

Skandia Investment Funds

Annual Report and Financial Statements
For the year ended 31 December 2011

Contents

	Page
Fund information	4
Report of the Directors of Skandia Investment Funds	9
Statement of Authorised Corporate Director's responsibilities	10
Authorised Corporate Director's report	10
Statement of the Depositary's responsibilities and the report of the Depositary to the Shareholders of Skandia Investment Funds ICVC ("the Company")	11
Independent Auditor's Report to the Shareholders of Skandia Investment Funds ICVC ("the Company")	12
Skandia Investment Funds	13
Aggregated statement of total return	13
Aggregated statement of change in net assets attributable to shareholders	13
Aggregated balance sheet	14
Notes to the aggregated financial statements	15
Alternative Investments Fund	24
Performance record	24
Investment Manager's review	25
Portfolio statement	26
Statement of total return	28
Statement of change in net assets attributable to shareholders	28
Balance sheet	29
Notes to the financial statements	30
Global Best Ideas Fund	37
Performance record	37
Investment Manager's review	37
Portfolio statement	39
Statement of total return	44
Statement of change in net assets attributable to shareholders	44
Balance sheet	45
Notes to the financial statements	46
Distribution tables	55
Global Dynamic Equity Fund	56
Performance record	56
Investment Manager's review	57
Portfolio statement	58
Statement of total return	77
Statement of change in net assets attributable to shareholders	77
Balance sheet	78
Notes to the financial statements	79
Distribution tables	90

Contents (continued)

	Page
UK Best Ideas Fund	91
Performance record	91
Investment Manager's review	91
Portfolio statement	93
Statement of total return	96
Statement of change in net assets attributable to shareholders	96
Balance sheet	97
Notes to the financial statements	98
Distribution tables	106
UK Strategic Best Ideas Fund	107
Performance record	107
Investment Manager's review	107
Portfolio statement	109
Statement of total return	113
Statement of change in net assets attributable to shareholders	113
Balance sheet	114
Notes to the financial statements	115

Fund information

Authorised Corporate Director

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

Authorised and regulated by the Financial Services Authority.

Directors of the ACD

M R A Bulstrode
P Mann
J R McKean
J E Millard

Depository

National Westminster Bank Plc
Trustee and Depository Services
155 Bishopsgate
London
EC2M 3UR

Authorised and regulated by the Financial Services Authority.

Legal Advisers

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Auditors

KPMG Audit Plc
15 Canada Square
London
E14 5GL

Administrator

The Bank of New York Mellon (International) Limited
1 Canada Square
London
E14 5AL

Registrar

The Bank of New York Mellon (International) Limited
1 Canada Square
London
E14 5AL

Authorised and regulated by the Financial Services Authority.

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

Risk Monitoring Provider

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

Investment Manager

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

Authorised and regulated by the Financial Services Authority.

Fund information (continued)

Investment advisers

Global Best Ideas Fund:

BlackRock Investment Management (UK) Limited
33 King William Street
London
EC4R 9AS

Authorised and regulated by the Financial Services Authority.

First State Investment Management (UK) Limited
23 St Andrew Square
Edinburgh
EH2 1BB

Authorised and regulated by the Financial Services Authority.

Kames Capital Plc*
3 Lochside Avenue
Edinburgh Park
Edinburgh
EH12 9SA

*Name change from Aegon Asset Management UK Plc on 1 September 2011

Authorised and regulated by the Financial Services Authority.

Marsico Capital Management LLC
1200 17th Street
Suite 1600
Denver, CO 80202-5824
USA

Odey Asset Management LLP
12 Upper Grosvenor Street
London
W1X 2ND

Authorised and regulated by the Financial Services Authority.

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

Authorised and regulated by the Financial Services Authority.

Schroder Investment Management Limited
31 Gresham Street
London
EC2V 7QA

Authorised and regulated by the Financial Services Authority.

Tiburon Partners LLP
21 St. James's Square
London
SW1Y 4JP

Appointed: 26 April 2011

Authorised and regulated by the Financial Services Authority.

Artemis Investment Managers Limited
42 Melville Street
Edinburgh
EC3 7HA

Ceased Management: 15 July 2011

Authorised and regulated by the Financial Services Authority.

Treasury Asia Asset Management
Level 5
50 Margaret Street
Sydney
New South Wales
Australia 2000

Ceased management: 12 April 2011

Authorised and regulated by the Financial Services Authority

Fund information (continued)

Global Dynamic Equity Fund:

Argonaut Capital Partners LLP
Resolution House
50 Bothwell Street
Glasgow
G2 6HR

Authorised and regulated by the Financial Services Authority.

BNY Mellon Asset Management International Limited
The Bank of New York Mellon Centre
160 Queen Victoria Street
London
EC4V 4LA

Authorised and regulated by the Financial Services Authority.

FuNNeX Asset Management Inc
Hibiya Kokusai Building
18F2-2-3 Uchisaiwai-cho
Chiyoda-ku
Tokyo 100-0011

First State Investment Management (UK) Limited
23 St. Andrew Square
Edinburgh
EH2 1BB

Authorised and regulated by the Financial Services Authority.

Henderson Investment Management Limited
201 Bishopsgate
London
EC2M 3AE

Gartmore Investment Limited*
Gartmore House
8 Fenchurch Place
London
EC3M 4PB

*Gartmore Investment Limited was acquired by
Henderson Management Investment Limited on 4 April 2011.

Authorised and regulated by the Financial Services Authority.

Lapides Asset Management LLC
500 West Putnam Avenue
4th Floor
Greenwich, CT 06830
USA

Appointed: 1 June 2011

Epoch Investment Partners, Inc.
640 Fifth Avenue, 18th Floor
New York,
NY 10019
USA

Ceased management: 1 June 2011

Mandarine Gestion
5, rue Alfred de Vigny
75008 Paris
France

Appointed: 8 February 2011

AllianceBernstein Limited
Devonshire House
1 Mayfair Place
London
W1J 8AJ

Ceased Management: 8 February 2011

Marsico Capital Management LLC
1200 17th Street
Suite 1600
Denver, CO 80202-5824
USA

Authorised and Regulated by the Financial Services Authority.

MIR Investment Management Pty Limited
Level 40, 50 Bridge Street, Sydney
NSW 2000 Australia

Quantitative Management Associates LLC
100 Mulberry Street
Two Gateway Center
6th Floor
Newark
New Jersey 07102 USA

Fund information (continued)

Global Dynamic Equity Fund (continued):

Schroder Investment Management Limited
31 Gresham Street
London
EC2V 7QA

Authorised and regulated by the Financial Services Authority.

Wellington Management Company LLP
75 State Street
Boston
Massachusetts 02109 USA

UK Best Ideas Fund:

BlackRock Investment Management (UK) Limited
33 King William Street
London
EC4R 9AS

Authorised and regulated by the Financial Services Authority.

F&C Management Limited
Primrose Street
London
EC2A 2NY

Appointed: 23 February 2011

Authorised and regulated by the Financial Services Authority.

Kames Capital Plc*
3 Lochside Avenue
Edinburgh Park
Edinburgh
EH12 9SA

*Name changed from Aegon Asset Management UK Plc on 1 September 2011

Authorised and regulated by the Financial Services Authority.

Liontrust Investment Partners LLP
2 Savoy Court
London
WC2R 0E2

Appointed: 15 July 2011

Authorised and regulated by the Financial Services Authority.

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

Authorised and regulated by the Financial Services Authority.

Schroder Investment Management Limited
31 Gresham Street
London
EC2R 7QA

Authorised and regulated by the Financial Services Authority.

UK Strategic Best Ideas Fund:

Artemis Investment Management Limited
42 Melville Street
Edinburgh
EH3 7HA

Authorised and regulated by the Financial Services Authority.

Aviva Investors Global Services Limited
No. 1 Poultry
London
EC2R 8EJ

Authorised and regulated by the Financial Services Authority.

SVM Asset Management Limited
7 Castle Street
Edinburgh
EH2 3AH

Ceased management: 21 February 2011

Authorised and regulated by the Financial Services Authority

Artemis Investment Management Limited
42 Melville Street
Edinburgh
EH3 7HA

Ceased Management: 15 July 2011

Authorised and regulated by the Financial Services Authority.

Fund information (continued)

UK Strategic Best Ideas Fund (continued):

BlackRock Investment Management (UK) Limited
33 King William Street
London
EC4R 9AS

Authorised and regulated by the Financial Services Authority.

Henderson Global Investors Limited
201 Bishopsgate
London
EC2M 3AE

Authorised and regulated by the Financial Services Authority.

Polar Capital LLP
4 Matthew Parker Street
London
SW1H 9NP

Authorised and regulated by the Financial Services Authority.

SVM Asset Management Limited
7 Castle Street
Edinburgh
EH2 3AH

Authorised and regulated by the Financial Services Authority.

Report of the Directors of Skandia Investment Funds

Directors' report

The Authorised Corporate Director ("ACD") present its report and financial statements for the Skandia Investment Funds ("the Fund") for the year from 1 January 2011 to 31 December 2011. The Fund was launched on 8 April 2005 and shares for each sub-fund were first offered for sale at 50 pence each. US\$ Accumulation shares were first offered for sale on 1 November 2005 at the US\$ equivalent of the sterling price on that date. SEK Accumulation shares were first offered for sale on 28 October 2008 at the SEK equivalent of the sterling price on that date. EUR Accumulation shares were first offered for sale on 18 March 2011 at the EUR equivalent of the sterling price on that date.

Authorised status

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

Change of Depositary*

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

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

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

Significant and Fundamental changes

On 18 March 2011, a new EUR Hedged share class was launched for Skandia Alternative Investments Fund, a sub-fund of the Skandia Investment Funds.

Following shareholder approval at the Extraordinary General Meetings held on 20 June 2011, the following changes were made on 30 June 2011 to the following three sub-funds:

UK Equity Blend Fund was merged into UK Best Ideas Fund (a sub-fund of Skandia Investment Funds).

UK Fixed Interest Blend Fund and Global Fixed Interest Blend Fund were merged into Skandia Strategic Bond Fund (a sub-fund of Skandia Balanced Funds, also managed by Skandia Investment Management Limited).

The sub-funds UK Equity Blend Fund, Global Fixed Interest Blend Fund and the UK Fixed Interest Blend Fund were terminated on 30 September 2011 and the final accounts (Termination Accounts) for these sub-funds were submitted to the FSA on 1 December 2011.

Liability

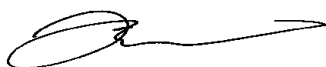
If the Fund is unable to meet liabilities attributed to any particular sub-fund out of the assets attributed to that sub-fund, excess liabilities may have to be met out of the assets attributable to the other sub-funds. The shareholders have no interest in the scheme property and are not liable for the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

Additional information

The Fund is an umbrella scheme. It comprises a number of sub-funds which have their own investment objective and policy and its investment borrowing powers and restrictions are prescribed by the OEIC Regulations 2001 and the Regulations. At 31 December 2011 the Fund had the following 5 sub-funds.

Sub-fund name	Launch date
Alternative Investments Fund	23 June 2008
Global Best Ideas Fund	13 June 2006
Global Dynamic Equity Fund	27 March 2009
UK Best Ideas Fund	11 October 2006
UK Strategic Best Ideas Fund	19 September 2007

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



J E Millard
Director
Skandia Investment Management Limited



J R McKean
Director
Skandia Investment Management Limited

17 April 2012

Authorised Corporate Director's report

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

Net asset value of sub-funds

	31 December 2011			31 December 2010		
	Net asset value of sub-fund by share class	Shares in issue	Net asset value per share	Net asset value of sub-fund by share class	Shares in issue	Net asset value per share
Alternative Investments Fund - Accumulation	£51,149,052	107,215,653	47.71p	£59,823,711	121,899,390	49.08p
Alternative Investments Fund - Accumulation EUR*	£147,673	324,078	45.57p	-	-	-
Alternative Investments Fund - Accumulation SEK	£4,856,240	4,444,803	109.26p	£5,276,128	4,700,481	112.25p
Alternative Investments Fund - Accumulation US\$	£5,656,244	19,136,006	29.56p	£7,944,645	26,215,148	30.31p
Global Best Ideas Fund - Accumulation	£271,717,769	457,307,495	59.42p	£327,758,777	486,212,444	67.41p
Global Dynamic Equity Fund - Accumulation	£880,439,075	1,245,342,127	70.70p	£976,617,349	1,183,844,786	82.50p
Global Dynamic Equity Fund - Accumulation EUR	£42,537,044	60,397,491	70.43p	£6,722,022	8,148,940	82.49p
Global Dynamic Equity Fund - Accumulation US\$	£41,688,609	58,976,259	70.69p	£46,483,439	56,350,514	82.49p
Global Fixed Interest Blend Fund - Income**	-	-	-	£28,598,680	47,052,569	60.78p
Global Fixed Interest Blend Fund - Accumulation US\$**	-	-	-	£3,060,572	4,352,653	70.32p
UK Best Ideas Fund - Accumulation	£144,528,005	363,381,305	39.77p	£148,765,374	317,973,160	46.79p
UK Equity Blend Fund - Income**	-	-	-	£39,809,673	77,803,198	51.17p
UK Fixed Interest Blend Fund - Income**	-	-	-	£52,290,360	111,018,435	47.10p
UK Strategic Best Ideas Fund - Accumulation	£52,059,387	95,621,119	54.44p	£64,862,402	111,363,832	58.24p

*Launched on 18 March 2011

**Sub-fund terminated on 30 September 2011

Statement of Authorised Corporate Director's responsibilities

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

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

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

Statement of the Depositary's responsibilities and the report of the Depositary to the Shareholders of Skandia Investment Funds ICVC ("the Company")

for the year from 1 January 2011 to 31 December 2011

The Depositary is responsible for the safe keeping of all of the property of the Company (other than tangible moveable property) which is entrusted to it and for the collection of revenue that arises from that property.

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 Schemes Sourcebook ('the COLL'), as amended, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, ("the OEIC Regulations"), the Company's Instrument of Incorporation and Prospectus, 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 applicable to 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 ACD:

- 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 COLL and, where applicable, the OEIC Regulations, the Instrument of Incorporation and Prospectus of the Company, and
- has observed the investment and borrowing powers and restrictions applicable to the Company.

National Westminster Bank Plc
Depositary
17 April 2012

Independent Auditor's Report to the Shareholders of Skandia Investment Funds ICVC ("the Company")

We have audited the financial statements of the Company for the year ended 31 December 2011 which comprise the Statement of total return, the Statement of change in net assets attributable to shareholders, the Balance sheet together with the related notes and 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 Practices).

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Services Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Authorised Corporate Director ('the ACD') Skandia Investment Management Limited and auditor

As explained more fully in the Statement of ACD's Responsibilities set out on page 10, the ACD is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of the Company as at 31 December 2011 and of the net revenue and the net capital gains/(losses) on the property of the Company for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds and the COLL Rules.

Opinion on other matters prescribed by the COLL Rules

In our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

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



Stuart Crisp (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square
London E14 5GL

17 April 2012

Aggregated statement of total return

for the year from 1 January 2011 to 31 December 2011

	Notes	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Income					
Net capital gains	2		(223,049)		282,025
Revenue	3	39,510		34,503	
Expenses	4	(33,107)		(33,173)	
Finance costs: Interest	6	(106)		(62)	
Net revenue before taxation		6,297		1,268	
Taxation	5	(2,194)		(1,490)	
Net revenue/(expense) after taxation			4,103		(222)
Total return before distributions			(218,946)		281,803
Finance costs: Distributions	6		(3,336)		(6,271)
Change in net assets attributable to shareholders from investment activities			(222,282)		275,532

Aggregated statement of change in net assets attributable to shareholders

for the year from 1 January 2011 to 31 December 2011

	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Opening net assets attributable to shareholders		1,768,013		1,550,749
Amounts received on issue of shares	206,675		275,314	
Transfer of assets from UK Equity Blend Fund*	33,851		-	
Amounts paid on cancellation of shares	(170,934)		(334,881)	
		69,592		(59,567)
Net assets attributable to terminated funds*		(123,759)		-
Stamp duty reserve tax		(199)		(422)
Change in net assets attributable to shareholders		(222,282)		275,532
Retained distribution on accumulation shares		3,414		1,721
Closing net assets attributable to shareholders		1,494,779		1,768,013

*Further information on the restructure is contained within the Report of the Directors on page 9.

The notes on pages 15 to 23 form an integral part of these financial statements.

Aggregated balance sheet

as at 31 December 2011

	Notes	31.12.11 £'000	31.12.11 £'000	31.12.10 £'000	31.12.10 £'000
Assets					
Investment assets			1,308,847		1,695,449
Debtors	7	12,040		9,461	
Cash and bank balances	8	203,082		79,317	
Total other assets			215,122		88,778
Total assets			1,523,969		1,784,227
Liabilities					
Investment liabilities			(2,171)		(1,086)
Creditors	9	(8,608)		(13,221)	
Bank overdrafts and overdrawn amounts held at futures clearing houses and brokers		(18,411)		(272)	
Distribution payable on income shares		-		(1,635)	
Total other liabilities			(27,019)		(15,128)
Total liabilities			(29,190)		(16,214)
Net assets attributable to shareholders			1,494,779		1,768,013

The notes on pages 15 to 23 form an integral part of these financial statements.

Notes to the aggregated financial statements

for the year from 1 January 2011 to 31 December 2011

1 Accounting policies

a) Basis of accounting

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

b) Recognition of revenue

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

c) Treatment of stock dividends

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

d) Special dividends and share buy-backs

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

e) Underwriting commission

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

f) Treatment of expenses

All expenses, except those relating to the purchase and sale of investments, capitalised Authorised Corporate Director's periodic charge and stamp duty reserve tax, are charged against revenue in arriving at the distributable amount. The Authorised Corporate Director's periodic charge is expensed against revenue for all sub-funds in arriving at the distributable amount.

g) Rebate of Authorised Corporate Director's periodic charge from underlying instruments

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

h) Taxation and deferred taxation

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

i) Distribution policy

All of the net revenue available for distribution at the end of the interim and final distribution periods will be distributed to shareholders. Any share class in deficit of revenue will be made-up from the capital attributable to that share class.

j) Basis of valuation of investments

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

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

Notes to the aggregated financial statements (continued)

1 Accounting policies (continued)

j) Basis of valuation of investments (continued)

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

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

The contracts for difference held in the portfolio are valued based on the price movement of the underlying security or index which they are purchased to reflect.

k) Exchange rates

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

l) Financial instruments

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

m) Aggregation

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

Notes to the aggregated financial statements (continued)

2 Net capital (losses)/gains

The net capital (losses)/gains on investments comprise:

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
(Losses)/gains on non-derivative securities	(215,900)	281,610
(Losses)/gains on currency contracts	(2,460)	789
Losses on derivative contracts	(4,002)	(115)
(Losses)/gains on forward currency contracts	(336)	127
Handling charges	(351)	(386)
Net capital (losses)/gains	(223,049)	282,025

3 Revenue

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Authorised Corporate Director's fee rebates	577	1,385
Bank and term deposit interest	64	55
Franked distributions on Collective Investment Schemes	-	794
Franked UK dividends	9,638	6,604
Interest from overseas debt securities	-	3
Net unfranked revenue from CFDs	(211)	(108)
Non-distributable stock dividends	4,055	881
Non-taxable overseas dividends	23,525	18,519
Subsidised fees - prior year adjustment	(1)	4
Taxable overseas dividends	1,500	2,078
UK REIT dividends	-	18
Unfranked distributions on Collective Investment Schemes	321	4,255
Unfranked UK dividends	42	15
Total revenue	39,510	34,503

Notes to the aggregated financial statements (continued)

4 Expenses

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	23,537	23,925
	23,537	23,925
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	222	251
Safe custody fees	272	232
	494	483
Other expenses:		
Administration fees	1,568	1,759
Audit fees	41	63
Currency hedge fees	16	10
Investment adviser's fees	7,398	6,859
Legal fee	3	-
Printing fees	10	10
Reclaim of VAT	(9)	-
Registration fees	22	25
Risk monitoring fees	20	32
Taxation advice	(5)	-
Underwriting commissions	12	7
	9,076	8,765
Total expenses	33,107	33,173

Notes to the aggregated financial statements (continued)

5 Taxation

Analysis of tax charge in the year

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Adjustments in respect of prior years	-	(433)
Corporation tax suffered	-	(17)
Irrecoverable income tax	15	8
Overseas tax direct charge	9	-
Overseas tax suffered	2,230	1,953
Precompte	-	(1)
Reclaims written on	(45)	(20)
Tax on unfranked CIS	(15)	-
Total current tax charge for the year	2,194	1,490
Deferred tax charge for the year	-	-
Total taxation for the year	2,194	1,490

Corporation tax has been provided for at a rate of 20% (31 December 2010: 20%).

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

6 Finance costs

Distributions and interest

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

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Interim (30 June)	3,414	3,807
Final (31 December)	-	1,980
	3,414	5,787
Amounts deducted on cancellation of shares	22	718
Amounts received on issue of shares	(100)	(234)
Finance costs: Distributions	3,336	6,271
Finance costs: Interest	106	62
Total finance costs	3,442	6,333
Reconciliation of distributions:		
Net revenue/(expense) after taxation	4,103	(222)
Authorised Corporate Director's capitalised fee rebates	(45)	-
Capitalised fees*	(5)	595
Capitalised performance fee rebate	(5)	-
Non-distributable stock dividends	(4,055)	(881)
Revenue deficit carried forward	3,379	6,793
Tax relief on capitalised fees	(36)	(14)
Net distribution	3,336	6,271

*Relates to an Indian Capital Gains Tax Rebate.

