

**SCOTTISH WIDOWS**

*official pensions and investment provider*



# Scottish Widows Overseas Growth Investment Funds ICVC

Interim Long Report  
for the period ended  
31 May 2012

# Scottish Widows Overseas Growth Investment Funds ICVC

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## The Company

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

Incorporated in Great Britain under registered number IC000164.  
Authorised and regulated by the Financial Services Authority.

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

Scottish Widows Unit Trust Managers Limited

*Registered Office:*

Charlton Place  
Andover  
SP10 1RE

*Head Office:*

15 Dalkeith Road  
Edinburgh  
EH16 5WL

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

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## Investment Adviser

Scottish Widows Investment Partnership Limited

*Registered Office:*

33 Old Broad Street  
London  
EC2N 1HZ

*Business Address:*

Edinburgh One  
60 Morrison Street  
Edinburgh  
EH3 8BE

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

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## Depository

State Street Trustees Limited

*Registered Office:*

20 Churchill Place  
London  
E14 5HJ

*Head Office:*

525 Ferry Road  
Edinburgh  
EH5 2AW

Authorised and regulated by the Financial Services Authority.

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## Independent Auditors

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

## Contents

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### Page

- 2 About the Company\*
- 3 Report of the Authorised Corporate Director\*
- 4 Aggregated Financial Statements

### **Authorised Fund Manager's Report\* and Financial Statements for:**

- 7 American Growth Fund
- 18 American Select Growth Fund
- 25 Euroland Fund
- 33 European Growth Fund
- 44 European Select Growth Fund
- 51 Global Growth Fund
- 59 Global Select Growth Fund
- 67 Japan Growth Fund
- 77 Japan Select Growth Fund
- 84 Pacific Growth Fund
- 96 General Information

\*Collectively, these comprise the Authorised Corporate Director's Report.

## About the Company

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Welcome to the Interim Long Report for the Scottish Widows Overseas Growth Investment Funds ICVC (the "Company") covering the period ended 31 May 2012 (the "Report"). The Authorised Corporate Director (the "ACD") and Authorised Fund Manager of the Company is Scottish Widows Unit Trust Managers Limited, a private company limited by shares which was incorporated in England and Wales on 19 April 1982. Its ultimate holding company is Lloyds Banking Group plc ("Lloyds"), which is incorporated in Scotland.

The Company is an Open-Ended Investment Company ("OEIC") with variable capital, incorporated in Great Britain under registration number IC000164 and is authorised and regulated by the Financial Services Authority (the "FSA") under regulation 12 of the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) ("the OEIC Regulations"), with effect from 14 March 2002.

Shareholders are not liable for the debts of the Company.

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

The Company is structured as an umbrella fund, in that the scheme property of the Company is currently divided among 10 sub-funds, each with different investment objectives. The investment objective and policies and a review of the investment activities during the period are disclosed in the Financial Statements of the individual sub-funds. New sub-funds may be established from time to time by the ACD with the approval of the FSA and Depositary.

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

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

The Financial Statements have been prepared on an aggregate basis including the 10 sub-funds in existence during the period covered by this Interim Long Report, as permitted by the OEIC Regulations and the COLL sourcebook.

As required by the OEIC Regulations and the COLL sourcebook, information for each of the 10 sub-funds has also been included.

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

### **Prospectus changes**

During the period and up to the date of this report, no changes were made to the Company and therefore no changes were reflected in the Prospectus of Scottish Widows Overseas Growth Investment Funds ICVC.

A copy of the Prospectus is available on request.

### **Important Information**

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

## Report of the Authorised Corporate Director

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

N. Machray  
Director  
19 July 2012

## Aggregated Statement of Total Return

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
Income				
Net capital gains*		55,675		129,362
Revenue	29,639		30,400	
Expenses	(7,253)		(8,186)	
Finance costs: Interest	(1)		(22)	
Net revenue before taxation	22,385		22,192	
Taxation*	(3,229)		(3,184)	
Net revenue after taxation		19,156		19,008
<b>Total return before equalisation</b>		<b>74,831</b>		<b>148,370</b>
Finance costs: Equalisation		250		(71)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>75,081</b>		<b>148,299</b>

\*Prior period restated by £13K to disclose overseas capital gains tax in Taxation instead of Net capital gains on the sub-fund Pacific Growth Fund.

## Aggregated Statement of Change in Net Assets Attributable to Shareholders

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>1,420,438</b>		<b>1,597,993</b>
Assets transferred from other funds*		24,370		-
Amounts receivable on creation of shares	25,950		12,295	
Less: Amounts payable on cancellation of shares	(63,621)		(81,352)	
		(37,671)		(69,057)
Dilution adjustment		112		137
Stamp duty reserve tax		(3)		(4)
Change in net assets attributable to shareholders from investment activities		75,081		148,299
<b>Closing net assets attributable to shareholders</b>		<b>1,482,327</b>		<b>1,677,368</b>

\*Relating to the transfer of assets from related parties: CMI Continental European Equity Fund, CMI North American Equity Fund, CMI Japanese Equity Fund and CMI Far East Ex Japan Equity Fund.

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

## Aggregated Balance Sheet

as at 31 May 2012 (unaudited)

	31/05/12 £000	30/11/11 £000
<b>Assets</b>		
<b>Portfolio of investments</b>	<b>1,446,199</b>	<b>1,364,408</b>
Debtors	6,075	3,680
Cash and bank balances	34,895	55,101
<b>Total other assets</b>	<b>40,970</b>	<b>58,781</b>
<b>Total assets</b>	<b>1,487,169</b>	<b>1,423,189</b>
<b>Liabilities</b>		
<b>Derivative liabilities</b>	<b>(1,482)</b>	<b>(298)</b>
Creditors	(2,997)	(2,243)
Bank overdrafts	(363)	(210)
<b>Total other liabilities</b>	<b>(3,360)</b>	<b>(2,453)</b>
<b>Total liabilities</b>	<b>(4,842)</b>	<b>(2,751)</b>
<b>Net assets attributable to shareholders</b>	<b>1,482,327</b>	<b>1,420,438</b>

## Notes to the Financial Statements

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### Accounting Policies

The aggregated financial statements represent the summation of the financial statements for each of the sub-funds. The interim financial statements for each of the sub-funds have been prepared on the same basis as the audited financial statements for the year ended 30 November 2011. They are in accordance with the historical cost basis, as modified by the revaluation of investments, and the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association (IMA) in October 2010 (the IMA SORP (2010)), and United Kingdom Generally Accepted Accounting Practice .



# American Growth Fund

## Authorised Fund Manager's Report

for the period 1 December 2011 to 31 May 2012 (unaudited)

### Investment Objective and Policy

To provide long term capital growth through investment in a broad portfolio of primarily North American equities with the emphasis on the USA.

The Fund will invest in a diversified portfolio of predominantly North American equities which may also include convertible securities, preference shares, American depository receipts, other equity backed depository receipts and warrants.

### Investment Review

Performance	01/12/11 to 31/05/12 %	01/12/10 to 30/11/11 %	01/12/09 to 30/11/10 %	01/12/08 to 30/11/09 %	01/12/07 to 30/11/08 %	01/12/06 to 30/11/07 %
American Growth Fund A Accumulation	11.28	1.98	16.61	19.58	(16.91)	5.01
North America Sector Average Return	8.99	(0.38)	17.11	21.22	(20.96)	1.91
Standard and Poor's (S&P) 500 Index	8.38	6.77	15.85	17.24	(17.05)	3.05

Sources: Lipper for American Growth Fund and North America Sector Average Return (funds which invest at least 80% of their assets in North American equities).

Basis: Mid to Mid, net revenue reinvested and net of expenses.

Source: Rimes for the Standard and Poor's (S&P) 500 Index (GBP). Basis: Revenue reinvested and gross of expenses.

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

US equity markets have made positive progress over the last six months, despite giving back some gains in the latter half of the reporting period. The American Growth Fund returned 11.28%, outperforming its benchmark which was up 8.38% over the same timeframe.

Better-than-expected December results from the Institute of Supply Management's manufacturing index got 2012 off to a strong start in the US. The news provided widespread gains for equities. Traders were emboldened by February's labour market report, which showed the US economy continued to add jobs at a fair clip. The all-important non-farm payroll figure hit an above-forecast 227,000 for the month, while the numbers for December and January were also upgraded.

The rally that followed was given further impetus after the Federal Reserve announced the results of the stress tests it had carried out on the country's banks. Of the 19 put through their paces, 15 passed.

More recent economic data have been mixed, however May's consumer confidence reading provided a positive surprise. But the National Association of Realtors' pending home sales index was less encouraging. It fell by 5.5% from the month before in April. And a downward revision to first-quarter GDP figures ensured that the reporting period ended on a damp note. The US economy grew at an annualised rate of 1.9% over the January to March period, not 2.2% as previously estimated.

Finally, there were some downbeat comments from the US Congressional Budget Office. It warned of a US recession in 2013, should policymakers fail to agree on how to prevent looming tax hikes and spending cuts.

At asset level, some of the energy-related holdings were detrimental to performance. US energy companies experienced declines in line with other commodity-related stocks over the first quarter. The sector was also hit by news of a potential plan by the UK, the US, Japan and France to release strategic oil reserves.

In contrast, the Fund derived positive returns from its holding in SolarWinds, a provider of network management solutions. Its share price rose sharply over the first quarter of 2012.

The Fund's position in Harley-Davidson, which was adopted based on our view that improving employment trends would benefit consumer spending, also made a positive contribution.

In light of first-quarter data and early indications that the pace of growth will run a little below 2% in the second quarter of 2012, we have recently downgraded our forecast for US growth this year to 2.2% from 2.5%.

The Federal Reserve is likely to maintain its conditional commitment to keep interest rates very low at least through to the end of 2014. For the immediate future, the issue is the extent (if any) and form of further unconventional policy measures aimed at holding down longer term interest rates and yields.

We expect that relatively defensive areas of the market, such as healthcare, are likely to perform better in the coming months.

Scottish Widows Investment Partnership Limited

June 2012

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

# American Growth Fund

## Portfolio Statement

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (3.74%*)</b>		<b>3,195</b>	<b>3.76</b>
<b>Chemicals</b>			
Air Products & Chemicals	6,024	308	0.36
Airgas	6,466	366	0.43
Ashland	4,351	180	0.21
Dow Chemical	14,216	287	0.34
Ecolab	11,405	470	0.55
PPG Industries	6,941	458	0.54
Praxair	3,297	226	0.27
<b>Forestry &amp; Paper</b>			
Rayonier ***	3,116	86	0.10
<b>Industrial Metals &amp; Mining</b>			
Alcoa	26,143	145	0.17
Nucor	10,706	248	0.29
<b>Mining</b>			
Freeport-McMoRan Copper & Gold	11,611	243	0.29
Newmont Mining	5,763	178	0.21
<b>CONSUMER GOODS (12.18%*)</b>		<b>10,027</b>	<b>11.75</b>
<b>Automobiles &amp; Parts</b>			
Ford Motor	40,938	282	0.33
Harley-Davidson	14,057	430	0.50
Johnson Controls	8,483	167	0.20
<b>Beverages</b>			
Beam	5,321	206	0.24
Coca-Cola	29,394	1,425	1.67
PepsiCo	9,173	404	0.47
<b>Food Producers</b>			
Altria	22,908	474	0.56
Campbell Soup	12,487	258	0.30
ConAgra Foods	17,449	283	0.33
Kraft Foods	17,697	439	0.52
Mead Johnson Nutrition	6,405	338	0.40
Monsanto	5,528	273	0.32
Sara Lee	33,952	462	0.54
Sysco	13,860	251	0.29
<b>Household Goods &amp; Home Construction</b>			
Procter & Gamble	23,412	943	1.11
<b>Leisure Goods</b>			
Brunswick	13,055	185	0.22
Mattel	11,013	222	0.26
Ralph Lauren	2,409	232	0.27
<b>Personal Goods</b>			
Coach	5,834	259	0.30
Colgate-Palmolive	5,212	333	0.39
Kimberly-Clark	6,699	343	0.40
Sally Beauty	17,931	308	0.36

# American Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>Tobacco</b>			
Lorillard	3,934	315	0.37
Philip Morris International	21,793	1,195	1.40
<b>CONSUMER SERVICES (10.09%*)</b>		<b>9,676</b>	<b>11.36</b>
<b>Food &amp; Drug Retailers</b>			
CVS Caremark	16,701	489	0.57
Kroger	15,058	217	0.25
<b>General Retailers</b>			
Amazon.com	4,230	572	0.67
Bed Bath & Beyond	9,289	439	0.52
Home Depot	20,819	668	0.78
LKQ	6,906	160	0.19
Lowe's	20,749	362	0.43
O'Reilly Automotive	6,085	376	0.44
priceline.com	792	326	0.38
Target	11,481	428	0.50
Tiffany	3,599	132	0.16
Wal-Mart Stores	25,963	1,098	1.29
<b>Media</b>			
CBS	16,322	333	0.39
Comcast	44,095	824	0.97
Discovery Communications	10,804	350	0.41
News	36,178	453	0.53
Time Warner	13,855	309	0.36
Time Warner Cable	5,842	286	0.34
Walt Disney	15,104	441	0.52
<b>Travel &amp; Leisure</b>			
Carnival	4,945	102	0.12
McDonald's	10,255	597	0.70
Royal Caribbean Cruises	9,528	148	0.17
Starwood Hotels & Resorts Worldwide	9,025	311	0.37
TripAdvisor	9,148	255	0.30
<b>FINANCIALS (13.86%*)</b>		<b>13,416</b>	<b>15.76</b>
<b>Banks</b>			
Bank of America	117,833	547	0.64
BB&T	5,678	111	0.13
JPMorgan Chase	44,278	943	1.11
M&T Bank	3,659	191	0.22
PNC Financial Services	10,642	422	0.50
Signature Bank	4,985	200	0.23
US Bancorp	30,201	600	0.70
Wells Fargo	67,196	1,376	1.62
<b>Collective Investment Schemes</b>			
SWIP Sterling Liquidity Fund ‡	350,052	350	0.41
<b>Financial Services</b>			
American Express	19,547	700	0.82
Bank of New York Mellon	16,971	224	0.26
Capital One Financial	8,397	276	0.32
Citigroup	30,420	511	0.60
CME	1,571	264	0.31
Franklin Resources	4,038	278	0.33

# American Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

		Market Value £000	Total Net Assets %
	Holdings		
Goldman Sachs	6,005	367	0.43
Mastercard	1,794	476	0.56
Morgan Stanley	20,266	171	0.20
SolarWinds	9,930	297	0.35
State Street	5,966	160	0.19
Visa	5,537	420	0.49
<b>Life Insurance</b>			
Aflac	6,989	179	0.21
MetLife	12,735	244	0.29
Prudential Financial	6,946	209	0.25
<b>Nonlife Insurance</b>			
Allstate	14,348	312	0.37
Berkshire Hathaway	19,682	1,001	1.18
Chubb	3,943	181	0.21
Cincinnati Financial	12,180	280	0.33
Marsh & McLennan	10,656	219	0.26
Travelers	6,916	277	0.33
<b>Real Estate Investment Trusts</b>			
American Tower	4,309	182	0.21
Host Hotels & Resorts	24,151	237	0.28
Public Storage	6,414	549	0.64
Simon Property	7,006	662	0.78
<b>HEALTH CARE (11.19%*)</b>		<b>9,477</b>	<b>11.14</b>
<b>Health Care Equipment &amp; Services</b>			
Abbott Laboratories	17,905	715	0.84
Aetna	10,866	290	0.34
Baxter International	5,749	191	0.22
Cardinal Health	7,186	191	0.22
Express Scripts	15,867	538	0.63
Intuitive Surgical	1,293	444	0.52
McKesson	5,750	323	0.38
Medtronic	11,126	263	0.31
Stryker	7,909	263	0.31
UnitedHealth	18,249	662	0.78
Varian Medical Systems	7,152	277	0.33
WellPoint	4,210	185	0.22
<b>Pharmaceuticals &amp; Biotechnology</b>			
Amgen	9,970	448	0.53
Bristol-Myers Squibb	16,627	360	0.42
Celgene	8,655	385	0.45
Forest Laboratories	11,990	261	0.31
Johnson & Johnson	33,384	1,342	1.58
Life Technologies	5,838	155	0.18
Merck	32,751	791	0.93
Pfizer	97,813	1,393	1.64
<b>INDUSTRIALS (10.50%*)</b>		<b>9,091</b>	<b>10.65</b>
<b>Aerospace &amp; Defence</b>			
Boeing	10,740	482	0.57
General Dynamics	7,064	291	0.34

# American Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>Construction &amp; Materials</b>			
Masco	2,499	20	0.02
Quanta Services	12,730	182	0.21
<b>Electronic &amp; Electrical Equipment</b>			
3M	7,672	419	0.49
Eaton	9,772	273	0.32
Emerson Electric	10,955	333	0.39
United Technologies	9,893	471	0.55
<b>General Industrials</b>			
General Electric	119,853	1,473	1.73
<b>Industrial Engineering</b>			
Caterpillar	7,994	466	0.55
Cummins	7,219	462	0.54
Deere	6,822	334	0.39
Flowserve	3,241	222	0.26
Hexcel	9,931	159	0.19
MSC Industrial Direct	3,815	179	0.21
Precision Castparts	2,362	254	0.30
Stanley Black & Decker	8,539	368	0.43
Thermo Fisher Scientific	9,907	327	0.38
<b>Industrial Transportation</b>			
CSX	24,257	327	0.38
FedEx	5,322	306	0.36
JB Hunt Transport Services	6,391	234	0.27
United Parcel Service	11,356	547	0.64
<b>Support Services</b>			
Fiserv	8,264	356	0.42
Republic Services	16,059	273	0.32
Waste Management	15,785	333	0.39
<b>OIL &amp; GAS (11.82%*)</b>		<b>8,915</b>	<b>10.48</b>
<b>Oil &amp; Gas Producers</b>			
Apache	7,745	408	0.48
Chesapeake Energy	16,666	177	0.21
Chevron	19,683	1,242	1.46
ConocoPhillips	17,723	596	0.70
Exxon Mobil	57,772	2,978	3.50
FMC Technologies	8,521	226	0.27
Hess	6,317	185	0.22
Marathon Oil	14,422	232	0.27
Marathon Petroleum	7,211	170	0.20
Occidental Petroleum	11,896	617	0.72
Phillips 66	8,861	174	0.20
Southwestern Energy	11,491	209	0.25
<b>Oil Equipment, Services &amp; Distribution</b>			
Baker Hughes	8,326	229	0.27
Core Laboratories	2,366	197	0.23
Halliburton	9,906	194	0.23
National Oilwell Varco	9,676	420	0.49
Schlumberger	15,934	661	0.78

# American Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>TECHNOLOGY (17.98%*)</b>		<b>15,479</b>	<b>18.16</b>
<b>Software &amp; Computer Services</b>			
Accenture	7,051	263	0.31
Citrix Systems	7,562	361	0.42
Computer Sciences	6,577	114	0.13
Google	2,831	1,076	1.26
International Business Machines	13,153	1,653	1.94
Microsoft	85,306	1,617	1.90
Oracle	48,020	812	0.95
Teradata	8,595	388	0.46
Yahoo!	23,910	235	0.28
<b>Technology Hardware &amp; Equipment</b>			
Apple	10,228	3,826	4.49
Applied Materials	27,096	183	0.21
Cisco Systems	60,748	643	0.75
Dell	26,619	216	0.25
EMC	27,347	425	0.50
Hewlett-Packard	23,465	345	0.41
Intel	71,106	1,199	1.41
KLA-Tencor	8,462	251	0.29
Linear Technology	16,710	314	0.37
Motorola Solutions	7,781	240	0.28
QUALCOMM	27,054	1,004	1.18
Texas Instruments	13,032	244	0.29
Xerox	14,964	70	0.08
<b>TELECOMMUNICATIONS (2.55%*)</b>		<b>2,598</b>	<b>3.05</b>
<b>Fixed Line Telecommunications</b>			
AT&T	64,846	1,418	1.66
CenturyLink	6,685	169	0.20
Verizon Communications	33,055	884	1.04
Windstream	21,078	127	0.15
<b>UTILITIES (3.47%*)</b>		<b>2,949</b>	<b>3.47</b>
<b>Electricity</b>			
AES	36,525	290	0.34
CMS Energy	30,883	458	0.54
Exelon	15,702	373	0.44
FirstEnergy	12,908	387	0.45
PG&E	11,730	329	0.39
Progress Energy	14,272	502	0.59
Southern	14,921	442	0.52
<b>Gas, Water &amp; Multiutilities</b>			
AGL Resources	7,029	168	0.20

# American Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Market Value £000	Total Net Assets %
<b>DERIVATIVES (0.00%*)</b>	<b>(25)</b>	<b>(0.02)</b>
<b>Forward Currency Contracts</b>		
<b>US Dollars</b>		
Bought USD1,400,000 for GBP885,096 Settlement 22/06/2012	19	0.02
Bought USD683,000 for GBP431,141 Settlement 22/06/2012	10	0.01
Bought USD133,500 for GBP84,030 Settlement 22/06/2012	2	-
Bought USD78,285 for GBP48,471 Settlement 22/06/2012	2	-
Bought USD69,350 for GBP42,872 Settlement 22/06/2012	2	-
Bought USD194,850 for GBP124,419 Settlement 22/06/2012	1	-
Bought USD65,685 for GBP42,319 Settlement 22/06/2012	-	-
Sold USD69,250 for GBP44,185 Settlement 22/06/2012	(1)	-
Sold USD69,470 for GBP43,865 Settlement 22/06/2012	(1)	-
Sold USD69,900 for GBP43,612 Settlement 22/06/2012	(2)	-
Sold USD70,110 for GBP43,311 Settlement 22/06/2012	(2)	-
Sold USD70,125 for GBP43,307 Settlement 22/06/2012	(2)	-
Sold USD136,680 for GBP86,210 Settlement 22/06/2012	(2)	-
Sold USD208,420 for GBP131,592 Settlement 22/06/2012	(3)	-
Sold USD205,000 for GBP129,318 Settlement 22/06/2012	(3)	-
Sold USD139,900 for GBP87,037 Settlement 22/06/2012	(3)	-
Sold USD140,200 for GBP86,998 Settlement 22/06/2012	(4)	-
Sold USD209,900 for GBP130,452 Settlement 22/06/2012	(5)	(0.01)
Sold USD210,320 for GBP130,047 Settlement 22/06/2012	(6)	(0.01)
<b>Futures</b>		
S&P Mini 500 Index Futures June 2012	(27)	(0.03)
<b>Portfolio of investments^</b>	<b>84,798</b>	<b>99.56</b>
<b>Net other assets</b>	<b>377</b>	<b>0.44</b>
<b>Total net assets</b>	<b>85,175</b>	<b>100.00</b>

All investments held are listed, unless otherwise stated.

