

SCOTTISH WIDOWS

official pensions and investment provider



Scottish Widows Managed Investment Funds ICVC

Annual Long Report
for the year ended
30 April 2012

Scottish Widows Managed Investment Funds ICVC

The Company

Scottish Widows Managed Investment Funds ICVC

Registered Office:

15 Dalkeith Road
Edinburgh
EH16 5WL

Incorporated in Great Britain under registered number IC000171.

Authorised and regulated by the Financial Services Authority.

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

Scottish Widows Unit Trust Managers Limited

Registered Office:

Charlton Place
Andover
SP10 1RE

Head Office:

15 Dalkeith Road
Edinburgh
EH16 5WL

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

Investment Adviser

Scottish Widows Investment Partnership Limited

Registered Office:

33 Old Broad Street
London
EC2N 1HZ

Business Address:

Edinburgh One
60 Morrison Street
Edinburgh
EH3 8BE

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

Depository

State Street Trustees Limited

Registered Office:

20 Churchill Place
London
E14 5HJ

Head Office:

525 Ferry Road
Edinburgh
EH5 2AW

Authorised and regulated by the Financial Services Authority.

Independent Auditors

PricewaterhouseCoopers LLP

Erskine House
68-73 Queen Street
Edinburgh
EH2 4NH

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About the Company

Welcome to the Annual Long Report for the Scottish Widows Managed Investment Funds ICVC (the "Company") covering the year ended 30 April 2012 (the "Report"). The Authorised Corporate Director (the "ACD") and Authorised Fund Manager of the Company is Scottish Widows Unit Trust Managers Limited, a private company limited by shares which was incorporated in England and Wales on 19 April 1982. Its ultimate holding company is Lloyds Banking Group plc ("Lloyds"), which is incorporated in Scotland.

The Company is an Open-Ended Investment Company ("OEIC") with variable capital, incorporated in Great Britain under registration number IC000171 and is authorised and regulated by the Financial Services Authority (the "FSA") under regulation 12 of the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) ("the OEIC Regulations"), with effect from 19 April 2002.

Shareholders are not liable for the debts of the Company.

The Company is a non-UCITS retail scheme which complies with Chapter 5 of the Financial Services Authority Collective Investment Schemes sourcebook (the "COLL sourcebook").

The Company is structured as an umbrella fund, in that the scheme property of the Company is currently divided among 19 sub-funds, each with different investment objectives. The investment objective and policies and a review of the investment activities during the year are disclosed in the Financial Statements of the individual sub-funds. New sub-funds may be established from time to time by the ACD with the approval of the FSA and Depositary.

Each sub-fund would, if it were a separate investment company with variable capital, also be a non-UCITS retail scheme which complies with Chapter 5 of the COLL sourcebook.

Each sub-fund will have a specific portfolio of securities to which that sub-fund's assets and liabilities are attributable. So far as investors are concerned each sub-fund will generally be treated as a separate entity. However, creditors of the Company may look to all assets of the Company for payment regardless of the sub-fund in respect of which that creditor's debt has arisen. Individual sub-funds are not "ring-fenced" and, in the event of a sub-fund being unable to meet its liabilities, assets may be re-allocated to and from other sub-funds if it is necessary to do so to satisfy any creditor proceeding against the Company. In the event that any assets are re-allocated, the ACD will advise shareholders in the next succeeding annual or interim report to shareholders.

The Financial Statements have been prepared on an aggregate basis including the 19 sub-funds in existence during the year covered by this Annual Long Report, as permitted by the OEIC Regulations and the COLL sourcebook.

As required by the OEIC Regulations and the COLL sourcebook, information for each of the 19 sub-funds has also been included.

The Report of the Authorised Corporate Director is defined as those items highlighted in the contents page in accordance with paragraph 4.5.9 of the COLL sourcebook.

During the year there have been a number of changes to the Company. These changes are detailed in the section Prospectus Changes below.

Prospectus changes

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

- Protected Capital Solutions Fund 7 was launched on 4 July 2011;
- The wording in the Prospectus has been updated in accordance with regulations and the FSA Rules in the sections relating to Conflicts of Duty or Interests, Best Execution and Client Order Handling and details of the Fund Accountant have been inserted;
- The Prospectus was updated on 1 November 2011 to show a reduction in the rate of depositary's fee from 0.008% to 0.0072%;
- The Prospectus was updated on 1 November 2011 to modify the wording describing the custodian arrangements and to show the current rates of custody charges and auditors fees applicable to each Fund;
- The Risks section of the Prospectus was updated on 1 November 2011 to add a new risk factor for corporate bonds; and
- The Prospectus was updated on 15 December 2011 to confirm that the Cash Fund is a short term money market fund and that the investment objectives and policies of the Fund will meet the conditions required of a short term money market fund.

A copy of the Prospectus is available on request.

Important Information

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

Statement of the Authorised Corporate Director's Responsibilities

The Financial Services Authority Collective Investment Schemes sourcebook (the "COLL sourcebook") requires the Authorised Corporate Director ("ACD") to prepare Financial Statements for each accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial affairs of the Company and of its net revenue and the net capital losses for the year.

In preparing the Financial Statements the ACD is required to:

- comply with the Prospectus, the Statement of Recommended Practice (IMA SORP) for Financial Statements of Authorised Funds issued in October 2010, the Instrument of Incorporation, United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the COLL sourcebook, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD is responsible for ensuring that, to the best of their knowledge and belief, there is no relevant audit information of which the auditors are unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise themselves with any relevant audit information and to establish that the auditors are aware of that information.

The ACD is also responsible for the maintenance and integrity of the website on which the financial statements and auditors' report are published and distributed electronically. Please note that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Authorised Corporate Director

In accordance with the requirements of the COLL sourcebook as issued and amended by the Financial Services Authority, we hereby certify the Report on behalf of Scottish Widows Unit Trust Managers Limited, the Authorised Corporate Director.

N. Machray
Director
28 June 2012

Statement of Depositary's Responsibilities in respect of the Scheme and Report of the Depositary to the Shareholders of the Scottish Widows Managed Investment Funds ICVC

for the year ended 30 April 2012

The Depositary is responsible for the safekeeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed in accordance with the Financial Services Authority's Collective Investment Scheme Sourcebook ("the COLL sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) ("the OEIC Regulations") and the Company's Instrument of Incorporation, in relation to the pricing of, and dealings in, shares in the Company; the application of revenue of the Company; and the investment and borrowing powers of the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the Authorised Corporate Director:

- has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's revenue in accordance with the COLL sourcebook and, where applicable, the OEIC Regulations and the Instrument of Incorporation of the Company; and
- has observed the investment and borrowing powers and restrictions applicable to the Company.

State Street Trustees Limited

29 June 2012

Independent Auditors' Report to the Shareholders of

Scottish Widows Managed Investment Funds ICVC ("the Company")

for the year ended 30 April 2012

We have audited the Financial Statements of Scottish Widows Managed Investment Funds ICVC for the year ended 30 April 2012 which comprise the Aggregated Statement of Total Return, the Aggregated Statement of Change in Net Assets Attributable to Shareholders, the Aggregated Balance Sheet and Related Notes and for each of the Company's sub-funds, the Statement of Total Return, the Statement of Change in Net Assets Attributable to Shareholders, the Balance Sheet, the Related Notes and the Distribution Tables. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association (the "Statement of Recommended Practice for Authorised Funds").

Respective responsibilities of the Authorised Corporate Director and Auditors

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

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Authorised Corporate Director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Financial Statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds at 30 April 2012 and of the net revenue and the net capital gains/(losses) of the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Statement of Recommended Practice for Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Opinion on other matters prescribed by the Collective Investment Schemes sourcebook

In our opinion:

- we have obtained all the information and explanations we consider necessary for the purposes of the audit; and
- the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Edinburgh
4 July 2012

The Financial Statements are published on www.scottishwidows.co.uk which is a website maintained by Scottish Widows plc on behalf of Scottish Widows Unit Trust Managers Limited. The maintenance and integrity of the website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the presentation and dissemination of the Financial Statements may differ from legislation in their jurisdiction.

Aggregated Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12 £000	£000	01/05/10 to 30/04/11 £000	£000
Income					
Net capital (losses)/gains	2		(74,568)		268,445
Revenue	3	107,032		104,771	
Expenses	4	(16,833)		(15,434)	
Finance costs: Interest	6	(465)		(393)	
Net revenue before taxation		89,734		88,944	
Taxation	5	(5,588)		(5,548)	
Net revenue after taxation			84,146		83,396
Total return before distributions			9,578		351,841
Finance costs: Distributions	6		(85,488)		(84,366)
Change in net assets attributable to shareholders from investment activities			(75,910)		267,475

Aggregated Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12 £000	£000	01/05/10 to 30/04/11 £000	£000
Opening net assets attributable to shareholders		5,431,831		5,274,181
Amounts receivable on creation of shares	122,812		291,727	
Less: Amounts payable on cancellation of shares	(419,419)		(468,900)	
		(296,607)		(177,173)
Dilution adjustment		117		96
Stamp duty reserve tax		(461)		(1,302)
Change in net assets attributable to shareholders from investment activities		(75,910)		267,475
Retained distribution on accumulation shares		69,989		68,522
Unclaimed distributions		18		32
Closing net assets attributable to shareholders		5,128,977		5,431,831

Notes to the Aggregated Financial Statements are on pages 8 to 14.

Aggregated Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		5,395,335	5,929,633
Debtors	8	105,312	119,469
Cash and bank balances	9	71,633	55,936
Total other assets		176,945	175,405
Total assets		5,572,280	6,105,038
Liabilities			
Derivative liabilities		(421,228)	(542,305)
Creditors	10	(14,255)	(129,392)
Bank overdrafts		(6,451)	(8)
Distribution payable on income shares		(1,369)	(1,502)
Total other liabilities		(22,075)	(130,902)
Total liabilities		(443,303)	(673,207)
Net assets attributable to shareholders		5,128,977	5,431,831

Notes to the Aggregated Financial Statements are on pages 8 to 14.

Notes to the Aggregated Financial Statements

as at 30 April 2012

1. Accounting basis and policies

(a) Basis of accounting

The 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 for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010 (the IMA SORP (2010)), and United Kingdom Generally Accepted Accounting Practice.

(b) Aggregation

The Aggregated Financial Statements represent the sum of the individual sub-funds within the umbrella company. Further analysis of the distribution and the net asset position can be found within the Financial Statements of the individual sub-funds.

(c) Revenue

Revenue from other authorised collective investment schemes is recognised when the investments are quoted ex-dividend.

Where accumulation units or shares are held in another authorised collective investment scheme, the accumulation of revenue relating to the holding is recognised in the revenue account including any withholding taxes but excluding tax credits.

Equalisation on distributions received is deducted from the cost of the investment.

Interest on deposits are recognised as earned.

Revenue is allocated when earned in the proportion of the Net Asset Value of each share class to the total Net Asset Value of the sub-fund.

(d) Expenses

The underlying sub-funds may currently have up to seven share classes; Class A, Class B, Class I, Class U, Class M, Class T and Class X. Each share class suffers a different Authorised Corporate Director ("ACD") fee. Consequently the level of expenses attributable to each share class will differ.

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return.

Stamp duty reserve tax, where payable, is deducted as an expense from the capital of the sub-fund.

The ACD's annual fee is charged to the revenue property of the respective sub-funds, except for the Protected Capital Solutions sub-funds, where at the ACD's discretion, all or part of the fee is charged to capital when the sub-fund is past its initial subscription period and is invested in underlying derivatives. Rebates are applied where ACD fees are incurred by the underlying investments. Internal management fee rebates are offset against the ACD periodic charge, meaning in some circumstances the accrued ACD fee will be negative due to rebates received.

Where it is the policy of the underlying Fund to charge its management fees to capital in determining its distribution, the Fund recognises such management rebates as capital within note 2 on an accruals basis. Otherwise the rebate is recognised as revenue on an accruals basis within note 3 or 4 if internal, and forms part of the distribution.

Expenses incurred in respect of, or attributable to, the sub-funds as a whole are allocated when incurred in the proportion of the Net Asset Value of each share class to the total Net Asset Value of the sub-fund.

For the Protected Capital Solutions Funds expenses will normally be paid by the ACD and will not normally be paid out of the Scheme Property of such Funds. The ACD reserves the right to pay expenses out of the Scheme Property of each of the Protected Capital Solutions Funds in the event of any change of circumstances.

(e) Distribution policy

The revenue from the sub-fund's investments accumulates during each accounting period. If revenue exceeds expenses during the period, the net revenue of the sub-funds is available for distribution (or re-investment) at share class level to the shareholders in accordance with the OEIC Regulations. If expenses exceed revenue during the period, the net revenue shortfall may be funded from capital.

It is the policy of the following sub-funds to make interest distributions:

Cash Fund, Dynamic Income Portfolio, International Equity Tracker Fund, Managed Income Portfolio and Momentum Income Portfolio.

All other sub-funds make dividend distributions.

The ACD and Depositary have agreed that in relation to Protected Capital Solution Funds there will be no distribution of income if the income received during a Growth Potential Period is less than 2% of the size of the year end Net Asset Value.

(f) Taxation

Provision is made for corporation tax at the current rate on the excess of taxable income over allowable expenses. UK dividend revenue is disclosed net of any related tax credit. Overseas dividends continue to be disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the taxation note.

Deferred taxation is provided on all timing differences that have originated but not reversed by the Balance Sheet date other than those differences regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Deferred tax assets are only recognised to the extent that it is regarded more likely than not that there will be taxable profits against which the reversal of underlying timing differences can be offset.

(g) Valuation of investments

The investments of the Company have been valued at market value on 30 April 2012 at (BST) 8:00am, excluding any accrued interest in the case of fixed interest securities: with the exception of Protected Capital Solutions 1, Protected Capital Solutions 2, Protected Capital Solutions 3, Protected Capital Solutions 4, Protected Capital Solutions 5, Protected Capital Solutions 6 and Protected Capital Solutions 7 which have been valued at 2:00pm. Market value is defined by the SORP as fair value, which is generally the bid value of each security. Where applicable, illiquid, unlisted, delisted, unapproved or suspended securities are based on the ACD's assessment of their net realisable value.

Open forward currency contracts are shown in the Portfolio Statement and are valued using contracted forward rates. The net gains/(losses) are reflected in "Forward foreign exchange currency contracts" in Net capital gains.

Open Futures Contracts are shown in the Portfolio Statement and are valued using broker prices. The net gains/(losses) are reflected in "Future contracts" in Net capital gains.

Options held within Protected Capital Solution Funds ("PCSFs") 1 to 7 are Over the Counter ("OTC"), as they are not traded on a recognised market. The OTCs are valued on a weekly basis by the counterparty which is the basis of the valuation within these Financial Statements. These counterparty values are subjected to a number of checks and controls to confirm the appropriateness of the valuation.

Using a combination of different valuation models the various OTCs combine in a basket, to provide 100% of the capital protection at the Protection Date. The inputs to these valuation models include the term maturity and interest rate applicable, the counterparty cost of funding, the FTSE 100 strike and spot level, implied dividend yield and implied volatility. All of these inputs are easily observable, except for the cost of funding and implied volatility. The options purchased are bought such that together they constitute a box spread. In options trading, a box spread is a combination of positions that has a certain (i.e. riskless) payoff, considered to be simply "delta neutral interest rate position".

A cliquet option is an exotic option consisting of a series of consecutive forward starting options. Each option is struck at-the-money when it becomes active. A cliquet is, therefore, a series of options but where the total premium is determined in advance.

Investments in other collective investment schemes are valued using Net Asset Values supplied by the manager of those funds.

(h) Exchange rates

All transactions in foreign currencies are translated into Sterling at the rate of exchange ruling on the date of such transactions. Foreign currency assets and liabilities at the end of the accounting year are translated at the exchange rates applicable at the end of the accounting year at the appropriate valuation point.

(i) Dilution adjustment

In certain circumstances (as detailed in the Prospectus) the ACD may charge a dilution adjustment on the creation or cancellation of shares, which is paid into the capital of the relevant sub-fund on an accruals basis. The adjustment is intended to cover certain dealing charges not included in the mid-market value of the sub-fund used in calculating the share price, which could have a diluting effect on the sub-fund.

(j) Equalisation

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 the shares for capital gains tax purposes.

(k) Derivatives

Some of the sub-funds may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where these transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the Statement of Total Return.

Where the transactions are used to protect or enhance investments, the gains/losses are treated as capital and included within gains/losses on investments in the Statement of Total Return. Any open positions in these types of transactions at the year end are included in the Balance Sheet at their mark to market value.

Notes to the Aggregated Financial Statements

(continued)

for the year ended 30 April 2012

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	(38,571)	181,708
Future and option contracts	(65,905)	78,134
Forward foreign exchange currency contracts	25,110	1,102
Currency gains	108	2,668
Handling charges	(7)	(7)
ACD's periodic charge rebate taken to capital	4,697	4,840
Net capital (losses)/gains	(74,568)	268,445

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	25,730	22,328
Unfranked investment income	-	(263)
Interest distributions	51,448	56,555
Offshore distribution taxable	14,135	13,993
Offshore distribution non-taxable	2,293	754
Bank interest	286	200
HM Revenue and Customs interest	-	8
Interest on short term deposits	7,554	6,452
ACD's periodic charge rebate	5,586	4,744
Total revenue	107,032	104,771

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	15,641	14,218
Registration fees	972	944
	16,613	15,162
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	325	340
Safe custody fees	64	66
	389	406
Other expenses:		
Audit fee	77	73
Other expenses*	(246)	(207)
	(169)	(134)
Total expenses	16,833	15,434

Expenses include irrecoverable VAT where applicable.

* Relating to Class T Reimbursements. These are reimbursements of all expenses (excluding ACD periodic charge) and including expenses suffered indirectly through holding other collective investment schemes.

Notes to the Aggregated Financial Statements

(continued)

for the year ended 30 April 2012

5. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Corporation tax	5,209	5,636
Irrecoverable overseas tax	28	-
Adjustments in respect of prior years	(29)	(36)
Total current tax (note 5b)	5,208	5,600
Deferred taxation	380	(52)
Total deferred tax (note 5c)	380	(52)
Total taxation	5,588	5,548

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:

Net revenue before taxation	89,734	88,944
Corporation tax of 20% (2011: 20%)	17,946	17,788
Effects of:		
UK dividends*	(5,145)	(4,465)
Offshore non-taxable revenue	(420)	(150)
Overseas non-taxable revenue	(38)	-
Revenue taxable in different periods	(387)	50
Movement in excess management expenses	(380)	(370)
Irrecoverable overseas tax	28	-
Tax deductible interest distributions	(7,709)	(8,185)
Adjustments in respect of prior years	(29)	(36)
Taxable income taken to capital	938	968
Taxable offshore fund gains	404	-
Current tax charge for year (note 5a)	5,208	5,600

**As an authorised OEIC these items are not subject to corporation tax.*

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Details of the provision for deferred taxation are disclosed within the individual sub-funds' Financial Statements.

(d) Factors that may affect future tax charges:

Details of factors that may affect future tax charges are disclosed within the individual sub-funds' Financial Statements.

Notes to the Aggregated Financial Statements

(continued)

for the year ended 30 April 2012

6. Finance costs

Distributions and interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
First interim	7,285	8,257
Second interim	13,773	13,124
Third interim	7,453	7,895
Special	37	60
Final	45,941	44,106
Income tax withheld	9,605	9,784
	<hr/>	<hr/>
	84,094	83,226
Add: Revenue deducted on cancellation of shares	1,785	1,778
Deduct: Revenue received on creation of shares	(391)	(638)
	<hr/>	<hr/>
Net distributions for the year	85,488	84,366
	<hr/>	<hr/>
Bank interest	465	393
	<hr/>	<hr/>
Total finance costs	85,953	84,759

Details of the distributions per share are set out in the Distribution Tables in the individual sub-funds' Financial Statements.

7. Movement between net revenue and net distributions

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	84,146	83,396
Share class M shortfall funded from capital	-	1
Undistributed revenue	-	1
Tax relief on ACD's periodic charge rebate	938	968
Taxable gains on non-qualifying offshore funds	404	-
	<hr/>	<hr/>
Net distributions for the year	85,488	84,366

8. Debtors

	30/04/12 £000	30/04/11 £000
Sales awaiting settlement	84,532	94,098
Amounts receivable for issue of shares	288	1,648
Accrued revenue	12,123	13,055
ACD rebate recoverable	458	459
Dilution levy receivable	2	-
Income tax recoverable	7,909	10,209
	<hr/>	<hr/>
Total debtors	105,312	119,469

9. Cash and bank balances

	30/04/12 £000	30/04/11 £000
Cash and bank balances	2,557	10,860
Amounts held at futures clearing houses and brokers	69,076	45,076
	<hr/>	<hr/>
Total cash and bank balances	71,633	55,936

Notes to the Aggregated Financial Statements

(continued)

for the year ended 30 April 2012

10. Creditors

	30/04/12	30/04/11
	£000	£000
Purchases awaiting settlement	184	115,000
Amounts payable for cancellation of shares	5,761	5,938
Accrued expenses	1,055	1,046
Corporation tax payable	6,077	6,754
Deferred taxation	380	-
Income tax payable	798	654
Total creditors	14,255	129,392

11. Related party transactions

Related party transactions are disclosed within the individual sub-funds' Financial Statements.

Shares held by associates of the ACD are disclosed within the individual sub-funds' Financial Statements.

12. Share classes

Annual ACD charges are disclosed within the individual sub-funds' Financial Statements.

13. Capital commitments and contingent liabilities

Capital commitments and contingent liabilities are disclosed within the individual sub-funds' Financial Statements.

14. Derivatives and other financial instruments

Derivatives and other financial instruments are disclosed within the individual sub-funds' Financial Statements.

15. Portfolio transaction costs

Analysis of total trade costs are disclosed within the individual sub-funds' Financial Statements.

Balanced Growth Portfolio

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

The Fund aims to provide long-term growth by mainly investing in regulated collective investment schemes managed or operated within the Lloyds Banking Group. The Fund will primarily invest in a balance of fixed interest and equity funds.

This Fund will invest in a balance of funds, managed or operated within the Lloyds Banking Group, that invest in UK and overseas equities, in Sterling denominated fixed interest securities and in overseas bonds. The Fund may also invest in other investments permitted by FSA rules for this type of scheme that are consistent with the Fund's objectives. Non-Sterling investments may be hedged back to Sterling.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
Balanced Growth Portfolio A Accumulation	0.00	7.33	26.13	(16.01)	(1.71)	3.80

Sources: Lipper for Balanced Growth Portfolio Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

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

The Balanced Growth Portfolio invests in a mixture of equities and bonds. The period under review presented a number of challenges for investors in all asset classes.

The UK stock market fell over the year as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The FTSE All-Share Index fell by 2.1% in total return terms. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better.

Meanwhile, European equities were dominated by the sovereign debt crisis. The eurozone economy remains sluggish with many periphery nations in recession, and the FTSE Europe ex-UK Index was down more than 10% in local currency, total return terms. In contrast, a rally in the US in early 2012 meant that the S&P 500 Index was strongly ahead. Recent reports on the economy have been favourable, and consumer confidence has improved.

While the performance of government bonds has varied across the globe over the last twelve months, most major markets, including the UK, benefited from their perceived "safe-haven" status during these times of economic uncertainty. In comparison, bonds issued by some of the troubled countries on Europe's periphery did poorly. Bond yields in Spain and Italy rose alarmingly as budgetary troubles came under the spotlight. European Central Bank intervention in the shape of two Long-Term Refinancing Operations (LTROs) helped stem the rising trend. The LTROs involved lending money cheaply to liquidity-strapped commercial banks, and much has been reinvested in short-dated peripheral bonds.

Corporate bonds experienced mixed fortunes. In the first part of the reporting period, strong results and falling debt levels helped drive prices higher and yields lower. But as 2011 progressed, eurozone fears resulted in a sharp widening of the spread between the yields provided by government and corporate bonds. The New Year brought a strong rally; the LTROs effectively put a floor under the prices of financial sector corporate bonds, and banks used borrowed money to restructure their capital positions through buying back debt.

Although we had increased exposure to government bonds in the early summer of 2011, we reversed this decision in August. The proceeds from these sales were invested in UK equities, which had fallen to levels which we felt represented much better value. Profits were taken on this position in October and November, but the rally in UK equities continued into January, meaning the Fund lost out on some performance relative to benchmark.

Looking ahead, fundamental value in government bonds remains poor. We continue to anticipate a clear increase in 10-year government bond yields and a fall in prices in the US, Germany and UK over the next 12 months. Turning to corporate bonds, while early 2012 brought a high volume of new issues, investors appear to have become more cautious, and we may be close to reaching saturation point. The rally may have further to run, but there are significant risks – from Europe and elsewhere.

Equity investors have two main worries: Europe and China. In Europe, the focus has shifted from the immediate threat of a financial crisis and onto a lack of economic growth. Given the single currency zone is the UK's largest export market, this represents a real challenge to UK plc. Fears are also growing that the economic climate in China has changed for the worse. A slowdown would have repercussions for global equity markets.

Scottish Widows Investment Partnership Limited

May 2012

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

Balanced Growth Portfolio

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (99.53%*)		792,535	99.31
Collective Investment Schemes			
Scottish Widows Corporate Bond Fund A Acc †	34,852,163	80,543	10.09
Scottish Widows Gilt Fund A Acc †	32,977,081	75,320	9.44
Scottish Widows Global Growth Fund A Acc †	95,408,997	80,029	10.03
Scottish Widows Global Select Growth A Acc †	8,647,489	40,142	5.03
Scottish Widows International Bond Fund A Acc †	19,345,265	38,981	4.88
Scottish Widows UK Equity Income Fund A Acc †	3,306,370	103,688	12.99
Scottish Widows UK Growth Fund A Acc †	79,721,532	98,137	12.30
Scottish Widows UK Index-Linked Tracker Fund I Acc †	18,683,098	40,897	5.12
Scottish Widows UK Select Growth Fund A Acc †	4,745,895	73,893	9.26
SWIP Corporate Bond Plus Fund A Inc ‡	41,961,790	40,548	5.08
SWIP Defensive Gilt Fund A Inc ‡	31,216,857	36,149	4.53
SWIP European Corporate Bond Fund A Inc ‡	32,238,324	39,395	4.94
SWIP High Yield Bond Fund A Inc ‡	47,628,040	44,813	5.62
DERIVATIVES (-0.24%*)		665	0.08
Forward Currency Contracts			
Euro			
Bought EUR63,629,243 for GBP52,016,906 Settlement 04/05/2012		(233)	(0.03)
Bought EUR11,496,000 for GBP9,565,592 Settlement 22/06/2012		(205)	(0.03)
Sold EUR57,259,816 for GBP47,930,474 Settlement 04/05/2012		1,330	0.17
Sold EUR63,629,243 for GBP52,068,446 Settlement 03/08/2012		230	0.03
Sold EUR9,850,000 for GBP8,214,211 Settlement 22/06/2012		194	0.02
Sold EUR6,369,427 for GBP5,274,268 Settlement 04/05/2012		91	0.01
US Dollar			
Bought USD27,380,535 for GBP16,912,004 Settlement 04/05/2012		(103)	(0.01)
Sold USD27,380,535 for GBP17,484,712 Settlement 04/05/2012		676	0.08
Sold USD27,380,535 for GBP16,920,679 Settlement 03/08/2012		102	0.01
Futures Contracts			
EURO STOXX 50 Index Futures June 2012	459	(858)	(0.11)
FTSE 100 Index Futures June 2012	(67)	104	0.01
MSCI Emerging Markets Futures June 2012	323	(326)	(0.04)
S&P 500 E Mini Index Futures June 2012	(193)	(188)	(0.02)
TOPIX Index Futures June 2012	61	(104)	(0.01)
UK Long Gilt Bond Futures June 2012	(68)	(45)	-
Portfolio of investments^		793,200	99.39
Net other assets		4,832	0.61
Total net assets		798,032	100.00

All holdings are in Collective Investment Schemes.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

† This investment is a related party (see note 11).

Balanced Growth Portfolio

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	<u>278,586</u>	Total sales for the year	<u>320,385</u>
Major purchases		Major sales	
UK Long Gilt Bond Futures September 2011	37,636	UK Long Gilt Bond Futures September 2011	37,636
UK Long Gilt Bond Futures December 2011	33,144	UK Long Gilt Bond Futures December 2011	33,143
EURO STOXX 50 Index Futures September 2011	15,964	Scottish Widows Gilt Fund A Acc †	20,750
EURO STOXX 50 Index Futures December 2011	13,206	EURO STOXX 50 Index Futures December 2011	15,184
S&P 500 E Mini Index Futures September 2011	12,546	EURO STOXX 50 Index Futures September 2011	13,294
UK Long Gilt Bond Futures March 2012	12,390	S&P 500 E Mini Index Futures September 2011	13,067
Scottish Widows UK Equity Income Fund A Acc †	11,400	UK Long Gilt Bond Futures March 2012	12,390
EURO STOXX 50 Index Futures March 2012	10,198	EURO STOXX 50 Index Futures March 2012	11,396
EURO STOXX 50 Index Futures June 2012	9,608	Scottish Widows Corporate Bond Fund A Acc †	10,900
S&P 500 E Mini Index Futures December 2011	9,506	S&P 500 E Mini Index Futures December 2011	9,784
MSCI Emerging Markets Futures June 2012	8,552	Scottish Widows UK Equity Income Fund A Acc †	9,000
MSCI Emerging Markets Futures March 2012	8,390	Scottish Widows UK Index-Linked Tracker Fund I Acc †	9,000
TOPIX Index Futures September 2011	8,377	MSCI Emerging Markets Futures March 2012	8,525
TOPIX Index Futures March 2012	8,251	TOPIX Index Futures March 2012	8,455
TOPIX Index Futures December 2012	8,120	S&P 500 E Mini Index Futures June 2012	8,411
S&P 500 E Mini Index Futures March 2012	8,058	TOPIX Index Futures December 2011	8,269
UK Long Gilt Bond Futures June 2011	6,977	TOPIX Index Futures September 2011	8,204
FTSE 100 Index Futures December 2011	6,635	S&P 500 E Mini Index Futures March 2012	8,058
Scottish Widows UK Index-Linked Tracker Fund I Acc †	5,000	UK Long Gilt Bond Futures June 2012	7,807
Scottish Widows UK Select Growth Fund A Acc †	5,000	FTSE 100 Index Futures December 2011	6,990

† This investment is a related party (see note 11).

Balanced Growth Portfolio

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/04/10	639,153,089	477,958,600	133.73	1.65
Accumulation 30/04/11	656,816,874	457,711,200	143.50	1.64
Accumulation 30/04/12	591,294,564	412,069,700	143.49	1.65
Share Class T				
Accumulation 30/04/10	140,924,407	111,807,000	126.04	1.50
Accumulation 30/04/11	186,620,784	137,834,100	135.40	1.50
Accumulation 30/04/12	206,737,526	152,539,500	135.53	1.50

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(t) per share (p)
Share Class A			
Accumulation 2007	130.90	123.30	2.2586
Accumulation 2008	129.40	98.01	2.9001
Accumulation 2009	128.70	96.94	3.3209
Accumulation 2010	139.70	125.50	2.4891
Accumulation 2011	144.80	130.40	2.1540
Accumulation 2012*	146.20	139.00	2.3449
Share Class T			
Accumulation 2007	123.00	115.90	2.2362
Accumulation 2008	121.70	92.23	2.8579
Accumulation 2009	121.20	91.26	3.2363
Accumulation 2010	131.80	118.30	2.4633
Accumulation 2011	136.60	123.00	2.1628
Accumulation 2012*	138.10	131.20	2.3503

(t) Allocated for accumulation shares.

* To 30 April 2012.

Balanced Growth Portfolio

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(14,182)		46,847
Revenue	3	18,586		18,215	
Expenses	4	(3,490)		(3,501)	
Finance costs: Interest	6	(12)		(5)	
Net revenue before taxation		15,084		14,709	
Taxation	5	(1,817)		(1,964)	
Net revenue after taxation			13,267		12,745
Total return before distribution			(915)		59,592
Finance costs: Distribution	6		(13,520)		(12,997)
Change in net assets attributable to shareholders from investment activities			(14,435)		46,595

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		843,438		780,077
Amounts receivable on creation of shares	20,242		48,593	
Less: Amounts payable on cancellation of shares	(64,319)		(44,326)	
		(44,077)		4,267
Stamp duty reserve tax		(142)		(341)
Change in net assets attributable to shareholders from investment activities		(14,435)		46,595
Retained distribution on accumulation shares		13,248		12,840
Closing net assets attributable to shareholders		798,032		843,438

Notes to the Financial Statements are on pages 21 to 25.

Balanced Growth Portfolio

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		795,262	840,798
Debtors	8	8,119	8,951
Cash and bank balances	9	3,674	2,418
Total other assets		11,793	11,369
Total assets		807,055	852,167
Liabilities			
Derivative liabilities		(2,062)	(3,384)
Creditors	10	(5,278)	(5,345)
Bank overdrafts		(1,683)	-
Total other liabilities		(6,961)	(5,345)
Total liabilities		(9,023)	(8,729)
Net assets attributable to shareholders		798,032	843,438

Notes to the Financial Statements are on pages 21 to 25.

Balanced Growth Portfolio

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	(16,931)	46,086
Future contracts	(2,493)	(417)
Forward foreign exchange currency contracts	3,976	(235)
Currency gains	-	152
Handling charges	(1)	-
ACD's periodic charge rebate taken to capital	1,267	1,261
Net capital (losses)/gains	(14,182)	46,847

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	7,266	6,150
Interest distributions	11,299	12,043
Bank interest	21	21
HM Revenue and Customs interest	-	1
Total revenue	18,586	18,215

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	3,633	3,603
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	73	76
Safe custody fees	20	20
	93	96
Other expenses:		
Audit fee	10	9
Other expenses*	(246)	(207)
	(236)	(198)
Total expenses	3,490	3,501

Expenses include irrecoverable VAT where applicable.

* Relating to Class T Reimbursements. These are reimbursements of all expenses (excluding ACD periodic charge) and including expenses suffered indirectly through holding other collective investment schemes.

Notes to the Financial Statements

(continued)

as at 30 April 2012

5. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Corporation tax	1,817	1,964
(b) Factors affecting current tax charge for the year:		
The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:		
Net revenue before taxation	15,084	14,709
Corporation tax of 20% (2011: 20%)	3,017	2,942
Effects of:		
UK dividends*	(1,453)	(1,230)
Taxable income taken to capital	253	252
Current tax charge for year (note 5a)	1,817	1,964

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

6. Finance costs

Distribution and interest

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Final	13,248	12,840
Add: Revenue deducted on cancellation of shares	427	382
Deduct: Revenue received on creation of shares	(155)	(225)
Net distribution for the year	13,520	12,997
Bank interest	12	5
Total finance costs	13,532	13,002

Details of the distribution per share is set out in the Distribution Tables on page 26.

7. Movement between net revenue and net distribution

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	13,267	12,745
Tax relief on ACD's periodic charge rebate	253	252
Net distribution for the year	13,520	12,997

8. Debtors

	30/04/12 £000	30/04/11 £000
Sales awaiting settlement	2,500	3,000
Amounts receivable for issue of shares	41	62
Accrued revenue	910	976
Income tax recoverable	4,668	4,913
Total debtors	8,119	8,951

Balanced Growth Portfolio

Notes to the Financial Statements

(continued)

as at 30 April 2012

9. Cash and bank balances

	30/04/12	30/04/11
	£000	£000
Cash and bank balances	1	1,120
Amounts held at futures clearing houses and brokers	3,673	1,298
Total cash and bank balances	3,674	2,418

10. Creditors

	30/04/12	30/04/11
	£000	£000
Amounts payable for cancellation of shares	1,306	1,064
Accrued expenses	191	184
Corporation tax payable	3,781	4,097
Total creditors	5,278	5,345

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees net of rebates are disclosed in note 2 and 4, with £190,453 (30/04/11: £180,978) due at the year end.

Holdings of other Scottish Widows Unit Trust Managers OEICs are disclosed in the Portfolio Statement.

Holdings of Scottish Widows Investment Partnership (a Lloyds Banking Group company) OEICs are disclosed in the Portfolio Statement.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where Scottish Widows Unit Trust Managers Limited act as Authorised Corporate Director and Registrar or Scottish Widows Investment Partnership Limited act as Authorised Corporate Director. The total revenue earned amounts to £18,564,701 (30/04/11: £18,193,088).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12	30/04/11
	%	%
ACD and associates of the ACD	-	-

12. Share classes

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.50
Share Class T - Accumulation:	1.50

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Performance Record on page 18.

The distribution per share class is given in the Distribution Tables on page 26.

All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

as at 30 April 2012

14. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 15. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are invested in regulated collective investment schemes managed or operated within the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 30 April the Fund had the following net currency exposure (excluding Sterling):

	Net foreign currency liabilities 30/04/12			Net foreign currency liabilities 30/04/11		
	Monetary exposures £000	Non-monetary exposures £000	Total £000	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency						
Euro	(51,356)	-	(51,356)	(57,236)	-	(57,236)
Japanese yen	(104)	-	(104)	(348)	-	(348)
US dollar	(17,332)	-	(17,332)	(19,940)	-	(19,940)
	(68,792)	-	(68,792)	(77,524)	-	(77,524)

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in regulated collective investment schemes managed within the Lloyds Banking Group. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The Fund's net cash overdraft of £1.682m (30/04/11: holding £1.12m) is held in a floating rate bank account whose rate is determined by reference to rates supplied by the Depositary.

The Fund holds net cash at futures brokers of £3.673m (30/04/11: cash £1.298m), whose rates are determined by reference to rates supplied by the broker.

The Fund did not have any long term financial liabilities.

(c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, given the level and nature of the derivatives held, it is not deemed to have sophisticated derivative holdings requiring further sensitivity analysis or value at risk disclosure. As such no additional disclosure has been shown.

(d) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

as at 30 April 2012

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed or operated within the Lloyds Banking Group. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Services Authority COLL sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

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

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

15. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Balanced Growth Portfolio

Distribution Tables

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 May 2011

Group 2 Final Shares purchased between 1 May 2011 and 30 April 2012

Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Final	2.3449	-	2.3449	2.1540
Group 2	(p)	(p)	(p)	(p)
Final	1.2429	1.1020	2.3449	2.1540

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 50.49% of the dividend, together with the tax credit, is received as franked investment income.

Final - 49.51% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Share Class T - Accumulation

	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Final	2.3503	-	2.3503	2.1628
Group 2	(p)	(p)	(p)	(p)
Final	1.3473	1.0030	2.3503	2.1628

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 48.55% of the dividend, together with the tax credit, is received as franked investment income.

Final - 51.45% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Balanced Portfolio Fund

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

To provide long-term capital growth by investing mainly in multi-manager regulated collective investment schemes. The Fund will invest in a balance of Fixed Income and Equity funds (up to a maximum of 60% in Equity funds). These investments will be diversified across a number of geographic areas including the United Kingdom and other international markets.

The Fund will invest mainly in both multi-manager Equity funds and multi-manager Fixed Income funds.

The Equity funds that are selected will aim to provide capital growth by investing primarily in equity securities and will be chosen to provide a broad diversification by country, sector and companies.

The Fixed Income funds that are selected will aim to provide income and capital growth by investing primarily in investment grade bonds issued from a number of international markets and denominated in a variety of currencies. Non-Sterling fixed income investments may be hedged back to Sterling.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
Balanced Portfolio Fund A Accumulation	1.66	6.07	26.29	(15.05)	(1.93)	3.21
Mixed Investment 20-60% Shares Sector Average Return*	(0.79)	5.91	21.91	(15.05)	(3.79)	5.54

Source: Lipper for Balanced Portfolio Fund and Sector Average Return. Basis: Mid to Mid, net revenue reinvested and net of expenses. Mixed Investment 20-60% Shares Sector - Funds investing in a range of assets with the maximum equity exposure restricted to 60% of the Fund and with at least 30% invested in fixed interest and cash. There is no specific requirement to hold a minimum % of non-UK equity within the equity limits. Assets must be at least 60% in US Dollar/Sterling/Euro of which 30% must be in Sterling and equities are deemed to include convertibles.