Notes to the aggregated financial statements (continued)

7 Debtors

	31.12.11 £'000	31.12.10 £'000
Accrued Authorised Corporate Director's fee rebates	57	171
Accrued revenue	2,046	1,893
Amounts receivable for issue of shares	4,197	458
Currency contracts receivable	1	-
Income tax recoverable	-	31
Overseas tax recoverable	767	728
Sales awaiting settlement	4,972	6,180
Total debtors	12,040	9,461

8 Cash and bank balances

	31.12.11 £'000	31.12.10 £'000
Amount held at futures clearing houses and brokers	54,462	24,496
Cash and bank balances	148,620	54,821
Total cash and bank balances	203,082	79,317

9 Creditors

	31.12.11 £'000	31.12.10 £'000
Accrued Authorised Corporate Director's periodic charge	1,895	2,211
Accrued Depositary's fees	17	23
Accrued expenses	803	763
Accrued expenses on CFDs	18	12
Accrued Investment advisor's fee	577	695
Amounts payable for cancellation of shares	841	4,166
Currency contracts payable	-	11
Income tax payable	-	172
Purchases awaiting settlement	4,457	5,168
Total creditors	8,608	13,221

Notes to the aggregated financial statements (continued)

10 Related party transactions

Skandia Investment Management Limited, as Authorised Corporate Director (ACD), is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Aggregated statement of change in net assets attributable to shareholders on page 13. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of shares in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to the ACD are disclosed in note 4 and amounts due at the year end are disclosed in note 9.

11 Derivatives and other financial instruments

a) Financial instrument risk

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

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

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

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

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

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

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

The inherent risks remain unchanged since the last Annual Report was produced. However the risks have heightened due to global investor uncertainty following political unrest in the Middle East and North Africa and the deepening of the crisis in Europe. There are also concerns over slower growth and inflation in emerging markets.

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

b) Currency exposures

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

c) Interest rate risk

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

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

If a bond is held to maturity the total return achieved is unaltered from its purchase date. However, over the life of a bond, the yield (and hence market price) at any given time will depend on the market environment at that time. Therefore, a bond sold before its redemption date is likely to have a different price to its purchase level and a profit or loss may be incurred.

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

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

Notes to the aggregated financial statements (continued)

11 Derivatives and other financial instruments (continued)

d) Credit risk

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

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

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

e) Counterparty risk

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

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

The sub-fund's use of Over-the-Counter (OTC) derivatives may also require collateral, normally taking the form of cash held as margin with the counterparty. Collateral is held as security should the counterparty be unable to fulfil their contractual obligations under the terms of the contract constituting the invested instrument.

f) Liquidity risk

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

g) Market risk

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

h) Fair value of financial assets and liabilities

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

i) Sensitivity analysis

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

In the opinion of the ACD, the use of currency contracts means that the Fund's income and equity is not materially sensitive to changes in exchange rates.

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

12 Contingent liabilities

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

13 Portfolio transaction costs

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

Notes to the aggregated financial statements (continued)

14 Shareholders' funds

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

The types of shares in issue during the period and the Authorised Corporate Director's charge for each sub-fund are shown below:

	31.12.11	31.12.10
Alternative Investments Fund - Accumulation	1.50%	1.50%
Alternative Investments Fund - Accumulation EUR*	1.50%	-
Alternative Investments Fund - Accumulation SEK	1.50%	1.50%
Alternative Investments Fund - Accumulation US\$	1.50%	1.50%
Global Best Ideas Fund - Accumulation	1.50%	1.50%
Global Fixed Interest Blend Fund - Income**	-	1.25%
Global Fixed Interest Blend Fund - Accumulation US\$**	-	1.25%
Global Dynamic Equity Fund - Accumulation	1.50%	1.50%
Global Dynamic Equity Fund - Accumulation EUR	1.50%	1.50%
Global Dynamic Equity Fund - Accumulation US\$	1.50%	1.50%
UK Best Ideas Fund - Accumulation	1.50%	1.50%
UK Equity Blend Fund - Income**	-	1.50%
UK Equity Blend Fund - Accumulation US\$**	-	1.50%
UK Fixed Interest Blend Fund - Income**	-	1.25%
UK Strategic Best Ideas Fund - Accumulation	1.50%	1.50%

*Share class launched on 18 March 2011.

**Sub-fund terminated on 30 September 2011.

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

Alternative Investments Fund

Launch date	23 June 2008
Sector classification	Absolute Return
Investment adviser	Skandia Investment Management Limited
Net asset value	£61,809,209

Objective

The sub-fund aims to provide investors with long term capital growth by investing in a diversified range of assets.

Policy

The sub-fund will primarily invest in collective investment schemes in order to gain exposure to a diversified portfolio of investments including, but not limited to, cash, fixed interest, commodities (indirectly), currency, equities and derivatives.

The sub-fund may invest in collective investment schemes that are managed or operated by the ACD or an associate of the ACD. The sub-fund may also invest in transferable securities.

Derivatives (including, but not limited to, contracts for difference and swaps) may be used with the aim of creating positions which increase in value as the price of the underlying investment falls, or alternatively positions which increase in value as the price of the underlying investment rises.

The sub-fund may also use derivatives (including, but not limited to, contracts for difference and exchange futures) with the aim of reducing the market exposure of the sub-fund. Forward transactions may also be used with the aim of reducing currency risk for currency hedged share classes.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting period. Shares were first issued at 50p per share for sterling shares. US\$ shares were first offered for sale on 23 June 2008 and SEK shares were first offered for sale on 28 October 2008. EUR shares were first offered for sale on 18 March 2011.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
31.12.09			
Accumulation	£59,737,681	123,899,046	48.21p
Accumulation SEK	£5,953,461	5,903,069	100.85p
Accumulation US\$	£7,659,811	26,435,932	28.97p
31.12.10			
Accumulation	£59,823,711	121,899,390	49.08p
Accumulation SEK	£5,276,128	4,700,481	112.25p
Accumulation US\$	£7,944,645	26,215,148	30.31p
31.12.11			
Accumulation	£51,149,052	107,215,653	47.71p
Accumulation EUR	£147,673	324,078	45.57p
Accumulation SEK	£4,856,240	4,444,803	109.26p
Accumulation US\$	£5,656,244	19,136,006	29.56p

Comparative table

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

Calendar year	Highest price	Lowest price
2008		
Accumulation*	50.25p	41.61p
Accumulation SEK**	1,104öre	993öre
Accumulation US\$*	52.77c	41.02c
2009		
Accumulation	48.45p	43.52p
Accumulation SEK	1,169öre	1,051öre
Accumulation US\$	47.02c	42.30c
2010		
Accumulation	49.32p	46.74p
Accumulation SEK	1,187öre	1,124öre
Accumulation US\$	47.76c	45.24c
2011		
Accumulation	50.45p	46.22p
Accumulation EUR***	57.60c	52.90c
Accumulation SEK	1,218öre	1,124öre
Accumulation US\$	48.72c	44.52c

*from 23 June 2008

**from 28 October 2008

***from 18 March 2011

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

Calendar year	Pence/öre/cents per share
2008	
Accumulation*	-
Accumulation SEK**	-
Accumulation US\$*	-
2009	
Accumulation	-
Accumulation SEK	-
Accumulation US\$	-
2010	
Accumulation	-
Accumulation SEK	-
Accumulation US\$	-
2011****	
Accumulation	-
Accumulation EUR***	-
Accumulation SEK	-
Accumulation US\$	-

*from 23 June 2008

**from 28 October 2008

***from 18 March 2011

****to ex-dividend of 31 December 2011 (payable on 28 February 2012)

Investment Manager's review

Global financial markets faced repeated bouts of volatility in 2011. Political unrest in the Middle East and North Africa unsettled markets early on, followed by a devastating earthquake/tsunami in Japan in March and worries about rising inflation all made for a challenging backdrop. Meanwhile, worries over the worsening debt crisis in the Eurozone, undermined investor sentiment periodically throughout the year. Signs of slower global growth and persistent inflation in emerging markets were other sources of concern. The US equity market was one of the best performers, benefiting from a perception of being a relatively safer investment haven, and from signs of improving economic conditions in the final months of the year. Asia Pacific and emerging market equities were hindered by the revival in risk aversion. In bond markets, corporate bonds initially performed strongly but later weakened as risk appetite declined. An improvement in market tone, led to some recovery in the last quarter of the year. The major government bond markets, especially ones considered higher quality, strengthened over much of the year, again benefiting from perceived safe haven qualities. Commodity markets also delivered mixed returns, with gains a setbacks closely associated with shifting perceptions of the global recovery and dangers posed by government debt problems and economic setbacks.

The Alternative Investments Fund recorded a negative return for the 12 months to the end of 2011. Among the mandates, the BlackRock Latin American Opportunities Fund and the Dimensional Emerging Market Targeted Value Fund were both hard hit by the heightened risk aversion that was a feature of financial markets during the review period. Emerging markets appeared especially susceptible to investor caution. However, these mandates, held within the portfolio's small equity allocation, make up only a modest portion of the overall holdings. Meanwhile, we are positive on the prospects for emerging market equities and took opportunities during spells of market weakness to add to the asset class. The Investec Emerging Markets Local Currency Debt Fund was similarly hurt by the risk-averse environment. Elsewhere, the Fulcrum Alternative Beta Plus Fund was another area of weakness in 2011. On a brighter note, the Majedie Tortoise Fund was a strong performer, generating a positive return over the period as its defensive positioning made it ideally placed for a nervous market. Elsewhere, the sub-fund benefited from the particularly impressive returns of the TG RARE Infrastructure Fund. Both the M&G Macro Episode and the Liontrust Credit Absolute Return mandates also ended the year modestly higher.

Portfolio allocation

United Kingdom	74.79%
Overseas	23.20%
Net other assets	2.01%
Total	100.00%

Asset allocation

Non-Equity Investment Instruments	74.76%
International Equities	12.23%
International Bonds	10.87%
Open Forward Exchange Contracts	0.13%
Net other assets	2.01%
Total	100.00%

Major Holdings	Percentage of portfolio
M&G Macro Episode Fund	10.89%
Skandia Global Futures Fund	8.18%
Investec Emerging Markets Local Currency Debt Fund	7.98%
Serviced Platform Sicav - GLC Global Macro UCITS Fund	7.52%
Majedie Asset Management - Tortoise Fund	7.48%
Aviva Investors Index Opportunities High Alpha Fund	7.41%
Commerzbank UK Premia Fund	6.62%
Fulcrum Alternative Beta Plus Fund	6.30%
Threadneedle (Lux) Enhanced Commodities Fund	6.30%
TG Rare Infrastructure Fund	4.63%
Number of holdings	18

Total expense ratio*

31.12.10 Accumulation GBP	2.47%
31.12.10 Accumulation SEK	2.64%
31.12.10 Accumulation US\$	2.59%
31.12.11 Accumulation GBP	2.85%
31.12.11 Accumulation EUR**	2.87%
31.12.11 Accumulation SEK	2.95%
31.12.11 Accumulation US\$	2.91%

*The above TER includes performance fees totalling 0.15% (2010: 0.06%). These have been charged by certain of the underlying funds in which the sub-fund is invested.

** Launched 18 March 2011.

All information is at 31 December 2011 unless otherwise stated.

Portfolio statement

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
United Kingdom 74.79% (31 December 2010 77.39%)			
Non-Equity Investment Instruments 74.76% (31 December 2010 77.40%)			
1,202	Amundi Funds Absolute Volatility World Equities	1,284	2.08
45,801	Aviva Investors Index Opportunities High Alpha Fund	4,580	7.41
243,819	Avoca International Absolute Return Fund	2,513	4.07
4,879,035	Commerzbank UK Premia Fund	4,094	6.62
37,218	Fulcrum Alternative Beta Plus Fund	3,897	6.30
19,674	Fulcrum UCITS III SICAV - Fulcrum Commodity Fund	2,140	3.46
1,526	JPM Highbridge Statistical Market Neutral Fund	119	0.19
29,829	JPM Income Opportunity Fund	2,633	4.26
6,497,238	M&G Macro Episode Fund	6,734	10.89
3,262,293	Majedie Asset Management - Tortoise Fund	4,624	7.48
47,500	Serviced Platform Sicav - GLC Global Macro UCITS Fund	4,647	7.52
490,479	Skandia Global Futures Fund	5,054	8.18
156,922	Threadneedle (Lux) Enhanced Commodities Fund	3,892	6.30
		46,211	74.76
Sterling Denominated Open Forward Exchange Contracts 0.03% (31 December 2010 (0.01%))			
£1,785,568	Sterling vs Euro Forward Exchange Contract	18	0.03
£12,447	Sterling vs Swedish Krona Forward Exchange Contract	-	-
£9,629	Sterling vs Swedish Krona Forward Exchange Contract	-	-
£6,191	Sterling vs Swedish Krona Forward Exchange Contract	-	-
£2,065	Sterling vs Swedish Krona Forward Exchange Contract	-	-
£5,805	Sterling vs US Dollar Forward Exchange Contract	-	-
		18	0.03
Overseas 23.20% (31 December 2010 20.80%)			
Euro Denominated Open Forward Exchange Contracts 0.00% (31 December 2010 0.00%)			
€ 176,783	Euro vs Sterling Forward Exchange Contract	(2)	-
International Equities 12.23% (31 December 2010 15.44%)			
29,129	BlackRock Latin American Opportunities Fund	2,047	3.31
201,897	Dimensional Emerging Markets Target Value Fund	2,649	4.29
224,295	TG Rare Infrastructure Fund	2,862	4.63
		7,558	12.23
International Bonds 10.87% (31 December 2010 4.99%)			
2,707,085	Investec Emerging Markets Local Currency Debt Fund	4,932	7.98
110,357	Nordea 1 European Funds High Yield Bond Fund	1,786	2.89
		6,718	10.87
Swedish Krona Denominated Open Forward Exchange Contracts 0.11% (31 December 2010 0.23%)			
Kr 51,812,757	Swedish Krona vs Sterling Forward Exchange Contract	66	0.11
Kr 85,587	Swedish Krona vs Sterling Forward Exchange Contract	-	-
Kr 37,489	Swedish Krona vs Sterling Forward Exchange Contract	-	-
Kr 30,078	Swedish Krona vs Sterling Forward Exchange Contract	-	-
Kr 4,166	Swedish Krona vs Sterling Forward Exchange Contract	-	-
Kr 1,325	Swedish Krona vs Sterling Forward Exchange Contract	-	-
Kr 1,325	Swedish Krona vs Sterling Forward Exchange Contract	-	-
		66	0.11

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
US Dollar Denominated Open Forward Exchange Contracts (0.01)% (31 December 2010 0.14%)			
\$8,556,364	US Dollar vs Sterling Forward Exchange Contract	(3)	(0.01)
\$164,073	US Dollar vs Sterling Forward Exchange Contract	(1)	-
\$68,900	US Dollar vs Sterling Forward Exchange Contract	-	-
\$3,000	US Dollar vs Sterling Forward Exchange Contract	-	-
		(4)	(0.01)
Investment assets*		60,565	97.99
Net other assets		1,244	2.01
Total net assets		61,809	100.00

*Including investment liabilities.

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

The portfolio classifications have been amended to better reflect the sub-fund's exposure. The comparatives have been amended accordingly.

Statement of total return

for the year from 1 January 2011 to 31 December 2011

	Notes	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Income					
Net capital (losses)/gains	2		(1,720)		2,809
Revenue	3	964		437	
Expenses	4	(1,128)		(1,264)	
Finance costs: Interest	6	(3)		-	
Net expense before taxation		(167)		(827)	
Taxation	5	-		(7)	
Net expense after taxation			(167)		(834)
Total return before distributions			(1,887)		1,975
Finance costs: Distributions	6		-		-
Change in net assets attributable to shareholders from investment activities			(1,887)		1,975

Statement of change in net assets attributable to shareholders

for the year from 1 January 2011 to 31 December 2011

	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Opening net assets attributable to shareholders		73,045		73,351
Amounts received on issue of shares	7,473		6,359	
Amounts paid on cancellation of shares	(16,804)		(8,613)	
		(9,331)		(2,254)
Stamp duty reserve tax		(18)		(27)
Change in net assets attributable to shareholders from investment activities		(1,887)		1,975
Closing net assets attributable to shareholders		61,809		73,045

The notes on pages 30 to 36 form an integral part of these financial statements.

Balance sheet

as at 31 December 2011

	Notes	31.12.11 £'000	31.12.11 £'000	31.12.10 £'000	31.12.10 £'000
Assets					
Investment assets			60,571		71,735
Debtors	7	247		109	
Cash and bank balances	8	1,122		1,464	
Total other assets			1,369		1,573
Total assets			61,940		73,308
Liabilities					
Investment liabilities			(6)		(10)
Creditors	9	(125)		(253)	
Total other liabilities			(125)		(253)
Total liabilities			(131)		(263)
Net assets attributable to shareholders			61,809		73,045

The notes on pages 30 to 36 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 January 2011 to 31 December 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia Alternative Investment Fund are included on pages 15 to 16 of the Notes to the aggregated financial statements.

2 Net capital (losses)/gains

The net capital (losses)/gains on investments comprise:

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
(Losses)/gains on non-derivative securities	(1,605)	1,811
Gains on currency contracts	233	642
Gains on derivative contracts	-	242
(Losses)/gains on forward currency contracts	(336)	127
Handling charges	(12)	(13)
Net capital (losses)/gains	(1,720)	2,809

3 Revenue

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Authorised Corporate Director's fee rebates	332	260
Bank and term deposit interest	3	4
Franked distribution on Collective Investment Schemes	-	34
Non-taxable overseas dividends	156	-
Subsidised fees - Prior year adjustment	(1)	4
Taxable overseas dividends	153	25
Unfranked distribution on Collective Investment Schemes	321	110
Total revenue	964	437

Notes to the financial statements (continued)

4 Expenses

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	998	1,091
	998	1,091
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	10	13
Safe custody fees	2	2
	12	15
Other expenses:		
Administration fees	113	110
Audit fees	6	5
Currency hedge fees	16	10
Investment adviser's fees	(21)	22
Legal fees	1	-
Printing fees	1	3
Registration fees	2	2
Risk monitoring fees	-	6
	118	158
Total expenses	1,128	1,264

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Irrecoverable income tax	15	7
Tax on unfranked CIS	(15)	-
Total current tax charge for the year (see note 5(b))	-	7
Deferred tax charge/(credit) for the year (see note 5(c))	-	-
Total taxation for the year	-	7

b) Factors affecting current tax charge for the year

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net expense before taxation	(167)	(827)
Corporation tax at 20% (31 December 2010: 20%)	(33)	(165)
Effects of:		
Excess expenses for which no relief taken	64	172
Franked investment revenue at 20%	-	(7)
Irrecoverable income tax	-	7
Revenue not subject to taxation	(31)	-
Total current tax charge for year (see note 5(a))	-	7

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

c) Movement in deferred tax

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge/(credit) for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 31 December 2011 the sub-fund had surplus management expenses of £1,973,753 (31 December 2010: £1,651,029), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

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

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Amounts deducted on cancellation of shares	-	-
Amounts received on issue of shares	-	-
Finance costs: Distributions	-	-
Finance costs: Interest	3	-
Total finance costs	3	-
Reconciliation of distributions:		
Net expense after taxation	(167)	(834)
Authorised Corporate Director's capitalised fee rebates	(45)	-
Capitalised performance fee rebate	(5)	-
Revenue deficit carried forward	244	798
Tax relief on capitalised fees	(27)	36
Finance costs: Distributions	-	-

7 Debtors

	31.12.11 £'000	31.12.10 £'000
Accrued Authorised Corporate Director's fee rebates	37	42
Accrued revenue	6	4
Amounts receivable for issue of shares	204	45
Income tax recoverable	-	18
Total debtors	247	109

8 Cash and bank balances

	31.12.11 £'000	31.12.10 £'000
Cash and bank balances	1,122	1,464
Total cash and bank balances	1,122	1,464

9 Creditors

	31.12.11 £'000	31.12.10 £'000
Accrued Authorised Corporate Director's periodic charge	78	92
Accrued Depositary's fees	1	1
Accrued expenses	31	32
Accrued Investment adviser's fee	-	21
Amounts payable for cancellation of shares	15	107
Total creditors	125	253

Notes to the financial statements (continued)

10 Related party transactions

Skandia Investment Management Limited, as ACD, is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies receivable on issue and payable on cancellation are disclosed in the statement of change in net assets attributable to shareholders on page 13. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of shares in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to Skandia Investment Management Limited, as ACD, are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

11 Derivatives and other financial instruments

a) Financial instrument risk

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

Equity shares, equity related shares and non-equity investment instruments.

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

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

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

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

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

The inherent risks remain unchanged since the last Annual Report was produced. However the risks have heightened due to global investor uncertainty following political unrest in the Middle East and North Africa and the deepening of the crisis in Europe. There are also concerns over slower growth and inflation in emerging markets.

