. For Old Mutual Asset Management (OMAM), positions in Rightmove, Renishaw, Croda International and Melrose all added value in the first half of the period, while not owning Petropavlovsk and Thomas Cook also helped performance compared with the market. But as investors grew more risk averse in the second part of the interval, positions in economically-sensitive stocks hampered the portfolio. An overweight to the oil & gas sector also hit returns. The Skandia UK Best Ideas Fund performed in line with the sector over the first part of the period, but later underperformed the index, hurt by a significant underweight to the larger defensive stocks in the index.

In the Spectrum Funds, exposure to global equities tactical asset-allocation decisions had a broadly neutral impact in the first half of the review period, but thematic investments were modestly negative. The Global Dynamic Equity Fund lagged the IMA Global sector over the six-month review period, with manager selection having a negative impact. Among the holdings, the Skandia Global Best Ideas Fund continued to do well in the first half of the review period. But in the second part of the reporting interval the mandate had a reversal of fortune in the more cautious environment. Meanwhile, Marsico's US portfolio detracted due to its large exposure to financials, amid concerns about the broader impact of the debt problems in Greece.

Investment Manager's review (continued)

In the first half of the period, we replaced Epoch with Lapides as manager of one of the US mandates. Epoch invests primarily in larger US firms, while Lapides focuses solely on medium- and smaller-sized companies, where we see greater scope to add value. The Lapides team have decades of experience investing in this area and have a thorough research process. Nevertheless, the mandate got off to a difficult start as investors focused on large defensive companies. Schroders' UK equity mandate added value in the first part of the reporting interval, but disappointed during much of the second, as its more aggressive positioning proved unproductive amid growing concerns of a global slowdown. The European portfolios generally performed well. The Wellington mandate posted one of the stronger returns, driven by good stock selection among industrials, an underweight to basic material stocks and underweights to French and German equities. Argonaut's performance was helped by the manager's move away from cyclical sectors to more defensive stocks. A significant underweight to French equities and a big overweight to healthcare stocks were the main contributors to this performance. European equity manager Mandarine benefited from holdings in healthcare companies in the first part of the period, as well as from stocks that gained in anticipation of strong results, but its rather aggressive portfolio positioning and its exposure to financials hurt performance in the second half of the interval. The MIR Asia Pacific mandate underperformed, hurt by its overweight exposure to the energy sector, underweight in consumer staples, poor stock selection in China and an underweight in India. On a brighter note, First State's Pacific mandate delivered exceptionally good performance, thanks to its defensive positioning in the more risk-averse environment. An underweight to China helped at the country level, while exposure to more defensive telecoms stocks also added value. The Fulcrum Alternative Beta Plus Fund suffered amid sharp reversals in commodity, currency and equity markets in May and June, but did a good job of protecting capital over the latter part of the period, as it proved quite resilient in retaining value in the face of the huge global market turmoil.

The property component was positive for performance, as both the Skandia Property Fund, managed by ING, and the M&G Property Portfolio recorded modest gains. Property continued to benefit from attractive yields offered by the property sector relative to other assets. The performance of the Skandia Property Fund was particularly strong compared with peers. Both ING and M&G continued to seek to enhance income through rent reviews and lease negotiations, and both maintained a relatively low vacancy rate. Both are focusing on prime (high quality) property assets, as the prospects for the secondary (lower quality) sector are much weaker. The Skandia Property Fund had further success maintaining its focus on properties that are attractively robust and reliable tenants, letting an additional part of the Oakhill Industrial Estate and an office at Cornhill, London. The M&G Property Portfolio Fund completed the purchase of several new assets; a prime retail property in Greater London let to two strong tenants on long leases; an industrial unit with trading dispensation in Glasgow let to a leading wholesaler on a 16-year lease with fixed rental uplifts; and an unoccupied office asset located in the prime central business district acquired for its long-term 'recovery' potential. M&G also purchased a large supermarket space in Kent, let to Tesco, and let a large industrial unit near Birmingham with an upward-only rent review.

There were no significant changes to the Spectrum funds' asset allocation positions over the review period.

Asset allocation

Equities	40.39%
Bonds	31.09%
Property	14.24%
Gilts	12.56%
Net other assets	1.72%
Total	**100.00%**

Portfolio allocation

Global Specialist Equities	20.28%
UK Bonds	19.47%
UK Equities	15.05%
UK Property	14.24%
UK Gilts	12.56%
Overseas Bonds	9.22%
Overseas Equities	5.06%
Global Emerging Markets Bonds	2.40%
Net other assets	1.72%
Total	**100.00%**

Major Holdings	**Percentage of portfolio**
Skandia Investment Funds - Global Dynamic Equity Fund	16.59%
Skandia Specialist Funds - Gilt Fund	12.56%
M&G Property Portfolio Fund	9.38%
Skandia Specialist Funds - Corporate Bond Fund	8.89%
Skandia Specialist Funds - Sterling Bond Fund	7.98%
Skandia Specialist Funds - High Yield Bond Fund	5.06%
Skandia Property Fund	4.86%
Skandia Investment Grade Corporate Bond Fund	4.16%
Skandia MultiManager Trust - UK Select Fund	3.91%
Skandia MultiManager Trust - UK Unconstrained Fund	3.19%

Number of holdings	**22**

Total expense ratio

30.04.11	1.85%
31.10.11	1.84%

All information is at 31 October 2011 unless otherwise stated.

Portfolio statement

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 61.32% (30 April 2011 61.70%)		
	UK Bonds 19.47% (30 April 2011 19.62%)		
21,629,162	Fidelity Moneybuilder Income Fund	6,880	2.60
35,081,515	Skandia Specialist Funds - Corporate Bond Fund	23,540	8.89
53,388,249	Skandia Specialist Funds - Sterling Bond Fund	21,147	7.98
		51,567	19.47
	UK Equities 15.05% (30 April 2011 14.80%)		
19,184,390	Skandia Investment Funds - UK Best Ideas Fund	7,902	2.98
8,717,202	Skandia MultiManager Trust - UK Equity Fund	8,372	3.16
9,296,578	Skandia MultiManager Trust - UK Opportunities Fund	4,802	1.81
11,875,900	Skandia MultiManager Trust - UK Select Fund	10,350	3.91
10,028,823	Skandia MultiManager Trust - UK Unconstrained Fund	8,434	3.19
		39,860	15.05
	UK Gilts 12.56% (30 April 2011 12.82%)		
47,749,804	Skandia Specialist Funds - Gilt Fund	33,277	12.56
	UK Property 14.24% (30 April 2011 14.46%)		
34,042,220	M&G Property Portfolio Fund	24,861	9.38
27,762,933	Skandia Property Fund	12,865	4.86
		37,726	14.24
	Overseas 36.96% (30 April 2011 36.38%)		
	Global Emerging Markets Bonds 2.40% (30 April 2011 2.41%)		
643,461	Skandia Local Currency Emerging Market Debt Fund	6,355	2.40
	Global Specialist Equities 20.28% (30 April 2011 19.76%)		
44,392	Fulcrum Alternative Beta Plus Fund	4,738	1.79
8,035,220	Skandia Investment Funds - Global Best Ideas Fund	5,026	1.90
59,642,396	Skandia Investment Funds - Global Dynamic Equity Fund	43,950	16.59
		53,714	20.28
	Overseas Bonds 9.22% (30 April 2011 9.26%)		
1,091,708	Skandia Investment Grade Corporate Bond Fund	11,032	4.16
32,994,379	Skandia Specialist Funds - High Yield Bond Fund	13,389	5.06
		24,421	9.22

Portfolio statement (continued)

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Overseas Equities 5.06% (30 April 2011 4.95%)		
2,619,506	BlackRock Continental European Equity Tracker Fund	3,277	1.24
1,341,136	BlackRock Japan Equity Tracker Fund	1,412	0.53
2,541,072	BlackRock North American Equity Tracker Fund	3,230	1.22
831,334	BlackRock Pacific ex Japan Equity Tracker Fund	1,515	0.57
282,975	Dimensional Emerging Markets Target Value Fund	3,987	1.50
		13,421	5.06
	Investment assets	**260,341**	**98.28**
	Net other assets	**4,550**	**1.72**
	Total net assets	**264,891**	**100.00**

Statement of total return

for the period from 1 May 2011 to 31 October 2011

	Note	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Income					
Net capital (losses)/gains			(10,060)		4,088
Revenue		5,470		2,856	
Expenses		(1,658)		(947)	
Finance costs: Interest	2	-		-	
Net revenue before taxation		3,812		1,909	
Taxation		(606)		(316)	
Net revenue after taxation			3,206		1,593
Total return before distributions			**(6,854)**		**5,681**
Finance costs: Distributions	2		(2,848)		(1,593)
Change in net assets attributable to shareholders from investment activities			**(9,702)**		**4,088**

Statement of change in net assets attributable to shareholders

for the period from 1 May 2011 to 31 October 2011

	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	*01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Opening net assets attributable to shareholders		**228,218**		**121,522**
Amounts received on issue of shares	49,529		39,712	
Amounts paid on cancellation of shares	(6,144)		(813)	
		43,385		38,899
Stamp duty reserve tax		(57)		(38)
Change in net assets attributable to shareholders from investment activities		(9,702)		4,088
Retained distribution on accumulation shares		3,047		1,818
Closing net assets attributable to shareholders		**264,891**		**166,289**

*Section 3.30 of the IMA SORP requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 October 2011

	31.10.11 £'000	31.10.11 £'000	30.04.11 £'000	30.04.11 £'000
Assets				
Investment assets		260,341		223,838
Debtors	3,157		3,253	
Cash and bank balances	2,789		4,606	
Total other assets		5,946		7,859
Total assets		266,287		231,697
Liabilities				
Creditors	(1,396)		(3,479)	
Total liabilities		(1,396)		(3,479)
Net assets attributable to shareholders		**264,891**		**228,218**

Notes to the financial statements

for the period from 1 May 2011 to 31 October 2011

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds, issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 30 April 2011.