** The IMA changed the name of the Cautious Managed Sector to the Mixed Investment 20-60% Shares Sector, effective from 1 January 2012.*

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

In bond markets, government bonds were the key drivers in the latter part of 2011 after risk aversion escalated significantly amid fears that uncoordinated policy responses to Europe's sovereign debt crisis could undermine economic recovery.

In the second quarter, investors began focusing on evidence of a slowdown in the US and Chinese economies as the situation in Europe appeared to ease. Gains continued into a mixed, but positive third quarter which ultimately favoured risk. As risk appetite returned it was again the higher risk (high yield, emerging market debt) sectors that outperformed. The momentum that built upon the upbeat data released in July faltered somewhat in August, but the improved sentiment in September saw investors again chasing greater yields, and taking on more risk, with sales of high yield bonds surging as companies took advantage of investor demand and low refinancing costs.

The first quarter of 2012 saw systemic risk dissipating, market volatility decreasing and credit spreads tightening. The primary catalysts were developments surrounding the European debt crisis, which provided clarity on policy and significantly reduced liquidity risk. First and foremost was the European Central Bank's LTRO (Long-Term Refinancing Operation) programme, which injected €1 trillion worth of liquidity into eurozone banks, eliminating the probability of a Lehman-like event. Near term Greek pressure was alleviated as private borrowers agreed on terms of a principal write-down and the German parliament approved a second bailout of €130 billion.

The events played out over a backdrop of an ongoing trend in global central bank easing (including the US Federal Reserve's forecast to remain on hold into 2014), positive US economic data and somewhat decreasing concerns of a China hard landing (a shift from rapid growth to slow growth or even recession). At the end of the quarter there was some disappointment in EU finance ministers limiting fresh "firewall" funds to €500 billion, as a higher amount would demonstrate deeper EU commitment and potentially compel other countries to donate more to the International Monetary Fund (IMF). April saw a reversal in risk sentiment following the first quarter, as the positive effects from the ECB's LTRO stimulus faded and investors again became anxious, focusing on news flow and fundamentals.

In equity markets, the risk rally resumed over the second half of 2011 however, with investors buoyed by news that the IMF had raised its global growth forecast and second-quarter earnings releases from a number of the world's biggest companies that were well in excess of expectations. Gains were reinforced by more upbeat news from Europe, where the results of a series of stress tests on banks were largely welcomed. The final quarter was positive as a whole. Global equities finally recaptured all of the ground lost in the aftermath of the collapse of Lehman Brothers, as speculation that the recovery was becoming more sustainable saw them reach levels last seen over two years ago. The generally upbeat sentiment was underpinned by a burgeoning US recovery, strong growth in China and speculation that the Federal Reserve's sanctioning of a second round of quantitative easing (increasing the supply of money) would help global growth accelerate.

A very positive third-quarter earnings season and central bank intervention in Europe helped firm up the belief that the threat of a double-dip recession was receding and that a "worst case scenario" had been prevented. This renewed confidence helped investors to shrug off losses in November as the Irish government's request for assistance from the EU again saw the stability of the eurozone called into question.

Authorised Fund Manager's Report

(continued)

Global equities experienced a strong start to 2012 continuing the turnaround that began in the previous quarter and registered strong gains in January and February. Investors reacted increasingly positively to the improved credit conditions in Europe following the European Central Bank's successful Long-Term Refinancing Operations (LTRO). Continued flow of positive news on the US economy, most notably better-than-expected housing and unemployment data, helped lift sentiment. Global equity markets faced divergent forces in April as economic growth indicators nominally weakened, while corporate earnings surpassed consensus expectations.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an on going process with approx 15% of managers being changed in some way each year. Balanced Portfolio is constructed from 13 underlying SWIP and Russell funds. Over the period there have been manager changes within five of these - RIC Continental European Fund, RIC Global Bond Fund, RIC Global Bond Euro Hedge Fund, RIC Sterling Bond Fund, and RIC US Equity Fund.

The Balanced Portfolio holds 50% equities and 50% bonds. The Fund returned 1.66% over the year.

Scottish Widows Investment Partnership Limited

May 2012

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

Balanced Portfolio Fund

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (100.38%*)		369,806	98.67
Collective Investment Schemes			
Russell Continental European Equity Fund I Acc	1,587,728	21,927	5.85
Russell Euro Fixed Income Fund I Acc	1,997,818	38,618	10.30
Russell Global Bond Euro Hedged Fund I Acc	1,776,307	38,741	10.34
Russell Global Bond Fund I Acc	2,186,353	38,873	10.37
Russell Japan Equity Fund I Acc	715,619	9,661	2.58
Russell Pacific Basin Equity Fund I Acc	445,385	11,878	3.17
Russell Sterling Bond Fund I Acc	1,833,892	29,874	7.97
Russell US Bond Fund I Acc	2,649,512	38,815	10.36
Russell US Equity Fund I Acc	5,263,769	63,271	16.88
Russell US Small Cap Equity Fund I Acc	212,822	3,467	0.93
SWIP Multi-Manager - UK Equity Focus Fund A Acc ‡	23,347,329	33,597	8.96
SWIP Multi-Manager - UK Equity Growth Fund A Acc ‡	23,674,316	33,547	8.95
SWIP Multi-Manager - UK Equity Income Fund A Acc ‡	5,296,702	7,537	2.01
DERIVATIVES (-0.67%*)		5,316	1.42
Forward Currency Contracts			
Euro			
Bought EUR109,217,600 for GBP89,285,388 Settlement 04/05/2012		(399)	(0.11)
Sold EUR106,115,600 for GBP88,771,005 Settlement 04/05/2012		2,409	0.64
Sold EUR109,217,600 for GBP89,373,854 Settlement 03/08/2012		395	0.11
Sold EUR3,102,000 for GBP2,582,570 Settlement 04/05/2012		58	0.02
Japanese Yen			
Sold JPY839,976,100 for GBP7,027,266 Settlement 08/05/2012		592	0.16
US Dollar			
Bought USD92,058,700 for GBP56,861,458 Settlement 04/05/2012		(347)	(0.09)
Sold USD89,000,600 for GBP56,829,449 Settlement 04/05/2012		2,192	0.58
Sold USD92,058,700 for GBP56,890,623 Settlement 03/08/2012		345	0.09
Sold USD3,058,100 for GBP1,948,565 Settlement 04/05/2012		71	0.02
Portfolio of investments^		375,122	100.09
Net other liabilities		(334)	(0.09)
Total net assets		374,788	100.00

All holdings are in Collective Investment Schemes.

Forward Currency Contracts are Over the Counter (OTC) derivatives.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 10).

Balanced Portfolio Fund

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	40,450	Total sales for the year	78,470
Total purchases		Total sales	
Russell US Equity Fund I Acc	8,900	Russell US Equity Fund I Acc	14,850
Russell US Bond Fund I Acc	6,950	Russell US Bond Fund I Acc	12,300
Russell Continental European Equity Fund I Acc	5,150	Russell Global Bond Fund I Acc	9,970
Russell Euro Fixed Income Fund I Acc	3,050	Russell Sterling Bond Fund I Acc	7,950
Russell Global Bond Fund I Acc	3,650	SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	5,650
Russell Global Bond Euro Hedged Fund I Acc	3,200	Russell Global Bond Euro Hedged Fund I Acc	6,450
Russell Sterling Bond Fund I Acc	2,550	Russell Euro Fixed Income Fund I Acc	6,300
SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	3,000	Russell Continental European Equity Fund I Acc	6,050
SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	2,700	SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	5,100
Russell Japan Equity Fund I Acc	850	Russell Japan Equity Fund I Acc	2,000
Russell US Small Cap Equity Fund I Acc	300	SWIP Multi-Manager UK Equity Income Fund A Acc ‡	1,000
SWIP Multi-Manager UK Equity Income Fund A Acc ‡	150	Russell Pacific Basin Equity Fund I Acc	650
		Russell US Small Cap Equity Fund I Acc	200

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 10).

Balanced Portfolio Fund

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/04/10	77,378,812	61,799,566	125.21	2.00
Accumulation 30/04/11	76,474,449	57,598,066	132.77	2.00
Accumulation 30/04/12	70,726,094	52,395,966	134.98	2.00
Share Class X				
Accumulation 30/04/10	332,967,244	243,707,400	136.63	0.60
Accumulation 30/04/11	326,040,018	222,549,900	146.50	0.60
Accumulation 30/04/12	304,061,729	201,861,900	150.63	0.60

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	121.80	114.60	0.8973
Accumulation 2008	120.90	91.30	2.2434
Accumulation 2009	118.40	89.15	2.2678
Accumulation 2010	131.20	116.00	1.4751
Accumulation 2011	134.20	121.60	1.1659
Accumulation 2012*	137.10	128.60	1.5101
Share Class X			
Accumulation 2007	129.30	121.30	2.2882
Accumulation 2008	128.50	98.03	3.7856
Accumulation 2009	128.70	96.04	3.6763
Accumulation 2010	144.20	126.30	2.9780
Accumulation 2011	148.40	134.60	2.8259
Accumulation 2012*	152.80	143.00	3.3039

(†) Allocated for accumulation shares.

* To 30 April 2012.

Share class X is not published.

Balanced Portfolio Fund

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital gains	2		998		19,668
Revenue	3	11,231		9,939	
Expenses	4	(2,022)		(1,127)	
Finance costs: Interest	6	(2)		-	
Net revenue before taxation		9,207		8,812	
Taxation	5	(1,443)		(1,525)	
Net revenue after taxation			7,764		7,287
Total return before distribution			8,762		26,955
Finance costs: Distribution	6		(7,792)		(7,317)
Change in net assets attributable to shareholders from investment activities			970		19,638

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		402,514		410,346
Amounts receivable on creation of shares	4,142		4,866	
Less: Amounts payable on cancellation of shares	(40,282)		(39,246)	
		(36,140)		(34,380)
Stamp duty reserve tax		(17)		(51)
Change in net assets attributable to shareholders from investment activities		970		19,638
Retained distribution on accumulation shares		7,461		6,961
Closing net assets attributable to shareholders		374,788		402,514

Notes to the Financial Statements are on pages 34 to 38.

Balanced Portfolio Fund

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		375,868	406,292
Debtors	8	853	1,411
Cash and bank balances		-	986
Total other assets		853	2,397
Total assets		376,721	408,689
Liabilities			
Derivative liabilities		(746)	(4,951)
Creditors	9	(1,123)	(1,224)
Bank overdrafts		(64)	-
Total other liabilities		(1,187)	(1,224)
Total liabilities		(1,933)	(6,175)
Net assets attributable to shareholders		374,788	402,514

Notes to the Financial Statements are on pages 34 to 38.

Balanced Portfolio Fund

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital gains

The net capital gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	(4,885)	17,827
Forward foreign exchange currency contracts	5,741	1,689
ACD's periodic charge rebate taken to capital	142	152
Net capital gains	998	19,668

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	1,263	1,193
Unfranked investment income	-	(20)
Offshore distribution taxable	6,622	6,451
Offshore distribution non-taxable	871	276
Bank interest	3	8
ACD's periodic charge rebate	2,472	2,031
Total revenue	11,231	9,939

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	2,022	1,127

During the year, the ACD has borne all the fees charged by the depositary, auditors, FSA and the registrar.

Notes to the Financial Statements

(continued)

as at 30 April 2012

5. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Corporation tax	1,443	1,503
Adjustments in respect of prior years	-	26
Total current tax (note 5b)	1,443	1,529
Total deferred tax (note 5c)	-	(4)
Total taxation	1,443	1,525

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:

Net revenue before taxation	9,207	8,812
Corporation tax of 20% (2011: 20%)	1,841	1,762
Effects of:		
UK dividends*	(252)	(238)
Offshore non-taxable revenue	(174)	(55)
Revenue taxable in different periods	-	4
Adjustments in respect of prior years	-	26
Taxable income taken to capital	28	30
Current tax charge for year (note 5a)	1,443	1,529

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	-	4
Deferred tax credit in profit and loss account for the year (note 5a)	-	(4)
Provision at the end of the year	-	-

6. Finance costs

Distribution and interest

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Final	7,461	6,961
Add: Revenue deducted on cancellation of shares	381	396
Deduct: Revenue received on creation of shares	(50)	(40)
Net distribution for the year	7,792	7,317
Bank interest	2	-
Total finance costs	7,794	7,317

Details of the distribution per share is set out in the Distribution Tables on page 39.

7. Movement between net revenue and net distribution

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	7,764	7,287
Tax relief on ACD's periodic charge rebate	28	30
Net distribution for the year	7,792	7,317

Notes to the Financial Statements

(continued)

as at 30 April 2012

8. Debtors

	30/04/12	30/04/11
	£000	£000
Sales awaiting settlement	650	1,184
Amounts receivable for issue of shares	-	24
Accrued revenue	-	1
ACD rebate recoverable	203	202
Total debtors	853	1,411

9. Creditors

	30/04/12	30/04/11
	£000	£000
Amounts payable for cancellation of shares	228	327
Accrued expenses	155	153
Corporation tax payable	740	744
Total creditors	1,123	1,224

10. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees net of rebates are disclosed in note 2 and 4, with £155,144 (30/04/11: £152,317) due at the year end.

Holdings of Scottish Widows Investment Partnership (a Lloyds Banking Group company) OEICs are disclosed in the Portfolio Statement.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where SWIP Multi-Manager Funds Limited act as Authorised Corporate Director. The total revenue earned amounts to £1,262,936 (30/04/11: £1,172,724).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12	30/04/11
	%	%
ACD and associates of the ACD	81.11	80.99

11. Share classes

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	2.00
Share Class X - Accumulation:	0.60

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Performance Record on page 31.

The distribution per share class is given in the Distribution Tables on page 39.

All share classes have the same rights on winding up.

12. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

as at 30 April 2012

13. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 27. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Lloyds Banking Group and the Russell Investment Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 30 April the Fund had the following net currency exposure (excluding Sterling):

	Net foreign currency liabilities 30/04/12			Net foreign currency liabilities 30/04/11		
	Monetary exposures £000	Non-monetary exposures £000	Total £000	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency						
Euro	(88,979)	-	(88,979)	(95,395)	-	(95,395)
Japanese yen	(6,435)	-	(6,435)	(7,711)	-	(7,711)
US dollar	(56,546)	-	(56,546)	(60,693)	-	(60,693)
	(151,960)	-	(151,960)	(163,799)	-	(163,799)

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in multi-manager regulated collective investment schemes currently managed within the Lloyds Banking Group and the Russell Investment Group. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating capital growth.

The Fund's net cash overdraft of £0.064m (30/04/11: holding £0.986m) is held in a floating rate bank account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

(c) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(d) Market price risk and fair value of financial assets and liabilities

The Fund currently invests principally in multi-manager regulated collective investment schemes managed or operated within the Lloyds Banking Group and the Russell Investment Group. The value of these multi-manager regulated collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of multi-manager collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Services Authority COLL sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

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

as at 30 April 2012

(e) *Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

14. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Balanced Portfolio Fund

Distribution Tables

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 May 2011

Group 2 Final Shares purchased between 1 May 2011 and 30 April 2012

Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Final	1.5101	-	1.5101	1.1659
Group 2	(p)	(p)	(p)	(p)
Final	0.7554	0.7547	1.5101	1.1659

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 47.67% of the dividend, together with the tax credit, is received as franked investment income.

Final - 52.33% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Final	3.3039	-	3.3039	2.8259
Group 2	(p)	(p)	(p)	(p)
Final	1.3493	1.9546	3.3039	2.8259

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 24.50% of the dividend, together with the tax credit, is received as franked investment income.

Final - 75.50% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Cash Fund

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

To provide a level of income which is compatible with a high level of capital security through investment in financial instruments in which a non-UCITS retail scheme equivalent to a money market scheme (see Note 1) is authorised to invest.

Note 1: Being a scheme which is dedicated to investment in deposits and debentures which are not transferable securities. This type of scheme may also invest in transferable securities but not more than 5% of the scheme property can be invested in warrants, not more than 10% can be invested in appropriate collective investment schemes and the use of derivatives is restricted to efficient portfolio management.

The Fund will invest in short dated gilts, treasury bills and money market instruments such as bank and building society deposits, local authority bonds, local authority deposits, and certificates of deposit.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
Cash Fund A Accumulation	0.23	0.11	0.06	2.13	4.08	3.47
Short Term Money Market Sector Average Return*	0.44	N/A	N/A	N/A	N/A	N/A
Money Market Sector Average Return*	N/A	0.08	1.08	0.47	3.77	3.05

Source: Lipper for Cash Fund and Sector Average Return. Basis: Mid to Mid, net revenue reinvested and net of expenses. Short Term Money Market Sector - Funds which invest their assets in money market instruments and comply with the definition of a 'Short Term Money Market' Fund set out in the COLL Sourcebook.

* The IMA created two money market sectors, effective from 1 January 2012. As a result the Cash Fund's sector has changed from the Money Market Sector to the Short Term Money Market Sector.

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

The latest data brought official confirmation that the UK economy had, after a valiant struggle, finally succumbed to a long-feared disease: a double-dip recession. Preliminary estimates from the Office of National Statistics showed that the economy shrank by 0.2% in the first three months of this year. Because Gross Domestic Product (GDP) also contracted (by 0.3%) in the final three months of 2011, the UK thereby met the technical definition of a recession – two successive quarters of negative growth.

Concerns about sovereign debt and rating agency Moody's decision to put a number of European banks on negative watch dominated many of the headlines this quarter. But the biggest talking point was the European Central Bank's Long-Term Refinancing Operations (LTRO) in December and end-February. This saw the Bank make around €1 trillion available in cheap three-year loans to struggling lenders. This helped stave off a potentially ruinous credit crunch and gave the financial system some much-needed breathing room.

At the time of writing, political instability had traders on tenterhooks. France appointed a new leader in the form of socialist Francois Hollande. He has vowed to renegotiate the recently agreed euro fiscal pact to make it a "growth pact." Greece, meanwhile, failed to elect a majority government at its elections, with far left anti-austerity parties gaining in popularity. Many now fear Greece will renege on its bail-out agreements, leading to a possible euro exit – a proposition hitherto ruled out by EU leaders – and disorderedly default. This will have ramifications for all of Europe – the UK included.

The LTRO also had a significant impact of cash rates since the turn of the year. The excess liquidity it created meant requirements for short-term funding dropped markedly. Moody's decision also meant that traders were forced to hunt for the best credit available. As for activity, we continued to run the Fund in a conservative manner, concentrating on one- and three-month CDs (certificates of deposit) in higher-rated banks. Selective investments were made up to six months in better-rated names where opportunities allowed. We also maintained a sufficient level of overnight deposits so that we could meet any redemptions without having to become forced sellers. This strategy will be on-going.

Looking ahead, the world's economy is struggling to gain traction and April saw further disappointing data releases. The situation in Europe remains strained, affecting confidence on both sides of the Channel. As for the UK, the country may be in a technical recession but initial estimates of GDP are notoriously prone to revision, while the survey evidence is more encouraging. As such, we think the UK will still show modest economic growth this year.

Authorised Fund Manager's Report

(continued)

As for interest rates (currently at 0.5%), some members of the Bank of England's monetary policy committee are becoming less dovish (economic outlook that generally supports lower interest rates) in the face of persistent above-trend inflation. We continue to expect an upward move in interest rates from the final quarter of next year in response to strengthening economic activity.

Scottish Widows Investment Partnership Limited

May 2012

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

Cash Fund

Portfolio Statement

as at 30 April 2012

	Nominal Values	Market Value £000	Total Net Assets %
SHORT TERM DEPOSITS (105.06%*)		88,000	94.33
ABN AMRO Bank 0.75% 11/06/2012	GBP4,000,000	4,000	4.29
Bank Deutsche Zentrale 0.76% 28/05/2012	GBP4,000,000	4,000	4.29
Bank of Nova Scotia 0.8% 02/08/2012	GBP4,000,000	4,000	4.29
Bank of Tokyo Mitsubishi 0.72% 12/07/2012	GBP4,000,000	4,000	4.29
Barclays Bank 0.7% 27/06/2012	GBP4,000,000	4,000	4.29
BNP Paribas 1.29% 14/05/2012	GBP4,000,000	4,000	4.29
Credit Agricole 0.73% 10/05/2012	GBP4,000,000	4,000	4.29
Credit Suisse First Boston 0.65% 16/07/2012	GBP4,000,000	4,000	4.29
Denmark Norske Bank 0.7% 10/07/2012	GBP4,000,000	4,000	4.29
Deutsche Bank 0.79% 19/07/2012	GBP4,000,000	4,000	4.29
ING Bank 1.06% 06/06/2012	GBP4,000,000	4,000	4.29
Lloyds Banking 1.06% 08/05/2012 †	GBP4,000,000	4,000	4.29
National Australia Bank 1% 08/05/2012	GBP4,000,000	4,000	4.29
National Bank of Abu Dhabi 0.75% 08/05/2012	GBP4,000,000	4,000	4.29
Nationwide Building Society 1.02% 03/05/2012	GBP4,000,000	4,000	4.29
Nordea Bank Finland 0.89% 03/09/2012	GBP4,000,000	4,000	4.29
Oversea-Chinese Banking 0.745% 16/05/2012	GBP4,000,000	4,000	4.29
Rabobank 0.98% 12/09/2012	GBP4,000,000	4,000	4.28
Skandinaviska Enskilda Banken 0.75% 05/07/2012	GBP4,000,000	4,000	4.28
Societe General 0.66% 14/05/2012	GBP4,000,000	4,000	4.28
Standard Chartered Bank 1% 27/06/2012	GBP4,000,000	4,000	4.28
Svenska Handelsbanken 1.2% 13/07/2012	GBP4,000,000	4,000	4.28
Portfolio of investments		88,000	94.33
Net other assets		5,285	5.67
Total net assets		93,285	100.00

* Comparative figures shown in brackets relate to 30 April 2011.

† This investment is a related party and is not quoted on a Listed Securities Market (see note 8).

Cash Fund

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	<u>2,136,348</u>	Total sales for the year	<u>2,156,847</u>
Total purchases		Total sales	
Calyon	552,527	Calyon	552,527
Barclays	466,035	Barclays	475,035
Lloyds Banking †	397,058	Lloyds Banking †	398,058
Dexia	266,859	Dexia	271,859
BNP Paribas	95,368	BNP Paribas	96,368
Credit Agricole	33,000	Credit Agricole	34,000
Bank of Tokyo Mitsubishi	31,000	Bank of Tokyo Mitsubishi	27,000
Societe Generale	25,000	Societe Generale	26,000
Royal Bank of Scotland	21,000	Credit Industriel et Commercial	22,000
Credit Industriel et Commercial	17,000	Royal Bank of Scotland	21,000
Nordea Bank Finland	16,000	Unicredito Italiano	20,000
ING Bank	13,000	Danske Bank	18,000
National Building Society	13,000	Nordea Bank Finland	17,000
Svenska Handelsbanken	13,000	Banco Bilbao Vizcaya Argentaria	15,000
Deutsche Bank	12,000	ING Bank	14,000
Skandinaviska Enskilda Banken	12,000	Nationwide Building Society	14,000
Bank of Nova Scotia	12,000	Skandinaviska Enskilda Banken	13,000
Banco Bilbao Vizcaya Argentaria	10,000	Clydesdale Bank	9,500
Oversea-Chinese Banking	10,000	Oversea-Chinese Banking	9,500
Unicredito Italiano	10,000	Bank of America	9,000
Fortis Bank	9,000	Bank of Tokyo Mitsubishi	9,000
National Bank of Abu Dhabi	8,001	Fortis Bank	9,000
ABN AMRO Bank	8,000	Svenska Handelsbanken	9,000
Barclays Bank	8,000	UBS	9,000
Credit Suisse First Boston	8,000	Credit Suisse First Boston	8,000
Danske Bank	8,000	Deutsche Bank	8,000
Den Norske Bank	8,000	Bank of Nova Scotia	8,000
Rabobank	8,000	Commerzbank	5,000
Commerzbank	5,000	Scotia Bank Europe	5,000
Clydesdale Bank	4,500	ABN AMRO Bank	4,000
Bank of America	4,000	Den Norske Bank	4,000
Bank of Tokyo Mitsubishi	4,000	HSBC Bank	4,000
Credit Suisse	4,000	KBC Bank	4,000
DZ Bank	4,000	National Bank of Abu Dhabi	4,000
HSBC Bank	4,000	Rabobank	4,000
KBC Bank	4,000		
National Australia Bank	4,000		
Standard Chartered Bank	4,000		
UBS	4,000		

† This investment is a related party and is not quoted on a Listed Securities Market (see note 8).

All of the above are the cumulative value of rolling short term deposits.

Cash Fund

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/04/10	122,190,648	68,880,550	177.39	0.61
Accumulation 30/04/11	102,089,115	57,474,650	177.62	0.61
Accumulation 30/04/12	92,380,578	51,885,393	178.05	0.62
Share Class A				
Income 30/04/10	1,576,196	1,576,685	99.97	0.62
Income 30/04/11	1,190,324	1,190,685	99.97	0.61
Income 30/04/12	904,912	905,185	99.97	0.62

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	171.50	164.90	6.5280
Accumulation 2008	177.20	171.60	6.3028
Accumulation 2009	177.40	177.20	0.0667
Accumulation 2010	177.50	177.40	0.1321
Accumulation 2011	177.90	177.50	0.3473
Accumulation 2012*	178.00	177.90	0.2182
Share Class A			
Income 2007	102.00	99.98	3.9476
Income 2008	101.90	99.98	3.6632
Income 2009	100.30	99.94	0.3635
Income 2010	100.00	99.97	0.0751
Income 2011	100.10	99.97	0.1956
Income 2012*	100.10	100.00	0.1224

(†) Distributed for income shares and allocated for accumulation shares.

* To 30 April 2012.

Cash Fund

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Revenue	2	894		874	
Expenses	3	(605)		(694)	
Finance costs: Interest	5	-		-	
Net revenue before taxation		289		180	
Taxation	4	-		-	
Net revenue after taxation			289		180
Total return before distributions			289		180
Finance costs: Distributions	5		(289)		(180)
Change in net assets attributable to shareholders from investment activities			-		-

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		103,279		123,767
Amounts receivable on creation of shares	5,609		2,111	
Less: Amounts payable on cancellation of shares	(15,826)		(22,735)	
		(10,217)		(20,624)
Change in net assets attributable to shareholders from investment activities		-		-
Retained distribution on accumulation shares		223		136
Closing net assets attributable to shareholders		93,285		103,279

Notes to the Financial Statements are on pages 47 to 50.

Cash Fund

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		88,000	108,500
Debtors	6	5,735	4,847
Cash and bank balances		-	10
Total other assets		5,735	4,857
Total assets		93,735	113,357
Liabilities			
Creditors	7	(449)	(10,077)
Distribution payable on income shares		(1)	(1)
Total liabilities		(450)	(10,078)
Net assets attributable to shareholders		93,285	103,279

Notes to the Financial Statements are on pages 47 to 50.

Cash Fund

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Interest on short term deposits	894	874

3. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	491	564
Registration fees	98	112
	<u>589</u>	<u>676</u>
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	9	11
Other expenses:		
Audit fee	7	7
Total expenses	<u>605</u>	<u>694</u>

Expenses include irrecoverable VAT where applicable.

4. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
There is no corporation tax charge in the current year or prior year.		
(b) Factors affecting current tax charge for the year:		
The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:		
Net revenue before taxation	289	180
Corporation tax of 20% (2011: 20%)	58	36
Effects of:		
Tax deductible interest distributions	(58)	(36)
Current tax charge for year	<u>-</u>	<u>-</u>

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

Notes to the Financial Statements

(continued)

as at 30 April 2012

5. Finance costs

Distributions and interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Interim	111	54
Final	114	84
Income tax withheld	58	36
	<hr/> 283	<hr/> 174
Add: Revenue deducted on cancellation of shares	8	6
Deduct: Revenue received on creation of shares	(2)	-
Net distributions for the year	<hr/> 289	<hr/> 180
Interest	-	-
Total finance costs	<hr/> 289	<hr/> 180

Details of the distribution per share is set out in the Distribution Tables on page 51.

6. Debtors

	30/04/12 £000	30/04/11 £000
Sales awaiting settlement	5,607	4,623
Accrued revenue	128	224
Total debtors	<hr/> 5,735	<hr/> 4,847

7. Creditors

	30/04/12 £000	30/04/11 £000
Purchases awaiting settlement	-	10,000
Amounts payable for cancellation of shares	366	-
Accrued expenses	54	55
Income tax payable	29	22
Total creditors	<hr/> 449	<hr/> 10,077

8. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in note 3, with £46,061 (30/04/11: £47,713) due at the year end.

Holdings of Lloyds Banking Group (the ultimate parent company) related investments are disclosed in the Portfolio Statement.

Revenue disclosed in note 2 includes amounts received from Lloyds related investments. The total revenue received amounts to £nil (30/04/11: £nil).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12 %	30/04/11 %
ACD and associates of the ACD	97.38	97.67

as at 30 April 2012

9. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

	%
Share Class A - Accumulation:	0.50
Share Class A - Income:	0.50

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Performance Record on page 44.

The distributions per share class are given in the Distribution Tables on page 51.

All share classes have the same rights on winding up.

10. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

11. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 40. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are all denominated in Sterling. As a result, the Fund does not have any exposure to currency movements.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in short term deposits. The cashflow from these investments is shown in the table below. Given that the Fund's objective is to provide a level of income which is compatible with a high level of capital security, these cashflows are considered to be of primary importance and are actively managed.

The interest rate risk profile of the company's financial assets and liabilities at 30 April was:

	Floating rate financial assets £000	Fixed rate financial assets £000	Fixed rate financial assets weighted average interest rate %	Fixed rate financial assets weighted average period for which rate is fixed Years	Financial assets/ (liabilities) not carrying interest £000	Total £000
Currency						
30/04/12						
Sterling	84,000	-	-	-	9,285	93,285
30/04/11						
Sterling	108,510	-	-	-	(5,231)	103,279

The Fund's net cash holding of £nil (30/04/11: holding £0.01m) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

(c) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(d) Market price risk and fair value of financial assets and liabilities

The Fund holds short term deposits. They are not affected by market movements. The management of the Fund complies with the Financial Services Authority COLL sourcebook 2001, which include rules limiting the size of investment in any particular holding.

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

as at 30 April 2012

(e) *Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

12. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Cash Fund

Distribution Tables

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 November 2011

Group 2 Final Shares purchased between 1 November 2011 and 30 April 2012

Share Class A - Accumulation

	Gross revenue	Income tax	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Final	0.2728	0.0546	0.2182	-	0.2182	0.1439
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Final	0.1750	0.0350	0.1400	0.0782	0.2182	0.1439

Share Class A - Income

	Gross revenue	Income tax	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Final	0.1530	0.0306	0.1224	-	0.1224	0.0812
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Final	0.1209	0.0242	0.0967	0.0257	0.1224	0.0812

Cautious Portfolio Fund

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

To provide income and the prospect of capital growth over the long term by investing mainly in multi-manager regulated collective investment schemes. The Fund will invest primarily in Fixed Income funds (at least 80%) while maintaining a low exposure to Equity funds. These investments will be diversified across a number of geographic areas including the United Kingdom and other international markets.

The Fund will invest mainly in both multi-manager Fixed Income funds and multi-manager Equity funds.

The Fixed Income funds that are selected will aim to provide income and capital growth by investing primarily in investment grade bonds issued from a number of international markets and denominated in a variety of currencies. Non-Sterling fixed income investments may be hedged back to Sterling.

The Equity funds that are selected will aim to provide capital growth by investing primarily in equity securities and will be chosen to provide a broad diversification by country, sector and companies.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
Cautious Portfolio Fund A Accumulation	4.85	3.99	20.27	(7.69)	0.25	2.84
Global Bond Sector Average Return	2.91	2.44	13.65	10.08	7.10	(1.21)

Source: Lipper for Cautious Portfolio Fund and Sector Average Return. Basis: Mid to Mid, net revenue reinvested and net of expenses. Global Bonds Sector - Funds which invest at least 80% of their assets in fixed interest securities. All funds which contain more than 80% fixed interest investment are to be classified under this heading regardless of the fact that they may have more than 80% in a particular geographic sector, unless the geographic area is the UK, when the fund should be classified under the relevant UK (Sterling) heading.

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

In bond markets, government bonds were the key drivers in the latter part of 2011 after risk aversion escalated significantly amid fears that uncoordinated policy responses to Europe's sovereign debt crisis could undermine economic recovery.

In the second quarter, investors began focusing on evidence of a slowdown in the US and Chinese economies as the situation in Europe appeared to ease. Gains continued into a mixed, but positive third quarter which ultimately favoured risk. As risk appetite returned it was again the higher risk (high yield, emerging market debt) sectors that outperformed. The momentum that built upon the upbeat data released in July faltered somewhat in August, but the improved sentiment in September saw investors again chasing greater yields, and taking on more risk, with sales of high yield bonds surging as companies took advantage of investor demand and low refinancing costs.

The first quarter of 2012 saw systemic risk dissipating, market volatility decreasing and credit spreads tightening. The primary catalysts were developments surrounding the European debt crisis, which provided clarity on policy and significantly reduced liquidity risk. First and foremost was the European Central Bank's LTRO (Long-Term Refinancing Operation) programme, which injected €1 trillion worth of liquidity into eurozone banks, eliminating the probability of a Lehman-like event. Near term Greek pressure was alleviated as private borrowers agreed on terms of a principal write-down and the German parliament approved a second bailout of €130 billion.

The events played out over a backdrop of an ongoing trend in global central bank easing (including the US Federal Reserve's forecast to remain on hold into 2014), positive US economic data and somewhat decreasing concerns of a China hard landing (a shift from rapid growth to slow growth or even recession). At the end of the quarter there was some disappointment in EU finance ministers limiting fresh "firewall" funds to €500 billion, as a higher amount would demonstrate deeper EU commitment and potentially compel other countries to donate more to the International Monetary Fund (IMF). April saw a reversal in risk sentiment following the first quarter, as the positive effects from the ECB's LTRO stimulus faded and investors again became anxious, focusing on news flow and fundamentals.

In equity markets, the risk rally resumed over the second half of 2011 however, with investors buoyed by news that the IMF had raised its global growth forecast and second-quarter earnings releases from a number of the world's biggest companies that were well in excess of expectations. Gains were reinforced by more upbeat news from Europe, where the results of a series of stress tests on banks were largely welcomed. The final quarter was positive as a whole. Global equities finally recaptured all of the ground lost in the aftermath of the collapse of Lehman Brothers, as speculation that the recovery was becoming more sustainable saw them reach levels last seen over two years ago. The generally upbeat sentiment was underpinned by a burgeoning US recovery, strong growth in China and speculation that the Federal Reserve's sanctioning of a second round of quantitative easing (increasing the supply of money) would help global growth accelerate.

A very positive third-quarter earnings season and central bank intervention in Europe helped firm up the belief that the threat of a double-dip recession was receding and that a "worst case scenario" had been prevented. This renewed confidence helped investors to shrug off losses in November as the Irish government's request for assistance from the EU again saw the stability of the eurozone called into question.

Authorised Fund Manager's Report

(continued)

Global equities experienced a strong start to 2012 continuing the turnaround that began in the previous quarter and registered strong gains in January and February. Investors reacted increasingly positively to the improved credit conditions in Europe following the European Central Bank's successful Long-Term Refinancing Operations (LTRO). Continued flow of positive news on the US economy, most notably better-than-expected housing and unemployment data, helped lift sentiment. Global equity markets faced divergent forces in April as economic growth indicators nominally weakened, while corporate earnings surpassed consensus expectations.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an on going process with approx 15% of managers being changed in some way each year. Cautious Portfolio is constructed from 13 underlying SWIP and Russell funds. Over the period there have been manager changes within five of these - RIC Continental European Fund, RIC Global Bond Fund, RIC Global Bond Euro Hedge Fund, RIC Sterling Bond Fund, and RIC US Equity Fund.

The Cautious Portfolio is the most conservative portfolio in the Scottish Widows Multi Manager Fund range, with 15% in equities and 85% in Bonds. The Fund returned 4.85% over the year.

Scottish Widows Investment Partnership Limited

May 2012

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

Cautious Portfolio Fund

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (101.13%*)		171,081	97.75
Collective Investment Schemes			
Russell Continental European Equity Fund I Inc	271,813	3,137	1.79
Russell Euro Fixed Income Fund I Inc	2,317,048	31,327	17.90
Russell Global Bond Euro Hedged Fund I Inc	1,968,614	30,179	17.24
Russell Global Bond Fund I Inc	2,453,109	29,683	16.96
Russell Japan Equity Fund I Inc	98,936	1,276	0.73
Russell Pacific Basin Equity Fund I Inc	74,967	1,672	0.96
Russell Sterling Bond Fund I Inc	2,270,785	23,616	13.49
Russell US Bond Fund I Inc	3,014,822	30,540	17.45
Russell US Equity Fund I Inc	744,736	8,721	4.98
Russell US Small Cap Equity Fund I Inc	28,959	469	0.27
SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	3,292,879	4,738	2.71
SWIP Multi-Manager UK Equity Growth Fund B Inc ‡	4,286,977	4,621	2.64
SWIP Multi-Manager UK Equity Income Fund A Acc ‡	774,327	1,102	0.63
DERIVATIVES (-1.18%*)		4,225	2.42
Forward Currency Contracts			
Euro			
Bought EUR1,159,000 for GBP964,752 Settlement 04/05/2012		(22)	(0.01)
Bought EUR1,261,000 for GBP1,057,930 Settlement 04/05/2012		(32)	(0.02)
Bought EUR85,996,400 for GBP70,302,057 Settlement 04/05/2012		(314)	(0.18)
Sold EUR83,931,400 for GBP70,212,813 Settlement 04/05/2012		1,906	1.09
Sold EUR85,996,400 for GBP70,371,714 Settlement 03/08/2012		311	0.18
Sold EUR2,001,000 for GBP1,665,933 Settlement 04/05/2012		37	0.02
Sold EUR1,159,000 for GBP965,497 Settlement 04/05/2012		22	0.01
Sold EUR1,325,000 for GBP1,081,677 Settlement 04/05/2012		3	-
Japanese Yen			
Sold JPY700,215,800 for GBP5,858,027 Settlement 08/05/2012		493	0.28
Sold JPY111,774,000 for GBP886,748 Settlement 08/05/2012		30	0.02
US Dollar			
Bought USD1,578,000 for GBP1,008,705 Settlement 04/05/2012		(40)	(0.02)
Bought USD73,373,400 for GBP45,320,198 Settlement 04/05/2012		(276)	(0.16)
Sold USD71,241,400 for GBP45,489,688 Settlement 04/05/2012		1,755	1.00
Sold USD73,373,400 for GBP45,343,444 Settlement 03/08/2012		275	0.16
Sold USD2,033,000 for GBP1,293,855 Settlement 04/05/2012		46	0.03
Sold USD1,677,000 for GBP1,060,061 Settlement 04/05/2012		31	0.02
Portfolio of investments^		175,306	100.17
Net other liabilities		(302)	(0.17)
Total net assets		175,004	100.00

All holdings are in Collective Investment Schemes.

Forward Currency Contracts are Over the Counter (OTC) derivatives.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 10).

Cautious Portfolio Fund

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	10,070	Total sales for the year	24,830
Total purchases		Total sales	
Russell US Bond Fund I Inc	2,470	Russell US Bond Fund I Inc	5,610
Russell Euro Fixed Income Fund I Inc	1,850	Russell Global Bond Fund I Inc	4,050
Russell US Equity Fund I Inc	1,800	Russell Sterling Bond Fund I Inc	2,875
Russell Continental European Equity Fund I Inc	1,650	Russell US Equity Fund I Inc	2,600
SWIP Multi-Manager UK Equity Growth Fund B Inc ‡	750	Russell Global Bond Euro Hedged Fund I Inc	2,600
SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	650	Russell Euro Fixed Income Fund I Inc	2,300
SWIP Multi-Manager UK Equity Income Fund A Acc ‡	500	Russell Continental European Equity Fund I Inc	1,725
Russell Global Bond Euro Hedged Fund I Inc	200	SWIP Multi-Manager UK Equity Growth Fund B Inc ‡	1,100
Russell Pacific Basin Equity Fund I Inc	100	SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	1,000
Russell Japan Equity Fund I Inc	100	SWIP Multi-Manager UK Equity Income Fund A Acc ‡	590
		Russell Pacific Basin Equity Fund I Inc	200
		Russell Japan Equity Fund I Inc	180

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 10).