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

\* Comparative figures shown in brackets relate to 30 November 2011.

\*\*\* Real Estate Investment Trust (REIT).

^ Including derivative liabilities.

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

## American Growth Fund

### Material Portfolio Changes

for the period 1 December 2011 to 31 May 2012 (unaudited)

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
S&P Mini 500 Index Futures March 2012	2,094	S&P Mini 500 Index Futures March 2012	2,198
S&P Mini 500 Index Futures June 2012	1,693	S&P Mini 500 Index Futures December 2011	2,099
SWIP Sterling Liquidity Fund ‡	700	S&P Mini 500 Index Futures June 2012	1,068
Apple	623	SWIP Sterling Liquidity Fund ‡	350
Exxon Mobil	514	Emerson Electric	216
AT&T	481	L-3 Communications	207
Intel	411	CBS	192
Wells Fargo	381	IHS	177
Microsoft	375	Accenture	172
Teradata	362	Ralph Lauren	168

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



# American Growth Fund

## Performance Record

as at 31 May 2012 (unaudited)

### Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/11/09	40,950,498	7,986,183	512.77	1.64
Accumulation 30/11/10	43,190,579	7,247,783	595.91	1.64
Accumulation 30/11/11	39,952,674	6,555,483	609.45	1.64
Accumulation 31/05/12	42,405,639	6,269,583	676.37	1.62
Share Class B				
Accumulation 30/11/09	1,034,404	193,225	535.34	1.26
Accumulation 30/11/10	1,119,852	179,325	624.48	1.26
Accumulation 30/11/11	1,055,366	164,625	641.07	1.26
Accumulation 31/05/12	1,038,010	145,625	712.79	1.25
Share Class X				
Accumulation 30/11/09	22,584,224	3,945,252	572.44	0.13
Accumulation 30/11/10	24,586,502	3,640,682	675.33	0.13
Accumulation 30/11/11	25,235,646	3,599,382	701.11	0.14
Accumulation 31/05/12	41,731,800	5,323,182	783.96	0.12

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

### Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	547.40	485.90	0.3980
Accumulation 2008	537.40	392.70	1.6943
Accumulation 2009	548.40	375.10	1.8980
Accumulation 2010	637.20	520.20	0.5718
Accumulation 2011	662.50	532.10	0.7047
Accumulation 2012*	706.90	637.10	-
Share Class B			
Accumulation 2007	566.90	503.60	2.4842
Accumulation 2008	557.00	408.30	3.7283
Accumulation 2009	572.70	390.50	3.7766
Accumulation 2010	668.00	543.40	2.8208
Accumulation 2011	695.90	559.10	3.1884
Accumulation 2012*	744.40	670.40	-
Share Class X			
Accumulation 2007	593.50	521.70	8.8852
Accumulation 2008	584.40	407.40	9.8275
Accumulation 2009	613.00	414.20	9.7514
Accumulation 2010	723.00	582.10	10.1990
Accumulation 2011	757.60	609.60	11.4312
Accumulation 2012*	816.80	734.00	-

(†) Allocated for accumulation shares.

\* To 31 May 2012.

Share class X is not published.

## American Growth Fund

### Statement of Total Return

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
Income				
Net capital gains		7,264		3,775
Revenue	770		684	
Expenses	(373)		(386)	
Finance costs: Interest	-		(1)	
Net revenue before taxation	397		297	
Taxation	(111)		(99)	
Net revenue after taxation		286		198
<b>Total return before equalisation</b>		<b>7,550</b>		<b>3,973</b>
Finance costs: Equalisation		114		(6)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>7,664</b>		<b>3,967</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>66,244</b>		<b>68,897</b>
Assets transferred from CMI Continental European Equity Fund*		14,300		-
Amounts receivable on creation of shares	1,116		641	
Less: Amounts payable on cancellation of shares	(4,158)		(4,315)	
		(3,042)		(3,674)
Dilution adjustment		9		11
Change in net assets attributable to shareholders from investment activities		7,664		3,967
<b>Closing net assets attributable to shareholders</b>		<b>85,175</b>		<b>69,201</b>

\*Relating to the transfer of assets from a related party.

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# American Growth Fund

## Balance Sheet

as at 31 May 2012 (unaudited)

	31/05/12 £000	30/11/11 £000
<b>Assets</b>		
<b>Portfolio of investments</b>	<b>84,859</b>	<b>64,528</b>
Debtors	262	244
Cash and bank balances	587	1,725
<b>Total other assets</b>	<b>849</b>	<b>1,969</b>
<b>Total assets</b>	<b>85,708</b>	<b>66,497</b>
<b>Liabilities</b>		
<b>Derivative liabilities</b>	<b>(61)</b>	<b>(22)</b>
Creditors	(449)	(231)
Bank overdrafts	(23)	-
<b>Total other liabilities</b>	<b>(472)</b>	<b>(231)</b>
<b>Total liabilities</b>	<b>(533)</b>	<b>(253)</b>
<b>Net assets attributable to shareholders</b>	<b>85,175</b>	<b>66,244</b>

# American Select Growth Fund

## Authorised Fund Manager's Report

for the period 1 December 2011 to 31 May 2012 (unaudited)

### Investment Objective and Policy

To provide long term capital growth through investment in a select portfolio of primarily North American equities with the emphasis on the USA.

The Fund will invest in a select portfolio of predominantly North American equities which may also include convertible securities, preference shares, American depository receipts, other equity backed depository receipts and warrants. The Fund will focus on a limited number of holdings (typically between 30 and 50).

### Investment Review

Performance	01/12/11 to 31/05/12 %	01/12/10 to 30/11/11 %	01/12/09 to 30/11/10 %	01/12/08 to 30/11/09 %	01/12/07 to 30/11/08 %	01/12/06 to 30/11/07 %
American Select Growth Fund A Accumulation	15.28	3.59	21.46	10.25	(15.75)	10.33
North America Sector Average Return	8.99	(0.38)	17.11	21.22	(20.96)	1.91
Standard and Poor's (S&P) 500 Index	8.38	6.77	15.85	17.24	(17.05)	3.05

Sources: Lipper for American Select Growth Fund and North America Sector Average Return (funds which invest at least 80% of their assets in North American equities). Basis: Mid to Mid, net revenue reinvested and net of expenses.

Source: Rimes for the Standard and Poor's (S&P) 500 Index (GBP). Basis: Revenue reinvested and gross of expenses.

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

US equity markets have made positive progress over the last six months, despite giving back some gains in the latter half of the reporting period. The American Select Growth Fund returned 15.28%, significantly outperforming its benchmark which was up 8.38% over the same timeframe.

Better-than-expected December results from the Institute of Supply Management's manufacturing index got 2012 off to a strong start in the US. The news provided widespread gains for equities. Traders were emboldened by February's labour market report, which showed the US economy continued to add jobs at a fair clip. The all-important non-farm payroll figure hit an above-forecast 227,000 for the month, while the numbers for December and January were also upgraded.

The rally that followed was given further impetus after the Federal Reserve announced the results of the stress tests it had carried out on the country's banks. Of the 19 put through their paces, 15 passed.

More recent economic data have been mixed, however. May's consumer confidence reading provided a positive surprise. But the National Association of Realtors' pending home sales index was less encouraging. It fell by 5.5% from the month before in April. And a downward revision to first-quarter GDP figures ensured that the reporting period ended on a damp note. The US economy grew at an annualised rate of 1.9% over the January to March period, not 2.2% as previously estimated.

Finally, there were some downbeat comments from the US Congressional Budget Office. It warned of a US recession in 2013, should policymakers fail to agree on how to prevent looming tax hikes and spending cuts.

At asset level, some of the Fund's energy-related holdings were detrimental to performance. US energy companies experienced declines in line with other commodity-related stocks over the first quarter. The sector was also hit by news of a potential plan by the UK, the US, Japan and France to release strategic oil reserves.

In contrast, our significantly overweight (when compared to the benchmark) position in Harley-Davidson helped to generate the Fund's strong performance. The position was adopted based on our view that improving employment trends in the US would also benefit consumer spending. The Fund also derived positive returns from its holding in SolarWinds, a provider of network management solutions. SolarWinds' share price rose sharply over the first quarter of 2012.

In light of first-quarter data and early indications that the pace of growth will run a little below 2% in the second quarter of 2012, we have recently downgraded our forecast for US growth this year to 2.2% from 2.5%.

The Federal Reserve is likely to maintain its conditional commitment to keep interest rates very low at least through to the end of 2014. For the immediate future, the issue is the extent (if any) and form of further unconventional policy measures aimed at holding down longer term interest rates and yields.

We expect that relatively defensive areas of the market, such as healthcare, are likely to perform better in the coming months. As such we have recently increased the Fund's exposure to these areas.

Scottish Widows Investment Partnership Limited

June 2012

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

# American Select Growth Fund

## Portfolio Statement

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as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (8.58%*)</b>		<b>353</b>	<b>9.42</b>
<b>Chemicals</b>			
Airgas	1,766	100	2.67
Ashland	1,561	64	1.71
Ecolab	2,912	120	3.20
<b>Forestry &amp; Paper</b>			
Rayonier ***	2,487	69	1.84
<b>CONSUMER GOODS (19.89%*)</b>		<b>480</b>	<b>12.82</b>
<b>Automobiles &amp; Parts</b>			
Harley-Davidson	5,866	179	4.78
<b>Beverages</b>			
Coca-Cola	2,138	104	2.78
<b>Food Producers</b>			
Mead Johnson Nutrition	653	34	0.91
<b>Leisure Goods</b>			
Brunswick	1,640	23	0.61
<b>Personal Goods</b>			
Sally Beauty	5,672	97	2.59
<b>Tobacco</b>			
Lorillard	539	43	1.15
<b>CONSUMER SERVICES (6.25%*)</b>		<b>516</b>	<b>13.76</b>
<b>General Retailers</b>			
LKQ	3,684	86	2.29
O'Reilly Automotive	1,554	96	2.56
Wal-Mart Stores	2,423	102	2.72
<b>Media</b>			
Comcast	3,723	70	1.87
<b>Travel &amp; Leisure</b>			
Royal Caribbean Cruises	4,756	74	1.97
TripAdvisor	3,147	88	2.35
<b>FINANCIALS (9.77%*)</b>		<b>563</b>	<b>15.01</b>
<b>Banks</b>			
PNC Financial Services	1,517	60	1.60
Signature Bank	1,551	62	1.65
US Bancorp	4,968	99	2.64
Wells Fargo	5,054	104	2.77
<b>Financial Services</b>			
American Express	3,301	118	3.15
SolarWinds	4,007	120	3.20
<b>HEALTH CARE (10.72%*)</b>		<b>420</b>	<b>11.20</b>
<b>Health Care Equipment &amp; Services</b>			
Intuitive Surgical	242	83	2.21
McKesson	2,347	132	3.52
UnitedHealth	3,054	111	2.96
<b>Pharmaceuticals &amp; Biotechnology</b>			
Pfizer	6,582	94	2.51

# American Select Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>INDUSTRIALS (8.94%*)</b>		<b>292</b>	<b>7.78</b>
<b>Construction &amp; Materials</b>			
Masco	848	7	0.19
<b>Industrial Engineering</b>			
Cummins	934	60	1.60
Hexcel	3,114	50	1.33
MSC Industrial Direct	1,464	69	1.84
Thermo Fisher Scientific	1,507	50	1.33
<b>Industrial Transportation</b>			
JB Hunt Transport Services	1,540	56	1.49
<b>OIL &amp; GAS (8.94%*)</b>		<b>279</b>	<b>7.44</b>
<b>Oil &amp; Gas Producers</b>			
Apache	872	46	1.23
Exxon Mobil	2,211	114	3.04
FMC Technologies	763	20	0.53
Occidental Petroleum	814	42	1.12
<b>Oil Equipment, Services &amp; Distribution</b>			
Core Laboratories	688	57	1.52
<b>TECHNOLOGY (22.67%*)</b>		<b>524</b>	<b>13.98</b>
<b>Software &amp; Computer Services</b>			
Citrix Systems	1,226	59	1.57
International Business Machines	519	65	1.73
Microsoft	3,381	64	1.71
Teradata	854	38	1.01
<b>Technology Hardware &amp; Equipment</b>			
Apple	316	118	3.15
EMC	1,339	21	0.56
Intel	2,383	40	1.07
QUALCOMM	3,208	119	3.18
<b>UTILITIES (4.04%*)</b>		<b>-</b>	<b>-</b>
<b>Portfolio of investments</b>		<b>3,427</b>	<b>91.41</b>
<b>Net other assets</b>		<b>322</b>	<b>8.59</b>
<b>Total net assets</b>		<b>3,749</b>	<b>100.00</b>

All investments held are listed, unless otherwise stated.

\* Comparative figures shown in brackets relate to 30 November 2011.

\*\*\* Real Estate Investment Trust (REIT).

## American Select Growth Fund

### Material Portfolio Changes

for the period 1 December 2011 to 31 May 2012 (unaudited)

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
S&P 500 ETF Trust #	231	S&P 500 ETF Trust #	239
American Express	116	IHS	92
TripAdvisor	98	TreeHouse Foods	82
Wells Fargo	92	Southern	72
Royal Caribbean Cruises	89	Brunswick	65
Brunswick	80	O'Reilly Automotive	52
McKesson	80	Stanley Black & Decker	50
LKQ	70	DFC Global	50
Comcast	69	Accenture	48
Rayonier ***	69	Marsh & McLennan	43

# Exchange Traded Fund.

\*\*\* Real Estate Investment Trust (REIT).

# American Select Growth Fund

## Performance Record

as at 31 May 2012 (unaudited)

### Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/11/09	1,723,273	407,259	423.14	2.04
Accumulation 30/11/10	2,022,394	393,759	513.61	1.98
Accumulation 30/11/11	2,120,168	399,559	530.63	2.10
Accumulation 31/05/12	3,310,103	541,159	611.67	1.92
Share Class X				
Accumulation 30/11/09	627,387	133,499	469.96	0.52
Accumulation 30/11/10	496,867	85,799	579.10	0.48
Accumulation 30/11/11	408,696	67,299	607.28	0.60
Accumulation 31/05/12	439,388	62,299	705.28	0.44

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

### Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	492.50	410.40	-
Accumulation 2008	487.70	351.10	-
Accumulation 2009	450.70	348.60	-
Accumulation 2010	544.50	423.50	-
Accumulation 2011	575.90	444.70	-
Accumulation 2012*	620.80	549.30	-
Share Class X			
Accumulation 2007	532.70	436.10	4.4452
Accumulation 2008	530.70	384.80	7.0295
Accumulation 2009	501.10	384.40	5.2067
Accumulation 2010	614.50	471.50	3.4713
Accumulation 2011	655.20	506.80	4.1314
Accumulation 2012*	714.90	629.60	-

(†) Allocated for accumulation shares.

\* To 31 May 2012.

Share class X is not published.



## American Select Growth Fund

### Statement of Total Return

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
Income				
Net capital gains		411		152
Revenue	22		16	
Expenses	(25)		(21)	
Finance costs: Interest	-		-	
Net expenses before taxation	(3)		(5)	
Taxation	(3)		(2)	
Net expenses after taxation		(6)		(7)
<b>Total return before equalisation</b>		<b>405</b>		<b>145</b>
Finance costs: Equalisation		-		-
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>405</b>		<b>145</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>2,529</b>		<b>2,519</b>
Amounts receivable on creation of shares	920		258	
Less: Amounts payable on cancellation of shares	(106)		(340)	
		814		(82)
Dilution adjustment		1		1
Change in net assets attributable to shareholders from investment activities		405		145
<b>Closing net assets attributable to shareholders</b>		<b>3,749</b>		<b>2,583</b>

*Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.*

## American Select Growth Fund

### Balance Sheet

as at 31 May 2012 (unaudited)

	31/05/12 £000	30/11/11 £000
<b>Assets</b>		
<b>Portfolio of investments</b>	<u>3,427</u>	<u>2,524</u>
Debtors	201	22
Cash and bank balances	<u>132</u>	<u>13</u>
<b>Total other assets</b>	<u>333</u>	<u>35</u>
<b>Total assets</b>	<u>3,760</u>	<u>2,559</u>
<b>Liabilities</b>		
Creditors	<u>(11)</u>	<u>(30)</u>
<b>Total liabilities</b>	<u>(11)</u>	<u>(30)</u>
<b>Net assets attributable to shareholders</b>	<u><u>3,749</u></u>	<u><u>2,529</u></u>

## Authorised Fund Manager's Report

for the period 1 December 2011 to 31 May 2012 (unaudited)

### Investment Objective and Policy

To provide long term capital growth through investment in a select portfolio of primarily equities predominantly in Euroland (consisting of those countries which at any particular time are participating in European Economic and Monetary Union and/or are in the process of replacing or have replaced their national currencies with the Euro).

The Fund will invest in a select portfolio of shares and convertible securities and other investments in which a UCITS scheme equivalent to a securities scheme (see Note below) is authorised to invest. The distribution of investments will change from time to time in accordance with the ACD's view of the investment attractions of different stock markets from time to time. The Fund will focus on a limited number of holdings (typically between 30 and 50).

The ACD reserves the right to exercise the full power of the Fund in relation to borrowing and efficient portfolio management as and when it considers that the circumstances which then exist make it appropriate to do so.

Note: Being a scheme which is dedicated to investment in transferable securities and which can invest not more than 10% in value of the scheme property in unapproved securities, not more than 5% in warrants and not more than 10% in other collective investment schemes. The use of derivatives for this scheme type is restricted to efficient portfolio management.

### Investment Review

Performance	01/12/11 to 31/05/12 %	01/12/10 to 30/11/11 %	01/12/09 to 30/11/10 %	01/12/08 to 30/11/09 %	01/12/07 to 30/11/08 %	01/12/06 to 30/11/07 %
Euroland Fund A Accumulation	2.84	(9.33)	(2.94)	36.14	(32.57)	18.80
Europe (ex-UK) Sector Average Return	N/A	N/A	N/A	N/A	N/A	13.48
Equity EuroZone Sector Average Return *	(8.12)	(9.12)	(6.24)	33.34	(33.77)	N/A
FTSE Eurobloc Index	(8.89)	(7.30)	(5.49)	35.35	(35.65)	20.36

Sources: Lipper for Euroland Fund and Equity EuroZone Sector Average Return. Lipper for the Europe (ex-UK) Sector Average Return (funds which invest at least 80% of their assets in European equities and exclude UK securities). Basis: Mid to Mid, net revenue reinvested and net of expenses.

\* The benchmark Sector was amended for the period ended 30/11/2008. The new benchmark is a more accurate representation of the average return expected to be achieved by funds with a similar investment mandate to Scottish Widows Euroland Fund.

Source: Rimes for the FTSE Eurobloc Index (GBP). Basis: Revenue reinvested and gross of expenses.

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

It was a turbulent six months for European equity markets, with fears over sovereign debt ever-present. After a muted end to 2011, markets started this year in sprightly fashion. Risk appetite was resurgent, with equity markets enjoying a strong rally. Behind the upbeat mood were a number of positive economic releases – especially from the US – and robust corporate results. But perhaps the largest catalyst was the European Central Bank's long-term refinancing operations in December and end-February. This saw the Bank make around €1 trillion available in cheap three-year loans to Europe's struggling lenders. This helped stave off a potentially ruinous credit crunch and gave the financial system some much-needed breathing room.