2 Finance costs

Distribution and interest

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

	01.05.11 to 31.10.11 £'000	**01.05.10 to 31.10.10 £'000**
Interim (31 October)	3,047	1,818
	3,047	1,818
Amounts deducted on cancellation of shares	30	6
Amounts received on issue of shares	(229)	(231)
Finance costs: Distribution	**2,848**	**1,593**
Finance costs: Interest	-	-
Finance costs: Distribution	**2,848**	**1,593**
Reconciliation of distribution:		
Net revenue after taxation for the period	3,206	1,593
Authorised Corporate Director's capitalised fee rebates	(447)	-
Tax relief on capitalised fees	89	-
Finance costs: Distribution	**2,848**	**1,593**

Distribution table

Interim distribution

Group 1: Shares purchased prior to 1 May 2011
Group 2: Shares purchased from 1 May 2011 to 31 October 2011

Accumulation shares	Net revenue pence per share	Equalisation pence per share*	Distribution payable 31.12.11 pence per share	Distribution paid 31.12.10 pence per share
Group 1	0.6236	-	0.6236	0.5868
Group 2	0.3623	0.2613	0.6236	0.5868

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

Skandia Spectrum 5 Fund

Launch date	28 April 2008
Sector classification	Unclassified
Investment adviser	Skandia Investment Management Limited
Net asset value	£328,124,546

Objective

The sub-fund aims to achieve long-term capital growth by investing in a diversified range of asset classes. The risk profile of the sub-fund is broadly balanced, with between 40% to 60% invested in equities and the remainder in more defensive asset classes.

Policy

The sub-fund will predominantly invest in units in collective investment schemes, including those managed and operated by the ACD, but cash, near cash and permitted deposits may also be held.

The assets within these collective investment schemes will form a diversified portfolio, predominantly of cash, money market instruments, international and UK equities, property and fixed income. However securities of other asset classes may be held.

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

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting period. Shares were first issued at 50p per share.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
30.04.09			
Accumulation	£60,911,256	146,095,596	41.69p
30.04.10			
Accumulation	£172,512,317	334,029,267	51.65p
30.04.11			
Accumulation	£297,250,582	531,774,769	55.90p
31.10.11			
Accumulation	£328,124,546	612,173,032	53.60p

Comparative table

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

Calendar year	Highest price	Lowest price
2008*		
Accumulation	51.14p	39.01p
2009		
Accumulation	49.60p	37.64p
2010		
Accumulation	55.64p	48.29p
2011**		
Accumulation	57.00p	50.59p

*from 28 April 2008
**to 31 October 2011

The table below shows the net accumulations per share in pence for the calendar years indicated below.

Calendar year	Pence per share
2008*	
Accumulation	0.5165
2009	
Accumulation	1.0746
2010	
Accumulation	1.0636
2011**	
Accumulation	1.0547

*from 28 April 2008
**to ex-dividend date of 31 October 2011 and payable on 31 December 2011

Investment Manager's review

The sub-fund held up relatively well over the review period, given the extent of the turmoil across the world. The Spectrum funds continue to perform well compared with their volatility targets since launch in April 2008. Performance across and within the different components in which they invest was mixed. All of the fixed income holdings posted gains in the opening months of the reporting interval. However, by the second half of the period there was a clear distinction between lower risk and higher risk fixed interest performance, the strongest gains coming from UK government bonds. Returns from Stone Harbor's Local Currency Emerging Market Debt mandate were particularly strong in the first half of the period, as Sterling weakness boosted returns from emerging market currencies. And while it suffered in absolute terms during the latter part of the period from the surge in global risk aversion, it continued to outperform its benchmark. Meanwhile, BlackRock's Gilt mandate benefited from the rally in UK government bonds in response to investors' flight to quality amid their growing concerns over the health of the global economy and the financial system as the six month interval progressed. Fidelity's MoneyBuilder Income and Corporate Bond funds fared relatively well, thanks mainly to their underweight exposure to banks. However, the TwentyFour Sterling Bond mandate lagged its sector. Exposure to both financial bonds and high yield bonds hit the mandate, particularly in the second half of the interval, as increased investor caution saw riskier assets fall out of favour. The mandate's, lower-than-average duration, which had benefited performance in the early months of 2011, also had a negative impact. This effect also hindered the JP Morgan High Yield Bond mandate. But while it suffered in absolute terms, it delivered strong relative performance against its benchmark, helped by a defensive allocation to cash.

The UK equity portfolios performed well overall during the first few months of the period, but they struggled during an often difficult second half. Nevertheless, the mandate run by Investec was positive, outperforming the IMA UK All Companies sector over the whole interval. This was due in part to a significant overweight to healthcare stocks, which proved to be very resilient. In addition, not holding many of the mining stocks that form a large part of the index also benefited performance. Schroders initially performed well ahead of the IMA UK All Companies sector in the first few months of the period. However, its performance later disappointed as its more aggressive positioning proved vulnerable to concerns of a global slowdown. For Old Mutual Asset Management (OMAM), positions in Rightmove, Renishaw, Croda International and Melrose all added value in the first half of the period, while not owning Petropavlovsk and Thomas Cook also helped performance compared with the market. But as investors grew more risk averse in the second part of the interval, positions in economically-sensitive stocks hampered the portfolio. An overweight to the oil & gas sector also hit returns. The Skandia UK Best Ideas Fund performed in line with the sector over the first part of the period, but later underperformed the index, hurt by a significant underweight to the larger defensive stocks in the index.

In the Spectrum Funds, exposure to global equities tactical asset-allocation decisions had a broadly neutral impact in the first half of the review period, but thematic investments were modestly negative. The Global Dynamic Equity Fund lagged the IMA Global sector over the six-month review period, with manager selection having a negative impact. Among the holdings, the Skandia Global Best Ideas Fund continued to do well in the first half of the review period. But in the second part of the reporting interval the mandate had a reversal of fortune in the more cautious environment. Meanwhile, Marsico's US portfolio detracted due to its large exposure to financials, amid concerns about the broader impact of the debt problems in Greece.

Investment Manager's review (continued)

In the first half of the period, we replaced Epoch with Lapides as manager of one of the US mandates. Epoch invests primarily in larger US firms, while Lapides focuses solely on medium- and smaller-sized companies, where we see greater scope to add value. The Lapides team have decades of experience investing in this area and have a thorough research process. Nevertheless, the mandate got off to a difficult start as investors focused on large defensive companies. Schroders' UK equity mandate added value in the first part of the reporting interval, but disappointed during much of the second, as its more aggressive positioning proved unproductive amid growing concerns of a global slowdown. The European portfolios generally performed well. The Wellington mandate posted one of the stronger returns, driven by good stock selection among industrials, an underweight to basic material stocks and underweights to French and German equities. Argonaut's performance was helped by the manager's move away from cyclical sectors to more defensive stocks. A significant underweight to French equities and a big overweight to healthcare stocks were the main contributors to this performance. European equity manager Mandarine benefited from holdings in healthcare companies in the first part of the period, as well as from stocks that gained in anticipation of strong results, but its rather aggressive portfolio positioning and its exposure to financials hurt performance in the second half of the interval. The MIR Asia Pacific mandate underperformed, hurt by its overweight exposure to the energy sector, underweight in consumer staples, poor stock selection in China and an underweight in India. On a brighter note, First State's Pacific mandate delivered exceptionally good performance, thanks to its defensive positioning in the more risk-averse environment. An underweight to China helped at the country level, while exposure to more defensive telecoms stocks also added value. The Fulcrum Alternative Beta Plus Fund suffered amid sharp reversals in commodity, currency and equity markets in May and June, but did a good job of protecting capital over the latter part of the period, as it proved quite resilient in retaining value in the face of the huge global market turmoil.