Cautious Portfolio Fund

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/04/10	61,489,441	46,249,548	132.95	1.50
Accumulation 30/04/11	58,915,679	42,629,948	138.20	1.50
Accumulation 30/04/12	57,188,722	39,459,948	144.93	1.50
Share Class A				
Income 30/04/10	9,220,796	8,214,739	112.25	1.50
Income 30/04/11	8,564,514	7,470,439	114.65	1.50
Income 30/04/12	7,853,582	6,664,839	117.84	1.50
Share Class X				
Accumulation 30/04/10	134,195,548	95,395,100	140.67	0.60
Accumulation 30/04/11	116,074,528	78,812,039	147.28	0.60
Accumulation 30/04/12	109,961,850	70,682,539	155.57	0.60

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	121.90	117.50	2.9997
Accumulation 2008	122.20	105.90	3.3954
Accumulation 2009	126.50	104.70	3.2632
Accumulation 2010	138.70	126.00	2.5311
Accumulation 2011	140.00	135.30	2.4398
Accumulation 2012*	145.10	139.90	1.5601
Share Class A			
Income 2007	111.00	107.00	2.7366
Income 2008	110.50	92.89	3.0329
Income 2009	108.10	90.99	2.8306
Income 2010	116.60	107.50	2.1448
Income 2011	115.50	111.40	2.0271
Income 2012*	118.60	115.00	1.2785
Share Class X			
Accumulation 2007	126.60	121.70	3.9979
Accumulation 2008	127.10	110.90	4.4364
Accumulation 2009	133.50	109.80	4.2835
Accumulation 2010	147.20	133.10	3.6751
Accumulation 2011	149.80	143.90	3.6498
Accumulation 2012*	155.60	149.80	2.2240

(†) Distributed for income shares and allocated for accumulation shares.

* To 30 April 2012.

Share class X is not published.

Cautious Portfolio Fund

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital gains	2		4,673		3,984
Revenue	3	6,877		6,860	
Expenses	4	(1,506)		(1,478)	
Finance costs: Interest	6	(1)		-	
Net revenue before taxation		5,370		5,382	
Taxation	5	(1,014)		(1,030)	
Net revenue after taxation			4,356		4,352
Total return before distributions			9,029		8,336
Finance costs: Distributions	6		(4,360)		(4,357)
Change in net assets attributable to shareholders from investment activities			4,669		3,979

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		183,555		204,905
Amounts receivable on creation of shares	4,110		4,376	
Less: Amounts payable on cancellation of shares	(21,460)		(33,764)	
		(17,350)		(29,388)
Stamp duty reserve tax		(10)		(31)
Change in net assets attributable to shareholders from investment activities		4,669		3,979
Retained distribution on accumulation shares		4,140		4,089
Unclaimed distributions		-		1
Closing net assets attributable to shareholders		175,004		183,555

Notes to the Financial Statements are on pages 59 to 63.

Cautious Portfolio Fund

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		175,990	187,389
Debtors	8	270	824
Cash and bank balances		236	508
Total other assets		506	1,332
Total assets		176,496	188,721
Liabilities			
Derivative liabilities		(684)	(3,917)
Creditors	9	(765)	(1,211)
Distribution payable on income shares		(43)	(38)
Total other liabilities		(808)	(1,249)
Total liabilities		(1,492)	(5,166)
Net assets attributable to shareholders		175,004	183,555

Notes to the Financial Statements are on pages 59 to 63.

Cautious Portfolio Fund

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital gains

The net capital gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	139	2,454
Forward foreign exchange currency contracts	4,513	1,505
ACD's periodic charge rebate taken to capital	21	25
Net capital gains	4,673	3,984

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	217	213
Unfranked investment income	-	(4)
Offshore distribution taxable	5,308	5,380
Offshore distribution non-taxable	110	41
Bank interest	2	4
ACD's periodic charge rebate	1,240	1,226
Total revenue	6,877	6,860

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	1,506	1,478

Expenses include irrecoverable VAT where applicable.

During the year, the ACD has borne all the fees charged by the depositary, auditors, FSA and the registrar.

Notes to the Financial Statements

(continued)

as at 30 April 2012

5. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Corporation tax	1,013	1,031
Adjustments in respect of prior years	1	-
Total current tax (note 5b)	1,014	1,031
Deferred taxation	-	(1)
Total taxation	1,014	1,030

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:

Net revenue before taxation	5,370	5,382
Corporation tax of 20% (2011: 20%)	1,074	1,076
Effects of:		
UK dividends*	(43)	(43)
Offshore non-taxable revenue	(22)	(8)
Revenue taxable in different periods	-	1
Adjustments in respect of prior years	1	-
Taxable income taken to capital	4	5
Current tax charge for year (note 5a)	1,014	1,031

**As an authorised OEIC these items are not subject to corporation tax.*

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	-	1
Deferred tax credit in profit and loss account for the year (note 5a)	-	(1)
Provision at the end of the year	-	-

6. Finance costs

Distributions and interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
First interim	907	1,101
Second interim	1,105	1,154
Third interim	1,134	977
Final	1,154	1,011
	4,300	4,243
Add: Revenue deducted on cancellation of shares	81	130
Deduct: Revenue received on creation of shares	(21)	(16)
Net distributions for the year	4,360	4,357
Bank interest	1	-
Total finance costs	4,361	4,357

Details of the distributions per share are set out in the Distribution Tables on pages 64 to 66.

Notes to the Financial Statements

(continued)

as at 30 April 2012

7. Movement between net revenue and net distributions

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	4,356	4,352
Tax relief on ACD's periodic charge rebate	4	5
Net distributions for the year	4,360	4,357

8. Debtors

	30/04/12 £000	30/04/11 £000
Sales awaiting settlement	-	672
Amounts receivable for issue of shares	122	-
Accrued revenue	47	31
ACD rebate recoverable	101	101
Income tax recoverable	-	20
Total debtors	270	824

9. Creditors

	30/04/12 £000	30/04/11 £000
Amounts payable for cancellation of shares	126	563
Accrued expenses	121	119
Corporation tax payable	518	529
Total creditors	765	1,211

10. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees net of rebates are disclosed in note 2 and 4, with £121,291 (30/04/11: £118,328) due at the year end.

Holdings of Scottish Widows Investment Partnership (a Lloyds Banking Group company) OEICs are disclosed in the Portfolio Statement.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where SWIP Multi-Manager Funds Limited act as Authorised Corporate Director. The total revenue earned amounts to £216,697 (30/04/11: £208,639).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12 %	30/04/11 %
ACD and associates of the ACD	62.82	63.22

as at 30 April 2012

11. Share classes

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.50
Share Class A - Income:	1.50
Share Class X - Accumulation:	0.60

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Performance Record on page 56.

The distributions per share class are given in the Distribution Tables on pages 64 to 66.

All share classes have the same rights on winding up.

12. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

13. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 52. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Lloyds Banking Group and the Russell Investment Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 30 April the Fund had the following net currency exposure (excluding Sterling):

Currency	Net foreign currency liabilities 30/04/12			Net foreign currency liabilities 30/04/11		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000	£000	£000	£000
Euro	(70,061)	-	(70,061)	(75,151)	-	(75,151)
Japanese yen	(6,221)	-	(6,221)	(6,221)	-	(6,221)
US dollar	(45,069)	-	(45,069)	(47,872)	-	(47,872)
	(121,351)	-	(121,351)	(129,244)	-	(129,244)

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in regulated collective investment schemes managed or operated within the Lloyds Banking Group and from holdings in multi-manager regulated collective investment schemes managed within the Russell Investment Group. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating long term capital growth with a reasonable revenue return.

The Fund's net cash holding of £0.236m (30/04/11: holding £0.508m) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

as at 30 April 2012

(c) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(d) Market price risk and fair value of financial assets and liabilities

The Fund currently invests principally in regulated collective investment schemes managed within the Lloyds Banking Group and the Russell Investment Group. The value of these collective investment schemes funds are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of multi-manager collective investment in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Services Authority COLL sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

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

(e) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

14. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Cautious Portfolio Fund

Distribution Tables

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Third interim Shares purchased prior to 1 November 2011

Final Shares purchased prior to 1 February 2012

Group 2 Third interim Shares purchased between 1 November 2011 and 31 January 2012

Final Shares purchased between 1 February 2012 and 30 April 2012

Share Class A - Accumulation

	Net		Distributions paid to/ payable	Distributions paid to
	revenue	Equalisation	30/06/2012	30/06/2011
Group 1	(p)	(p)	(p)	(p)
Third interim	0.7639	-	0.7639	0.5513
Final	0.7962	-	0.7962	0.6136
Group 2	(p)	(p)	(p)	(p)
Third interim	0.3292	0.4347	0.7639	0.5513
Final	0.1265	0.6697	0.7962	0.6136

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Third interim - 1.54% of the dividend, together with the tax credit, is received as franked investment income.

Third interim - 98.46% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Third interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Final - 9.08% of the dividend, together with the tax credit, is received as franked investment income.

Final - 90.92% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Distribution Tables

(continued)

for the year ended 30 April 2012

Share Class A - Income

	Net revenue	Equalisation	Distributions paid to/ payable 30/06/2012	Distributions paid to 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Third interim	0.6277	-	0.6277	0.4613
Final	0.6508	-	0.6508	0.5111
Group 2	(p)	(p)	(p)	(p)
Third interim	0.1230	0.5047	0.6277	0.4613
Final	0.2211	0.4297	0.6508	0.5111

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Third interim - 1.53% of the dividend, together with the tax credit, is received as franked investment income.

Third interim - 98.47% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Third interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Final - 9.11% of the dividend, together with the tax credit, is received as franked investment income.

Final - 90.89% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Distribution Tables

(continued)

for the year ended 30 April 2012

Share Class X - Accumulation

	Net revenue	Equalisation	Distributions paid to/ payable 30/06/2012	Distributions paid to 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Third interim	1.0964	-	1.0964	0.8546
Final	1.1276	-	1.1276	0.9029
Group 2	(p)	(p)	(p)	(p)
Third interim	0.4083	0.6881	1.0964	0.8546
Final	0.0515	1.0761	1.1276	0.9029

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Third interim - 1.14% of the dividend, together with the tax credit, is received as franked investment income.

Third interim - 98.86% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Third interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Final - 6.93% of the dividend, together with the tax credit, is received as franked investment income.

Final - 93.07% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Dynamic Income Portfolio

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

To provide a high level of income whilst providing the potential for capital growth over the medium to long term by investing in regulated collective investment schemes managed mainly within the Lloyds Banking Group. The Fund will invest in a combination of primarily UK Equity and Fixed Interest funds.

The Fund will invest in Fixed Interest funds and Equity funds managed mainly within the Lloyds Banking Group. An Equity fund may be selected if it has the aim of providing above average levels of income and/or capital growth. The Equity funds selected will invest primarily in equities which have a broad diversification by country, sector and company. A Fixed Interest fund may be selected if it has the aim of providing high levels of income. The Fixed Interest funds selected will invest primarily in government and corporate bonds issued from a number of international markets and denominated in a variety of currencies. The Fund may also invest in other regulated collective investment schemes that are consistent with the Fund's objectives at the discretion of the ACD. Non-Sterling fixed interest investments may be hedged back to Sterling.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
Dynamic Income Portfolio A Accumulation	2.14	6.78	24.72	(14.05)	(1.07)	3.40

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

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

The main part of the portfolio is invested in bonds but it also has exposure to equity markets. The past year has been a period of mixed fortunes for corporate bonds. In the first part of the reporting period, strong results and falling debt levels helped drive prices higher and yields lower. But as 2011 progressed, fears about Europe's troubled economies resulted in a sharp widening of the spread between the yields provided by government and corporate bonds. The New Year brought a strong rally; the Long-Term Refinancing Operations (LTROs) effectively put a floor under the prices of financial sector corporate bonds, and banks used borrowed money to restructure their capital positions through buying back debt.

While the performance of government bonds has varied across the globe over the last twelve months, most of the major markets, including the UK, have benefited from their perceived "safe-haven" status during these times of economic uncertainty.

Bonds issued by some of the troubled countries on Europe's periphery have done poorly in comparison. Bond yields in Spain and Italy rose alarmingly as their budgetary troubles came under the spotlight. European Central Bank intervention, in the shape of two LTROs helped to stem the rising trend. The LTROs have involved lending money cheaply to liquidity-strapped commercial banks, and much has been reinvested in short-dated peripheral bonds.

The UK stock market fell as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The FTSE All-Share Index fell by 2.1% in total return terms. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better.

Meanwhile, European equities were dominated by the sovereign debt crisis. The eurozone economy remains sluggish with many periphery nations in recession. Markets were extremely volatile, and the FTSE Europe ex-UK Index was down more than 10% in local currency, total return terms. In contrast, a rally in the US in early 2012 meant that the S&P 500 Index made strong gains.

Although we had increased exposure to government bonds in the early summer of 2011, we reversed this decision in August. The proceeds from these sales were invested in UK equities, which had fallen to levels which we felt represented much better value. Profits were taken on this position in October and November, but the rally in UK equities continued into January, meaning the Fund lost out on some performance relative to benchmark.

Looking ahead, fundamental value in government bonds remains poor – particularly in the UK and the US. We continue to anticipate a clear increase in 10-year government bond yields and a fall in prices in the US, Germany and UK over the next 12 months. Turning to corporate bonds, while early 2012 brought a high volume of new issues, investors appear to have become more cautious, and we may be close to reaching saturation point. The rally may have further to run, but there are significant risks – from Europe and elsewhere.

Authorised Fund Manager's Report

(continued)

Equity investors have two main worries: Europe and China. In Europe, the focus has shifted from the immediate threat of a financial crisis and onto a lack of economic growth. Given the single currency zone is the UK's largest export market, this represents a real challenge to UK plc. Fears are also growing that the economic climate in China has changed for the worse. A slowdown would have repercussions for global equity markets.

Scottish Widows Investment Partnership Limited

May 2012

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

Dynamic Income Portfolio

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (99.38%*)		504,893	99.15
Collective Investment Schemes			
Scottish Widows Corporate Bond Fund A Inc †	46,801,532	51,528	10.12
Scottish Widows Gilt Fund A Inc †	25,406,299	46,062	9.05
Scottish Widows Global Growth Fund A Acc †	61,073,456	51,228	10.06
Scottish Widows International Bond Fund A Inc †	19,479,424	24,447	4.80
Scottish Widows UK Equity Income Fund A Inc †	8,423,793	53,323	10.47
Scottish Widows UK Growth Fund A Acc †	28,309,865	34,849	6.84
Scottish Widows UK Growth Fund C Inc †	14,316,596	14,818	2.91
Scottish Widows UK Index-Linked Tracker Fund I Inc †	27,232,636	50,516	9.92
Scottish Widows UK Select Growth Fund A Acc †	1,409,440	21,945	4.31
SWIP Corporate Bond Plus Fund A Inc ‡	52,437,307	50,670	9.95
SWIP Defensive Gilt Fund A Inc ‡	21,955,259	25,424	4.99
SWIP European Corporate Bond Fund A Inc ‡	13,215,005	16,149	3.17
SWIP European Corporate Bond Fund B Inc ‡	6,998,297	8,517	1.67
SWIP High Yield Bond Fund A Inc ‡	58,897,500	55,417	10.89
DERIVATIVES (-0.26%*)		521	0.11
Forward Currency Contracts			
Euro			
Bought EUR7,012,000 for GBP5,834,545 Settlement 22/06/2012		(125)	(0.02)
Bought EUR39,357,329 for GBP32,174,616 Settlement 04/05/2012		(144)	(0.03)
Sold EUR39,357,329 for GBP32,944,839 Settlement 04/05/2012		914	0.18
Sold EUR39,357,329 for GBP32,206,496 Settlement 03/08/2012		142	0.03
Sold EUR6,280,000 for GBP5,237,080 Settlement 22/06/2012		123	0.02
US Dollar			
Bought USD19,288,477 for GBP11,913,821 Settlement 04/05/2012		(72)	(0.01)
Sold USD19,288,477 for GBP12,317,271 Settlement 04/05/2012		476	0.09
Sold USD19,288,477 for GBP11,919,932 Settlement 03/08/2012		72	0.02
Futures Contracts			
EURO STOXX 50 Index Futures June 2012	280	(524)	(0.10)
FTSE 100 Index Futures June 2012	(45)	70	0.01
MSCI Emerging Market Futures June 2012	202	(204)	(0.04)
S&P 500 E Mini Index Futures June 2012	(121)	(118)	(0.02)
TOPIX Index Futures June 2012	36	(61)	(0.01)
UK Long Gilt Bond Futures June 2012	(43)	(28)	(0.01)
Portfolio of investments^		505,414	99.26
Net other assets		3,743	0.74
Total net assets		509,157	100.00

All holdings are in Collective Investment Schemes.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

† This investment is a related party (see note 11).

Dynamic Income Portfolio

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	<u>166,979</u>	Total sales for the year	<u>203,113</u>
Major purchases		Major sales	
UK Long Gilt Bond Futures September 2011	20,287	UK Long Gilt Bond Futures September 2011	20,286
UK Long Gilt Bond Futures December 2011	18,668	UK Long Gilt Bond Futures December 2011	18,667
Scottish Widows UK Equity Income Fund A Inc †	9,400	Scottish Widows Gilt Fund A Inc †	13,500
EURO STOXX 50 Index Futures September 2011	8,524	Scottish Widows UK Index-Linked Tracker Fund I Inc †	11,200
EURO STOXX 50 Index Futures March 2012	7,762	EURO STOXX 50 Index Futures March 2012	8,567
UK Long Gilt Bond Futures March 2012	7,457	EURO STOXX 50 Index Futures December 2011	7,793
EURO STOXX 50 Index Futures December 2011	6,952	UK Long Gilt Bond Futures March 2012	7,457
S&P 500 E Mini Index Futures September 2011	6,021	EURO STOXX 50 Index Futures September 2011	6,999
EURO STOXX 50 Index Futures June 2012	5,861	Scottish Widows UK Growth Fund C Inc †	6,700
MSCI Emerging Market Futures June 2012	5,348	SWIP Corporate Bond Plus Fund A Inc †	6,600
TOPIX Index Futures September 2011	5,268	S&P 500 E Mini Index Futures September 2011	6,281
MSCI Emerging Market Futures March 2012	5,247	Scottish Widows UK Equity Income Fund A Inc †	6,200
TOPIX Index Futures March 2012	5,195	MSCI Emerging Market Futures March 2012	5,331
UK Long Gilt Bond Futures June 2011	5,117	TOPIX Index Futures March 2012	5,315
TOPIX Index Futures December 2011	5,113	S&P 500 E Mini Index Futures June 2012	5,273
S&P 500 E Mini Index Futures March 2012	5,052	FTSE 100 Index Futures December 2011	5,222
FTSE 100 Index Futures December 2011	4,965	TOPIX Index Futures December 2011	5,207
S&P 500 E Mini Index Futures December 2011	4,734	TOPIX Index Futures September 2011	5,165
Scottish Widows UK Growth Fund A Acc †	4,500	S&P 500 E Mini Index Futures March 2012	5,052
SWIP High Yield Bond Fund A Inc †	3,400	Scottish Widows Corporate Bond Fund A Inc †	5,000

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

† This investment is a related party and is not quoted on a Listed Securities Market (see note 11).

Dynamic Income Portfolio

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/04/10	399,802,687	253,276,217	157.85	1.40
Accumulation 30/04/11	414,528,343	245,919,717	168.56	1.39
Accumulation 30/04/12	391,563,963	227,342,317	172.24	1.40
Share Class A				
Income 30/04/10	59,140,189	68,788,890	85.97	1.40
Income 30/04/11	57,149,258	63,472,290	90.04	1.39
Income 30/04/12	52,138,651	57,771,290	90.25	1.40
Share Class B				
Accumulation 30/04/10	3,416,174	2,157,109	158.37	1.40
Accumulation 30/04/11	3,324,464	1,965,809	169.11	1.39
Accumulation 30/04/12	3,004,299	1,738,609	172.80	1.40
Share Class B				
Income 30/04/10	70,302,243	81,771,256	85.97	1.40
Income 30/04/11	67,621,181	75,102,056	90.04	1.39
Income 30/04/12	62,450,306	69,196,266	90.25	1.40

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(t) per share (p)
Share Class A			
Accumulation 2007	151.10	144.60	3.5804
Accumulation 2008	150.40	119.90	4.0358
Accumulation 2009	151.80	118.00	3.9476
Accumulation 2010	164.50	150.00	3.3278
Accumulation 2011	170.30	158.30	3.2144
Accumulation 2012*	174.60	167.40	1.7833
Share Class A			
Income 2007	90.00	85.29	2.1608
Income 2008	88.02	68.72	2.3364
Income 2009	83.75	66.52	2.2218
Income 2010	88.98	82.29	1.8183
Income 2011	90.96	84.26	1.7227
Income 2012*	92.12	88.63	0.9416
Share Class B			
Accumulation 2007	151.60	145.10	3.6931
Accumulation 2008	150.90	120.30	4.0478
Accumulation 2009	152.30	118.40	3.9658
Accumulation 2010	165.10	150.50	3.3321
Accumulation 2011	170.80	158.80	3.2245
Accumulation 2012*	175.20	167.90	1.7887
Share Class B			
Income 2007	90.00	85.29	2.1894
Income 2008	88.01	68.72	2.3361
Income 2009	83.75	66.52	2.2220
Income 2010	88.98	82.29	1.8182
Income 2011	90.96	84.27	1.7228
Income 2012*	92.12	88.63	0.9418

(t) Distributed for income shares and allocated for accumulation shares.

* To 30 April 2012.

Dynamic Income Portfolio

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital gains	2		717		25,315
Revenue	3	13,963		14,700	
Expenses	4	(1,609)		(1,684)	
Finance costs: Interest	6	(7)		(3)	
Net revenue before taxation		12,347		13,013	
Taxation	5	-		14	
Net revenue after taxation			12,347		13,027
Total return before distributions			13,064		38,342
Finance costs: Distributions	6		(12,477)		(13,160)
Change in net assets attributable to shareholders from investment activities			587		25,182

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		542,623		532,661
Amounts receivable on creation of shares	3,820		13,518	
Less: Amounts payable on cancellation of shares	(45,435)		(36,540)	
		(41,615)		(23,022)
Stamp duty reserve tax		(76)		(236)
Change in net assets attributable to shareholders from investment activities		587		25,182
Retained distribution on accumulation shares		7,623		8,010
Unclaimed distributions		15		28
Closing net assets attributable to shareholders		509,157		542,623

Notes to the Financial Statements are on pages 74 to 78.

Dynamic Income Portfolio

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		506,690	539,999
Debtors	8	3,112	4,043
Cash and bank balances	9	2,280	2,380
Total other assets		5,392	6,423
Total assets		512,082	546,422
Liabilities			
Derivative liabilities		(1,276)	(2,128)
Creditors	10	(817)	(849)
Bank overdrafts		(67)	-
Distribution payable on income shares		(765)	(822)
Total other liabilities		(1,649)	(1,671)
Total liabilities		(2,925)	(3,799)
Net assets attributable to shareholders		509,157	542,623

Notes to the Financial Statements are on pages 74 to 78.

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital gains

The net capital gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	(448)	24,963
Future contracts	(2,106)	(214)
Forward foreign exchange currency contracts	2,735	(99)
Currency losses	(114)	-
Handling charges	(1)	(2)
ACD's periodic charge rebate taken to capital	651	667
Net capital gains	717	25,315

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	3,611	3,253
Interest distributions	10,339	11,427
Bank interest	13	16
HM Revenue and Customs interest	-	4
Total revenue	13,963	14,700

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	1,539	1,612
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	47	50
Safe custody fees	13	13
	60	63
Other expenses:		
Audit fee	10	9
Total expenses	1,609	1,684

Expenses include irrecoverable VAT where applicable.

Notes to the Financial Statements

(continued)

as at 30 April 2012

5. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Adjustments in respect of prior years	-	(14)
(b) Factors affecting current tax charge for the year:		
The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:		
Net revenue before taxation	12,347	13,013
Corporation tax of 20% (2011: 20%)	2,469	2,603
Effects of:		
UK dividends*	(722)	(651)
Movement in excess management expenses	(104)	(104)
Tax deductible interest distributions	(1,773)	(1,981)
Adjustments in respect of prior years	-	(14)
Taxable income taken to capital	130	133
Current tax charge for year (note 5a)	-	(14)

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) **Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

(d) **Factors that may affect future tax charges:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,754,552 (30/04/11: £2,858,751) relating to surplus management expenses. No deferred tax asset was recognised in the current or prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

6. Finance costs

Distributions and interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
First interim	1,767	1,960
Second interim	2,789	2,815
Third interim	1,938	2,118
Final	3,381	3,557
Income tax withheld	2,495	2,632
	12,370	13,082
Add: Revenue deducted on cancellation of shares	115	102
Deduct: Revenue received on creation of shares	(8)	(24)
Net distributions for the year	12,477	13,160
Bank interest	7	3
Total finance costs	12,484	13,163

Details of the distributions per share are set out in the Distribution Tables on page 79.

Notes to the Financial Statements

(continued)

as at 30 April 2012

7. Movement between net revenue and net distributions

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	12,347	13,027
Tax relief on ACD's periodic charge rebate	130	133
Net distributions for the year	12,477	13,160

8. Debtors

	30/04/12 £000	30/04/11 £000
Sales awaiting settlement	53	800
Amounts receivable for issue of shares	-	29
Accrued revenue	2,826	3,032
Income tax recoverable	233	182
Total debtors	3,112	4,043

9. Cash and bank balances

	30/04/12 £000	30/04/11 £000
Cash and bank balances	5	1,543
Amounts held at futures clearing houses and brokers	2,275	837
Total cash and bank balances	2,280	2,380

10. Creditors

	30/04/12 £000	30/04/11 £000
Amounts payable for cancellation of shares	732	761
Accrued expenses	85	88
Total creditors	817	849

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees net of rebates are disclosed in note 2 and 4, with £67,571 (30/04/11: £70,708) due at the year end.

Holdings of Scottish Widows Investment Partnership (a Lloyds Banking Group company) OEICs are disclosed in the Portfolio Statement.

Holdings of other Scottish Widows Unit Trust Managers OEICs are disclosed in the Portfolio Statement.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where Scottish Widows Unit Trust Managers Limited act as Authorised Corporate Director and Registrar or Scottish Widows Investment Partnership Limited act as Authorised Corporate Director. The total revenue earned amounts to £13,949,411 (30/04/11: £14,679,730).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12 %	30/04/11 %
ACD and associates of the ACD	-	-

as at 30 April 2012

12. Share classes

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.25
Share Class A - Income:	1.25
Share Class B - Accumulation:	1.25
Share Class B - Income:	1.25

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Performance Record on page 71.

The distributions per share class are given in the Distribution Tables on page 79.

All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

14. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 67. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are invested in regulated collective investment schemes managed within the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 30 April the Fund had the following net currency exposure (excluding Sterling):

Currency	Net foreign currency liabilities 30/04/12			Net foreign currency liabilities 30/04/11		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000	£000	£000	£000
Euro	(31,987)	-	(31,987)	(36,432)	-	(36,432)
Japanese yen	(61)	-	(61)	(253)	-	(253)
US dollar	(12,169)	-	(12,169)	(13,120)	-	(13,120)
	<u>(44,217)</u>	<u>-</u>	<u>(44,217)</u>	<u>(49,805)</u>	<u>-</u>	<u>(49,805)</u>

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in regulated collective investment schemes managed within the Lloyds Banking Group. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating a high level of income, whilst providing the potential for capital growth.

The Fund's net cash overdraft of £0.062m (30/04/11: holding £1.543m) is held in a floating rate bank account whose rate is determined by reference to rates supplied by the Depositary.

The Fund holds net cash at futures brokers of £2.275m (30/04/11: cash £0.837m), whose rates are determined by reference to rates supplied by the broker.

The Fund did not have any long term financial liabilities.

as at 30 April 2012

(c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, given the level and nature of the derivatives held, it is not deemed to have sophisticated derivative holdings requiring further sensitivity analysis or value at risk disclosure. As such no additional disclosure has been shown.

(d) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes funds are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset in these schemes or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Services Authority COLL sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

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

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

15. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Dynamic Income Portfolio

Distribution Tables

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Third interim Shares purchased prior to 1 November 2011

Final Shares purchased prior to 1 February 2012

Group 2 Third interim Shares purchased between 1 November 2011 and 31 January 2012

Final Shares purchased between 1 February 2012 and 30 April 2012

Share Class A - Accumulation

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid to/ payable 30/06/2012	Distributions paid to 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.8018	0.1604	0.6414	-	0.6414	0.6436
Final	1.4274	0.2855	1.1419	-	1.1419	1.1033
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.3948	0.0790	0.3158	0.3256	0.6414	0.6436
Final	0.5483	0.1097	0.4386	0.7033	1.1419	1.1033

Share Class A - Income

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid to/ payable 30/06/2012	Distributions paid to 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.4245	0.0849	0.3396	-	0.3396	0.3473
Final	0.7525	0.1505	0.6020	-	0.6020	0.5932
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.2359	0.0472	0.1887	0.1509	0.3396	0.3473
Final	0.2641	0.0528	0.2113	0.3907	0.6020	0.5932

Share Class B - Accumulation

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid to/ payable 30/06/2012	Distributions paid to 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.8041	0.1608	0.6433	-	0.6433	0.6457
Final	1.4318	0.2864	1.1454	-	1.1454	1.1068
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.8008	0.1602	0.6406	0.0027	0.6433	0.6457
Final	1.4088	0.2818	1.1270	0.0184	1.1454	1.1068

Share Class B - Income

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid to/ payable 30/06/2012	Distributions paid to 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.4245	0.0849	0.3396	-	0.3396	0.3474
Final	0.7528	0.1506	0.6022	-	0.6022	0.5932
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.2491	0.0498	0.1993	0.1403	0.3396	0.3474
Final	0.3524	0.0705	0.2819	0.3203	0.6022	0.5932

International Equity Tracker Fund

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

To provide a total return based on the performance of a number of underlying international equity indices (as determined by the ACD from time to time), in proportions determined by reference to the country and regional weightings contained in the "Pooled with Property" benchmark published by Combined Actuarial Performance Services (or such other published benchmark as the ACD considers appropriate from time to time) by investing in a portfolio primarily consisting of derivative instruments.

The Fund will invest in a portfolio of investments in which a non-UCITS retail scheme equivalent to a futures and options scheme (see Note below) is authorised to invest. The Fund will normally invest in a combination of derivatives such as financial futures, currency forwards, warrants and other financial instruments (when permitted), cash or near cash instruments (including those in foreign currencies) and some other investments (particularly equities and units in other collective investment schemes). Various sampling techniques will be used to track the underlying country and regional equity markets. It is intended that the majority of derivatives used will be exchange traded but there may also be off-exchange derivatives to cover areas where there are no exchange derivatives. The ACD aims to run all positions on a fully covered basis but there may be periods when a proportion is uncovered (in accordance with the FSA Rules). The types of assets which will underlie the derivatives contracts will be cash, near cash and transferable securities.

Note: Being a scheme which is dedicated to investment in derivatives (where most of all of the transactions in derivatives are fully covered by cash, securities or derivatives) but which may also invest in transferable securities.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
International Equity Tracker Fund I Accumulation	(6.50)	7.39	32.60	(21.72)	0.43	5.95
Global Growth Sector Average Return	(5.59)	8.11	32.45	(21.36)	(1.46)	5.96
International Equity Customised Benchmark	(6.49)	9.94	35.52	(19.51)	4.03	7.90

Source: Lipper for International Equity Tracker Fund and Sector Average Return. Basis: Mid to Mid, net revenue reinvested and net of expenses. Global Sector - Funds which invest at least 80% of their assets globally in equities. Funds must be diversified by geographic region.

The International Equity Customised Benchmark is calculated internally using combined Actuarial Performance Services (CAPS) weightings and index returns sourced from Datastream.

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

Global equity markets were somewhat volatile over the last 12 months. The Scottish Widows International Equity Tracker Fund fell 6.50% over the period; this compares to a benchmark fall of 6.49%.

For much of the period under review, the European sovereign debt crisis dominated sentiment. Some progress was made in recent months, however. A new fiscal accord was approved, with 26 countries – the UK exercised its veto – agreeing to harmonize fiscal policies by putting caps on government debt and deficits. And the European Central Bank introduced a Long-Term Refinancing Operation (LTRO). This highly unconventional policy saw the Bank lend around €1 trillion in cheap (1%) three-year loans to Europe's struggling banks. Its impact has been

Elsewhere, the US economy has shown signs of returning to life in recent months. Traders were emboldened by February's labour market report, which showed the US economy continued to add jobs at a fair rate. The all-important non-farm payroll figure hit an above-forecast 227,000 for the month, while the numbers for December and January were also upgraded. Ben Bernanke, the chairman of the Federal Reserve, struck a more cautious note on the apparent revival of the US labour market. He stated that the recent fall in unemployment would prove short-lived if the economy failed to gain momentum.

Japanese equity markets were volatile over the reporting period, as the country attempted to recover from last year's earthquake and tsunami. Although equities rallied slightly in the early months of 2012, the Topix Index was down 3.4% in yen, total return terms over the 12 months. As ever, the yen's manoeuvres against foreign currencies – particularly the US dollar – were keenly observed by investors. Japan has an export-led economy and the share prices of companies who sell goods abroad are heavily influenced by exchange rates, with a stronger yen putting off overseas buyers.

Finally, Asia Pacific's equity markets lost ground over the 12 months. In China, inflation hit a three-year high last July. This prompted the Chinese central bank to raise interest rates repeatedly and to increase the reserve ratio for banks. It also prompted fears of a hard landing (a shift from rapid growth to slow growth or even recession) for the Chinese economy. Later, the monetary authority began to ease bank reserve requirements, and appeared to be more concerned over falling growth rates than higher inflation. Growth fears resurfaced in the final months of the reporting period, following some particularly uninspiring economic data. This caused Hong Kong-based equities to drop. In Australia, a recent statement from the country's central bank said it believed there was currently no "deep downturn" in the world economy, despite below-average growth.

Authorised Fund Manager's Report

(continued)

After making a strong start to 2012, it would not be a surprise to see equity markets consolidating their gains in the near term. Economic data and corporate profits have offered positive surprises in the US, and in Europe the equity risk premium fell as the LTRO helped to avert the crisis in short-term funding for governments.

While we maintain a constructive view of the US, risks to growth in Europe remain because banks are prioritising lending to the public sector over loans to private businesses. Weak demand in Europe (and a related contraction in private sector credit) is also affecting conditions in Asia. Growth is slowing in China – both in the export sector and in the domestic housing market – but a concerted easing in policy may be some time off, due to changes in the political leadership and lingering inflationary pressures.

Scottish Widows Investment Partnership Limited

May 2012

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

International Equity Tracker Fund

Portfolio Statement

as at 30 April 2012

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
FINANCIALS (5.75%*)		76,024	8.82
Collective Investment Schemes			
SWIP Emerging Markets Fund A Acc ‡	18,386,265	52,162	6.05
Non-Equity Investment Instruments			
iShares MSCI Emerging Markets Index Fund	920,000	23,862	2.77
SHORT TERM DEPOSITS (90.30%*)		681,001	79.04
ABN AMRO Bank 0.75% 11/06/2012	GBP30,000,000	30,000	3.48
Bank of Nova Scotia 0.8% 02/08/2012	GBP35,000,000	35,000	4.06
Bank of Tokyo Mitsubishi 0.72% 12/07/2012	GBP35,000,000	35,000	4.06
Barclays Bank 1.055% 14/05/2012	GBP35,000,000	35,000	4.06
BNP Paribas 1.29% 14/05/2012	GBP35,000,000	35,000	4.06
Credit Agricole 0.73% 10/05/2012	GBP35,000,000	35,000	4.06
Credit Suisse First Boston 0.65% 16/07/2012	GBP20,000,000	20,000	2.32
Den Norske Bank 0.7% 10/07/2012	GBP35,000,000	35,000	4.07
Deutsche Bank 0.79% 19/07/2012	GBP20,000,000	20,000	2.32
DZ Bank 0.76% 28/05/2012	GBP20,000,000	20,000	2.32
ING Bank 1.06% 06/06/2012	GBP20,000,000	20,000	2.32
ING Bank 0.8% 11/06/2012	GBP15,000,000	15,000	1.74
Lloyds Banking 1.06% 08/05/2012 †	GBP35,000,000	35,000	4.06
National Australia Bank 1% 08/05/2012	GBP21,000,000	21,000	2.44
National Australia Bank 0.81% 23/08/2012	GBP17,000,000	17,000	1.98
National Bank of Abu Dhabi 0.75% 08/05/2012	GBP25,000,000	25,001	2.90
Nationwide Building Society 1.02% 03/05/2012	GBP11,000,000	11,000	1.29
Nationwide Building Society 0.95% 26/07/2012	GBP22,000,000	22,000	2.56
Nordea Bank Finland 0.89% 03/09/2012	GBP10,000,000	10,000	1.16
Oversea-Chinese Banking 0.745% 16/05/2012	GBP35,000,000	35,000	4.06
Rabobank 0.98% 12/09/2012	GBP35,000,000	35,000	4.06
Skandinaviska Enskilda Banken 0.75% 05/07/2012	GBP35,000,000	35,000	4.06
Societe Generale 0.66% 14/05/2012	GBP30,000,000	30,000	3.48
Standard Chartered Bank 1% 27/06/2012	GBP35,000,000	35,000	4.06
Svenska Handelsbanken 1.2% 13/07/2012	GBP35,000,000	35,000	4.06
DERIVATIVES (1.86%*)		(21,759)	(2.52)
Forward Currency Contracts			
Australian Dollar			
Bought AUD4,020,000 for GBP2,586,352 Settlement 05/07/2012		(23)	-
Bought AUD108,060,000 for GBP69,602,071 Settlement 05/07/2012		(704)	(0.08)
Euro			
Bought EUR21,060,000 for GBP17,400,825 Settlement 05/07/2012		(250)	(0.03)
Bought EUR172,220,000 for GBP143,711,562 Settlement 05/07/2012		(3,460)	(0.40)
Hong Kong Dollar			
Bought HKD556,660,000 for GBP44,832,558 Settlement 05/07/2012		(759)	(0.09)
Bought HKD170,000 for GBP13,817 Settlement 05/07/2012		-	-
Japanese Yen			
Bought JPY11,073,290,000 for GBP84,450,541 Settlement 05/07/2012		462	0.05
Bought JPY1,554,040,000 for GBP12,086,576 Settlement 05/07/2012		(170)	(0.02)
Swedish Krona			
Bought SEK16,790,000 for GBP1,557,804 Settlement 05/07/2012		(26)	-
Bought SEK432,850,000 for GBP40,726,174 Settlement 05/07/2012		(1,243)	(0.14)

International Equity Tracker Fund

Portfolio Statement

(continued)

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
Swiss Franc			
Bought CHF4,710,000 for GBP3,241,083 Settlement 05/07/2012		(47)	(0.01)
Bought CHF53,650,000 for GBP37,181,677 Settlement 05/07/2012		(800)	(0.09)
US Dollar			
Bought USD40,890,000 for GBP25,810,760 Settlement 05/07/2012		(699)	(0.08)
Bought USD499,780,000 for GBP312,362,500 Settlement 05/07/2012		(5,435)	(0.63)
Futures Contracts			
ASX SPI 200 Index Futures June 2012	1,063	1,591	0.18
EURO STOXX 50 Index Futures June 2012	7,855	(14,925)	(1.73)
Hang Seng Index Futures May 2012	542	753	0.09
MSCI Taiwan Index Futures May 2012	2,393	(491)	(0.06)
OMX 30 Index Futures May 2012	4,180	240	0.03
S&P 500 Index Futures June 2012	1,415	6,873	0.80
Swiss Market Index Futures June 2012	980	97	0.01
TOPIX Index Futures June 2012	1,561	(2,743)	(0.32)
Portfolio of investments[^]		735,266	85.34
Net other assets		126,311	14.66
Total net assets		861,577	100.00

All holdings are short terms deposit and Collective Investment Schemes.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

* Comparative figures shown in brackets relate to 30 April 2011.