Thereafter, however, the situation deteriorated. Spain came under renewed stress as markets doubted the government could repair the country's finances. Its banking sector also continued to struggle under the weight of toxic property loans. Political upheaval added to market jitters. Greece failed to elect a majority government at the nation's first election, with voters having to return to the polls in June. The global economy is also wobbling, with fears mounting over the health of the US and Chinese economies. Traders remained nervous for much of the time, shunning riskier assets for the perceived safety of "core" government bonds. Overall, the FTSE Eurobloc index fell by 8.89%.

Turning to the portfolio, a holding in luxury-goods maker Hugo Boss was a notable success. The company delivered excellent results last year, with 2012 set to be another profitable trading period. Sales growth is forecast to be around 10%, while Boss's decision to consolidate its shareholder structure is also a positive. News that Boss had hiked its dividend was also met with approval by market participants. Elsewhere, German real estate firm TAG Immobilien had a lucrative reporting season. Full-year 2011 profits more than tripled on the year before, thanks to rising rental income and falling borrowing costs. Other positives included Andritz and Cie Generale d'Optique Essilor International.

By contrast, a position in Portuguese oil firm Galp Energia proved to be a drag on performance. The challenging economic climate, including severe austerity measures in Europe, has hit demand for oil-based products. The situation has been exacerbated by thinner oil refining margins. Staying with the energy sector, Total had a difficult review period. A leak at one of its North Sea platforms caused investors to take fright, and shares in the Italian group plunged in response. Holdings in Intesa Sanpaolo and ING were also a disappointment.

## Authorised Fund Manager's Report

(continued)

The outlook for the eurozone has darkened further - but all is not lost. Experience shows that it is only when the situation is at its most perilous that Europe's politicians act decisively. The European Council meeting at the end of June would be a good opportunity to start implementing policies that could make a difference to the eurozone's long-term sustainability. These could include a euro-wide banking insurance scheme, an enhanced bail-out mechanism, the foundations of a eurobond and a growth-enhancing investment strategy. And if effective action can be taken in this troubled region, surely the same is possible in the US and China. The government in Beijing, for example, has already shown its willingness to implement large-scale stimulus measures to promote growth; further interventions could therefore be forthcoming.

Thus although investors may have turned more risk-averse, a move by policy makers to acknowledge that their previous strategies haven't worked, followed swiftly by an appropriate set of responses, could be just the tonic that the global economy needs. Markets are likely to remain volatile until that day, however.

Scottish Widows Investment Partnership Limited

June 2012

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

## Portfolio Statement

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as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>AUSTRIA (2.08%*)</b>		<b>350</b>	<b>2.50</b>
Andritz	10,688	350	2.50
<b>BELGIUM (5.02%*)</b>		<b>967</b>	<b>6.91</b>
Anheuser-Busch InBev	13,927	609	4.35
Telenet	13,765	358	2.56
<b>FINLAND (6.21%*)</b>		<b>839</b>	<b>6.01</b>
Fortum	28,398	342	2.45
Metso	8,538	191	1.37
Sampo	20,472	306	2.19
<b>FRANCE (39.17%*)</b>		<b>5,336</b>	<b>38.14</b>
Arkema	7,382	318	2.27
AXA	24,243	177	1.27
BNP Paribas	7,284	146	1.04
Bureau Veritas	8,532	474	3.39
Cie Generale d'Optique Essilor International	7,749	428	3.06
LVMH	5,180	493	3.52
Publicis	15,170	457	3.27
Safran	18,381	400	2.86
Sanofi	16,946	739	5.28
Schneider Electric	11,176	388	2.77
SCOR	22,779	318	2.27
Technip	5,080	306	2.19
Total	17,263	477	3.41
Vinci	8,207	215	1.54
<b>GERMANY (23.34%*)</b>		<b>3,560</b>	<b>25.45</b>
Bayerische Motoren Werke	5,230	259	1.85
Continental	4,077	223	1.59
Daimler	13,204	401	2.87
Deutsche Bank	14,407	333	2.38
Fresenius Medical Care	9,737	418	2.99
HeidelbergCement	12,015	345	2.47
Henkel Preference Shares	5,295	220	1.57
Hochtief	3,905	114	0.82
Hugo Boss Preference Shares	5,662	344	2.46
SAP	16,015	589	4.21
TAG Immobilien	49,769	314	2.24
<b>IRELAND (3.49%*)</b>		<b>437</b>	<b>3.12</b>
Ryanair	131,246	437	3.12
<b>ITALY (5.53%*)</b>		<b>505</b>	<b>3.61</b>
Intesa Sanpaolo	196,555	158	1.13
Saipem	13,624	347	2.48
<b>NETHERLANDS (8.79%*)</b>		<b>1,122</b>	<b>8.02</b>
ING	84,671	318	2.27
Koninklijke DSM	8,709	271	1.94
Unilever	26,402	533	3.81

# Euroland Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>PORTUGAL (0.97%*)</b>		<b>190</b>	<b>1.36</b>
Galp Energia	24,063	190	1.36
<b>Portfolio of investments</b>		<b>13,306</b>	<b>95.12</b>
<b>Net other assets</b>		<b>683</b>	<b>4.88</b>
<b>Total net assets</b>		<b>13,989</b>	<b>100.00</b>

All investments held are listed, unless otherwise stated.

\* Comparative figures shown in brackets relate to 30 November 2011.

## Material Portfolio Changes

for the period 1 December 2011 to 31 May 2012 (unaudited)

	Cost £000		Proceeds £000
<b>Total purchases</b>		<b>Major sales</b>	
Henkel Preference Shares	243	Henkel Preference Shares	367
Continental	242	Total	272
Anheuser-Busch InBev	193	Ansaldo	212
Daimler	158	Hochtief	159
Bayerische Motoren Werke	143	AXA	130
Sanofi	129	Cie Generale d'Optique Essilor International	81
Galp Energia	105	Bayerische Motoren Werke	80
Fortum	91	Daimler	80
Total	91	Arkema	80
HeidelbergCement	90	Ryanair	78

# Euroland Fund

## Performance Record

as at 31 May 2012 (unaudited)

### Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/11/09	4,103,600	2,555,495	160.58	1.75
Accumulation 30/11/10	3,482,373	2,237,395	155.64	1.70
Accumulation 30/11/11	2,909,361	2,061,595	141.12	1.71
Accumulation 31/05/12	2,840,320	1,957,195	145.12	1.74
Share Class X				
Accumulation 30/11/09	16,654,821	9,464,255	175.98	0.25
Accumulation 30/11/10	16,385,321	9,464,255	173.13	0.20
Accumulation 30/11/11	10,760,584	6,751,755	159.37	0.21
Accumulation 31/05/12	11,148,902	6,751,755	165.13	0.24

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

### Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	178.40	152.00	1.2775
Accumulation 2008	183.70	107.80	2.5896
Accumulation 2009	169.00	103.80	2.6622
Accumulation 2010	171.70	139.50	1.2838
Accumulation 2011	187.90	132.60	1.4790
Accumulation 2012*	168.40	142.90	-
Share Class X			
Accumulation 2007	191.10	161.70	3.4929
Accumulation 2008	197.30	117.00	4.8316
Accumulation 2009	185.50	113.10	4.6706
Accumulation 2010	190.80	154.10	4.0444
Accumulation 2011	210.90	149.40	4.5475
Accumulation 2012*	191.10	161.70	-

(†) Allocated for accumulation shares.

\* To 31 May 2012.

Share class X is not published.



# Euroland Fund

## Statement of Total Return

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
Income				
Net capital gains		199		2,320
Revenue	361		367	
Expenses	(39)		(45)	
Finance costs: Interest	-		-	
Net revenue before taxation	322		322	
Taxation	(42)		(41)	
Net revenue after taxation		280		281
<b>Total return before equalisation</b>		<b>479</b>		<b>2,601</b>
Finance costs: Equalisation		-		-
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>479</b>		<b>2,601</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>13,670</b>		<b>19,868</b>
Amounts receivable on creation of shares	50		61	
Less: Amounts payable on cancellation of shares	(210)		(5,297)	
		(160)		(5,236)
Dilution adjustment		-		14
Change in net assets attributable to shareholders from investment activities		479		2,601
<b>Closing net assets attributable to shareholders</b>		<b>13,989</b>		<b>17,247</b>

*Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.*

## Euroland Fund

### Balance Sheet

as at 31 May 2012 (unaudited)

	31/05/12 £000	30/11/11 £000
<b>Assets</b>		
<b>Portfolio of investments</b>	<b>13,306</b>	<b>12,932</b>
Debtors	45	14
Cash and bank balances	652	741
<b>Total other assets</b>	<b>697</b>	<b>755</b>
<b>Total assets</b>	<b>14,003</b>	<b>13,687</b>
<b>Liabilities</b>		
Creditors	(14)	(17)
<b>Total liabilities</b>	<b>(14)</b>	<b>(17)</b>
<b>Net assets attributable to shareholders</b>	<b>13,989</b>	<b>13,670</b>

# European Growth Fund

## Authorised Fund Manager's Report

for the period 1 December 2011 to 31 May 2012 (unaudited)

### Investment Objective and Policy

To provide long term capital growth through investment in a broad portfolio of primarily Continental European equities.

The Fund will invest in a diversified portfolio of primarily Continental European equities which may also include warrants and convertibles listed on any recognised Continental European stock exchange. However, the Fund may invest in other types of investment at the discretion of the ACD.

### Investment Review

Performance	01/12/11 to 31/05/12 %	01/12/10 to 30/11/11 %	01/12/09 to 30/11/10 %	01/12/08 to 30/11/09 %	01/12/07 to 30/11/08 %	01/12/06 to 30/11/07 %
European Growth Fund A Accumulation	(2.14)	(11.37)	(2.45)	29.03	(32.66)	20.98
Europe (ex-UK) Sector Average Return	(0.04)	(9.64)	2.64	34.01	(33.35)	13.48
FTSE Europe (ex-UK) Index	N/A	N/A	(0.08)	36.47	(33.59)	18.19
MSCI Europe (ex-UK) Index*	(5.52)	(5.45)	N/A	N/A	N/A	N/A

Sources: Lipper for European Growth Fund and Europe (ex-UK) Sector Average Return (funds which invest at least 80% of their assets in European equities and exclude UK securities). Basis: Mid to Mid, net revenue reinvested and net of expenses.

Source: Rimes for the MSCI Europe (ex-UK) Index (GBP). Basis: Revenue reinvested and gross of expenses.

\* The benchmark Sector was amended for the period ended 31/05/2011. The new benchmark is a more accurate representation of the average return expected to be achieved by funds with a similar investment mandate to Scottish Widows European Growth Fund.

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

It was a turbulent six months for European equity markets, with fears over sovereign debt ever-present. After a muted end to 2011, markets started this year in sprightly fashion. Risk appetite was resurgent, with equity markets enjoying a strong rally. Behind the upbeat mood were a number of positive economic releases – especially from the US – and robust corporate results. But perhaps the largest catalyst was the European Central Bank's long-term refinancing operations in December and end-February. This saw the Bank make around €1 trillion available in cheap three-year loans to Europe's struggling lenders. This helped stave off a potentially ruinous credit crunch and gave the financial system some much-needed breathing room.

Thereafter, however, the situation deteriorated. Spain came under renewed stress as markets doubted the government could repair the country's finances. Its banking sector also continued to struggle under the weight of toxic property loans. Political upheaval added to market jitters. Greece failed to elect a majority government at the nation's first election, with voters having to return to the polls in June. The global economy is also wobbling, with fears mounting over the health of the US and Chinese economies. Traders remained nervous for much of the time, shunning riskier assets for the perceived safety of "core" government bonds. Overall, the MSCI Europe (ex-UK) index shed 5.52%.

Turning to the portfolio, a position in French aerospace firm Safran boosted the Fund's performance. The company found its shares in demand after it released a strong set of results for the first three months of 2012 and gave an upbeat outlook for the remainder of the year. Sales were up nearly 16% on the same period the year before, to €3.1 billion. Elsewhere, an underweight position in Repsol helped the Fund relative to its benchmark. The Spanish oil giant was on the front pages after the Argentinean government nationalised YPF, a subsidiary of Repsol; investors took fright and offloaded their Repsol stock. Other highlights included Swedish Match and Bureau Veritas.

On the downside, shares in Eutelsat Communications fell dramatically in May after the satellite operator lowered its full-year revenue forecast. Its nine-month figures were robust, but the company was cautious on its outlook, concerned in part by increased competition in the Balkans and Africa. A significant slowdown in multi-usage (more than one service) contracts was also a source of concern. Meanwhile, Telecom Italia suffered after it revealed a net loss for the 12 months to end-December 2011, with performance adversely affected by troubles in Europe's financial markets and the poor outlook for Italy's economy. Holdings in Gas Natural and CaixaBank also disappointed.

The outlook for the eurozone has darkened further - but all is not lost. Experience shows that it is only when the situation is at its most perilous that Europe's politicians act decisively. The European Council meeting at the end of June would be a good opportunity to start implementing policies that could make a difference to the eurozone's long-term sustainability. These could include a euro-wide banking insurance scheme, an enhanced bail-out mechanism, the foundations of a eurobond and a growth-enhancing investment strategy. And if effective action can be taken in this troubled region, surely the same is possible in the US and China. The government in Beijing, for example, has already shown its willingness to implement large-scale stimulus measures to promote growth; further interventions could therefore be forthcoming.

## Authorised Fund Manager's Report

(continued)

Thus although investors may have turned more risk-averse, a move by policy makers to acknowledge that their previous strategies haven't worked, followed swiftly by an appropriate set of responses, could be just the tonic that the global economy needs. Markets are likely to remain volatile until that day, however.

Scottish Widows Investment Partnership Limited

June 2012

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# European Growth Fund

## Portfolio Statement

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as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>AUSTRIA (0.57%*)</b>		<b>2,415</b>	<b>0.65</b>
Erste Group Bank	55,802	622	0.17
Telekom Austria	86,844	496	0.13
Verbund	87,406	1,297	0.35
<b>BELGIUM (1.98%*)</b>		<b>7,787</b>	<b>2.07</b>
Ageas	880,860	932	0.25
Anheuser-Busch InBev	156,790	6,855	1.82
<b>DENMARK (2.01%*)</b>		<b>9,059</b>	<b>2.41</b>
Carlsberg	30,849	1,493	0.40
Danske Bank	142,503	1,218	0.32
DSV	166,793	2,165	0.58
Novo Nordisk	47,960	4,183	1.11
<b>FINLAND (2.42%*)</b>		<b>8,403</b>	<b>2.24</b>
Fortum	86,704	1,043	0.28
Metso	65,552	1,466	0.39
Nokia	507,383	888	0.24
Sampo	183,706	2,743	0.73
Stora Enso	317,565	1,138	0.30
UPM-Kymmene	168,320	1,125	0.30
<b>FRANCE (21.30%*)</b>		<b>79,876</b>	<b>21.25</b>
Accor	89,321	1,741	0.46
Air Liquide	3,697	281	0.08
Air Liquide (Loyalty Bonus)	55,012	4,188	1.11
Alstom	58,174	1,122	0.30
Arkema	30,128	1,299	0.35
AXA	273,189	1,997	0.53
BNP Paribas	165,762	3,312	0.88
Bureau Veritas	52,901	2,937	0.78
Carrefour	90,977	1,028	0.27
Cie de St-Gobain	83,269	1,949	0.52
Cie Generale d'Optique Essilor International	64,301	3,551	0.94
Danone	51,893	2,145	0.57
Eutelsat Communications	105,046	1,822	0.49
France Telecom	288,859	2,353	0.64
GDF Suez	217,760	2,791	0.74
L'Oreal	1,308	95	0.03
L'Oreal (Loyalty Bonus)	28,515	2,074	0.55
LVMH	50,294	4,788	1.27
Pernod-Ricard	15,556	984	0.26
Publicis	68,963	2,080	0.55
Renault	27,069	750	0.20
Safran	118,194	2,569	0.68
Sanofi	202,866	8,853	2.35
Schneider Electric	103,686	3,597	0.96
SCOR	113,070	1,578	0.42
Societe Generale	98,980	1,261	0.34
Technip	35,637	2,145	0.57
Total	333,155	9,212	2.45
Unibail-Rodamco ***	8,840	950	0.25
Vallourec	24,383	613	0.16
Veolia Environnement	134,021	1,000	0.27
Vinci	126,335	3,309	0.88
Vivendi	144,717	1,502	0.40

# European Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>GERMANY (19.81%*)</b>		<b>76,583</b>	<b>20.36</b>
Adidas	43,514	2,075	0.55
Allianz	61,183	3,579	0.95
BASF	116,722	5,299	1.41
Bayer	106,059	4,346	1.16
Bayerische Motoren Werke	72,306	3,587	0.95
Beiersdorf	35,105	1,422	0.38
Commerzbank	821,941	875	0.23
Continental	42,446	2,317	0.62
Daimler	169,789	5,151	1.37
Deutsche Bank	182,866	4,224	1.12
Deutsche Boerse	27,156	831	0.22
Deutsche Lufthansa	214,802	1,469	0.39
Deutsche Post	201,413	2,176	0.58
Deutsche Telekom	431,465	2,734	0.73
E.ON	219,775	2,631	0.70
Fresenius Medical Care	65,982	2,835	0.75
HeidelbergCement	55,458	1,591	0.42
Henkel Preference Shares	63,192	2,628	0.70
Hochtief	35,004	1,024	0.27
Infineon Technologies	206,466	1,052	0.28
Lanxess	29,331	1,259	0.34
Linde	9,660	956	0.25
Merck	38,463	2,289	0.61
Muenchener Rueckversicherungs	15,393	1,239	0.33
Porsche Automobil Preference Shares	32,174	1,066	0.28
RWE	59,259	1,399	0.37
SAP	175,351	6,451	1.72
Siemens	129,723	7,003	1.86
ThyssenKrupp	29,139	323	0.09
Volkswagen Preference Shares	26,348	2,752	0.73
<b>IRELAND (0.91%*)</b>		<b>11,150</b>	<b>2.97</b>
CRH	113,385	1,277	0.34
Ryanair	429,728	1,432	0.38
SWIP Sterling Liquidity Fund ‡	8,440,641	8,441	2.25
<b>ITALY (4.75%*)</b>		<b>15,525</b>	<b>4.13</b>
Assicurazioni Generali	182,335	1,202	0.32
Enel	972,389	1,791	0.48
ENI	317,759	3,890	1.03
Finmeccanica	210,083	450	0.12
Intesa Sanpaolo	1,878,714	1,506	0.40
Saipem	95,435	2,431	0.65
Snam	250,797	627	0.17
Telecom Italia	4,041,999	2,160	0.57
UniCredit	748,481	1,468	0.39
<b>LUXEMBOURG (0.96%*)</b>		<b>3,194</b>	<b>0.85</b>
ArcelorMittal	175,915	1,613	0.43
Tenaris	150,024	1,581	0.42
<b>NETHERLANDS (5.96%*)</b>		<b>19,804</b>	<b>5.27</b>
Akzo Nobel NV	21,949	652	0.17
ASML	84,746	2,521	0.67
ING	794,735	2,981	0.79
Koninklijke Ahold	237,400	1,803	0.48

# European Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

		Market Value £000	Total Net Assets %
Koninklijke DSM	66,163	2,061	0.55
Koninklijke KPN	6,109	38	0.01
Koninklijke Philips Electronics	146,213	1,674	0.45
Reed Elsevier	276,130	1,883	0.50
Unilever	306,718	6,191	1.65
<b>NORWAY (1.78%*)</b>		<b>6,617</b>	<b>1.76</b>
DnB	314,836	1,842	0.49
Norsk Hydro	376,672	1,029	0.27
Statoil	153,545	2,247	0.60
Telenor	83,390	800	0.21
Yara International	28,159	699	0.19
<b>PORTUGAL (0.59%*)</b>		<b>2,710</b>	<b>0.72</b>
Galp Energia	185,349	1,463	0.39
Portugal Telecom	496,444	1,247	0.33
<b>SPAIN (7.63%*)</b>		<b>21,658</b>	<b>5.75</b>
Amadeus IT	120,470	1,413	0.38
Banco Bilbao Vizcaya Argentaria	746,821	2,734	0.73
Banco Santander	1,395,503	4,748	1.26
CaixaBank	360,898	600	0.16
CaixaBank Rights 15/06/2012	360,898	14	-
Gas Natural	227,609	1,632	0.43
Gas Natural Rights 13/06/2012	227,609	85	0.02
Iberdrola	624,921	1,529	0.41
Inditex	49,283	2,634	0.70
Red Electrica	55,936	1,325	0.35
Repsol	86,145	841	0.22
Telefonica	564,618	4,000	1.06
Telefonica Rights 01/06/2012	556,899	103	0.03
<b>SWEDEN (7.10%*)</b>		<b>29,693</b>	<b>7.89</b>
Assa Abloy	65,402	1,113	0.30
Atlas Copco	68,791	930	0.25
Boliden	159,338	1,368	0.36
Electrolux	118,481	1,459	0.39
Gefinge	103,745	1,667	0.44
Hennes & Mauritz	113,067	2,191	0.58
Nordea Bank	387,344	1,856	0.49
Ratos	81,840	480	0.13
Sandvik	151,151	1,274	0.34
Scania	123,825	1,286	0.34
Securitas	394,134	1,859	0.49
Skandinaviska Enskilda Banken	286,969	1,032	0.27
Skanska	112,405	975	0.26
SSAB	190,435	969	0.26
Svenska Handelsbanken	61,048	1,116	0.30
Swedbank	145,654	1,342	0.36
Swedish Match	124,379	3,031	0.81
Tele2	129,604	1,249	0.33
Telefonaktiebolaget LM Ericsson	429,700	2,404	0.64
TeliaSonera	223,899	878	0.23
Volvo	165,532	1,214	0.32