The property component was positive for performance, as both the Skandia Property Fund, managed by ING, and the M&G Property Portfolio recorded modest gains. Property continued to benefit from attractive yields offered by the property sector relative to other assets. The performance of the Skandia Property Fund was particularly strong compared with peers. Both ING and M&G continued to seek to enhance income through rent reviews and lease negotiations, and both maintained a relatively low vacancy rate. Both are focusing on prime (high quality) property assets, as the prospects for the secondary (lower quality) sector are much weaker. The Skandia Property Fund had further success maintaining its focus on properties that are attractively robust and reliable tenants, letting an additional part of the Oakhill Industrial Estate and an office at Cornhill, London. The M&G Property Portfolio Fund completed the purchase of several new assets; a prime retail property in Greater London let to two strong tenants on long leases; an industrial unit with trading dispensation in Glasgow let to a leading wholesaler on a 16-year lease with fixed rental uplifts; and an unoccupied office asset located in the prime central business district acquired for its long-term 'recovery' potential. M&G also purchased a large supermarket space in Kent, let to Tesco, and let a large industrial unit near Birmingham with an upward-only rent review.

There were no significant changes to the Spectrum funds' asset allocation positions over the review period.

Asset allocation

Equities	50.52%
Bonds	23.61%
Property	14.36%
Gilts	9.95%
Net other assets	1.56%
Total	**100.00%**

Portfolio allocation

Global Specialist Equities	25.21%
UK Equities	19.02%
UK Bonds	14.83%
UK Property	14.36%
UK Gilts	9.95%
Overseas Bonds	7.00%
Overseas Equities	6.29%
Global Emerging Markets Bonds	1.78%
Net other assets	1.56%
Total	**100.00%**

Major Holdings	**Percentage of portfolio**
Skandia Investment Funds - Global Dynamic Equity Fund	20.61%
Skandia Specialist Funds - Gilt Fund	9.95%
M&G Property Portfolio Fund	8.46%
Skandia Specialist Funds - Corporate Bond Fund	6.77%
Skandia Specialist Funds - Sterling Bond Fund	6.09%
Skandia Property Fund	5.90%
Skandia MultiManager Trust - UK Select Fund	4.98%
Skandia MultiManager Trust - UK Unconstrained Fund	4.03%
Skandia MultiManager Trust - UK Equity Fund	3.97%
Skandia Specialist Funds - High Yield Bond Fund	3.89%
Number of holdings	**22**

Total expense ratio

30.04.11	1.86%
31.10.11	1.85%

All information is at 31 October 2011 unless otherwise stated.

Portfolio statement

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 58.16% (30 April 2011 58.62%)		
	UK Bonds 14.83% (30 April 2011 15.02%)		
20,321,013	Fidelity Moneybuilder Income Fund	6,464	1.97
33,084,171	Skandia Specialist Funds - Corporate Bond Fund	22,200	6.77
50,482,811	Skandia Specialist Funds - Sterling Bond Fund	19,996	6.09
		48,660	14.83
	UK Equities 19.02% (30 April 2011 19.24%)		
29,947,454	Skandia Investment Funds - UK Best Ideas Fund	12,335	3.76
13,580,425	Skandia MultiManager Trust - UK Equity Fund	13,043	3.97
14,481,166	Skandia MultiManager Trust - UK Opportunities Fund	7,480	2.28
18,752,809	Skandia MultiManager Trust - UK Select Fund	16,343	4.98
15,720,017	Skandia MultiManager Trust - UK Unconstrained Fund	13,221	4.03
		62,422	19.02
	UK Gilts 9.95% (30 April 2011 9.82%)		
46,866,623	Skandia Specialist Funds - Gilt Fund	32,661	9.95
	UK Property 14.36% (30 April 2011 14.54%)		
37,998,357	M&G Property Portfolio Fund	27,750	8.46
41,781,311	Skandia Property Fund	19,362	5.90
		47,112	14.36
	Overseas 40.28% (30 April 2011 40.06%)		
	Global Emerging Markets Bonds 1.78% (30 April 2011 1.85%)		
592,107	Skandia Local Currency Emerging Market Debt Fund	5,848	1.78
	Global Specialist Equities 25.21% (30 April 2011 24.89%)		
69,158	Fulcrum Alternative Beta Plus Fund	7,381	2.25
12,294,198	Skandia Investment Funds - Global Best Ideas Fund	7,690	2.35
91,779,390	Skandia Investment Funds - Global Dynamic Equity Fund	67,632	20.61
		82,703	25.21
	Overseas Bonds 7.00% (30 April 2011 7.09%)		
1,008,873	Skandia Investment Grade Corporate Bond Fund	10,195	3.11
31,475,962	Skandia Specialist Funds - High Yield Bond Fund	12,773	3.89
		22,968	7.00

Portfolio statement (continued)

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Overseas Equities 6.29% (30 April 2011 6.23%)		
4,018,369	BlackRock Continental European Equity Tracker Fund	5,027	1.53
2,082,920	BlackRock Japan Equity Tracker Fund	2,193	0.67
3,934,900	BlackRock North American Equity Tracker Fund	5,001	1.53
1,279,463	BlackRock Pacific ex Japan Equity Tracker Fund	2,331	0.71
431,320	Dimensional Emerging Markets Target Value Fund	6,077	1.85
		20,629	6.29
	Investment assets	**323,003**	**98.44**
	Net other assets	**5,122**	**1.56**
	Total net assets	**328,125**	**100.00**

Statement of total return

for the period from 1 May 2011 to 31 October 2011

	Note	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Income					
Net capital (losses)/gains			(16,793)		5,193
Revenue		6,447		3,668	
Expenses		(2,086)		(1,287)	
Finance costs: Interest	2	-		-	
Net revenue before taxation		4,361		2,381	
Taxation		(623)		(361)	
Net revenue after taxation			3,738		2,020
Total return before distributions			**(13,055)**		**7,213**
Finance costs: Distributions	2		(3,307)		(2,020)
Change in net assets attributable to shareholders from investment activities			**(16,362)**		**5,193**

Statement of change in net assets attributable to shareholders

for the period from 1 May 2011 to 31 October 2011

	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	*01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Opening net assets attributable to shareholders		**297,251**		**172,512**
Amounts received on issue of shares	46,955		46,571	
Amounts paid on cancellation of shares	(3,096)		(958)	
		43,859		45,613
Stamp duty reserve tax		(72)		(73)
Change in net assets attributable to shareholders from investment activities		(16,362)		5,193
Retained distribution on accumulation shares		3,449		2,236
Closing net assets attributable to shareholders		**328,125**		**225,481**

*Section 3.30 of the IMA SORP requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 October 2011

	31.10.11 £'000	31.10.11 £'000	30.04.11 £'000	30.04.11 £'000
Assets				
Investment assets		323,003		293,337
Debtors	2,800		3,221	
Cash and bank balances	5,712		5,164	
Total other assets		8,512		8,385
Total assets		331,515		301,722
Liabilities				
Creditors	(3,390)		(4,471)	
Total liabilities		(3,390)		(4,471)
Net assets attributable to shareholders		**328,125**		**297,251**

Notes to the financial statements

for the period from 1 May 2011 to 31 October 2011

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds, issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 30 April 2011.

2 Finance costs

Distribution and interest

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

	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000
Interim (31 October)	3,449	2,236
	3,449	2,236
Amounts deducted on cancellation of shares	19	5
Amounts received on issue of shares	(161)	(221)
Finance costs: Distribution	**3,307**	**2,020**
Finance costs: Interest	-	-
Total finance costs	**3,307**	**2,020**
Reconciliation of distribution:		
Net revenue after taxation for the period	3,738	2,020
Authorised Corporate Director's capitalised fee rebates	(539)	-
Tax relief on capitalised fees	108	-
Finance costs: Distribution	**3,307**	**2,020**

Distribution table

Interim distribution

Group 1:	Shares purchased prior to 1 May 2011
Group 2:	Shares purchased from 1 May 2011 to 31 October 2011

Accumulation shares	Net revenue pence per share	Equalisation pence per share*	Distribution payable 31.12.11 pence per share	Distribution paid 31.12.10 pence per share
Group 1	0.5634	-	0.5634	0.5292
Group 2	0.3466	0.2168	0.5634	0.5292

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

Skandia Spectrum 6 Fund

Launch date	28 April 2008
Sector classification	Unclassified
Investment adviser	Skandia Investment Management Limited
Net asset value	£197,059,118

Objective

The sub-fund aims to achieve long-term capital growth by investing in a diversified range of asset classes. The risk profile of the sub-fund is broadly balanced with a majority, 50% to 75%, invested in equities and the remainder in more defensive asset classes.

Policy

The sub-fund will predominantly invest in units in collective investment schemes, including those managed and operated by the ACD, but cash, near cash and permitted deposits may also be held.