[^] Including derivative liabilities.

[‡] Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

[†] This investment is a related party and is not quoted on a Listed Securities Market (see note 11).

International Equity Tracker Fund

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	28,549,606	Total sales for the year	28,691,696
Major purchases		Major sales	
Calyon #	6,220,452	Calyon #	6,220,452
Barclays Bank #	5,725,721	Barclays Bank #	5,725,736
Lloyds Banking # †	4,823,901	Lloyds Banking # †	4,823,901
Dexia #	3,699,720	Dexia #	3,734,720
BNP Paribas #	1,004,644	BNP Paribas #	1,004,644
S&P 500 Index Futures June 2012	308,340	S&P 500 Index Futures March 12	316,764
S&P 500 Index Futures September 2011	292,459	S&P 500 Index Futures December 12	301,714
S&P 500 Index Futures March 2012	291,386	S&P 500 Index Futures June 2011	290,461
S&P 500 Index Futures December 2012	276,300	S&P 500 Index Futures September 2011	278,558
Credit Agricole #	250,000	Credit Agricole #	250,000
Bank of Tokyo Mitsubishi #	230,000	Bank of Tokyo Mitsubishi #	230,000
EURO STOXX 50 Index Futures September 2011	216,085	Societe Generale #	210,000
Societe Generale #	205,000	EURO STOXX 50 Index Futures June 2011	196,910
EURO STOXX 50 Index Futures December 2011	166,585	EURO STOXX 50 Index Futures December 2011	186,016
EURO STOXX 50 Index Futures June 2012	164,662	Den Norske Bank #	180,000
EURO STOXX 50 Index Futures March 2012	149,349	EURO STOXX 50 Index Futures March 2012	168,330
Bank of Scotland # †	149,000	EURO STOXX 50 Index Futures September 2011	155,687
ING Bank #	139,000	Bank of Scotland # †	149,000
Nationwide Building Society #	121,000	Credit Industriel et Commercial #	145,000
Credit Industriel et Commercial #	110,000	Unicredito Italiano #	140,000
Bank of Nova Scotia #	105,000	ING Bank #	139,000
Svenska Handelsbanken #	105,000	Nationwide Building Society #	123,000
TOPIX Index Futures June 2012	99,974	Danske Bank #	115,000
Deutsche Bank #	95,000	Nordea Bank Finland #	100,001
TOPIX Index Futures March 2012	92,533	TOPIX Index Futures March 2012	97,923
TOPIX Index Futures September 2011	92,153	TOPIX Index Futures December 2011	92,739
TOPIX Index Futures December 2011	91,028	TOPIX Index Futures June 2011	92,197
Credit Suisse First Boston #	90,000	TOPIX Index Futures September 2011	91,408
Skandinaviska Enskilda Banken #	84,000	Skandinaviska Enskilda Banken #	84,000
ASX SPI 200 Index Futures June 2012	76,705	Clydesdale Bank #	80,000
Oversea-Chinese Banking #	75,000	ASX SPI 200 Index Futures June 2011	77,933
Nordea Bank Finland #	75,000	ASX SPI 200 Index Futures March 2012	76,116
Hang Seng Index Futures June 2011	73,235	Banco Bilbao Vizcaya Argentari #	75,000
Hang Seng Index Futures July 2011	72,773	Oversea-Chinese Banking #	74,000
Hang Seng Index Futures August 2011	71,404	Hang Seng Index Futures June 2011	72,750
ASX SPI 200 Index Futures March 2012	71,316	ASX SPI 200 Index Futures December 2011	71,569
Den Norske Bank #	70,000	Hang Seng Index Futures July 2011	71,529
Rabobank #	70,000	Hang Seng Index Futures May 2011	71,426
Unicredito Italiano #	70,000	Bank of America #	70,000
ASX SPI 200 Index Futures December 2011	69,066	Bank of Nova Scotia #	70,000
Fortis Bank #	67,002	Credit Suisse First Boston #	70,000
Hang Seng Index Futures November 2011	62,789	Svenska Handelsbanken #	70,000
Hang Seng Index Futures September 2011	62,785	Fortis Bank #	67,000
Hang Seng Index Futures October 2011	60,023	Hang Seng Index Futures August 2011	63,107
ABN AMRO Bank #	60,000	Hang Seng Index Futures October 2011	62,919
Hang Seng Index Futures December 2011	59,916	Hang Seng Index Futures December 2011	61,406
National Bank of Abu Dhabi #	55,004	Hang Seng Index Futures September 2011	60,033
ASX SPI 200 Index Futures September 2011	50,328	UBS #	60,000
Banco Bilbao Vizcaya Argentina #	50,000	Hang Seng Index Futures November 2011	59,969
MSCI Taiwan Index Futures June 2011	49,682	MSCI Taiwan Index Futures May 2011	53,436
MSCI Taiwan Index Futures August 2011	48,185	Swiss Market Index Futures June 2011	52,779
MSCI Taiwan Index Futures July 2012	47,793	OMX 30 Index Futures May 2011	48,983
Hang Seng Index Futures March 2012	46,964	MSCI Taiwan Index Futures June 2011	48,849

International Equity Tracker Fund

Summary of Material Portfolio Changes

(continued)

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Swiss Market Index Futures September 2011	46,930	MSCI Taiwan Index Futures July 2011	48,688
Hang Seng Index Futures April 2012	45,863	Hang Seng Index Futures March 2012	45,862
Clydesdale Bank #	45,000	Hang Seng Index Futures February 2012	45,775
Danske Bank #	45,000	ASX SPI 200 Index Futures September 2011	45,113
Hang Seng Index Futures May 2012	44,476	Hang Seng Index Futures April 2012	44,816
Hang Seng Index Futures February 2012	44,142	Hang Seng Index Futures January 2012	44,112
OMX 30 Index Futures June 2011	43,823	MSCI Taiwan Index Futures October 2011	43,651
MSCI Taiwan Index Futures November 2011	43,592	OMX 30 Index Futures March 2012	43,321
OMX 30 Index Futures April 2012	43,050	MSCI Taiwan Index Futures March 2012	42,696
MSCI Taiwan Index Futures April 2012	42,740	Swiss Market Index Futures March 2012	42,462
MSCI Taiwan Index Futures March 2012	42,630	MSCI Taiwan Index Futures August 2011	42,349
OMX 30 Index Futures March 2012	42,309	OMX 30 Index Futures February 2012	42,137
MSCI Taiwan Index Futures September 2011	42,182	MSCI Taiwan Index Futures December 2011	41,947
MSCI Taiwan Index Futures October 2011	41,367	MSCI Taiwan Index Futures September 2011	41,425
MSCI Taiwan Index Futures December 2011	41,362	MSCI Taiwan Index Futures November 2011	41,375
Swiss Market Index Futures June 2012	41,294	OMX 30 Index Futures June 2011	41,165
OMX 30 Index Futures July 2012	41,246	MSCI Taiwan Index Futures February 2012	41,034
Hang Seng Index Futures January 2012	40,185	OMX 30 Index Futures April 2012	40,769
MSCI Taiwan Index Futures May 2012	40,165	Swiss Market Index Futures December 2011	40,662
OMX 30 Index Futures May 2012	40,126	MSCI Taiwan Index Futures April 2012	40,180
KBC Bank #	40,000	KBC Bank #	40,000
OMX 30 Index Futures August 2011	39,758	OMX 30 Index Futures January 2012	39,732
OMX 30 Index Futures February 2012	39,758	OMX 30 Index Futures July 2012	39,677
Swiss Market Index Futures December 2011	39,071	Swiss Market Index Futures September 2011	39,119
MSCI Taiwan Index Futures February 2012	38,778	MSCI Taiwan Index Futures January 2012	38,860
Swiss Market Index Futures March 2012	38,441	OMX 30 Index Futures December 2011	37,440
National Australia Bank #	38,000	Commerzbank #	35,000
OMX 30 Index Futures January 2012	37,528	HSBC Bank #	35,000
MSCI Taiwan Index Futures January 2012	37,137	Rabobank #	35,000
OMX 30 Index Futures December 2011	36,743	Scotia Bank Europe #	35,000
Bank of America #	35,000	OMX 30 Index Futures October 2011	34,646
Commerzbank #	35,000	OMX 30 Index Futures August 2011	34,511
HSBC Bank #	35,000	OMX 30 Index Futures November 2011	34,385
Standard Chartered Bank #	35,000	OMX 30 Index Futures September 2011	32,055
OMX 30 Index Futures November 2011	34,711	ABN AMRO Bank #	30,000
OMX 30 Index Futures September 2011	34,511	National Bank of Abu Dhabi #	30,000
OMX 30 Index Futures October 2011	32,125		
UBS #	25,000		
iShares MSCI Emerging Markets Index Fund	22,590		
DZ Bank #	20,000		

† This investment is a related party (see note 11).

This investment is the cumulative value of rolling short term deposits.

International Equity Tracker Fund

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class I				
Accumulation 30/04/10	118,141,979	81,610,999	144.76	0.61
Accumulation 30/04/11	9,562,589	6,149,299	155.51	0.60
Accumulation 30/04/12	8,771,748	6,034,699	145.36	0.61
Share Class X				
Accumulation 30/04/10	786,963,403	525,648,816	149.71	0.11
Accumulation 30/04/11	908,069,628	562,359,316	161.47	0.11
Accumulation 30/04/12	852,805,216	562,745,816	151.54	0.11

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class I			
Accumulation 2007	148.70	130.50	5.1771
Accumulation 2008	145.80	90.64	4.9966
Accumulation 2009	138.90	88.02	0.9389
Accumulation 2010	155.50	127.50	0.0409
Accumulation 2011	159.30	127.50	0.2362
Accumulation 2012*	154.30	139.90	0.2313
Share Class X			
Accumulation 2007	152.20	133.40	5.8452
Accumulation 2008	149.50	93.16	5.6653
Accumulation 2009	143.50	90.60	1.4212
Accumulation 2010	161.20	132.00	0.6105
Accumulation 2011	165.50	132.50	0.8634
Accumulation 2012*	160.80	145.70	0.5401

(†) Allocated for accumulation shares.

* To 30 April 2012.

Share class X is not published.

International Equity Tracker Fund

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(61,928)		54,345
Revenue	3	7,488		5,879	
Expenses	4	(262)		(318)	
Finance costs: Interest	6	(437)		(383)	
Net revenue before taxation		6,789		5,178	
Taxation	5	(396)		57	
Net revenue after taxation			6,393		5,235
Total return before distributions			(55,535)		59,580
Finance costs: Distributions	6		(6,797)		(5,236)
Change in net assets attributable to shareholders from investment activities			(62,332)		54,344

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		917,632		905,105
Amounts receivable on creation of shares	44,441		89,294	
Less: Amounts payable on cancellation of shares	(43,628)		(135,415)	
		813		(46,121)
Dilution adjustment		-		23
Stamp duty reserve tax		(4)		(17)
Change in net assets attributable to shareholders from investment activities		(62,332)		54,344
Retained distribution on accumulation shares		5,468		4,298
Closing net assets attributable to shareholders		861,577		917,632

Notes to the Financial Statements are on pages 89 to 94.

International Equity Tracker Fund

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		767,041	929,365
Debtors	8	71,429	83,129
Cash and bank balances	9	60,623	42,212
Total other assets		132,052	125,341
Total assets		899,093	1,054,706
Liabilities			
Derivative liabilities		(31,775)	(30,931)
Creditors	10	(1,299)	(106,143)
Bank overdrafts		(4,442)	-
Total other liabilities		(5,741)	(106,143)
Total liabilities		(37,516)	(137,074)
Net assets attributable to shareholders		861,577	917,632

Notes to the Financial Statements are on pages 89 to 94.

International Equity Tracker Fund

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	(4,694)	3,329
Future contracts	(56,861)	50,483
Forward foreign exchange currency contracts	(593)	(1,922)
Currency gains	222	2,455
Handling charges	(2)	-
Net capital (losses)/gains	(61,928)	54,345

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	448	230
Offshore distribution non-taxable	190	-
Bank interest	196	96
Interest on short term deposits	6,654	5,553
Total revenue	7,488	5,879

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge*	(702)	(602)
Registration fees	874	832
	172	230
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	80	79
Other expenses:		
Audit fee	10	9
Total expenses	262	318

Expenses include irrecoverable VAT where applicable.

*The current and prior year ACD charge is in a negative net rebate position due to the level of expenses inherent in the underlying holdings.

Notes to the Financial Statements

(continued)

as at 30 April 2012

5. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Irrecoverable overseas tax	28	-
Adjustments in respect of prior years	(12)	(57)
Total current tax (note 5b)	16	(57)
Deferred taxation	380	-
Total deferred tax (note 5c)	380	-
Total taxation	396	(57)

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:

Net revenue before taxation	6,789	5,178
Corporation tax of 20% (2011: 20%)	1,358	1,036
Effects of:		
UK dividends*	(90)	(46)
Overseas non-taxable revenue	(38)	-
Revenue taxable in different periods	(387)	-
Movement in excess management expenses	(10)	11
Irrecoverable overseas tax	28	-
Tax deductible interest distributions	(1,237)	(1,001)
Adjustments in respect of prior years	(12)	(57)
Taxable offshore fund gains	404	-
Current tax charge for year (note 5a)	16	(57)

**As an authorised OEIC these items are not subject to corporation tax.*

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	-	-
Deferred tax charge in profit and loss account for the year (note 5a)	380	-
Provision at the end of the year	380	-
Provision consists of:		
Revenue taxable in different periods	380	-
Provision at the end of the year	380	-

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £nil (30/04/11: £17,010) relating to surplus management expenses. No deferred tax asset was recognised in the prior year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

Notes to the Financial Statements

(continued)

as at 30 April 2012

6. Finance costs

Distributions and interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Interim	2,414	1,728
Final	3,054	2,570
Income tax withheld	1,359	1,047
	<hr/> 6,827	<hr/> 5,345
Add: Revenue deducted on cancellation of shares	28	31
Deduct: Revenue received on creation of shares	(58)	(140)
Net distributions for the year	<hr/> 6,797	<hr/> 5,236
Bank interest	<hr/> 437	<hr/> 383
Total finance costs	<hr/> 7,234	<hr/> 5,619

Details of the distribution per share is set out in the Distribution Tables on page 95.

7. Movement between net revenue and net distributions

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	6,393	5,235
Undistributed revenue	-	1
Taxable gains on non-qualifying offshore funds	404	-
Net distributions for the year	<hr/> 6,797	<hr/> 5,236

8. Debtors

	30/04/12 £000	30/04/11 £000
Sales awaiting settlement	70,333	81,772
Amounts receivable for issue of shares	115	-
Accrued revenue	981	1,357
Total debtors	<hr/> 71,429	<hr/> 83,129

9. Cash and bank balances

	30/04/12 £000	30/04/11 £000
Cash and bank balances	8	51
Amounts held at futures clearing houses and brokers	60,615	42,161
Total cash and bank balances	<hr/> 60,623	<hr/> 42,212

10. Creditors

	30/04/12 £000	30/04/11 £000
Purchases awaiting settlement	-	105,000
Amounts payable for cancellation of shares	124	481
Accrued expenses	26	30
Deferred taxation	380	-
Income tax payable	769	632
Total creditors	<hr/> 1,299	<hr/> 106,143

as at 30 April 2012

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in note 4, with £9,763 (30/04/11: £12,688) due at the year end.

Holdings of Lloyds Banking Group (the ultimate parent company) related investments are disclosed in the Portfolio Statement.

Holdings of Scottish Widows Investment Partnership (a Lloyds Banking Group company) OEICs are disclosed in the Portfolio Statement.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where Scottish Widows Investment Partnership Limited act as Authorised Corporate Director. The total revenue earned amounts to £447,507 (30/04/11: £229,566).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12	30/04/11
	%	%
ACD and associates of the ACD	98.97	98.98

12. Share classes

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class I - Accumulation:	0.50
Share Class X - Accumulation:	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Performance Record on page 86.

The distributions per share class are given in the Distribution Tables on page 95.

All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

14. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 80. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

A significant portion of the Fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales. Forward foreign exchange contracts have been entered into to hedge against the currency movements in the investment portfolio. These contracts are disclosed on the portfolio statement.

Notes to the Financial Statements

(continued)

as at 30 April 2012

As at 30 April the Fund had the following net currency exposure (excluding Sterling):

Currency	Net foreign currency assets 30/04/12			Net foreign currency assets 30/04/11		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures £000	exposures £000		exposures £000	exposures £000	
Australian dollar	73,052	-	73,052	78,606	-	78,606
Euro	142,477	-	142,477	192,148	-	192,148
Hong Kong dollar	44,278	-	44,278	53,231	-	53,231
Japanese yen	94,087	-	94,087	97,079	-	97,079
Swedish krona	39,437	-	39,437	48,346	-	48,346
Swiss franc	39,673	-	39,673	46,906	-	46,906
US dollar	336,360	23,862	360,222	330,607	-	330,607
	769,364	23,862	793,226	846,923	-	846,923

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

(b) *Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in short term deposits. The cashflow from these investments is shown in the table below and can fluctuate with changes to base lending rates. These cashflows are relatively managed but considered to be of secondary importance, as the Fund's objective is to seek total return.

The interest rate risk profile of the company's financial assets and liabilities at 30 April was:

Currency	Floating rate financial assets £000	Fixed rate financial assets £000	Fixed rate financial assets weighted average interest rate %	Fixed rate financial assets weighted average period for which rate is fixed Years	Financial assets not carrying interest £000	Total £000
30/04/12						
Sterling	741,623	-			(673,272)	68,351
Australian dollar	-	-			73,052	73,052
Euro	-	-			142,477	142,477
Hong Kong dollar	(562)	-			44,840	44,278
Japanese yen	-	-			94,087	94,087
Swedish krona	(1,818)	-			41,255	39,437
Swiss franc	-	-			39,673	39,673
US dollar	(2,062)	-			362,284	360,222
Total	737,181	-			124,396	861,577
30/04/11						
Sterling	863,885	-			(793,176)	70,709
Australian dollar	-	-			78,606	78,606
Euro	1	-			192,147	192,148
Hong Kong dollar	2,328	-			50,903	53,231
Japanese yen	-	-			97,079	97,079
Swedish krona	2,418	-			45,928	48,346
Swiss franc	-	-			46,906	46,906
US dollar	2,579	-			328,028	330,607
Total	871,211	-			46,421	917,632

The Fund's net cash holding of £0.008m (30/04/11: holding £0.051m) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

as at 30 April 2012

The Fund holds net cash at futures brokers of £56.173m (30/04/11: cash £42.161m), whose rates are determined by reference to rates supplied by the broker.

(c) *Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, given the level and nature of the derivatives held, it is not deemed to have sophisticated derivative holdings requiring further sensitivity analysis or value at risk disclosure. As such no additional disclosure has been shown.

(d) *Liquidity risk*

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) *Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in stock index futures and cash. The value of these derivative contracts is not fixed and may go down as well as up, depending on the performance of the underlying shares within the respective indices. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of investments. In addition, the management of the Fund complies with the Financial Services Authority COLL sourcebook, which includes rules limiting the size of investment in any particular holding.

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

(f) *Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/05/11 to 30/04/12	01/05/10 to 30/04/11	01/05/11 to 30/04/12	01/05/10 to 30/04/11
	£000	£000	£000	£000
Non-derivative securities	24,130,520	27,632,666	24,251,014	27,509,904
Future contracts*	4,419,068	4,401,602	4,440,682	4,437,089
Trades in the year before transaction costs	28,549,588	32,034,268	28,691,696	31,946,993
Commissions	18	334	-	(334)
Total costs	18	334	-	(334)
Total net trades in the year after transaction costs	28,549,606	32,034,602	28,691,696	31,946,659

*Purchases and/or sales of derivatives contracts do not incur transaction costs.

International Equity Tracker Fund

Distribution Tables

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 November 2011

Group 2 Final Shares purchased between 1 November 2011 and 30 April 2012

Share Class I - Accumulation

	Gross revenue	Income tax	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Final	0.2891	0.0578	0.2313	-	0.2313	0.1378
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Final	0.1346	0.0269	0.1077	0.1236	0.2313	0.1378

Share Class X - Accumulation

	Gross revenue	Income tax	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Final	0.6751	0.1350	0.5401	-	0.5401	0.4553
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Final	0.5206	0.1041	0.4165	0.1236	0.5401	0.4553

Managed Income Portfolio

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

The Fund aims to provide a high level of income by mainly investing in regulated collective investment schemes managed or operated within the Lloyds Banking Group. The Fund will primarily invest in Fixed Interest funds.

This Fund will principally invest in funds, managed or operated within the Lloyds Banking Group, which invest in UK government bonds and other Sterling denominated fixed interest securities, to a lesser extent in overseas bonds and to a limited extent in UK equities. The Fund may also invest in other investments permitted by FSA rules for this type of scheme that are consistent with the Fund's objectives. Non-Sterling investment may be hedged back to Sterling.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
Managed Income Portfolio A Accumulation	5.01	4.68	19.81	(6.84)	0.00	2.02

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

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

The bulk of the portfolio is invested in bonds. The past year has been a period of mixed fortunes for corporate bonds. In the first part of the reporting period, strong results and falling debt levels helped drive prices higher and yields lower. But as 2011 progressed, fears about Europe's troubled economies resulted in a sharp widening of the spread between the yields provided by government and corporate bonds. The New Year brought a strong rally; the Long-Term Refinancing Operations (LTROs) effectively put a floor under the prices of financial sector corporate bonds, and banks used borrowed money to restructure their capital positions through buying back debt.

While the performance of government bonds has varied across the globe over the last twelve months, most of the major markets, including the UK, have benefited from their perceived "safe-haven" status during these times of economic uncertainty.

Bonds issued by some of the troubled countries on Europe's periphery have done poorly in comparison. Bond yields in Spain and Italy rose alarmingly as their budgetary troubles came under the spotlight. European Central Bank intervention, in the shape of two LTROs helped to stem the rising trend. The LTROs have involved lending money cheaply to liquidity-strapped commercial banks, and much has been reinvested in short-dated peripheral bonds.

The UK stock market fell over the year as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The FTSE All-Share Index fell by 2.1% in total return terms. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better.

Although we had increased exposure to government bonds in the early summer of 2011, we reversed this decision in August. The proceeds from these sales were invested in UK equities, which had fallen to levels which we felt represented much better value. Profits were taken on this position in October and November, but the rally in UK equities continued into January, meaning the Fund lost out on some performance relative to benchmark.

Looking ahead, fundamental value in government bonds remains poor – particularly in the UK and the US. We continue to anticipate a clear increase in 10-year government bond yields and a fall in prices in the US, Germany and UK over the next 12 months. Turning to corporate bonds, while early 2012 brought a high volume of new issues, investors appear to have become more cautious, and we may be close to reaching saturation point. The rally may have further to run, but there are significant risks – from Europe and elsewhere.

Equity investors have two main worries: Europe and China. In Europe, the focus has shifted from the immediate threat of a financial crisis and onto a lack of economic growth. Given the single currency zone is the UK's largest export market, this represents a real challenge to UK plc. Fears are also growing that the economic climate in China has changed for the worse. A slowdown would have repercussions for global equity markets.

Scottish Widows Investment Partnership Limited

May 2012

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

Managed Income Portfolio

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (99.55%*)		253,512	98.52
Collective Investment Schemes			
Scottish Widows Corporate Bond Fund A Inc †	34,834,977	38,353	14.90
Scottish Widows Gilt Fund A Inc †	20,000,372	36,261	14.09
Scottish Widows International Bond Fund A Inc †	19,786,194	24,832	9.65
Scottish Widows UK Equity Income Fund A Inc †	2,093,512	13,252	5.15
Scottish Widows UK Index-Linked Tracker Fund I Inc †	6,931,009	12,857	5.00
SWIP Corporate Bond Plus Fund A Inc ‡	39,937,878	38,592	15.00
SWIP Defensive Gilt Fund A Inc ‡	32,074,294	37,142	14.43
SWIP European Corporate Bond Fund A Inc ‡	20,170,416	24,648	9.58
SWIP High Yield Bond Fund A Inc ‡	29,306,682	27,575	10.72
DERIVATIVES (-0.48%*)		1,359	0.53
Forward Currency Contracts			
Euro			
Bought EUR40,443,918 for GBP33,062,903 Settlement 04/05/2012		(148)	(0.06)
Sold EUR38,818,450 for GBP32,493,760 Settlement 04/05/2012		902	0.35
Sold EUR40,443,918 for GBP33,095,663 Settlement 03/08/2012		146	0.06
Sold EUR1,625,468 for GBP1,345,985 Settlement 04/05/2012		23	0.01
US Dollar			
Bought USD19,555,147 for GBP12,078,534 Settlement 04/05/2012		(74)	(0.03)
Sold USD19,555,147 for GBP12,487,561 Settlement 04/05/2012		483	0.19
Sold USD19,555,147 for GBP12,084,729 Settlement 03/08/2012		73	0.03
Futures Contracts			
FTSE 100 Index Futures June 2012	25	(39)	(0.02)
UK Long Gilt Futures June 2012	(11)	(7)	-
Portfolio of investments^		254,871	99.05
Net other assets		2,443	0.95
Total net assets		257,314	100.00

All holdings are in Collective Investment Schemes.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

† This investment is a related party (see note 11).

Managed Income Portfolio

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	40,911	Total sales for the year	58,452
Total purchases		Total sales	
FTSE 100 Index Futures September 2011	7,638	Scottish Widows Gilt Fund A Inc †	8,350
FTSE 100 Index Futures December 2011	7,164	FTSE 100 Index Futures December 2011	7,790
UK Long Gilt Bond Futures December 2011	6,730	FTSE 100 Index Futures September 2011	7,201
UK Long Gilt Bond Futures September 2011	6,545	UK Long Gilt Bond Futures December 2011	6,730
UK Long Gilt Bond Futures March 2012	3,327	UK Long Gilt Bond Futures September 2011	6,544
UK Long Gilt Bond Futures June 2011	2,675	SWIP Defensive Gilt Fund A Inc ‡	3,400
SWIP High Yield Bond Fund A Inc ‡	2,000	UK Long Gilt Bond Futures March 2012	3,327
FTSE 100 Index Futures June 2012	1,472	FTSE 100 Index Futures June 2011	2,962
FTSE 100 Index Futures March 2012	1,360	Scottish Widows UK Index-Linked Tracker Fund I Inc †	2,700
Scottish Widows Gilt Fund A Inc †	1,000	Scottish Widows Corporate Bond Fund A Inc †	2,600
Scottish Widows UK Equity Income Fund A Inc †	1,000	Scottish Widows International Bond Fund A Inc †	1,800
		SWIP Corporate Bond Plus Fund A Inc ‡	1,500
		FTSE 100 Index Futures March 2012	1,485
		UK Long Gilt Bond Futures	1,263
		SWIP European Corporate Bond Fund A Inc ‡	800

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

† This investment is a related party (see note 11).

Managed Income Portfolio

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/04/10	225,818,040	182,065,200	124.03	1.41
Accumulation 30/04/11	238,081,796	183,457,300	129.78	1.41
Accumulation 30/04/12	230,790,559	169,343,100	136.29	1.40
Share Class A				
Income 30/04/10	31,609,085	30,164,800	104.79	1.41
Income 30/04/11	28,989,005	27,030,800	107.24	1.41
Income 30/04/12	26,523,445	24,050,900	110.28	1.40

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	112.60	109.50	3.4152
Accumulation 2008	112.70	101.20	3.8694
Accumulation 2009	120.00	100.40	3.6763
Accumulation 2010	130.00	119.50	2.9376
Accumulation 2011	133.30	126.50	2.8394
Accumulation 2012*	137.10	133.20	1.3582
Share Class A			
Income 2007	105.90	101.40	3.1972
Income 2008	103.20	90.20	3.5162
Income 2009	103.00	88.07	3.2115
Income 2010	109.30	102.10	2.4884
Income 2011	109.00	105.30	2.3522
Income 2012*	111.60	108.90	1.1072

(†) Distributed for income shares and allocated for accumulation shares.

* To 30 April 2012.

Managed Income Portfolio

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital gains	2		7,273		6,512
Revenue	3	7,635		8,258	
Expenses	4	(761)		(797)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		6,874		7,461	
Taxation	5	-		5	
Net revenue after taxation			6,874		7,466
Total return before distributions			14,147		13,978
Finance costs: Distributions	6		(6,906)		(7,500)
Change in net assets attributable to shareholders from investment activities			7,241		6,478

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		267,071		257,427
Amounts receivable on creation of shares	748		16,427	
Less: Amounts payable on cancellation of shares	(22,615)		(18,477)	
		(21,867)		(2,050)
Stamp duty reserve tax		(19)		(89)
Change in net assets attributable to shareholders from investment activities		7,241		6,478
Retained distribution on accumulation shares		4,887		5,304
Unclaimed distributions		1		1
Closing net assets attributable to shareholders		257,314		267,071

Notes to the Financial Statements are on pages 102 to 106.

Managed Income Portfolio

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		255,139	266,455
Debtors	8	2,790	2,480
Cash and bank balances	9	174	613
Total other assets		2,964	3,093
Total assets		258,103	269,548
Liabilities			
Derivative liabilities		(268)	(1,856)
Creditors	10	(369)	(445)
Bank overdrafts		(8)	-
Distribution payable on income shares		(144)	(176)
Total other liabilities		(521)	(621)
Total liabilities		(789)	(2,477)
Net assets attributable to shareholders		257,314	267,071

Notes to the Financial Statements are on pages 102 to 106.

Managed Income Portfolio

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital gains

The net capital gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	4,831	6,387
Future contracts	(356)	218
Forward foreign exchange currency contracts	2,639	(262)
Handling charges	(1)	(2)
ACD's periodic charge rebate taken to capital	160	171
Net capital gains	<u>7,273</u>	<u>6,512</u>

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	501	437
Interest distributions	7,125	7,811
Bank interest	9	10
Total revenue	<u>7,635</u>	<u>8,258</u>

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	<u>721</u>	<u>755</u>
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	24	26
Safe custody fees	6	7
	<u>30</u>	<u>33</u>
Other expenses:		
Audit fee	10	9
Total expenses	<u>761</u>	<u>797</u>

Expenses include irrecoverable VAT where applicable.

as at 30 April 2012

5. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Adjustments in respect of prior years	-	(5)
Total current tax (note 5b)	-	(5)
(b) Factors affecting current tax charge for the year:		
The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:		
Net revenue before taxation	6,874	7,461
Corporation tax of 20% (2011: 20%)	1,375	1,492
Effects of:		
UK dividends*	(100)	(87)
Movement in excess management expenses	(26)	(26)
Tax deductible interest distributions	(1,281)	(1,413)
Adjustments in respect of prior years	-	(5)
Taxable income taken to capital	32	34
Current tax charge for year (note 5a)	-	(5)

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £328,374 (30/04/11: £353,835) relating to surplus management expenses. No deferred tax asset has been recognised in either year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

6. Finance costs**Distributions and interest**

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
First interim	1,263	1,431
Second interim	1,608	1,645
Third interim	1,202	1,288
Final	1,390	1,613
Income tax withheld	1,381	1,500
	6,844	7,477
Add: Revenue deducted on cancellation of shares	63	58
Deduct: Revenue received on creation of shares	(1)	(35)
Net distributions for the year	6,906	7,500
Bank Interest	-	-
Total finance costs	6,906	7,500

Details of the distributions per share are set out in the Distribution Tables on page 107.

Managed Income Portfolio

Notes to the Financial Statements

(continued)

as at 30 April 2012

7. Movement between net revenue and net distributions

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	6,874	7,466
Tax relief on ACD's periodic charge rebate	32	34
Net distributions for the year	6,906	7,500

8. Debtors

	30/04/12 £000	30/04/11 £000
Sales awaiting settlement	1,006	-
Accrued revenue	1,203	1,337
Income tax recoverable	581	1,143
Total debtors	2,790	2,480

9. Cash and bank balances

	30/04/12 £000	30/04/11 £000
Cash and bank balances	-	578
Amounts held at futures clearing houses and brokers	174	35
Total cash and bank balances	174	613

10. Creditors

	30/04/12 £000	30/04/11 £000
Amounts payable for cancellation of shares	311	389
Accrued expenses	58	56
Total creditors	369	445

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees net of rebates are disclosed in note 2 and 4, with £44,508 (30/04/11: £42,581) due at the year end.

Holdings of other Scottish Widows Unit Trust Managers OEICs are disclosed in the Portfolio Statement.

Holdings of Scottish Widows Investment Partnership (a Lloyds Banking Group company) OEICs are disclosed in the Portfolio Statement.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where Scottish Widows Unit Trust Managers Limited act as Authorised Corporate Director and Registrar or Scottish Widows Investment Partnership Limited act as Authorised Corporate Director. The total revenue earned amounts to £7,626,543 (30/04/11: £8,247,962).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12 %	30/04/11 %
ACD and associates of the ACD	-	-

as at 30 April 2012

12. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

	%
Share Class A - Accumulation:	1.25
Share Class A - Income:	1.25

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Performance Record on page 99.

The distributions per share class are given in the Distribution Tables on page 107.

All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

14. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 96. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are invested in regulated collective investment schemes managed or operated within the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 30 April the Fund had the following net currency exposure (excluding Sterling):

	Net foreign currency liabilities 30/04/12			Net foreign currency liabilities 30/04/11		
	Monetary exposures £000	Non-monetary exposures £000	Total £000	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency						
Euro	(32,950)	-	(32,950)	(36,153)	-	(36,153)
US dollar	(12,011)	-	(12,011)	(10,285)	-	(10,285)
	<u>(44,961)</u>	<u>-</u>	<u>(44,961)</u>	<u>(46,438)</u>	<u>-</u>	<u>(46,438)</u>

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in regulated collective investment schemes managed within the Lloyds Banking Group. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating a high level of revenue.

The Fund's net cash overdraft of £0.008m (30/04/11: holding £0.578m) is held in a floating rate bank account whose rate is determined by reference to rates supplied by the Depositary.

The Fund holds net cash at futures brokers of £0.174m (30/04/11: cash £0.035m), whose rates are determined by reference to rates supplied by the broker.

The Fund did not have any long term financial liabilities.

as at 30 April 2012

(c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, given the level and nature of the derivatives held, it is not deemed to have sophisticated derivative holdings requiring further sensitivity analysis or value at risk disclosure. As such no additional disclosure has been shown.

(d) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed or operated within the Lloyds Banking Group. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Services Authority COLL sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

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

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

15. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Managed Income Portfolio

Distribution Tables

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Third interim Shares purchased prior to 1 November 2011

Final Shares purchased prior to 1 February 2012

Group 2 Third interim Shares purchased between 1 November 2011 and 31 January 2012

Final Shares purchased between 1 February 2012 and 30 April 2012

Share Class A - Accumulation

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid to/ payable 30/06/2012	Distributions paid to 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.7779	0.1556	0.6223	-	0.6223	0.6104
Final	0.9199	0.1840	0.7359	-	0.7359	0.7833
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.4005	0.0801	0.3204	0.3019	0.6223	0.6104
Final	0.4025	0.0805	0.3220	0.4139	0.7359	0.7833

Share Class A - Income

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid to/ payable 30/06/2012	Distributions paid to 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.6359	0.1272	0.5087	-	0.5087	0.5097
Final	0.7481	0.1496	0.5985	-	0.5985	0.6513
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.5176	0.1035	0.4141	0.0946	0.5087	0.5097
Final	0.4204	0.0841	0.3363	0.2622	0.5985	0.6513

Momentum Income Portfolio

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

The Fund aims to provide a high level of income with some potential for growth by mainly investing in regulated collective investment schemes managed or operated within the Lloyds Banking Group. The Fund will primarily invest in Fixed Interest funds, with some exposure to Equity funds.

This Fund will principally invest in funds, managed or operated within the Lloyds Banking Group, which invest in UK government bonds and other Sterling denominated fixed interest securities and to a lesser extent in overseas bonds and UK equities. The Fund may also invest in other investments permitted by FSA rules for this type of scheme that are consistent with the Fund's objectives. Non-Sterling investment may be hedged back to Sterling.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
Momentum Income Portfolio A Accumulation	4.37	5.99	21.79	(10.76)	(0.86)	3.01

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

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

The bulk of the portfolio is invested in bonds. While the performance of government bonds has varied across the globe over the last twelve months, most of the major markets, including the UK, have benefited from their perceived "safe-haven" status during these times of economic uncertainty.

Bonds issued by some of the troubled countries on Europe's periphery have done poorly in comparison. Bond yields in Spain and Italy rose alarmingly as their budgetary troubles came under the spotlight. European Central Bank intervention, in the shape of two Long-Term Refinancing Operations (LTROs) helped to stem the rising trend. The LTROs have involved lending money cheaply to liquidity-strapped commercial banks, and much has been reinvested in short-dated peripheral bonds.

The past year has been a period of mixed fortunes for corporate bonds. Early on, strong results and falling debt levels helped drive prices higher and yields lower. But as 2011 progressed, fears about Europe's troubled economies resulted in a sharp widening of the spread between the yields provided by government and corporate bonds. The New Year brought a strong rally; the LTROs effectively put a floor under the prices of financial sector corporate bonds, and banks used borrowed money to restructure their capital positions through buying back debt.

The UK stock market fell as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The FTSE All-Share Index fell by 2.1% in total return terms. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better. Meanwhile, European equities were dominated by the sovereign debt crisis. The eurozone economy remains sluggish with many periphery nations in recession. Markets were volatile, and the FTSE Europe ex-UK Index was down over 10% in local currency, total return terms. In contrast, a rally in the US in early 2012 meant that the S&P 500 Index made strong gains.

Although we had increased exposure to government bonds in the early summer of 2011, we reversed this decision in August. The proceeds from these sales were invested in UK equities, which had fallen to levels which we felt represented much better value. Profits were taken on this position in October and November, but the rally in UK equities continued into January, meaning the Fund lost out on some performance relative to benchmark.

Looking ahead, fundamental value in government bonds remains poor – particularly in the UK and the US. We continue to anticipate a clear increase in 10-year government bond yields and a fall in prices in the US, Germany and UK over the next 12 months. Turning to corporate bonds, while early 2012 brought a high volume of new issues, investors appear to have become more cautious, and we may be close to reaching saturation point. The rally may have further to run, but there are significant risks – from Europe and elsewhere.

Equity investors have two main worries: Europe and China. In Europe, the focus has shifted from the immediate threat of a financial crisis and onto a lack of economic growth. Given the single currency zone is the UK's largest export market, this represents a real challenge to UK plc. Fears are also growing that the economic climate in China has changed for the worse. A slowdown would have repercussions for global equity markets.