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

b) Currency exposures

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

The direct foreign currency exposure of the sub-fund as at 31 December 2011 (31 December 2010) was as follows:

	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures*	exposures		exposures*	exposures	
	31.12.11	31.12.11	31.12.11	31.12.10	31.12.10	31.12.10
	£'000	£'000	£'000	£'000	£'000	£'000
Euro	6	1,782	1,788	6	-	6
Swedish Krona	-	66	66	-	158	158
US Dollar	1	(4)	(3)	1	107	108
Total	7	1,844	1,851	7	265	272

*For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk

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

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 December 2011 (31 December 2010) was as follows:

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
31.12.11				
Euro	6	-	1,786	1,792
Sterling	1,115	-	58,966	60,081
Swedish Krona	-	-	66	66
US Dollar	1	-	-	1
Total	1,122	-	60,818	61,940

31.12.10				
Euro	6	-	-	6
Sterling	1,456	-	71,570	73,026
Swedish Krona	-	-	168	168
US Dollar	2	-	106	108
Total	1,464	-	71,844	73,308

Currency	Variable rate financial liabilities*	Financial liabilities not carrying interest	Total
	£'000	£'000	£'000
31.12.11			
Euro	-	(4)	(4)
Sterling	-	(123)	(123)
US Dollar	-	(4)	(4)
Total	-	(131)	(131)

31.12.10			
Sterling	-	(253)	(253)
Swedish Krona	-	(10)	(10)
Total	-	(263)	(263)

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

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

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

d) Credit risk

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

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

e) Counterparty risk

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

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

f) Liquidity risk

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

g) Market risk

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

h) Fair value of financial assets and financial liabilities

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

i) Sensitivity analysis

In the opinion of the ACD the use of derivatives within the sub-fund does not have a significant impact on the operations of the sub-fund and, accordingly, a sensitivity analysis is not presented.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 December 2010: £Nil).

13 Portfolio transaction costs

There are no transaction costs associated with investments in Collective Investment Schemes, as any dealing charges are incorporated in the price of the underlying investment.

14 Shareholders' funds

The details of the shareholders' funds for the Skandia Alternative Investments Fund are included on page 23 of the notes to the aggregated financial statements.

The net asset value of the sub-fund, net asset value per share and number of shares in issue are given in the comparative table on page 24.

Global Best Ideas Fund

Launch date	13 June 2006
Sector classification	Active Managed
Investment adviser	BlackRock Investment Management (UK) Limited
	First State Investment Management (UK) Limited
	Kames Capital Plc
	Marisco Capital Management LLC
	Odey Asset Management LLP
	Old Mutual Asset Managers (UK) Limited
	Schroder Investment Management Limited
	Tiburon Partners LLP
Net asset value	£271,717,769

Objective

The sub-fund aims to provide long term total return from capital growth and income through investment in global securities.

Policy

Investment will be in a portfolio of global securities (including the UK), either directly in transferable securities or through collective investment schemes. Investment will generally be directly into global equities, although the sub-fund may invest up to 10% of its property in regulated collective investment schemes including those that are managed or operated by the ACD or an associate of the ACD.

The sub-fund may hold cash weightings.

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

Performance record

Net asset value

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

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
31.12.09			
Accumulation	£292,210,577	541,635,603	53.95p
31.12.10			
Accumulation	£327,758,777	486,212,444	67.41p
31.12.11			
Accumulation	£271,717,769	457,307,495	59.42p

Comparative table

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

Calendar year	Highest price	Lowest price
2007		
Accumulation	67.06p	58.24p
2008		
Accumulation	64.05p	34.93p
2009		
Accumulation	55.16p	35.37p
2010		
Accumulation	68.35p	51.23p
2011		
Accumulation	72.37p	54.32p

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

Calendar year	Pence per share
2007	
Accumulation	0.2144p
2008	
Accumulation	0.1797p
2009	
Accumulation	0.1793p
2010	
Accumulation	-
2011	
Accumulation	0.0264p
2012*	
Accumulation	-

*to ex-dividend date of 31 December 2011 (payable on 28 February 2012)

Investment Manager's review

Global financial markets faced repeated bouts of volatility in 2011. Political unrest in the Middle East and North Africa unsettled markets early on, followed by a devastating earthquake/tsunami in Japan in March and worries about rising inflation all made for a challenging backdrop. Meanwhile, worries over the worsening debt crisis in the Eurozone undermined investor sentiment periodically throughout the year. Signs of slower global growth and persistent inflation in emerging markets were other sources of concern. The US equity market was one of the best performers, benefiting from a perception of being a relatively safer investment haven, and from signs of improving economic conditions in the final months of the year. Asia Pacific and emerging market equities were hindered by the revival in risk aversion.

Despite a relatively strong first half, periodic setbacks, which exacerbated investor risk aversion over the reporting interval, left the sub-fund lower on the year and trailing the benchmark. Against an often cautious backdrop, more defensive sectors, where the portfolio is underweight, such as consumer staples, healthcare and utilities, were the best performers, and thus weighed on performance. Meanwhile, the sub-fund's large overweight to UK medium sized companies, which underperformed, also detracted.

At the stock level, major detractors over the period included International Consolidated Airlines (the holding company for British Airways), financial group RBS and Green Mountain Coffee Roasters of the US. On a brighter note, stock selection within the consumer discretionary sector was a key driver of returns. An overweight in the IT sector also added value. At the stock level, the sub-fund benefited from its holdings in Starbucks, Apple (computers) and Chilean beverages group Compania Cervecerias Unidas.

Portfolio allocation

United Kingdom Equities	52.24%
North America Equities	14.40%
Europe Equities	9.99%
Asia Pacific Equities (excluding Japan)	8.76%
Japan Equities	5.62%
Africa Equities	3.50%
South America Equities	1.62%
Net other assets	3.87%
Total	100.00%

Asset allocation

Equities	96.13%
Net other assets	3.87%
Total	100.00%

Major Holdings

Percentage of portfolio

British Sky Broadcasting	4.20%
GlaxoSmithKline	4.14%
Aveva	2.54%
BG	2.39%
Anheuser-Busch InBev	2.11%
Ericsson	1.98%
Starbucks	1.94%
Apple	1.88%
Rolls-Royce	1.87%
Royal Bank of Scotland	1.86%

Number of holdings	83
---------------------------	-----------

Total expense ratio

31.12.10	2.33%
31.12.11	2.32%

All information is at 31 December 2011 unless otherwise stated.

Portfolio statement

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
United Kingdom 52.24% (31 December 2010 55.27%)			
United Kingdom Equities 52.24% (31 December 2010 55.27%)			
Aerospace & Defence 1.89% (31 December 2010 0.71%)			
682,802	Rolls-Royce	5,094	1.87
47,113,285	Rolls-Royce 'C'	47	0.02
		5,141	1.89
Automobiles & Parts 0.00% (31 December 2010 1.98%)			
Banks 5.60% (31 December 2010 6.63%)			
2,267,607	Barclays	3,990	1.47
673,260	HSBC	3,306	1.22
11,090,418	Lloyds Banking	2,865	1.05
25,061,010	Royal Bank of Scotland	5,050	1.86
		15,211	5.60
Chemicals 2.24% (31 December 2010 2.55%)			
144,430	Croda International	2,606	0.96
318,688	Victrex	3,493	1.28
		6,099	2.24
Electronic & Electrical Equipment 1.25% (31 December 2010 2.33%)			
265,897	Spectris	3,401	1.25
Financial Services 0.82% (31 December 2010 2.90%)			
1,056,061	Aberdeen Asset Management	2,222	0.82
Food Producers 0.00% (31 December 2010 0.92%)			
General Industrials 0.00% (31 December 2010 1.22%)			
General Retailers 3.11% (31 December 2010 0.00%)			
858,142	Carphone Warehouse	2,652	0.98
5,539,452	Debenhams	3,238	1.19
878,436	Inchcape	2,563	0.94
		8,453	3.11
Household Goods 1.31% (31 December 2010 1.50%)			
810,696	Bovis Homes	3,554	1.31
Industrial Engineering 3.51% (31 December 2010 3.78%)			
239,694	Rotork	4,619	1.70
263,831	Spirax-Sarco	4,926	1.81
		9,545	3.51

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Life Insurance 1.52% (31 December 2010 0.67%)		
649,449	Prudential	4,140	1.52
	Media 7.78% (31 December 2010 6.89%)		
1,557,750	British Sky Broadcasting	11,411	4.20
1,699,955	ITE	3,468	1.28
726,499	Reed Elsevier	3,760	1.38
202,223	Rightmove	2,510	0.92
		21,149	7.78
	Mining 1.09% (31 December 2010 4.07%)		
302,686	Xstrata	2,954	1.09
	Mobile Telecommunications 1.69% (31 December 2010 0.00%)		
2,565,273	Vodafone	4,589	1.69
	Multiutilities 0.00% (31 December 2010 0.57%)		
	Oil & Gas Producers 3.33% (31 December 2010 4.76%)		
471,655	BG	6,492	2.39
553,600	BP	2,545	0.94
		9,037	3.33
	Oil Equipment Services & Distribution 2.39% (31 December 2010 2.14%)		
251,408	Petrofac	3,618	1.33
447,597	Wood (John)	2,865	1.06
		6,483	2.39
	Pharmaceuticals & Biotechnology 4.14% (31 December 2010 0.94%)		
765,022	GlaxoSmithKline	11,253	4.14
	Software & Computer Services 6.08% (31 December 2010 3.15%)		
484,615	Aveva	6,901	2.54
1,313,681	Invensys	2,765	1.02
1,593,607	Misys	3,702	1.36
487,673	Telecity	3,145	1.16
		16,513	6.08
	Support Services 4.49% (31 December 2010 2.57%)		
240,343	Aggreko	4,848	1.79
714,444	Ashtead	1,607	0.59
423,357	Babcock International	3,105	1.14
330,358	Travis Perkins	2,628	0.97
		12,188	4.49
	Technology Hardware & Equipment 0.00% (31 December 2010 0.49%)		
	Travel & Leisure 0.00% (31 December 2010 4.50%)		

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Overseas 43.89% (31 December 2010 41.80%)		
	Europe 9.99% (31 December 2010 6.39%)		
	Europe Equities 9.99% (31 December 2010 6.39%)		
	Belgium Equities 2.11% (31 December 2010 0.00%)		
145,112	Anheuser-Busch InBev	5,734	2.11
	France Equities 0.48% (31 December 2010 0.90%)		
32,564	Bongrain	1,317	0.48
	Germany Equities 3.82% (31 December 2010 4.21%)		
34,297	Bayerische Motoren Werke	1,477	0.54
975,991	Infineon Technologies	4,755	1.75
3,522,403	Premiere Oil	4,151	1.53
		10,383	3.82
	Greece Equities 0.64% (31 December 2010 0.00%)		
158,501	Coca-Cola Hellenic Bottling Company	1,730	0.64
	Ireland Equities 0.00% (31 December 2010 0.03%)		
	Poland Equities 0.00% (31 December 2010 0.52%)		
	Spain Equities 0.96% (31 December 2010 0.00%)		
1,767,654	IAG	2,606	0.96
	Sweden Equities 1.98% (31 December 2010 0.73%)		
818,200	Ericsson	5,380	1.98
	Asia Pacific (excluding Japan) 8.76% (31 December 2010 11.77%)		
	Asia Pacific Equities (excluding Japan) 8.76% (31 December 2010 11.77%)		
	Australia Equities 3.12% (31 December 2010 0.41%)		
1,800,000	Lynas Corporation	1,235	0.46
125,000	Macquarie	1,961	0.72
620,000	Mesoblast	2,818	1.04
2,500,000	OneSteel	1,154	0.42
808,000	Silex Systems	1,306	0.48
		8,474	3.12
	China Equities 0.00% (31 December 2010 2.86%)		
	Hong Kong Equities 0.75% (31 December 2010 0.48%)		
700,000	Wharf	2,033	0.75

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	India Equities 0.66% (31 December 2010 0.00%)		
1,702,403	Tata Power	1,801	0.66
	Malaysia Equities 0.00% (31 December 2010 0.56%)		
	Singapore Equities 1.22% (31 December 2010 0.00%)		
1,300,000	CapitaLand	1,419	0.52
250,000	United Overseas Bank	1,894	0.70
		3,313	1.22
	South Korea Equities 1.55% (31 December 2010 1.80%)		
6,500	Hyundai Mobis	1,058	0.39
57,000	LG	1,952	0.72
10,272	Samsung Fire & Marine	1,208	0.44
		4,218	1.55
	Taiwan Equities 1.46% (31 December 2010 5.20%)		
1,640,000	Quanta Computer	2,220	0.81
1,095,000	Taiwan Semiconductor Manufacturing	1,759	0.65
		3,979	1.46
	Thailand Equities 0.00% (31 December 2010 0.46%)		
	Japan 5.62% (31 December 2010 4.82%)		
	Japan Equities 5.62% (31 December 2010 4.82%)		
459,000	Daifuku	1,509	0.56
3,759,500	Haseko	1,572	0.58
78,700	Honda Motor	1,541	0.57
575,000	JFE Shoji	1,529	0.56
160,500	Mitsui	1,604	0.59
15,800	Nintendo	1,398	0.52
232,000	Nippon Electric Glass	1,477	0.54
288,000	Ricoh	1,611	0.59
87,000	Sumitomo Mitsui Financial	1,559	0.57
44,900	Tokyo Electron	1,468	0.54
		15,268	5.62
	North America 14.40% (31 December 2010 15.63%)		
	North America Equities 14.40% (31 December 2010 15.63%)		
	Canada Equities 0.77% (31 December 2010 1.01%)		
173,598	First Quantum Minerals	2,090	0.77

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
United States of America Equities 13.63% (31 December 2010 14.62%)			
19,605	Apple	5,109	1.88
43,789	Baidu	3,281	1.21
60,144	Cummins	3,406	1.25
99,459	Dollar General	2,630	0.97
144,475	Halliburton	3,207	1.18
121,713	Home Depot	3,291	1.21
68,999	Nike	4,279	1.57
10,391	Priceline.com	3,127	1.15
177,801	Starbucks	5,264	1.94
48,406	Wynn Resorts	3,442	1.27
		37,036	13.63
South America 1.62% (31 December 2010 0.54%)			
South America Equities 1.62% (31 December 2010 0.54%)			
Brazil Equities 0.00% (31 December 2010 0.54%)			
Chile Equities 1.62% (31 December 2010 0.00%)			
108,339	Compania Cerveceri	4,399	1.62
Africa 3.50% (31 December 2010 1.75%)			
Africa Equities 3.50% (31 December 2010 1.75%)			
South Africa Equities 3.50% (31 December 2010 1.75%)			
64,054	AngloGold Ashanti	1,749	0.64
283,047	Shoprite Holdings	3,054	1.13
596,914	Standard Bank	4,698	1.73
		9,501	3.50
Middle East 0.00% (31 December 2010 0.90%)			
Israel Equities 0.00% (31 December 2010 0.90%)			
Investment assets		261,194	96.13%
Net other assets		10,524	3.87%
Total net assets		271,718	100.00%

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

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 January 2011 to 31 December 2011

	Notes	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Income					
Net capital (losses)/gains	2		(36,795)		68,632
Revenue	3	6,141		5,390	
Expenses	4	(7,129)		(6,976)	
Finance costs: Interest	6	(5)		(3)	
Net expense before taxation		(993)		(1,589)	
Taxation	5	(200)		(290)	
Net expense after taxation			(1,193)		(1,879)
Total return before distributions			(37,988)		66,753
Finance costs: Distributions	6		(126)		-
Change in net assets attributable to shareholders from investment activities			(38,114)		66,753

Statement of change in net assets attributable to shareholders

for the year from 1 January 2011 to 31 December 2011

	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Opening net assets attributable to shareholders		327,759		292,211
Amounts received on issue of shares	13,023		20,705	
Amounts paid on cancellation of shares	(30,995)		(51,804)	
		(17,972)		(31,099)
Stamp duty reserve tax		(81)		(106)
Change in net assets attributable to shareholders from investment activities		(38,114)		66,753
Retained distribution on accumulation shares		126		-
Closing net assets attributable to shareholders		271,718		327,759

The notes on pages 46 to 54 form an integral part of these financial statements.

Balance sheet

as at 31 December 2011

	Notes	31.12.11 £'000	31.12.11 £'000	31.12.10 £'000	31.12.10 £'000
Assets					
Investment assets			261,194		318,167
Debtors	7	1,332		1,977	
Cash and bank balances	8	10,989		9,654	
Total other assets			12,321		11,631
Total assets			273,515		329,798
Liabilities					
Creditors	9	(1,797)		(2,039)	
Total other liabilities			(1,797)		(2,039)
Total liabilities			(1,797)		(2,039)
Net assets attributable to shareholders			271,718		327,759

The notes on pages 46 to 54 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 January 2011 to 31 December 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia Global Best Ideas Fund are included on pages 15 to 16 of the Notes to the aggregated financial statements.

2 Net capital (losses)/gains

The net capital (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities

(Losses)/gains on currency contracts

Losses on derivative contracts

Handling charges

Net capital (losses)/gains

01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
(35,645)	68,616
(409)	63
(691)	-
(50)	(47)
(36,795)	68,632

3 Revenue

Bank and term deposit interest

Non-distributable stock dividends

Non-taxable overseas dividends

Taxable overseas dividends

UK dividends

Total revenue

01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
21	19
25	53
2,217	2,680
-	154
3,878	2,484
6,141	5,390

Notes to the financial statements (continued)

4 Expenses

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	4,630	4,489
	4,630	4,489
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	44	46
Safe custody fees	37	38
	81	84
Other expenses:		
Administration fees	336	374
Audit fees	8	7
Investment adviser's fees	2,059	2,008
Printing fees	5	2
Registration fees	10	7
Risk monitoring fees	5	5
Taxation advice	(5)	-
	2,418	2,403
Total expenses	7,129	6,976

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Overseas tax suffered	245	302
Reclaims written on	(45)	(12)
Total current tax charge for the year (see note 5(b))	200	290
Deferred tax charge/(credit) for the year (see note 5(c))	-	-
Total taxation for the year	200	290

b) Factors affecting current tax charge for the year

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net expense before taxation	(993)	(1,589)
Corporation tax at 20% (31 December 2010: 20%)	(199)	(318)
Effects of:		
Excess expenses for which no relief taken	1,423	1,367
Franked investment revenue at 20%	(775)	(497)
Non-taxable overseas dividends	(444)	(536)
Non-taxable stock dividends	(5)	(11)
Overseas tax direct charge	-	(5)
Overseas tax suffered	200	290
Total current tax charge for year (see note 5(a))	200	290

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

c) Movement in deferred tax

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 31 December 2011 the sub-fund had surplus management expenses of £30,134,089 (31 December 2010: £23,018,802), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

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

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Interim (30 June)	126	-
Final (31 December)	-	-
	126	-
Amounts deducted on cancellation of shares	-	-
Amounts received on issue of shares	-	-
Finance costs: Distributions	126	-
Finance costs: Interest	5	3
Total finance costs	131	3
Reconciliation of distributions:		
Net expense after taxation	(1,193)	(1,879)
Non-distributable stock dividends	(25)	(53)
Revenue deficit carried forward	1,344	1,932
Finance costs: Distributions	126	-

Details of the interim and final distributions per share are set out in the table on page 55.

7 Debtors

	31.12.11 £'000	31.12.10 £'000
Accrued revenue	591	189
Amounts receivable for issue of shares	158	101
Income tax recoverable	-	4
Overseas tax recoverable	137	139
Sales awaiting settlement	446	1,544
Total debtors	1,332	1,977

8 Cash and bank balances

	31.12.11 £'000	31.12.10 £'000
Cash and bank balances	10,989	9,654
Total cash and bank balances	10,989	9,654

Notes to the financial statements (continued)

9 Creditors

	31.12.11 £'000	31.12.10 £'000
Accrued Authorised Corporate Director's periodic charge	346	412
Accrued Depositary's fees	3	4
Accrued expenses	363	305
Amounts payable for cancellation of shares	381	71
Currency contracts payable	-	1
Purchases awaiting settlement	704	1,246
Total creditors	1,797	2,039

10 Related party transactions

Skandia Investment Management Limited, as ACD, is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the Statement of change in net assets attributable to shareholders on page 13. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of shares in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to the ACD are disclosed in note 4 and amounts due at the year end are disclosed in note 9.

11 Derivatives and other financial instruments

a) Financial instrument risk

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

Equity shares and equity related shares.

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

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

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

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

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

The inherent risks remain unchanged since the last Annual Report was produced. However the risks have heightened due to global investor uncertainty following political unrest in the Middle East and North Africa and the deepening of the crisis in Europe. There are also concerns over slower growth and inflation in emerging markets.