# European Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>SWITZERLAND (20.23%*)</b>		<b>79,826</b>	<b>21.24</b>
ABB	225,068	2,350	0.62
Cie Financiere Richemont	56,331	2,124	0.56
Credit Suisse	220,625	2,768	0.74
GAM	81,668	550	0.15
Holcim	35,931	1,280	0.34
Julius Baer	81,668	1,674	0.45
Kuehne + Nagel International	18,595	1,297	0.35
Lindt & Spruengli	612	1,136	0.30
Nestle	547,046	20,185	5.37
Novartis	397,768	13,404	3.57
Roche	109,644	11,110	2.96
SGS	2,672	3,165	0.84
Swatch	9,207	2,295	0.61
Swiss Re	60,525	2,219	0.59
Syngenta	24,057	5,048	1.34
Transocean	41,905	1,129	0.30
UBS	555,837	4,143	1.10
Zurich Insurance	29,604	3,949	1.05
<b>DERIVATIVES (-0.03%*)</b>		<b>(827)</b>	<b>(0.22)</b>
<b>Forward Currency Contracts</b>			
<b>Euro</b>			
Bought EUR393,660 for GBP318,075 Settlement 22/06/2012		(3)	-
Bought EUR972,400 for GBP781,603 Settlement 22/06/2012		(3)	-
Bought EUR287,300 for GBP233,161 Settlement 22/06/2012		(3)	-
Bought EUR670,000 for GBP539,786 Settlement 22/06/2012		(3)	-
Bought EUR202,000 for GBP165,638 Settlement 22/06/2012		(4)	-
Bought EUR327,150 for GBP267,131 Settlement 22/06/2012		(5)	-
Bought EUR342,300 for GBP279,642 Settlement 22/06/2012		(6)	-
Bought EUR444,600 for GBP364,030 Settlement 22/06/2012		(8)	-
Bought EUR543,350 for GBP443,281 Settlement 22/06/2012		(8)	-
Bought EUR360,000 for GBP300,643 Settlement 22/06/2012		(12)	-
Bought EUR775,200 for GBP634,842 Settlement 22/06/2012		(14)	-
Bought EUR3,350,000 for GBP2,707,705 Settlement 20/07/2012		(24)	(0.01)
Bought EUR5,685,000 for GBP4,730,375 Settlement 22/06/2012		(178)	(0.05)
Sold EUR452,000 for GBP377,682 Settlement 22/06/2012		16	-
Sold EUR247,050 for GBP202,167 Settlement 22/06/2012		4	-
Sold EUR1,360,340 for GBP1,093,115 Settlement 22/06/2012		4	-
Sold EUR241,000 for GBP195,777 Settlement 22/06/2012		3	-
Sold EUR121,500 for GBP99,393 Settlement 22/06/2012		2	-
Sold EUR166,700 for GBP134,006 Settlement 22/06/2012		1	-
Sold EUR94,400 for GBP75,925 Settlement 22/06/2012		-	-
Sold EUR188,000 for GBP150,622 Settlement 22/06/2012		-	-
Sold EUR70,400 for GBP56,430 Settlement 22/06/2012		-	-
Sold EUR47,200 for GBP37,734 Settlement 22/06/2012		-	-
Sold EUR23,600 for GBP18,799 Settlement 22/06/2012		-	-
Sold EUR120,660 for GBP96,438 Settlement 22/06/2012		-	-
Sold EUR345,000 for GBP275,914 Settlement 22/06/2012		-	-
Sold EUR346,250 for GBP276,475 Settlement 22/06/2012		(1)	-
<b>Swiss Franc</b>			
Bought CHF352,000 for GBP234,565 Settlement 20/06/2012		-	-
Bought CHF2,065,670 for GBP1,439,943 Settlement 20/06/2012		(62)	(0.02)



# European Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>Futures</b>			
EURO STOXX 50 Index Futures June 2012	311	(37)	(0.01)
Koninklijke KPN Equity Futures July 2012	4,383	(22)	(0.01)
Swiss Market Index Futures June 2012	40	(464)	(0.12)
<b>Portfolio of investments<sup>^</sup></b>		<b>373,473</b>	<b>99.34</b>
<b>Net other assets</b>		<b>2,464</b>	<b>0.66</b>
<b>Total net assets</b>		<b>375,937</b>	<b>100.00</b>

All investments held are listed, unless otherwise stated.

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

\* Comparative figures shown in brackets relate to 30 November 2011.

\*\*\* Real Estate Investment Trust (REIT).

<sup>^</sup> Including derivative liabilities.

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

## European Growth Fund

### Material Portfolio Changes

for the period 1 December 2011 to 31 May 2012 (unaudited)

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
EURO STOXX 50 Index Futures March 2012	14,248	EURO STOXX 50 Index Futures March 2012	14,785
EURO STOXX 50 Index Futures June 2012	9,739	EURO STOXX 50 Index Futures December 2011	5,806
SWIP Sterling Liquidity Fund ‡	8,540	Swiss Market Index Futures March 2012	3,645
Swiss Market Index Futures March 2012	3,509	EURO STOXX 50 Index Futures June 2012	3,402
Koninklijke DSM	2,690	Koninklijke KPN	2,990
UniCredit	2,195	Nestle	2,089
Accor	1,946	Swiss Market Index Futures December 2011	2,046
Swiss Market Index Futures June 2012	1,667	Total	1,728
Koninklijke Philips Electronics	1,503	Unibail-Rodamco ***	1,663
Bureau Veritas	1,345	ASML	1,310

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

\*\*\* Real Estate Investment Trust (REIT).

# European Growth Fund

## Performance Record

as at 31 May 2012 (unaudited)

### Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/11/09	105,192,105	30,009,727	350.53	1.63
Accumulation 30/11/10	93,109,252	27,172,827	342.66	1.62
Accumulation 30/11/11	75,753,954	24,943,327	303.70	1.63
Accumulation 31/05/12	70,291,225	23,651,927	297.19	1.63
Share Class B				
Accumulation 30/11/09	2,872,038	800,932	358.59	1.25
Accumulation 30/11/10	2,557,667	726,932	351.84	1.25
Accumulation 30/11/11	2,097,969	670,232	313.02	1.25
Accumulation 31/05/12	1,973,667	643,132	306.88	1.26
Share Class X				
Accumulation 30/11/09	393,359,241	102,472,493	383.87	0.12
Accumulation 30/11/10	375,323,198	98,531,893	380.92	0.12
Accumulation 30/11/11	316,315,869	92,294,793	342.72	0.13
Accumulation 31/05/12	303,672,068	89,870,893	337.90	0.13

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

### Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	417.60	347.90	3.6994
Accumulation 2008	422.40	252.10	6.0479
Accumulation 2009	371.40	236.10	5.8244
Accumulation 2010	377.70	310.80	3.2649
Accumulation 2011	403.30	285.90	5.9033
Accumulation 2012*	352.00	296.50	-
Share Class B			
Accumulation 2007	424.50	352.90	5.2559
Accumulation 2008	429.60	257.10	7.2144
Accumulation 2009	379.80	241.00	6.9351
Accumulation 2010	386.80	318.60	4.6822
Accumulation 2011	414.70	294.40	7.4472
Accumulation 2012*	363.20	306.10	-
Share Class X			
Accumulation 2007	445.80	366.70	9.3293
Accumulation 2008	450.80	271.90	11.1844
Accumulation 2009	406.20	255.50	10.2931
Accumulation 2010	415.60	343.00	9.3486
Accumulation 2011	451.20	321.60	12.6084
Accumulation 2012*	399.10	337.00	-

(†) Allocated for accumulation shares.

\* To 31 May 2012.

Share class X is not published.

## European Growth Fund

### Statement of Total Return

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
Income				
Net capital (losses)/gains		(15,077)		47,762
Revenue	12,670		13,224	
Expenses	(873)		(1,079)	
Finance costs: Interest	(1)		(4)	
Net revenue before taxation	11,796		12,141	
Taxation	(1,380)		(1,433)	
Net revenue after taxation		10,416		10,708
<b>Total return before equalisation</b>		<b>(4,661)</b>		<b>58,470</b>
Finance costs: Equalisation		(1)		(74)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(4,662)</b>		<b>58,396</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>394,168</b>		<b>470,990</b>
Assets transferred from CMI North American Equity Fund*		5,250		-
Amounts receivable on creation of shares	-		1,581	
Less: Amounts payable on cancellation of shares	(18,860)		(22,486)	
		(18,860)		(20,905)
Dilution adjustment		41		59
Change in net assets attributable to shareholders from investment activities		(4,662)		58,396
<b>Closing net assets attributable to shareholders</b>		<b>375,937</b>		<b>508,540</b>

\*Relating to the transfer of assets from a related party.

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# European Growth Fund

## Balance Sheet

as at 31 May 2012 (unaudited)

	31/05/12 £000	30/11/11 £000
<b>Assets</b>		
<b>Portfolio of investments</b>	<b>374,330</b>	<b>386,414</b>
Debtors	1,479	660
Cash and bank balances	2,062	7,952
<b>Total other assets</b>	<b>3,541</b>	<b>8,612</b>
<b>Total assets</b>	<b>377,871</b>	<b>395,026</b>
<b>Liabilities</b>		
<b>Derivative liabilities</b>	<b>(857)</b>	<b>(247)</b>
Creditors	(758)	(611)
Bank overdrafts	(319)	-
<b>Total other liabilities</b>	<b>(1,077)</b>	<b>(611)</b>
<b>Total liabilities</b>	<b>(1,934)</b>	<b>(858)</b>
<b>Net assets attributable to shareholders</b>	<b>375,937</b>	<b>394,168</b>

# European Select Growth Fund

## Authorised Fund Manager's Report

for the period 1 December 2011 to 31 May 2012 (unaudited)

### Investment Objective and Policy

To provide long term capital growth through investment in a select portfolio of primarily Continental European equities.

The Fund will invest in a select portfolio of primarily Continental European securities which may include shares and convertible securities, however the Fund may invest in other types of investment at the discretion of the ACD. The Fund will focus on a limited number of holdings (typically between 30 and 50).

### Investment Review

Performance	01/12/11 to 31/05/12 %	01/12/10 to 30/11/11 %	01/12/09 to 30/11/10 %	01/12/08 to 30/11/09 %	01/12/07 to 30/11/08 %	01/12/06 to 30/11/07 %
European Select Growth Fund A Accumulation	3.83	(11.54)	(1.63)	29.36	(34.22)	21.13
Europe (ex-UK) Sector Average Return	(0.04)	(9.64)	2.64	34.01	(33.35)	13.48
FTSE Europe (ex-UK) Index	(5.67)	(5.92)	(0.08)	36.47	(33.59)	18.19

Sources: Lipper for European Select Growth Fund and Europe (ex-UK) Sector Average Return (funds which invest at least 80% of their assets in European equities and exclude UK securities). Basis: Mid to Mid, net revenue reinvested and net of expenses.

Source: Rimes for the FTSE Europe (ex-UK) Index (GBP). Basis: Revenue reinvested and gross of expenses.

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

It was a turbulent six months for European equity markets, with fears over sovereign debt ever-present. After a muted end to 2011, markets started this year in sprightly fashion. Risk appetite was resurgent, with equity markets enjoying a strong rally. Behind the upbeat mood were a number of positive economic releases – especially from the US – and robust corporate results. But perhaps the largest catalyst was the European Central Bank's long-term refinancing operations in December and end-February. This saw the Bank make around €1 trillion available in cheap three-year loans to Europe's struggling lenders. This helped stave off a potentially ruinous credit crunch and gave the financial system some much-needed breathing room.

Thereafter, however, the situation deteriorated. Spain came under renewed stress as markets doubted the government could repair the country's finances. Its banking sector also continued to struggle under the weight of toxic property loans. Political upheaval added to market jitters. Greece failed to elect a majority government at the nation's first election, with voters having to return to the polls in June. The global economy is also wobbling, with fears mounting over the health of the US and Chinese economies. Traders remained nervous for much of the time, shunning riskier assets for the perceived safety of "core" government bonds. Overall, the FTSE Europe (ex-UK) index shed 5.67%.

Turning to the portfolio, shares in Swedish Match climbed impressively after the company revealed first-quarter results that beat forecasts by a healthy margin. Meanwhile, a position in French eyewear-maker Cie Generale d'Optique Essilor International boosted the Fund's returns. The firm enjoyed another year of sustained growth in 2011, both in core and emerging markets. Elsewhere, a position in French aerospace firm Safran boosted the Fund's performance. The company found its shares in demand after it released a strong set of results for the first three months of 2012 and gave an upbeat outlook for the remainder of the year. Sales were up nearly 16% on the same period the year before, to €3.1 billion. Other highlights for the portfolio included Bureau Veritas and Syngenta.

By contrast, Storebrand, the Nordic financial group, has had a tough time of late, with first-quarter earnings coming in below expectations. It has also reduced its profit target and scrapped its dividend. We therefore sold the stock. Oil & gas firm Total witnessed its share price slump at the start of the year. A leak at one of its North Sea platforms hit sentiment and caused traders to exit the stock. Holdings in ING and Galp Energia further hurt the Fund's showing.

The outlook for the eurozone has darkened further - but all is not lost. Experience shows that it is only when the situation is at its most perilous that Europe's politicians act decisively. The European Council meeting at the end of June would be a good opportunity to start implementing policies that could make a difference to the eurozone's long-term sustainability. These could include a euro-wide banking insurance scheme, an enhanced bail-out mechanism, the foundations of a eurobond and a growth-enhancing investment strategy. And if effective action can be taken in this troubled region, surely the same is possible in the US and China. The government in Beijing, for example, has already shown its willingness to implement large-scale stimulus measures to promote growth; further interventions could therefore be forthcoming.

Thus although investors may have turned more risk-averse, a move by policy makers to acknowledge that their previous strategies haven't worked, followed swiftly by an appropriate set of responses, could be just the tonic that the global economy needs. Markets are likely to remain volatile until that day, however.

Scottish Widows Investment Partnership Limited

June 2012

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

# European Select Growth Fund

## Portfolio Statement

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as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>BELGIUM (2.32%*)</b>		<b>6,182</b>	<b>3.30</b>
Anheuser-Busch InBev	141,412	6,182	3.30
<b>FINLAND (3.39%*)</b>		<b>5,577</b>	<b>2.98</b>
Metso	83,834	1,875	1.00
Sampo	247,906	3,702	1.98
<b>FRANCE (33.74%*)</b>		<b>62,290</b>	<b>33.26</b>
Arkema	100,010	4,312	2.30
BNP Paribas	66,434	1,327	0.71
Bureau Veritas	136,120	7,559	4.04
Cie Generale d'Optique Essilor International	100,762	5,565	2.97
LVMH	49,665	4,728	2.52
Publicis	195,676	5,901	3.15
Safran	243,667	5,297	2.83
Sanofi	182,932	7,983	4.26
Schneider Electric	148,910	5,166	2.76
SCOR	211,329	2,949	1.57
Technip	69,057	4,158	2.22
Total	154,778	4,280	2.29
Vinci	117,003	3,065	1.64
<b>GERMANY (17.56%*)</b>		<b>34,597</b>	<b>18.47</b>
Bayerische Motoren Werke	76,012	3,771	2.01
Continental	55,294	3,018	1.61
Daimler	111,123	3,371	1.80
Deutsche Bank	165,096	3,814	2.04
Fresenius Medical Care	121,908	5,239	2.80
HeidelbergCement	98,776	2,833	1.51
Henkel Preference Shares	95,934	3,990	2.13
Hochtief	51,746	1,514	0.81
SAP	191,562	7,047	3.76
<b>IRELAND (3.83%*)</b>		<b>6,803</b>	<b>3.63</b>
Ryanair	2,041,575	6,803	3.63
<b>ITALY (3.97%*)</b>		<b>4,254</b>	<b>2.27</b>
Saipem	167,022	4,254	2.27
<b>NETHERLANDS (6.82%*)</b>		<b>12,080</b>	<b>6.45</b>
ING	1,091,427	4,093	2.19
Koninklijke DSM	129,463	4,033	2.15
Unilever	195,873	3,954	2.11
<b>NORWAY (1.22%*)</b>		<b>3,391</b>	<b>1.81</b>
DnB	579,497	3,391	1.81
<b>PORTUGAL (0.79%*)</b>		<b>2,352</b>	<b>1.26</b>
Galp Energia	298,030	2,352	1.26
<b>SWEDEN (3.95%*)</b>		<b>9,051</b>	<b>4.83</b>
Swedish Match	371,434	9,051	4.83

# European Select Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>SWITZERLAND (17.10%*)</b>		<b>35,398</b>	<b>18.91</b>
Nestle	235,822	8,702	4.66
Novartis	251,984	8,491	4.53
Swatch	19,804	4,936	2.64
Syngenta	32,142	6,745	3.60
Zurich Insurance	48,907	6,524	3.48
<b>Portfolio of investments</b>		<b>181,975</b>	<b>97.17</b>
<b>Net other assets</b>		<b>5,305</b>	<b>2.83</b>
<b>Total net assets</b>		<b>187,280</b>	<b>100.00</b>

All investments held are listed, unless otherwise stated.

\* Comparative figures shown in brackets relate to 30 November 2011.



## European Select Growth Fund

### Material Portfolio Changes

for the period 1 December 2011 to 31 May 2012 (unaudited)

	Cost £000		Proceeds £000
<b>Total purchases</b>		<b>Total sales</b>	
Storebrand	3,829	AXA	3,893
Continental	3,279	Storebrand	3,404
Sanofi	2,171	Ansaldo STS	3,255
SAP	2,150	Total	3,180
Total	1,917	Daimler	2,060
DnB	1,617	Cie Generale d'Optique Essilor International	1,910
Galp Energia	1,473	Henkel Preference Shares	1,886
Henkel Preference Shares	1,093	Hochtief	1,622
Anheuser-Busch InBev	1,085	Ryanair	1,238
Syngenta	1,083	Novartis	1,094

# European Select Growth Fund

## Performance Record

as at 31 May 2012 (unaudited)

### Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/11/09	256,989,935	18,176,563	1,413.85	1.63
Accumulation 30/11/10	231,361,256	16,656,663	1,389.00	1.63
Accumulation 30/11/11	187,401,004	15,252,763	1,228.64	1.63
Accumulation 31/05/12	184,778,126	14,476,563	1,276.39	1.63
Share Class X				
Accumulation 30/11/09	3,303,044	210,732	1,567.41	0.13
Accumulation 30/11/10	3,206,409	205,132	1,563.09	0.13
Accumulation 30/11/11	2,620,898	186,732	1,403.56	0.13
Accumulation 31/05/12	2,502,327	170,332	1,469.09	0.13

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

### Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	1,742.00	1,428.00	6.1447
Accumulation 2008	1,732.00	1,013.00	23.0651
Accumulation 2009	1,494.00	938.00	21.3839
Accumulation 2010	1,512.00	1,241.00	11.7604
Accumulation 2011	1,645.00	1,164.00	15.6003
Accumulation 2012*	1,457.00	1,259.00	-
Share Class X			
Accumulation 2007	1,883.00	1,533.00	32.0720
Accumulation 2008	1,883.00	1,113.00	45.3567
Accumulation 2009	1,658.00	1,035.00	39.4009
Accumulation 2010	1,699.00	1,387.00	36.4666
Accumulation 2011	1,863.00	1,326.00	42.5888
Accumulation 2012*	1,672.00	1,443.00	-

(†) Allocated for accumulation shares.

\* To 31 May 2012.

Share class X is not published.

## European Select Growth Fund

### Statement of Total Return

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
Income				
Net capital gains		4,994		28,100
Revenue	5,254		5,250	
Expenses	(1,635)		(2,024)	
Finance costs: Interest	-		-	
Net revenue before taxation	3,619		3,226	
Taxation	(596)		(598)	
Net revenue after taxation		3,023		2,628
<b>Total return before equalisation</b>		<b>8,017</b>		<b>30,728</b>
Finance costs: Equalisation		(33)		(15)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>7,984</b>		<b>30,713</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>190,022</b>		<b>234,568</b>
Amounts receivable on creation of shares	436		393	
Less: Amounts payable on cancellation of shares	(11,186)		(12,946)	
		(10,750)		(12,553)
Dilution adjustment		24		35
Change in net assets attributable to shareholders from investment activities		7,984		30,713
<b>Closing net assets attributable to shareholders</b>		<b>187,280</b>		<b>252,763</b>

*Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.*

## European Select Growth Fund

### Balance Sheet

as at 31 May 2012 (unaudited)

	31/05/12 £000	30/11/11 £000
<b>Assets</b>		
<b>Portfolio of investments</b>	<b>181,975</b>	<b>179,938</b>
Debtors	701	288
Cash and bank balances	5,243	10,225
<b>Total other assets</b>	<b>5,944</b>	<b>10,513</b>
<b>Total assets</b>	<b>187,919</b>	<b>190,451</b>
<b>Liabilities</b>		
Creditors	(639)	(429)
<b>Total liabilities</b>	<b>(639)</b>	<b>(429)</b>
<b>Net assets attributable to shareholders</b>	<b>187,280</b>	<b>190,022</b>

# Global Growth Fund

## Authorised Fund Manager's Report

for the period 1 December 2011 to 31 May 2012 (unaudited)

### Investment Objective and Policy

To provide long term capital growth through investment in a broad portfolio of primarily equities worldwide, including the UK.