Scottish Widows Investment Partnership Limited

May 2012

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

Momentum Income Portfolio

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (99.21%*)		785,449	98.54
Collective Investment Schemes			
Scottish Widows Corporate Bond Fund A Inc †	108,960,076	119,965	15.05
Scottish Widows Gilt Fund A Inc †	39,250,020	71,160	8.93
Scottish Widows International Bond Fund A Inc †	29,615,701	37,168	4.66
Scottish Widows UK Equity Income Fund A Inc †	18,951,607	119,964	15.05
Scottish Widows UK Index-Linked Tracker Fund I Inc †	64,521,585	119,687	15.02
SWIP Corporate Bond Plus Fund A Inc ‡	123,327,436	119,171	14.95
SWIP Defensive Gilt Fund A Inc ‡	65,076,560	75,359	9.45
SWIP European Corporate Bond A Inc ‡	31,583,112	38,594	4.84
SWIP High Yield Bond Fund A Inc ‡	89,680,699	84,381	10.59
DERIVATIVES (-0.20%*)		2,054	0.26
Forward Currency Contracts			
Euro			
Bought EUR60,826,292 for GBP49,725,494 Settlement 04/05/2012		(222)	(0.03)
Sold EUR60,826,292 for GBP50,915,864 Settlement 04/05/2012		1,413	0.18
Sold EUR60,826,292 for GBP49,774,763 Settlement 03/08/2012		220	0.03
US Dollar			
Bought USD31,779,617 for GBP19,629,165 Settlement 04/05/2012		(120)	(0.02)
Sold USD31,779,617 for GBP20,293,887 Settlement 04/05/2012		784	0.10
Sold USD31,779,617 for GBP19,639,233 Settlement 03/08/2012		119	0.01
Futures Contracts			
FTSE 100 Index Futures June 2012	76	(118)	(0.01)
UK Long Gilt Bond Futures June 2012	(33)	(22)	-
Portfolio of investments^		787,503	98.80
Net other assets		9,568	1.20
Total net assets		797,071	100.00

All holdings are in Collective Investment Schemes.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

† This investment is a related party (see note 11).

Momentum Income Portfolio

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	<u>144,762</u>	Total sales for the year	<u>204,830</u>
Total purchases		Total sales	
FTSE 100 Index Futures September 2011	25,509	FTSE 100 Index Futures December 2011	26,123
UK Long Gilt Bond Futures September 2011	25,011	UK Long Gilt Bond Futures September 2011	25,011
FTSE 100 Index Futures December 2011	23,866	Scottish Widows UK Index-Linked Tracker Fund I Inc †	24,000
UK Long Gilt Bond Futures December 2011	23,112	FTSE 100 Index Futures September 2011	23,984
Scottish Widows UK Equity Income Fund A Inc †	11,500	UK Long Gilt Bond Futures December 2011	23,112
UK Long Gilt Bond Futures March 2012	10,898	Scottish Widows Gilt Fund A Inc †	20,650
UK Long Gilt Bond Futures June 2011	8,257	UK Long Gilt Bond Futures March 2012	10,898
FTSE 100 Index Futures June 2012	4,476	FTSE 100 Index Futures June 2011	9,350
FTSE 100 Index Futures March 2012	4,133	SWIP Defensive Gilt Fund A Inc ‡	8,900
SWIP High Yield Bond Fund A Inc ‡	4,000	SWIP Corporate Bond Plus Fund A Inc ‡	8,000
SWIP Corporate Bond Plus Fund A Inc ‡	2,000	Scottish Widows UK Equity Income Fund A Inc †	7,000
Scottish Widows Gilt Fund A Inc †	2,000	Scottish Widows Corporate Bond Fund A Inc †	6,500
		FTSE 100 Index Futures March 2012	4,514
		UK Long Gilt Bond Futures June 2012	3,788
		Scottish Widows International Bond Fund A Inc †	2,000
		SWIP European Corporate Bond A Inc ‡	1,000

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

† This investment is a related party (see note 11).

Momentum Income Portfolio

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/04/10	731,530,452	584,133,900	125.23	1.40
Accumulation 30/04/11	762,628,891	574,647,000	132.71	1.40
Accumulation 30/04/12	727,694,562	525,350,500	138.52	1.39
Share Class A				
Income 30/04/10	79,567,437	74,530,135	106.76	1.39
Income 30/04/11	75,441,064	68,135,035	110.72	1.40
Income 30/04/12	69,363,063	61,306,135	113.14	1.39
Share Class U				
Accumulation 30/04/10	12,510	11,500	108.78	1.50
Accumulation 30/04/11	13,243	11,500	115.16	1.50
Accumulation 30/04/12	13,808	11,500	120.07	1.50

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	117.80	114.10	3.3099
Accumulation 2008	117.50	100.70	3.7324
Accumulation 2009	120.80	98.98	3.5814
Accumulation 2010	131.40	120.40	2.8971
Accumulation 2011	135.90	128.60	2.8568
Accumulation 2012*	139.60	135.70	1.3674
Share Class A			
Income 2007	111.30	106.30	3.1804
Income 2008	108.40	89.99	3.4045
Income 2009	104.70	87.50	3.1526
Income 2010	111.50	103.40	2.4765
Income 2011	112.20	108.10	2.3890
Income 2012*	114.70	112.00	1.1247
Share Class U			
Accumulation 2007	102.00	99.48	0.9154
Accumulation 2008	102.40	87.60	3.1007
Accumulation 2009	105.00	86.08	3.0203
Accumulation 2010	114.10	106.90	2.3915
Accumulation 2011	117.80	111.70	2.3586
Accumulation 2012*	121.00	117.70	1.1257

(†) Distributed for income shares and allocated for accumulation shares.

* To 30 April 2012.

Share class U Accumulation was launched 18 July 2007.

Momentum Income Portfolio

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital gains	2		17,416		31,783
Revenue	3	25,124		26,526	
Expenses	4	(3,867)		(3,997)	
Finance costs: Interest	6	(1)		-	
Net revenue before taxation		21,256		22,529	
Taxation	5	-		-	
Net revenue after taxation			21,256		22,529
Total return before distributions			38,672		54,312
Finance costs: Distributions	6		(21,557)		(22,844)
Change in net assets attributable to shareholders from investment activities			17,115		31,468

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		838,083		811,110
Amounts receivable on creation of shares	1,942		39,077	
Less: Amounts payable on cancellation of shares	(75,519)		(59,741)	
		(73,577)		(20,664)
Stamp duty reserve tax		(75)		(319)
Change in net assets attributable to shareholders from investment activities		17,115		31,468
Retained distribution on accumulation shares		15,523		16,487
Unclaimed distributions		2		1
Closing net assets attributable to shareholders		797,071		838,083

Notes to the Financial Statements are on pages 114 to 118.

Momentum Income Portfolio

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		787,985	832,666
Debtors	8	9,892	7,758
Cash and bank balances	9	1,745	2,536
Total other assets		11,637	10,294
Total assets		799,622	842,960
Liabilities			
Derivative liabilities		(482)	(2,841)
Creditors	10	(1,653)	(1,571)
Distribution payable on income shares		(416)	(465)
Total other liabilities		(2,069)	(2,036)
Total liabilities		(2,551)	(4,877)
Net assets attributable to shareholders		797,071	838,083

Notes to the Financial Statements are on pages 114 to 118.

Momentum Income Portfolio

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital gains

The net capital gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	12,798	29,835
Future contracts	(949)	794
Forward foreign exchange currency contracts	4,064	(418)
Handling charges	(1)	(2)
ACD's periodic charge rebate taken to capital	1,504	1,574
Net capital gains	17,416	31,783

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	4,757	4,075
Interest distributions	20,343	22,426
Bank interest	24	25
Total revenue	25,124	26,526

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	3,762	3,887
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	75	79
Safe custody fees	20	21
	95	100
Other expenses:		
Audit fee	10	10
Total expenses	3,867	3,997

Expenses include irrecoverable VAT where applicable.

Notes to the Financial Statements

(continued)

as at 30 April 2012

5. Taxation

(a) Analysis of charge in year:

There is no corporation tax charge in the current year or prior year.

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue before taxation	21,256	22,529
Corporation tax of 20% (2011: 20%)	4,251	4,506
Effects of:		
UK dividends*	(952)	(815)
Movement in excess management expenses	(240)	(252)
Tax deductible interest distributions	(3,360)	(3,754)
Taxable income taken to capital	301	315
Current tax charge for year	-	-

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

(d) Factors that may affect future tax charges:

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,618,767 (30/04/11: £2,859,311) relating to surplus management expenses. No deferred tax asset has been recognised in either year as it was considered unlikely the Fund would generate sufficient taxable profits in the future to utilise these amounts.

6. Finance costs

Distributions and interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
First interim	3,348	3,765
Second interim	5,746	5,728
Third interim	3,179	3,512
Final	4,760	5,133
Income tax withheld	4,312	4,569
	21,345	22,707
Add: Revenue deducted on cancellation of shares	215	182
Deduct: Revenue received on creation of shares	(3)	(45)
Net distributions for the year	21,557	22,844
Bank interest	1	-
Total finance costs	21,558	22,844

Details of the distributions per share are set out in the Distribution Tables on page 119.

Notes to the Financial Statements

(continued)

as at 30 April 2012

7. Movement between net revenue and net distributions

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	21,256	22,529
Tax relief on ACD's periodic charge rebate	301	315
Net distributions for the year	<u>21,557</u>	<u>22,844</u>

8. Debtors

	30/04/12 £000	30/04/11 £000
Sales awaiting settlement	3,516	-
Accrued revenue	4,982	5,119
Income tax recoverable	1,394	2,639
Total debtors	<u>9,892</u>	<u>7,758</u>

9. Cash and bank balances

	30/04/12 £000	30/04/11 £000
Cash and bank balances	1,219	2,434
Amounts held at futures clearing houses and brokers	526	102
Total cash and bank balances	<u>1,745</u>	<u>2,536</u>

10. Creditors

	30/04/12 £000	30/04/11 £000
Amounts payable for cancellation of shares	1,450	1,373
Accrued expenses	203	198
Total creditors	<u>1,653</u>	<u>1,571</u>

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees net of rebates are disclosed in note 2 and 4, with £180,811 (30/04/11: £175,163) due at the year end.

Holdings of other Scottish Widows Unit Trust Managers OEICs are disclosed in the Portfolio Statement.

Holdings of Scottish Widows Investment Partnership (a Lloyds Banking Group company) OEICs are disclosed in the Portfolio Statement.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where Scottish Widows Unit Trust Managers Limited act as Authorised Corporate Director and Registrar or Scottish Widows Investment Partnership Limited act as Authorised Corporate Director. The total revenue earned amounts to £25,099,873 (30/04/11: £26,500,825).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12 %	30/04/11 %
ACD and associates of the ACD	-	-

as at 30 April 2012

12. Share classes

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.25
Share Class A - Income:	1.25
Share Class U - Accumulation:	1.50

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Performance Record on page 111.

The distributions per share class are given in the Distribution Tables on page 119.

All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

14. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 108. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are invested in regulated collective investment schemes managed or operated within the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 30 April the Fund had the following net currency exposure (excluding Sterling):

Currency	Net foreign currency liabilities 30/04/12			Net foreign currency liabilities 30/04/11		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000	£000	£000	£000
Euro	(49,555)	-	(49,555)	(57,760)	-	(57,760)
US dollar	(19,520)	-	(19,520)	(16,829)	-	(16,829)
	(69,075)	-	(69,075)	(74,589)	-	(74,589)

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in regulated collective investment schemes managed within the Lloyds Banking Group. The cashflow from the Fund's investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating a high level of income, whilst providing the potential for capital growth.

The Fund's net cash holding of £1.219m (30/04/11: holding £2.434m) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund holds net cash at futures brokers of £0.526m (30/04/11: cash £0.102m), whose rates are determined by reference to rates supplied by the broker.

The Fund did not have any long term financial liabilities.

as at 30 April 2012

(c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, given the level and nature of the derivatives held, it is not deemed to have sophisticated derivative holdings requiring further sensitivity analysis or value at risk disclosure. As such no additional disclosure has been shown.

(d) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed or operated within the Lloyds Banking Group. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset in these schemes or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Services Authority COLL sourcebook, which includes rules limiting the size of investment in any particular investment holding.

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

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

15. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Momentum Income Portfolio

Distribution Tables

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Third interim Shares purchased prior to 1 November 2011

Final Shares purchased prior to 1 February 2012

Group 2 Third interim Shares purchased between 1 November 2011 and 31 January 2012

Final Shares purchased between 1 February 2012 and 30 April 2012

Share Class A - Accumulation

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid to/ payable 30/06/2012	Distributions paid to 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.6758	0.1352	0.5406	-	0.5406	0.5423
Final	1.0335	0.2067	0.8268	-	0.8268	0.8125
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.3679	0.0736	0.2943	0.2463	0.5406	0.5423
Final	0.4635	0.0927	0.3708	0.4560	0.8268	0.8125

Share Class A - Income

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid to/ payable 30/06/2012	Distributions paid to 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.5574	0.1115	0.4459	-	0.4459	0.4570
Final	0.8485	0.1697	0.6788	-	0.6788	0.6822
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.3710	0.0742	0.2968	0.1491	0.4459	0.4570
Final	0.2386	0.0477	0.1909	0.4879	0.6788	0.6822

Share Class U - Accumulation

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid to/ payable 30/06/2012	Distributions paid to 30/06/2011
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.5479	0.1096	0.4383	-	0.4383	0.4395
Final	0.8593	0.1719	0.6874	-	0.6874	0.6779
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
Third interim	0.5479	0.1096	0.4383	-	0.4383	0.4395
Final	0.8593	0.1719	0.6874	-	0.6874	0.6779

Opportunities Portfolio Fund

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

To provide long-term capital growth by investing mainly in multi-manager regulated collective investment schemes. The Fund will invest primarily in Equity funds (at least 80%) while maintaining a low exposure to Fixed Income funds. These investments will be diversified across a number of geographic areas including the United Kingdom and other international markets.

The Fund will invest mainly in both multi-manager Equity funds and multi-manager Fixed Income funds.

The Equity funds that are selected will aim to provide capital growth by investing primarily in equity securities and will be chosen to provide a broad diversification by country, sector and companies.

The Fixed Income funds that are selected will aim to provide income and capital growth by investing primarily in investment grade bonds issued from a number of international markets and denominated in a variety of currencies. Non-Sterling fixed income investments may be hedged back to Sterling.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
Opportunities Portfolio Fund A Accumulation	(1.59)	8.09	32.97	(22.80)	(4.55)	3.76
Global Sector Average Return	(5.59)	8.11	32.45	(21.36)	(1.46)	5.96

Source: Lipper for Opportunities Portfolio Fund and Sector Average Return. Basis: Mid to Mid, net revenue reinvested and net of expenses. Global Sector - Funds which invest at least 80% of their assets globally in equities. Funds must be diversified by geographic region.

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

In equity markets, the risk rally resumed over the second half of 2011 however, with investors buoyed by news that the International Monetary Fund (IMF) had raised its global growth forecast and second-quarter earnings releases from a number of the world's biggest companies that were well in excess of expectations.

Gains were reinforced by more upbeat news from Europe, where the results of a series of stress tests on banks were largely welcomed. The final quarter was positive as a whole. Global equities finally recaptured all of the ground lost in the aftermath of the collapse of Lehman Brothers, as speculation that the recovery was becoming more sustainable saw them reach levels last seen over two years ago. The generally upbeat sentiment was underpinned by a burgeoning US recovery, strong growth in China and speculation that the Federal Reserve's sanctioning of a second round of quantitative easing (increasing the supply of money) would help global growth accelerate.

A very positive third-quarter earnings season and central bank intervention in Europe helped firm up the belief that the threat of a double-dip recession was receding and that a "worst case scenario" had been prevented. This renewed confidence helped investors to shrug off losses in November as the Irish government's request for assistance from the EU again saw the stability of the eurozone called into question.

Global equities experienced a strong start to 2012 continuing the turnaround that began in the previous quarter and registered strong gains in January and February. Investors reacted increasingly positively to the improved credit conditions in Europe following the European Central Bank's successful Long-Term Refinancing Operations (LTRO). Continued flow of positive news on the US economy, most notably better-than-expected housing and unemployment data, helped lift sentiment. Global equity markets faced divergent forces in April as economic growth indicators nominally weakened, while corporate earnings surpassed consensus expectations.

In bond markets, government bonds were the key drivers in the latter part of 2011 after risk aversion escalated significantly amid fears that uncoordinated policy responses to Europe's sovereign debt crisis could undermine economic recovery.

In the second quarter, investors began focusing on evidence of a slowdown in the US and Chinese economies as the situation in Europe appeared to ease. Gains continued into a mixed, but positive third quarter which ultimately favoured risk. As risk appetite returned it was again the higher risk (high yield, emerging market debt) sectors that outperformed. The momentum that built upon the upbeat data released in July faltered somewhat in August, but the improved sentiment in September saw investors again chasing greater yields, and taking on more risk, with sales of high yield bonds surging as companies took advantage of investor demand and low refinancing costs.

The first quarter of 2012 saw systemic risk dissipating, market volatility decreasing and credit spreads tightening. The primary catalysts were developments surrounding the European debt crisis, which provided clarity on policy and significantly reduced liquidity risk. First and foremost was the European Central Bank's LTRO (Long-Term Refinancing Operation) programme, which injected €1 trillion worth of liquidity into eurozone banks, eliminating the probability of a Lehman-like event. Near term Greek pressure was alleviated as private borrowers agreed on terms of a principal write-down and the German parliament approved a second bailout of €130 billion.

The events played out over a backdrop of an ongoing trend in global central bank easing (including the US Federal Reserve's forecast to remain on hold into 2014), positive US economic data and somewhat decreasing concerns of a China hard landing (a shift from rapid growth to slow growth or even recession). At the end of the quarter there was some disappointment in EU finance ministers limiting fresh "firewall" funds to €500 billion, as a higher amount would demonstrate deeper EU commitment and potentially compel other countries to donate more to the IMF. April saw a reversal in risk sentiment following the first quarter, as the positive effects from the ECB's LTRO stimulus faded and investors again became anxious, focusing on news flow and fundamentals.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an on going process with approx 15% of managers being changed in some way each year. Opportunities Portfolio is constructed from 15 underlying SWIP and Russell funds. Over the period there have been manager changes within five of these - RIC Continental European Fund, RIC Global Bond Fund, RIC Global Bond Euro Hedge Fund, RIC Sterling Bond Fund, and RIC US Equity Fund.

The Opportunities Portfolio is the most aggressive portfolio in the Scottish Widows Multi Manager Fund range, with 90% in equities and 10% in bonds. The Fund fell 1.59% over the year.

Scottish Widows Investment Partnership Limited

May 2012

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

Opportunities Portfolio Fund

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (99.55%*)		84,733	99.45
Collective Investment Schemes			
Russell Continental European Equity Fund I Acc	657,894	9,085	10.66
Russell Euro Fixed Income Fund I Acc	86,755	1,677	1.97
Russell Global Bond Euro Hedged Fund I Acc	74,165	1,617	1.90
Russell Global Bond Fund I Acc	100,608	1,789	2.10
Russell Japan Equity Fund I Acc	290,937	3,928	4.61
Russell Pacific Basin Equity Fund I Acc	178,350	4,757	5.58
Russell Sterling Bond Fund I Acc	83,930	1,367	1.60
Russell US Bond Fund I Acc	116,315	1,704	2.00
Russell US Equity Fund I Acc	1,145,993	13,775	16.17
Russell US Growth Fund I Acc	501,659	5,609	6.58
Russell US Quant Fund I Acc	599,376	7,097	8.33
Russell US Small Cap Equity Fund I Acc	87,925	1,432	1.68
SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	9,696,290	13,953	16.38
SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	9,774,299	13,850	16.26
SWIP Multi-Manager UK Equity Income Fund A Acc ‡	2,173,445	3,093	3.63
DERIVATIVES (-0.14%*)		229	0.27
Forward Currency Contracts			
Euro			
Bought EUR4,933,100 for GBP4,032,809 Settlement 04/05/2012		(18)	(0.02)
Sold EUR4,373,100 for GBP3,658,317 Settlement 04/05/2012		99	0.12
Sold EUR4,933,100 for GBP4,036,805 Settlement 03/08/2012		18	0.02
Sold EUR560,000 for GBP466,504 Settlement 04/05/2012		11	0.01
Japanese Yen			
Sold JPY38,513,500 for GBP322,205 Settlement 08/05/2012		27	0.03
US Dollar			
Bought USD3,725,600 for GBP2,301,174 Settlement 04/05/2012		(14)	(0.02)
Sold USD3,725,600 for GBP2,378,903 Settlement 04/05/2012		92	0.11
Sold USD3,725,600 for GBP2,302,354 Settlement 03/08/2012		14	0.02
Portfolio of investments^		84,962	99.72
Net other assets		236	0.28
Total net assets		85,198	100.00

All holdings are in Collective Investment Schemes.

Forward Currency Contracts are Over the Counter (OTC) derivatives.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 10).

Opportunities Portfolio Fund

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	<u>1,520</u>	Total sales for the year	<u>10,800</u>
Total purchases		Total sales	
Russell Continental European Equity Fund I Acc	700	Russell US Equity Fund I Acc	1,740
Russell Global Bond Fund I Acc	370	Russell Continental European Equity Fund I Acc	1,550
Russell Pacific Basin Equity Fund I Acc	250	SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	1,300
Russell US Equity Fund I Acc	200	SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	1,250
		Russell US Quant Fund I Acc	810
		Russell Japan Equity Fund I Acc	750
		Russell Pacific Basin Equity Fund I Acc	550
		Russell Global Bond Fund I Acc	550
		Russell US Growth Fund I Acc	550
		SWIP Multi-Manager UK Equity Income Fund A Acc ‡	400
		Russell Global Bond Euro Hedged Fund I Acc	350
		Russell US Bond Fund I Acc	300
		Russell Euro Fixed Income Fund I Acc	300
		Russell US Small Cap Equity Fund I Acc	200
		Russell Sterling Bond Fund I Acc	200

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 10).

Opportunities Portfolio Fund

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/04/10	7,360,599	6,336,700	116.16	2.00
Accumulation 30/04/11	7,034,436	5,598,400	125.65	2.00
Accumulation 30/04/12	6,415,780	5,189,400	123.63	2.00
Share Class X				
Accumulation 30/04/10	93,520,196	73,755,900	126.80	0.60
Accumulation 30/04/11	88,873,568	64,079,400	138.69	0.60
Accumulation 30/04/12	78,781,671	57,083,900	138.01	0.60

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	123.10	111.40	0.3889
Accumulation 2008	119.80	77.16	1.0420
Accumulation 2009	109.20	73.80	1.4116
Accumulation 2010	123.90	102.90	0.7773
Accumulation 2011	128.10	105.30	0.4820
Accumulation 2012*	127.80	115.70	0.7796
Share Class X			
Accumulation 2007	130.60	118.00	1.7185
Accumulation 2008	127.40	82.82	2.4934
Accumulation 2009	118.70	79.53	2.6348
Accumulation 2010	136.30	112.50	2.0884
Accumulation 2011	141.70	116.70	1.9545
Accumulation 2012*	142.40	128.60	2.3556

(†) Allocated for accumulation shares.

* To 30 April 2012.

Share class X is not published.

Opportunities Portfolio Fund

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(2,289)		7,119
Revenue	3	1,697		1,397	
Expenses	4	(98)		184	
Finance costs: Interest	6	-		-	
Net revenue before taxation		1,599		1,581	
Taxation	5	(157)		(192)	
Net revenue after taxation			1,442		1,389
Total return before distribution			(847)		8,508
Finance costs: Distribution	6		(1,453)		(1,402)
Change in net assets attributable to shareholders from investment activities			(2,300)		7,106

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		95,908		100,880
Amounts receivable on creation of shares	2,676		3,137	
Less: Amounts payable on cancellation of shares	(12,462)		(16,486)	
		(9,786)		(13,349)
Dilution adjustment		-		3
Stamp duty reserve tax		(9)		(11)
Change in net assets attributable to shareholders from investment activities		(2,300)		7,106
Retained distribution on accumulation shares		1,385		1,279
Closing net assets attributable to shareholders		85,198		95,908

Notes to the Financial Statements are on pages 127 to 131.

Opportunities Portfolio Fund

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		84,994	95,598
Debtors	8	54	678
Cash and bank balances		355	391
Total other assets		409	1,069
Total assets		85,403	96,667
Liabilities			
Derivative liabilities		(32)	(259)
Creditors	9	(173)	(500)
Total other liabilities		(173)	(500)
Total liabilities		(205)	(759)
Net assets attributable to shareholders		85,198	95,908

Notes to the Financial Statements are on pages 127 to 131.

Opportunities Portfolio Fund

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	(2,593)	6,973
Forward foreign exchange currency contracts	247	83
ACD's periodic charge rebate taken to capital	57	63
Net capital (losses)/gains	(2,289)	7,119

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	520	520
Unfranked investment income	-	(9)
Offshore distribution taxable	297	302
Offshore distribution non-taxable	349	146
Bank interest	1	1
ACD's periodic charge rebate	530	437
Total revenue	1,697	1,397

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge*	98	(184)
	98	(184)

During the year, the ACD has borne all the fees charged by the depositary, auditors, FSA and the registrar.

*The prior year ACD charge is in a negative net rebate position due to the level of expenses inherent in the underlying holdings.

Notes to the Financial Statements

(continued)

as at 30 April 2012

5. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Corporation tax	157	197
Adjustments in respect of prior years	-	(3)
Total current tax (note 5b)	157	194
Total deferred tax (note 5c)	-	(2)
Total taxation	157	192

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:

Net revenue before taxation	1,599	1,581
Corporation tax of 20% (2011: 20%)	320	316
Effects of:		
UK dividends*	(104)	(104)
Offshore non-taxable revenue	(70)	(29)
Movement in excess management expenses	-	1
Adjustments in respect of prior years	-	(3)
Taxable income taken to capital	11	13
Current tax charge for year (note 5a)	157	194

**As an authorised OEIC these items are not subject to corporation tax.*

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	-	2
Deferred tax credit in profit and loss account for the year (note 5a)	-	(2)
Provision at the end of the year	-	-

6. Finance costs

Distribution and interest

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Final	1,385	1,279
Add: Revenue deducted on cancellation of shares	85	149
Deduct: Revenue received on creation of shares	(17)	(26)
Net distribution for the year	1,453	1,402
Interest	-	-
Total finance costs	1,453	1,402

Details of the distribution per share is set out in the Distribution Tables on page 132.

as at 30 April 2012

7. Movement between net revenue and net distribution

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	1,442	1,389
Tax relief on ACD's periodic charge rebate	11	13
Net distribution for the year	1,453	1,402

8. Debtors

	30/04/12 £000	30/04/11 £000
Sales awaiting settlement	-	622
Amounts receivable for issue of shares	10	12
ACD rebate recoverable	44	44
Total debtors	54	678

9. Creditors

	30/04/12 £000	30/04/11 £000
Amounts payable for cancellation of shares	91	402
Accrued expenses	4	3
Corporation tax payable	78	95
Total creditors	173	500

10. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees net of rebates are disclosed in note 2 and 4, with £3,824 (30/04/11: £3,270) due at the year end.

Holdings of Scottish Widows Investment Partnership (a Lloyds Banking Group company) OEICs are disclosed in the Portfolio Statement.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where SWIP Multi-Manager Funds Limited act as Authorised Corporate Director. The total revenue earned amounts to £520,300 (30/04/11: £511,096).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12 %	30/04/11 %
ACD and associates of the ACD	92.45	92.65

11. Share classes

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	2.00
Share Class X - Accumulation:	0.60

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Performance Record on page 124.

The distribution per share class is given in the Distribution Tables on page 132.

All share classes have the same rights on winding up.

as at 30 April 2012

12. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

13. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 120. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Lloyds Banking Group and the Russell Investment Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 30 April the Fund had the following net currency exposure (excluding Sterling):

Currency	Net foreign currency liabilities 30/04/12			Net foreign currency liabilities 30/04/11		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000	£000	£000	£000
Euro	(4,019)	-	(4,019)	(4,571)	-	(4,571)
Japanese yen	(295)	-	(295)	(376)	-	(376)
US dollar	(2,288)	-	(2,288)	(2,868)	-	(2,868)
	(6,602)	-	(6,602)	(7,815)	-	(7,815)

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in multi-manager regulated collective investment schemes currently managed within the Lloyds Banking Group and the Russell Investment Group. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating long term capital growth.

The Fund's net cash holding of £0.355m (30/04/11: holding £0.391m) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

(c) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(d) Market price risk and fair value of financial assets and liabilities

The Fund currently invests principally in multi-manager regulated collective investment schemes managed or operated within the Lloyds Banking Group and the Russell Investment Group. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of multi-manager collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Services Authority COLL sourcebook, which includes rules limiting the size of investment in any particular holding.

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

as at 30 April 2012

(e) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

14. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Opportunities Portfolio Fund

Distribution Tables

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 May 2011

Group 2 Final Shares purchased between 1 May 2011 and 30 April 2012

Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Final	0.7796	-	0.7796	0.4820
Group 2	(p)	(p)	(p)	(p)
Final	0.3785	0.4011	0.7796	0.4820

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 100.00% of the dividend, together with the tax credit, is received as franked investment income.

Final - 0.00% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Final	2.3556	-	2.3556	1.9545
Group 2	(p)	(p)	(p)	(p)
Final	1.5099	0.8457	2.3556	1.9545

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 55.16% of the dividend, together with the tax credit, is received as franked investment income.

Final - 44.84% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Progressive Portfolio Fund

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

To provide long-term capital growth by investing mainly in multi-manager regulated collective investment schemes. The Fund will invest mainly in Equity funds (up to a maximum of 85%) while maintaining a moderate exposure to Fixed Income funds. These investments will be diversified across a number of geographic areas including the United Kingdom and other international markets.

The Fund will invest mainly in both multi-manager Equity funds and multi-manager Fixed Income funds.

The Equity funds that are selected will aim to provide capital growth by investing primarily in equity securities and will be chosen to provide a broad diversification by country, sector and companies.

The Fixed Income funds that are selected will aim to provide income and capital growth by investing primarily in investment grade bonds issued from a number of international markets and denominated in a variety of currencies. Non-Sterling fixed income investments may be hedged back to Sterling.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
Progressive Portfolio Fund A Accumulation	(0.54)	7.52	30.57	(19.70)	(3.75)	3.54
Mixed Investment 40-85% Shares Sector Average Return*	(2.46)	7.92	26.89	(19.33)	(3.70)	6.80

Source: Lipper for Progressive Portfolio Fund and Sector Average Return. Basis: Mid to Mid, net revenue reinvested and net of expenses. Mixed Investment 40%-85% Shares Sector - Funds would offer investment in a range of assets, with the maximum equity exposure restricted to 85% of the Fund. There is no specific requirement to hold a minimum % of non-UK equity within the equity limits. Assets must be at least 50% in US Dollar/Sterling/Euro of which 25% must be in Sterling and equities are deemed to include convertibles.

* The IMA changed the name of the Balanced Managed Sector to the Mixed Investment 40-85% Shares Sector, effective from 1 January 2012.

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

In equity markets, the risk rally resumed over the second half of 2011 however, with investors buoyed by news that the International Monetary Fund (IMF) had raised its global growth forecast and second-quarter earnings releases from a number of the world's biggest companies that were well in excess of expectations.

Gains were reinforced by more upbeat news from Europe, where the results of a series of stress tests on banks were largely welcomed. The final quarter was positive as a whole. Global equities finally recaptured all of the ground lost in the aftermath of the collapse of Lehman Brothers, as speculation that the recovery was becoming more sustainable saw them reach levels last seen over two years ago. The generally upbeat sentiment was underpinned by a burgeoning US recovery, strong growth in China and speculation that the Federal Reserve's sanctioning of a second round of A very positive third-quarter earnings season and central bank intervention in Europe helped firm up the belief that the threat of a double-dip recession was receding and that a "worst case scenario" had been prevented. This renewed confidence helped investors to shrug off losses in November as the Irish government's request for assistance from the EU again saw the stability of the eurozone called into question.

Global equities experienced a strong start to 2012 continuing the turnaround that began in the previous quarter and registered strong gains in January and February. Investors reacted increasingly positively to the improved credit conditions in Europe following the European Central Bank's successful Long-Term Refinancing Operations (LTRO). Continued flow of positive news on the US economy, most notably better-than-expected housing and unemployment data, helped lift sentiment. Global equity markets faced divergent forces in April as economic growth indicators nominally weakened, while corporate earnings surpassed consensus expectations.

In bond markets, government bonds were the key drivers in the latter part of 2011 after risk aversion escalated significantly amid fears that uncoordinated policy responses to Europe's sovereign debt crisis could undermine economic recovery.

In the second quarter, investors began focusing on evidence of a slowdown in the US and Chinese economies as the situation in Europe appeared to ease. Gains continued into a mixed, but positive third quarter which ultimately favoured risk. As risk appetite returned it was again the higher risk (high yield, emerging market debt) sectors that outperformed. The momentum that built upon the upbeat data released in July faltered somewhat in August, but the improved sentiment in September saw investors again chasing greater yields, and taking on more risk, with sales of high yield bonds surging as companies took advantage of investor demand and low refinancing costs.

The first quarter of 2012 saw systemic risk dissipating, market volatility decreasing and credit spreads tightening. The primary catalysts were developments surrounding the European debt crisis, which provided clarity on policy and significantly reduced liquidity risk. First and foremost was the European Central Bank's LTRO (Long-Term Refinancing Operation) programme, which injected €1 trillion worth of liquidity into eurozone banks, eliminating the probability of a Lehman-like event. Near term Greek pressure was alleviated as private borrowers agreed on terms of a principal write-down and the German parliament approved a second bailout of €130 billion.

Authorised Fund Manager's Report

(continued)

The events played out over a backdrop of an ongoing trend in global central bank easing (including the US Federal Reserve's forecast to remain on hold into 2014), positive US economic data and somewhat decreasing concerns of a China hard landing (a shift from rapid growth to slow growth or even recession). At the end of the quarter there was some disappointment in EU finance ministers limiting fresh "firewall" funds to €500 billion, as a higher amount would demonstrate deeper EU commitment and potentially compel other countries to donate more to the IMF. April saw a reversal in risk sentiment following the first quarter, as the positive effects from the ECB's LTRO stimulus faded and investors again became anxious, focusing on news flow and fundamentals.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an on going process with approx 15% of managers being changed in some way each year. Progressive Portfolio is constructed from 14 underlying SWIP and Russell funds. Over the period there have been manager changes within five of these - RIC Continental European Fund, RIC Global Bond Fund, RIC Global Bond Euro Hedge Fund, RIC Sterling Bond Fund, and RIC US Equity Fund.

The Progressive Portfolio holds 75% equities and 25% bonds. The Fund fell 0.54% over the year.

Scottish Widows Investment Partnership Limited

May 2012

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

Progressive Portfolio Fund

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (100.00%*)		212,405	99.26
Collective Investment Schemes			
Russell Continental European Equity Fund I Acc	1,398,524	19,314	9.03
Russell Euro Fixed Income Fund I Acc	575,394	11,122	5.20
Russell Global Bond Euro Hedged Fund I Acc	508,716	11,095	5.19
Russell Global Bond Fund I Acc	619,107	11,008	5.14
Russell Japan Equity Fund I Acc	599,856	8,098	3.78
Russell Pacific Basin Equity Fund I Acc	382,520	10,202	4.77
Russell Sterling Bond Fund I Acc	520,476	8,478	3.96
Russell US Bond Fund I Acc	751,476	11,009	5.14
Russell US Equity Fund I Acc	3,302,245	39,693	18.55
Russell US Quant Fund I Acc	1,256,813	14,881	6.96
Russell US Small Cap Equity Fund I Acc	176,244	2,871	1.34
SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	20,317,144	29,236	13.66
SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	20,526,898	29,087	13.59
SWIP Multi-Manager UK Equity Income Fund A Acc ‡	4,434,777	6,311	2.95
DERIVATIVES (-0.32%*)		1,495	0.70
Forward Currency Contracts			
Euro			
Bought EUR30,700,000 for GBP25,097,250 Settlement 04/05/2012		(112)	(0.05)
Sold EUR29,375,500 for GBP24,574,075 Settlement 04/05/2012		667	0.31
Sold EUR30,700,000 for GBP25,122,117 Settlement 03/08/2012		111	0.05
Sold EUR1,324,500 for GBP1,110,032 Settlement 04/05/2012		32	0.01
Japanese Yen			
Sold JPY234,546,400 for GBP1,962,222 Settlement 08/05/2012		165	0.08
US Dollar			
Bought USD26,188,300 for GBP16,175,602 Settlement 04/05/2012		(99)	(0.05)
Sold USD24,285,300 for GBP15,506,864 Settlement 04/05/2012		598	0.28
Sold USD26,188,300 for GBP16,183,899 Settlement 03/08/2012		98	0.05
Sold USD1,903,000 for GBP1,202,919 Settlement 04/05/2012		35	0.02
Portfolio of investments^		213,900	99.96
Net other assets		75	0.04
Total net assets		213,975	100.00

All holdings are in Collective Investment Schemes.

Forward Currency Contracts are Over the Counter (OTC) derivatives.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 10).

Progressive Portfolio Fund

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	12,300	Total sales for the year	33,060
Total purchases		Total sales	
Russell Continental European Equity Fund I Acc	3,100	Russell Continental European Equity Fund I Acc	4,000
Russell US Bond Fund I Acc	1,450	Russell US Equity Fund I Acc	3,800
Russell Global Bond Euro Hedged Fund I Acc	1,400	Russell US Bond Fund I Acc	3,250
Russell Japan Equity Fund I Acc	1,000	SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	3,070
SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	1,000	SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	2,880
SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	1,000	Russell Global Bond Fund I Acc	2,750
Russell Global Bond Fund I Acc	950	Russell Sterling Bond Fund I Acc	2,660
Russell Euro Fixed Income Fund I Acc	950	Russell Global Bond Euro Hedged Fund I Acc	2,650
Russell Sterling Bond Fund I Acc	850	Russell Japan Equity Fund I Acc	2,650
Russell Pacific Basin Equity Fund I Acc	600	Russell Euro Fixed Income Fund I Acc	1,950
		Russell US Quant Fund I Acc	1,700
		Russell Pacific Basin Equity Fund I Acc	750
		SWIP Multi-Manager UK Equity Income Fund A Acc ‡	750
		Russell US Small Cap Equity Fund I Acc	200

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 10).

Progressive Portfolio Fund

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/04/10	63,143,792	52,195,990	120.97	2.00
Accumulation 30/04/11	61,797,492	47,499,690	130.10	2.00
Accumulation 30/04/12	55,365,920	42,775,890	129.43	2.00
Share Class X				
Accumulation 30/04/10	175,536,187	133,028,200	131.95	0.60
Accumulation 30/04/11	173,047,843	120,592,700	143.50	0.60
Accumulation 30/04/12	158,609,620	109,857,700	144.38	0.60

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	123.60	113.70	0.5842
Accumulation 2008	121.10	83.18	1.5704
Accumulation 2009	113.90	80.11	1.6790
Accumulation 2010	128.30	109.60	1.0422
Accumulation 2011	132.10	112.70	0.7423
Accumulation 2012*	133.00	122.00	1.0631
Share Class X			
Accumulation 2007	131.00	120.30	1.9491
Accumulation 2008	128.60	89.21	3.0676
Accumulation 2009	123.80	86.27	2.9732
Accumulation 2010	141.00	119.80	2.4390
Accumulation 2011	146.10	124.80	2.3014
Accumulation 2012*	148.10	135.60	2.7377

(†) Allocated for accumulation shares.

* To 30 April 2012.

Share class X is not published.

Progressive Portfolio Fund

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(3,621)		15,239
Revenue	3	5,079		4,191	
Expenses	4	(1,018)		(394)	
Finance costs: Interest	6	-		-	
Net revenue before taxation		4,061		3,797	
Taxation	5	(466)		(521)	
Net revenue after taxation			3,595		3,276
Total return before distribution			(26)		18,515
Finance costs: Distribution	6		(3,619)		(3,302)
Change in net assets attributable to shareholders from investment activities			(3,645)		15,213

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		234,845		238,680
Amounts receivable on creation of shares	5,577		4,609	
Less: Amounts payable on cancellation of shares	(26,244)		(26,753)	
		(20,667)		(22,144)
Stamp duty reserve tax		(20)		(32)
Change in net assets attributable to shareholders from investment activities		(3,645)		15,213
Retained distribution on accumulation shares		3,462		3,128
Closing net assets attributable to shareholders		213,975		234,845

Notes to the Financial Statements are on pages 140 to 144.