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

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

b) Currency exposures

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

The direct foreign currency exposure of the sub-fund as at 31 December 2011 (31 December 2010) was as follows:

	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures*	exposures		exposures*	exposures	
	31.12.11	31.12.11	31.12.11	31.12.10	31.12.10	31.12.10
	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	-	8,474	8,474	-	1,335	1,335
Brazilian Real	-	-	-	-	1,783	1,783
Canadian Dollar	-	(220)	(220)	-	3,296	3,296
Chilian Peso	-	27	27	-	-	-
Euro	3	19,240	19,243	-	16,942	16,942
Hong Kong Dollar	-	2,033	2,033	-	10,938	10,938
Indian Rupee	-	1,801	1,801	-	-	-
Japanese Yen	61	15,277	15,338	252	15,804	16,056
Korean Won	-	4,218	4,218	-	5,896	5,896
Malaysian Ringgit	-	-	-	-	1,837	1,837
Polish Zloty	-	-	-	-	1,662	1,662
Singapore Dollar	-	3,313	3,313	-	-	-
South African Rand	1	9,363	9,364	1	5,730	5,731
Swedish Krona	-	5,380	5,380	-	2,401	2,401
Swiss Franc	10	60	70	4	-	4
Taiwan Dollar	3,092	3,979	7,071	692	17,030	17,722
Thailand Baht	-	-	-	-	1,510	1,510
US Dollar	1,723	41,449	43,172	438	50,968	51,406
Total	4,890	114,394	119,284	1,387	137,132	138,519

*For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk

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

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 December 2011 (31 December 2010) was as follows:

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
31.12.11				
Australian Dollar	-	-	8,474	8,474
Chilian Peso	-	-	27	27
Euro	3	-	19,242	19,245
Hong Kong Dollar	-	-	2,033	2,033
Indian Rupee	-	-	1,801	1,801
Japanese Yen	61	-	15,277	15,338
Korean Won	-	-	4,218	4,218
Singapore Dollar	-	-	3,313	3,313
South African Rand	1	-	9,501	9,502
Sterling	6,099	-	147,772	153,871
Swedish Krona	-	-	5,380	5,380
Swiss Franc	10	-	60	70
Taiwan Dollar	3,092	-	3,979	7,071
US Dollar	1,723	-	41,449	43,172
Total	10,989	-	262,526	273,515
31.12.10				
Australian Dollar	-	-	1,335	1,335
Brazilian Real	-	-	1,783	1,783
Canadian Dollar	-	-	3,296	3,296
Euro	-	-	16,942	16,942
Hong Kong Dollar	-	-	10,938	10,938
Japanese Yen	252	-	15,804	16,056
Korean Won	-	-	5,896	5,896
Malaysian Ringgit	-	-	1,837	1,837
Polish Zloty	-	-	1,719	1,719
South African Rand	1	-	5,730	5,731
Sterling	8,267	-	182,955	191,222
Swedish Krona	-	-	2,401	2,401
Swiss Franc	4	-	-	4
Taiwan Dollar	692	-	17,030	17,722
Thailand Baht	-	-	1,510	1,510
US Dollar	438	-	50,968	51,406
Total	9,654	-	320,144	329,798

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk (continued)

Currency	Variable rate financial liabilities* £'000	Financial liabilities not carrying interest £'000	Total £'000
31.12.11			
Canadian Dollar	-	(220)	(220)
Euro	-	(2)	(2)
South African Rand	-	(138)	(138)
Sterling	-	(1,437)	(1,437)
Total	-	(1,797)	(1,797)
31.12.10			
Polish Zloty	-	(57)	(57)
Sterling	-	(1,982)	(1,982)
Total	-	(2,039)	(2,039)

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

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

d) Credit risk

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

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

e) Counterparty risk

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

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

f) Liquidity risk

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

g) Market risk

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

h) Fair value of financial assets and financial liabilities

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

i) Sensitivity analysis

In the opinion of the ACD the use of derivatives within the sub-fund does not have a significant impact on the operations of the sub-fund and, accordingly, a sensitivity analysis is not presented.

Notes to the financial statements (continued)

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 December 2010: £Nil).

13 Portfolio transaction costs

Analysis of total purchase costs

	31.12.11 £'000	31.12.11 £'000
Purchases in the year before transaction costs		419,409
Commissions	332	
Other costs	531	
Total purchase costs		863
Gross purchase total		420,272
Analysis of total sale costs		
Gross sales in the year before transaction costs		461,718
Commissions	(344)	
Other costs	(129)	
Total sales costs		(473)
Total sales net of transaction costs		461,245

14 Shareholders' funds

The details of the shareholders' funds for the Skandia Global Best Ideas Fund are included on page 23 of the Notes to the aggregated financial statements.

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

Distribution tables

Final distribution

Group 1: Shares purchased prior to 1 July 2011
 Group 2: Shares purchased from 1 July 2011 to 31 December 2011

	Net revenue pence per share	Equalisation pence per share*	Distribution payable 28.02.12 pence per share	Distribution paid 28.02.11 pence per share
Accumulation shares				
Group 1	-	-	-	-
Group 2	-	-	-	-

Interim distribution

Group 1: Shares purchased prior to 1 January 2011
 Group 2: Shares purchased from 1 January 2011 to 30 June 2011

	Net revenue pence per share	Equalisation pence per share*	Distribution paid 31.08.11 pence per share	Distribution paid 31.08.10 pence per share
Accumulation shares				
Group 1	0.0264	-	0.0264	-
Group 2	0.0237	0.0027	0.0264	-

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

Global Dynamic Equity Fund

Launch date 27 March 2009
Sector classification Global Growth

Investment adviser

Argonaut Capital Partners LLP
 BNY Mellon Asset Management International Limited
 FuNNeX Asset Management Inc
 First State Investment Management (UK) Limited
 Henderson Investment Management Limited
 Lapides Asset Management LLC
 Mandarine Gestion
 Marsico Capital Management LLC
 MIR Investment Management Pty Limited
 Quantitative Management Associates LLC
 Schroder Investment Management Limited
 Wellington Management Company LLP

Net asset value £964,664,728

Objective

The sub-fund aims to provide long term capital growth predominantly through investment in global equities.

Policy

The sub-fund will invest directly in securities or through collective investment schemes in order to give exposure to a diversified portfolio predominantly investing in global equities. The sub-fund may have exposure to cash, near cash, money market instruments, permitted deposits, and securities.

The sub-fund may invest up to 10% of its property in collective investment schemes including those that are managed or operated by the ACD or an associate of the ACD.

The sub-fund may also invest directly in derivative instruments and forward transactions for the purposes of investment or efficient portfolio management. Forward transactions may also be used with the aim of reducing currency risk for currency hedged share classes.

Performance record

Net asset value

The table below shows the total net asset value of the sub-fund, the net asset value per share in pence and the number of shares in existence at the end of the accounting period. Shares were first issued at 50p per share. The Euro and US\$ share classes were launched on 9 April 2010.

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
31.12.09			
Accumulation	£805,591,360	1,150,654,367	70.01p
31.12.10			
Accumulation	£976,617,349	1,183,844,786	82.50p
Accumulation EUR	£6,722,022	8,148,940	82.49p
Accumulation US\$	£46,483,439	56,350,514	82.49p
31.12.11			
Accumulation	£880,439,075	1,245,342,127	70.70p
Accumulation EUR	£42,537,044	60,397,491	70.43p
Accumulation US\$	£41,688,609	58,976,259	70.69p

Comparative table

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

Calendar year	Highest price	Lowest price
2009*		
Accumulation	71.23p	49.91p
2010		
Accumulation	83.45p	66.34p
Accumulation EUR**	97.88c	80.87c
Accumulation US\$**	128.80c	98.64c
2011		
Accumulation	84.57p	64.01p
Accumulation EUR	98.84c	74.42c
Accumulation US\$	138.70c	98.42c

*from 27 March 2009

**from 9 April 2010

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

Calendar year	Pence/cents per share
2009*	
Accumulation	-
2010	
Accumulation	0.1317p
Accumulation EUR**	0.2254c
Accumulation US\$**	0.2726c
2011	
Accumulation	0.2261p
Accumulation EUR	0.0083c
Accumulation US\$	0.3658c
2012***	
Accumulation	-
Accumulation EUR	-
Accumulation US\$	-

*from 27 March 2009

**from 9 April 2010

***to ex-dividend date of 31 December 2011 (payable on 28 February 2012)

Investment Manager's review

Global financial markets faced repeated bouts of volatility in 2011. Political unrest in the Middle East and North Africa unsettled markets early on, followed by a devastating earthquake/tsunami in Japan in March and worries about rising inflation all made for a challenging backdrop. Meanwhile, worries over the worsening debt crisis in the Eurozone, undermined investor sentiment periodically throughout the year. Signs of slower global growth and persistent inflation in emerging markets were other sources of concern. The US equity market was one of the best performers, benefiting from a perception of being a relatively safer investment haven, and from signs of improving economic conditions in the final months of the year. Asia Pacific and emerging market equities were hindered by the revival in risk aversion.

While the performance of the sub-fund remains strong over the longer term, it trailed the benchmark in 2011. The main factors affecting performance were the Fund's holdings in emerging markets including Asia and the dreadful performance of European markets. Despite their strong economic and financial prospects relative to the developed world, emerging markets suffered from strong investor risk aversion over much of the period. This particularly affected the performance of the sub-fund's holdings in the MIR Asia, and Henderson Emerging Markets mandates. The positioning was in accordance with our view that emerging markets have much healthier financial positions than markets in the developed world and significantly brighter growth prospects. European markets were hampered by both the potential impact of the protracted debt problems plaguing markets along the southern rim of the Eurozone and the likelihood of the region descending into recession. In particular, our holding in the Mandarin Europe mandate was hit by its position in financials, which suffered from exposure to the debt crisis.

Portfolio allocation

North America	24.39%
Europe	20.07%
Asia Pacific (excluding Japan)	17.83%
United Kingdom	8.50%
Japan	6.64%
Africa	2.69%
South America	2.66%
Net other assets	17.22%
Total	100.00%

Asset allocation

Equities	82.65%
Derivatives	0.13%
Net other assets	17.22%
Total	100.00%

Major Holdings

	Percentage of portfolio
JP Morgan Global Financials 'A' Distribution USD	2.11%
DWS Investment Global Agribusiness	1.50%
Dimensional Emerging Markets	0.90%
Petrol Brasileiros	0.77%
Fresenius	0.67%
China Mobile	0.63%
Vale	0.58%
Kumba Iron Ore	0.53%
Xstrata	0.51%
Newcrest Mining	0.51%

Number of holdings	663
---------------------------	------------

Total expense ratio

31.12.10 Accumulation	2.02%
31.12.10 Accumulation EUR	2.02%
31.12.10 Accumulation US\$	2.02%
31.12.11 Accumulation	2.01%
31.12.11 Accumulation EUR	2.24%
31.12.11 Accumulation US\$	2.01%

All information is at 31 December 2011 unless otherwise stated.

Portfolio statement

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 8.50% (31 December 2010 7.91%)		
	Sterling Denominated Derivatives (0.04)% (31 December 2010 (0.03)%)		
(351)	FTSE 100 Index March 2012 Futures Contract	(425)	(0.04)
	United Kingdom Equities 8.54% (31 December 2010 7.94%)		
	Aerospace & Defence 0.21% (31 December 2010 0.31%)		
266,193	Rolls Royce	1,986	0.21
18,367,317	Rolls Royce 'C' Shares	18	-
		2,004	0.21
	Banks 0.57% (31 December 2010 1.06%)		
608,266	Barclays	1,070	0.11
6,374,049	Lloyds TSB	1,647	0.17
4,505,166	Royal Bank of Scotland	908	0.09
134,156	Standard Chartered	1,890	0.20
		5,515	0.57
	Consumer Goods 0.21% (31 December 2010 0.17%)		
5,471,024	Taylor Wimpey	2,047	0.21
	Financial Services 1.85% (31 December 2010 0.37%)		
126,962	Bumi	1,115	0.12
120,791	DWS Investment Global Agribusiness	14,449	1.50
318,557	ICAP	1,104	0.11
155,879	Vallares	1,208	0.12
		17,876	1.85
	Fixed Line Telecommunications 0.20% (31 December 2010 0.15%)		
140,415	Virgin Media	1,931	0.20
	Food Producers 0.45% (31 December 2010 0.23%)		
369,821	Tate & Lyle	2,605	0.27
78,974	Unilever	1,707	0.18
		4,312	0.45
	Gas, Water & Multiutilities 0.34% (31 December 2010 1.62%)		
590,714	Centrica	1,708	0.18
290,472	Drax	1,580	0.16
		3,288	0.34
	General Retailers 0.39% (31 December 2010 0.29%)		
2,659,613	Debenhams	1,555	0.16
699,894	Home Retail	584	0.06
59,636	Next	1,632	0.17
		3,771	0.39

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Industrial Engineering 0.07% (31 December 2010 0.09%)		
76,978	Charter International	727	0.07
	Life Insurance 0.36% (31 December 2010 0.35%)		
1,760,274	Legal & General	1,810	0.19
643,048	Resolution	1,617	0.17
		3,427	0.36
	Mining 1.12% (31 December 2010 1.08%)		
63,498	Antofagasta	771	0.08
513,834	Avocet Mining	1,030	0.11
60,631	BHP Billiton	1,135	0.12
156,083	Petropavlovsk	960	0.10
62,952	Rio Tinto	1,967	0.20
502,564	Xstrata	4,905	0.51
		10,768	1.12
	Oil & Gas 0.47% (31 December 2010 0.31%)		
171,103	BG	2,355	0.24
88,188	Royal Dutch Shell 'B' Shares	2,164	0.23
		4,519	0.47
	Personal Goods 0.22% (31 December 2010 0.18%)		
178,303	Burberry	2,113	0.22
	Pharmaceuticals & Biotechnology 0.53% (31 December 2010 0.32%)		
241,408	GlaxoSmithKline	3,551	0.37
69,707	Shire	1,561	0.16
		5,112	0.53
	Software & Computer Services 0.54% (31 December 2010 0.83%)		
572,479	Invensys	1,205	0.12
1,345,220	Logica	830	0.09
692,047	Misys	1,608	0.17
303,033	Reed Elsevier	1,568	0.16
		5,211	0.54
	Support Services 0.21% (31 December 2010 0.19%)		
228,582	Experian	1,999	0.21
	Travel & Leisure 0.80% (31 December 2010 0.39%)		
88,046	Carnival	1,872	0.19
989,920	IAG	1,459	0.15
982,159	Ladbrokes	1,277	0.13
926,563	PartyGaming	1,515	0.16
102,599	Whitbread	1,597	0.17
		7,720	0.80

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Overseas 74.28% (31 December 2010 87.17%)		
	Africa 2.69% (31 December 2010 3.53%)		
	Africa Equities 2.69% (31 December 2010 3.53%)		
	Egypt 0.03% (31 December 2010 0.05%)		
150,695	GB Auto	316	0.03
	South Africa 2.66% (31 December 2010 3.48%)		
1,007,747	Avi Anglovaal	3,181	0.33
184,499	Exxaro	2,462	0.26
127,343	Kumba Iron Ore	5,075	0.53
374,465	MTN	4,283	0.44
432,087	Mr Price	2,748	0.28
288,068	Nedbank	3,277	0.34
378,287	Reunert	1,899	0.20
87,733	Sasol	2,696	0.28
		25,621	2.66
	Asia Pacific (excluding Japan) 17.83% (31 December 2010 16.64%)		
	Asia Pacific (excluding Japan) Derivatives (0.04)% (31 December 2010 0.03%)		
	Australian Dollar Denominated Derivatives 0.06% (31 December 2010 (0.02)%)		
1,746	SPI 200 March 2012 Futures Contract	582	0.06
	Hong Kong Dollar Denominated Derivatives (0.10)% (31 December 2010 0.05%)		
1,491	H-Shares Index January 2012 Futures Contract	(950)	(0.10)
	Asia Pacific (excluding Japan) Equities 17.87% (31 December 2010 16.61%)		
	Australia 3.40% (31 December 2010 2.99%)		
165,155	Bendigo & Adelaide Bank	875	0.09
39,926	BHP Billiton	907	0.09
171,251	Caltex Australia	1,330	0.14
912,749	Commonwealth Property Office Fund	572	0.06
75,586	CSL	1,595	0.17
161,096	GrainCorp	834	0.09
280,511	National Australian Bank	4,321	0.45
253,154	Newcrest Mining	4,943	0.51
163,749	QBE Insurance	1,399	0.14
1,049,570	QR National	2,368	0.25
484,793	Resmed	790	0.08
36,639	Rio Tinto	1,457	0.15
206,140	Stockland Trust	432	0.04
1,027,040	Spark Infrastructure	928	0.10
317,128	Sydney Airport	556	0.06
1,269,826	Telstra	2,789	0.29

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Australia (continued)			
179,466	Toll	500	0.05
167,192	Wesfarmers	3,253	0.34
180,909	Westpac Banking	2,387	0.25
30,475	WorleyParsons	516	0.05
		32,752	3.40
China 4.66% (31 December 2010 5.11%)			
3,576,000	Agricultural Bank of China 'H' Shares	987	0.10
520,400	AIA	1,043	0.11
2,662,000	Air China	1,266	0.13
8,967,000	Bank of China	2,125	0.22
2,654,000	Bosideng International Holdings	482	0.05
2,906,000	China Communications Construction 'H' Shares	1,457	0.15
6,218,247	China Construction Bank	2,782	0.29
1,947,500	China Minsheng Bank 'H' Shares	1,083	0.11
962,000	China Mobile	6,045	0.63
746,000	China Motor	436	0.05
4,918,000	China Petroleum & Chemicals	3,329	0.35
742,500	China Shenhua Energy	2,067	0.22
3,404,000	China Telecom	1,241	0.13
4,117,000	CNOOC	4,632	0.48
3,585,000	Country Garden	861	0.09
1,208,000	Dah Chong Hong	909	0.09
3,354,000	Evergrande Real Estate	895	0.09
2,036,000	Guangdong Investment	796	0.08
765,357	Henderson Land Development	2,435	0.25
1,820,000	Huaneng Power International	621	0.07
9,860,000	Industrial and Commercial Bank of China	3,766	0.39
326,290	Mass Transit Railway	677	0.07
1,038,000	PICC Property and Casualty Company	901	0.09
859,600	Sands China	1,545	0.16
1,524,000	Sinopec Shanghai Petrochemical	324	0.03
988,500	Soho China	422	0.04
734,745	STX OSV Holdings	423	0.04
1,471,000	Want Want China	941	0.10
332,000	Yanzhou Coal Mining 'H' Shares	455	0.05
		44,946	4.66
Hong Kong 1.75% (31 December 2010 1.32%)			
526,000	Brilliance China Automotive	365	0.04
585,000	Cheung Kong	4,469	0.46
97,203	China Merchants	182	0.02
906,000	China Unicom	1,228	0.13
247,000	CLP Holdings	1,350	0.14
684,000	First Pacific	458	0.05
209,000	Hengan International	1,253	0.13
1,973,510	Hong Kong & China Gas	2,930	0.30

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Hong Kong (continued)			
126,000	Hutchison Whampoa	680	0.07
360,000	Sino Land	328	0.03
1,560,837	The Link REIT	3,679	0.38
		16,922	1.75
India 0.81% (31 December 2010 0.00%)			
100,139	Bharti Airtel	417	0.04
251,837	Hindustan Lever	1,240	0.13
63,405	Hindustan Petroleum	197	0.02
6,430	Infosys	215	0.02
517,058	Jaiprakash Associates	329	0.03
57,513	Kotak Mahindra Bank	298	0.03
259,706	LIC Housing Finance	695	0.07
16,962	Mahindra & Mahindra	140	0.02
193,296	Rural Electrification	362	0.04
128,635	Sesa Goa	255	0.03
746,134	Tata Motors	1,612	0.17
436,030	Tata Power	461	0.05
321,310	Tata Steel	1,301	0.13
68,062	Wipro	328	0.03
		7,850	0.81
Indonesia 0.73% (31 December 2010 0.36%)			
562,500	Astra	2,952	0.31
2,295,000	Bank Mandiri (Persero)	1,091	0.11
3,013,000	Bank Rakyat	1,443	0.15
2,157,500	Telekomunikasi	1,072	0.11
243,500	United Tractors	454	0.05
		7,012	0.73
Malaysia 0.42% (31 December 2010 0.55%)			
1,030,600	AirAsia	784	0.08
1,466,000	Axiata	1,515	0.16
667,000	Bumiputra Commerce	978	0.10
977,400	Digi.com	764	0.08
		4,041	0.42
New Zealand 0.08% (31 December 2010 0.00%)			
720,790	Telecom Corporation of New Zealand	734	0.08
Philippines 0.23% (31 December 2010 0.26%)			
50,145	Philippine Long Distance Telephone	1,857	0.19
46,140	SM Investments	393	0.04
		2,250	0.23

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Singapore 1.13% (31 December 2010 1.27%)			
371,164	DBS Bank	2,122	0.22
423,000	Fraser & Neave	1,301	0.13
392,000	Global Logistic Properties	341	0.04
48,000	Jardine Cycle & Carriage	1,144	0.12
852,467	Oversea-Chinese Banking	3,312	0.34
92,000	SembCorp Industries	185	0.02
1,467,000	Singapore Telecom	2,250	0.23
149,000	UOL	296	0.03
		10,951	1.13
South Korea 2.83% (31 December 2010 2.02%)			
21,156	Daum Communication	1,418	0.15
11,207	Dongbu Insurance	334	0.03
21,560	Dongkuk Steel Mill	247	0.03
4,189	Doosan	333	0.03
11,036	E-Mart	1,711	0.18
39,550	Hyundai Marine & Fire	761	0.08
6,099	Hyundai Mipo Dockyard	380	0.04
92,190	Industrial Bank of Korea	641	0.07
29,620	Korea Gas	690	0.07
167,730	Korea Life Insurance	693	0.07
64,511	KT&G	2,929	0.30
45,375	LG	1,554	0.16
16,450	LG International	433	0.04
498,350	LG TeleCom	2,054	0.21
53,300	Meritz Fire & Marine	350	0.04
5,817	NCsoft Corporation	997	0.10
16,315	NHN	1,923	0.20
6,787	POSCO	1,441	0.15
7,654	Samsung Electronics	4,523	0.47
24,456	Samsung Fire & Marine	2,875	0.30
2,695	Shinsegae	369	0.04
17,811	SK Chemicals	637	0.07
		27,293	2.83
Taiwan 0.81% (31 December 2010 1.52%)			
158,200	Chunghwa Telecom	336	0.03
279,000	Dah Chong Hong	296	0.03
295,260	Delta Electronic	451	0.05
388,000	Highwealth Construction	358	0.04
939,000	Pegatron	654	0.07
1,819,624	Taiwan Semiconductor Manufacturing	2,923	0.30
1,543,974	Uni-President	1,444	0.15
4,900,000	United Microelectronics	1,322	0.14
		7,784	0.81