The Fund will invest in a diversified portfolio of global securities which shall be predominantly equities and may include preference shares, American depository receipts, global and other equity backed depository receipts and warrants in any geographic area and any economic sector.

### Investment Review

Performance	01/12/11 to 31/05/12 %	01/12/10 to 30/11/11 %	01/12/09 to 30/11/10 %	01/12/08 to 30/11/09 %	01/12/07 to 30/11/08 %	01/12/06 to 30/11/07 %
Global Growth Fund A Accumulation	8.71	(3.51)	7.66	20.30	(23.14)	1.84
Global Sector Average Return	3.56	(5.54)	13.28	28.10	(28.68)	8.89
MSCI World Index	3.28	1.01	12.25	24.01	(23.55)	8.34

Sources: Lipper for Global Growth Fund and Global Sector Average Return (funds which invest at least 80% of their assets globally in equities. Funds must be diversified by geographic region). Basis: Mid to Mid, net revenue reinvested and net of expenses.

Source: Rimes for the MSCI World Index (GBP). Basis: Revenue reinvested and gross of expenses.

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

The eurozone sovereign debt crisis has continued to dominate sentiment, dictating the ebb and flow of many global equity markets in the early months of 2012. The Global Growth Fund returned 8.71% over the six month reporting period. This compares favourably to a benchmark return of 3.28% over the same timeframe. Strong performances from some of our holdings in the consumer discretionary and technology sectors helped to boost the Fund's performance.

Although the problems in the euro currency bloc are far from fully resolved, some progress has been made over the six months. A new fiscal accord was approved, with 26 countries – the UK exercised its veto – agreeing to harmonize fiscal policies by putting caps on government debt and deficits. And the European Central Bank introduced a long-term refinancing operation (LTRO). This highly unconventional policy saw the Bank lend around €1 trillion in cheap (1%) three-year loans to Europe's struggling banks. Its impact has been considerable.

Meanwhile, the US economy appeared to show signs of returning to life in the early months of the year. Traders were emboldened by February's labour market report, which showed the US economy continued to add jobs at a fair rate. More recent economic data have been mixed, however, May's consumer confidence reading provided a positive surprise. But the National Association of Realtors' pending home sales index was less encouraging. It fell by 5.5% from the month before in April. And a downward revision to first-quarter GDP figures ensured that the reporting period ended on a damp note. The US economy grew at an annualised rate of 1.9% over the January to March period, not 2.2% as previously estimated.

In the UK, the FTSE All Share index rallied over the first half of the reporting period, only to lose ground again from March onwards. Overall performance was therefore almost flat in sterling terms.

Japanese equity markets also rose and then fell again over the six months, leaving the Topix index almost unchanged in yen terms. As ever, the Japanese currency's manoeuvres – particularly against the US dollar – were keenly observed by investors. The Bank of Japan failed to improve sentiment after it decided not to take further monetary easing measures at its May meeting.

At asset level, some of the Fund's energy-related holdings were detrimental to performance. US energy companies experienced declines in line with other commodity-related stocks over the first quarter. The sector was also hit by news of a potential plan by the UK, the US, Japan and France to release strategic oil reserves.

In contrast, the Fund derived positive returns from its holding in SolarWinds, a provider of network management solutions. SolarWinds' share price rose sharply over the first quarter of 2012.

The Fund's position in Harley-Davidson, which was adopted based on our view that improving US employment trends would benefit consumer spending, also made a positive contribution.

Finally, our holding in Apple delivered a strong performance over the six months. In February, the company joined the exclusive \$500 billion club. Apple shares rocketed after it released a blockbuster set of first-quarter results.

### Authorised Fund Manager's Report

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

Scottish Widows Investment Partnership Limited

June 2012

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

# Global Growth Fund

## Portfolio Statement

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as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>AUSTRALIA (0.00%*)</b>		<b>3,643</b>	<b>0.71</b>
BHP Billiton	84,480	1,696	0.33
Campbell Brothers	53,403	1,947	0.38
<b>BELGIUM (2.13%*)</b>		<b>1,233</b>	<b>0.24</b>
Anheuser-Busch InBev	28,194	1,233	0.24
<b>BERMUDA (1.25%*)</b>		-	-
<b>BRAZIL (1.21%*)</b>		-	-
<b>CANADA (2.41%*)</b>		<b>12,950</b>	<b>2.50</b>
Brookfield Asset Management	121,555	2,482	0.48
Goldcorp	440,419	10,468	2.02
<b>FRANCE (2.53%*)</b>		<b>14,937</b>	<b>2.89</b>
Sanofi	342,294	14,937	2.89
<b>GERMANY (1.39%*)</b>		<b>10,679</b>	<b>2.07</b>
Bayerische Motoren Werke	48,705	2,416	0.47
Fresenius Medical Care	192,293	8,263	1.60
<b>IRELAND (2.83%*)</b>		<b>64,508</b>	<b>12.47</b>
iShares MSCI World	2,810,232	45,301	8.76
Ryanair	1,890,657	6,304	1.22
WPP	1,643,730	12,903	2.49
<b>JAPAN (3.96%*)</b>		<b>11,255</b>	<b>2.18</b>
Bridgestone	22,800	313	0.06
Lawson	31,900	1,433	0.28
Toyota Motor	382,800	9,509	1.84
<b>NETHERLANDS (4.22%*)</b>		<b>17,253</b>	<b>3.34</b>
ING	1,761,440	6,606	1.28
Royal Dutch Shell 'A' shares	535,555	10,647	2.06
<b>RUSSIA (1.43%*)</b>		-	-
<b>SINGAPORE (1.86%*)</b>		<b>11,795</b>	<b>2.28</b>
DBS	1,782,000	11,795	2.28
<b>SOUTH KOREA (1.35%*)</b>		-	-
<b>SWITZERLAND (6.64%*)</b>		<b>21,619</b>	<b>4.17</b>
Nestle	115,888	4,276	0.83
Novartis	81,957	2,762	0.53
SGS	1,813	2,148	0.41
Syngenta	55,318	11,609	2.24
Zurich Insurance	6,175	824	0.16
<b>UNITED KINGDOM (10.06%*)</b>		<b>40,004</b>	<b>7.74</b>
BG	1,206,774	14,765	2.85
BP	1,140,025	4,540	0.88
HSBC	169,967	856	0.17
Imperial Tobacco	700,190	16,223	3.14
Vodafone	2,106,501	3,620	0.70

# Global Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>UNITED STATES (51.78%*)</b>		<b>290,830</b>	<b>56.18</b>
Airgas	29,240	1,656	0.32
Altria	633,221	13,095	2.53
American Express	99,172	3,553	0.69
Apache	172,413	9,079	1.75
Apple	60,577	22,660	4.38
Ashland	40,749	1,681	0.32
AT&T	159,465	3,487	0.67
Chevron	36,079	2,276	0.44
Coca-Cola	88,208	4,276	0.83
Ecolab	56,547	2,333	0.45
EMC	600,899	9,329	1.80
Exxon Mobil	146,126	7,532	1.46
General Electric	179,121	2,201	0.42
Harley-Davidson	568,481	17,379	3.36
International Business Machines	23,640	2,971	0.57
Interpublic	1,247,932	8,619	1.67
Johnson & Johnson	37,289	1,498	0.29
LKQ	414,052	9,617	1.86
Marsh & McLennan	18,892	389	0.07
Masco	24,241	193	0.04
Mead Johnson Nutrition	194,664	10,271	1.98
Microsoft	145,464	2,757	0.53
National Oilwell Varco	45,630	1,981	0.38
Norfolk Southern	12,517	528	0.10
Occidental Petroleum	242,895	12,596	2.43
Oracle	141,725	2,396	0.46
Pfizer	1,010,157	14,384	2.78
PNC Financial Services	315,672	12,512	2.42
Procter & Gamble	72,815	2,932	0.57
QUALCOMM	407,075	15,106	2.92
SolarWinds	532,572	15,924	3.08
Stanley Black & Decker	283,053	12,210	2.36
Thermo Fisher Scientific	13,284	439	0.08
TripAdvisor	111,188	3,097	0.60
UnitedHealth	364,831	13,239	2.56
Wal-Mart Stores	407,741	17,238	3.33
Wells Fargo	776,394	15,900	3.07
WW Grainger	106,758	13,496	2.61
<b>Portfolio of investments</b>		<b>500,706</b>	<b>96.77</b>
<b>Net other assets</b>		<b>16,689</b>	<b>3.23</b>
<b>Total net assets</b>		<b>517,395</b>	<b>100.00</b>

All investments held are listed, unless otherwise stated.

\* Comparative figures shown in brackets relate to 30 November 2011.



## Global Growth Fund

### Material Portfolio Changes

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for the period 1 December 2011 to 31 May 2012 (unaudited)

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
iShares MSCI World	45,921	Vodafone	11,668
Exxon Mobil	7,808	Anheuser-Busch InBev	11,144
BP	5,357	Oracle	10,292
Apple	3,675	Marsh & McLennan	9,863
American Express	3,594	Coca-Cola	9,167
Imperial Tobacco	3,145	Owens Corning	9,104
AT&T	3,092	Gazprom ADR	8,180
Harley-Davidson	3,091	National Grid	7,656
Procter & Gamble	2,986	Thermo Fisher Scientific	7,409
International Business Machines	2,899	Zurich Insurance	6,860

Stocks shown as ADR's represent American Depositary Receipts.

# Global Growth Fund

## Performance Record

as at 31 May 2012 (unaudited)

### Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/11/09	350,174,524	486,970,776	71.91	1.63
Accumulation 30/11/10	372,331,031	479,185,276	77.70	1.62
Accumulation 30/11/11	333,333,040	443,936,276	75.09	1.62
Accumulation 31/05/12	345,265,053	422,951,276	81.63	1.62
Share Class B				
Accumulation 30/11/09	6,076,257	8,300,065	73.21	1.38
Accumulation 30/11/10	5,975,021	7,534,565	79.30	1.37
Accumulation 30/11/11	5,099,324	6,637,665	76.82	1.37
Accumulation 31/05/12	5,411,210	6,470,665	83.63	1.37
Share Class X				
Accumulation 30/11/09	108,536,705	136,116,164	79.74	0.12
Accumulation 30/11/10	135,255,291	154,643,664	87.46	0.12
Accumulation 30/11/11	143,592,418	167,363,664	85.80	0.12
Accumulation 31/05/12	166,718,746	177,399,164	93.98	0.12

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

### Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	82.83	74.22	0.5908
Accumulation 2008	81.33	55.45	0.9081
Accumulation 2009	76.24	51.67	0.6708
Accumulation 2010	83.39	69.17	0.4232
Accumulation 2011	86.93	69.14	0.5340
Accumulation 2012*	87.01	77.68	-
Share Class B			
Accumulation 2007	83.88	75.13	0.7953
Accumulation 2008	82.48	56.30	1.1066
Accumulation 2009	77.63	52.51	0.8449
Accumulation 2010	85.13	70.53	0.6243
Accumulation 2011	88.86	70.70	0.7520
Accumulation 2012*	89.09	79.50	-
Share Class X			
Accumulation 2007	89.31	79.87	1.6293
Accumulation 2008	88.38	60.60	1.9717
Accumulation 2009	84.65	64.30	1.7182
Accumulation 2010	93.98	77.39	1.7409
Accumulation 2011	98.74	78.68	1.9737
Accumulation 2012*	99.86	88.88	-

(†) Allocated for accumulation shares.

\* To 31 May 2012.

Share class X is not published.

## Global Growth Fund

### Statement of Total Return

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
Income				
Net capital gains		40,524		32,794
Revenue	6,925		7,084	
Expenses	(3,005)		(3,220)	
Finance costs: Interest	-		(9)	
Net revenue before taxation	3,920		3,855	
Taxation	(755)		(697)	
Net revenue after taxation		3,165		3,158
<b>Total return before equalisation</b>		<b>43,689</b>		<b>35,952</b>
Finance costs: Equalisation		55		18
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>43,744</b>		<b>35,970</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>482,025</b>		<b>513,561</b>
Amounts receivable on creation of shares	12,431		4,635	
Less: Amounts payable on cancellation of shares	(20,803)		(24,034)	
		(8,372)		(19,399)
Stamp duty reserve tax		(2)		(4)
Change in net assets attributable to shareholders from investment activities		43,744		35,970
<b>Closing net assets attributable to shareholders</b>		<b>517,395</b>		<b>530,128</b>

*Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.*

## Global Growth Fund

### Balance Sheet

as at 31 May 2012 (unaudited)

	31/05/12 £000	30/11/11 £000
<b>Assets</b>		
<b>Portfolio of investments</b>	<b>500,706</b>	<b>458,177</b>
Debtors	1,784	1,353
Cash and bank balances	15,721	23,096
<b>Total other assets</b>	<b>17,505</b>	<b>24,449</b>
<b>Total assets</b>	<b>518,211</b>	<b>482,626</b>
<b>Liabilities</b>		
Creditors	(816)	(601)
<b>Total liabilities</b>	<b>(816)</b>	<b>(601)</b>
<b>Net assets attributable to shareholders</b>	<b>517,395</b>	<b>482,025</b>

# Global Select Growth Fund

## Authorised Fund Manager's Report

for the period 1 December 2011 to 31 May 2012 (unaudited)

### Investment Objective and Policy

To provide long term capital growth through investment in a select portfolio of primarily equities worldwide, including the UK.

The Fund will invest in a select portfolio of global securities which shall be predominantly equities and may include preference shares, American depository receipts, global and other equity backed depository receipts and warrants in any geographic area and any economic sector. The Fund will focus on a limited number of holdings (typically between 50 and 90).

### Investment Review

Performance	01/12/11 to 31/05/12 %	01/12/10 to 30/11/11 %	01/12/09 to 30/11/10 %	01/12/08 to 30/11/09 %	01/12/07 to 30/11/08 %	01/12/06 to 30/11/07 %
Global Select Growth Fund A Accumulation	9.52	(6.04)	8.05	20.71	(23.65)	6.86
Global Sector Average Return	3.56	(5.54)	13.28	28.10	(28.68)	8.89
MSCI World Index	3.28	1.01	12.25	24.01	(23.55)	8.34

Sources: Lipper for Global Select Growth Fund and Global Sector Average Return (funds which invest at least 80% of their assets globally in equities. Funds must be diversified by geographic region). Basis: Mid to Mid, net revenue reinvested and net of expenses.

Source: Rimes for the MSCI World Index (GBP). Basis: Revenue reinvested and gross of expenses.

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

The eurozone sovereign debt crisis has continued to dominate sentiment, dictating the ebb and flow of many global equity markets in the early months of 2012. The Global Select Growth Fund returned 9.52% over the reporting period, significantly outperforming the benchmark return of 3.28%. Strong performances from some of our holdings in the consumer discretionary and technology sectors helped to boost the Fund's performance.

Although the problems in the euro currency bloc are far from fully resolved, some progress has been made over the six months. A new fiscal accord was approved, with 26 countries – the UK exercised its veto – agreeing to harmonize fiscal policies by putting caps on government debt and deficits. And the European Central Bank introduced a long-term refinancing operation (LTRO). This highly unconventional policy saw the Bank lend around €1 trillion in cheap (1%) three-year loans to Europe's struggling banks. Its impact has been considerable.

Meanwhile, the US economy appeared to show signs of returning to life in the early months of the year. Traders were emboldened by February's labour market report, which showed the US economy continued to add jobs at a fair rate. More recent economic data have been mixed, however, May's consumer confidence reading provided a positive surprise. But the National Association of Realtors' pending home sales index was less encouraging. It fell by 5.5% from the month before in April. And a downward revision to first-quarter GDP figures ensured that the reporting period ended on a damp note. The US economy grew at an annualised rate of 1.9% over the January to March period, not 2.2% as previously estimated.

In the UK, the FTSE All Share index rallied over the first half of the reporting period, only to lose ground again from March onwards. Overall performance was therefore almost flat in sterling terms.

Japanese equity markets also rose and then fell again over the six months, leaving the Topix index almost unchanged in yen terms. As ever, the Japanese currency's manoeuvres – particularly against the US dollar – were keenly observed by investors.

In emerging markets falling demand from China and troubles in the eurozone weighed on investor sentiment. Equity markets made solid gains during the first two months of 2012, but a degree of caution has recently returned. In May, Chinese steel output, loan growth and commodity imports fell – as did a closely watched purchasing managers' index published by HSBC.

At asset level, some of the Fund's energy-related holdings were detrimental to performance. US energy companies experienced declines in line with other commodity-related stocks over the first quarter. The sector was also hit by news of a potential plan by the UK, the US, Japan and France to release strategic oil reserves.

Conversely, our holding in Apple delivered a strong performance over the six months. In February, the company joined the exclusive \$500 billion club. Apple shares rocketed after it released a blockbuster set of first-quarter results.

The Fund also derived positive returns from its holding in SolarWinds, a provider of network management solutions. Again, SolarWinds' share price rose sharply over the early months of this year.

Finally, our holding in TripAdvisor did well. The online travel research site delivered well-received profits guidance during the reporting period, boosting its share price.

## Authorised Fund Manager's Report

(continued)

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

Scottish Widows Investment Partnership Limited

June 2012

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

# Global Select Growth Fund

## Portfolio Statement

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as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>AUSTRALIA (0.00%*)</b>		<b>5,059</b>	<b>2.51</b>
Campbell Brothers	56,736	2,068	1.03
Treasury Wine Estates	1,077,399	2,991	1.48
<b>BERMUDA (1.11%*)</b>		<b>-</b>	<b>-</b>
<b>BRAZIL (0.90%*)</b>		<b>1,949</b>	<b>0.97</b>
BR Malls Participacoes	281,900	1,949	0.97
<b>CANADA (3.10%*)</b>		<b>7,630</b>	<b>3.79</b>
Brookfield Asset Management	247,571	5,055	2.51
Goldcorp	108,319	2,575	1.28
<b>FRANCE (1.92%*)</b>		<b>8,802</b>	<b>4.37</b>
Sanofi	141,153	6,160	3.06
Schneider Electric	76,137	2,642	1.31
<b>GERMANY (2.04%*)</b>		<b>5,657</b>	<b>2.81</b>
Bayerische Motoren Werke	36,816	1,826	0.91
Fresenius Medical Care	89,141	3,831	1.90
<b>HONG KONG (0.00%*)</b>		<b>4,847</b>	<b>2.41</b>
China Mobile	742,500	4,847	2.41
<b>INDIA (0.70%*)</b>		<b>1,126</b>	<b>0.56</b>
Greenko	1,062,056	1,126	0.56
<b>IRELAND (1.06%*)</b>		<b>6,970</b>	<b>3.45</b>
Ryanair	1,151,223	3,838	1.90
WPP	398,925	3,132	1.55
<b>JAPAN (5.24%*)</b>		<b>4,891</b>	<b>2.43</b>
Miraca	122,400	2,996	1.49
Toyota Motor	76,300	1,895	0.94
<b>NETHERLANDS (4.88%*)</b>		<b>2,326</b>	<b>1.15</b>
ING	620,060	2,326	1.15
<b>RUSSIA (2.19%*)</b>		<b>-</b>	<b>-</b>
<b>SINGAPORE (1.23%*)</b>		<b>3,390</b>	<b>1.68</b>
Oversea-Chinese Banking	810,000	3,390	1.68
<b>SOUTH KOREA (1.77%*)</b>		<b>-</b>	<b>-</b>
<b>SPAIN (0.07%*)</b>		<b>-</b>	<b>-</b>
<b>SWITZERLAND (4.29%*)</b>		<b>6,886</b>	<b>3.42</b>
SGS	3,129	3,707	1.84
Syngenta	15,148	3,179	1.58
<b>TAIWAN (0.79%*)</b>		<b>-</b>	<b>-</b>
<b>UNITED KINGDOM (9.02%*)</b>		<b>12,751</b>	<b>6.34</b>
BG	259,396	3,174	1.58
BP	1,257,984	5,009	2.49
Imperial Tobacco	197,166	4,568	2.27

# Global Select Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>UNITED STATES (53.83%*)</b>		<b>119,613</b>	<b>59.35</b>
Airgas	100,532	5,694	2.83
American Express	158,519	5,679	2.82
Apple	19,184	7,176	3.56
Ashland	123,736	5,104	2.53
Citrix Systems	12,722	608	0.30
Ecolab	14,107	582	0.29
EMC	151,449	2,351	1.17
Flowserve	51,811	3,549	1.76
Harley-Davidson	153,846	4,703	2.33
Hexcel	242,795	3,878	1.92
Interpublic	444,039	3,067	1.52
LKQ	217,064	5,041	2.50
Lorillard	33,344	2,671	1.33
McKesson	60,870	3,419	1.70
Mead Johnson Nutrition	60,972	3,217	1.60
Mohawk Industries	83,826	3,688	1.83
MSC Industrial Direct	100,167	4,711	2.34
Occidental Petroleum	68,900	3,573	1.77
Pfizer	540,387	7,695	3.82
PNC Financial Services	114,100	4,522	2.24
QUALCOMM	169,699	6,297	3.12
Rayonier ***	129,581	3,587	1.78
Royal Caribbean Cruises	204,233	3,173	1.57
SolarWinds	176,992	5,292	2.63
TripAdvisor	159,832	4,453	2.21
UnitedHealth	118,066	4,284	2.13
Wal-Mart Stores	138,372	5,850	2.90
Wells Fargo	280,716	5,749	2.85
<b>Portfolio of investments</b>		<b>191,897</b>	<b>95.24</b>
<b>Net other assets</b>		<b>9,601</b>	<b>4.76</b>
<b>Total net assets</b>		<b>201,498</b>	<b>100.00</b>

All investments held are listed, unless otherwise stated.