Progressive Portfolio Fund

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		214,111	235,573
Debtors	8	110	813
Cash and bank balances		347	480
Total other assets		457	1,293
Total assets		214,568	236,866
Liabilities			
Derivative liabilities		(211)	(1,491)
Creditors	9	(382)	(530)
Total other liabilities		(382)	(530)
Total liabilities		(593)	(2,021)
Net assets attributable to shareholders		213,975	234,845

Notes to the Financial Statements are on pages 140 to 144.

Progressive Portfolio Fund

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	(5,344)	14,631
Forward foreign exchange currency contracts	1,604	479
ACD's periodic charge rebate taken to capital	119	129
Net capital (losses)/gains	(3,621)	15,239

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	1,080	1,034
Unfranked investment income	-	(18)
Offshore distribution taxable	1,880	1,829
Offshore distribution non-taxable	773	291
Bank interest	2	5
ACD's periodic charge rebate	1,344	1,050
Total revenue	5,079	4,191

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	1,018	394

Expenses include irrecoverable VAT where applicable.

During the year, the ACD has borne all the fees charged by the depositary, auditors, FSA and the registrar.

Notes to the Financial Statements

(continued)

as at 30 April 2012

5. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Corporation tax	466	524
Total current tax (note 5b)	466	524
Total deferred tax (note 5c)	-	(3)
Total taxation	466	521

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:

Net revenue before taxation	4,061	3,797
Corporation tax of 20% (2011: 20%)	812	759
Effects of:		
UK dividends*	(216)	(206)
Offshore non-taxable revenue	(154)	(58)
Revenue taxable in different periods	-	3
Taxable income taken to capital	24	26
Current tax charge for year (note 5a)	466	524

**As an authorised OEIC these items are not subject to corporation tax.*

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	-	3
Deferred tax credit in profit and loss account for the year (note 5a)	-	(3)
Provision at the end of the year	-	-

6. Finance costs

Distribution and interest

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Final	3,462	3,128
Add: Revenue deducted on cancellation of shares	204	206
Deduct: Revenue received on creation of shares	(47)	(32)
Net distribution for the year	3,619	3,302
Interest	-	-
Total finance costs	3,619	3,302

Details of the distribution per share is set out in the Distribution Tables on page 145.

Notes to the Financial Statements

(continued)

as at 30 April 2012

7. Movement between net revenue and net distribution

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	3,595	3,276
Tax relief on ACD's periodic charge rebate	24	26
Net distribution for the year	3,619	3,302

8. Debtors

	30/04/12 £000	30/04/11 £000
Sales awaiting settlement	-	625
Amounts receivable for issue of shares	-	76
ACD rebate recoverable	110	112
Total debtors	110	813

9. Creditors

	30/04/12 £000	30/04/11 £000
Amounts payable for cancellation of shares	69	201
Accrued expenses	74	75
Corporation tax payable	239	254
Total creditors	382	530

10. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees net of rebates are disclosed in note 2 and 4, with £73,335 (30/04/11: £75,072) due at the year end.

Holdings of Scottish Widows Investment Partnership (a Lloyds Banking Group company) OEICs are disclosed in the Portfolio Statement.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where SWIP Multi-Manager Funds Limited act as Authorised Corporate Director. The total revenue earned amounts to £1,079,614 (30/04/11: £1,015,909).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12 %	30/04/11 %
ACD and associates of the ACD	74.13	73.68

11. Share classes

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	2.00
Share Class X - Accumulation:	0.60

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Performance Record on page 137.

The distribution per share class is given in the Distribution Tables on page 145.

All share classes have the same rights on winding up.

as at 30 April 2012

12. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

13. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 133. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Lloyds Banking Group and the Russell Investment Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 30 April the Fund had the following net currency exposure (excluding Sterling):

	Net foreign currency liabilities 30/04/12			Net foreign currency liabilities 30/04/11		
	Monetary exposures £000	Non-monetary exposures £000	Total £000	Monetary exposures £000	Non-monetary exposures £000	Total £000
Currency						
Euro	(25,011)	-	(25,011)	(27,808)	-	(27,808)
Japanese yen	(1,797)	-	(1,797)	(2,238)	-	(2,238)
US dollar	(16,086)	-	(16,086)	(17,714)	-	(17,714)
	(42,894)	-	(42,894)	(47,760)	-	(47,760)

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in multi-manager regulated collective investment schemes currently managed within the Lloyds Banking Group and the Russell Investment Group. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating long term capital growth.

The Fund's net cash holding of £0.347m (30/04/11: holding £0.48m) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

(c) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(d) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in multi-manager regulated collective investment schemes managed within the Lloyds Banking Group and the Russell Investment Group. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of multi-manager collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Services Authority COLL sourcebook, which includes rules limiting the size of investment in any particular holding.

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

as at 30 April 2012

(e) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

14. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Progressive Portfolio Fund

Distribution Tables

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 May 2011

Group 2 Final Shares purchased between 1 May 2011 and 30 April 2012

Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Final	1.0631	-	1.0631	0.7423
Group 2	(p)	(p)	(p)	(p)
Final	0.5374	0.5257	1.0631	0.7423

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 96.69% of the dividend, together with the tax credit, is received as franked investment income.

Final - 3.31% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Final	2.7377	-	2.7377	2.3014
Group 2	(p)	(p)	(p)	(p)
Final	1.5145	1.2232	2.7377	2.3014

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 49.88% of the dividend, together with the tax credit, is received as franked investment income.

Final - 50.12% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Stockmarket Growth Portfolio

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

To provide long-term capital growth from opportunities around the world by investing in regulated collective investment schemes managed mainly within the Lloyds Banking Group. The Fund will invest in primarily Equity funds.

The Fund will primarily invest in Equity funds managed mainly within the Lloyds Banking Group. The Equity funds selected will aim to provide capital growth by investing primarily in equities which have a broad diversification by country, sector and company. The Fund may invest in other regulated collective investment schemes that are consistent with the Fund's objective at the discretion of the ACD.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
Stockmarket Growth Portfolio A Accumulation	(4.49)	8.83	33.72	(24.66)	(3.51)	5.49

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

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

The Stockmarket Growth Portfolio invests mainly in equities. The period under review presented a number of challenges for investors in all asset classes.

The UK stock market fell over the year as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The FTSE All-Share Index fell by 2.1% in total return terms. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better. Meanwhile, European equities were dominated by the sovereign debt crisis. The eurozone economy remains sluggish with many periphery nations in recession. Markets were extremely volatile, and the FTSE Europe ex-UK Index was down more than 10% in local currency, total return terms. In contrast, a rally in the US in early 2012 meant that the S&P 500 Index gained 7.25% in dollar total return terms.

While the performance of government bonds has varied across the globe, most major markets, including the UK, have benefited from their perceived “safe-haven” status during these times of economic uncertainty. Bonds issued by some of the troubled countries on Europe’s periphery have done poorly in comparison. Bond yields in Spain and Italy rose alarmingly as their budgetary troubles came under the spotlight. European Central Bank intervention in the shape of two Long-Term Refinancing Operations (LTROs) helped to stem the rising trend. The LTROs have involved lending money cheaply to liquidity-strapped commercial banks, and much has been reinvested in short-dated peripheral bonds.

The past year has been a period of mixed fortunes for corporate bonds. In the first part of the reporting period, strong results and falling debt levels helped drive prices higher and yields lower. But as 2011 progressed, fears about Europe’s troubled economies resulted in a sharp widening of the spread between the yields provided by government and corporate bonds. The New Year brought a strong rally; the LTROs effectively put a floor under the prices of financial sector corporate bonds, and banks used borrowed money to restructure their capital positions through buying back debt.

The Fund moved overweight in UK equities in August 2011, as we felt they had fallen to levels which represented good value. Profits were taken on this position in October and November, but the rally in UK equities continued into January, meaning the Fund lost out on some performance relative to benchmark.

Looking ahead, equity investors have two main worries: Europe and China. In Europe, the focus has shifted from the immediate threat of a financial crisis and onto a lack of economic growth. Given the single currency zone is the UK’s largest export market, this represents a real challenge to UK plc. Fears are also growing that the economic climate in China has changed for the worse. A slowdown would have repercussions for global equity markets.

Turning to corporate bonds, while early 2012 brought a high volume of new issues, investors appear to have become more cautious, and we may be close to reaching saturation point. The rally may have further to run, but there are significant risks – from Europe and elsewhere.

Scottish Widows Investment Partnership Limited

May 2012

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

Stockmarket Growth Portfolio

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (98.42%*)		186,674	99.04
Collective Investment Schemes			
Scottish Widows Corporate Bond Fund A Acc †	2,740,168	6,334	3.36
Scottish Widows Global Growth Fund A Acc †	39,692,295	33,294	17.67
Scottish Widows Global Select Growth Fund A Acc †	7,183,116	33,344	17.69
Scottish Widows UK All Share Tracker Fund I Acc †	12,173,285	20,305	10.77
Scottish Widows UK Equity Income Fund A Inc †	4,391,177	27,796	14.75
Scottish Widows UK Growth Fund A Acc †	23,378,655	28,779	15.27
Scottish Widows UK Select Growth Fund A Acc †	1,764,152	27,468	14.57
SWIP High Yield Bond Fund A Inc ‡	9,941,784	9,354	4.96
DERIVATIVES (0.04%*)		(282)	(0.14)
Futures Contracts			
EURO STOXX 50 Index Futures June 2012	101	(189)	(0.10)
FTSE 100 Index Futures June 2012	(36)	56	0.03
MSCI Emerging Market Index Futures June 2012	77	(78)	(0.04)
S&P 500 E Mini Index Futures June 2012	(46)	(45)	(0.02)
TOPIX Index Futures June 2012	15	(26)	(0.01)
Portfolio of investments^		186,392	98.90
Net other assets		2,082	1.10
Total net assets		188,474	100.00

All holdings are in Collective Investment Schemes.

Any derivative contracts were traded on an eligible derivatives exchange.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

† This investment is a related party (see note 11).

Stockmarket Growth Portfolio

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	<u>33,686</u>	Total sales for the year	<u>46,263</u>
Major purchases		Major sales	
Scottish Widows Corporate Bond Fund A Acc †	3,270	Scottish Widows Corporate Bond Fund A Acc †	4,550
FTSE 100 Index Futures December 2011	2,888	Scottish Widows Global Select Growth Fund A Acc †	3,400
EURO STOXX 50 Index Futures June 2012	2,114	Scottish Widows Global Growth Fund A Acc †	3,250
MSCI Emerging Market Index Futures June 2012	2,039	FTSE 100 Index Futures December 2011	2,981
MSCI Emerging Market Index Futures March 2012	1,999	EURO STOXX 50 Index Futures March 2012	2,172
FTSE 100 Index Futures March 2012	1,959	FTSE 100 Index Futures June 2012	2,120
EURO STOXX 50 Index Futures March 2012	1,921	MSCI Emerging Market Index Futures March 2012	2,032
S&P 500 E Mini Index Futures March 2012	1,921	S&P 500 E Mini Index Futures June 2012	2,005
TOPIX Index Futures September 2011	1,921	FTSE 100 Index Futures March 2012	1,959
TOPIX Index Futures March 2012	1,895	TOPIX Index Futures March 2012	1,945
TOPIX Index Futures December 2011	1,865	EURO STOXX 50 Index Futures December 2011	1,929
EURO STOXX 50 Index Futures December 2011	1,753	S&P 500 E Mini Index Futures March 2012	1,921
EURO STOXX 50 Index Futures September 2011	1,474	TOPIX Index Futures December 2011	1,899
SWIP High Yield Bond Fund A Inc ‡	1,100	TOPIX Index Futures September 2011	1,884
S&P 500 E Mini Index Futures June 2011	1,046	SWIP High Yield Bond Fund A Inc ‡	1,700
FTSE 100 Index Futures September 2011	1,039	Scottish Widows UK All Share Tracker Fund I Acc †	1,450
S&P 500 E Mini Index Futures September 2011	1,015	Scottish Widows UK Growth Fund A Acc †	1,150
TOPIX Index Futures June 2012	960	EURO STOXX 50 Index Futures September 2011	1,149
Scottish Widows UK All Share Tracker Fund I Acc †	600	Scottish Widows UK Equity Income Fund A Inc †	1,100
Scottish Widows Global Select Growth Fund A Acc †	500	FTSE 100 Index Futures June 2011	1,046

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

† This investment is a related party (see note 11).

Stockmarket Growth Portfolio

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/04/10	205,152,889	137,259,765	149.46	1.65
Accumulation 30/04/11	212,105,057	130,369,765	162.69	1.65
Accumulation 30/04/12	188,474,431	121,304,865	155.37	1.66

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	160.30	143.30	2.1581
Accumulation 2008	154.60	99.04	2.9621
Accumulation 2009	143.20	95.66	3.6026
Accumulation 2010	158.30	131.80	2.4661
Accumulation 2011	164.50	134.40	2.0996
Accumulation 2012*	160.30	147.60	2.4953

(†) Allocated for accumulation shares.

* To 30 April 2012.

Stockmarket Growth Portfolio

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(12,768)		14,733
Revenue	3	3,883		3,658	
Expenses	4	(789)		(811)	
Finance costs: Interest	6	(2)		(1)	
Net revenue before taxation		3,092		2,846	
Taxation	5	(58)		(122)	
Net revenue after taxation			3,034		2,724
Total return before distribution			(9,734)		17,457
Finance costs: Distribution	6		(3,105)		(2,799)
Change in net assets attributable to shareholders from investment activities			(12,839)		14,658

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		212,105		205,153
Amounts receivable on creation of shares	804		2,062	
Less: Amounts payable on cancellation of shares	(14,591)		(12,442)	
		(13,787)		(10,380)
Stamp duty reserve tax		(32)		(64)
Change in net assets attributable to shareholders from investment activities		(12,839)		14,658
Retained distribution on accumulation shares		3,027		2,737
Unclaimed distributions		-		1
Closing net assets attributable to shareholders		188,474		212,105

Notes to the Financial Statements are on pages 152 to 155.

Stockmarket Growth Portfolio

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		186,730	208,990
Debtors	8	1,425	1,446
Cash and bank balances	9	1,196	2,381
Total other assets		2,621	3,827
Total assets		189,351	212,817
Liabilities			
Derivative liabilities		(338)	(143)
Creditors	10	(539)	(569)
Total other liabilities		(539)	(569)
Total liabilities		(877)	(712)
Net assets attributable to shareholders		188,474	212,105

Notes to the Financial Statements are on pages 152 to 155.

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	(12,677)	14,498
Future contracts	(412)	(226)
Forward foreign exchange currency contracts	(35)	35
Currency gains	-	52
Handling charges	(1)	(1)
ACD's periodic charge rebate taken to capital	357	375
Net capital (losses)/gains	(12,768)	14,733

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	3,067	2,697
Unfranked investment income	-	(202)
Interest distributions	805	1,153
Bank interest	11	7
HM Revenue and Customs interest	-	3
Total revenue	3,883	3,658

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	757	777
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	17	19
Safe custody fees	5	5
	22	24
Other expenses:		
Audit fee	10	10
Total expenses	789	811

Expenses include irrecoverable VAT where applicable.

Notes to the Financial Statements

(continued)

as at 30 April 2012

5. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Corporation tax	76	145
Adjustments in respect of prior years	(18)	17
Total current tax (note 5b)	58	162
Total deferred tax (note 5c)	-	(40)
Total taxation	58	122

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:

Net revenue before taxation	3,092	2,846
Corporation tax of 20% (2011: 20%)	618	569
Effects of:		
UK dividends*	(613)	(539)
Revenue taxable in different periods	-	40
Adjustments in respect of prior years	(18)	17
Taxable income taken to capital	71	75
Current tax charge for year (note 5a)	58	162

**As an authorised OEIC these items are not subject to corporation tax.*

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	-	40
Deferred tax credit in profit and loss account for the year (note 5a)	-	(40)
Provision at the end of the year	-	-

6. Finance costs

Distribution and interest

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Final	3,027	2,737
Add: Revenue deducted on cancellation of shares	83	68
Deduct: Revenue received on creation of shares	(5)	(6)
Net distribution for the year	3,105	2,799
Bank interest	2	1
Total finance costs	3,107	2,800

Details of the distribution per share is set out in the Distribution Table on page 156.

7. Movement between net revenue and net distribution

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	3,034	2,724
Tax relief on ACD's periodic charge rebate	71	75
Net distribution for the year	3,105	2,799

Notes to the Financial Statements

(continued)

as at 30 April 2012

8. Debtors

	30/04/12	30/04/11
	£000	£000
Sales awaiting settlement	450	400
Accrued revenue	584	537
Income tax recoverable	391	509
Total debtors	1,425	1,446

9. Cash and bank balances

	30/04/12	30/04/11
	£000	£000
Cash and bank balances	381	2,099
Amounts held at futures clearing houses and brokers	815	282
Total cash and bank balances	1,196	2,381

10. Creditors

	30/04/12	30/04/11
	£000	£000
Amounts payable for cancellation of shares	273	162
Accrued expenses	44	45
Corporation tax payable	222	362
Total creditors	539	569

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees net of rebates are disclosed in note 2 and 4, with £31,429 (30/04/11: £32,830) due at the year end.

Holdings of Scottish Widows Investment Partnership (a Lloyds Banking Group company) OEICs are disclosed in the Portfolio Statement.

Holdings of other Scottish Widows Unit Trust Managers OEICs are disclosed in the Portfolio Statement.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where Scottish Widows Unit Trust Managers Limited act as Authorised Corporate Director and Registrar or Scottish Widows Investment Partnership Limited act as Authorised Corporate Director. The total revenue earned amounts to £3,871,494 (30/04/11: £3,647,790).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12	30/04/11
	%	%
ACD and associates of the ACD	-	-

12. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

	%
Share Class A - Accumulation:	1.50

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Performance Record on page 149.

The distribution per share class is given in the Distribution Table on page 156.

13. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

as at 30 April 2012

14. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 146. The risks inherent in the Fund's investment portfolio are as follows:

(a) *Currency risk*

The Fund's financial assets and liabilities are invested in regulated collective investment schemes managed within the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 30 April the Fund had the following net currency exposure (excluding Sterling):

	Net foreign currency liabilities 30/04/12			Net foreign currency liabilities 30/04/11		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
Currency	£000	£000	£000	£000	£000	£000
Euro	(189)	-	(189)	85	-	85
Japanese yen	(26)	-	(26)	(95)	-	(95)
US dollar	(122)	-	(122)	(9)	-	(9)
	(337)	-	(337)	(19)	-	(19)

(b) *Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in regulated collective investment schemes managed within the Lloyds Banking Group. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The Fund's net cash holding of £0.381m (30/04/11: holding £2.099m) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund holds net cash at futures brokers of £0.815m (30/04/11: cash £0.282m), whose rates are determined by reference to rates supplied by the broker.

The Fund did not have any long term financial liabilities.

(c) *Liquidity risk*

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(d) *Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual equity or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Services Authority COLL sourcebook, which includes rules limiting the size of investment in any particular investment holding.

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

(e) *Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

15. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Stockmarket Growth Portfolio

Distribution Table

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 May 2011

Group 2 Final Shares purchased between 1 May 2011 and 30 April 2012

Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Final	2.4953	-	2.4953	2.0996
Group 2	(p)	(p)	(p)	(p)
Final	1.6168	0.8785	2.4953	2.0996

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 90.46% of the dividend, together with the tax credit, is received as franked investment income.

Final - 9.54% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Strategic Growth Portfolio

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

To provide long term capital growth through investment in a balanced portfolio of regulated collective investment schemes managed mainly within the Lloyds Banking Group investing in UK equities, overseas equities and fixed interest securities.

The Fund will invest in a balanced portfolio of Equity funds and Fixed Interest funds managed mainly within the Lloyds Banking Group.

The Equity funds selected will aim to provide capital growth by investing primarily in equities which have a broad diversification by country, sector and company. The Fixed Interest funds selected will aim to provide diversification to the portfolio by investing primarily in government bonds issued from a number of international markets and denominated in a variety of currencies. The Fund may also invest in other regulated collective investment schemes that are consistent with the Fund's objective at the discretion of the ACD. Non-Sterling fixed income investments may be hedged back to Sterling.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %	01/05/07 to 30/04/08 %	01/05/06 to 30/04/07 %
Strategic Growth Portfolio A Accumulation	(2.26)	8.15	28.57	(19.85)	(2.75)	4.66

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

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

The Strategic Growth Portfolio invests mainly in equities. The period under review presented a number of challenges for investors in all asset classes.

The UK stock market fell over the year as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The FTSE All-Share Index fell by 2.1% in total return terms. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better.

Meanwhile, European equities were dominated by the sovereign debt crisis. Greece was back under the spotlight as it haggled over the details of its second bail-out, but Spain and Italy also came into the firing line. The eurozone economy remains sluggish with many periphery nations in recession. Markets were extremely volatile, and the FTSE Europe ex-UK Index was down more than 10% in local currency, total return terms. In contrast, a rally in the US in early 2012 meant that the S&P 500 Index gained ground in dollar total return terms. Recent reports on the US economy have been favourable, and consumer confidence has improved.

While the performance of government bonds has varied across the globe over the last twelve months, most of the major markets, including the UK, have benefited from their perceived "safe-haven" status during these times of economic uncertainty.

Bonds issued by some of the troubled countries on Europe's periphery have done poorly in comparison. Bond yields in Spain and Italy rose alarmingly as their budgetary troubles came under the spotlight. European Central Bank intervention, in the shape of two Long-Term Refinancing Operations (LTROs) helped to stem the rising trend. The LTROs have involved lending money cheaply to liquidity-strapped commercial banks, and much has been reinvested in short-dated peripheral bonds.

The past year has been a period of mixed fortunes for corporate bonds. In the first part of the reporting period, strong results and falling debt levels helped drive prices higher and yields lower. But as 2011 progressed, fears about Europe's troubled economies resulted in a sharp widening of the spread between the yields provided by government and corporate bonds. The New Year brought a strong rally; the LTROs effectively put a floor under the prices of financial sector corporate bonds, and banks used borrowed money to restructure their capital positions through buying back debt.

Equity investors have two main worries: Europe and China. In Europe, the focus has shifted from the immediate threat of a financial crisis and onto a lack of economic growth. Given the single currency zone is the UK's largest export market, this represents a real challenge to UK plc. Fears are also growing that the economic climate in China has changed for the worse. A slowdown would have repercussions for global equity markets.

Authorised Fund Manager's Report

(continued)

Turning to corporate bonds, while early 2012 brought a high volume of new issues, investors appear to have become more cautious, and we may be close to reaching saturation point. The rally may have further to run, but there are significant risks – from Europe and elsewhere. Fundamental value in government bonds remains poor – particularly in the UK and the US. We continue to anticipate a clear increase in 10-year government bond yields and a fall in prices in the US, Germany and UK over the next 12 months.

Scottish Widows Investment Partnership Limited

May 2012

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

Strategic Growth Portfolio

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (99.30%*)		221,362	99.62
Collective Investment Schemes			
Scottish Widows Corporate Bond Fund A Acc †	4,892,020	11,305	5.09
Scottish Widows Gilt Fund A Acc †	4,113,064	9,394	4.22
Scottish Widows Gilt Fund A Inc †	5,749,049	10,423	4.69
Scottish Widows Global Growth Fund A Acc †	40,139,950	33,669	15.15
Scottish Widows Global Select Growth Fund A Acc †	7,199,492	33,420	15.04
Scottish Widows International Bond Fund A Acc †	2,649,060	5,338	2.40
Scottish Widows International Bond Fund A Inc †	4,312,109	5,412	2.44
Scottish Widows UK All Share Tracker Fund I Acc †	6,966,285	11,620	5.23
Scottish Widows UK Equity Income Fund A Acc †	555,933	17,434	7.85
Scottish Widows UK Equity Income Fund A Inc †	2,590,859	16,400	7.38
Scottish Widows UK Growth Fund A Acc †	27,176,945	33,455	15.06
Scottish Widows UK Select Growth Fund A Acc †	1,336,204	20,804	9.36
SWIP High Yield Bond Fund A Inc ‡	13,484,714	12,688	5.71
DERIVATIVES (-0.03%*)		(90)	(0.04)
Forward Currency Contracts			
Euro			
Bought EUR4,072,725 for GBP3,329,453 Settlement 04/05/2012		(15)	(0.01)
Bought EUR3,005,000 for GBP2,500,400 Settlement 22/06/2012		(54)	(0.02)
Sold EUR4,072,725 for GBP3,409,156 Settlement 04/05/2012		95	0.04
Sold EUR2,800,000 for GBP2,335,004 Settlement 22/06/2012		55	0.02
Sold EUR4,072,725 for GBP3,332,752 Settlement 03/08/2012		15	0.01
US Dollar			
Bought USD7,477,267 for GBP4,618,448 Settlement 04/05/2012		(28)	(0.01)
Sold USD7,477,267 for GBP4,774,847 Settlement 04/05/2012		185	0.08
Sold USD7,477,267 for GBP4,620,816 Settlement 03/08/2012		28	0.01
Futures Contracts			
EURO STOXX 50 Index Futures June 2012	120	(224)	(0.10)
FTSE 100 Index Futures June 2012	(23)	36	0.02
MSCI Emerging Market Index Futures June 2012	89	(90)	(0.04)
S&P 500 E Mini Index Futures June 2012	(53)	(52)	(0.02)
TOPIX Index Futures June 2012	17	(29)	(0.01)
UK Long Gilt Bond Futures June 2012	(19)	(12)	(0.01)
Portfolio of investments^		221,272	99.58
Net other assets		939	0.42
Total net assets		222,211	100.00

All holdings are in Collective Investment Schemes.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

† This investment is a related party (see note 11).

Strategic Growth Portfolio

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	<u>65,198</u>	Total sales for the year	<u>76,287</u>
Major purchases		Major sales	
UK Long Gilt Bond Futures September 2011	7,609	UK Long Gilt Bond Futures September 2011	7,609
UK Long Gilt Bond Futures December 2011	6,730	UK Long Gilt Bond Futures December 2011	6,730
EURO STOXX 50 Index Futures September 2011	3,055	Scottish Widows Gilt Fund A Acc †	4,200
EURO STOXX 50 Index Futures March 2012	2,759	Scottish Widows Global Growth Fund A Acc †	3,150
UK Long Gilt Bond Futures March 2012	2,753	Scottish Widows Gilt Fund A Inc †	3,150
EURO STOXX 50 Index Futures June 2012	2,512	EURO STOXX 50 Index Futures March 2012	3,096
EURO STOXX 50 Index Futures December 2011	2,471	Scottish Widows Corporate Bond Fund A Acc †	2,850
MSCI Emerging Market Index Futures June 2012	2,356	EURO STOXX 50 Index Futures December 2011	2,770
TOPIX Index Futures September 2011	2,356	UK Long Gilt Bond Futures March 2012	2,753
TOPIX Index Futures March 2012	2,323	EURO STOXX 50 Index Futures September 2011	2,487
MSCI Emerging Market Index Futures March 2012	2,312	Scottish Widows Global Select Growth Fund A Acc †	2,450
TOPIX Index Futures December 2011	2,286	TOPIX Index Futures March 2012	2,379
FTSE 100 Index Futures December 2011	2,257	FTSE 100 Index Futures December 2011	2,360
S&P 500 E Mini Index Futures March 2012	2,213	MSCI Emerging Market Index Futures March 2012	2,349
UK Long Gilt Bond Futures June 2011	2,093	TOPIX Index Futures December 2011	2,328
S&P 500 E Mini Index Futures June 2011	2,038	S&P 500 E Mini Index Futures June 2012	2,310
SWIP High Yield Bond Fund A Inc ‡	2,000	TOPIX Index Futures September 2011	2,309
Scottish Widows Corporate Bond Fund A Acc †	1,850	S&P 500 E Mini Index Futures March 2012	2,213
Scottish Widows Gilt Fund A Acc †	1,700	UK Long Gilt Bond Futures June 2012	2,181
S&P 500 E Mini Index Futures December 2011	1,406	S&P 500 E Mini Index Futures June 2011	2,115

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 11).

† This investment is a related party (see note 11).

Strategic Growth Portfolio

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/04/10	196,762,424	145,732,422	135.02	1.64
Accumulation 30/04/11	211,048,483	144,559,922	145.99	1.63
Accumulation 30/04/12	196,503,588	137,699,451	142.70	1.63
Share Class B				
Accumulation 30/04/10	28,078,601	20,532,545	136.75	1.39
Accumulation 30/04/11	28,432,273	19,189,745	148.16	1.39
Accumulation 30/04/12	25,707,676	17,715,145	145.12	1.38

*The Total Expense Ratio (TER) is the total expenses paid by each share class in the year against its average net asset value. The TER can fluctuate as underlying costs change.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	138.80	127.00	2.1756
Accumulation 2008	135.70	93.99	2.7269
Accumulation 2009	129.80	92.57	3.2162
Accumulation 2010	142.60	122.20	2.2678
Accumulation 2011	147.70	125.40	1.9096
Accumulation 2012*	146.30	136.70	2.2189
Share Class B			
Accumulation 2007	139.80	128.00	2.4471
Accumulation 2008	136.80	94.91	2.9988
Accumulation 2009	129.60	93.55	3.4732
Accumulation 2010	144.60	123.80	2.5449
Accumulation 2011	149.90	127.30	2.2101
Accumulation 2012*	148.80	139.00	2.5387

(†) Allocated for accumulation shares.

* To 30 April 2012.

Strategic Growth Portfolio

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(9,026)		15,301
Revenue	3	4,541		4,218	
Expenses	4	(806)		(817)	
Finance costs: Interest	6	(3)		(1)	
Net revenue before taxation		3,732		3,400	
Taxation	5	(230)		(259)	
Net revenue after taxation			3,502		3,141
Total return before distribution			(5,524)		18,442
Finance costs: Distribution	6		(3,586)		(3,226)
Change in net assets attributable to shareholders from investment activities			(9,110)		15,216

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		239,481		224,841
Amounts receivable on creation of shares	2,795		6,502	
Less: Amounts payable on cancellation of shares	(14,404)		(10,153)	
		(11,609)		(3,651)
Stamp duty reserve tax		(56)		(110)
Change in net assets attributable to shareholders from investment activities		(9,110)		15,216
Retained distribution on accumulation shares		3,505		3,185
Closing net assets attributable to shareholders		222,211		239,481

Notes to the Financial Statements are on pages 164 to 168.

Strategic Growth Portfolio

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		221,776	238,123
Debtors	8	1,104	1,654
Cash and bank balances	9	998	1,014
Total other assets		2,102	2,668
Total assets		223,878	240,791
Liabilities			
Derivative liabilities		(504)	(393)
Creditors	10	(980)	(917)
Bank overdrafts		(183)	-
Total other liabilities		(1,163)	(917)
Total liabilities		(1,667)	(1,310)
Net assets attributable to shareholders		222,211	239,481

Notes to the Financial Statements are on pages 164 to 168.

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Non-derivative securities	(8,767)	14,725
Futures contracts	(897)	(103)
Forward foreign exchange currency contracts	219	247
Currency gains	-	9
ACD's periodic charge rebate taken to capital	419	423
Net capital (losses)/gains	(9,026)	15,301

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	3,000	2,526
Unfranked investment income	-	(10)
Interest distributions	1,537	1,695
Bank interest	4	7
Total revenue	4,541	4,218

4. Expenses

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	796	807
Other expenses:		
Audit fee	10	10
Total expenses	806	817

Expenses include irrecoverable VAT where applicable.

During the year, the ACD has borne all the fees charged by the depositary, FSA and the registrar.

Notes to the Financial Statements

(continued)

as at 30 April 2012

5. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Corporation tax	230	261
Total current tax (note 5b)	230	261
Total deferred tax (note 5c)	-	(2)
Total taxation	230	259

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than (2011: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:

Net revenue before taxation	3,732	3,400
Corporation tax of 20% (2011: 20%)	746	680
Effects of:		
UK dividends*	(600)	(506)
Revenue taxable in different periods	-	2
Taxable income taken to capital	84	85
Current tax charge for year (note 5a)	230	261

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	-	2
Deferred tax credit in profit and loss account for the year (note 5a)	-	(2)
Provision at the end of the year	-	-

6. Finance costs

Distribution and interest

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Final	3,505	3,185
Add: Revenue deducted on cancellation of shares	95	68
Deduct: Revenue received on creation of shares	(14)	(27)
Net distribution for the year	3,586	3,226
Bank interest	3	1
Total finance costs	3,589	3,227

Details of the distribution per share is set out in the Distribution Tables on page 169.

Notes to the Financial Statements

(continued)

as at 30 April 2012

7. Movement between net revenue and net distribution

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	3,502	3,141
Tax relief on ACD's periodic charge rebate	84	85
Net distribution for the year	3,586	3,226

8. Debtors

	30/04/12 £000	30/04/11 £000
Sales awaiting settlement	-	400
Amounts receivable for issue of shares	-	14
Accrued revenue	462	437
Income tax recoverable	642	803
Total debtors	1,104	1,654

9. Cash and bank balances

	30/04/12 £000	30/04/11 £000
Cash and bank balances	-	653
Amounts held at futures clearing houses and brokers	998	361
Total cash and bank balances	998	1,014

10. Creditors

	30/04/12 £000	30/04/11 £000
Amounts payable for cancellation of shares	448	215
Accrued expenses	40	40
Corporation tax payable	492	662
Total creditors	980	917

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees net of rebates are disclosed in note 2 and 4, with £29,973 (30/04/11: £30,623) due at the year end.

Holdings of other Scottish Widows Unit Trust Managers OEICs are disclosed in the Portfolio Statement.

Holdings of Scottish Widows Investment Partnership (a Lloyds Banking Group company) OEICs are disclosed in the Portfolio Statement.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where Scottish Widows Unit Trust Managers Limited act as Authorised Corporate Director and Registrar or Scottish Widows Investment Partnership Limited act as Authorised Corporate Director. The total revenue earned amounts to £4,537,169 (30/04/11: £4,211,016).

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12 %	30/04/11 %
ACD and associates of the ACD	-	-

as at 30 April 2012

12. Share classes

The Fund has two share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.50
Share Class B - Accumulation:	1.25

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Performance Record on page 161.

The distribution per share class is given in the Distribution Tables on page 169.

All share classes have the same rights on winding up.

13. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

14. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 157. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are invested in regulated collective investment schemes managed within the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 30 April the Fund had the following net currency exposure (excluding Sterling):

Currency	Net foreign currency liabilities 30/04/12			Net foreign currency liabilities 30/04/11		
	Monetary exposures	Non-monetary exposures	Total	Monetary exposures	Non-monetary exposures	Total
	£000	£000	£000	£000	£000	£000
Euro	(3,375)	-	(3,375)	(4,088)	-	(4,088)
Japanese yen	(29)	-	(29)	(108)	-	(108)
US dollar	(4,734)	-	(4,734)	(5,412)	-	(5,412)
	(8,138)	-	(8,138)	(9,608)	-	(9,608)

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in regulated collective investment schemes managed within the Lloyds Banking Group. The cashflow from the Fund's investments may fluctuate depending upon the particular decisions made by each company. Given that the Fund's objective is to seek capital growth, these cashflows are considered to be of secondary importance and are not actively managed.

The Fund's net cash overdraft of £0.183m (30/04/11: holding £0.653m) is held in a floating rate bank account whose rate is determined by reference to rates supplied by the Depositary.

The Fund holds net cash at futures brokers of £0.998m (30/04/11: cash £0.361m), whose rates are determined by reference to rates supplied by the broker.

The Fund did not have any long term financial liabilities.

(c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management. Such exposure to the various markets is balanced through tactical allocation of futures contracts. These contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, given the level and nature of the derivatives held, it is not deemed to have sophisticated derivatives holdings requiring further sensitivity analysis or value at risk disclosure. As such no additional disclosure has been shown.

as at 30 April 2012

(d) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes funds are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset in these schemes or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Services Authority COLL sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

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

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

15. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Strategic Growth Portfolio

Distribution Tables

for the year ended 30 April 2012

Distribution in pence per share

Group 1 Final Shares purchased prior to 1 May 2011

Group 2 Final Shares purchased between 1 May 2011 and 30 April 2012

Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Final	2.2189	-	2.2189	1.9096
Group 2	(p)	(p)	(p)	(p)
Final	1.3820	0.8369	2.2189	1.9096

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 77.56% of the dividend, together with the tax credit, is received as franked investment income.

Final - 22.44% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Share Class B - Accumulation

	Net revenue	Equalisation	Distribution payable 30/06/2012	Distribution paid 30/06/2011
Group 1	(p)	(p)	(p)	(p)
Final	2.5387	-	2.5387	2.2101
Group 2	(p)	(p)	(p)	(p)
Final	1.6546	0.8841	2.5387	2.2101

Corporate Tax

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 69.45% of the dividend, together with the tax credit, is received as franked investment income.

Final - 30.55% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Protected Capital Solutions Fund 1

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

The Fund aims to provide investors with a Capital Protected Price on the Protection Date which, when multiplied by the number of Shares held will be at least equal to the value of those Shares on the Derivative Date (plus the Preliminary Charge that is applied to amounts invested during the Cash Investment Period).

In addition, on the Protection Date the Fund aims to provide a return equal to the sum of the Increases and Decreases (if any) in the Index that arise during each Index Valuation Period within the Growth Potential Period (the "Index Return").

Increases in the Index are subject to the Upper Limit. Decreases in the Index are subject to the Lower Limit. The Index Return shall not be less than 0%.

Where the Index ceases to be calculated or published, is modified, disrupted or cancelled or is otherwise unable to be used for the purpose of the stated investment objective of the Fund, the ACD may, in accordance with the FSA Rules, substitute any other index or indices or take any steps which it considers necessary to achieve (insofar as possible to do so in the circumstances) the investment objective of the Fund.

This may affect the achievement of the stated return.

The investment policy is to hold the Scheme Property principally on deposit in cash or near cash or collective investment schemes until the Derivative Date. Thereafter the Scheme Property will be invested principally in over the counter derivatives or traded derivatives (as the ACD may in its discretion choose) designed to provide the Capital Protected Price and the Index Return.

The methods used to determine any Increase or Decrease in the Index and the length of the relevant Index Valuation Periods and Growth Potential Period will be communicated to investors prior to the launch of the Fund.

Shareholders should note that if, after the launch of the Fund and before the Derivative Date, the ACD in its sole discretion (and after consultation with the Depositary and, if appropriate, the Auditors) determines not to continue to offer the Fund then the ACD will take appropriate steps to notify Shareholders and redeem the Shares then in issue and thereafter proceed to wind up the Fund.

The ACD will as soon as reasonably practicable after the Protection Date redeem all the Shares then in issue, after which the Fund will terminate.

Definitions

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

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

Decrease: means, in relation to the Fund, the amount (if any) (expressed as a percentage and subject to the Lower Limit) by which the Index has fallen over an Index Valuation Period.

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

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

Increase: means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the Index has grown over an Index Valuation Period.

Index: FTSE 100

Index Valuation Period: means the periods within the Growth Potential Period over which the performance of the Index is measured.

Lower Limit is -3.5%: this is the maximum amount of the Decrease during each Index Valuation Period such that if the Decrease is greater than -3.5% in an Index Valuation Period the Decrease for that Index Valuation Period will be restricted to -3.5%.

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

Upper Limit is 3.5%: this is a cap on the Increase during each Index Valuation Period such that if the Increase is greater than 3.5% in an Index Valuation Period the Increase for that Index Valuation Period will be restricted to 3.5%.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	17/07/09 to 30/04/10 %	01/05/09 to 17/07/09 %	30/03/09 to 30/04/09 %
Protected Capital Solutions Fund 1 M Accumulation	(1.42)	4.23	1.50	0.10	0.00
FTSE 100 Index	(1.95)	12.91	30.85	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	0.17	0.71

Source: Scottish Widows for Protected Capital Solutions Fund 1 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

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

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

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 30 March 2009 to 3 July 2009. During this time the Fund invested in cash or similar investments. The FTSE 100 Index stood at 4388.75 on 17 July 2009, which is the date the Fund started investing in derivatives.

At the end of the reporting period the FTSE 100 Index stood at 5737.78. The UK stock market fell over the year under review as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better.