The assets within these collective investment schemes will form a diversified portfolio, predominantly of international and UK equities, property and fixed income. However securities of other asset classes may be held.

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

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting period. Shares were first issued at 50p per share.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
30.04.09			
Accumulation	£40,378,895	100,235,401	40.28p
30.04.10			
Accumulation	£115,612,272	228,548,076	50.59p
30.04.11			
Accumulation	£186,819,036	338,702,622	55.16p
31.10.11			
Accumulation	£197,059,118	378,164,609	52.11p

Comparative table

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

Calendar year	Highest price	Lowest price
2008*		
Accumulation	51.31p	37.11p
2009		
Accumulation	48.41p	35.60p
2010		
Accumulation	54.91p	46.79p
2011**		
Accumulation	56.28p	48.66p

*from 28 April 2008
**to 31 October 2011

The table below shows the net accumulations per share in pence for the calendar years indicated below.

Calendar year	Pence per share
2008*	
Accumulation	0.5285
2009	
Accumulation	0.9141
2010	
Accumulation	0.8944
2011**	
Accumulation	0.8758

*from 28 April 2008
**to ex-dividend date of 31 October 2011 and payable on 31 December 2011

Investment Manager's review

The sub-fund held up relatively well over the review period, given the extent of the turmoil across the world. The Spectrum funds continue to perform well compared with their volatility targets since launch in April 2008. Performance across and within the different components in which they invest was mixed. All of the fixed income holdings posted gains in the opening months of the reporting interval. However, by the second half of the period there was a clear distinction between lower risk and higher risk fixed interest performance, the strongest gains coming from UK government bonds. Returns from Stone Harbor's Local Currency Emerging Market Debt mandate were particularly strong in the first half of the period, as Sterling weakness boosted returns from emerging market currencies. And while it suffered in absolute terms during the latter part of the period from the surge in global risk aversion, it continued to outperform its benchmark. Meanwhile, BlackRock's Gilt mandate benefited from the rally in UK government bonds in response to investors' flight to quality amid their growing concerns over the health of the global economy and the financial system as the six month interval progressed. Fidelity's MoneyBuilder Income and Corporate Bond funds fared relatively well, thanks mainly to their underweight exposure to banks. However, the TwentyFour Sterling Bond mandate lagged its sector. Exposure to both financial bonds and high yield bonds hit the mandate, particularly in the second half of the interval, as increased investor caution saw riskier assets fall out of favour. The mandate's, lower-than-average duration, which had benefited performance in the early months of 2011, also had a negative impact. This effect also hindered the JP Morgan High Yield Bond mandate. But while it suffered in absolute terms, it delivered strong relative performance against its benchmark, helped by a defensive allocation to cash.

The UK equity portfolios performed well overall during the first few months of the period, but they struggled during an often difficult second half. Nevertheless, the mandate run by Investec was positive, outperforming the IMA UK All Companies sector over the whole interval. This was due in part to a significant overweight to healthcare stocks, which proved to be very resilient. In addition, not holding many of the mining stocks that form a large part of the index also benefited performance. Schroders initially performed well ahead of the IMA UK All Companies sector in the first few months of the period. However, its performance later disappointed as its more aggressive positioning proved vulnerable to concerns of a global slowdown. For Old Mutual Asset Management (OMAM), positions in Rightmove, Renishaw, Croda International and Melrose all added value in the first half of the period, while not owning Petropavlovsk and Thomas Cook also helped performance compared with the market. But as investors grew more risk averse in the second part of the interval, positions in economically-sensitive stocks hampered the portfolio. An overweight to the oil & gas sector also hit returns. The Skandia UK Best Ideas Fund performed in line with the sector over the first part of the period, but later underperformed the index, hurt by a significant underweight to the larger defensive stocks in the index.

In the Spectrum Funds, exposure to global equities tactical asset-allocation decisions had a broadly neutral impact in the first half of the review period, but thematic investments were modestly negative. The Global Dynamic Equity Fund lagged the IMA Global sector over the six-month review period, with manager selection having a negative impact. Among the holdings, the Skandia Global Best Ideas Fund continued to do well in the first half of the review period. But in the second part of the reporting interval the mandate had a reversal of fortune in the more cautious environment. Meanwhile, Marsico's US portfolio detracted due to its large exposure to financials, amid concerns about the broader impact of the debt problems in Greece.

Investment Manager's review (continued)

In the first half of the period, we replaced Epoch with Lapides as manager of one of the US mandates. Epoch invests primarily in larger US firms, while Lapides focuses solely on medium- and smaller-sized companies, where we see greater scope to add value. The Lapides team have decades of experience investing in this area and have a thorough research process. Nevertheless, the mandate got off to a difficult start as investors focused on large defensive companies. Schroders' UK equity mandate added value in the first part of the reporting interval, but disappointed during much of the second, as its more aggressive positioning proved unproductive amid growing concerns of a global slowdown. The European portfolios generally performed well. The Wellington mandate posted one of the stronger returns, driven by good stock selection among industrials, an underweight to basic material stocks and underweights to French and German equities. Argonaut's performance was helped by the manager's move away from cyclical sectors to more defensive stocks. A significant underweight to French equities and a big overweight to healthcare stocks were the main contributors to this performance. European equity manager Mandarine benefited from holdings in healthcare companies in the first part of the period, as well as from stocks that gained in anticipation of strong results, but its rather aggressive portfolio positioning and its exposure to financials hurt performance in the second half of the interval. The MIR Asia Pacific mandate underperformed, hurt by its overweight exposure to the energy sector, underweight in consumer staples, poor stock selection in China and an underweight in India. On a brighter note, First State's Pacific mandate delivered exceptionally good performance, thanks to its defensive positioning in the more risk-averse environment. An underweight to China helped at the country level, while exposure to more defensive telecoms stocks also added value. The Fulcrum Alternative Beta Plus Fund suffered amid sharp reversals in commodity, currency and equity markets in May and June, but did a good job of protecting capital over the latter part of the period, as it proved quite resilient in retaining value in the face of the huge global market turmoil.

The property component was positive for performance, as both the Skandia Property Fund, managed by ING, and the M&G Property Portfolio recorded modest gains. Property continued to benefit from attractive yields offered by the property sector relative to other assets. The performance of the Skandia Property Fund was particularly strong compared with peers. Both ING and M&G continued to seek to enhance income through rent reviews and lease negotiations, and both maintained a relatively low vacancy rate. Both are focusing on prime (high quality) property assets, as the prospects for the secondary (lower quality) sector are much weaker. The Skandia Property Fund had further success maintaining its focus on properties that are attractively robust and reliable tenants, letting an additional part of the Oakhill Industrial Estate and an office at Cornhill, London. The M&G Property Portfolio Fund completed the purchase of several new assets; a prime retail property in Greater London let to two strong tenants on long leases; an industrial unit with trading dispensation in Glasgow let to a leading wholesaler on a 16-year lease with fixed rental uplifts; and an unoccupied office asset located in the prime central business district acquired for its long-term 'recovery' potential. M&G also purchased a large supermarket space in Kent, let to Tesco, and let a large industrial unit near Birmingham with an upward-only rent review.

There were no significant changes to the Spectrum funds' asset allocation positions over the review period.

Asset allocation

Equities	60.48%
Bonds	16.48%
Property	14.65%
Gilts	6.93%
Net other assets	1.46%
Total	**100.00%**

Portfolio allocation

Global Specialist Equities	29.84%
UK Equities	23.25%
UK Property	14.65%
UK Bonds	10.41%
Overseas Equities	7.39%
UK Gilts	6.93%
Overseas Bonds	4.84%
Global Emerging Markets Bonds	1.23%
Net other assets	1.46%
Total	**100.00%**

Major Holdings	**Percentage of portfolio**
Skandia Investment Funds - Global Dynamic Equity Fund	24.29%
M&G Property Portfolio Fund	8.27%
Skandia Specialist Funds - Gilt Fund	6.93%
Skandia Property Fund	6.38%
Skandia MultiManager Trust - UK Select Fund	6.03%
Skandia MultiManager Trust - UK Equity Fund	5.07%
Skandia MultiManager Trust - UK Unconstrained Fund	4.90%
Skandia Specialist Funds - Corporate Bond Fund	4.79%
Skandia Investment Funds - UK Best Ideas Fund	4.51%
Skandia Specialist Funds - Sterling Bond Fund	4.21%
Number of holdings	**22**

Total expense ratio

30.04.11	1.89%
31.10.11	1.89%

All information is at 31 October 2011 unless otherwise stated.