\* Comparative figures shown in brackets relate to 30 November 2011.

\*\*\* Real Estate Investment Trust (REIT).



## Global Select Growth Fund

### Material Portfolio Changes

for the period 1 December 2011 to 31 May 2012 (unaudited)

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
Apple	6,841	Vodafone	7,071
BP	6,040	International Business Machines	6,717
American Express	5,442	Royal Dutch Shell 'A' Shares	6,400
China Mobile	5,245	Coca-Cola	5,510
Ashland	5,002	Nestle	5,509
Brookfield Asset Management	4,968	Oracle	5,116
Toyota Motor	4,716	Medtronic	4,948
EMC	4,582	Gazprom ADR	4,831
Hexcel	3,861	Stanley Black & Decker	4,774
Royal Caribbean Cruises	3,854	IHS	4,754

Stocks shown as ADR's represent American Depositary Receipts.

# Global Select Growth Fund

## Performance Record

as at 31 May 2012 (unaudited)

### Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/11/09	96,067,536	23,793,200	403.76	1.63
Accumulation 30/11/10	113,173,326	25,828,500	438.17	1.62
Accumulation 30/11/11	99,340,278	24,021,000	413.56	1.62
Accumulation 31/05/12	105,246,002	23,236,800	452.93	1.62
Share Class B				
Accumulation 30/11/09	12,209,509	2,971,382	410.90	1.37
Accumulation 30/11/10	12,167,805	2,721,882	447.04	1.37
Accumulation 30/11/11	10,469,881	2,475,282	422.98	1.37
Accumulation 31/05/12	11,031,808	2,378,432	463.83	1.37
Share Class X				
Accumulation 30/11/09	52,889,863	11,850,139	446.32	0.12
Accumulation 30/11/10	68,847,191	14,002,439	491.68	0.12
Accumulation 30/11/11	75,293,047	15,983,339	471.07	0.12
Accumulation 31/05/12	85,219,985	16,394,639	519.80	0.12

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

### Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	463.50	410.40	2.7565
Accumulation 2008	466.70	312.00	3.3210
Accumulation 2009	428.80	300.60	3.4470
Accumulation 2010	467.80	390.00	2.2440
Accumulation 2011	490.90	389.10	3.1224
Accumulation 2012*	477.50	429.40	-
Share Class B			
Accumulation 2007	469.10	415.00	4.0220
Accumulation 2008	472.80	316.50	4.5682
Accumulation 2009	436.50	305.30	4.4949
Accumulation 2010	477.30	397.50	3.3608
Accumulation 2011	501.60	397.70	4.3343
Accumulation 2012*	488.80	439.20	-
Share Class X			
Accumulation 2007	499.40	440.10	8.9769
Accumulation 2008	505.00	339.80	9.4515
Accumulation 2009	474.60	329.10	9.1967
Accumulation 2010	525.50	434.90	9.5919
Accumulation 2011	555.80	441.40	11.0360
Accumulation 2012*	546.30	489.80	-

(†) Allocated for accumulation shares.

\* To 31 May 2012.

Share class X is not published.

## Global Select Growth Fund

### Statement of Total Return

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
Income				
Net capital gains		17,296		14,255
Revenue	2,334		2,628	
Expenses	(995)		(1,058)	
Finance costs: Interest	-		(1)	
Net revenue before taxation	1,339		1,569	
Taxation	(270)		(234)	
Net revenue after taxation		1,069		1,335
<b>Total return before equalisation</b>		<b>18,365</b>		<b>15,590</b>
Finance costs: Equalisation		10		9
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>18,375</b>		<b>15,599</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>185,103</b>		<b>194,188</b>
Amounts receivable on creation of shares	2,256		3,351	
Less: Amounts payable on cancellation of shares	(4,235)		(8,474)	
		(1,979)		(5,123)
Dilution adjustment		-		5
Stamp duty reserve tax		(1)		-
Change in net assets attributable to shareholders from investment activities		18,375		15,599
<b>Closing net assets attributable to shareholders</b>		<b>201,498</b>		<b>204,669</b>

*Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.*

## Global Select Growth Fund

### Balance Sheet

as at 31 May 2012 (unaudited)

	31/05/12 £000	30/11/11 £000
<b>Assets</b>		
<b>Portfolio of investments</b>	<b>191,897</b>	<b>174,264</b>
Debtors	624	718
Cash and bank balances	9,172	10,300
<b>Total other assets</b>	<b>9,796</b>	<b>11,018</b>
<b>Total assets</b>	<b>201,693</b>	<b>185,282</b>
<b>Liabilities</b>		
Creditors	(195)	(179)
<b>Total liabilities</b>	<b>(195)</b>	<b>(179)</b>
<b>Net assets attributable to shareholders</b>	<b>201,498</b>	<b>185,103</b>

# Japan Growth Fund

## Authorised Fund Manager's Report

for the period 1 December 2011 to 31 May 2012 (unaudited)

### Investment Objective and Policy

To provide long term capital growth through investment in a broad portfolio of primarily Japanese equities.

The Fund will invest in a diversified portfolio of primarily Japanese equities quoted on the first and second sections of the Tokyo Stock exchange. Equities quoted on regional Japanese stock exchanges and the OTC market may be purchased and investment in convertible bonds and warrants issued by companies quoted on any of the above exchanges is also permitted. The Fund may invest in other types of investment at the discretion of the ACD.

### Investment Review

Performance	01/12/11 to 31/05/12 %	01/12/10 to 30/11/11 %	01/12/09 to 30/11/10 %	01/12/08 to 30/11/09 %	01/12/07 to 30/11/08 %	01/12/06 to 30/11/07 %
Japan Growth Fund A Accumulation	(1.18)	(9.87)	10.74	7.34	(18.29)	(7.88)
Japan Sector Average Return	(0.74)	(5.66)	14.15	5.57	(16.39)	(7.96)
MSCI Japan Index	1.16	(9.32)	14.06	6.74	(15.63)	(2.15)

Sources: Lipper for Japan Growth Fund and Japan Sector Average Return (funds which invest at least 80% of their assets in Japanese equities). Basis: Mid to Mid, net revenue reinvested and net of expenses.

Source: Rimes for the MSCI Japan Index (GBP). Basis: Revenue reinvested and gross of expenses.

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

Japanese equity markets rallied in the early months of 2012, only to give back the gains from March onwards. The Topix index went on to suffer its longest weekly losing streak since 1975 through April and May. Over the reporting period, the Japanese Growth Fund fell by 1.18%, underperforming the benchmark, which was up 1.16%.

In the first half of the reporting period, the biggest driver of sentiment was a surprise decision by the Bank of Japan (BoJ) to extend its asset-purchase programme (APP) by ¥10 trillion to ¥65 trillion. The APP involves the BoJ effectively printing money to buy government bonds. In April, the Japanese central bank increased the scale of the scheme further, to ¥70 trillion.

As ever, the yen's manoeuvres against foreign currencies – particularly the US dollar – were keenly observed by investors. Japan has an export-led economy and the share prices of companies who sell goods abroad are heavily influenced by exchange rates, with a stronger yen putting off overseas buyers. Jun Azumi, the Japanese finance minister, said that he is watching currency movements closely, but that he feels the rise in the yen and the fall in Tokyo stocks prices “do not reflect Japanese economic fundamentals at all”.

At asset level, Yamada Denki, a consumer electronics retailer, had a negative effect on performance over the six months. The company has revised down its forecasts, leaving them significantly below market expectations. Sumitomo Heavy Industries was another negative contributor. The company's share price slipped towards the end of the reporting period, after it confirmed that its contract with the Japanese Ministry of Defence had been suspended due to accounting issues.

In contrast, Shimamura, a clothing retailer, had a positive effect on performance. Shimamura's share price rose after it posted a well-received earnings report in April.

Domestic activity appears to be picking up in Japan as it rebuilds its infrastructure after last year's earthquake. Moreover, a car subsidy has been instigated with the aim of stimulating the car industry; it appears to have been at least initially successful with both production and auto sales increasing. More construction, along with stronger car sales should support domestic demand in the short term.

Scottish Widows Investment Partnership Limited

June 2012

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

# Japan Growth Fund

## Portfolio Statement

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as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (7.04%*)</b>		<b>2,327</b>	<b>6.89</b>
<b>Chemicals</b>			
Asahi Kasei	27,000	93	0.27
Kuraray	20,700	169	0.50
Nitto Denko	5,800	151	0.45
Shin-Etsu Chemical	13,500	445	1.32
Showa Denko	83,000	105	0.31
Sumitomo Chemical	52,000	105	0.31
Teijin	70,000	134	0.40
Toray Industries	20,000	86	0.25
Ube Industries	61,000	90	0.27
<b>Industrial Metals &amp; Mining</b>			
JFE	13,500	140	0.41
Kobe Steel	87,000	66	0.20
Nippon Steel	133,000	190	0.56
Sumitomo Metal Industries	172,000	178	0.53
Sumitomo Metal Mining	14,000	101	0.30
<b>Mining</b>			
JX	84,430	274	0.81
<b>CONSUMER GOODS (18.37%*)</b>		<b>6,633</b>	<b>19.61</b>
<b>Automobiles &amp; Parts</b>			
Aisin Seiki	11,100	223	0.66
Bridgestone	16,600	228	0.67
Denso	11,600	225	0.67
Fuji Heavy Industries	33,000	163	0.48
Honda Motor	35,800	735	2.17
Nissan Motor	79,100	490	1.45
Suzuki Motor	11,100	148	0.44
Toyota Industries	12,000	204	0.60
Toyota Motor	74,200	1,843	5.45
<b>Beverages</b>			
Asahi	10,400	143	0.42
Coca-Cola West	6,500	70	0.21
Kirin	34,000	250	0.74
<b>Food Producers</b>			
Ajinomoto	16,000	139	0.41
Toyo Suisan Kaisha	7,000	115	0.34
<b>Household Goods &amp; Home Construction</b>			
Panasonic	34,000	145	0.43
Sekisui Chemical	26,000	143	0.42
Sekisui House	44,000	239	0.71
<b>Leisure Goods</b>			
Sharp	25,000	84	0.25
Sony	18,800	162	0.48
<b>Personal Goods</b>			
Kao	6,300	104	0.31
Shiseido	10,400	105	0.31
Unicharm	4,600	160	0.47
<b>Tobacco</b>			
Japan Tobacco	144	515	1.52

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>CONSUMER SERVICES (9.65%*)</b>		<b>3,341</b>	<b>9.92</b>
<b>Food &amp; Drug Retailers</b>			
FamilyMart	5,700	166	0.49
Lawson	3,200	144	0.43
Seven & I	12,400	239	0.71
<b>General Retailers</b>			
Aeon	22,000	171	0.51
Fast Retailing	1,500	214	0.63
Marui	32,300	146	0.43
Nitori	2,200	128	0.38
Rakuten	271	185	0.55
Shimamura	2,600	189	0.56
Takashimaya	23,000	104	0.31
USS	1,420	92	0.27
Yamada Denki	5,230	168	0.50
<b>Media</b>			
Dai Nippon Printing	15,000	73	0.22
Toho	12,600	129	0.38
Toppan Printing	12,000	47	0.14
<b>Travel &amp; Leisure</b>			
Central Japan Railway	29	151	0.45
East Japan Railway	11,300	431	1.28
Keikyu	27,000	151	0.45
Keisei Electric Railway	33,000	164	0.49
Kintetsu	29,000	65	0.19
Sankyo	4,000	124	0.37
West Japan Railway	2,400	60	0.18
<b>FINANCIALS (16.26%*)</b>		<b>5,988</b>	<b>17.70</b>
<b>Banks</b>			
Hokuhoku Financial	80,000	75	0.22
Iyo Bank	9,000	43	0.13
Joyo Bank	39,000	103	0.30
Mitsubishi UFJ Financial	357,900	995	2.94
Mizuho Financial	687,300	642	1.90
Nishi-Nippon City Bank	60,000	87	0.26
Sumitomo Mitsui Financial	39,400	738	2.18
Sumitomo Mitsui Trust	133,000	215	0.64
Yamaguchi Financial	34,000	174	0.51
<b>Collective Investment Schemes</b>			
SWIP Sterling Liquidity Fund ‡	400,052	400	1.18
<b>Financial Services</b>			
Credit Saison	11,900	146	0.43
Daiwa Securities	45,000	91	0.27
Mitsubishi Chemical	31,000	88	0.26
Nomura	78,300	166	0.49
ORIX	3,180	176	0.52
<b>Life Insurance</b>			
Dai-ichi Life Insurance	212	136	0.40
NKSJ	8,700	103	0.30
T&D	20,700	126	0.37

# Japan Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>Nonlife Insurance</b>			
MS&AD Insurance	11,900	117	0.35
Tokio Marine	24,700	344	1.02
<b>Real Estate Investment &amp; Services</b>			
Japan Real Estate Investment ***	24	136	0.40
Mitsubishi Estate	41,000	408	1.21
Mitsui Fudosan	16,000	171	0.51
Sumitomo Realty & Development	10,000	135	0.40
<b>Real Estate Investment Trusts</b>			
Japan Retail Fund Investment	172	173	0.51
<b>HEALTH CARE (5.72%*)</b>		<b>1,960</b>	<b>5.81</b>
<b>Health Care Equipment &amp; Services</b>			
Daiichi Sankyo	15,200	157	0.46
Miraca	7,800	191	0.57
Terumo	3,600	83	0.25
<b>Pharmaceuticals &amp; Biotechnology</b>			
Astellas Pharma	15,600	393	1.16
Dainippon Sumitomo Pharma	11,000	67	0.20
Eisai	5,000	131	0.39
Kyowa Hakko Kirin	16,000	101	0.30
Mitsubishi Tanabe Pharma	14,300	121	0.36
Ono Pharmaceutical	7,300	264	0.78
Shionogi	7,600	61	0.18
Takeda Pharmaceutical	14,600	391	1.16
<b>INDUSTRIALS (22.33%*)</b>		<b>7,525</b>	<b>22.22</b>
<b>Construction &amp; Materials</b>			
Asahi Glass	47,000	203	0.60
Daito Trust Construction	4,700	265	0.78
Kinden	41,000	168	0.50
Obayashi	55,000	137	0.41
<b>Electronic &amp; Electrical Equipment</b>			
FUJIFILM	15,900	191	0.57
Hirose Electric	2,400	141	0.42
Hoya	9,700	133	0.39
Keyence	800	116	0.34
Kyocera	4,500	239	0.71
Murata Manufacturing	6,100	203	0.60
Nidec	2,800	147	0.43
Olympus	5,500	56	0.17
Omron	12,300	157	0.46
Rohm	3,700	86	0.25
Sumitomo Electric Industries	18,800	140	0.41
TDK	6,100	169	0.50
<b>General Industrials</b>			
Daikin Industries	6,000	99	0.29
Marubeni	58,000	238	0.70
Mitsubishi	43,200	542	1.60
Sumitomo	29,400	254	0.75
Toshiba	156,000	376	1.11
Toyo Seikan Kaisha	12,200	89	0.26



## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>Industrial Engineering</b>			
Amada	26,000	96	0.28
FANUC	3,300	364	1.08
JGC	8,000	141	0.42
Kawasaki Heavy Industries	94,000	159	0.47
Komatsu	19,600	301	0.89
Kubota	27,000	149	0.44
Mitsubishi Heavy Industries	71,000	184	0.54
Nabtesco	10,800	155	0.46
NSK	33,000	130	0.38
NTN	71,000	147	0.43
SMC	1,300	137	0.41
Sumitomo Heavy Industries	35,000	99	0.29
<b>Industrial Transportation</b>			
Kamigumi	28,000	140	0.41
Nippon Yusen	61,000	104	0.31
<b>Support Services</b>			
ITOCHU	30,200	212	0.63
Mitsui	54,800	495	1.46
Secom	3,500	99	0.29
Sojitz	104,600	105	0.31
Toyota Tsusho	13,400	159	0.47
<b>OIL &amp; GAS (0.88%*)</b>		<b>374</b>	<b>1.11</b>
<b>Oil &amp; Gas Producers</b>			
Inpex	82	304	0.90
TonenGeneral Sekiyu	12,000	70	0.21
<b>PERSONAL &amp; HOUSEHOLD GOODS (0.64%*)</b>		<b>178</b>	<b>0.53</b>
<b>Leisure Goods</b>			
Nintendo	2,400	178	0.53
<b>TECHNOLOGY (8.44%*)</b>		<b>2,558</b>	<b>7.59</b>
<b>Software &amp; Computer Services</b>			
Dena	8,200	110	0.33
Softbank	28,500	570	1.69
Trend Micro	4,800	84	0.25
Yahoo Japan	1,077	201	0.59
<b>Technology Hardware &amp; Equipment</b>			
Canon	25,000	644	1.91
Fujitsu	72,000	202	0.60
Hitachi	78,000	286	0.85
Mitsubishi Electric	24,000	121	0.36
Nikon	4,500	80	0.24
Ricoh	24,000	112	0.33
Tokyo Electron	5,100	148	0.44
<b>TELECOMMUNICATIONS (3.24%*)</b>		<b>939</b>	<b>2.78</b>
<b>Fixed Line Telecommunications</b>			
Nippon Telegraph & Telephone	8,300	230	0.68
<b>Mobile Telecommunications</b>			
KDDI	52	206	0.61
NTT DoCoMo	491	503	1.49

# Japan Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>UTILITIES (4.20%*)</b>		<b>1,161</b>	<b>3.44</b>
<b>Electricity</b>			
Chubu Electric Power	24,100	236	0.70
Electric Power Development	5,500	91	0.27
Hokkaido Electric Power	8,700	70	0.21
Kansai Electric Power	25,800	239	0.71
Tohoku Electric Power	16,600	97	0.29
Tokyo Electric Power	32,500	42	0.12
<b>Gas, Water &amp; Multiutilities</b>			
Osaka Gas	35,000	88	0.26
Tokyo Gas	98,000	298	0.88
<b>DERIVATIVES (-0.02%*)</b>		<b>(57)</b>	<b>(0.17)</b>
<b>Forward Currency Contracts</b>			
Bought JPY74,223,000 for GBP585,664 Settlement 14/06/2012		23	0.07
Bought JPY24,875,000 for GBP192,993 Settlement 14/06/2012		11	0.03
Bought JPY17,312,000 for GBP132,898 Settlement 14/06/2012		9	0.03
Bought JPY35,825,000 for GBP287,918 Settlement 14/06/2012		6	0.02
Bought JPY21,825,000 for GBP173,510 Settlement 14/06/2012		5	0.01
Bought JPY8,160,000 for GBP62,662 Settlement 14/06/2012		4	0.01
Bought JPY7,560,000 for GBP58,837 Settlement 14/06/2012		3	0.01
Bought JPY7,190,000 for GBP58,154 Settlement 14/06/2012		1	-
Sold JPY8,306,850 for GBP64,278 Settlement 14/06/2012		(4)	(0.01)
Sold JPY8,249,000 for GBP62,288 Settlement 14/06/2012		(5)	(0.01)
Sold JPY24,787,200 for GBP194,175 Settlement 14/06/2012		(9)	(0.03)
<b>Futures</b>			
TOPIX Index Futures June 2012	20	(101)	(0.30)
<b>Portfolio of investments^</b>		<b>32,927</b>	<b>97.43</b>
<b>Net other assets</b>		<b>867</b>	<b>2.57</b>
<b>Total net assets</b>		<b>33,794</b>	<b>100.00</b>

All investments held are listed, unless otherwise stated.

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

\* Comparative figures shown in brackets relate to 30 November 2011.

\*\*\* Real Estate Investment Trust (REIT).

^ Including derivative liabilities.