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Thailand 1.02% (31 December 2010 1.21%)		
986,500	Advanced Info Service (Alien Market)	2,817	0.29
848,800	BEC World	775	0.08
1,345,300	Esso Thailand (Alien Market)	296	0.03
276,200	Glow Energy	320	0.03
1,249,200	Home Product Center (Alien Market)	280	0.03
589,200	Kasikornbank (Alien Market)	1,472	0.15
2,165,700	LPN Development (Alien Market)	565	0.06
164,800	PTT (Alien Market)	1,065	0.11
573,400	Siam Commercial Bank (Alien Market)	1,357	0.14
1,905,400	Supali Public Company	540	0.06
1,147,400	TPI Polene (Alien Market)	351	0.04
		9,838	1.02
	Europe 20.07% (31 December 2010 25.80%)		
	Europe Derivatives 0.13% (31 December 2010 0.01%)		
	Euro Denominated Derivatives 0.13% (31 December 2010 0.01%)		
3,304	Dow Jones Euro STOXX 50 Index March 2012 Futures Contract	1,256	0.13
	Europe Equities 19.94% (31 December 2010 25.79%)		
	Austria 0.06% (31 December 2010 0.13%)		
56,098	Erste Bank	624	0.06
	Belgium 0.51% (31 December 2010 1.77%)		
129,558	AES Tiete	1,201	0.13
328,468	OGX	1,541	0.16
68,149	Telenet	1,669	0.17
54,714	Wilson Sons	476	0.05
		4,887	0.51
	Denmark 0.86% (31 December 2010 1.05%)		
407	AP Moller Maersk Series 'B' Shares	1,732	0.18
57,456	Carlsberg Series 'B' Shares	2,615	0.27
181,740	DSV	2,104	0.22
50,846	Tryg	1,823	0.19
		8,274	0.86
	Finland 0.16% (31 December 2010 1.41%)		
45,600	Kone	1,519	0.16

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	France 4.63% (31 December 2010 5.11%)		
303,594	Axa	2,541	0.26
126,358	BNP Paribas	3,203	0.33
46,098	Bureau Veritas	2,158	0.22
79,153	CGGVeritas	1,194	0.12
77,220	Cie de St Gobain	1,907	0.20
18,966	Christian Dior	1,451	0.15
125,620	Credit Agricole	457	0.05
53,595	Danone	2,171	0.23
144,831	Euro Aeronautic Defence Space	2,916	0.30
252,633	Groupe Eurotunnel	1,108	0.12
20,218	Imerys	601	0.06
125,905	Lafarge	2,856	0.30
99,714	Legrand	2,070	0.21
22,053	LVMH	2,006	0.21
28,478	Pernod Ricard	1,701	0.18
19,166	Pinault-Printemps-Redoute	1,771	0.18
60,921	Rexel	669	0.07
56,229	Sanofi-Aventis	2,665	0.28
121,149	SCOR	1,827	0.19
29,218	Schneider Electric	992	0.10
50,961	Sodexo Alliance	2,349	0.24
20,800	Technip	1,262	0.13
89,844	Total	2,959	0.31
33,735	Zodiac	1,845	0.19
		44,679	4.63
	Germany 3.82% (31 December 2010 4.94%)		
47,106	Allianz	2,900	0.30
57,383	Deutsche Euroshop	1,193	0.12
107,704	Fresenius	6,435	0.67
54,376	Hannover Rueckversicherung	1,743	0.18
52,598	HeidelbergCement	1,445	0.15
471,454	Infineon	2,297	0.24
49,638	Kabel Deutschland	1,627	0.17
42,873	Krones	1,314	0.14
18,289	Linde	1,753	0.18
99,694	Metro	2,346	0.24
38,991	MTU Aero Engines	1,615	0.17
26,526	Pfeiffer Vacuum	1,501	0.15
137,993	SAP	4,717	0.49
108,262	Sixt Non-Voting Preference shares	1,125	0.12
31,112	Volkswagen Non-Voting Preference shares	2,996	0.31
92,611	Weber (Gerry) International	1,829	0.19
		36,836	3.82

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Ireland 1.40% (31 December 2010 0.47%)		
115,546	CRH	1,478	0.15
663,491	Dimensional Emerging Markets	8,705	0.90
198,677	Dragon Oil	908	0.10
48,791	Kerry 'A' Shares	1,149	0.12
403,498	Ryanair	1,251	0.13
		13,491	1.40
	Italy 0.43% (31 December 2010 0.56%)		
3,907,082	Intesa Sanpaolo	4,197	0.43
	Netherlands 0.72% (31 December 2010 1.19%)		
89,165	ASML	2,419	0.25
46,241	Fugro	1,723	0.18
121,152	Royal Dutch Shell 'A' Shares	2,849	0.29
		6,991	0.72
	Norway 1.40% (31 December 2010 1.22%)		
1,402,554	ABG Sundal Collier	558	0.06
70,663	Aker ASA	1,173	0.12
268,223	Aker Kvaerner	1,816	0.19
137,932	DnB NORBank	869	0.09
70,752	Golar LNG	1,999	0.20
521,387	Hoegh LNG	2,825	0.29
1,922,287	North Atlantic Drilling	1,907	0.20
719,768	Storebrand	2,404	0.25
		13,551	1.40
	Poland 0.64% (31 December 2010 0.62%)		
101,018	Kernel Holding	1,315	0.14
34,887	KGHM Polska Miedz	723	0.08
75,073	Koninklijke Boskalis Westminster	1,780	0.18
302,886	PGE	1,175	0.12
197,301	Powszechna Kasa Oszczędności Bank	1,187	0.12
		6,180	0.64
	Portugal 0.00% (31 December 2010 0.07%)		
	Russia 0.26% (31 December 2010 0.63%)		
2,907	Magnit	160	0.02
248,228	Mobile Telesystems ADR (each representing 2 ordinary shares)	2,343	0.24
		2,503	0.26
	Spain 0.48% (31 December 2010 0.75%)		
530,149	Banco Santander	2,596	0.27
38,669	Inditex	2,043	0.21
		4,639	0.48

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Sweden 1.93% (31 December 2010 1.91%)			
158,488	Assa Abloy	2,568	0.27
176,311	Atlas Copco Series 'A' Shares	2,446	0.25
90,376	Ericsson Series 'B' Shares	594	0.06
454,449	Nordic Mines	2,751	0.29
293,176	Sandvik	2,321	0.24
476,993	Skandinaviska Enskilda Banken	1,795	0.19
184,616	SKF	2,521	0.26
157,127	Swedish Match	3,599	0.37
		18,595	1.93
Switzerland 2.21% (31 December 2010 3.18%)			
4,420	Galenica	1,671	0.17
45,367	Holcim	1,569	0.16
79,112	Nestle	2,937	0.31
10,915	PSP Swiss Property	590	0.06
64,054	Richemont	2,094	0.22
384,119	Richemont GDR (each representing 1/10th of an ordinary share)	1,248	0.13
26,269	Roche	2,876	0.30
8,853	Sulzer	612	0.06
11,618	Swatch	2,808	0.29
12,178	Swiss Prime Site	591	0.06
34,827	Tecan	1,510	0.16
271,181	UBS	2,083	0.22
4,806	Zurich Financial Services	703	0.07
		21,292	2.21
Turkey 0.43% (31 December 2010 0.78%)			
362,728	Pinar Sut	1,916	0.20
491,149	Tofas Turk Otomobil Fabrikasi	991	0.10
612,139	Turkiye Garanti	1,231	0.13
		4,138	0.43
Japan 6.64% (31 December 2010 7.43%)			
Japanese Yen Denominated Derivatives 0.00% (31 December 2010 0.04%)			
Japan Equities 6.64% (31 December 2010 7.39%)			
25,500	Aisin Seiki	466	0.05
16,900	Asahi Breweries	239	0.02
55,000	Asahi Glass	296	0.03
66,000	Asahi Kasei	255	0.03
19,900	Astellas Pharma	519	0.05
66,000	Bank of Yokohama	200	0.02
47,200	Bridgestone	687	0.07
57,400	Canon	1,632	0.17
6,700	Canon Electronics	108	0.01
123,000	Chiba Bank	508	0.05
59,500	Citizen Watch	222	0.02

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Japan Equities (continued)		
52,000	Daihatsu Motors	598	0.06
8,800	Daito Trust	485	0.05
9,800	Dena	189	0.02
23,500	Don Quijote	519	0.05
19,200	East Japan Railway	786	0.08
15,200	Eisai	405	0.04
15,100	Fanuc	1,485	0.15
6,400	Fast Retailing	748	0.08
14,000	Foster Electric	128	0.01
349	Fuji Media	340	0.04
27,000	Fuji Photo Film	411	0.04
59,000	Fujitsu	197	0.02
556,000	Hitachi	1,874	0.19
27,500	Hitachi High Technologies	383	0.04
49,400	Hokkaido Electric Power	452	0.05
72,200	Honda Motor	1,414	0.15
14,400	Hoya Filters	199	0.02
108	Inpex	437	0.05
221,000	Isuzu Motors	656	0.07
93,500	Itochu	611	0.06
249	Japan Tobacco	753	0.08
17,000	JGC	263	0.03
29,500	JSR	349	0.04
174,400	JVC Kenwood	388	0.04
156,200	Jx	607	0.06
234,000	Kajima	460	0.05
49,900	Kansai Electric Power	492	0.05
19,200	Kao	337	0.03
128	KDDI	529	0.05
43,000	Keisei Electric Railway	204	0.02
105,600	Komatsu	1,586	0.16
23,800	K's	605	0.06
22,300	Kuraray	204	0.02
11,800	Kyocera	610	0.06
182,000	Marubeni	712	0.07
57,000	Mitsubishi	741	0.08
139,000	Mitsubishi Chemical	491	0.05
90,000	Mitsubishi Electric	554	0.06
70,000	Mitsubishi Estate	671	0.07
45,900	Mitsubishi Tanabe Pharma	468	0.05
1,014,300	Mitsubishi Tokyo Financial	2,757	0.29
15,890	Mitsubishi UFJ	404	0.04
132,500	Mitsui	1,324	0.14
96,000	Mitsui Chemicals	188	0.02
74,000	Mitsui Fudosan	694	0.07
59,000	Mitsui O.S.K. Lines	147	0.02
1,012,300	Mizuho Financial	872	0.09
140,000	Nachi-Fujikoshi	397	0.04

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Japan Equities (continued)		
25,300	Nabtesco	296	0.03
11,100	Namco Bandai Holdings	101	0.01
8,200	Nidec	457	0.05
13,500	Nihon Kohden Corporation	214	0.02
28,100	Nikon	402	0.04
52,000	Nippon Express	130	0.01
11,800	Nippon Paper	165	0.02
18,000	Nippon Meat Packers	144	0.02
471,000	Nippon Steel	752	0.08
120,500	Nippon Suisan Kaisha	266	0.03
13,000	Nippon Synthetic	48	0.01
74,400	Nippon Telegraph & Telephone	2,442	0.25
3,270	Nippon Television	322	0.03
177,400	Nissan Motor	1,024	0.11
180,000	Nishimatsu Construction	197	0.02
7,200	Nitto Denko	166	0.02
16,300	NKSJ	205	0.02
70,500	Nomura	137	0.01
264,700	Nomura Asset Management Topix Exchange Traded Fund	1,636	0.17
64	NTT Data	131	0.01
1,473	NTT DOCOMO	1,741	0.18
103,000	Obayashi	294	0.03
15,790	Orix	840	0.09
55,700	Otsuka	1,005	0.10
126,000	Panasonic	687	0.07
8,800	Rinnai	404	0.04
6,300	Secom	187	0.02
6,100	Sega Sammy	85	0.01
53,100	Seven & I	951	0.10
38,000	Sharp	214	0.02
14,900	Shin-Etsu Chemical	472	0.05
75,000	Skymark Airlines	630	0.07
28,400	Softbank	537	0.06
22,900	Sony	264	0.03
19,500	Sumisho Computer Systems	200	0.02
130,400	Sumitomo	1,133	0.12
94,500	Sumitomo Electric	660	0.07
96,000	Sumitomo Mitsui Financial	1,720	0.18
5,000	Sumitomo Realty & Development	56	0.01
146,000	Taiheiyo Cement	178	0.02
24,500	Taikisha	336	0.03
22,200	Takeda Pharmaceutical	626	0.06
47,200	Tokio Marine	671	0.07
61,000	Toray Industries	281	0.03
218,000	Toshiba	571	0.06
120,000	Toshiba Machine	387	0.04
20,000	Toyo Suisan Kaisha	311	0.03
95,000	Toyota Motor	2,032	0.21

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Japan Equities (continued)			
5,700	TS TECH	58	0.01
27,500	United Arrows	342	0.04
24,300	West Japan Railway	678	0.07
19,700	Yamato Transport	213	0.02
89,000	Yaskawa Electric	488	0.05
62,000	Zeon	345	0.04
		64,088	6.64
North America 24.39% (31 December 2010 32.57%)			
US Dollar Derivatives 0.08% (31 December 2010 0.04%)			
US Dollar Denominated Derivatives 0.08% (31 December 2010 0.04%)			
2,485	SGX CNX Nifty Index January 2012 Futures Contract	(520)	(0.05)
1,746	S&P 500 E-Mini March 2012 Futures Contract	1,296	0.13
		776	0.08
North America Equities 24.31% (31 December 2010 32.53%)			
Bermuda 0.04% (31 December 2010 0.00%)			
22,500	Jardine Strategic	400	0.04
Canada 0.24% (31 December 2010 0.19%)			
1,053,173	Africa Oil	1,052	0.11
48,900	Gildan Activewear	592	0.06
220,542	Gran Tierra Energy	686	0.07
		2,330	0.24
United States 24.03% (31 December 2010 32.34%)			
330,000	AAC Technologies	475	0.05
97,800	Aaron's	1,680	0.17
12,900	Abbott Laboratories	466	0.05
65,400	ABM Industries	868	0.09
169,200	Acxiom	1,329	0.14
22,300	Aetna	605	0.06
10,100	Affiliated Managers	623	0.06
15,200	Alliance Data	1,016	0.11
28,400	Allstate	501	0.05
33,400	Altria	637	0.07
104,000	Amdocs	1,909	0.20
22,300	Ameren	476	0.05
243,482	America Movil ADR (each representing 20 series 'L' shares)	3,541	0.37
24,200	American Electric Power	643	0.07
28,900	Amgen	1,194	0.12
30,300	Amphenol	885	0.09
16,500	Aon	497	0.05
11,000	Apache	641	0.07
11,000	Apollo Class 'A' Shares	381	0.04

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United States (continued)		
32,900	Archer Daniels	605	0.06
17,600	Ashland	647	0.07
15,300	Assurant	404	0.04
146,100	AT & T	2,840	0.29
81,500	Avery Dennison	1,505	0.16
57,300	Avnet	1,146	0.12
75,600	AVON Products	850	0.09
6,100	Baidu ADR	457	0.05
63,300	Ball	1,455	0.15
74,400	Bally Technologies	1,892	0.20
136,600	Bank of America	488	0.05
49,500	Bank of New York Mellon	634	0.07
10,800	Baxter International	344	0.04
22,200	BB & T	360	0.04
317,956	Banco Bradesco ADR (each representing 1 preference share)	3,413	0.35
8,000	Beam	264	0.03
22,500	Best Buy	338	0.04
47,300	Brady	961	0.10
103,000	Bridgepoint Education	1,522	0.16
54,500	Bristol-Myers Squibb	1,235	0.13
125,600	Broadridge Financial Solutions	1,822	0.19
44,000	Buckeye Technologies	947	0.10
19,500	Capital One	531	0.06
16,500	Carnival	346	0.04
24,200	CenturyTel	579	0.06
190,900	Checkpoint Systems	1,344	0.14
32,800	Chesapeake Energy	470	0.05
47,100	Chevron	3,223	0.33
15,400	Chubb	686	0.07
92,955	CIA Bebidas Das Americas ADR (each representing 100 ordinary shares)	2,157	0.22
17,300	Cigna	467	0.05
9,000	Cintas	202	0.02
53,200	Cisco Systems	619	0.06
23,900	Citigroup	404	0.04
18,023	Citizens Communications Class 'B' Shares	60	0.01
30,100	Comcast Class 'A' Shares	459	0.05
4,600	Comerica	76	0.01
576,598	Commercial International Bank	1,117	0.12
28,600	Computer Associates	372	0.04
16,600	Computer Sciences	253	0.03
29,200	Conagra Foods	496	0.05
30,800	ConocoPhillips	1,444	0.15
29,700	Constellation Brands Class 'A' Shares	395	0.04
59,100	Corning	493	0.05
20,000	Coventry Healthcare	391	0.04
90,981	CPFL Geracao ADR (each representing 3 ordinary shares)	1,651	0.17
36,000	Crown	778	0.08
41,600	CVS	1,092	0.11

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United States (continued)		
8,700	Darden Restaurants	255	0.03
43,900	Dean Foods	316	0.03
36,600	Dell	344	0.04
16,700	Devon Energy	666	0.07
7,700	Diamond Offshore Drilling	274	0.03
11,400	Devry	282	0.03
22,900	Dominion	782	0.08
32,500	Donnelley (R.R.) & S	302	0.03
12,100	Dow Chemical	224	0.02
13,800	DTE Energy	484	0.05
51,200	Duke Energy	724	0.08
20,300	Edison	541	0.06
82,173	Embraer-Empresa Bras De Aeronautica ADR (each representing 4 ordinary shares)	1,332	0.14
102,315	Eurasia Drilling GDR (each representing 1 ordinary share)	1,535	0.16
25,600	Exelon	714	0.07
28,400	Exxon Mobil	1,547	0.16
175,116,387	Federal Grid	912	0.09
20,600	Federated Investors Class 'B' Shares	201	0.02
5,700	Freeport McMoRan Copper & Gold	135	0.01
20,900	Firstenergy	595	0.06
8,600	Fluor	278	0.03
23,500	FMC	1,300	0.13
20,600	Forest Labs	401	0.04
25,600	Gamestop	397	0.04
42,100	Gannet	362	0.04
33,800	Gap	404	0.04
424,821	Gazprom ADR (each representing 4 ordinary shares)	2,914	0.30
15,300	General Dynamics	654	0.07
218,000	General Electric	2,512	0.26
12,100	Gilead Sciences	319	0.03
15,800	Goldman Sachs	920	0.10
21,168	Grupo Bancolombia	811	0.08
67,300	Harman International Industries	1,649	0.17
38,100	H & R Block	400	0.04
13,200	Harris	306	0.03
60,300	Harsco	798	0.08
31,500	Hartford Financial Services	329	0.03
64,300	HCBK	259	0.03
24,600	Henry Schein	1,020	0.11
14,300	Hess	523	0.05
62,800	Hewlett Packard	1,041	0.11
3,500	Home Depot	95	0.01
5,800	Honeywell International	203	0.02
25,167	Hugo Boss (Preference Shares)	1,197	0.12
3,300	IBM	390	0.04
41,009	Infosys Technologies	1,356	0.14
140,300	Intel	2,189	0.23
235,915	Itau Unibanco ADR (each representing 1 ordinary share)	2,814	0.29

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United States (continued)		
39,600	ITT Educational Services	1,449	0.15
65,200	Janus Capital	264	0.03
60,100	JDA Software	1,253	0.13
57,000	Johnson & Johnson	2,404	0.25
100,500	JP Morgan Chase	2,150	0.22
729,954	JP Morgan Global Financials 'A' Distribution USD	20,310	2.11
71,300	KAR Auction Services	621	0.06
9,500	Kimberly-Clark	449	0.05
14,800	Kraft	356	0.04
29,000	Kroger	452	0.05
8,500	L-3 Communications	365	0.04
19,100	LabCorp	1,057	0.11
86,767	Lan Airlines	1,298	0.13
15,300	Lexmark	326	0.03
31,000	Lily (Eli)	829	0.09
30,700	Lincoln National	384	0.04
7,500	Lockheed Martin	390	0.04
18,000	Loews	436	0.05
31,000	Lowe's	506	0.05
25,400	Macy's	526	0.05
113,650	Magnit	1,527	0.16
15,000	Marathon Oil	283	0.03
7,500	Marathon Petroleum	161	0.02
30,700	Masco	207	0.02
13,600	McGraw Hill	393	0.04
18,500	Medtronic	455	0.05
13,700	MEMC Electronic	35	0.00
83,900	Merck & Co	2,035	0.21
10,100	Meredith	212	0.02
31,000	Metlife	622	0.06
23,800	Microsoft	398	0.04
28,500	Minerals Technology	1,036	0.11
133,500	Mobile Mini	1,496	0.16
44,100	Molex	677	0.07
13,300	Molson Coors Brewing	372	0.04
285,700	Monster Worldwide	1,454	0.15
20,900	Morgan Stanley	203	0.02
10,800	Murphy Oil	387	0.04
25,100	Nasdaq Stock Market	396	0.04
14,200	National Oilwell Varco	621	0.06
104,600	NCR	1,107	0.11
71,800	Neustar	1,578	0.16
38,900	Newell Rubbermaid	404	0.04
14,000	Northrop Grumman	527	0.05
56,433	Novatek OAO GDR (each representing 10 's' shares)	4,528	0.47
15,000	Nucor	382	0.04
19,600	NYSE Euronext	329	0.03
11,800	Occidental Petroleum	712	0.07