Portfolio statement

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 55.24% (30 April 2011 55.66%)		
	UK Bonds 10.41% (30 April 2011 10.39%)		
8,750,595	Fidelity Moneybuilder Income Fund	2,784	1.41
14,070,983	Skandia Specialist Funds - Corporate Bond Fund	9,442	4.79
20,927,233	Skandia Specialist Funds - Sterling Bond Fund	8,289	4.21
		20,515	10.41
	UK Equities 23.25% (30 April 2011 24.19%)		
21,565,584	Skandia Investment Funds - UK Best Ideas Fund	8,883	4.51
10,398,434	Skandia MultiManager Trust - UK Equity Fund	9,987	5.07
10,462,152	Skandia MultiManager Trust - UK Opportunities Fund	5,404	2.74
13,630,958	Skandia MultiManager Trust - UK Select Fund	11,879	6.03
11,488,154	Skandia MultiManager Trust - UK Unconstrained Fund	9,661	4.90
		45,814	23.25
	UK Gilts 6.93% (30 April 2011 6.76%)		
19,599,838	Skandia Specialist Funds - Gilt Fund	13,659	6.93
	UK Property 14.65% (30 April 2011 14.32%)		
22,312,707	M&G Property Portfolio Fund	16,295	8.27
27,114,233	Skandia Property Fund	12,565	6.38
		28,860	14.65
	Overseas 43.30% (30 April 2011 42.97%)		
	Global Emerging Markets Bonds 1.23% (30 April 2011 1.27%)		
244,247	Skandia Local Currency Emerging Market Debt Fund	2,412	1.23
	Global Specialist Equities 29.84% (30 April 2011 29.45%)		
51,096	Fulcrum Alternative Beta Plus Fund	5,453	2.77
8,768,899	Skandia Investment Funds - Global Best Ideas Fund	5,485	2.78
64,953,046	Skandia Investment Funds - Global Dynamic Equity Fund	47,864	24.29
		58,802	29.84
	Overseas Bonds 4.84% (30 April 2011 4.88%)		
419,274	Skandia Investment Grade Corporate Bond Fund	4,237	2.15
13,048,322	Skandia Specialist Funds - High Yield Bond Fund	5,295	2.69
		9,532	4.84

Portfolio statement (continued)

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Overseas Equities 7.39% (30 April 2011 7.37%)		
2,782,610	BlackRock Continental European Equity Tracker Fund	3,481	1.77
1,527,293	BlackRock Japan Equity Tracker Fund	1,608	0.81
2,848,751	BlackRock North American Equity Tracker Fund	3,621	1.84
902,574	BlackRock Pacific ex Japan Equity Tracker Fund	1,644	0.83
298,859	Dimensional Emerging Markets Target Value Fund	4,211	2.14
		14,565	7.39
	Investment assets	**194,159**	**98.54**
	Net other assets	**2,900**	**1.46**
	Total net assets	**197,059**	**100.00**

Statement of total return

for the period from 1 May 2011 to 31 October 2011

	Note	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Income					
Net capital (losses)/gains			(12,957)		3,388
Revenue		3,602		2,205	
Expenses		(1,294)		(857)	
Finance costs: Interest	2	-		-	
Net revenue before taxation		2,308		1,348	
Taxation		(279)		(177)	
Net revenue after taxation			2,029		1,171
Total return before distributions			**(10,928)**		**4,559**
Finance costs: Distributions	2		(1,782)		(1,171)
Change in net assets attributable to shareholders from investment activities			**(12,710)**		**3,388**

Statement of change in net assets attributable to shareholders

for the period from 1 May 2011 to 31 October 2011

	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	*01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Opening net assets attributable to shareholders		**186,819**		**115,612**
Amounts received on issue of shares	26,318		27,799	
Amounts paid on cancellation of shares	(5,149)		(5,271)	
		21,169		22,528
Stamp duty reserve tax		(64)		(52)
Change in net assets attributable to shareholders from investment activities		(12,710)		3,388
Retained distribution on accumulation shares		1,845		1,237
Closing net assets attributable to shareholders		**197,059**		**142,713**

*Section 3.30 of the IMA SORP requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 October 2011

	31.10.11 £'000	31.10.11 £'000	30.04.11 £'000	30.04.11 £'000
Assets				
Investment assets		194,159		184,266
Debtors	3.226		1,505	
Cash and bank balances	2.660		3,895	
Total other assets		5,886		5,400
Total assets		200,045		189,666
Liabilities				
Creditors	(2,986)		(2,847)	
Total liabilities		(2,986)		(2,847)
Net assets attributable to shareholders		**197,059**		**186,819**

Notes to the financial statements

for the period from 1 May 2011 to 31 October 2011

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds, issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 30 April 2011.

2 Finance costs

Distribution and interest

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

	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000
Interim (31 October)	1,845	1,237
	1,845	1,237
Amounts deducted on cancellation of shares	19	22
Amounts received on issue of shares	(82)	(88)
Finance costs: Distribution	**1,782**	**1,171**
Finance costs: Interest	-	-
Total finance costs	**1,782**	**1,171**
Reconciliation of distribution:		
Net revenue after taxation for the period	2,029	1,171
Authorised Corporate Director's capitalised fee rebates	(309)	-
Tax relief on capitalised fees	62	-
Finance costs: Distribution	**1,782**	**1,171**

Distribution table

Interim distribution

Group 1: Shares purchased prior to 1 May 2011
Group 2: Shares purchased from 1 May 2011 to 31 October 2011

Accumulation shares	**Net revenue pence per share**	**Equalisation pence per share***	**Distribution payable 31.12.11 pence per share**	**Distribution paid 31.12.10 pence per share**
Group 1	0.4878	-	0.4878	0.4524
Group 2	0.3124	0.1754	0.4878	0.4524

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

Skandia Spectrum 7 Fund

Launch date	28 April 2008
Sector classification	Unclassified
Investment adviser	Skandia Investment Management Limited
Net asset value	£74,136,133

Objective

The sub-fund aims to achieve long-term capital growth by investing in a diversified range of asset classes. The risk profile of the sub-fund is moderately aggressive with a significant majority, 60% to 80%, invested in equities but with some exposure to more defensive asset classes.

Policy

The sub-fund will predominantly invest in units in collective investment schemes, including those managed and operated by the ACD, but cash, near cash and permitted deposits may also be held.

The assets within these collective investment schemes will form a diversified portfolio, predominantly of international and UK equities, property and fixed income. However securities of other asset classes may be held.

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

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting period. Shares were first issued at 50p per share.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
30.04.09			
Accumulation	£12,823,792	32,826,528	39.07p
30.04.10			
Accumulation	£38,134,044	76,910,687	49.58p
30.04.11			
Accumulation	£66,313,528	122,155,698	54.29p
31.10.11			
Accumulation	£74,136,133	146,360,579	50.65p

Comparative table

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

Calendar year	Highest price	Lowest price
2008*		
Accumulation	51.44p	35.25p
2009		
Accumulation	47.31p	33.77p
2010		
Accumulation	54.16p	45.41p
2011**		
Accumulation	55.45p	46.79p

*from 28 April 2008
**to 31 October 2011

The table below shows the net accumulations per share in pence for the calendar years indicated below.

Calendar year	Pence per share
2008*	
Accumulation	0.5172
2009	
Accumulation	0.7070
2010	
Accumulation	0.6857
2011**	
Accumulation	0.6793

*from 28 April 2008
**to ex-dividend date of 31 October 2011 and payable on 31 December 2011

Investment Manager's review

The sub-fund held up relatively well over the six months to 31 October 2011, given the extent of the turmoil across the world. However, as the global situation deteriorated over the period, all of the funds experienced some declines in value, with the lowest risk funds exhibiting the best returns. The Spectrum funds continue to perform well compared with their volatility targets since launch in April 2008. Performance across and within the different components in which they invest was mixed. Over the first few months of the period, the UK equity portfolios performed well overall, but they struggled during an often difficult second half. Nevertheless, the mandate run by Investec was positive, outperforming the IMA UK All Companies sector over the whole interval. This was due in part to a significant overweight to healthcare stocks, which proved to be very resilient. In addition, not holding many of the mining stocks that form a large part of the index also benefited performance. Schroders initially performed well ahead of the IMA UK All Companies sector in the first few months of the period. However, its performance later disappointed as its more aggressive positioning proved vulnerable to concerns of a global slowdown. For Old Mutual Asset Management (OMAM), positions in Rightmove, Renishaw, Croda International and Melrose all added value in the first half of the period, while not owning Petropavlovsk and Thomas Cook also helped performance compared with the market. But as investors grew more risk averse in the second part of the interval, positions in economically-sensitive stocks hampered the portfolio. An overweight to the oil & gas sector also hit returns. The Skandia UK Best Ideas Fund performed in line with the sector over the first part of the period, but later underperformed the index, hurt by a significant underweight to the larger defensive stocks in the index.