## Japan Growth Fund

### Material Portfolio Changes

for the period 1 December 2011 to 31 May 2012 (unaudited)

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
TOPIX Index Futures June 2012	1,539	TOPIX Index Futures March 2012	1,077
TOPIX Index Futures March 2012	1,043	TOPIX Index Futures December 2011	1,042
SWIP Sterling Liquidity Fund ‡	650	TOPIX Index Futures June 2012	300
Astellas Pharma	222	Komatsu	294
Toyota Industries	219	SWIP Sterling Liquidity Fund ‡	250
Fuji Heavy Industries	161	Eisai	165
Toyota Motor	147	USS	142
Sankyo	122	FANUC	131
Yamaguchi Financial	109	Iyo Bank	122
Kyocera	106	NGK Insulators	111

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

# Japan Growth Fund

## Performance Record

as at 31 May 2012 (unaudited)

### Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/11/09	1,079,454	1,599,409	67.49	1.70
Accumulation 30/11/10	1,127,909	1,501,109	75.14	1.67
Accumulation 30/11/11	963,618	1,422,009	67.76	1.68
Accumulation 31/05/12	936,255	1,398,709	66.94	1.65
Share Class B				
Accumulation 30/11/09	599,931	854,964	70.17	1.32
Accumulation 30/11/10	631,606	805,464	78.42	1.29
Accumulation 30/11/11	548,340	772,464	70.99	1.30
Accumulation 31/05/12	511,749	728,464	70.25	1.28
Share Class X				
Accumulation 30/11/09	28,115,209	36,977,565	76.03	0.19
Accumulation 30/11/10	32,550,989	37,881,865	85.93	0.17
Accumulation 30/11/11	29,961,062	38,085,865	78.67	0.18
Accumulation 31/05/12	32,345,828	41,314,365	78.29	0.15

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

### Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	89.92	72.64	-
Accumulation 2008	79.40	56.26	0.4074
Accumulation 2009	74.11	55.44	0.0096
Accumulation 2010	81.84	68.36	0.0772
Accumulation 2011	82.10	66.41	0.4017
Accumulation 2012*	74.76	65.51	-
Share Class B			
Accumulation 2007	92.54	74.95	-
Accumulation 2008	82.10	58.25	0.6924
Accumulation 2009	76.99	57.48	0.2701
Accumulation 2010	85.25	71.27	0.3711
Accumulation 2011	85.75	69.49	0.7033
Accumulation 2012*	78.41	68.74	-
Share Class X			
Accumulation 2007	97.20	79.40	0.9540
Accumulation 2008	87.48	61.94	1.6069
Accumulation 2009	82.87	61.43	1.1380
Accumulation 2010	93.50	77.87	1.3552
Accumulation 2011	94.19	76.78	1.7382
Accumulation 2012*	87.21	76.58	-

(†) Allocated for accumulation shares.

\* To 31 May 2012.

Share class X is not published.

## Japan Growth Fund

### Statement of Total Return

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
Income				
Net capital losses		(471)		(1,965)
Revenue	446		409	
Expenses	(35)		(39)	
Finance costs: Interest	-		-	
Net revenue before taxation	411		370	
Taxation	(30)		(30)	
Net revenue after taxation		381		340
<b>Total return before equalisation</b>		<b>(90)</b>		<b>(1,625)</b>
Finance costs: Equalisation		41		2
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(49)</b>		<b>(1,623)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>31,473</b>		<b>34,311</b>
Assets transferred from CMI Japanese Equity Fund*		2,650		-
Amounts receivable on creation of shares	1,252		993	
Less: Amounts payable on cancellation of shares	(1,532)		(1,183)	
		(280)		(190)
Change in net assets attributable to shareholders from investment activities		(49)		(1,623)
<b>Closing net assets attributable to shareholders</b>		<b>33,794</b>		<b>32,498</b>

\*Relating to the transfer of assets from a related party.

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.

# Japan Growth Fund

## Balance Sheet

as at 31 May 2012 (unaudited)

	31/05/12 £000	30/11/11 £000
<b>Assets</b>		
<b>Portfolio of investments</b>	<b>33,046</b>	<b>30,480</b>
Debtors	372	214
Cash and bank balances	530	857
<b>Total other assets</b>	<b>902</b>	<b>1,071</b>
<b>Total assets</b>	<b>33,948</b>	<b>31,551</b>
<b>Liabilities</b>		
<b>Derivative liabilities</b>	<b>(119)</b>	<b>(29)</b>
Creditors	(14)	(49)
Bank overdrafts	(21)	-
<b>Total other liabilities</b>	<b>(35)</b>	<b>(49)</b>
<b>Total liabilities</b>	<b>(154)</b>	<b>(78)</b>
<b>Net assets attributable to shareholders</b>	<b>33,794</b>	<b>31,473</b>

# Japan Select Growth Fund

## Authorised Fund Manager's Report

for the period 1 December 2011 to 31 May 2012 (unaudited)

### Investment Objective and Policy

To provide long term capital growth through investment in a select portfolio of primarily Japanese equities.

The Fund will invest in a select portfolio of primarily Japanese equities quoted on the first and second sections of the Tokyo Stock exchange. Equities quoted on regional Japanese stock exchanges and the OTC market may be purchased and investment in convertible bonds and warrants issued by companies quoted on any of the above exchanges is also permitted. The Fund will focus on a limited number of holdings (typically between 30 and 50) and may invest in other types of investment at the discretion of the ACD.

### Investment Review

Performance	01/12/11 to 31/05/12 %	01/12/10 to 30/11/11 %	01/12/09 to 30/11/10 %	01/12/08 to 30/11/09 %	01/12/07 to 30/11/08 %	01/12/06 to 30/11/07 %
Japan Select Growth Fund A Accumulation	1.15	(10.24)	12.22	7.94	(21.60)	(9.83)
Japan Sector Average Return	(0.74)	(5.66)	14.15	5.57	(16.39)	(7.96)
MSCI Japan Index	1.16	(9.32)	14.06	6.74	(15.63)	(2.15)

Sources: Lipper for Japan Select Growth Fund and Japan Sector Average Return (funds which invest at least 80% of their assets in Japanese equities). Basis: Mid to Mid, net revenue reinvested and net of expenses.

Source: Rimes for the MSCI Japan Index (GBP). Basis: Revenue reinvested and gross of expenses.

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

Japanese equity markets rallied in the early months of 2012, only to give back the gains from March onwards. The Topix index went on to suffer its longest weekly losing streak since 1975 through April and May. Over the reporting period, the Japanese Select Growth Fund was up 1.15%, a return in line with its benchmark, which was up 1.16%. The Fund's relatively high (when compared to the benchmark) exposure to the consumer staples sector positively influenced returns over the six months.

In the first half of the reporting period, the biggest driver of sentiment was a surprise decision by the Bank of Japan (BoJ) to extend its asset-purchase programme (APP) by ¥10 trillion to ¥65 trillion. The APP involves the BoJ effectively printing money to buy government bonds. In April, the Japanese central bank increased the scale of the scheme further, to ¥70 trillion.

As ever, the yen's manoeuvres against foreign currencies – particularly the US dollar – were keenly observed by investors. Japan has an export-led economy and the share prices of companies who sell goods abroad are heavily influenced by exchange rates, with a stronger yen putting off overseas buyers. Jun Azumi, the Japanese finance minister, said that he is watching currency movements closely, but that he feels the rise in the yen and the fall in Tokyo stocks prices "do not reflect Japanese economic fundamentals at all".

At asset level, our holding in Shimamura, a clothing retailer, had a positive effect on performance over the reporting period. Shimamura's share price rose on the back of a strong earnings report.

Toyota Motor also did well. The car manufacturer felt the benefits of the Bank of Japan's moves to weaken the yen in the early months of the year. Among Japanese exporters, Toyota is one of the most exposed of all to the currency's movements because it has a higher proportion of production based in Japan. In addition to this, it benefitted from improving US car sales data.

In contrast, Sumitomo Heavy Industries was a negative contributor. The company's share price slipped towards the end of the reporting period, after it confirmed that its contract with the Japanese Ministry of Defence had been suspended due to accounting issues.

Domestic activity appears to be picking up in Japan as it rebuilds its infrastructure after last year's earthquake. Moreover, a car subsidy has been instigated with the aim of stimulating the car industry; it appears to have been at least initially successful with both production and auto sales increasing. More construction, along with stronger car sales should support domestic demand in the short term.

Scottish Widows Investment Partnership Limited

June 2012

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

# Japan Select Growth Fund

## Portfolio Statement

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>BASIC MATERIALS (5.82%*)</b>		<b>47</b>	<b>5.33</b>
<b>Chemicals</b>			
Shin-Etsu Chemical	600	20	2.27
<b>Industrial Metals &amp; Mining</b>			
Sumitomo Metal Industries	13,000	13	1.47
<b>Mining</b>			
JX	4,400	14	1.59
<b>CONSUMER GOODS (17.14%*)</b>		<b>169</b>	<b>19.16</b>
<b>Automobiles &amp; Parts</b>			
Nissan Motor	2,500	15	1.70
Toyota Motor	3,300	82	9.30
<b>Beverages</b>			
Kirin	3,000	22	2.49
<b>Tobacco</b>			
Japan Tobacco	14	50	5.67
<b>CONSUMER SERVICES (15.27%*)</b>		<b>141</b>	<b>15.99</b>
<b>Food &amp; Drug Retailers</b>			
FamilyMart	1,100	32	3.63
<b>General Retailers</b>			
Shimamura	600	44	4.99
Yamada Denki	588	19	2.15
<b>Travel &amp; Leisure</b>			
East Japan Railway	1,200	46	5.22
<b>FINANCIALS (18.42%*)</b>		<b>161</b>	<b>18.25</b>
<b>Banks</b>			
Mitsubishi UFJ Financial	12,400	34	3.85
Mizuho Financial	25,000	23	2.61
Sumitomo Mitsui Financial	1,900	36	4.08
Sumitomo Mitsui Trust	9,000	15	1.70
<b>Financial Services</b>			
Credit Saison	1,200	15	1.70
<b>Nonlife Insurance</b>			
Tokio Marine	1,300	18	2.04
<b>Real Estate Investment &amp; Services</b>			
Mitsubishi Estate	2,000	20	2.27
<b>HEALTH CARE (8.51%*)</b>		<b>79</b>	<b>8.96</b>
<b>Health Care Equipment &amp; Services</b>			
Miraca	1,600	39	4.42
<b>Pharmaceuticals &amp; Biotechnology</b>			
Astellas Pharma	1,600	40	4.54
<b>INDUSTRIALS (15.61%*)</b>		<b>123</b>	<b>13.94</b>
<b>Construction &amp; Materials</b>			
Asahi Glass	3,000	13	1.47
<b>General Industrials</b>			
Mitsubishi	2,700	34	3.85
Toshiba	11,000	27	3.06



# Japan Select Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>Industrial Engineering</b>			
Nabtesco	1,900	27	3.06
Sumitomo Heavy Industries	3,800	11	1.25
<b>Support Services</b>			
Mitsui	1,200	11	1.25
<b>OIL &amp; GAS (1.98%*)</b>		<b>15</b>	<b>1.70</b>
<b>Oil &amp; Gas Producers</b>			
Inpex	4	15	1.70
<b>TECHNOLOGY (7.34%*)</b>		<b>48</b>	<b>5.44</b>
<b>Software &amp; Computer Services</b>			
Softbank	1,700	34	3.85
Yahoo Japan	77	14	1.59
<b>TELECOMMUNICATIONS (3.85%*)</b>		<b>31</b>	<b>3.51</b>
<b>Mobile Telecommunications</b>			
NTT DoCoMo	30	31	3.51
<b>UTILITIES (2.56%*)</b>		<b>24</b>	<b>2.73</b>
<b>Gas, Water &amp; Multiutilities</b>			
Tokyo Gas	8,000	24	2.73
<b>Portfolio of investments</b>		<b>838</b>	<b>95.01</b>
<b>Net other assets</b>		<b>44</b>	<b>4.99</b>
<b>Total net assets</b>		<b>882</b>	<b>100.00</b>

All investments held are listed, unless otherwise stated.

\* Comparative figures shown in brackets relate to 30 November 2011.

## Japan Select Growth Fund

### Portfolio Changes

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for the period 1 December 2011 to 31 May 2012 (unaudited)

	Cost £000		Proceeds £000
<b>Total purchases</b>		<b>Total sales</b>	
Astellas Pharma	41	Eisai	43
Eisai	8	Dena	10
Shimamura	6		

# Japan Select Growth Fund

## Performance Record

as at 31 May 2012 (unaudited)

### Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/11/09	883,394	535,525	164.96	2.71
Accumulation 30/11/10	880,032	475,725	184.99	2.50
Accumulation 30/11/11	730,992	439,725	166.24	2.77
Accumulation 31/05/12	752,992	448,525	167.88	2.65
Share Class X				
Accumulation 30/11/09	124,625	68,916	180.84	1.19
Accumulation 30/11/10	88,333	42,916	205.83	0.99
Accumulation 30/11/11	126,581	67,416	187.76	1.32
Accumulation 31/05/12	128,796	67,416	191.05	1.14

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

### Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	229.00	180.40	-
Accumulation 2008	197.50	137.20	-
Accumulation 2009	177.80	134.00	-
Accumulation 2010	200.70	168.40	-
Accumulation 2011	202.80	161.30	-
Accumulation 2012*	180.40	162.40	-
Share Class X			
Accumulation 2007	240.80	192.50	1.6113
Accumulation 2008	229.50	148.80	2.3003
Accumulation 2009	195.20	146.10	1.3699
Accumulation 2010	223.10	186.70	1.6784
Accumulation 2011	226.40	181.50	2.5586
Accumulation 2012*	204.40	184.70	-

(†) Allocated for accumulation shares.

\* To 31 May 2012.

Share class X is not published.

## Japan Select Growth Fund

### Statement of Total Return

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
Income				
Net capital gains/(losses)		9		(37)
Revenue	13		11	
Expenses	(10)		(10)	
Finance costs: Interest	-		-	
Net revenue before taxation	3		1	
Taxation	(1)		(1)	
Net revenue after taxation		2		-
<b>Total return before equalisation</b>		<b>11</b>		<b>(37)</b>
Finance costs: Equalisation		-		-
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>11</b>		<b>(37)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>858</b>		<b>968</b>
Amounts receivable on creation of shares	33		44	
Less: Amounts payable on cancellation of shares	(20)		(62)	
		13		(18)
Change in net assets attributable to shareholders from investment activities		11		(37)
<b>Closing net assets attributable to shareholders</b>		<b>882</b>		<b>913</b>

*Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.*

# Japan Select Growth Fund

## Balance Sheet

as at 31 May 2012 (unaudited)

	31/05/12 £000	30/11/11 £000
<b>Assets</b>		
<b>Portfolio of investments</b>	<b>838</b>	<b>828</b>
Debtors	10	6
Cash and bank balances	41	35
<b>Total other assets</b>	<b>51</b>	<b>41</b>
<b>Total assets</b>	<b>889</b>	<b>869</b>
<b>Liabilities</b>		
Creditors	(7)	(11)
<b>Total liabilities</b>	<b>(7)</b>	<b>(11)</b>
<b>Net assets attributable to shareholders</b>	<b>882</b>	<b>858</b>

# Pacific Growth Fund

## Authorised Fund Manager's Report

for the period 1 December 2011 to 31 May 2012 (unaudited)

### Investment Objective and Policy

To provide long term capital growth through investment in a broad portfolio of primarily Asian and Australasian equities, excluding Japan.

The Fund will invest in a diversified portfolio of predominantly Asian and Australasian equities (excluding Japan) which may also include, directly or indirectly, warrants, depository receipts, convertibles and bonds. However the Fund may invest in other types of investment at the discretion of the ACD.

### Investment Review

Performance	01/12/11 to 31/05/12 %	01/12/10 to 30/11/11 %	01/12/09 to 30/11/10 %	01/12/08 to 30/11/09 %	01/12/07 to 30/11/08 %	01/12/06 to 30/11/07 %
Pacific Growth Fund A Accumulation	2.13	(12.45)	21.17	60.84	(38.60)	29.68
Asia Pacific (ex-Japan) Sector Average Return	3.48	(12.54)	21.13	64.27	(40.56)	39.47
MSCI AC Asia Pacific (ex-Japan) Index	3.62	(10.55)	21.04	70.68	(41.21)	38.24

Sources: Lipper for Pacific Growth Fund and Asia Pacific (ex-Japan) Sector Average Return (funds which invest at least 80% of their assets in Asia Pacific equities and exclude Japanese securities). Basis: Mid to Mid, net revenue reinvested and net of expenses.

Source: Rimes for the MSCI AC Asia Pacific (ex-Japan) Index (GBP). Basis: Revenue reinvested and gross of expenses.

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

Equity markets in the Asia Pacific region, after undergoing some volatility, were slightly up over the reporting period. The Pacific Growth Fund returned 2.13% over the six months, underperforming its benchmark, which returned 3.62%.

Australian markets have provided much of the recent talking points. The country's central bank surprised analysts when it cut interest rates by 50 basis points to 3.75% on 1 May. The cut was larger than many had expected, and was made in an attempt to kick-start Australia's slowing economy. Tourism and manufacturing numbers have been disappointing, weighed down by the strength of the Australian dollar. House prices have also fallen, with many fearing a slump in the real estate market could damage the wider economy.

The South Korean economy, meanwhile, was able to shrug off worries about a slowdown in China to deliver its best quarterly performance in a year. Government outlay and increased investment from the semiconductor sector meant GDP was 0.9% for the first three months of 2012, up from 0.3% in the previous quarter.

Meanwhile, May brought disappointing news from China: steel output, loan growth and commodity imports fell – as did a closely watched purchasing managers' index published by HSBC. Taken in isolation, a negative reading from any one of these indicators might have been dismissed as an aberration. But taken together they may give cause for concern. Yet perhaps the bigger negative for investors was that the government signalled it was not minded to unleash a stimulus package of the kind seen in the aftermath of the financial crisis.

At asset level, Kasikornbank, Thailand's fourth-largest lender, had a positive influence on performance over the six months. It experienced strong loan growth during May.

In contrast, negative contributors included Dongfang Electric, listed in Hong Kong; Bumi Resources, the Thai mining company; and Bank of China.

Fears of an economic "hard landing" (a shift from rapid growth to slow growth or even recession) in China are overdone, but the country does face adjustment to lower trend growth, with less reliance on exports. Finally, there are signs that the smaller and more open Asian economies are picking up pace again after a pause at the end of last year.

Scottish Widows Investment Partnership Limited

June 2012

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

# Pacific Growth Fund

## Portfolio Statement

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>AUSTRALIA (26.29%*)</b>		<b>14,296</b>	<b>22.86</b>
AGL Energy	11,530	110	0.18
AGL Energy Rights 19/06/2012	1,647	4	0.01
Alumina	71,861	44	0.07
Amcor	28,319	133	0.21
AMP	120,177	293	0.47
Asciano	27,631	79	0.13
ASX	4,269	79	0.13
Australia & New Zealand Banking	71,912	944	1.51
BGP **	415,109	-	-
BHP Billiton	89,387	1,794	2.86
Brambles	44,145	184	0.29
Coca-Cola Amatil	23,319	188	0.30
Cochlear	1,732	68	0.11
Commonwealth Bank of Australia	41,173	1,277	2.04
Computershare	26,468	129	0.21
CSL	10,053	238	0.38
Fortescue Metals	39,123	113	0.18
Goodman ***	37,767	80	0.13
GPT ***	47,857	97	0.15
Iluka Resources	9,858	83	0.13
Incitec Pivot	48,033	86	0.14
Insurance Australia	63,818	133	0.21
Leighton	9,578	106	0.17
Macquarie	10,756	182	0.29
Metcash	52,847	127	0.20
Mirvac ***	109,688	85	0.14
National Australia Bank	59,390	838	1.34
Newcrest Mining	23,355	366	0.58
OneSteel	99,111	66	0.11
Orica	11,998	187	0.30
Origin Energy	19,289	156	0.25
OZ Minerals	13,209	72	0.12
Qantas Airways	113,897	107	0.17
QBE Insurance	21,566	168	0.27
Ramsay Health Care	11,171	151	0.24
Rio Tinto	13,711	490	0.78
Santos	24,989	188	0.30
Sonic Healthcare	17,240	132	0.21
SP AusNet	269,154	170	0.27
SP AusNet Stapled Rights 12/06/12	40,373	-	-
Stockland ***	61,264	123	0.20
Suncorp	45,227	220	0.35
TABCORP	105,742	193	0.31
Tatts	111,785	184	0.29
Telstra	131,206	292	0.47
Toll	42,496	123	0.20
Transurban	34,965	124	0.20
Wesfarmers	25,223	463	0.74
Wesfarmers Price Protected Shares	8,882	170	0.27