It was a volatile year, with markets falling particularly sharply during summer 2011, when fears of a US debt default and renewed worries over the eurozone's sovereign-debt crisis weighed on share prices. A strong rally in late 2011 and early 2012, however, saw shares reclaiming most of the ground they had lost in the summer. In large part, this rally came in response to events overseas. The European Central Bank's low-cost three-year loans to banks helped stabilise the financial system and sent yields on peripheral sovereign debt lower. Indications that the United States' economic recovery was gaining momentum also boosted investors' appetite for stocks. Towards the end of the year under review, however, the eurozone's problems began to weigh on sentiment once more. Spain's deteriorating fiscal position pushed yields on its government bonds higher and share prices across the UK banking sector fell once more.

Looking forward, SWIP's central forecast looks for the FTSE 100 Index to reach 6100 by the end of 2012. There is, however, a greater than usual degree of uncertainty around this central scenario: economic fragility in the UK and eurozone and political turbulence in Europe could well pose downside risks.

Scottish Widows Investment Partnership Limited

May 2012

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

Protected Capital Solutions Fund 1

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
DERIVATIVES (100.00%*)		143,922	100.00
Index Options			
Lloyds TSB Bank plc 100% Call Option January 2013 †	726,434,478	221,635	154.00
Lloyds TSB Bank plc 100% Call Option January 2013 (Cliquet) †	145,286,896	1,468	1.02
Lloyds TSB Bank plc 120% Call Option January 2013 †	(726,434,478)	(100,756)	(70.01)
Lloyds TSB Bank plc 120% Put Option January 2013 †	726,434,478	34,651	24.08
Lloyds TSB Bank plc 100% Put Option January 2013 †	(726,434,478)	(13,076)	(9.09)
Portfolio of investments^		143,922	100.00
Net other liabilities		(1)	-
Total net assets		143,921	100.00

All holdings are Over the Counter ("OTC") derivative contracts as they are not traded on a recognised derivatives exchange. The term "Cliquet" is used to describe a particular type of option contract used as part of the investment strategy of the Fund.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

† Lloyds TSB Bank plc is a related party (see note 3).

Protected Capital Solutions Fund 1

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	<u>5,572</u>	Total sales for the year	<u>11,459</u>
Total purchases		Total sales	
Lloyds TSB Bank plc 120% Call Option January 2013 †	4,055	Lloyds TSB Bank plc 100% Call Option January 2013 †	8,493
Lloyds TSB Bank plc 100% Put Option January 2013 †	1,517	Lloyds TSB Bank plc 120% Put Option January 2013 †	2,865
		Lloyds TSB Bank plc 100% Call Option January 2013 (Cliquet) †	101

† Lloyds TSB Bank plc is a related party (see note 3).

Protected Capital Solutions Fund 1

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class M				
Accumulation 30/04/10	150,116,444	147,740,500	101.61	-
Accumulation 30/04/11	152,226,560	143,430,500	106.13	-
Accumulation 30/04/12	143,920,683	137,740,500	104.49	-

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

The Protection Date for the M share class is 18 January 2013. The Capital Protected Price is 105.50p.

The FTSE 100 Index starting value is 4,388.75.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(t) per share (p)
Share Class M			
Accumulation 2009	100.10	93.96	0.1322
Accumulation 2010	103.20	97.96	-
Accumulation 2011	106.80	101.30	-
Accumulation 2012*	104.60	102.70	-

(t) Allocated for accumulation shares.

* To 30 April 2012.

As the Fund is now in its derivatives phase there has been no distribution in the current calendar year to 30 April 2012.

Share class M Accumulation was launched 30 March 2009.

Protected Capital Solutions Fund 1

Statement of Total Return

for the year ended 30 April 2012

	Note	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(2,420)		6,530
Revenue		-		-	
Finance costs: Interest		-		-	
Net revenue before taxation		-		-	
Taxation		-		-	
Net revenue after taxation			-		-
Total return before distribution			(2,420)		6,530
Finance costs: Distribution			-		-
Change in net assets attributable to shareholders from investment activities			(2,420)		6,530

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		152,227		150,116
Less: Amounts payable on cancellation of shares	(5,916)		(4,442)	
		(5,916)		(4,442)
Dilution adjustment		30		24
Stamp duty reserve tax		-		(1)
Change in net assets attributable to shareholders from investment activities		(2,420)		6,530
Closing net assets attributable to shareholders		143,921		152,227

Notes to the Financial Statements are on pages 177 to 178.

Protected Capital Solutions Fund 1

Balance Sheet

as at 30 April 2012

	30/04/12 £000	30/04/11 £000
Assets		
Portfolio of investments	257,754	326,891
Total assets	257,754	326,891
Liabilities		
Derivative liabilities	(113,832)	(174,663)
Bank overdrafts	(1)	(1)
Total other liabilities	(1)	(1)
Total liabilities	(113,833)	(174,664)
Net assets attributable to shareholders	143,921	152,227

Notes to the Financial Statements are on pages 177 to 178.

Protected Capital Solutions Fund 1

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

01/05/11 to 30/04/12	01/05/10 to 30/04/11
£000	£000
(2,420)	6,530

Option contracts

3. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The counterparty for the FTSE 100 call and put options, disclosed in the Portfolio Statement, is Lloyds TSB Bank plc.

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

30/04/12	30/04/11
%	%
-	-

ACD and associates of the ACD

4. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

%

Share Class M - Accumulation:

-

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Performance Record on page 174.

5. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

6. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 170. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are all denominated in Sterling. As a result, the Fund does not have any exposure to currency movements.

(b) Interest rate risk profile of financial assets and liabilities

The revenue received from the holdings in fixed interest and money market investments were distributed on 13 July 2009. The amounts received on the sale of these holdings were used to purchase FTSE 100 options.

The Fund's net cash overdraft of £0.001m (30/04/11: overdraft £0.001m) is held in a floating rate bank account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

(c) Derivatives and other financial instruments

The ACD entered into derivative contracts on behalf of the Fund in accordance with the investment objectives of the Fund. The investment into derivatives is designed to provide both growth linked to the FTSE 100 Index and protection so that if the index goes down the amount invested should remain safe if the shareholders hold their investments to the maturity date of the derivatives.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. As the Fund is not marketed as sophisticated, no sensitivity analysis is required.

as at 30 April 2012

(d) Liquidity risk

The Fund invests in OTC derivative contracts, which are not traded on a recognised market. However, this risk is mitigated by the fact that the counterparty is Lloyds TSB Bank plc, which is a related party (see note 3). The ACD assesses the closing out requirements when entering into an OTC transaction. This is also monitored on an ongoing basis through the requirement of the counterparty to provide liquidity as a result of cancellations out of the fund. In addition, the agreements in place specify that these instruments can be traded with the counterparty on a weekly basis and therefore are considered to be readily realisable.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in derivatives. The value of derivatives in the Fund are based on the value of the underlying index at the end of the Growth Potential Period, and may go down as well as up before the maturity date of the derivatives. Changes in the value of the underlying index may be the result of a specific factor affecting the value of an individual equity on the index or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

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

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis. The counterparty is Lloyds TSB Bank plc, which is a related party.

7. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Protected Capital Solutions Fund 2

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

The Fund aims to provide investors with a Capital Protected Price on the Protection Date which, when multiplied by the number of Shares held will be at least equal to the value of those Shares on the Derivative Date (plus the Preliminary Charge that is applied to amounts invested during the Cash Investment Period).

In addition, on the Protection Date the Fund aims to provide a return equal to the sum of the Increases and Decreases (if any) in the Index that arise during each Index Valuation Period within the Growth Potential Period (the "Index Return").

Increases in the Index are subject to the Upper Limit. Decreases in the Index are subject to the Lower Limit. The Index Return shall not be less than 0%.

Where the Index ceases to be calculated or published, is modified, disrupted or cancelled or is otherwise unable to be used for the purpose of the stated investment objective of the Fund, the ACD may, in accordance with the FSA Rules, substitute any other index or take any steps which it considers necessary to achieve (insofar as possible to do so in the circumstances) the investment objective of the Fund.

This may affect the achievement of the stated return.

The investment policy is to hold the Scheme Property principally on deposit in cash or near cash or collective investment schemes until the Derivative Date. Thereafter the Scheme Property will be invested principally in over the counter derivatives or traded derivatives (as the ACD may in its discretion choose) designed to provide the Capital Protected Price and the Index Return.

The Index, the methods used to determine any Increase or Decrease in the Index and the length of the relevant Index Valuation Periods and Growth Potential Period will be communicated to investors prior to the launch of the Fund.

Shareholders should note that if, after the launch of the Fund and before the Derivative Date, the ACD in its sole discretion (and after consultation with the Depositary and, if appropriate, the Auditors) determines not to continue to offer the Fund then the ACD will take appropriate steps to notify Shareholders and redeem the Shares then in issue and thereafter proceed to wind up the Fund.

The ACD will as soon as reasonably practicable after the Protection Date redeem all the Shares then in issue, after which the Fund will terminate.

Definitions

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

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

Decrease: means, in relation to the Fund, the amount (if any) (expressed as a percentage and subject to the Lower Limit) by which the Index has fallen over an Index Valuation Period.

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

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

Increase: means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the Index has grown over an Index Valuation Period.

Index: FTSE 100

Index Valuation Period: means the periods within the Growth Potential Period over which the performance of the Index is measured.

Lower Limit is -6.0%: this is the maximum amount of the Decrease during each Index Valuation Period such that if the Decrease is greater than -6.0% in an Index Valuation Period the Decrease for that Index Valuation Period will be restricted to -6.0%.

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

Upper Limit is 6.0%: this is a cap on the Increase during each Index Valuation Period such that if the Increase is greater than 6.0% in an Index Valuation Period the Increase for that Index Valuation Period will be restricted to 6.0%.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	16/10/09 to 30/04/10 %	06/07/09 to 16/10/09 %
Protected Capital Solutions Fund 2 M Accumulation	(0.45)	5.89	5.09	0.10
FTSE 100 Index	(1.95)	12.91	8.31	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	0.23

Source: Scottish Widows for Protected Capital Solutions Fund 2 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

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

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

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund ran from 6 July 2009 to 2 October 2009. During this time the Fund invested in cash or similar investments. The FTSE 100 Index stood at 5190.24 on 16 October 2009, which is the date the Fund started investing in derivatives.

At the end of the reporting period the FTSE 100 Index stood at 5737.78. The UK stock market fell over the year under review as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better.

It was a volatile year, with markets falling particularly sharply during summer 2011, when fears of a US debt default and renewed worries over the eurozone's sovereign-debt crisis weighed on share prices. A strong rally in late 2011 and early 2012, however, saw shares reclaiming most of the ground they had lost in the summer. In large part, this rally came in response to events overseas. The European Central Bank's low-cost three-year loans to banks helped stabilise the financial system and sent yields on peripheral sovereign debt lower. Indications that the United States' economic recovery was gaining momentum also boosted investors' appetite for stocks. Towards the end of the year under review, however, the eurozone's problems began to weigh on sentiment once more. Spain's deteriorating fiscal position pushed yields on its government bonds higher and share prices across the UK banking sector fell once more.

Looking forward, SWIP's central forecast looks for the FTSE 100 Index to reach 6100 by the end of 2012. There is, however, a greater than usual degree of uncertainty around this central scenario: economic fragility in the UK and eurozone and political turbulence in Europe could well pose downside risks.

Scottish Widows Investment Partnership Limited

May 2012

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

Protected Capital Solutions Fund 2

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
DERIVATIVES (100.00%*)		142,710	100.00
Index Options			
Lloyds TSB Bank plc 100% Call Option April 2013 †	678,040,749	89,841	62.95
Lloyds TSB Bank plc 100% Call Option April 2013 (Cliquet) †	135,608,150	10,668	7.47
Lloyds TSB Bank plc 120% Call Option April 2013 †	(678,040,749)	(17,697)	(12.40)
Lloyds TSB Bank plc 120% Put Option April 2013 †	678,040,749	94,410	66.16
Lloyds TSB Bank plc 100% Put Option April 2013 †	(678,040,749)	(34,512)	(24.18)
Portfolio of investments^		142,710	100.00
Net other liabilities		(1)	-
Total net assets		142,709	100.00

All holdings are Over the Counter ("OTC") derivative contracts as they are not traded on a recognised derivatives exchange. The term "Cliquet" is used to describe a particular type of option contract used as part of the investment strategy of the Fund.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

† Lloyds TSB Bank plc is a related party (see note 3).

Protected Capital Solutions Fund 2

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	5,542	Total sales for the year	14,129
Total purchases		Total sales	
Lloyds TSB Bank plc 100% Put Option April 2013 †	3,865	Lloyds TSB Bank plc 120% Put Option April 2013 †	8,091
Lloyds TSB Bank plc 120% Call Option April 2013 †	1,677	Lloyds TSB Bank plc 100% Call Option April 2013 †	5,389
		Lloyds TSB Bank plc 100% Call Option April 2013 (Cliquet) †	649

† Lloyds TSB Bank plc is a related party (see note 3).

Protected Capital Solutions Fund 2

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class M				
Accumulation 30/04/10	146,419,472	139,575,000	104.90	-
Accumulation 30/04/11	151,562,459	135,995,000	111.45	-
Accumulation 30/04/12	142,708,671	128,140,000	111.37	-

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

The Protection Date for the M share class is 17 April 2013. The Capital Protected Price is 105.90p.

The FTSE 100 Index starting value is 5,190.24.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(t) per share (p)
Share Class M			
Accumulation 2009	105.20	97.93	0.1347
Accumulation 2010	108.40	99.84	-
Accumulation 2011	112.90	105.50	-
Accumulation 2012*	111.50	108.10	-

(t) Allocated for accumulation shares.

* To 30 April 2012.

As the Fund is now in its derivatives phase there has been no distribution in the current calendar year to 30 April 2012.

Share class M Accumulation was launched 6 July 2009.

Protected Capital Solutions Fund 2

Statement of Total Return

for the year ended 30 April 2012

	Note	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(268)		8,954
Revenue		-		-	
Finance costs: Interest		-		-	
Net revenue before taxation		-		-	
Taxation		-		-	
Net revenue after taxation			-		-
Total return before distribution			(268)		8,954
Finance costs: Distribution			-		-
Change in net assets attributable to shareholders from investment activities			(268)		8,954

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		151,562		146,419
Less: Amounts payable on cancellation of shares	(8,628)		(3,831)	
		(8,628)		(3,831)
Dilution adjustment		44		20
Stamp duty reserve tax		(1)		-
Change in net assets attributable to shareholders from investment activities		(268)		8,954
Closing net assets attributable to shareholders		142,709		151,562

Notes to the Financial Statements are on pages 186 to 187.

Protected Capital Solutions Fund 2

Balance Sheet

as at 30 April 2012

	30/04/12 £000	30/04/11 £000
Assets		
Portfolio of investments	194,919	254,398
Total assets	194,919	254,398
Liabilities		
Derivative liabilities	(52,209)	(102,833)
Bank overdrafts	(1)	(3)
Total other liabilities	(1)	(3)
Total liabilities	(52,210)	(102,836)
Net assets attributable to shareholders	142,709	151,562

Notes to the Financial Statements are on pages 186 to 187.

Protected Capital Solutions Fund 2

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

01/05/11 to 30/04/12	01/05/10 to 30/04/11
£000	£000
(268)	8,954

Option contracts

3. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The counterparty for the FTSE 100 call and put options, disclosed in the Portfolio Statement, is Lloyds TSB Bank plc.

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

30/04/12	30/04/11
%	%
-	-

ACD and associates of the ACD

4. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

%

Share Class M - Accumulation:

-

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Performance Record on page 183.

5. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

6. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 179. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are all denominated in Sterling. As a result, the Fund does not have any exposure to currency movements.

(b) Interest rate risk profile of financial assets and liabilities

The revenue received from the holdings in fixed interest and money market investments were distributed on 12 October 2009. The amounts received on the sale of these holdings were used to purchase FTSE 100 options.

The Fund's net cash overdraft of £0.001m (30/04/11: overdraft £0.003m) is held in a floating rate bank account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

as at 30 April 2012

(c) *Derivatives and other financial instruments*

The ACD entered into derivative contracts on behalf of the Fund in accordance with the investment objectives of the Fund. The investment into derivatives is designed to provide both growth linked to the FTSE 100 Index and protection so that if the index goes down the amount invested should remain safe if the shareholders hold their investments to the maturity date of the derivatives.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. As the Fund is not marketed as sophisticated, no sensitivity analysis is required.

(d) *Liquidity risk*

The Fund invests in OTC derivative contracts, which are not traded on a recognised market. However, this risk is mitigated by the fact that the counterparty is Lloyds TSB Bank plc, which is a related party (see note 3). The ACD assesses the closing out requirements when entering into an OTC transaction. This is also monitored on an ongoing basis through the requirement of the counterparty to provide liquidity as a result of cancellations out of the fund. In addition, the agreements in place specify that these instruments can be traded with the counterparty on a weekly basis and therefore are considered to be readily realisable.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) *Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in derivatives. The value of derivatives in the Fund are based on the value of the underlying index at the end of the Growth Potential Period, and may go down as well as up before the maturity date of the derivatives. Changes in the value of the underlying index may be the result of a specific factor affecting the value of an individual equity on the index or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

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

(f) *Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis. The counterparty is Lloyds TSB Bank plc, which is a related party.

7. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Protected Capital Solutions Fund 3

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

The Fund aims to provide investors with a Capital Protected Price on the Protection Date which, when multiplied by the number of Shares held will be at least equal to the value of those Shares on the Derivative Date (plus the Preliminary Charge that is applied to amounts invested during the Cash Investment Period).

In addition, on the Protection Date the Fund aims to provide a return equal to the sum of the Increases and Decreases (if any) in the Index that arise during each Index Valuation Period within the Growth Potential Period (the "Index Return").

Increases in the Index are subject to the Upper Limit. Decreases in the Index are subject to the Lower Limit. The Index Return shall not be less than 0%.

Where the Index ceases to be calculated or published, is modified, disrupted or cancelled or is otherwise unable to be used for the purpose of the stated investment objective of the Fund, the ACD may, in accordance with the FSA Rules, substitute any other index or take any steps which it considers necessary to achieve (insofar as possible to do so in the circumstances) the investment objective of the Fund.

This may affect the achievement of the stated return.

The investment policy is to hold the Scheme Property principally on deposit in cash or near cash or collective investment schemes until the Derivative Date. Thereafter the Scheme Property will be invested principally in over the counter derivatives or traded derivatives (as the ACD may in its discretion choose) designed to provide the Capital Protected Price and the Index Return.

The Index, the methods used to determine any Increase or Decrease in the Index and the length of the relevant Index Valuation Periods and Growth Potential Period will be communicated to investors prior to the launch of the Fund.

Shareholders should note that if, after the launch of the Fund and before the Derivative Date, the ACD in its sole discretion (and after consultation with the Depositary and, if appropriate, the Auditors) determines not to continue to offer the Fund then the ACD will take appropriate steps to notify Shareholders and redeem the Shares then in issue and thereafter proceed to wind up the Fund.

The ACD will as soon as reasonably practicable after the Protection Date redeem all the Shares then in issue, after which the Fund will terminate.

Definitions

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

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

Decrease: means, in relation to the Fund, the amount (if any) (expressed as a percentage and subject to the Lower Limit) by which the Index has fallen over an Index Valuation Period.

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

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

Increase: means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the Index has grown over an Index Valuation Period.

Index: FTSE 100

Index Valuation Period: means the periods within the Growth Potential Period over which the performance of the Index is measured.

Lower Limit is -3.9%: this is the maximum amount of the Decrease during each Index Valuation Period such that if the Decrease is greater than -3.9% in an Index Valuation Period the Decrease for that Index Valuation Period will be restricted to -3.9%.

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

Upper Limit is 5.0%: this is a cap on the Increase during each Index Valuation Period such that if the Increase is greater than 5.0% in an Index Valuation Period the Increase for that Index Valuation Period will be restricted to 5.0%.

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	18/12/09 to 30/04/10 %	25/09/09 to 18/12/09 %
Protected Capital Solutions Fund 3 M Accumulation	(2.07)	7.36	(0.89)	0.00
FTSE 100 Index	(1.95)	12.91	7.75	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	0.15

Source: Scottish Widows for Protected Capital Solutions Fund 3 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

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

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

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 25 September 2009 to 4 December 2009. During this time the Fund invested in cash or similar investments. The FTSE 100 Index stood at 5196.81 on 18 December 2009, which is the date the Fund started investing in derivatives.

At the end of the reporting period the FTSE 100 Index stood at 5737.78. The UK stock market fell over the year under review as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better.

It was a volatile year, with markets falling particularly sharply during summer 2011, when fears of a US debt default and renewed worries over the eurozone's sovereign-debt crisis weighed on share prices. A strong rally in late 2011 and early 2012, however, saw shares reclaiming most of the ground they had lost in the summer. In large part, this rally came in response to events overseas. The European Central Bank's low-cost three-year loans to banks helped stabilise the financial system and sent yields on peripheral sovereign debt lower. Indications that the United States' economic recovery was gaining momentum also boosted investors' appetite for stocks. Towards the end of the year under review, however, the eurozone's problems began to weigh on sentiment once more. Spain's deteriorating fiscal position pushed yields on its government bonds higher and share prices across the UK banking sector fell once more.

Looking forward, SWIP's central forecast looks for the FTSE 100 Index to reach 6100 by the end of 2012. There is, however, a greater than usual degree of uncertainty around this central scenario: economic fragility in the UK and eurozone and political turbulence in Europe could well pose downside risks.

Scottish Widows Investment Partnership Limited

May 2012

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

Protected Capital Solutions Fund 3

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
DERIVATIVES (100.00%*)		96,493	100.00
Index Options			
Lloyds TSB Bank plc 100% Call Option December 2013 †	485,227,972	71,377	73.97
Lloyds TSB Bank plc 100% Call Option December 2013 (Cliquet) †	97,045,594	4,775	4.95
Lloyds TSB Bank plc 120% Call Option December 2013 †	(485,227,972)	(22,515)	(23.34)
Lloyds TSB Bank plc 120% Put Option December 2013 †	485,227,972	83,906	86.96
Lloyds TSB Bank plc 100% Put Option December 2013 †	(485,227,972)	(41,050)	(42.54)
Portfolio of investments^		96,493	100.00
Net other assets		-	-
Total net assets		96,493	100.00

All holdings are Over the Counter ("OTC") derivative contracts as they are not traded on a recognised derivatives exchange. The term "Cliquet" is used to describe a particular type of option contract used as part of the investment strategy of the Fund.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

† Lloyds TSB Bank plc is a related party (see note 3).

Protected Capital Solutions Fund 3

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	<u>3,253</u>	Total sales for the year	<u>6,931</u>
Total purchases		Total sales	
Lloyds TSB Bank plc 100% Put Option December 2013 †	2,215	Lloyds TSB Bank plc 120% Put Option December 2013 †	4,039
Lloyds TSB Bank plc 120% Call Option December 2013 †	1,038	Lloyds TSB Bank plc 100% Call Option December 2013 †	2,667
		Lloyds TSB Bank plc 100% Call Option December 2013 (Cliquet) †	225

† Lloyds TSB Bank plc is a related party (see note 3).

Protected Capital Solutions Fund 3

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class M				
Accumulation 30/04/10	98,181,061	98,922,000	99.25	-
Accumulation 30/04/11	102,263,781	95,897,000	106.64	-
Accumulation 30/04/12	96,492,620	92,342,000	104.49	-

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

The Protection Date for the M share class is 19 December 2013. The Capital Protected Price is 105.10p.

The FTSE 100 Index starting value is 5,196.81.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(t) per share (p)
Share Class M			
Accumulation 2009	100.10	97.18	0.0814
Accumulation 2010	104.20	96.34	-
Accumulation 2011	107.10	100.50	-
Accumulation 2012*	104.50	101.00	-

(t) Allocated for accumulation shares.

* To 30 April 2012.

As the Fund is now in its derivatives phase there has been no distribution in the current calendar year to 30 April 2012.

Share class M Accumulation was launched 25 September 2009.

Protected Capital Solutions Fund 3

Statement of Total Return

for the year ended 30 April 2012

	Note	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital (losses)/gains	2		(2,096)		7,198
Revenue		-		-	
Finance costs: Interest		-		-	
Net revenue before taxation		-		-	
Taxation		-		-	
Net revenue after taxation			-		-
Total return before distribution			(2,096)		7,198
Finance costs: Distribution			-		-
Change in net assets attributable to shareholders from investment activities			(2,096)		7,198

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		102,264		98,181
Less: Amounts payable on cancellation of shares	(3,694)		(3,132)	
		(3,694)		(3,132)
Dilution adjustment		19		17
Change in net assets attributable to shareholders from investment activities		(2,096)		7,198
Closing net assets attributable to shareholders		96,493		102,264

Notes to the Financial Statements are on pages 195 to 196.

Protected Capital Solutions Fund 3

Balance Sheet

as at 30 April 2012

	30/04/12 £000	30/04/11 £000
Assets		
Portfolio of investments	160,058	188,437
Total assets	160,058	188,437
Liabilities		
Derivative liabilities	(63,565)	(86,171)
Bank overdrafts	-	(2)
Total other liabilities	-	(2)
Total liabilities	(63,565)	(86,173)
Net assets attributable to shareholders	96,493	102,264

Notes to the Financial Statements are on pages 195 to 196.

Protected Capital Solutions Fund 3

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

01/05/11 to 30/04/12	01/05/10 to 30/04/11
£000	£000
(2,096)	7,198

Option contracts

3. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The counterparty for the FTSE 100 call and put options, disclosed in the Portfolio Statement, is Lloyds TSB Bank plc.

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

30/04/12	30/04/11
%	%
-	-

ACD and associates of the ACD

4. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

%

Share Class M - Accumulation:

-

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Performance Record on page 192.

5. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

6. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 188. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are all denominated in Sterling. As a result, the Fund does not have any exposure to currency movements.

(b) Interest rate risk profile of financial assets and liabilities

The revenue received from the holdings in fixed interest and money market investments were distributed on 14 December 2009. The amounts received on the sale of these holdings were used to purchase FTSE 100 options.

The Fund's net cash holding of £nil (30/04/11: overdraft £0.002m) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

as at 30 April 2012

(c) Derivatives and other financial instruments

The ACD entered into derivative contracts on behalf of the Fund in accordance with the investment objectives of the Fund. The investment into derivatives is designed to provide both growth linked to the FTSE 100 Index and protection so that if the index goes down the amount invested should remain safe if the shareholders hold their investments to the maturity date of the derivatives.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. As the Fund is not marketed as sophisticated, no sensitivity analysis is required.

(d) Liquidity risk

The Fund invests in OTC derivative contracts, which are not traded on a recognised market. However, this risk is mitigated by the fact that the counterparty is Lloyds TSB Bank plc, which is a related party (see note 3). The ACD assesses the closing out requirements when entering into an OTC transaction. This is also monitored on an ongoing basis through the requirement of the counterparty to provide liquidity as a result of cancellations out of the fund. In addition, the agreements in place specify that these instruments can be traded with the counterparty on a weekly basis and therefore are considered to be readily realisable.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in derivatives. The value of derivatives in the Fund are based on the value of the underlying index at the end of the Growth Potential Period, and may go down as well as up before the maturity date of the derivatives. Changes in the value of the underlying index may be the result of a specific factor affecting the value of an individual equity on the index or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

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

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis. The counterparty is Lloyds TSB Bank plc, which is a related party.

7. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Protected Capital Solutions Fund 4

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

The Fund aims to provide investors with a Capital Protected Price on the Protection Date which, when multiplied by the number of Shares held will be at least equal to the value of those Shares on the Derivative Date (plus the Preliminary Charge that is applied to amounts invested during the Cash Investment Period).

In addition, on the Protection Date the Fund aims to provide a return (the "Index Return") based on the performance of the Index during the Growth Potential Period.

Where the index, or any part of it, ceases to be calculated or published, is modified, disrupted or cancelled or is otherwise unable to be used for the purpose of the stated investment objective of the Fund, the ACD may, in accordance with the FSA Rules, substitute any other index or indices or take any steps which it considers necessary to achieve (insofar as possible to do so in the circumstances) the investment objective of the Fund.

For example, if no value for the Index, or any part of it, is published at the start or end of an Index Valuation Period, the ACD may use such published value as it determines. If no such value is published within a timeframe to be agreed by the ACD and the relevant counterparty, an independent Calculation Agent may be appointed.

This may affect the achievement of the stated investment objective.

The ACD is not required to take any such steps (which are not limited to the example set out above) but will have regard to the prevailing circumstances when considering the appropriate action (if any) to be taken.

The investment policy is to hold the Scheme Property principally on deposit in cash or near cash or collective investment schemes until the Derivative Date. Thereafter the Scheme Property will be invested principally in over the counter derivatives or exchange traded derivatives (as the ACD may in its discretion choose) designed to provide the Capital Protected Price and the Index Return.

Shareholders should note that if, after the launch of the Fund and before the Derivative Date, the ACD in its sole discretion (and after consultation with the Depositary and, if appropriate, the Auditors) determines not to continue to offer the Fund then the ACD will take appropriate steps to notify Shareholders and redeem the Shares then in issue and thereafter proceed to wind up the Fund.

The Index Return will be equal to the sum of the Increases (as defined below) and Decreases (as defined below) (if any) in the Index that arise during each Index Valuation Period (as defined below) within the Growth Potential Period. Increases are subject to the Upper Limit (as defined below). Decreases are subject to the Lower Limit (as defined below). The Index Return shall not be less than 0%. The methods used to determine any Increase or Decrease in the Index and the length of the relevant Index Valuation Periods and Growth Potential Period will be communicated to investors prior to the launch of the Fund.

The ACD will as soon as reasonably practicable after the Protection Date redeem all the Shares then in issue, after which the Fund will terminate.

Definitions

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

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

Decrease: means, in relation to the Fund, the amount (if any) (expressed as a percentage and subject to the Lower Limit) by which the Index has fallen over an Index Valuation Period.

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

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

Increase: means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the Index has grown over an Index Valuation Period.

Index: FTSE 100

Index Valuation Period: means the periods within the Growth Potential Period over which the performance of the Index is measured.

Lower Limit is -4.3%: this is the maximum amount of the Decrease during each Index Valuation Period such that if the Decrease is greater than -4.3% in an Index Valuation Period the Decrease for that Index Valuation Period will be restricted to -4.3%.

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

Upper Limit is 5.0%: this is a cap on the Increase during each Index Valuation Period such that if the Increase is greater than 5.0% in an Index Valuation Period, the Increase for that Index Valuation Period will be restricted to 5.0%.

Protected Capital Solutions Fund 4

Authorised Fund Manager's Report

(continued)

Investment Review

Performance	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	16/04/10 to 30/04/10 %	08/12/09 to 16/04/10 %
Protected Capital Solutions Fund 4 M Accumulation	2.44	6.71	(4.14)	0.10
FTSE 100 Index	(1.95)	12.91	(4.54)	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	0.16

Source: Scottish Widows for Protected Capital Solutions Fund 4 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

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

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

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 8 December 2009 to 2 April 2010. During this time the Fund invested in cash or similar investments. The FTSE 100 Index stood at 5743.96 on 16 April 2010, which is the date the Fund started investing in derivatives.

At the end of the reporting period the FTSE 100 Index stood at 5737.78. The UK stock market fell over the year under review as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better.

It was a volatile year, with markets falling particularly sharply during summer 2011, when fears of a US debt default and renewed worries over the eurozone's sovereign-debt crisis weighed on share prices. A strong rally in late 2011 and early 2012, however, saw shares reclaiming most of the ground they had lost in the summer. In large part, this rally came in response to events overseas. The European Central Bank's low-cost three-year loans to banks helped stabilise the financial system and sent yields on peripheral sovereign debt lower. Indications that the United States' economic recovery was gaining momentum also boosted investors' appetite for stocks. Towards the end of the year under review, however, the eurozone's problems began to weigh on sentiment once more. Spain's deteriorating fiscal position pushed yields on its government bonds higher and share prices across the UK banking sector fell once more.

Looking forward, SWIP's central forecast looks for the FTSE 100 Index to reach 6100 by the end of 2012. There is, however, a greater than usual degree of uncertainty around this central scenario: economic fragility in the UK and eurozone and political turbulence in Europe could well pose downside risks.

Scottish Widows Investment Partnership Limited

May 2012

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

Protected Capital Solutions Fund 4

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
DERIVATIVES (100.00%*)		77,529	100.00
Index Options			
Lloyds TSB Bank plc 100% Call Option April 2014 †	390,606,046	34,686	44.74
Lloyds TSB Bank plc 100% Call Option April 2014 (Cliquet) †	78,121,209	4,626	5.96
Lloyds TSB Bank plc 120% Call Option April 2014 †	(390,606,046)	(8,945)	(11.54)
Lloyds TSB Bank plc 120% Put Option April 2014 †	390,606,046	97,589	125.88
Lloyds TSB Bank plc 100% Put Option April 2014 †	(390,606,046)	(50,427)	(65.04)
Portfolio of investments^		77,529	100.00
Net other liabilities		(2)	-
Total net assets		77,527	100.00

All holdings are Over the Counter ("OTC") derivative contracts as they are not traded on a recognised derivatives exchange. The term "Cliquet" is used to describe a particular type of option contract used as part of the investment strategy of the Fund.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

† Lloyds TSB Bank plc is a related party (see note 5).

Protected Capital Solutions Fund 4

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	<u>2,649</u>	Total sales for the year	<u>5,338</u>
Total purchases		Total sales	
Lloyds TSB Bank plc 100% Put Option April 2014 †	2,217	Lloyds TSB Bank plc 120% Put Option April 2014 †	3,866
Lloyds TSB Bank plc 120% Call Option April 2014 †	432	Lloyds TSB Bank plc 100% Call Option April 2014 †	1,324
		Lloyds TSB Bank plc 100% Call Option April 2014 (Cliquet) †	148

† Lloyds TSB Bank plc is a related party (see note 5).

Protected Capital Solutions Fund 4

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class M				
Accumulation 30/04/10	74,263,303	77,444,500	95.89	-
Accumulation 30/04/11	78,268,742	76,454,500	102.37	-
Accumulation 30/04/12	77,527,017	73,804,500	105.04	-

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

The Protection Date for the M share class is 17 April 2014. The Capital Protected Price is 105.90p.

The FTSE 100 Index starting value is 5,743.96

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(t) per share (p)
Share Class M			
Accumulation 2009	100.00	100.00	-
Accumulation 2010	100.30	96.05	0.1295
Accumulation 2011	104.10	97.31	-
Accumulation 2012*	104.90	100.70	-

(t) Allocated for accumulation shares.

* To 30 April 2012.

As the Fund is now in its derivatives phase there has been no distribution in the current calendar year to 30 April 2012.

Share class M Accumulation was launched 8 December 2009.

Protected Capital Solutions Fund 4

Statement of Total Return

for the year ended 30 April 2012

	Note	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital gains	2		1,948		4,981
Revenue		-		-	
Finance costs: Interest		-		-	
Net revenue before taxation		-		-	
Taxation		-		-	
Net revenue after taxation			-		-
Total return before distribution			1,948		4,981
Finance costs: Distribution			-		-
Change in net assets attributable to shareholders from investment activities			1,948		4,981

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		78,269		74,263
Less: Amounts payable on cancellation of shares	(2,704)		(981)	
		(2,704)		(981)
Dilution adjustment		14		6
Change in net assets attributable to shareholders from investment activities		1,948		4,981
Closing net assets attributable to shareholders		77,527		78,269

Notes to the Financial Statements are on pages 204 to 205.

Protected Capital Solutions Fund 4

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		136,901	146,936
Debtors	3	419	-
Total other assets		419	-
Total assets		137,320	146,936
Liabilities			
Derivative liabilities		(59,372)	(68,665)
Creditors	4	(421)	-
Bank overdrafts		-	(2)
Total other liabilities		(421)	(2)
Total liabilities		(59,793)	(68,667)
Net assets attributable to shareholders		77,527	78,269

Notes to the Financial Statements are on pages 204 to 205.

Protected Capital Solutions Fund 4

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital gains

The net capital gains during the year comprise:

01/05/11 to 30/04/12	01/05/10 to 30/04/11
£000	£000
1,948	4,981

Option contracts

3. Debtors

30/04/12	30/04/11
£000	£000
417	-
2	-
419	-

Sales awaiting settlement

Dilution levy receivable

Total debtors

4. Creditors

30/04/12	30/04/11
£000	£000
184	-
237	-
421	-

Purchases awaiting settlement

Amounts payable for cancellation of shares

Total creditors

5. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The counterparty for the FTSE 100 call and put options, disclosed in the Portfolio Statement, is Lloyds TSB Bank plc.

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

30/04/12	30/04/11
%	%
-	-

ACD and associates of the ACD

6. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

%

Share Class M - Accumulation:

-

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Performance Record on page 201.

7. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

8. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 197. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are all denominated in Sterling. As a result, the Fund does not have any exposure to currency movements.

as at 30 April 2012

(b) Interest rate risk profile of financial assets and liabilities

The revenue received from the holdings in fixed interest and money market investments were distributed on 12 April 2010. The amounts received on the sale of these holdings were used to purchase FTSE 100 options.

The Fund's net cash holding of £nil (30/04/11: overdraft £0.002m) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

(c) Derivatives and other financial instruments

The ACD entered into derivative contracts on behalf of the Fund in accordance with the investment objectives of the Fund. The investment into derivatives is designed to provide both growth linked to the FTSE 100 Index and protection so that if the index goes down the amount invested should remain safe if the shareholders hold their investments to the maturity date of the derivatives.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. As the Fund is not marketed as sophisticated, no sensitivity analysis is required.

(d) Liquidity risk

The Fund invests in OTC derivative contracts, which are not traded on a recognised market. However, this risk is mitigated by the fact that the counterparty is Lloyds TSB Bank plc, which is a related party (see note 5). The ACD assesses the closing out requirements when entering into an OTC transaction. This is also monitored on an ongoing basis through the requirement of the counterparty to provide liquidity as a result of cancellations out of the fund. In addition, the agreements in place specify that these instruments can be traded with the counterparty on a weekly basis and therefore are considered to be readily realisable.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in derivatives. The value of derivatives in the Fund are based on value of the underlying index at the end of the Growth Potential Period, and may go down as well as up, before the maturity date of the derivatives. Changes in the value of the underlying index may be the result of a specific factor affecting the value of an individual equity on the index or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

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

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis. The counterparty is Lloyds TSB Bank plc, which is a related party.

9. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Protected Capital Solutions Fund 5

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

The Fund aims to provide investors with a Capital Protected Price on the Protection Date which, when multiplied by the number of Shares held will be at least equal to the value of those Shares on the Derivative Date (plus the Preliminary Charge that is applied to amounts invested during the Cash Investment Period).

In addition, on the Protection Date the Fund aims to provide a return (the "Index Return") based on the performance of the Index during the Growth Potential Period.

Where the Index, or any part of it, ceases to be calculated or published, is modified, disrupted or cancelled or is otherwise unable to be used for the purpose of the stated investment objective of the Fund, the ACD may, in accordance with the FSA Rules, substitute any other index or indices or take any steps which it considers necessary to achieve (insofar as possible to do so in the circumstances) the investment objective of the Fund.

For example, if no value for the Index, or any part of it, is published at the start or end of an Index Valuation Period, the ACD may use such published value as it determines. If no such value is published within a timeframe to be agreed by the ACD and the relevant counterparty, an independent Calculation Agent may be appointed.

This may affect the achievement of the stated investment objective.

The ACD is not required to take any such steps (which are not limited to the example set out above) but will have regard to the prevailing circumstances when considering the appropriate action (if any) to be taken.

The investment policy is to hold the Scheme Property principally on deposit in cash or near cash or collective investment schemes until the Derivative Date. Thereafter the Scheme Property will be invested principally in over the counter derivatives or exchange traded derivatives (as the ACD may in its discretion choose) designed to provide the Capital Protected Price and the Index Return.