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United States (continued)		
76,300	Old Dominion Freight Line	1,989	0.21
28,500	Owens-Illinois	355	0.04
114,810	PAO de Acucar ADR (each representing 2 preference Class 'A' shares)	2,688	0.28
139,400	Parametric Technology	1,637	0.17
47,500	PAREXEL International	634	0.07
12,000	Penney (JC)	271	0.03
7,200	PepsiCo	307	0.03
466,715	Petrol Brasileiros	7,463	0.77
203,198	Pfizer	2,829	0.29
26,100	Pitney Bowes	311	0.03
19,900	PNC Financial Services	739	0.08
20,300	Principal Financial	321	0.03
10,900	Procter & Gamble	468	0.05
39,500	Progressive	496	0.05
26,900	Public Service Enterprise	571	0.06
34,300	Radioshack	214	0.02
18,000	Raytheon	560	0.06
74,100	RockTenn	2,750	0.29
288,070	Rosneft OJSC GDR (each representing 1 ordinary share)	1,222	0.13
16,400	Rowan	320	0.03
83,000	Royal Caribbean	1,322	0.14
91,207	Royal Caribbean (Norwegian Line)	1,468	0.15
30,800	Safeway	417	0.04
36,500	SAIC	289	0.03
104,600	Sally Beauty Supply	1,421	0.15
531,212	Sberbank ADR (each representing 4 ordinary shares)	3,368	0.35
145,200	SEI	1,620	0.17
15,300	Sempra Energy	541	0.06
167,812	Sider Nacional ADR (each representing 1 ordinary share)	883	0.09
9,000	Solera	258	0.03
22,700	State Street	589	0.06
20,600	Suntrust Banks	234	0.02
57,900	Supervalu	302	0.03
89,368	Taiwan Semiconductor Manufacturing ADS (each representing 5 ordinary shares)	741	0.08
191,037	Tatneft ADS (each representing 6 ordinary shares)	3,620	0.38
90,400	Tetra Tech	1,256	0.13
23,400	Texas Instruments	438	0.05
13,900	Textron	165	0.02
23,700	Time Warner	551	0.06
15,450	Torchmark	431	0.04
27,200	Total System	342	0.04
18,200	Travelers	693	0.07
30,600	Tyson Foods	406	0.04
55,500	U.S. Bancorp	966	0.10
35,200	United Health	1,148	0.12
11,500	United States Steel	196	0.02
52,400	United Stationers	1,098	0.11
7,100	United Technologies	334	0.03

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
United States (continued)			
25,800	UnumProvident	350	0.04
113,115	Uralkali GDR (each representing 5 ordinary shares)	2,618	0.27
405,865	Vale	5,602	0.58
32,700	Valero Energy	442	0.05
16,600	Varian Medical Systems	717	0.07
34,900	Verizon Communications	900	0.09
12,100	Viacom	354	0.04
19,600	Wal-Mart Stores	753	0.08
21,200	Walt Disney	511	0.05
27,300	Warnaco	879	0.09
17,100	WeightWatchers	605	0.06
15,300	Wellpoint	652	0.07
116,900	Wells Fargo	2,073	0.21
19,400	Western Digital	386	0.04
199,000	Western Union	2,338	0.24
9,400	Whirlpool	287	0.03
15,100	Wyndham Worldwide	368	0.04
12,800	Xcel Energy	227	0.02
84,500	Xerox	433	0.04
12,600	Xylem Inc	208	0.02
38,200	Zebra Technologies	879	0.09
		231,793	24.03
South America 2.66% (31 December 2010 1.20%)			
South America Equities 2.66% (31 December 2010 1.20%)			
Brazil 1.06% (31 December 2010 0.00%)			
95,649	Banco ABC Brasil (Preference Shares)	411	0.04
309,358	Banco Estado Rio Grande do Sul (Preference Shares 'B')	2,134	0.22
113,197	Bradespar (Preference Shares)	1,232	0.13
123,512	BRF Brasil Foods	1,552	0.16
297,380	CIA de Concessoes	1,252	0.13
41,264	Cia Saneamento Basico Do Estado	736	0.08
45,236	Lojas Renner	755	0.08
45,907	Telecomunicacoes	821	0.08
77,829	Telefonica Brasil	1,369	0.14
		10,262	1.06
Chile 0.31% (31 December 2010 0.07%)			
31,369	Cap	738	0.08
940,694	E-CL	1,597	0.16
18,387	Sociedad Quimica Y Minera de Chile	633	0.07
		2,968	0.31

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Mexico 1.09% (31 December 2010 0.98%)		
177,903	Alfa SAB series 'A' Shares	1,244	0.13
1,100,303	Financiero Banorte Series 'O' Shares	2,143	0.22
1,071,915	Genomma 'B' Shares	1,330	0.14
963,936	Grupo Mexico Series 'B' Shares	1,619	0.17
58,621	INDS Penoles	1,654	0.17
550,440	Mexichem	1,109	0.12
1,401,191	OHL Mexico SAB de CV	1,381	0.14
		10,480	1.09
	Peru 0.20% (31 December 2010 0.15%)		
534,601	Alicorp	763	0.08
726,112	Grana Y Montero	1,152	0.12
		1,915	0.20
	Investment assets*	798,521	82.78
	Net other assets	166,144	17.22
	Total net assets	964,665	100.00

*Including investment liabilities.

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

Statement of total return

for the year from 1 January 2011 to 31 December 2011

	Notes	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Income					
Net capital (losses)/gains	2		(154,581)		153,415
Revenue	3	27,561		18,869	
Expenses	4	(19,874)		(17,925)	
Finance costs: Interest	6	(88)		(46)	
Net revenue before taxation		7,599		898	
Taxation	5	(1,926)		(1,179)	
Net revenue after taxation			5,673		(281)
Total return before distributions			(148,908)		153,134
Finance costs: Distributions	6		(2,778)		(1,603)
Change in net assets attributable to shareholders from investment activities			(151,686)		151,531

Statement of change in net assets attributable to shareholders

for the year from 1 January 2011 to 31 December 2011

	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Opening net assets attributable to shareholders		1,029,823		805,591
Amounts receivable on issue of shares	178,045		219,766	
Amounts paid on cancellation of shares	(94,345)		(148,587)	
		83,700		71,179
Stamp duty reserve tax		(29)		(135)
Change in net assets attributable to shareholders from investment activities		(151,686)		151,531
Retained distribution on accumulation shares		2,857		1,657
Closing net assets attributable to shareholders		964,665		1,029,823

The notes on pages 79 to 89 form an integral part of these financial statements.

Balance sheet

as at 31 December 2011

	Notes	31.12.11 £'000	31.12.11 £'000	31.12.10 £'000	31.12.10 £'000
Assets					
Investment assets			800,416		979,695
Debtors	7	9,613		4,490	
Cash and bank balances	8	180,295		55,298	
Total other assets			189,908		59,788
Total assets			990,324		1,039,483
Liabilities					
Investment liabilities			(1,895)		(497)
Creditors	9	(5,371)		(8,891)	
Bank overdrafts and overdrawn amounts held at futures clearing houses and brokers		(18,393)		(272)	
Total other liabilities			(23,764)		(9,163)
Total liabilities			(25,659)		(9,660)
Net assets attributable to shareholders			964,665		1,029,823

The notes on pages 79 to 89 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 January 2011 to 31 December 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia Global Dynamic Equity Fund are included on pages 15 to 16 of the Notes to the aggregated financial statements.

2 Net capital (losses)/gains

The net capital (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities

(Losses)/gains on currency contracts

Losses on derivative contracts

Handling charges

Net capital (losses)/gains

01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
(147,414)	154,005
(2,253)	199
(4,673)	(552)
(241)	(237)
(154,581)	153,415

3 Revenue

Authorised Corporate Director's fee rebates

Bank and term deposit interest

Franked distribution on Collective Investment Schemes

Interest from overseas debt securities

Non-distributable stock dividends

Non-taxable overseas dividends

Taxable overseas dividends

UK dividends

Unfranked UK dividends

Total revenue

01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
245	280
18	14
-	37
-	3
4,019	781
20,579	15,428
1,347	1,324
1,311	987
42	15
27,561	18,869

Notes to the financial statements (continued)

4 Expenses

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	14,824	13,450
	14,824	13,450
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	138	133
Safe custody fees	227	181
	365	314
Other expenses:		
Administration fees	645	569
Audit fees	10	14
Investment adviser's fees	4,030	3,565
Reclaim of VAT	(9)	-
Registration fees	5	6
Risk monitoring fees	4	7
	4,685	4,161
Total expenses	19,874	17,925

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Adjustments in respect of prior years	-	(433)
Corporation tax suffered	-	(17)
Overseas tax	1,926	1,630
Precompte	-	(1)
Total current tax charge for the year (see note 5(b))	1,926	1,179
Deferred tax charge/(credit) for the year (see note 5(c))	-	-
Total taxation for the year	1,926	1,179

b) Factors affecting current tax charge for the year

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
The taxation assessed for the year is lower than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net revenue before taxation	7,599	898
Corporation tax at 20% (31 December 2010: 20%)	1,520	180
Effects of:		
Adjustments in respect of previous years	-	(433)
Excess expenses for which no relief taken	3,701	3,257
Expenses not deductible for tax purposes	(1)	(17)
Franked investment revenue at 20%	(262)	(205)
Non taxable overseas dividend	(4,121)	(3,076)
Non taxable stock dividend	(804)	(156)
Overseas tax suffered	1,886	1,630
Precompte	-	(1)
Tax on offshore fund gains	7	-
Total current tax charge for year (see note 5(a))	1,926	1,179

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

c) Movement in deferred tax

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge/(credit) for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 31 December 2011 the sub-fund had surplus management expenses of £41,595,531 (31 December 2010: £23,091,317), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

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

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Interim (30 June)	2,857	1,657
Final (31 December)	-	-
	2,857	1,657
Amounts deducted on cancellation of shares	16	15
Amounts received on issue of shares	(95)	(69)
Finance costs: Distributions	2,778	1,603
Finance costs: Interest	88	46
Total finance costs	2,866	1,649
Reconciliation of distributions:		
Net revenue/(expense) after taxation	5,673	(281)
Capitalised fees*	(5)	-
Non-distributable stock dividends	(4,019)	(781)
Revenue deficit carried forward	1,138	2,665
Tax relief on capitalised fees	(9)	-
Finance costs: Distributions	2,778	1,603

*Relates to an Indian Capital Gains Tax Rebate.

Details of the interim and final distributions per share are set out in the table on page 90.

7 Debtors

	31.12.11 £'000	31.12.10 £'000
Accrued Authorised Corporate Director's fee rebates	20	27
Accrued revenue	876	613
Amounts receivable for issue of shares	3,830	160
Currency contracts receivable	1	550
Overseas tax recoverable	568	3,140
Sales awaiting settlement	4,318	-
Total debtors	9,613	4,490

8 Cash and bank balances

	31.12.11 £'000	31.12.10 £'000
Amount held at futures clearing houses and brokers	53,223	23,273
Cash and bank balances	127,072	32,025
Total cash and bank balances	180,295	55,298

Notes to the financial statements (continued)

9 Creditors

	31.12.11 £'000	31.12.10 £'000
Accrued Authorised Corporate Director's periodic charge	1,221	1,297
Accrued Depositary's fees	10	12
Accrued expenses	210	618
Accrued Investment adviser's fee	483	198
Amounts payable for cancellation of shares	273	3,736
Currency contracts payable	-	10
Purchases awaiting settlement	3,174	3,020
Total creditors	5,371	8,891

10 Related party transactions

Skandia Investment Management Limited, as ACD, is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies receivable on issue and payable on cancellation are disclosed in the statement of change in net assets attributable to shareholders on page 13. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting year in respect of transactions of shares in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to Skandia Investment Management Limited, as ACD, are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

11 Derivatives and other financial instruments

a) Financial instrument risk

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

Equity shares and equity related shares.

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

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

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

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

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

The inherent risks remain unchanged since the last Annual Report was produced. However the risks have heightened due to global investor uncertainty following political unrest in the Middle East and North Africa and the deepening of the crisis in Europe. There are also concerns over slower growth and inflation in emerging markets.

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

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

b) Currency exposures

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

The direct foreign currency exposure of the sub-fund as at 31 December 2011 (31 December 2010) was as follows:

	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures*	exposures		exposures*	exposures	
	31.12.11	31.12.11	31.12.11	31.12.10	31.12.10	31.12.10
	£'000	£'000	£'000	£'000	£'000	£'000
Australian Dollar	2,380	33,389	35,769	68	30,591	30,659
Brazilian Real	-	12,137	12,137	750	16,615	17,365
Canadian Dollar	-	1,737	1,737	-	2,004	2,004
Chilian Peso	-	2,967	2,967	-	676	676
China Yuan Renminbi	-	10	10	-	-	-
Danish Krone	-	8,035	8,035	6	10,806	10,812
Egyptian Pound	-	316	316	-	555	555
Euro	(1,024)	112,872	111,848	866	160,429	161,295
Hong Kong Dollar	(7,292)	60,615	53,323	(273)	66,750	66,477
Indian Rupee	151	7,851	8,002	-	-	-
Indonesian Rupiah	-	7,012	7,012	7	3,713	3,720
Japanese Yen	(10,077)	64,139	54,062	43	76,322	76,365
Korean Won	64	27,293	27,357	23	20,764	20,787
Malaysian Ringgit	-	4,041	4,041	18	5,626	5,644
Mexican Peso	-	10,479	10,479	-	10,081	10,081
New Zealand Dollar	-	735	735	-	-	-
Norwegian Krone	170	15,820	15,990	42	12,530	12,572
Peruvian Nuevo Sol	-	1,915	1,915	-	1,523	1,523
Phillipine Peso	-	2,250	2,250	-	2,664	2,664
Polish Zloty	-	4,400	4,400	-	6,372	6,372
Russian Rouble	-	-	-	-	19	19
Singapore Dollar	4	11,424	11,428	23	13,160	13,183
South African Rand	32	26,869	26,901	-	35,895	35,895
Swedish Krona	783	17,334	18,117	13	19,476	19,489
Swiss Franc	-	20,888	20,888	101	33,092	33,193
Taiwan Dollar	232	8,220	8,452	139	15,641	15,780
Thailand Baht	-	9,838	9,838	-	12,473	12,473
Turkish New Lira	-	4,114	4,114	-	8,016	8,016
US Dollar	85,959	231,369	317,328	6,490	333,207	339,697
Total	71,382	708,069	779,451	8,316	899,000	907,316

*For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk

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

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 December 2011 (31 December 2010) was as follows:

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
31.12.11	£'000	£'000	£'000	£'000
Australian Dollar	2,380	-	33,389	35,769
Brazilian Real	-	-	12,137	12,137
Canadian Dollar	-	-	1,737	1,737
Chilian Peso	-	-	2,967	2,967
China Yuan Renminbi	-	-	10	10
Danish Krone	-	-	8,274	8,274
Egyptian Pound	-	-	316	316
Euro	-	-	113,584	113,584
Hong Kong Dollar	-	-	61,565	61,565
Indian Rupee	151	-	7,851	8,002
Indonesian Rupiah	-	-	7,012	7,012
Japanese Yen	-	-	64,485	64,485
Korean Won	64	-	27,293	27,357
Malaysian Ringgit	-	-	4,041	4,041
Mexican Peso	-	-	10,479	10,479
New Zealand Dollar	-	-	735	735
Norwegian Krone	170	-	16,112	16,282
Peruvian Nuevo Sol	-	-	1,915	1,915
Phillipine Peso	-	-	2,250	2,250
Polish Zloty	-	-	4,400	4,400
Singapore Dollar	4	-	11,424	11,428
South African Rand	32	-	26,869	26,901
Swedish Krona	783	-	18,595	19,378
Swiss Franc	-	-	20,888	20,888
Taiwan Dollar	232	-	8,220	8,452
Thailand Baht	-	-	9,838	9,838
Turkish New Lira	-	-	4,137	4,137
UK Sterling	90,520	-	97,323	187,843
US Dollar	85,959	-	232,183	318,142
Total	180,295	-	810,029	990,324

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk (continued)

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
31.12.10				
Australian Dollar	68	-	30,802	30,870
Brazilian Real	750	-	16,615	17,365
Canadian Dollar	-	-	2,004	2,004
Chilian Peso	-	-	676	676
Danish Krone	6	-	10,806	10,812
Egyptian Pound	-	-	555	555
Euro	866	-	160,584	161,450
Hong Kong Dollar	-	-	66,750	66,750
Indonesian Rupiah	7	-	3,738	3,745
Japanese Yen	43	-	76,906	76,949
Korean Won	23	-	20,764	20,787
Malaysian Ringgit	18	-	5,626	5,644
Mexican Peso	-	-	10,081	10,081
Norwegian Krona	42	-	12,531	12,573
Peruvian Nuevo Sol	-	-	1,523	1,523
Phillipine Peso	-	-	2,664	2,664
Polish Zloty	-	-	6,372	6,372
Russian Rouble	-	-	19	19
Singapore Dollar	23	-	13,160	13,183
South African Rand	-	-	35,895	35,895
Swedish Krona	13	-	19,632	19,645
Swiss Franc	101	-	33,165	33,266
Taiwan Dollar	139	-	15,641	15,780
Thailand Baht	-	-	12,473	12,473
Turkish New Lira	-	-	8,016	8,016
UK Sterling	46,709	-	82,186	128,895
US Dollar	6,490	-	335,001	341,491
Total	55,298	-	984,185	1,039,483

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk (continued)

Currency	Variable rate financial liabilities*	Financial liabilities not carrying interest	Total
	£'000	£'000	£'000
31.12.11			
Danish Krone	-	(239)	(239)
Euro	(1,024)	(712)	(1,736)
Hong Kong Dollar	(7,292)	(950)	(8,242)
Japanese Yen	(10,077)	(346)	(10,423)
Norwegian Kroner	-	(292)	(292)
Swedish Krona	-	(1,261)	(1,261)
Turkish New Lira	-	(23)	(23)
UK Sterling	-	(2,629)	(2,629)
US Dollar	-	(814)	(814)
Total	(18,393)	(7,266)	(25,659)
31.12.10			
Australian Dollar	-	(211)	(211)
Euro	-	(155)	(155)
Hong Kong Dollar	(273)	-	(273)
Indonesian Rupiah	-	(25)	(25)
Japanese Yen	-	(584)	(584)
Norwegian Krona	-	(1)	(1)
Swedish Krona	-	(156)	(156)
Swiss Franc	-	(73)	(73)
UK Sterling	-	(6,388)	(6,388)
US Dollar	-	(1,794)	(1,794)
Total	(273)	(9,387)	(9,660)

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

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

d) Credit risk

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

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

e) Counterparty risk

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

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

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

f) Liquidity risk

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

g) Market risk

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

h) Fair value of financial assets and financial liabilities

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

i) Sensitivity analysis

The Investment Manager assesses the market risk of the Global Dynamic Equity Fund, including any derivative exposures, using a Value at Risk ('VaR') methodology. VaR is a process that provides the Investment Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. If the calculated percentage is lower than that of its representative benchmark, the sub-fund's performance should be less volatile than the benchmark, or more volatile if higher than the benchmark.

Derivatives are used to efficiently manage the tactical asset allocation positioning of the sub-fund, Global Dynamic Equity. The benchmark for the relative measure of Value at Risk (VaR) is the MSCI World GDP. The VaR for the sub-fund and the benchmark as at 30/12/2011 was 19.67% and 12.17% respectively.

The minimum, average and maximum VaR of the sub-fund over the year was 12.35%, 17.59% and 19.68%.

If the derivatives were removed from the portfolio on the 30/12/11, the VaR would have been 15.22%.

The sub-fund is limited to 102% net leverage, and this limit has not been exceeded over the year. Using the "sum of notionals" methodology, the leverage as at the 30/12/2011 was 120.08%.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 December 2010: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs

	31.12.11 £'000	31.12.11 £'000
Purchases in the year before transaction costs		892,447
Commissions	728	
Other costs	272	
Total purchase costs		1,000
Gross purchase total		893,447
Analysis of total sale costs		
Gross sales in the year before transaction costs		932,233
Commissions	(754)	
Other costs	(275)	
Total sales costs		(1,029)
Total sales net of transaction costs		931,204

14 Shareholders' funds

The details of the shareholders' funds for the Skandia Global Dynamic Equity Fund are included on page 23 of the Notes to the aggregated financial statements.

The net asset value of the sub-fund, net asset value per share and number of shares in issue are given in the comparative table on page 56.