In the Spectrum Funds, exposure to global equities tactical asset-allocation decisions had a broadly neutral impact in the first half of the review period, but thematic investments were modestly negative. The Global Dynamic Equity Fund lagged the IMA Global sector over the six-month review period, with manager selection having a negative impact. Among the holdings, the Skandia Global Best Ideas Fund continued to do well in the first half of the review period. But in the second part of the reporting interval the mandate had a reversal of fortune in the more cautious environment. Meanwhile, Marsico's US portfolio detracted, due to its large exposure to financials, amid concerns about the broader impact of the debt problems in Greece. In the first half of the period, we replaced Epoch with Lapides as manager of one of the US mandates. Epoch invests primarily in larger US firms, while Lapides focuses solely on medium- and smaller-sized companies, where we see greater scope to add value. The Lapides team have decades of experience investing in this area and have a thorough research process. Nevertheless, the mandate got off to a difficult start as investors focused on large defensive companies. Schroders' UK equity mandate added value in the first part of the reporting interval, but disappointed during much of the second, as its more aggressive positioning proved unproductive amid growing concerns of a global slowdown. The European portfolios generally performed well. The Wellington mandate posted one of the stronger returns, driven by good stock selection among industrials, an underweight to basic material stocks and underweights to French and German equities. Argonaut's performance was helped by the manager's move away from cyclical sectors to more defensive stocks. A significant underweight to French equities and a big overweight to healthcare stocks were the main contributors to this performance. European equity manager Mandarine benefited from holdings in healthcare companies in the first part of the period, as well as from stocks that gained in anticipation of strong results, but its rather aggressive portfolio positioning and its exposure to financials hurt performance in the second half of the interval.

Investment Manager's review (continued)

The MIR Asia Pacific mandate underperformed, hurt by its overweight exposure to the energy sector, underweight in consumer staples, poor stock selection in China and an underweight in India. On a brighter note, First State's Pacific mandate delivered exceptionally good performance, thanks to its defensive positioning in the more risk-averse environment. An underweight to China helped at the country level, while exposure to more defensive telecoms stocks also added value. The Fulcrum Alternative Beta Plus Fund suffered amid sharp reversals in commodity, currency and equity markets in May and June, but did a good job of protecting capital over the latter part of the period, as it proved quite resilient in retaining value in the face of the huge global market turmoil.

The property component was positive for performance, as both the Skandia Property Fund, managed by ING, and the M&G Property Portfolio recorded modest gains. Property continued to benefit from attractive yields offered by the property sector relative to other assets. The performance of the Skandia Property Fund was particularly strong compared with peers. Both ING and M&G continued to seek to enhance income through rent reviews and lease negotiations, and both maintained a relatively low vacancy rate. Both are focusing on prime (high quality) property assets, as the prospects for the secondary (lower quality) sector are much weaker. The Skandia Property Fund had further success maintaining its focus on properties that are attractively robust and reliable tenants, letting an additional part of the Oakhill Industrial Estate and an office at Cornhill, London. The M&G Property Portfolio Fund completed the purchase of several new assets; a prime retail property in Greater London let to two strong tenants on long leases; an industrial unit with trading dispensation in Glasgow let to a leading wholesaler on a 16-year lease with fixed rental uplifts; and an unoccupied office asset located in the prime central business district acquired for its long-term 'recovery' potential. M&G also purchased a large supermarket space in Kent, let to Tesco, and let a large industrial unit near Birmingham with an upward-only rent review.

All of the fixed income holdings posted gains in the opening months of the reporting interval. However, by the second half of the period, there was a clear distinction between lower risk and higher risk fixed interest performance, the strongest gains coming from UK government bonds. Returns from Stone Harbor's Local Currency Emerging Market Debt mandate were particularly strong in the first half of the period, as Sterling weakness boosted returns from emerging market currencies. And while it suffered in absolute terms during the latter part of the period from the surge in global risk aversion, it continued to outperform its benchmark. Meanwhile, BlackRock's Gilt mandate benefited from the rally in UK government bonds in response to investors' flight to quality amid their growing concerns over the health of the global economy and the financial system as the six month interval progressed. Fidelity's MoneyBuilder Income and Corporate Bond funds fared relatively well, thanks mainly to their underweight exposure to banks. However, the TwentyFour Sterling Bond mandate lagged its sector. Exposure to both financial bonds and high yield bonds hit the mandate, particularly in the second half of the interval, as increased investor caution saw riskier assets fall out of favour. The mandate's, lower-than-average duration, which had benefited performance in the early months of 2011, also had a negative impact. This effect also hindered the JP Morgan High Yield Bond mandate. But while it suffered in absolute terms, it delivered strong relative performance against its benchmark, helped by a defensive allocation to cash.

There were no significant changes to the Spectrum funds' asset allocation positions over the review period.

Asset allocation

Equities	71.83%
Property	14.43%
Bonds	9.40%
Gilts	3.88%
Net other assets	0.46%
Total	**100.00%**

Portfolio allocation

Global Specialist Equities	35.58%
UK Equities	27.43%
UK Property	14.43%
Overseas Equities	8.82%
UK Bonds	5.94%
UK Gilts	3.88%
Overseas Bonds	2.76%
Global Emerging Markets Bonds	0.70%
Net other assets	0.46%
Total	**100.00%**

Major Holdings	**Percentage of portfolio**
Skandia Investment Funds - Global Dynamic Equity Fund	29.12%
M&G Property Portfolio Fund	9.36%
Skandia MultiManager Trust - UK Select Fund	7.18%
Skandia MultiManager Trust - UK Unconstrained Fund	5.79%
Skandia MultiManager Trust - UK Equity Fund	5.74%
Skandia Investment Funds - UK Best Ideas Fund	5.41%
Skandia Property Fund	5.07%
Skandia Specialist Funds - Gilt Fund	3.88%
Skandia MultiManager Trust - UK Opportunities Fund	3.31%
Skandia Investment Funds - Global Best Ideas Fund	3.30%
Number of holdings	**22**

Total expense ratio

30.04.11	1.99%
31.10.11	1.98%

All information is at 31 October 2011 unless otherwise stated.

Portfolio statement

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 51.68% (30 April 2011 51.93%)		
	UK Bonds 5.94% (30 April 2011 5.95%)		
1,840,661	Fidelity Moneybuilder Income Fund	585	0.79
2,987,969	Skandia Specialist Funds - Corporate Bond Fund	2,005	2.70
4,584,026	Skandia Specialist Funds - Sterling Bond Fund	1,816	2.45
		4,406	5.94
	UK Equities 27.43% (30 April 2011 27.71%)		
9,744,823	Skandia Investment Funds - UK Best Ideas Fund	4,014	5.41
4,429,534	Skandia MultiManager Trust - UK Equity Fund	4,254	5.74
4,749,602	Skandia MultiManager Trust - UK Opportunities Fund	2,453	3.31
6,109,968	Skandia MultiManager Trust - UK Select Fund	5,325	7.18
5,102,911	Skandia MultiManager Trust - UK Unconstrained Fund	4,292	5.79
		20,338	27.43
	UK Gilts 3.88% (30 April 2011 3.90%)		
4,121,247	Skandia Specialist Funds - Gilt Fund	2,872	3.88
	UK Property 14.43% (30 April 2011 14.37%)		
9,504,666	M&G Property Portfolio Fund	6,941	9.36
8,109,567	Skandia Property Fund	3,758	5.07
		10,699	14.43
	Overseas 47.86% (30 April 2011 46.69%)		
	Global Emerging Markets Bonds 0.70% (30 April 2011 0.72%)		
52,608	Skandia Local Currency Emerging Market Debt Fund	520	0.70
	Global Specialist Equities 35.58% (30 April 2011 34.51%)		
21,951	Fulcrum Alternative Beta Plus Fund	2,343	3.16
3,911,885	Skandia Investment Funds - Global Best Ideas Fund	2,447	3.30
29,291,468	Skandia Investment Funds - Global Dynamic Equity Fund	21,585	29.12
		26,375	35.58
	Overseas Bonds 2.76% (30 April 2011 2.80%)		
90,468	Skandia Investment Grade Corporate Bond Fund	914	1.23
2,786,650	Skandia Specialist Funds - High Yield Bond Fund	1,131	1.53
		2,045	2.76

Portfolio statement (continued)

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Overseas Equities 8.82% (30 April 2011 8.66%)		
1,316,865	BlackRock Continental European Equity Tracker Fund	1,647	2.22
654,636	BlackRock Japan Equity Tracker Fund	689	0.93
1,247,931	BlackRock North American Equity Tracker Fund	1,586	2.14
403,562	BlackRock Pacific ex Japan Equity Tracker Fund	735	0.99
133,432	Dimensional Emerging Markets Target Value Fund	1,880	2.54
		6,537	8.82
	Investment assets	**73,792**	**99.54**
	Net other assets	**344**	**0.46**
	Total net assets	**74,136**	**100.00**