Shareholders should note that if, after the launch of the Fund and before the Derivative Date, the ACD in its sole discretion (and after consultation with the Depositary and, if appropriate, the Auditors) determines not to continue to offer the Fund then the ACD will take appropriate steps to notify Shareholders and redeem the Shares then in issue and thereafter proceed to wind up the Fund.

The Index Return will be equal to the sum of the Increases (as defined below) and Decreases (as defined below) (if any) in the Index that arise during each Index Valuation Period (as defined below) within the Growth Potential Period. Increases are subject to the Upper Limit (as defined below). Decreases are subject to the Lower Limit (as defined below). The Index Return shall not be less than 0%. The methods used to determine any Increase or Decrease in the Index and the length of the relevant Index Valuation Periods and Growth Potential Period will be communicated to investors prior to the launch of the Fund.

The ACD will as soon as reasonably practicable after the Protection Date redeem all the Shares then in issue, after which the Fund will terminate.

Definitions

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

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

Decrease: means, in relation to the Fund, the amount (if any) (expressed as a percentage and subject to the Lower Limit) by which the Index has fallen over an Index Valuation Period.

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

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

Increase: means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the Index has grown over an Index Valuation Period.

Index: FTSE 100

Index Valuation Period: means the periods within the Growth Potential Period over which the performance of the Index is measured.

Lower Limit is -4.38%: this is the maximum amount of the Decrease during each Index Valuation Period such that if the Decrease is greater than -4.38% in an Index Valuation Period the Decrease for that Index Valuation Period will be restricted to -4.38%.

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

Upper Limit is 5.0%: this is a cap on the Increase during each Index Valuation Period such that if the Increase is greater than 5.0% in an Index Valuation Period, the Increase for that Index Valuation Period will be restricted to 5.0%.

Investment Review

Performance	01/05/11 to 30/04/12 %	28/07/10 to 30/04/11 %	01/05/10 to 28/07/10 %	01/04/10 to 30/04/10 %
Protected Capital Solutions Fund 5 M Accumulation	1.60	(0.10)	0.10	0.00
FTSE 100 Index	(1.95)	16.87	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	0.16	0.15

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

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

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

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 1 April 2010 to 9 July 2010. During this time the Fund invested in cash or similar investments. The FTSE 100 Index stood at 5319.68 on 28 July 2010, which is the date the Fund started investing in derivatives.

At the end of the reporting period the FTSE 100 Index stood at 5737.78. The UK stock market fell over the year under review as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better.

It was a volatile year, with markets falling particularly sharply during summer 2011, when fears of a US debt default and renewed worries over the eurozone's sovereign-debt crisis weighed on share prices. A strong rally in late 2011 and early 2012, however, saw shares reclaiming most of the ground they had lost in the summer. In large part, this rally came in response to events overseas. The European Central Bank's low-cost three-year loans to banks helped stabilise the financial system and sent yields on peripheral sovereign debt lower. Indications that the United States' economic recovery was gaining momentum also boosted investors' appetite for stocks. Towards the end of the year under review, however, the eurozone's problems began to weigh on sentiment once more. Spain's deteriorating fiscal position pushed yields on its government bonds higher and share prices across the UK banking sector fell once more.

Looking forward, SWIP's central forecast looks for the FTSE 100 Index to reach 6100 by the end of 2012. There is, however, a greater than usual degree of uncertainty around this central scenario: economic fragility in the UK and eurozone and political turbulence in Europe could well pose downside risks.

Scottish Widows Investment Partnership Limited

May 2012

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

Protected Capital Solutions Fund 5

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
DERIVATIVES (100.01%*)		54,730	100.00
Index Options			
Lloyds TSB Bank plc 100% Call Option July 2014 †	281,823,562	40,667	74.31
Lloyds TSB Bank plc 100% Call Option July 2014 (Cliquet) †	56,364,712	3,298	6.02
Lloyds TSB Bank plc 120% Call Option July 2014 †	(281,823,562)	(15,557)	(28.43)
Lloyds TSB Bank plc 120% Put Option July 2014 †	281,823,562	59,521	108.76
Lloyds TSB Bank plc 100% Put Option July 2014 †	(281,823,562)	(33,199)	(60.66)
Portfolio of investments^		54,730	100.00
Net other liabilities		(2)	-
Total net assets		54,728	100.00

All holdings are Over the Counter ("OTC") derivative contracts as they are not traded on a recognised derivatives exchange. The term "Cliquet" is used to describe a particular type of option contract used as part of the investment strategy of the Fund.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

† Lloyds TSB Bank plc is a related party (see note 8).

Protected Capital Solutions Fund 5

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	<u>1,683</u>	Total sales for the year	<u>3,159</u>
Total purchases		Total sales	
Lloyds TSB Bank plc 100% Put Option July 2014 †	1,296	Lloyds TSB Bank plc 120% Put Option July 2014 †	2,120
Lloyds TSB Bank plc 120% Call Option July 2014 †	387	Lloyds TSB Bank plc 100% Call Option July 2014 †	953
		Lloyds TSB Bank plc 100% Call Option July 2014 (Cliquet) †	86

† Lloyds TSB Bank plc is a related party (see note 8).

Protected Capital Solutions Fund 5

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class M				
Accumulation 30/04/10	10,250,451	10,250,000	100.00	-
Accumulation 30/04/11	55,278,205	55,282,000	99.99	-
Accumulation 30/04/12	54,727,736	53,807,000	101.71	-

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

The Protection Date for the M share class is 29 July 2014. The Capital Protected Price is 104.80p.

The FTSE 100 Index starting value is 5,319.68.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(t) per share (p)
Share Class M			
Accumulation 2010	100.10	95.89	0.1143
Accumulation 2011	104.60	95.36	-
Accumulation 2012*	101.60	99.76	-

(t) Allocated for accumulation shares.

* To 30 April 2012.

As the Fund is now in its derivatives phase there has been no distribution in the current calendar year to 30 April 2012.

Share class M Accumulation was launched 1 April 2010.

Protected Capital Solutions Fund 5

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		925		(64)
Revenue	3	-		51	
Finance costs: Interest		-		-	
Net revenue before taxation		-		51	
Taxation	4	-		(10)	
Net revenue after taxation			-		41
Total return before distributions			925		(23)
Finance costs: Distributions	5		-		(42)
Change in net assets attributable to shareholders from investment activities			925		(65)

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		01/05/10 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		55,278		10,250
Amounts receivable on creation of shares	-		45,466	
Less: Amounts payable on cancellation of shares	(1,484)		(436)	
		(1,484)		45,030
Dilution adjustment		9		3
Change in net assets attributable to shareholders from investment activities		925		(65)
Retained distribution on accumulation shares		-		60
Closing net assets attributable to shareholders		54,728		55,278

Notes to the Financial Statements are on pages 213 to 215.

Protected Capital Solutions Fund 5

Balance Sheet

as at 30 April 2012

	Note	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		103,486	112,960
Cash and bank balances		-	7
Total other assets		-	7
Total assets		103,486	112,967
Liabilities			
Derivative liabilities		(48,756)	(57,679)
Creditors	7	-	(10)
Bank overdrafts		(2)	-
Total other liabilities		(2)	(10)
Total liabilities		(48,758)	(57,689)
Net assets attributable to shareholders		54,728	55,278

Notes to the Financial Statements are on pages 213 to 215.

Protected Capital Solutions Fund 5

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Option contracts	925	(64)

3. Revenue

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Offshore distribution taxable	-	26
Interest on short term deposits	-	25
Total revenue	-	51

4. Taxation

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
(a) Analysis of charge in year:		
Corporation tax	-	10

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is equal to (2011: equal to) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:

Net revenue before taxation	-	51
Corporation tax of 20% (2011: 20%)	-	10
Current tax charge for year (note 4a)	-	10

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

5. Finance costs

Distributions and interest

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Special*	-	60
	-	60
Add: Revenue deducted on cancellation of shares	-	-
Deduct: Revenue received on creation of shares	-	(18)
Net distributions for the year	-	42
Interest	-	-
Total finance costs	-	42

*The Special distribution was paid on 22 September 2010.

Notes to the Financial Statements

(continued)

as at 30 April 2012

6. Movement between net revenue and net distributions

	01/05/11 to 30/04/12 £000	01/05/10 to 30/04/11 £000
Net revenue after taxation	-	41
Share class M shortfall funded from capital	-	1
Net distributions for the year	-	42

7. Creditors

	30/04/12 £000	30/04/11 £000
Corporation tax payable	-	10

8. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where Scottish Widows Investment Partnership Limited act as Investment Manager of SWIP Sterling Liquidity Fund. The total revenue earned amounts to £nil (30/04/10: £25,935).

The counterparty for the FTSE 100 call and put options, disclosed in the Portfolio Statement, is Lloyds TSB Bank plc.

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12 %	30/04/11 %
ACD and associates of the ACD	-	-

9. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

	%
Share Class M - Accumulation:	-

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Performance Record on page 210.

10. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

11. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 206. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are all denominated in Sterling. As a result, the fund does not have any exposure to currency movements.

(b) Interest rate risk profile of financial assets and liabilities

The revenue received from the holdings in fixed interest and money market investments were distributed on 22 July 2010. The amounts received on the sale of these holdings were used to purchase FTSE 100 options.

The Fund's net cash overdraft of £0.002m (30/04/11: holding £0.007m) is held in a floating rate bank account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

as at 30 April 2012

(c) Derivatives and other financial instruments

The ACD entered into derivative contracts on behalf of the Fund in accordance with the investment objectives of the Fund. The investment into derivatives is designed to provide both growth linked to the FTSE 100 Index and protection so that if the index goes down the amount invested should remain safe if the shareholders hold their investments to the maturity date of the derivatives.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. As the Fund is not marketed as sophisticated, no sensitivity analysis is required.

(d) Liquidity risk

The Fund will invest in OTC derivative contracts, which are not traded on a recognised market. However, this risk is mitigated by the fact that the counterparty is Lloyds TSB Bank plc, which is a related party (see note 8). The ACD assesses the closing out requirements when entering into an OTC transaction. This is also monitored on an ongoing basis through the requirement of the counterparty to provide liquidity as a result of cancellations out of the fund. In addition, the agreements in place specify that these instruments can be traded with the counterparty on a weekly basis and therefore are considered to be readily realisable.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in derivatives. The value of derivatives in the Fund are based on the value of the underlying index at the end of the Growth Potential Period, and may go down as well as up before the maturity date of the derivatives. Changes in the value of the underlying index may be the result of a specific factor affecting the value of an individual equity on the index or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

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

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis. The counterparty is Lloyds TSB Bank plc, which is a related party.

12. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Protected Capital Solutions Fund 6

Authorised Fund Manager's Report

for the year ended 30 April 2012

Investment Objective and Policy

The Fund aims to provide investors with a Capital Protected Price on the Protection Date which, when multiplied by the number of Shares held will be at least equal to the value of those Shares on the Derivative Date (plus the Preliminary Charge that is applied to amounts invested during the Cash Investment Period).

In addition, on the Protection Date the Fund aims to provide a return (the "Index Return") based on the performance of the Index during the Growth Potential Period.

Where the Index, or any part of it, ceases to be calculated or published, is modified, disrupted or cancelled or is otherwise unable to be used for the purpose of the stated investment objective of the Fund, the ACD may, in accordance with the FSA Rules, substitute any other index or indices or take any steps which it considers necessary to achieve (insofar as possible to do so in the circumstances) the investment objective of the Fund.

For example if no value for the Index, or any part of it, is published on the relevant Derivative Date, the ACD may use such published value as it determines. If no such value is published within a timeframe to be agreed by the ACD and the relevant counterparty, an independent Calculation Agent may be appointed.

This may affect the achievement of the stated investment objective.

The ACD is not required to take any such steps (which are not limited to the example set out above) but will have regard to the prevailing circumstances when considering the appropriate action (if any) to be taken.

The investment policy is to hold the Scheme Property principally on deposit in cash or near cash or collective investment schemes until the Derivative Date. Thereafter the Scheme Property will be invested principally in over the counter derivatives or exchange traded derivatives (as the ACD may in its discretion choose) designed to provide the Capital Protected Price and the Index Return.

Shareholders should note that if, after the launch of the Fund and before the Derivative Date, the ACD in its sole discretion (and after consultation with the Depositary and, if appropriate, the Auditors) determines not to continue to offer the Fund then the ACD will take appropriate steps to notify Shareholders and redeem the Shares then in issue and thereafter proceed to wind up the Fund.

The Index Return will be a percentage participation (the "Participation Rate") of the Increase (if any) in the Index that arises during the Growth Potential Period. The Increase (as defined below) (if any) in the Index that arises during the Growth Potential Period is subject to the Upper Limit (as defined below). The relevant Participation Rate, the methods used to determine any Increase and length of the relevant Growth Potential Period will be communicated to investors prior to launch of the Fund.

The ACD will as soon as reasonably practicable after the Protection Date redeem all the Shares then in issue, after which the Fund will terminate.

Definitions

Averaging:	is a technique to determine whether there has been any rise in the Index, or any part of it, over the Growth Potential Period by taking an average of that Index on specific dates (an average will be taken of the closing levels of the Index on UK Stockmarket trading days over the last 12 months of the Growth Potential Period).
Capital Protected Price:	is the minimum Share price the Fund aims to achieve on the Protection Date.
Cash Investment Period:	is the period during which Shares may be issued.
Derivative Date:	is the date on and from which the Scheme Property is invested in derivatives.
Growth Potential Period:	is the period during which the Scheme Property is invested in derivatives.
Index:	FTSE 100
Increase:	means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the Index has grown over the Growth Potential Period and subject to any Averaging.
Protection Date:	is the date on which the Share price reflects the maturity value of the derivatives.
Upper Limit is 41%:	this is a cap on the Increase such that if the Increase is greater than 41% Shareholders will only get an increase of 41% (i.e. the Participation Rate x 41% = 41%).

Investment Review

Performance	24/06/11 to 30/04/12 %	01/05/11 to 24/06/11 %	16/02/11 to 30/04/11 %
Protected Capital Solutions Fund 6 M Accumulation	(0.19)	0.10	0.00
FTSE 100 Index	4.17	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	0.09	0.12

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

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

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

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 16 February 2011 to 10 June 2011. During this time the Fund invested in cash and other similar investments. The FTSE 100 Index stood at 5697.72 on 24 June 2011, which is the date the Fund started investing in derivatives.

At the end of the reporting period the FTSE 100 Index stood at 5737.78. The UK stock market fell over the year under review as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better.

It was a volatile year, with markets falling particularly sharply during summer 2011, when fears of a US debt default and renewed worries over the eurozone's sovereign-debt crisis weighed on share prices. A strong rally in late 2011 and early 2012, however, saw shares reclaiming most of the ground they had lost in the summer. In large part, this rally came in response to events overseas. The European Central Bank's low-cost three-year loans to banks helped stabilise the financial system and sent yields on peripheral sovereign debt lower. Indications that the United States' economic recovery was gaining momentum also boosted investors' appetite for stocks. Towards the end of the year under review, however, the eurozone's problems began to weigh on sentiment once more. Spain's deteriorating fiscal position pushed yields on its government bonds higher and share prices across the UK banking sector fell once more.

Looking forward, SWIP's central forecast looks for the FTSE 100 Index to reach 6100 by the end of 2012. There is, however, a greater than usual degree of uncertainty around this central scenario: economic fragility in the UK and eurozone and political turbulence in Europe could well pose downside risks.

Scottish Widows Investment Partnership Limited

May 2012

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

Protected Capital Solutions Fund 6

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (87.74%*)		-	-
DERIVATIVES (0.00%*)		23,300	100.01
Index Options			
Lloyds TSB Bank plc 100% Call Option December 2015 †	148,217,508	16,927	72.66
Lloyds TSB Bank plc 141% Call Option December 2015 †	(24,702,918)	(497)	(2.13)
Lloyds TSB Bank plc 120% Call Option December 2015 †	(123,514,590)	(5,805)	(24.92)
Lloyds TSB Bank plc 120% Put Option December 2015 †	123,514,590	33,500	143.79
Lloyds TSB Bank plc 100% Put Option December 2015 †	(123,514,590)	(20,825)	(89.39)
Portfolio of investments^		23,300	100.01
Net other liabilities		(2)	(0.01)
Total net assets		23,298	100.00

All holdings are Over the Counter ("OTC") derivative contracts as they are not traded on a recognised derivatives exchange.

* Comparative figures shown in brackets relate to 30 April 2011.

^ Including derivative liabilities.

† Lloyds TSB Bank plc is a related party (see note 8).

Protected Capital Solutions Fund 6

Summary of Material Portfolio Changes

for the year ended 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the year	92,334	Total sales for the year	79,316
Total purchases		Total sales	
Lloyds TSB Bank plc 120% Put Option December 2015 †	33,142	SWIP Global Liquidity Fund ‡	23,055
Lloyds TSB Bank plc 100% Call Option December 2015 †	22,681	Lloyds TSB Bank plc 100% Put Option December 2015 †	19,424
SWIP Global Liquidity Fund ‡	12,792	Lloyds TSB Bank plc 120% Call Option December 2015 †	12,198
Dexia #	8,000	Dexia #	8,000
Societe Generale #	8,000	Societe Generale #	8,000
Lloyds Banking # ~	7,483	Lloyds Banking # ~	7,482
Lloyds TSB Bank plc 100% Put Option December 2015 †	178	Lloyds TSB Bank plc 141% Call Option December 2015 †	715
Lloyds TSB Bank plc 120% Call Option December 2015 †	53	Lloyds TSB Bank plc 120% Put Option December 2015 †	281
Lloyds TSB Bank plc 141% Call Option December 2015 †	5	Lloyds TSB Bank plc 100% Call Option December 2015 †	161

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 8).

† Lloyds TSB Bank plc is a related party (see note 8).

This investment is a short term deposit.

~ Lloyds Banking is a related party.

Protected Capital Solutions Fund 6

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class M				
Accumulation 30/04/11	11,697,432	11,693,500	100.03	-
Accumulation 30/04/12	23,297,742	23,252,500	100.19	-

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

The Protection Date for the M share class is 11 December 2015. The Capital Protected Price is 106.30p.

The FTSE 100 Index starting value is level 5,697.72.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class M			
Accumulation 2011	100.10	94.40	0.1498
Accumulation 2012*	101.20	99.07	-

(†) Allocated for accumulation shares.

* To 30 April 2012.

As the Fund is now in its derivatives phase there has been no distribution in the current calendar year to 30 April 2012.

Share class M Accumulation was launched 16 February 2011.

Protected Capital Solutions Fund 6

Statement of Total Return

for the year ended 30 April 2012

	Notes	01/05/11 to 30/04/12		16/02/11 to 30/04/11	
		£000	£000	£000	£000
Income					
Net capital gains	2		19		-
Revenue	3	19		5	
Finance costs: Interest	5	-		-	
Net revenue before taxation		19		5	
Taxation	4	(4)		(1)	
Net revenue after taxation			15		4
Total return before distribution			34		4
Finance costs: Distribution	5		(15)		(4)
Change in net assets attributable to shareholders from investment activities			19		-

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 April 2012

	01/05/11 to 30/04/12		16/02/11 to 30/04/11	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		11,697		-
Amounts receivable on creation of shares	11,769		11,689	
Less: Amounts payable on cancellation of shares	(208)		-	
		11,561		11,689
Dilution adjustment		1		-
Change in net assets attributable to shareholders from investment activities		19		-
Retained distribution on accumulation shares		20		8
Closing net assets attributable to shareholders		23,298		11,697

Notes to the Financial Statements are on pages 223 to 225.

Protected Capital Solutions Fund 6

Balance Sheet

as at 30 April 2012

	Notes	30/04/12 £000	30/04/11 £000
Assets			
Portfolio of investments		50,427	10,263
Debtors	6	-	1,435
Cash and bank balances		2	-
Total other assets		2	1,435
Total assets		50,429	11,698
Liabilities			
Derivative liabilities		(27,127)	-
Creditors	7	(4)	(1)
Total other liabilities		(4)	(1)
Total liabilities		(27,131)	(1)
Net assets attributable to shareholders		23,298	11,697

Notes to the Financial Statements are on pages 223 to 225.

Protected Capital Solutions Fund 6

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital gains

The net capital gains during the year comprise:

	01/05/11 to 30/04/12 £000	16/02/11 to 30/04/11 £000
Option contracts	19	-

3. Revenue

	01/05/11 to 30/04/12 £000	16/02/11 to 30/04/11 £000
Distributions from Regulated Collective Investment Schemes:		
Offshore distribution taxable	15	5
Interest on short term deposits	4	-
Total revenue	19	5

4. Taxation

	01/05/11 to 30/04/12 £000	16/02/11 to 30/04/11 £000
(a) Analysis of charge in year:		
Corporation tax	4	1

(b) Factors affecting current tax charge for the year:

The tax assessed for the year is equal to (2011: equal to) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2011: 20%). The differences are explained below:

Net revenue before taxation	19	5
Corporation tax of 20% (2011: 20%)	4	1
Current tax charge for year (note 4a)	4	1

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

5. Finance costs

Distribution and interest

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	01/05/11 to 30/04/12 £000	16/02/11 to 30/04/11 £000
Special*	20	-
Final	-	8
	20	8
Add: Revenue deducted on cancellation of shares	-	-
Deduct: Revenue received on creation of shares	(5)	(4)
Net distribution for the year	15	4
Interest	-	-
Total finance costs	15	4

*The Special distribution was paid on 19 August 2011.

Notes to the Financial Statements

(continued)

as at 30 April 2012

6. Debtors

	30/04/12	30/04/11
	£000	£000
Amounts receivable for issue of shares	-	1,431
Accrued revenue	-	4
Total debtors	-	1,435

7. Creditors

	30/04/12	30/04/11
	£000	£000
Corporation tax payable	4	1

8. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Revenue disclosed in note 3 includes amounts received from Lloyds related investments. The total revenue received amounts to £1,218 (30/04/11: £nil).

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where Scottish Widows Investment Partnership Limited act as Investment Manager of SWIP Sterling Liquidity Fund. The total revenue earned amounts to £14,665 (30/04/11: £4,915).

The counterparty for the FTSE 100 call and put options, disclosed in the Portfolio Statement, is Lloyds TSB Bank plc.

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

	30/04/12	30/04/11
	%	%
ACD and associates of the ACD	-	-

9. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

	%
Share Class M - Accumulation:	-

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Performance Record on page 220.

10. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments (30/04/11: £nil) and no contingent liabilities (30/04/11: £nil).

11. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 216. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are all denominated in Sterling. As a result, the fund does not have any exposure to currency movements.

as at 30 April 2012

(b) Interest rate risk profile of financial assets and liabilities

The revenue received from the holdings in fixed interest and money market investments were distributed on 24 June 2011. The amounts received on the sale of these holdings were used to purchase FTSE 100 options.

The Fund's net cash holding of £0.002m (30/04/11: holding £nil) is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

(c) Derivatives and other financial instruments

The ACD entered into derivative contracts on behalf of the Fund in accordance with the investment objectives of the Fund. The investment into derivatives is designed to provide both growth linked to the FTSE 100 Index and protection so that if the index goes down the amount invested should remain safe if the shareholders hold their investments to the maturity date of the derivatives.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. As the Fund is not marketed as sophisticated, no sensitivity analysis is required.

(d) Liquidity risk

The Fund invests in OTC derivative contracts, which are not traded on a recognised market. However, this risk is mitigated by the fact that the counterparty is Lloyds TSB Bank plc, which is a related party (see note 8). The ACD assesses the closing out requirements when entering into an OTC transaction. This is also monitored on an ongoing basis through the requirement of the counterparty to provide liquidity as a result of cancellations out of the fund. In addition, the agreements in place specify that these instruments can be traded with the counterparty on a weekly basis and therefore are considered to be readily realisable.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) Market price risk and fair value of financial assets and liabilities

The Fund will invest principally in derivatives. The value of derivatives in the Fund are based on value of the underlying index, and may go down as well as up, before the maturity date of the derivatives. Changes in the value of the underlying index may be the result of a specific factor affecting the value of an individual equity on the index or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

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

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis. The counterparty is Lloyds TSB Bank plc, which is a related party.

12. Portfolio transaction costs

There were no transactions costs incurred during the year to 30 April 2012 (30/04/11: £nil).

Protected Capital Solutions Fund 7

Authorised Fund Manager's Report

for the period 4 July 2011 to 30 April 2012

Investment Objective and Policy

The Fund aims to provide investors with a Capital Protected Price on the Protection Date which, when multiplied by the number of Shares held will be at least equal to the value of those Shares on the Derivative Date (plus the Preliminary Charge that is applied to amounts invested during the Cash Investment Period).

In addition, on the Protection Date the Fund aims to provide a return (the "Index Return") based on the performance of the Index during the Growth Potential Period.

Where the Index, or any part of it, ceases to be calculated or published, is modified, disrupted or cancelled or is otherwise unable to be used for the purpose of the stated investment objective of the Fund, the ACD may, in accordance with the FSA Rules, substitute any other index or indices or take any steps which it considers necessary to achieve (insofar as possible to do so in the circumstances) the investment objective of the Fund.

For example if no value for the Index, or any part of it, is published on the relevant Derivative Date, the ACD may use such published value as it determines. If no such value is published within a timeframe to be agreed by the ACD and the relevant counterparty, an independent Calculation Agent may be appointed.

This may affect the achievement of the stated investment objective.

The ACD is not required to take any such steps (which are not limited to the example set out above) but will have regard to the prevailing circumstances when considering the appropriate action (if any) to be taken.

The investment policy is to hold the Scheme Property principally on deposit in cash or near cash or collective investment schemes until the Derivative Date. Thereafter the Scheme Property will be invested principally in over the counter derivatives or exchange traded derivatives (as the ACD may in its discretion choose) designed to provide the Capital Protected Price and the Index Return.

Shareholders should note that if, after the launch of the Fund and before the Derivative Date, the ACD in its sole discretion (and after consultation with the Depositary and, if appropriate, the Auditors) determines not to continue to offer the Fund then the ACD will take appropriate steps to notify Shareholders and redeem the Shares then in issue and thereafter proceed to wind up the Fund.

The Index Return will be a percentage participation (the "Participation Rate") of the Increase (if any) in the Index that arises during the Growth Potential Period. The Increase (as defined below) (if any) in the Index that arises during the Growth Potential Period is subject to the Upper Limit (as defined below). The relevant Participation Rate, the methods used to determine any Increase and length of the relevant Growth Potential Period will be communicated to investors prior to launch of the Fund.

The ACD will as soon as reasonably practicable after the Protection Date redeem all the Shares then in issue, after which the Fund will terminate.

Definitions

Averaging:	is a technique to determine whether there has been any rise in the Index, or any part of it, over the Growth Potential Period by taking an average of that Index on specific dates (an average will be taken of the closing levels of the Index on UK Stockmarket trading days over the last 12 months of the Growth Potential Period).
Capital Protected Price:	is the minimum Share price the Fund aims to achieve on the Protection Date.
Cash Investment Period:	is the period during which Shares may be issued.
Derivative Date:	is the date on and from which the Scheme Property is invested in derivatives.
Growth Potential Period:	is the period during which the Scheme Property is invested in derivatives.
Index:	FTSE 100
Increase:	means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the Index has grown over the Growth Potential Period and subject to any Averaging.
Protection Date:	is the date on which the Share price reflects the maturity value of the derivatives.
Upper Limit is 41%:	this is a cap on the Increase such that if the Increase is greater than 41% Shareholders will only get an increase of 41% (i.e. the Participation Rate x 41% = 41%).

Investment Review

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 04 July 2011 to 30 September 2011. During this time the Fund invested in cash and other similar investments. The FTSE 100 Index stood at 5466.36 on 14 October 2011, which is the date the Fund started investing in derivatives.

At the end of the reporting period the FTSE 100 Index stood at 5737.78. The UK stock market fell over the year under review as risk-averse investors favoured high-quality government bonds over the uncertainties of the stock market. The losses were led by stocks in the banking and mining sectors. Defensive stocks – those whose fortunes are less dependent on the economic cycle – fared far better.

It was a volatile year, with markets falling particularly sharply during summer 2011, when fears of a US debt default and renewed worries over the eurozone's sovereign-debt crisis weighed on share prices. A strong rally in late 2011 and early 2012, however, saw shares reclaiming most of the ground they had lost in the summer. In large part, this rally came in response to events overseas. The European Central Bank's low-cost three-year loans to banks helped stabilise the financial system and sent yields on peripheral sovereign debt lower. Indications that the United States' economic recovery was gaining momentum also boosted investors' appetite for stocks. Towards the end of the year under review, however, the eurozone's problems began to weigh on sentiment once more. Spain's deteriorating fiscal position pushed yields on its government bonds higher and share prices across the UK banking sector fell once more.

Looking forward, SWIP's central forecast looks for the FTSE 100 Index to reach 6100 by the end of 2012. There is, however, a greater than usual degree of uncertainty around this central scenario: economic fragility in the UK and eurozone and political turbulence in Europe could well pose downside risks.

Scottish Widows Investment Partnership Limited

May 2012

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

Protected Capital Solutions Fund 7

Portfolio Statement

as at 30 April 2012

	Holdings	Market Value £000	Total Net Assets %
DERIVATIVES		14,215	100.00
Index Options			
Lloyds TSB Bank plc 100% Call Option April 2016 †	89,725,567	12,983	91.33
Lloyds TSB Bank plc 141% Call Option April 2016 †	(14,954,261)	(455)	(3.20)
Lloyds TSB Bank plc 120% Call Option April 2016 †	(74,771,306)	(5,159)	(36.29)
Lloyds TSB Bank plc 120% Put Option April 2016 †	74,771,306	19,221	135.22
Lloyds TSB Bank plc 100% Put Option April 2016 †	(74,771,306)	(12,375)	(87.06)
Portfolio of investments[^]		14,215	100.00
Net other assets		-	-
Total net assets		14,215	100.00

All holdings are Over the Counter ("OTC") derivative contracts as they are not traded on a recognised derivatives exchange.

[^] Including derivative liabilities.

† Lloyds TSB Bank plc is a related party (see note 7).

Protected Capital Solutions Fund 7

Summary of Material Portfolio Changes

for the period 4 July 2011 to 30 April 2012

	Cost £000		Proceeds £000
Total purchases for the period	<u>58,042</u>	Total sales for the period	<u>43,888</u>
Total purchases		Total sales	
Lloyds TSB Bank plc 120% Put Option April 2016 †	17,514	SWIP Sterling Liquidity Fund ‡	14,155
SWIP Sterling Liquidity Fund ‡	14,155	Lloyds TSB Bank plc 100% Put Option April 2016 †	10,318
Lloyds TSB Bank plc 100% Call Option April 2016 †	12,221	Lloyds TSB Bank plc 120% Call Option April 2016 †	5,182
Lloyds Banking # ~	5,000	Lloyds Banking # ~	5,000
Barclays Bank #	5,000	Barclays Bank #	5,000
ING #	4,152	ING #	4,152
		Lloyds TSB Bank plc 141% Call Option April 2016 †	81

‡ Scottish Widows Investment Partnership (SWIP). This investment is a related party (see note 7).

† Lloyds TSB Bank plc is a related party (see note 7).

This investment is a short term deposit.

~ Lloyds Banking is a related party.

Protected Capital Solutions Fund 7

Performance Record

as at 30 April 2012

Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class M				
Accumulation 30/04/12	14,215,691	14,142,000	100.52	-

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

The Protection Date for the M share class is 31 March 2016. The Capital Protected Price is 105.80p.

The FTSE 100 Index starting value is 5,466.36.

Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class M			
Accumulation 2011	100.10	95.92	0.1184
Accumulation 2012*	100.80	97.58	-

(†) Allocated for accumulation shares.

* To 30 April 2012.

Share class M Accumulation was launched 4 July 2011.

Protected Capital Solutions Fund 7

Statement of Total Return

for the period 4 July 2011 to 30 April 2012

	Notes	04/07/11 to 30/04/12	
		£000	£000
Income			
Net capital gains	2		61
Revenue	3	15	
Finance costs: Interest	5	-	
Net revenue before taxation		15	
Taxation	4	(3)	
Net revenue after taxation			12
Total return before distribution			73
Finance costs: Distribution	5		(12)
Change in net assets attributable to shareholders from investment activities			61

Statement of Change in Net Assets Attributable to Shareholders

for the period 4 July 2011 to 30 April 2012

	04/07/11 to 30/04/12	
	£000	£000
Opening net assets attributable to shareholders		-
Amounts receivable on creation of shares	14,137	
		14,137
Change in net assets attributable to shareholders from investment activities		61
Retained distribution on accumulation shares		17
Closing net assets attributable to shareholders		14,215

Notes to the Financial Statements are on pages 233 to 235.

Comparative information not available as the Fund launched on 4 July 2011.

Protected Capital Solutions Fund 7

Balance Sheet

as at 30 April 2012

	Note	30/04/12 £000
Assets		
Portfolio of investments		32,204
Cash and bank balances		3
Total other assets		3
Total assets		32,207
Liabilities		
Derivative liabilities		(17,989)
Creditors	6	(3)
Total other liabilities		(3)
Total liabilities		(17,992)
Net assets attributable to shareholders		14,215

Notes to the Financial Statements are on pages 233 to 235.

Protected Capital Solutions Fund 7

Notes to the Financial Statements

as at 30 April 2012

1. Accounting basis and policies

Please see pages 8 to 10 for accounting basis and policies.

2. Net capital gains

The net capital gains during the period comprise:

04/07/11 to
30/04/12
£000

Option contracts	61
------------------	----

3. Revenue

04/07/11 to
30/04/12
£000

Distributions from Regulated Collective Investment Schemes:

Offshore distribution taxable	13
-------------------------------	----

Interest on short term deposits	2
---------------------------------	---

Total revenue	15
---------------	----

4. Taxation

04/07/11 to
30/04/12
£000

(a) Analysis of charge in period:

Corporation tax	3
-----------------	---

(b) Factors affecting current tax charge for the period:

The tax assessed for the period is equal to the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20%. The differences are explained below:

Net revenue before taxation	15
-----------------------------	----

Corporation tax of 20%.	3
-------------------------	---

Current tax charge for period (note 4a)	3
---	---

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

5. Finance costs

Distribution and interest

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

04/07/11 to
30/04/12
£000

Special*	17
----------	----

Add: Revenue deducted on cancellation of shares	-
---	---

Deduct: Revenue received on creation of shares	(5)
--	-----

Net distribution for the period	12
---------------------------------	----

Interest	-
----------	---

Total finance costs	12
---------------------	----

*The Special distribution was paid on 9 December 2011.

as at 30 April 2012

6. Creditors

30/04/12

£000

3

Corporation tax payable

7. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the period end are included in the Balance Sheet.

Distributions from Regulated Collective Investment Schemes disclosed in note 3 includes amounts earned from funds where Scottish Widows Investment Partnership Limited act as Investment Manager of SWIP Sterling Liquidity Fund. The total revenue earned amounts to £12,563.

The counterparty for the FTSE 100 call and put options, disclosed in the Portfolio Statement, is Lloyds TSB Bank plc.

Shares held by associates of the ACD

On 30 April 2012, shares held as a percentage of the Fund's value were:

30/04/12

%

ACD and associates of the ACD

-

8. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

%

Share Class M - Accumulation:

-

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Performance Record on page 230.

9. Capital commitments and contingent liabilities

On 30 April 2012, the Fund had no capital commitments and no contingent liabilities.

10. Derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 226. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are all denominated in Sterling. As a result, the fund does not have any exposure to currency movements.

(b) Interest rate risk profile of financial assets and liabilities

The revenue received from the holdings in fixed interest and money market investments were distributed on 10 October 2011. The amounts received on the sale of these holdings were used to purchase FTSE 100 options.

The Fund's net cash holding of £0.003m is held in a floating rate deposit account whose rate is determined by reference to rates supplied by the Depositary.

The Fund did not have any long term financial liabilities.

(c) Derivatives and other financial instruments

The ACD entered into derivative contracts on behalf of the Fund in accordance with the investment objectives of the Fund. The investment into derivatives is designed to provide both growth linked to the FTSE 100 Index and protection so that if the index goes down the amount invested should remain safe if the shareholders hold their investments to the maturity date of the derivatives.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. As the Fund is not marketed as sophisticated, no sensitivity analysis is required.

as at 30 April 2012

(d) Liquidity risk

The Fund will invest in OTC derivative contracts, which are not traded on a recognised market. However, this risk is mitigated by the fact that the counterparty is Lloyds TSB Bank plc, which is a related party (see note 7). The ACD assesses the closing out requirements when entering into an OTC transaction. This is also monitored on an ongoing basis through the requirement of the counterparty to provide liquidity as a result of cancellations out of the fund. In addition, the agreements in place specify that these instruments can be traded with the counterparty on a weekly basis and therefore are considered to be readily realisable.

All of the Fund's financial liabilities are payable on demand or in less than one year.

(e) Market price risk and fair value of financial assets and liabilities

The Fund will invest principally in derivatives. The value of derivatives in the Fund are based on value of the underlying index, and may go down as well as up, before the maturity date of the derivatives. Changes in the value of the underlying index may be the result of a specific factor affecting the value of an individual equity on the index or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio.

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

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis. The counterparty is Lloyds TSB Bank plc, which is a related party.

11. Portfolio transaction costs

There were no transactions costs incurred during the period to 30 April 2012.

General Information

About OEICs

The Scottish Widows Managed Investment Funds ICVC (the “Company”) is an umbrella Open Ended Investment Company (“OEIC”). An OEIC is a collective investment vehicle with variable capital in which your funds are pooled with a portfolio of investments in accordance with its Prospectus and the Collective Investment Schemes sourcebook (COLL sourcebook).

It should be remembered that the value of your shares will be affected by fluctuations in the relevant markets and foreign currency exchange rates (where applicable) and may, therefore, go down as well as up. You should view your investment over the medium to long-term.

Please contact us on 0845 300 2244 for more information. We may record and monitor calls to help us improve our service.

All sub-funds are classified as non-UCITS retail schemes which comply with Chapter 5 of the COLL sourcebook.

The base currency of the Company is Sterling, but a class of shares in respect of any sub-fund may be designated in any currency other than Sterling.

Shares

The Company currently offers seven share classes; Class A, Class B, Class I, Class U, Class M, Class T and Class X. Each share class has a different ACD fee.

Prices and Dealing Times

The price used for either the purchase or sale of shares is normally the next price calculated after your instructions are received and accepted at our Edinburgh Office. Advisers have no authority to guarantee applications or prices.

The latest prices are obtainable from the Dealing Desk on 0845 845 0066.

Shares may be bought or sold between 9.00am and 5.00pm on Mondays to Fridays inclusive.

Liability

Any shortfall may have to be met out of the assets attributable to one or more sub-funds of the umbrella company where the assets allocated to any sub-fund were insufficient to meet the liabilities attributable to it. Shareholders are not liable for the debts of the Company.

Prospectus

The Prospectus, which is available from the ACD free of charge, outlines how the Company is managed and gives details of the types of assets in which each sub-fund may invest. The Prospectus and (where applicable) the Instrument of Incorporation have been amended during the year to 30 April 2012 (as noted on page 2). Full terms and conditions are available from the ACD.

Personal Taxation

Unless your shares are held within an ISA, if you sell your shares or switch your shares to a different sub-fund, this is treated as a disposal for Capital Gains Tax purposes. Tax rules can change. The value to an investor of the tax advantages of an ISA will depend on personal circumstances, which may change.

Shareholders are recommended to consult with their professional tax advisors if they are in any doubt about their position.

Queries

If you have any queries about the operation of your sub-fund you should in the first instance contact the ACD. Please supply details of your holding (including surname, initials and account number).



As part of the Lloyds Banking Group, Scottish Widows is proud to be an Official Provider of the London 2012 Olympic and Paralympic Games.

Scottish Widows Unit Trust Managers Limited. Registered in England and Wales No. 1629925. Registered Office in the United Kingdom at Charlton Place, Andover, Hampshire SP10 1RE. Tel: 0845 3002244.

Scottish Widows Unit Trust Managers Limited is authorised and regulated by the Financial Services Authority. Our FSA Register number is 122129.

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