Distribution tables

Final Distribution

Group 1: Shares purchased prior to 1 July 2011
 Group 2: Shares purchased from 1 July 2011 to 31 December 2011

	Net revenue pence/cents per share	Equalisation pence/cents per share*	Distribution payable 28.02.12 pence/cents per share	Distribution paid 28.02.11 pence/cents per share
Accumulation shares				
Group 1	-	-	-	-
Group 2	-	-	-	-
Accumulation EUR shares				
Group 1	-	-	-	-
Group 2	-	-	-	-
Accumulation US\$ shares				
Group 1	-	-	-	-
Group 2	-	-	-	-

Interim Distribution

Group 1: Shares purchased prior to 1 January 2011
 Group 2: Shares purchased from 1 January 2011 to 30 June 2011

	Net revenue pence/cents per share	Equalisation pence/cents per share*	Distribution paid 31.08.11 pence/cents per share	Distribution paid 31.08.10 pence/cents per share
Accumulation shares				
Group 1	0.2261	-	0.2261	0.1317
Group 2	0.1231	0.1030	0.2261	0.1317
Accumulation EUR shares				
Group 1	0.0083	-	0.0083	0.2254
Group 2	0.0018	0.0065	0.0083	0.2254
Accumulation US\$ shares				
Group 1	0.3658	-	0.3658	0.2726
Group 2	0.2733	0.0925	0.3658	0.2726

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

UK Best Ideas Fund

Launch date	11 October 2006
Sector classification	UK All Companies
Investment adviser	BlackRock Investment Management (UK) Limited F&C Management Limited Kames Capital Plc Liontrust Investment Partners LLP Old Mutual Asset Managers (UK) Limited Schroder Investment Management Limited
Net asset value	£144,528,005

Objective

The UK Best Ideas Fund aims to provide long term total return from capital growth and income through investment in UK securities.

Policy

Investment will be in a portfolio of predominantly UK securities, either directly in transferable securities or through collective investment schemes. Investment will generally be directly into UK equities, although the sub-fund may invest up to 10% of its property in regulated collective investment schemes including those that are managed or operated by the ACD or an associate of the ACD.

The sub-fund may hold cash weightings.

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

Performance record

Net asset value

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

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
31.12.09			
Accumulation	£141,800,865	382,756,196	37.05p
31.12.10			
Accumulation	£148,765,374	317,973,160	46.79p
31.12.11			
Accumulation	£144,528,005	363,381,305	39.77p

Comparative table

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

Calendar year	Highest price	Lowest price
2007		
Accumulation	61.87p	52.01p
2008		
Accumulation	55.29p	26.35p
2009		
Accumulation	38.34p	25.58p
2010		
Accumulation	47.40p	34.88p
2011		
Accumulation	48.03p	36.15p

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

Calendar year	Pence per share
2007	
Accumulation	0.2225p
2008	
Accumulation	0.2375p
2009	
Accumulation	0.2667p
2010	
Accumulation	-
2011	
Accumulation	0.1416p
2012*	
Accumulation	-

*to ex-dividend date of 31 December 2011 (payable on 28 February 2012)

Investment Manager's review

The UK equity market, heavily weighted to companies highly exposed to global trade, faced repeated bouts of volatility in 2011. Political unrest in the Middle East and North Africa unsettled the market early on, followed by a devastating earthquake/tsunami in Japan in March and worries about rising inflation all made for a challenging backdrop. Meanwhile, worries over the worsening debt crisis in the Eurozone undermined investor sentiment periodically throughout the year. Signs of slower global growth and persistent inflation in emerging markets were other sources of concern. The US equity market was one of the best performers, benefiting from a perception of being a relatively safer investment haven, and from signs of improving economic conditions in the final months of the year. Asia Pacific and emerging market equities were hindered by the revival in risk aversion. In bond markets, corporate bonds initially performed strongly but later weakened as risk appetite declined. An improvement in market tone, led to some recovery in the last quarter of the year. Over the period as a whole, the FTSE All Share Index returned -3.5% in Sterling terms. The UK economy was sluggish over the period, with consumption very weak as the increase in inflation outpaced the rise in wages, while unemployment rose. As the end of the year approached, the government's austerity programme appeared to be contributing to a slowdown in growth, and expectations of a recession in 2012 mounted.

Investment Manager's review (continued)

In general, a big underweight to the larger defensive stocks and sectors in the index (such as personal & household goods and telecoms) was a significant detractor, as mega cap stocks outperformed over much of the period, amid investors' desire for what are perceived as lower risk investments. At the stock level, the impact of disappointing drilling results for oil company BowLeven, a significant holding in the sub-fund, was one of the more important negatives for the sub-fund over the year. A holding in International Consolidated Airlines (the holding company for British Airways) was another major negative, as the company was affected by worries over the impact of higher oil prices on its business, as well as investor concerns over a slowdown in global business travel. On the positive side, being very underweight in holdings of HSBC and Barclays was very constructive as investors shunned financials with exposure to the debt crisis in the Eurozone.

Portfolio allocation

United Kingdom Equities	95.82%
Norway Equities	1.74%
Australia Equities	0.94%
Net other assets	1.50%
Total	100.00%

Asset allocation

Equities	98.50%
Net other assets	1.50%
Total	100.00%

Major Holdings**Percentage of portfolio**

GlaxoSmithKline	7.04%
Aggreko	4.12%
Aveva	3.61%
Prudential	3.26%
Xstrata	3.02%
BG	3.00%
Royal Bank of Scotland	2.34%
Rolls-Royce	2.29%
Spirax-Sarco	2.23%
Next	2.11%

Number of holdings	52
---------------------------	-----------

Total expense ratio

31.12.10	2.31%
31.12.11	2.35%

All information is at 31 December 2011 unless otherwise stated.

Portfolio statement

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
United Kingdom 95.82% (31 December 2010 96.58%)			
United Kingdom Equities 95.82% (31 December 2010 96.58%)			
Aerospace & Defence 2.31% (31 December 2010 0.00%)			
443,635	Rolls-Royce	3,310	2.29
30,610,868	Rolls-Royce 'C' Shares	31	0.02
		3,341	2.31
Automobiles & Parts 0.00% (31 December 2010 3.34%)			
Banks 5.18% (31 December 2010 7.86%)			
439,740	HSBC	2,159	1.49
7,571,235	Lloyds Banking	1,957	1.35
16,786,553	Royal Bank of Scotland	3,382	2.34
		7,498	5.18
Beverages 1.41% (31 December 2010 0.00%)			
145,404	Diageo	2,045	1.41
Chemicals 3.30% (31 December 2010 6.40%)			
137,397	Croda International	2,479	1.72
208,151	Victrex	2,281	1.58
		4,760	3.30
Electricity 1.81% (31 December 2010 0.00%)			
202,382	Scottish & Southern Energy	2,611	1.81
Electronic & Electrical Equipment 1.54% (31 December 2010 3.72%)			
173,671	Spectris	2,221	1.54
Financial Services 2.97% (31 December 2010 2.85%)			
1,004,639	Aberdeen Asset Management	2,114	1.46
653,836	Ashmore	2,183	1.51
		4,297	2.97
Fixed Line Telecommunications 0.00% (31 December 2010 3.06%)			
Food Producers 0.00% (31 December 2010 1.45%)			
General Financial 0.00% (31 December 2010 3.16%)			
General Industrials 0.00% (31 December 2010 2.23%)			
General Retailers 5.33% (31 December 2010 0.00%)			
3,781,688	Debenhams	2,210	1.53
835,664	Inchcape	2,438	1.69
111,541	Next	3,053	2.11
		7,701	5.33
Household Goods 1.61% (31 December 2010 1.09%)			
529,507	Bovis Homes	2,321	1.61

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Industrial Engineering 7.25% (31 December 2010 7.35%)			
249,078	IMI	1,883	1.30
694,971	Melrose	2,362	1.63
156,556	Rotork	3,017	2.09
172,321	Spirax-Sarco	3,217	2.23
		10,479	7.25
Life Insurance 3.26% (31 December 2010 2.02%)			
738,117	Prudential	4,706	3.26
Media 8.91% (31 December 2010 8.37%)			
412,511	British Sky Broadcasting	3,022	2.09
1,110,327	ITE	2,265	1.57
3,859,231	ITV	2,626	1.82
495,968	Reed Elsevier	2,567	1.78
192,377	Rightmove	2,387	1.65
		12,867	8.91
Mining 4.35% (31 December 2010 8.88%)			
61,569	Rio Tinto	1,924	1.33
447,038	Xstrata	4,363	3.02
		6,287	4.35
Mobile Telecommunications 3.45% (31 December 2010 0.00%)			
495,875	Inmarsat	2,003	1.39
1,666,727	Vodafone	2,982	2.06
		4,985	3.45
Multiutilities 0.00% (31 December 2010 0.96%)			
Oil & Gas Producers 4.18% (31 December 2010 11.38%)			
314,845	BG	4,334	3.00
2,538,956	BowLeven	1,707	1.18
		6,041	4.18
Oil Equipment, Services & Distribution 3.52% (31 December 2010 3.45%)			
163,346	Petrofac	2,351	1.63
425,803	Wood (John)	2,725	1.89
		5,076	3.52
Pharmaceuticals & Biotechnology 8.86% (31 December 2010 1.57%)			
88,475	AstraZeneca	2,626	1.82
691,989	GlaxoSmithKline	10,179	7.04
		12,805	8.86
Software & Computer Services 11.85% (31 December 2010 5.15%)			
366,858	Aveva	5,224	3.61
544,991	Computacenter	1,824	1.26
896,827	Invensys	1,888	1.31
1,087,928	Misys	2,527	1.75
912,978	Sage	2,672	1.85
463,927	TeleCity	2,992	2.07
		17,127	11.85

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	Speciality Retailers 1.74% (31 December 2010 0.00%)		
816,358	Carphone Warehouse	2,523	1.74
	Support Services 10.19% (31 December 2010 4.32%)		
295,042	Aggreko	5,951	4.12
679,656	Ashtead	1,529	1.06
402,743	Babcock International	2,954	2.04
469,438	PayPoint	2,582	1.79
214,642	Travis Perkins	1,708	1.18
		14,724	10.19
	Technology Hardware & Equipment 0.00% (31 December 2010 1.01%)		
	Travel & Leisure 2.80% (31 December 2010 6.96%)		
107,703	Carnival	2,290	1.57
1,206,747	IAG	1,779	1.23
		4,069	2.80
	Overseas 2.68% (31 December 2010 1.59%)		
	Europe 1.74% (31 December 2010 0.00%)		
	Europe Equities 1.74% (31 December 2010 0.00%)		
	Norway Equities 1.74% (31 December 2010 0.00%)		
850,959	London Mining	2,519	1.74
	Asia Pacific (excluding Japan) 0.94% (31 December 2010 0.00%)		
	Asia Pacific (excluding Japan) Equities 0.94% (31 December 2010 0.00%)		
	Australia Equities 0.94% (31 December 2010 0.00%)		
112,791	First Quantum Minerals	1,358	0.94
	North America Equities 0.00% (31 December 2010 1.59%)		
	Canada Equities 0.00% (31 December 2010 1.59%)		
	Investment assets	142,361	98.50
	Net other assets	2,167	1.50
	Total net assets	144,528	100.00

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

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 January 2011 to 31 December 2011

	Notes	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Income					
Net capital (losses)/gains	2		(26,077)		34,004
Revenue	3	3,603		2,558	
Expenses	4	(3,461)		(3,226)	
Finance costs: Interest	6	(1)		(2)	
Net revenue/(expense) before taxation		141		(670)	
Taxation	5	(55)		(14)	
Net revenue/(expense) after taxation			86		(684)
Total return before distributions			(25,991)		33,320
Finance costs: Distributions	6		(432)		-
Change in net assets attributable to shareholders from investment activities			(26,423)		33,320

Statement of change in net assets attributable to shareholders

for the year from 1 January 2011 to 31 December 2011

	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Opening net assets attributable to shareholders		148,765		141,801
Amounts received on issue of shares	7,105		3,536	
Transfer of assets from UK Equity Blend*	33,851		-	
Amounts paid on cancellation of shares	(19,146)		(29,839)	
		21,810		(26,303)
Stamp duty reserve tax		(55)		(53)
Change in net assets attributable to shareholders from investment activities		(26,423)		33,320
Retained distribution on accumulation shares		431		-
Closing net assets attributable to shareholders		144,528		148,765

*Further information on the restructure is contained within the Report of the Directors on page 9.

The notes on pages 98 to 105 form an integral part of these financial statements.

Balance sheet

as at 31 December 2011

	Notes	31.12.11 £'000	31.12.11 £'000	31.12.10 £'000	31.12.10 £'000
Assets					
Investment assets			142,361		146,037
Debtors	7	657		1,579	
Cash and bank balances	8	2,339		2,491	
Total other assets			2,996		4,070
Total assets			145,357		150,107
Liabilities					
Creditors	9	(829)		(1,342)	
Total other liabilities			(829)		(1,342)
Total liabilities			(829)		(1,342)
Net assets attributable to shareholders			144,528		148,765

The notes on pages 98 to 105 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 January 2011 to 31 December 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia UK Best Ideas Fund are included on pages 15 to 16 of the Notes to the aggregated financial statements.

2 Net capital (losses)/gains

The net capital (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities

Gains/(losses) on currency contracts

Gains on derivative contracts

Handling charges

Net capital (losses)/gains

01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
(26,713)	34,063
1	(34)
655	-
(20)	(25)
(26,077)	34,004

3 Revenue

Bank and term deposit interest

Non-distributable stock dividends

Non-taxable overseas dividends

UK dividends

Total revenue

01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
8	8
8	35
450	332
3,137	2,183
3,603	2,558

Notes to the financial statements (continued)

4 Expenses

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,205	2,093
	2,205	2,093
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	21	22
Safe custody fees	5	5
	26	27
Other expenses:		
Administration fees	284	250
Audit fees	8	7
Investment adviser's fees	927	840
Legal fees	1	-
Printing fees	4	2
Registration fees	4	4
Risk monitoring fees	2	3
	1,230	1,106
Total expenses	3,461	3,226

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Overseas tax direct charge	9	-
Overseas tax suffered	46	22
Reclaims written on	-	(8)
Total current tax charge for the year (see note 5(b))	55	14
Deferred tax charge/(credit) for the year (see note 5(c))	-	-
Total taxation for the year	55	14

b) Factors affecting current tax charge for the year

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net revenue/(expense) before taxation	141	(670)
Corporation tax at 20% (31 December 2010: 20%)	28	(134)
Effects of:		
Excess expenses for which no relief taken	691	644
Franked investment revenue at 20%	(627)	(437)
Non-taxable overseas dividends	(90)	(66)
Non-taxable stock dividends	(2)	(7)
Overseas tax suffered	55	14
Total current tax charge for year (see note 5(a))	55	14

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

c) Movement in deferred tax

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge/(credit) for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 31 December 2011 the sub-fund had surplus management expenses of £18,918,472 (31 December 2010: £15,464,959), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and, therefore, no deferred tax asset has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

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

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Interim (30 June)	431	-
Final (31 December)	-	-
	431	-
Amounts deducted on cancellation of shares	6	-
Amounts received on issue of shares	(5)	-
Finance costs: Distributions	432	-
Finance costs: Interest	1	2
Total finance costs	433	2
Reconciliation of distributions:		
Net revenue/(expense) after taxation	86	(684)
Non-distributable stock dividends	(8)	(35)
Revenue deficit carried forward	354	719
Finance costs: Distributions	432	-

Details of the interim and final distributions per share are set out in the table on page 106.

7 Debtors

	31.12.11 £'000	31.12.10 £'000
Accrued revenue	450	176
Amounts receivable for issue of shares	-	70
Income tax recoverable	-	3
Overseas tax recoverable	55	35
Sales awaiting settlement	152	1,295
Total debtors	657	1,579

8 Cash and bank balances

	31.12.11 £'000	31.12.10 £'000
Cash and bank balances	2,339	2,491
Total cash and bank balances	2,339	2,491

9 Creditors

	31.12.11 £'000	31.12.10 £'000
Accrued Authorised Corporate Director's periodic charge	184	187
Accrued Depositary's fees	2	2
Accrued expenses	160	122
Amounts payable for cancellation of shares	114	129
Purchases awaiting settlement	369	902
Total creditors	829	1,342

Notes to the financial statements (continued)

10 Related party transactions

Skandia Investment Management Limited, as ACD, is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies received on issue and paid on cancellation are disclosed in the statement of change in net assets attributable to shareholders on page 13. Any amounts due to or from Skandia Investment Management Limited at the end of the year in respect of transactions of shares in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to Skandia Investment Management Limited, as ACD, are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

11 Derivatives and other financial instruments

a) Financial instrument risk

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

Equity shares and equity related shares.

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

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

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

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

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

The inherent risks remain unchanged since the last Annual Report was produced. However the risks have heightened due to global investor uncertainty following political unrest in the Middle East and North Africa and the deepening of the crisis in Europe. There are also concerns over slower growth and inflation in emerging markets.

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

b) Currency exposures

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

The direct foreign currency exposure of the sub-fund as at 31 December 2011 (31 December 2010) was as follows:

	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures*	exposures		exposures*	exposures	
	31.12.11	31.12.11	31.12.11	31.12.10	31.12.10	31.12.10
	£'000	£'000	£'000	£'000	£'000	£'000
Canadian Dollar	-	(143)	(143)	-	2,370	2,370
Euro	-	10	10	-	35	35
Swiss Franc	7	-	7	3	-	3
US Dollar	42	70	112	18	23	41
Total	49	(63)	(14)	21	2,428	2,449

*For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk

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

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 December 2011 (31 December 2010) was as follows:

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
31.12.11				
Euro	-	-	11	11
Sterling	2,290	-	142,937	145,227
Swiss Franc	7	-	-	7
US Dollar	42	-	70	112
Total	2,339	-	143,018	145,357

31.12.10				
Canadian Dollar	-	-	2,370	2,370
Euro	-	-	35	35
Sterling	2,470	-	145,188	147,658
Swiss Franc	3	-	-	3
US Dollar	18	-	23	41
Total	2,491	-	147,616	150,107

Currency	Variable rate financial liabilities*	Financial liabilities not carrying interest	Total
	£'000	£'000	£'000
31.12.11			
Canadian Dollar	-	(143)	(143)
Euro	-	(1)	(1)
Sterling	-	(685)	(685)
Total	-	(829)	(829)

31.12.10			
Sterling	-	(1,342)	(1,342)
Total	-	(1,342)	(1,342)

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

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

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

d) Credit risk

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

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

e) Counterparty risk

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

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

f) Liquidity risk

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

g) Market risk

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

h) Fair value of financial assets and financial liabilities

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

i) Sensitivity analysis

In the opinion of the ACD the use of derivatives within the sub-fund does not have a significant impact on the operations of the sub-fund and, accordingly, a sensitivity analysis is not presented.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 December 2010: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs

	31.12.11 £'000	31.12.11 £'000
Purchases in the year before transaction costs		222,556
Commissions	272	
Other costs	735	
Total purchase costs		1,007
Gross purchase total		223,563
Analysis of total sale costs		
Gross sales in the year before transaction costs		202,268
Commissions	(196)	
Other costs	-	
Total sales costs		(196)
Total sales net of transaction costs		202,072

14 Shareholders' funds

The details of the shareholders' funds for the Skandia UK Best Ideas Fund are included on page 23 of the Notes to the aggregated financial statements.

The net asset value of the sub-fund, net asset value per share and number of shares in issue are given in the comparative table on page 91.

Distribution tables

Final distribution

Group 1: Shares purchased prior to 1 July 2011
 Group 2: Shares purchased from 1 July 2011 to 31 December 2011

	Net revenue pence per share	Equalisation pence per share*	Distribution payable 28.02.12 pence per share	Distribution paid 28.02.11 pence per share
Accumulation shares				
Group 1	-	-	-	-
Group 2	-	-	-	-

Interim distribution

Group 1: Shares purchased prior to 1 January 2011
 Group 2: Shares purchased from 1 January 2011 to 30 June 2011

	Net revenue pence per share	Equalisation pence per share*	Distribution paid 31.08.11 pence per share	Distribution paid 31.08.10 pence per share
Accumulation shares				
Group 1	0.1446	-	0.1416	-
Group 2	0.0830	0.0586	0.1416	-

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

UK Strategic Best Ideas Fund

Launch date	19 September 2007
Sector classification	UK All Companies
Investment adviser	Artemis Investment Management Limited Aviva Investors Global Services Limited BlackRock Investment Management (UK) Limited Henderson Global Investors Limited Polar Capital LLP SVM Asset Management Limited
Net asset value	£52,059,387

Objective

The sub-fund aims to provide long term total return through investment in predominantly UK securities.

Policy

The sub-fund will predominantly invest in a portfolio of equities and equity related securities (including derivatives).

Derivatives (primarily contracts for difference) may be used with the aim of creating positions which increase in value as the price of the underlying investment falls, or alternatively positions which increase in value as the price of the underlying investment rises.

The Fund may invest up to 10% of its property in collective investment schemes including those that are managed or operated by the ACD or an associate of the ACD.