Statement of total return

for the period from 1 May 2011 to 31 October 2011

	Note	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Income					
Net capital (losses)/gains			(5,490)		1,213
Revenue		1,211		679	
Expenses		(500)		(303)	
Finance costs: Interest	2	-		-	
Net revenue before taxation		711		376	
Taxation		(63)		(37)	
Net revenue after taxation			648		339
Total return before distributions			**(4,842)**		**1,552**
Finance costs: Distributions	2		(571)		(339)
Change in net assets attributable to shareholders from investment activities			**(5,413)**		**1,213**

Statement of change in net assets attributable to shareholders

for the period from 1 May 2011 to 31 October 2011

	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	*01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Opening net assets attributable to shareholders		**66,313**		**38,134**
Amounts received on issue of shares	15,025		11,823	
Amounts paid on cancellation of shares	(2,359)		(1,472)	
		12,666		10,351
Stamp duty reserve tax		(20)		(13)
Change in net assets attributable to shareholders from investment activities		(5,413)		1,213
Retained distribution on accumulation shares		590		361
Closing net assets attributable to shareholders		**74,136**		**50,046**

*Section 3.30 of the IMA SORP requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 October 2011

	31.10.11 £'000	31.10.11 £'000	30.04.11 £'000	30.04.11 £'000
Assets				
Investment assets		73,792		65,395
Debtors	179		374	
Cash and bank balances	440		783	
Total other assets		619		1,157
Total assets		74,411		66,552
Liabilities				
Creditors	(275)		(239)	
Total liabilities		(275)		(239)
Net assets attributable to shareholders		**74,136**		**66,313**

Notes to the financial statements

for the period from 1 May 2011 to 31 October 2011

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds, issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 30 April 2011.

2 Finance costs

Distribution and interest

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

	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000
Interim (31 October)	590	361
	590	361
Amounts deducted on cancellation of shares	11	6
Amounts received on issue of shares	(30)	(28)
Finance costs: Distribution	**571**	**339**
Finance costs: Interest	-	-
Total finance costs	**571**	**339**
Reconciliation of distribution:		
Net revenue after taxation for the period	648	339
Authorised Corporate Director's capitalised fee rebates	(96)	-
Tax relief on capitalised fees	19	-
Finance costs: Distribution	**571**	**339**

Distribution table

Interim distribution

Group 1: Shares purchased prior to 1 May 2011
Group 2: Shares purchased from 1 May 2011 to 31 October 2011

Accumulation shares	Net revenue pence per share	Equalisation pence per share*	Distribution payable 31.12.11 pence per share	Distribution paid 31.12.10 pence per share
Group 1	0.4034	-	0.4034	0.3672
Group 2	0.2886	0.1148	0.4034	0.3672

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

Skandia Spectrum 8 Fund

Launch date	28 April 2008
Sector classification	Unclassified
Investment adviser	Skandia Investment Management Limited
Net asset value	£34,879,704

Objective

The sub-fund aims to achieve long-term capital growth by investing in a diversified range of asset classes. The risk profile of the sub-fund is aggressive with a significant exposure, 70% to 90%, to equities.

Policy

The sub-fund will predominantly invest in units in collective investment schemes, including those managed and operated by the ACD, but cash, near cash and permitted deposits may also be held.

The assets within these collective investment schemes will form a diversified portfolio, predominantly of international equities, UK equities and property. However securities of other asset classes may be held.

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

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting period. Shares were first issued at 50p per share.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
30.04.09			
Accumulation	£9,173,512	24,342,727	37.68p
30.04.10			
Accumulation	£19,588,515	40,264,686	48.65p
30.04.11			
Accumulation	£32,583,904	61,015,772	53.40p
31.10.11			
Accumulation	£34,879,704	71,019,404	49.11p

Comparative table

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

Calendar year	Highest price	Lowest price
2008*		
Accumulation	51.61p	32.80p
2009		
Accumulation	46.22p	31.95p
2010		
Accumulation	53.32p	44.04p
2011**		
Accumulation	54.63p	44.89p

*from 28 April 2008
**to 31 October 2011

The table below shows the net accumulations per share in pence for the calendar years indicated below.

Calendar year	Pence per share
2008*	
Accumulation	0.4075
2009	
Accumulation	0.5085
2010	
Accumulation	0.5314
2011**	
Accumulation	0.4724

*from 28 April 2008
**to ex-dividend date of 31 October 2011 and payable on 31 December 2011

Investment Manager's review

The sub-fund held up relatively well over the six months to 31 October 2011, given the extent of the turmoil across the world. However, as the global situation deteriorated over the period, all of the funds experienced some declines in value, with the lowest risk funds exhibiting the best returns. The Spectrum funds continue to perform well compared with their volatility targets since launch in April 2008. Performance across and within the different components in which they invest was mixed. Over the first few months of the period, the UK equity portfolios performed well overall, but they struggled during an often difficult second half. Nevertheless, the mandate run by Investec was positive, outperforming the IMA UK All Companies sector over the whole interval. This was due in part to a significant overweight to healthcare stocks, which proved to be very resilient. In addition, not holding many of the mining stocks that form a large part of the index also benefited performance. Schroders initially performed well ahead of the IMA UK All Companies sector in the first few months of the period. However, its performance later disappointed as its more aggressive positioning proved vulnerable to concerns of a global slowdown. For Old Mutual Asset Management (OMAM), positions in Rightmove, Renishaw, Croda International and Melrose all added value in the first half of the period, while not owning Petropavlovsk and Thomas Cook also helped performance compared with the market. But as investors grew more risk averse in the second part of the interval, positions in economically-sensitive stocks hampered the portfolio. An overweight to the oil & gas sector also hit returns. The Skandia UK Best Ideas Fund performed in line with the sector over the first part of the period, but later underperformed the index, hurt by a significant underweight to the larger defensive stocks in the index.

In the Spectrum Funds, exposure to global equities tactical asset-allocation decisions had a broadly neutral impact in the first half of the review period, but thematic investments were modestly negative. The Global Dynamic Equity Fund lagged the IMA Global sector over the six-month review period, with manager selection having a negative impact. Among the holdings, the Skandia Global Best Ideas Fund continued to do well in the first half of the review period. But in the second part of the reporting interval the mandate had a reversal of fortune in the more cautious environment. Meanwhile, Marsico's US portfolio detracted, due to its large exposure to financials, amid concerns about the broader impact of the debt problems in Greece. In the first half of the period, we replaced Epoch with Lapides as manager of one of the US mandates. Epoch invests primarily in larger US firms, while Lapides focuses solely on medium- and smaller-sized companies, where we see greater scope to add value. The Lapides team have decades of experience investing in this area and have a thorough research process. Nevertheless, the mandate got off to a difficult start as investors focused on large defensive companies. Schroders' UK equity mandate added value in the first part of the reporting interval, but disappointed during much of the second, as its more aggressive positioning proved unproductive amid growing concerns of a global slowdown. The European portfolios generally performed well. The Wellington mandate posted one of the stronger returns, driven by good stock selection among industrials, an underweight to basic material stocks and underweights to French and German equities. Argonaut's performance was helped by the manager's move away from cyclical sectors to more defensive stocks. A significant underweight to French equities and a big overweight to healthcare stocks were the main contributors to this performance. European equity manager Mandarine benefited from holdings in healthcare companies in the first part of the period, as well as from stocks that gained in anticipation of strong results, but its rather aggressive portfolio positioning and its exposure to financials hurt performance in the second half of the interval.

Investment Manager's review (continued)

The MIR Asia Pacific mandate underperformed, hurt by its overweight exposure to the energy sector, underweight in consumer staples, poor stock selection in China and an underweight in India. On a brighter note, First State's Pacific mandate delivered exceptionally good performance, thanks to its defensive positioning in the more risk-averse environment. An underweight to China helped at the country level, while exposure to more defensive telecoms stocks also added value. The Fulcrum Alternative Beta Plus Fund suffered amid sharp reversals in commodity, currency and equity markets in May and June, but did a good job of protecting capital over the latter part of the period, as it proved quite resilient in retaining value in the face of the huge global market turmoil.

The property component was positive for performance, as both the Skandia Property Fund, managed by ING, and the M&G Property Portfolio recorded modest gains. Property continued to benefit from attractive yields offered by the property sector relative to other assets. The performance of the Skandia Property Fund was particularly strong compared with peers. Both ING and M&G continued to seek to enhance income through rent reviews and lease negotiations, and both maintained a relatively low vacancy rate. Both are focusing on prime (high quality) property assets, as the prospects for the secondary (lower quality) sector are much weaker. The Skandia Property Fund had further success maintaining its focus on properties that are attractively robust and reliable tenants, letting an additional part of the Oakhill Industrial Estate and an office at Cornhill, London. The M&G Property Portfolio Fund completed the purchase of several new assets; a prime retail property in Greater London let to two strong tenants on long leases; an industrial unit with trading dispensation in Glasgow let to a leading wholesaler on a 16-year lease with fixed rental uplifts; and an unoccupied office asset located in the prime central business district acquired for its long-term 'recovery' potential. M&G also purchased a large supermarket space in Kent, let to Tesco, and let a large industrial unit near Birmingham with an upward-only rent review.