# Pacific Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

		Market Value £000	Total Net Assets %
	Holdings		
Westfield ***	96,020	548	0.88
Westfield Retail ***	149,478	254	0.41
Westpac Banking	81,603	1,039	1.66
Woodside Petroleum	14,924	302	0.48
Woolworths	24,552	408	0.65
WorleyParsons	6,586	106	0.17
<b>BERMUDA (1.12%*)</b>		<b>584</b>	<b>0.93</b>
China Yurun Food	51,000	33	0.05
Esprit	36,941	38	0.06
GOME Electrical Appliances	320,000	32	0.05
Li & Fung	158,000	189	0.30
Noble	147,000	81	0.13
NWS	117,635	111	0.18
Shangri-La Asia	44,000	57	0.09
Yue Yuen Industrial	21,000	43	0.07
<b>CAYMAN ISLANDS (3.86%*)</b>		<b>2,437</b>	<b>3.89</b>
Belle International	139,000	143	0.23
China Resources Land	78,000	96	0.15
ENN Energy	98,000	244	0.39
Evergrande Real Estate	313,000	111	0.18
GCL-Poly Energy	300,000	46	0.07
Greentown China	172,500	70	0.11
Hengan International	24,500	151	0.24
Kingboard Chemical	28,500	39	0.06
Renhe Commercial	604,000	21	0.03
Renren ADR	33,400	98	0.16
Sands China	70,400	155	0.25
Tencent	25,400	457	0.73
Tingyi Cayman Islands	58,000	89	0.14
TPK	14,650	141	0.23
Want Want China	416,000	308	0.49
Wynn Macau	62,800	100	0.16
Youku ADR	10,600	168	0.27
<b>CHINA (8.93%*)</b>		<b>5,725</b>	<b>9.14</b>
Agricultural Bank of China	356,000	92	0.15
Aluminum of China	212,000	59	0.09
Anhui Conch Cement	46,000	92	0.15
Bank of China	1,868,000	460	0.73
China Coal Energy	140,000	83	0.13
China Communications Construction	277,000	168	0.27
China Construction Bank	1,684,432	743	1.19
China Life Insurance	223,000	338	0.54
China Longyuan Power	106,000	42	0.07
China Merchants Bank	137,200	170	0.27
China Minsheng Banking	275,500	167	0.27
China National Building Material	194,000	152	0.24
China Pacific Insurance	36,400	70	0.11
China Petroleum & Chemical	710,230	408	0.65
China Shenhua Energy	165,500	378	0.60
China Telecom	356,000	104	0.17
Dongfang Electric	105,600	159	0.25



# Pacific Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

		Market Value £000	Total Net Assets %
Dongfeng Motor	100,000	111	0.18
Guangzhou Automobile	112,739	62	0.10
Industrial & Commercial Bank of China	2,163,060	833	1.33
Jiangxi Copper	71,000	96	0.15
PetroChina	484,000	393	0.63
Ping An Insurance	84,000	398	0.64
Yanzhou Coal Mining	72,000	78	0.12
Zijin Mining	340,000	69	0.11
<b>HONG KONG (11.76%*)</b>		<b>6,834</b>	<b>10.91</b>
AIA	138,600	290	0.46
Bank of East Asia	42,200	92	0.15
BOC Hong Kong	220,729	395	0.63
Cathay Pacific Airways	148,000	148	0.24
Cheung Kong	26,000	193	0.31
China Mobile	194,300	1,268	2.02
China Overseas Land & Investment	132,000	179	0.29
China Resources Power	170,600	199	0.32
China Unicom Hong Kong	136,000	119	0.19
CLP	55,000	290	0.46
CNOOC	668,000	780	1.25
Hang Lung Properties	59,000	121	0.19
Hang Seng Bank	23,800	198	0.32
Henderson Land Development	29,000	95	0.15
Hong Kong & China Gas	137,000	208	0.33
Hong Kong Exchanges and Clearing	25,800	235	0.38
Hopewell	83,500	142	0.23
Hutchison Whampoa	46,260	246	0.39
Minimetals Resources	212,000	59	0.09
MTR	90,000	188	0.30
New World Development	273,119	190	0.30
Power Assets	40,500	183	0.29
Sino Land	123,200	109	0.17
SJM	72,000	81	0.13
Sun Hung Kai Properties	40,182	292	0.47
Swire Pacific	45,000	316	0.50
Swire Properties	31,500	54	0.09
Wharf	48,800	164	0.26
<b>INDIA (7.23%*)</b>		<b>3,672</b>	<b>5.88</b>
Asian Paints	2,791	122	0.19
Axis Bank	8,135	91	0.15
Bajaj Auto	6,528	113	0.18
Bharat Heavy Electricals	25,530	61	0.10
Dr Reddy's Laboratories	6,820	131	0.21
HDFC Bank	36,854	211	0.34
Hero Honda Motors	280	6	0.01
Hindalco Industries	65,602	87	0.14
Hindustan Unilever	34,514	167	0.27
Housing Development Finance	31,172	231	0.37
ICICI Bank	29,191	262	0.42
Infosys Technologies	8,952	246	0.39
Infrastructure Development Finance	73,889	103	0.16
ITC	66,882	176	0.28
Jindal Steel & Power	13,621	70	0.11

# Pacific Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
Larsen & Toubro	6,917	92	0.15
LIC Housing Finance	38,904	105	0.17
Lupin	13,630	83	0.13
Mahindra & Mahindra	15,979	119	0.19
Oil & Natural Gas	46,703	135	0.22
Reliance Industries	34,194	268	0.43
Sesa Goa	32,068	66	0.11
Shriram Transport Finance	16,867	98	0.16
State Bank of India	3,179	75	0.12
Sterlite Industries India	53,748	57	0.09
Tata Consultancy Services	14,331	202	0.32
Tata Motors	61,495	165	0.26
Tata Steel	19,716	91	0.15
United Spirits	5,879	39	0.06
<b>INDONESIA (3.00%*)</b>		<b>1,660</b>	<b>2.64</b>
Astra International	56,000	245	0.39
Bank Central Asia	396,500	193	0.31
Bank Mandiri	633,010	295	0.47
Bank Rakyat Indonesia	401,500	153	0.24
Bumi Resources	1,377,000	139	0.22
Perusahaan Gas Negara	528,000	131	0.21
Telekomunikasi Indonesia	275,000	145	0.23
United Tractors	89,500	138	0.22
XL Axiata	531,500	221	0.35
<b>IRELAND (0.00%*)</b>		<b>3,906</b>	<b>6.24</b>
iShares MSCI AC Far East ex-Japan	18,207	456	0.73
SWIP Sterling Liquidity Fund ‡	3,450,000	3,450	5.51
<b>ISLE OF MAN (0.24%*)</b>		<b>139</b>	<b>0.22</b>
Genting Singapore	185,476	139	0.22
<b>MALAYSIA (3.74%*)</b>		<b>2,137</b>	<b>3.41</b>
AirAsia	300,400	215	0.34
Berjaya Sports Toto	122,700	106	0.17
British American Tobacco Malaysia	21,900	244	0.39
Bumiputra-Commerce	260,800	394	0.63
DiGi.Com	333,700	269	0.43
Gamuda	318,700	221	0.35
Genting	154,100	312	0.50
IOI	127,100	136	0.22
Malayan Banking	80,900	143	0.23
YTL Power International	291,100	97	0.15
<b>MAURITIUS (0.20%*)</b>		<b>109</b>	<b>0.17</b>
Golden Agri-Resources	335,000	109	0.17
<b>NEW ZEALAND (0.22%*)</b>		<b>134</b>	<b>0.21</b>
SKYCITY Entertainment	77,076	134	0.21
<b>PHILIPPINES (0.68%*)</b>		<b>458</b>	<b>0.73</b>
Aboitiz Equity Ventures	197,900	153	0.24
Aboitiz Power	258,800	135	0.22
Philippine Long Distance Telephone	4,750	170	0.27

# Pacific Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>SINGAPORE (4.42%*)</b>		<b>2,373</b>	<b>3.77</b>
CapitaLand	52,000	65	0.10
DBS	59,109	391	0.62
Keppel	46,700	234	0.37
Olam International	96,000	80	0.13
Oversea-Chinese Banking	118,156	495	0.79
SembCorp Industries	55,000	134	0.21
Singapore Exchange	29,000	90	0.14
Singapore Telecommunications	290,333	449	0.72
StarHub	19,000	31	0.05
United Overseas Bank	23,000	201	0.32
Wilmar International	59,000	109	0.17
Yangzijiang Shipbuilding	181,000	94	0.15
<b>SOUTH KOREA (15.76%*)</b>		<b>9,175</b>	<b>14.63</b>
Celltrion	13,897	255	0.41
Daewoo Shipbuilding & Marine Engineering	4,870	73	0.12
GS	2,060	62	0.10
GS Engineering & Construction	3,967	175	0.28
Hana Financial	7,230	147	0.23
Honam Petrochemical	411	56	0.09
Hyundai Engineering & Construction	2,159	78	0.12
Hyundai Heavy Industries	1,524	222	0.35
Hyundai Mobis	1,767	268	0.43
Hyundai Motor	4,158	554	0.88
Hyundai Steel	1,621	75	0.12
Industrial Bank of Korea	14,520	95	0.15
KB Financial	7,749	156	0.25
Kia Motors	6,247	274	0.44
Korea Exchange Bank	20,830	93	0.15
Korea Gas	6,170	140	0.22
Korea Investment	3,270	71	0.11
Korea Kumho Petrochemical	919	59	0.09
KT	3,541	54	0.09
KT&G	2,608	111	0.18
LG Chemical	2,082	331	0.53
LG Display	6,820	78	0.12
LG Household & Healthcare	1,036	331	0.53
Lotte Shopping	1,034	178	0.28
Mirae Asset Securities	8,180	138	0.22
NHN	1,160	153	0.24
OCI	1,310	146	0.23
POSCO	2,685	530	0.85
Samsung C&T	3,353	125	0.20
Samsung Electro-Mechanics	2,173	121	0.19
Samsung Electronics	3,484	2,310	3.69
Samsung Electronics Preference Shares	670	260	0.42
Samsung Engineering	1,052	108	0.17
Samsung Fire & Marine Insurance	1,257	144	0.23
Samsung Heavy Industries	5,510	110	0.18
Shinhan Financial	18,950	394	0.63
Shinsegae	37	5	0.01

# Pacific Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

		Market Value £000	Total Net Assets %
SK	Holdings 1,342	90	0.14
SK Hynix	14,950	189	0.30
SK Innovation	1,681	128	0.20
Woongjin Coway	10,210	196	0.31
Woori Finance	15,410	92	0.15
<b>TAIWAN (10.11%*)</b>		<b>6,431</b>	<b>10.28</b>
Catcher Technology	53,000	217	0.35
Cathay Financial	220,494	140	0.22
Cheng Shin Rubber Industry	94,800	148	0.24
China Development Financial	577,528	93	0.15
China Life Insurance Taiwan	297,415	177	0.28
China Petrochemical Development	236,300	128	0.20
China Steel	323,150	195	0.31
Chinatrust Financial	291,495	105	0.17
Chipbond Technology	85,000	72	0.11
Chunghwa Telecom	59,748	117	0.19
Compal Electronics	140,000	93	0.15
Delta Electronics	52,033	94	0.15
Far Eastern New Century	151,170	99	0.16
Formosa Chemicals & Fibre	86,360	147	0.23
Fubon Financial	125,112	80	0.13
Highwealth Construction	63,000	65	0.10
Hiwin Technologies	31,000	200	0.32
Hon Hai Precision Industry	222,737	422	0.67
HTC	29,274	273	0.44
Lite-On Technology	209,985	173	0.28
MediaTek	23,064	132	0.21
Nan Ya Plastics	135,550	154	0.25
Pou Chen	373,052	207	0.33
Quanta Computer	79,950	135	0.22
Simplo Technology	46,000	213	0.34
Taiwan Cement	135,135	99	0.16
Taiwan Semiconductor Manufacturing	836,591	1,543	2.46
Tripod Technology	100,460	181	0.29
U-Ming Marine Transport	122,000	121	0.19
Uni-President Enterprises	153,064	149	0.24
United Microelectronics	377,000	107	0.17
Wistron	121,814	100	0.16
Yang Ming Marine Transport	299,800	80	0.13
Yuanta Financial	284,565	81	0.13
Yulon Motor	81,000	91	0.15
<b>THAILAND (2.40%*)</b>		<b>1,538</b>	<b>2.46</b>
Advanced Info Service	69,200	249	0.40
Bangkok Bank	35,900	135	0.22
Banpu	12,100	111	0.18
Charoen Pokphand Foods	201,400	154	0.25
Chico-Thai Plantation **	760,000	-	-
Kasikornbank	106,400	321	0.51
PTT	27,900	172	0.27
PTT Exploration & Production	37,800	115	0.18
Siam Cement	17,600	143	0.23
Siam Commercial Bank	50,200	138	0.22

# Pacific Growth Fund

## Portfolio Statement

(continued)

as at 31 May 2012 (unaudited)

	Holdings	Market Value £000	Total Net Assets %
<b>DERIVATIVES (0.00%*)</b>		<b>(238)</b>	<b>(0.38)</b>
<b>Forward Currency Contracts</b>			
<b>US Dollars</b>			
Bought USD7,233,000 for GBP4,468,539 Settlement 22/06/2012		205	0.33
Bought USD72,830 for GBP44,957 Settlement 22/06/2012		2	-
<b>Futures</b>			
MSCI Asia Pacific Index Futures June 2012	218	(445)	(0.71)
<b>Portfolio of investments^</b>		<b>61,370</b>	<b>97.99</b>
<b>Net other assets</b>		<b>1,258</b>	<b>2.01</b>
<b>Total net assets</b>		<b>62,628</b>	<b>100.00</b>

All investments held are listed, unless otherwise stated.

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

\* Comparative figures shown in brackets relate to 30 November 2011.

Stocks shown as ADR's represent American Depositary Receipts.

\*\* Unlisted and suspended securities.

\*\*\* Real Estate Investment Trust (REIT).

^ Including derivative liabilities.

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

## Pacific Growth Fund

### Material Portfolio Changes

for the period 1 December 2011 to 31 May 2012 (unaudited)

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Total sales</b>	
SWIP Sterling Liquidity Fund ‡	5,700	SWIP Sterling Liquidity Fund ‡	2,250
MSCI Asia Pacific Index Futures June 2012	4,485	iShares MSCI AC Far East ex-Japan	794
iShares MSCI AC Far East ex-Japan	1,308	Sun Hung Kai Properties	187
China Construction Bank	297	Westfield ***	168
Bank of China	190	Metcash	151
Samsung Electronics	144	DBS	123
BHP Billiton	113	Hero Honda Motors	113
China Life Insurance	106	Lupin	101
China Minsheng Banking	97	ICICI Bank	98
Taiwan Semiconductor Manufacturing	83	Singapore Telecommunications	98

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

\*\*\* Real Estate Investment Trust (REIT).

# Pacific Growth Fund

## Performance Record

as at 31 May 2012 (unaudited)

### Net Asset Value and Total Expense Ratio

	Net Asset Value of share class (£)	Shares in issue	Net Asset Value per share (p)	*Total Expense Ratio (%)
Share Class A				
Accumulation 30/11/09	22,116,715	3,148,603	702.43	1.78
Accumulation 30/11/10	25,042,591	2,943,903	850.66	1.70
Accumulation 30/11/11	21,111,116	2,833,703	745.00	1.80
Accumulation 31/05/12	20,525,580	2,699,103	760.46	1.65
Share Class B				
Accumulation 30/11/09	6,661,192	936,687	711.14	1.53
Accumulation 30/11/10	7,516,837	870,637	863.37	1.45
Accumulation 30/11/11	6,229,752	821,837	758.03	1.55
Accumulation 31/05/12	6,157,031	794,737	774.73	1.40
Share Class X				
Accumulation 30/11/09	22,400,223	2,926,366	765.46	0.27
Accumulation 30/11/10	25,563,523	2,716,666	940.99	0.20
Accumulation 30/11/11	27,005,226	3,228,066	836.58	0.30
Accumulation 31/05/12	35,945,043	4,177,866	860.37	0.15

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

### Share Price History and Revenue Record

Calendar year	Highest published share price (p)	Lowest published share price (p)	Net Revenue(†) per share (p)
Share Class A			
Accumulation 2007	784.00	548.00	5.1272
Accumulation 2008	735.30	394.50	6.5877
Accumulation 2009	745.60	424.20	8.2347
Accumulation 2010	910.30	693.50	8.0382
Accumulation 2011	921.60	683.60	11.4519
Accumulation 2012*	848.00	742.60	-
Share Class B			
Accumulation 2007	790.10	551.50	6.4315
Accumulation 2008	741.30	398.40	7.8165
Accumulation 2009	754.80	428.70	9.7062
Accumulation 2010	924.10	702.40	10.1353
Accumulation 2011	935.60	695.30	13.7855
Accumulation 2012*	863.40	756.40	-
Share Class X			
Accumulation 2007	832.70	579.80	13.4409
Accumulation 2008	790.20	427.10	14.5236
Accumulation 2009	813.10	460.70	16.8004
Accumulation 2010	1,008.00	757.60	21.7306
Accumulation 2011	1,021.00	765.80	26.9151
Accumulation 2012*	956.30	839.70	-

(†) Allocated for accumulation shares.

\* To 31 May 2012.

Share class X is not published.

## Pacific Growth Fund

### Statement of Total Return

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
Income				
Net capital gains*		526		2,206
Revenue	844		727	
Expenses	(263)		(304)	
Finance costs: Interest	-		(7)	
Net revenue before taxation	581		416	
Taxation *	(41)		(49)	
Net revenue after taxation		540		367
<b>Total return before equalisation</b>		<b>1,066</b>		<b>2,573</b>
Finance costs: Equalisation		64		(5)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>1,130</b>		<b>2,568</b>

\* Prior period restated by £13k to disclose overseas capital gains tax in Taxation instead of Net capital gains.

### Statement of Change in Net Assets Attributable to Shareholders

for the period 1 December 2011 to 31 May 2012 (unaudited)

	01/12/11 to 31/05/12		01/12/10 to 31/05/11	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>54,346</b>		<b>58,123</b>
Assets transferred from CMI Far East Ex Japan Equity Fund*		2,170		-
Amounts receivable on creation of shares	7,456		338	
Less: Amounts payable on cancellation of shares	(2,511)		(2,215)	
		4,945		(1,877)
Dilution adjustment		37		12
Change in net assets attributable to shareholders from investment activities		1,130		2,568
<b>Closing net assets attributable to shareholders</b>		<b>62,628</b>		<b>58,826</b>

\*Relating to the transfer of assets from a related party.

Comparative information is provided for the Statement of Change in Net Assets Attributable to Shareholders. Since this information is for the prior interim period, the net assets at the end of that period do not correspond to the net assets at the start of the current period.



# Pacific Growth Fund

## Balance Sheet

as at 31 May 2012 (unaudited)

	31/05/12 £000	30/11/11 £000
<b>Assets</b>		
<b>Portfolio of investments</b>	<b>61,815</b>	<b>54,323</b>
Debtors	597	161
Cash and bank balances	755	157
<b>Total other assets</b>	<b>1,352</b>	<b>318</b>
<b>Total assets</b>	<b>63,167</b>	<b>54,641</b>
<b>Liabilities</b>		
<b>Derivative liabilities</b>	<b>(445)</b>	<b>-</b>
Creditors	(94)	(85)
Bank overdrafts	-	(210)
<b>Total other liabilities</b>	<b>(94)</b>	<b>(295)</b>
<b>Total liabilities</b>	<b>(539)</b>	<b>(295)</b>
<b>Net assets attributable to shareholders</b>	<b>62,628</b>	<b>54,346</b>

## General Information

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### About OEICs

The Scottish Widows Overseas Growth Investment Funds ICVC (the "Company") is an umbrella Open Ended Investment Company ("OEIC"). An OEIC is a collective investment vehicle with variable capital in which your funds are pooled with a portfolio of investments in accordance with its Prospectus and the Collective Investment Schemes sourcebook (COLL sourcebook).

It should be remembered that the value of your shares will be affected by fluctuations in the relevant markets and foreign currency exchange rates (where applicable) and may, therefore, go down as well as up. You should view your investment over the medium to long-term.

Please contact us on 0845 300 2244 for more information. We may record and monitor calls to help us improve our service.

All sub-funds are classified as UCITS schemes which comply with Chapter 5 of the COLL sourcebook.

The base currency of the Company is Sterling, but a class of shares in respect of any sub-fund may be designated in any currency other than Sterling.

### Shares

The Company currently offers three share classes; Class A, Class B and Class X. Each share class has a different ACD fee.

### Prices and Dealing Times

The price used for either the purchase or sale of shares is normally the next price calculated after your instructions are received and accepted at our Edinburgh Office. Advisers have no authority to guarantee applications or prices.

The latest prices are obtainable from the Dealing Desk on 0845 845 0066.

Shares may be bought or sold between 9.00am and 5.00pm on Mondays to Fridays inclusive.

### Liability

Any shortfall may have to be met out of the assets attributable to one or more sub-funds of the umbrella company where the assets allocated to any sub-fund were insufficient to meet the liabilities attributable to it. Shareholders are not liable for the debts of the Company.

### Prospectus

The Prospectus, which is available from the ACD free of charge, outlines how the Company is managed and gives details of the types of assets in which each sub-fund may invest. The Prospectus and Instrument of Incorporation have not been amended during the period to 31 May 2012 (as noted on page 3). Full terms and conditions are available from the ACD.

### Personal Taxation

Unless your shares are held within an ISA, if you sell your shares or switch your shares to a different sub-fund, this is treated as a disposal for Capital Gains Tax purposes. Tax rules can change. The value to an investor of the tax advantages of an ISA will depend on personal circumstances, which may change.

Shareholders are recommended to consult with their professional tax advisors if they are in any doubt about their position.

### Queries

If you have any queries about the operation of your sub-fund you should in the first instance contact the ACD. Please supply details of your holding (including surname, initials and account number).



As part of the Lloyds Banking Group, Scottish Widows is proud to be an Official Provider of the London 2012 Olympic and Paralympic Games.

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Scottish Widows Unit Trust Managers Limited is authorised and regulated by the Financial Services Authority. Our FSA Register number is 122129.

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