Performance record

Net asset value

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

Date	Net asset value of sub-fund	Shares in issue	Net asset value per share
31.12.09			
Accumulation	£68,348,971	139,117,012	49.13p
31.12.10			
Accumulation	£64,862,402	111,363,832	58.24p
31.12.11			
Accumulation	£52,059,387	95,621,119	54.44p

Comparative table

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

Calendar year	Highest price	Lowest price
2007*		
Accumulation	52.26p	49.19p
2008		
Accumulation	51.54p	40.03p
2009		
Accumulation	50.58p	40.07p
2010		
Accumulation	58.91p	46.59p
2011		
Accumulation	60.64p	49.78p

*from 19 September 2007

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

Calendar year	Pence per share
2007*	
Accumulation	-
2008	
Accumulation	0.2763p
2009	
Accumulation	1.8263p
2010	
Accumulation	-
2011	
Accumulation	-
2012**	
Accumulation	-

*from 19 September 2007

**to ex-dividend date of 31 December 2011 (payable on 28 February 2012)

Investment Manager's review

The UK equity market, heavily weighted to companies highly exposed to global trade, faced repeated bouts of volatility in 2011. Political unrest in the Middle East and North Africa unsettled the market early on, followed by a devastating earthquake/ tsunami in Japan in March and worries about rising inflation all made for a challenging backdrop. Meanwhile, worries over the worsening debt crisis in the Eurozone undermined investor sentiment periodically throughout the year. Signs of slower global growth and persistent inflation in emerging markets were other sources of concern. The US equity market was one of the best performers, benefiting from a perception of being a relatively safer investment haven, and from signs of improving economic conditions in the final months of the year. Asia Pacific and emerging market equities were hindered by the revival in risk aversion. In bond markets, corporate bonds initially performed strongly but later weakened as risk appetite declined. An improvement in market tone, led to some recovery in the last quarter of the year. Over the period as a whole, the FTSE All Share Index returned -3.5% in Sterling terms. The UK economy was sluggish over the period, with consumption very weak as the increase in inflation outpaced the rise in wages, while unemployment rose. As the end of the year approached, the government's austerity programme appeared to be contributing to a slowdown in growth, and expectations of a recession in 2012 mounted.

The UK Strategic Best Ideas Fund lagged its sector over the reporting interval. Among the main detractors from performance was an overweight holding in pub owner Enterprise Inns, while not holding Royal Dutch Shell and having a very underweight position in British American Tobacco, as the latter two stocks both performed well. On the positive side, the sub-fund's 'short' positions (which enabled it to benefit from share price falls) added value overall, while stock selection among medium-sized companies, to which the sub-fund has a relatively high exposure, was strong in aggregate.

Portfolio allocation

UK Equities	80.75%
Ireland Equities	1.58%
Germany Equities	1.09%
Luxumburg Equities	1.01%
Spain Derivatives	0.24%
UK Derivatives	(0.08)%

Net other assets	15.41%
------------------	--------

Total	100.00%
--------------	----------------

Asset allocation

Equities	84.43%
Derivatives	0.16%

Net other assets	15.41%
------------------	--------

Total	100.00%
--------------	----------------

Major Holdings
Percentage of portfolio

Compass	5.04%
Vodafone	4.76%
Imperial Tobacco	3.72%
Wolseley	3.59%
BP	3.36%
ITV	3.25%
BG	2.48%
Weir	2.19%
Aveva	2.05%
Spirax-Sarco	1.97%

Number of holdings	49
---------------------------	-----------

Total expense ratio

31.12.10	2.57%
31.12.11	2.56%

All information is at 31 December 2011 unless otherwise stated.

Portfolio statement

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
	United Kingdom 80.67% (31 December 2010 84.11%)		
	United Kingdom Derivatives (0.08)% (31 December 2010 (0.86)%)		
	Banks Open Contracts for Difference (0.00)% (31 December 2010 (0.02)%)		
	Construction & Materials Open Contracts for Difference (0.08)% (31 December 2010 (0.06)%)		
(53,250)	CRH Open Contract for Difference	(44)	(0.08)
	Financial Services Open Contracts for Difference (0.05)% (31 December 2010 0.00%)		
(137,000)	IG Open Contract for Difference	(44)	(0.09)
(54,000)	Provident Financial Open Contract for Difference	20	0.04
		(24)	(0.05)
	Food Producers Open Contracts for Difference 0.00% (31 December 2010 (0.22)%)		
	Forestry & Paper Open Contracts for Difference (0.05)% (31 December 2010 0.00%)		
(126,000)	Mondi Open Contract for Difference	(24)	(0.05)
	General Retailers Open Contracts for Difference 0.28% (31 December 2010 (0.09)%)		
(905,119)	Kesa Electricals Open Contract for Difference	152	0.28
	Life Insurance Open Contracts for Difference (0.03)% (31 December 2010 0.00%)		
(70,000)	Prudential Open Contract for Difference	(14)	(0.03)
	Media Open Contracts for Difference (0.01)% (31 December 2010 0.00%)		
(850)	WPP Open Contract for Difference	(6)	(0.01)
	Mining Open Contracts for Difference (0.05)% (31 December 2010 (0.21)%)		
(15,000)	Anglo American Open Contract for Difference	(13)	(0.02)
(55,000)	Antofagasta Open Contract for Difference	(17)	(0.03)
		(30)	(0.05)
	Non-Life Insurance Open Contracts for Difference 0.00% (31 December 2010 0.03%)		
	Software & Computer Services Open Contracts for Difference 0.10% (31 December 2010 0.00%)		
(285,000)	Misys Open Contract for Difference	51	0.10
	Support Services Open Contracts for Difference (0.19)% (31 December 2010 (0.29)%)		
(30,000)	Intertek Open Contract for Difference	3	0.01
(130,000)	Michael Page Open Contract for Difference	(28)	(0.05)
(372,962)	Mitie Open Contract for Difference	(80)	(0.15)
		(105)	(0.19)

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
United Kingdom Equities 80.75% (31 December 2010 84.97%)			
Banks 3.62% (31 December 2010 4.19%)			
280,000	Barclays	492	0.95
57,000	Standard Chartered	803	1.54
2,273,422	Lloyds Banking	587	1.13
		1,882	3.62
Chemicals 2.78% (31 December 2010 4.14%)			
459,233	Elementis	630	1.21
74,678	Victrix	818	1.57
		1,448	2.78
Consumer Goods - Automobiles & Parts 0.61% (31 December 2010 0.95%)			
174,590	GKN	319	0.61
Electronic & Electrical Equipment 1.57% (31 December 2010 1.70%)			
64,000	Spectris	819	1.57
Financial Services 1.58% (31 December 2010 2.78%)			
769,762	Grainger Trust	823	1.58
Fixed Line Telecommunications 1.80% (31 December 2010 0.00%)			
68,000	Virgin Media	935	1.80
Food & Drug Retailers 1.60% (31 December 2010 1.22%)			
164,559	Greggs	833	1.60
Food Producers 2.67% (31 December 2010 0.00%)			
296,704	Devro	762	1.46
29,000	Unilever	627	1.21
		1,389	2.67
General Industrials 0.00% (31 December 2010 2.94%)			
General Retailers 2.96% (31 December 2010 3.08%)			
273,700	Kingfisher	686	1.31
31,329	Next	857	1.65
		1,543	2.96
Household Goods 1.61% (31 December 2010 2.68%)			
190,704	Bovis Homes	837	1.61
Industrial Engineering 8.60% (31 December 2010 6.18%)			
108,443	Babcock	795	1.53
73,000	IMI	552	1.06
2,011	Rotork	964	1.85
55,000	Spirax-Sarco	1,027	1.97
56,154	Weir	1,141	2.19
		4,479	8.60

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Life Insurance 0.00% (31 December 2010 1.77%)			
Media 8.19% (31 December 2010 9.32%)			
131,851	British Sky Broadcasting	966	1.86
459,700	ITE	938	1.80
2,487,711	ITV	1,693	3.25
128,628	Reed Elsevier	666	1.28
		4,263	8.19
Mining 4.76% (31 December 2010 6.38%)			
132,000	African Minerals	576	1.10
15,000	Anglo American	357	0.69
490,000	Centamin	401	0.77
16,249	Rio Tinto	508	0.98
65,000	Xstrata	634	1.22
		2,476	4.76
Mobile Telecommunications 4.76% (31 December 2010 7.00%)			
1,385,045	Vodafone	2,478	4.76
Oil & Gas Producers 8.50% (31 December 2010 6.99%)			
93,730	BG	1,290	2.48
380,000	BP	1,747	3.36
210,000	Centrica	607	1.17
56,000	Tullow Oil	782	1.49
		4,426	8.50
Oil Equipment Services & Distribution 0.93%; (31 December 2010 3.13%)			
33,802	Petrofac	486	0.93
Personal Goods 0.00% (31 December 2010 1.55%)			
Pharmaceuticals & Biotechnology 1.70% (31 December 2010 0.00%)			
60,000	Glaxosmithkline	883	1.70
Software & Computer Services 2.05% (31 December 2010 1.66%)			
74,951	Aveva	1,067	2.05
Support Services 6.27% (31 December 2010 3.30%)			
47,936	Aggreko	967	1.86
469,851	Shanks	427	0.82
87,781	Wolseley	1,870	3.59
		3,264	6.27

Portfolio statement (continued)

as at 31 December 2011

Holding	Investment	Market value £'000	Percentage of total net assets %
Technology Hardware & Equipment 0.00% (31 December 2010 0.78%)			
Tobacco 5.06% (31 December 2010 2.91%)			
22,800	British American Tobacco	697	1.34
79,536	Imperial Tobacco	1,937	3.72
		2,634	5.06
Travel & Leisure 9.13% (31 December 2010 10.32%)			
431,578	Compass	2,626	5.04
1,260,629	Enterprise Inns	347	0.67
307,452	Stagecoach	833	1.60
467,307	William Hill	946	1.82
		4,752	9.13
Overseas 3.92% (31 December 2010 1.48%)			
France Equities 0.00% (31 December 2010 1.48%)			
Germany Equities 1.09% (31 December 2010 0.00%)			
7,200	Muenchener Rueckve	569	1.09
Ireland Equities 1.58% (31 December 2010 0.00%)			
22,000	Paddy Power	823	1.58
Luxembury Equities 1.01% (31 December 2010 0.00%)			
33,966	SES Global	526	1.01
Spain Derivatives 0.24% (31 December 2010 0.00%)			
(34,541)	Abengoa Open Contract for Difference	125	0.24
Investment assets*		44,035	84.59
Net other assets		8,024	15.41
Total net assets		52,059	100.00

*Including investment liabilities

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

All investments are in ordinary shares unless otherwise stated.

Statement of total return

for the year from 1 January 2011 to 31 December 2011

	Notes	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Income					
Net capital (losses)/gains	2		(3,876)		11,328
Revenue	3	1,241		951	
Expenses	4	(1,515)		(1,616)	
Finance costs: Interest	6	(9)		(2)	
Net expense before taxation		(283)		(667)	
Taxation	5	(13)		1	
Net expense after taxation			(296)		(666)
Total return before distributions			(4,172)		10,662
Finance costs: Distributions	6		-		(1)
Change in net assets attributable to shareholders from investment activities			(4,172)		10,661

Statement of change in net assets attributable to shareholders

for the year from 1 January 2011 to 31 December 2011

	01.01.11 to 31.12.11 £'000	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000	01.01.10 to 31.12.10 £'000
Opening net assets attributable to shareholders		64,862		68,349
Amounts receivable on issue of shares	1,029		1,439	
Amounts payable on cancellation of shares	(9,644)		(15,565)	
		(8,615)		(14,126)
Stamp duty reserve tax		(16)		(22)
Change in net assets attributable to shareholders from investment activities		(4,172)		10,661
Closing net assets attributable to shareholders		52,059		64,862

The notes on pages 115 to 122 form an integral part of these financial statements.

Balance sheet

as at 31 December 2011

	Notes	31.12.11 £'000	31.12.11 £'000	31.12.10 £'000	31.12.10 £'000
Assets					
Investment assets			44,305		56,095
Debtors	7	191		180	
Cash and bank balances	8	8,337		9,448	
Total other assets			8,528		9,628
Total assets			52,833		65,723
Liabilities					
Investment liabilities			(270)		(579)
Creditors	9	(486)		(282)	
Bank overdrafts		(18)		-	
Total other liabilities			(504)		(282)
Total liabilities			(774)		(861)
Net assets attributable to shareholders			52,059		64,862

The notes on pages 115 to 122 form an integral part of these financial statements.

Notes to the financial statements

for the year from 1 January 2011 to 31 December 2011

1 Accounting policies

The applicable accounting policies adopted by the Skandia UK Strategic Best Ideas Fund are included on pages 15 to 16 of the Notes to the aggregated financial statements.

2 Net capital (losses)/gains

The net capital (losses)/gains on investments comprise:

(Losses)/gains on non-derivative securities

Losses on currency contracts

Gains on derivative contracts

Handling charges

Net capital (losses)/gains

01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
(4,523)	11,191
(32)	(23)
707	195
(28)	(35)
(3,876)	11,328

3 Revenue

Bank and term deposit interest

Net unfranked revenue from contracts for differences

Non-distributable stock dividends

Non-taxable overseas dividends

UK dividends

UK REIT dividend

Total revenue

01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
14	-
(211)	(108)
3	12
123	79
1,312	950
-	18
1,241	951

Notes to the financial statements (continued)

4 Expenses

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	880	945
	880	945
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	9	11
Safe custody fees	1	2
	10	13
Other expenses:		
Administration fees	190	209
Audit fees	9	9
Investment advisor fees	403	424
Legal fees	1	-
Registration fees	1	1
Risk monitoring fees	9	8
Underwriting commission	12	7
	625	658
Total expenses	1,515	1,616

Notes to the financial statements (continued)

5 Taxation

a) Analysis of tax charge in the year

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Overseas tax suffered	13	(1)
Total current tax charge for the year (see note 5(b))	13	(1)
Deferred tax charge/(credit) for the year (see note 5(c))	-	-
Total taxation for the year	13	(1)

b) Factors affecting current tax charge for the year

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for an open ended investment company (20%). The differences are explained below:		
Net expense before taxation	(283)	(667)
Corporation tax at 20% (31 December 2010: 20%)	(57)	(133)
Effects of:		
Excess expenses for which no relief taken	344	341
Franked investment revenue at 20%	(262)	(190)
Non-taxable overseas dividends	(24)	(16)
Non-taxable stock dividends	(1)	(2)
Overseas tax suffered	13	(1)
Total current tax charge for the year (see note 5(a))	13	(1)

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

c) Movement in deferred tax

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Deferred tax at the start of the year	-	-
Deferred tax charge/(credit) for the year (see note 5(a))	-	-
Deferred tax at the end of the year	-	-

At 31 December 2011 the sub-fund had surplus management expenses of £6,846,567 (31 December 2010: £5,125,495), which can be utilised against corporation tax in future periods. It is unlikely that the sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised.

Notes to the financial statements (continued)

6 Finance costs

Distributions and interest

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

	01.01.11 to 31.12.11 £'000	01.01.10 to 31.12.10 £'000
Interim (30 June)	-	-
Final (31 December)	-	-
Amounts deducted on cancellation of shares	-	1
Amounts received on issue of shares	-	-
Finance costs: Distributions	-	1
Finance costs: Interest	9	2
Total finance costs	9	3
Reconciliation of distributions:		
Net expense after taxation	(296)	(666)
Non-distributable stock dividends	(3)	(12)
Revenue deficit carried forward	299	679
Finance costs: Distributions	-	1

7 Debtors

	31.12.11 £'000	31.12.10 £'000
Accrued revenue	123	68
Amounts receivable for issue of shares	5	1
Income tax recoverable	-	4
Overseas tax recoverable	7	4
Sales awaiting settlement	56	103
Total debtors	191	180

8 Cash and bank balances

	31.12.11 £'000	31.12.10 £'000
Amount held at futures clearing houses and brokers	1,239	1,223
Cash and bank balances	7,098	8,225
Total cash and bank balances	8,337	9,448

9 Creditors

	31.12.11 £'000	31.12.10 £'000
Accrued Authorised Corporate Director's periodic charge	66	82
Accrued Depositary's fees	1	1
Accrued expenses	39	44
Accrued expenses on contracts for differences	18	12
Accrued Investment advisor fee	94	56
Amounts payable for cancellation of shares	58	87
Purchases awaiting settlement	210	-
Total creditors	486	282

Notes to the financial statements (continued)

10 Related party transactions

Skandia Investment Management Limited, as ACD, is a related party, and acts as principal in respect of all transactions of shares in each sub-fund. The aggregate monies receivable on issue and payable on cancellation are disclosed in the statement of change in net assets attributable to shareholders on page 13. Any amounts due to or from Skandia Investment Management Limited at the end of the accounting period in respect of transactions of shares in each sub-fund are disclosed in notes 7 and 9. Other amounts payable to Skandia Investment Management Limited, as ACD, are disclosed in note 4 and amounts due to it at the year end are disclosed in note 9.

11 Derivatives and other financial instruments

a) Financial instrument risk

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

Equity shares and equity related shares.

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

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

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

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

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

The inherent risks remain unchanged since the last Annual Report was produced. However the risks have heightened due to global investor uncertainty following political unrest in the Middle East and North Africa and the deepening of the crisis in Europe. There are also concerns over slower growth and inflation in emerging markets.

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

b) Currency exposures

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

The direct foreign currency exposure of the sub-fund as at 31 December 2011 (31 December 2010) was as follows:

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	Monetary	Non-monetary	Total	Monetary	Non-monetary	Total
	exposures*	exposures		exposures*	exposures	
	31.12.11	31.12.11	31.12.11	31.12.10	31.12.10	31.12.10
	£'000	£'000	£'000	£'000	£'000	£'000
Danish Krone	110	-	110	-	-	-
Euro	1,012	2,043	3,055	783	923	1,706
Swiss Franc	(18)	-	(18)	2	-	2
US Dollar	1	2	3	-	4	4
Total	1,105	2,045	3,150	785	927	1,712

*For the purpose of the above disclosure, monetary is taken to include only cash or near-cash items.

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

c) Interest rate risk

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

The interest rate risk profile of the sub-fund's financial assets and liabilities at 31 December 2011 (31 December 2010) was as follows:

Currency	Variable rate financial assets*	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
31.12.11				
Danish Krone	110	-	-	110
Euro	1,012	-	2,047	3,059
Sterling	7,214	-	42,447	49,661
US Dollar	1	-	2	3
Total	8,337	-	44,496	52,833

31.12.10				
Euro	783	-	964	1,747
Sterling	8,663	-	55,307	63,970
Swiss franc	2	-	-	2
US Dollar	-	-	4	4
Total	9,448	-	56,275	65,723

Currency	Variable rate financial liabilities*	Financial liabilities not carrying interest	Total
	£'000	£'000	£'000
31.12.11			
Euro	-	(4)	(4)
Sterling	-	(752)	(752)
Swiss franc	(18)	-	(18)
Total	(18)	(756)	(774)

31.12.10			
Euro	-	(41)	(41)
Sterling	-	(820)	(820)
Total	-	(861)	(861)

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

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

Notes to the financial statements (continued)

11 Derivatives and other financial instruments (continued)

d) Credit risk

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

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

e) Counterparty risk

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

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

The sub-fund's use of Over-the-Counter (OTC) derivatives may also require collateral, normally taking the form of cash held as margin with the counterparty. Collateral is held as security should the counterparty be unable to fulfil their contractual obligations under the terms of the contract constituting the invested instrument.

f) Liquidity risk

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

g) Market risk

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

h) Fair value of financial assets and financial liabilities

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

i) Sensitivity analysis

The Investment Manager assesses the market risk of the UK Strategic Best Ideas Fund, including any derivative exposures, using a Value at Risk ('VaR') methodology. VaR is a process that provides the Investment Manager with an estimate of the maximum potential loss that could be expected to occur as a result of changes in market prices over a given period of time in all but a given percentage of circumstances. If the calculated percentage is lower than that of its representative benchmark, the sub-fund's performance should be less volatile than the benchmark, or more volatile if higher than the benchmark. The UK Strategic Best Ideas Fund does not have an official benchmark. However, to provide a representative indication, the FTSE All-Share index has been used for comparison purposes.

As at 31 December 2011, the UK Strategic Best Ideas Fund's VaR was 9.93% (31 December 2010: 8.18%) for one month's period at a probability of 99% using a parametric VaR. i.e. 9.93% is the maximum percentage the sub-fund is likely to lose over a period of one month 99 times out of 100.

For comparison, the FTSE All-Share Index's equivalent risk of maximum loss over a one month period was 12.70% (31 December 2010: 8.92%).

	Minimum	Average	Maximum
UK Strategic Best Ideas Fund:	6.13%	8.64%	13.62%
FTSE All-Share:	7.29%	10.03%	13.78%

It should be noted that the VaR is only an indication of risk and actual price movements may prove to be less or more than predicted.

12 Contingent liabilities

The sub-fund had no contingent liabilities at the Balance sheet date (31 December 2010: £Nil).

Notes to the financial statements (continued)

13 Portfolio transaction costs

Analysis of total purchase costs

	31.12.11 £'000	31.12.11 £'000
Purchases in the year before transaction costs		63,514
Commissions	100	
Other costs	247	
Total purchase costs		347
Gross purchase total		63,861
Analysis of total sale costs		
Gross sales in the year before transaction costs		71,569
Commissions	(102)	
Other costs	(2)	
Total sales costs		(104)
Total sales net of transaction costs		71,465

14 Shareholders' funds

The details of the shareholders' funds for the Skandia UK Strategic Best Ideas Fund are included on page 23 of the Notes to the aggregated financial statements.

The net asset value of the sub-fund, net asset value per share and number of shares in issue are given in the comparative table on page 107.