All of the fixed income holdings posted gains in the opening months of the reporting interval. However, by the second half of the period, there was a clear distinction between lower risk and higher risk fixed interest performance, the strongest gains coming from UK government bonds. Returns from Stone Harbor's Local Currency Emerging Market Debt mandate were particularly strong in the first half of the period, as Sterling weakness boosted returns from emerging market currencies. And while it suffered in absolute terms during the latter part of the period from the surge in global risk aversion, it continued to outperform its benchmark. Meanwhile, BlackRock's Gilt mandate benefited from the rally in UK government bonds in response to investors' flight to quality amid their growing concerns over the health of the global economy and the financial system as the six month interval progressed. Fidelity's MoneyBuilder Income and Corporate Bond funds fared relatively well, thanks mainly to their underweight exposure to banks. However, the TwentyFour Sterling Bond mandate lagged its sector. Exposure to both financial bonds and high yield bonds hit the mandate, particularly in the second half of the interval, as increased investor caution saw riskier assets fall out of favour. The mandate's, lower-than-average duration, which had benefited performance in the early months of 2011, also had a negative impact. This effect also hindered the JP Morgan High Yield Bond mandate. But while it suffered in absolute terms, it delivered strong relative performance against its benchmark, helped by a defensive allocation to cash.

There were no significant changes to the Spectrum funds' asset allocation positions over the review period.

Asset allocation

Equities	81.62%
Property	14.49%
Bonds	2.39%
Gilts	0.99%
Net other assets	0.51%
Total	**100.00%**

Portfolio allocation

Global Specialist Equities	40.37%
UK Equities	31.26%
UK Property	14.49%
Overseas Equities	9.99%
UK Bonds	1.52%
UK Gilts	0.99%
Overseas Bonds	0.71%
Global Emerging Markets Bonds	0.16%
Net other assets	0.51%
Total	**100.00%**

Major Holdings	**Percentage of portfolio**
Skandia Investment Funds - Global Dynamic Equity Fund	33.00%
Skandia MultiManager Trust - UK Select Fund	8.15%
M&G Property Portfolio Fund	7.56%
Skandia Property Fund	6.93%
Skandia MultiManager Trust - UK Unconstrained Fund	6.61%
Skandia MultiManager Trust - UK Equity Fund	6.57%
Skandia Investment Funds - UK Best Ideas Fund	6.16%
Skandia MultiManager Trust - UK Opportunities Fund	3.77%
Skandia Investment Funds - Global Best Ideas Fund	3.73%
Fulcrum Alternative Beta Plus Fund	3.64%

Number of holdings **22**

Total expense ratio

30.04.11	2.13%
31.10.11	2.12%

All information is at 31 October 2011 unless otherwise stated.

Portfolio statement

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 48.26% (30 April 2011 48.54%)		
	UK Bonds 1.52% (30 April 2011 1.50%)		
220,453	Fidelity Moneybuilder Income Fund	70	0.20
368,167	Skandia Specialist Funds - Corporate Bond Fund	247	0.71
537,312	Skandia Specialist Funds - Sterling Bond Fund	213	0.61
		530	1.52
	UK Equities 31.26% (30 April 2011 31.66%)		
5,215,980	Skandia Investment Funds - UK Best Ideas Fund	2,148	6.16
2,385,371	Skandia MultiManager Trust - UK Equity Fund	2,291	6.57
2,543,735	Skandia MultiManager Trust - UK Opportunities Fund	1,314	3.77
3,262,804	Skandia MultiManager Trust - UK Select Fund	2,844	8.15
2,740,806	Skandia MultiManager Trust - UK Unconstrained Fund	2,305	6.61
		10,902	31.26
	UK Gilts 0.99% (30 April 2011 0.98%)		
494,472	Skandia Specialist Funds - Gilt Fund	345	0.99
	UK Property 14.49% (30 April 2011 14.40%)		
3,612,086	M&G Property Portfolio Fund	2,638	7.56
5,211,346	Skandia Property Fund	2,415	6.93
		5,053	14.49
	Overseas 51.23% (30 April 2011 49.72%)		
	Global Emerging Markets Bonds 0.16% (30 April 2011 0.18%)		
5,721	Skandia Local Currency Emerging Market Debt Fund	56	0.16
	Global Specialist Equities 40.37% (30 April 2011 39.00%)		
11,911	Fulcrum Alternative Beta Plus Fund	1,271	3.64
2,081,075	Skandia Investment Funds - Global Best Ideas Fund	1,302	3.73
15,620,118	Skandia Investment Funds - Global Dynamic Equity Fund	11,510	33.00
		14,083	40.37
	Overseas Bonds 0.71% (30 April 2011 0.71%)		
10,630	Skandia Investment Grade Corporate Bond Fund	107	0.31
344,061	Skandia Specialist Funds - High Yield Bond Fund	140	0.40
		247	0.71

Portfolio statement (continued)

as at 31 October 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Overseas Equities 9.99% (30 April 2011 9.83%)		
682,579	BlackRock Continental European Equity Tracker Fund	854	2.45
352,768	BlackRock Japan Equity Tracker Fund	371	1.06
674,810	BlackRock North American Equity Tracker Fund	858	2.46
217,231	BlackRock Pacific ex Japan Equity Tracker Fund	396	1.13
71,502	Dimensional Emerging Markets Target Value Fund	1,007	2.89
		3,486	9.99
	Investment assets	**34,702**	**99.49**
	Net other assets	**178**	**0.51**
	Total net assets	**34,880**	**100.00**

Statement of total return

for the period from 1 May 2011 to 31 October 2011

	Note	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Income					
Net capital (losses)/gains			(3,030)		432
Revenue		518		298	
Expenses		(258)		(161)	
Finance costs: Interest	2	-		-	
Net revenue before taxation		260		137	
Taxation		(9)		(7)	
Net revenue after taxation			251		130
Total return before distributions			**(2,779)**		**562**
Finance costs: Distributions	2		(215)		(130)
Change in net assets attributable to shareholders from investment activities			**(2,994)**		**432**

Statement of change in net assets attributable to shareholders

for the period from 1 May 2011 to 31 October 2011

	01.05.11 to 31.10.11 £'000	01.05.11 to 31.10.11 £'000	*01.05.10 to 31.10.10 £'000	01.05.10 to 31.10.10 £'000
Opening net assets attributable to shareholders		**32,584**		**19,589**
Amounts received on issue of shares	6,884		6,337	
Amounts paid on cancellation of shares	(1,802)		(1,726)	
		5,082		4,611
Stamp duty reserve tax		(10)		(13)
Change in net assets attributable to shareholders from investment activities		(2,994)		432
Retained distribution on accumulation shares		218		141
Closing net assets attributable to shareholders		**34,880**		**24,760**

*Section 3.30 of the IMA SORP requires comparative figures for the above statement. For interim financial statements this will result in the closing comparative net assets not being equal to net assets at the start of the current period.

Balance sheet

as at 31 October 2011

	31.10.11 £'000	31.10.11 £'000	30.04.11 £'000	30.04.11 £'000
Assets				
Investment assets		34,702		32,016
Debtors	206		198	
Cash and bank balances	174		458	
Total other assets		380		656
Total assets		35,082		32,672
Liabilities				
Creditors	(202)		(88)	
Total liabilities		(202)		(88)
Net assets attributable to shareholders		**34,880**		**32,584**

Notes to the financial statements

for the period from 1 May 2011 to 31 October 2011

1 Accounting policies

The interim Financial Statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds, issued by the IMA in October 2010.

The accounting policies applied are consistent with those disclosed within the annual Financial Statements for the year ended 30 April 2011.

2 Finance costs

Distribution and interest

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

	01.05.11 to 31.10.11 £'000	01.05.10 to 31.10.10 £'000
Interim (31 October)	218	141
	218	141
Amounts deducted on cancellation of shares	5	1
Amounts received on issue of shares	(8)	(12)
Finance costs: Distribution	**215**	**130**
Finance costs: Interest	-	-
Total finance cost	**215**	**130**
Reconciliation of distribution:		
Net revenue after taxation for the period	251	130
Authorised Corporate Director's capitalised fee rebates	(45)	-
Tax relief on capitalised fees	9	-
Finance costs: Distribution	**215**	**130**

Distribution table

Interim Distribution

Group 1: Shares purchased prior to 1 May 2011
Group 2: Shares purchased from 1 May 2011 to 31 October 2011

Accumulation shares	Net revenue pence per share	Equalisation pence per share*	Distribution payable 31.12.11 pence per share	Distribution paid 31.12.10 pence per share
Group 1	0.3071	-	0.3071	0.2834
Group 2	0.2418	0.0653	0.3071	0.2834

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