



# Scottish Widows Overseas Growth Investment Funds ICVC

Annual Short Report  
for the year ended  
30 November 2009

# Scottish Widows Overseas Growth Investment Funds ICVC

## 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.

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

Scottish Widows Unit Trust Managers Limited

*Registered Office:*

Charlton Place  
Andover  
SP10 1RE

*Head Office:*

15 Dalkeith Road  
Edinburgh  
EH16 5WL

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

## Investment Adviser

Scottish Widows Investment Partnership Limited

*Registered Office:*

33 Old Broad Street  
London  
EC2N 1HZ

*Business Address:*

Edinburgh One  
60 Morrison Street  
Edinburgh  
EH3 8BE

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

## Depository

State Street Trustees Limited

*Registered Office:*

20 Churchill Place  
Canary Wharf  
London  
E14 5HJ

*Head Office:*

525 Ferry Road  
Edinburgh  
EH5 2AW

Authorised and regulated by the Financial Services Authority.

## Independent Auditors

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

# Introduction

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

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Long reports are available on request. If you would like a copy, please telephone Client Services on **0845 300 2244** or download the Financial Statements from the website [www.scottishwidows.co.uk](http://www.scottishwidows.co.uk) which is a website maintained by Scottish Widows plc on behalf of Scottish Widows Unit Trust Managers Limited.

Daily fund prices can also be found at the above website.

## Prospectus changes

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

A copy of the Prospectus is available on request.

## FUND PROFILE

### Fund Aims

To give long-term capital growth by investing in a wide portfolio of mainly North American company shares.

### Risks

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

## INVESTMENT MANAGER'S REVIEW

As 2009 began, a new era dawned for US politics. Barack Obama's inauguration in January infused investors with a sense of optimism. The relief was short-lived, however, as February saw the market slump to depths unseen since 1997. The dip followed the release of disheartening economic data and the news that the US government planned to take a large stake in Citigroup, once the world's biggest investment bank.

Rescue plans and stimulus packages were also firmly under the spotlight in the early months of 2009. President Obama's \$787 billion economic stimulus package was signed into law, but concerns were evident about the effectiveness of a bail-out scheme for banks. However, in March, investors anticipated clearer details from Washington, sparking a strong rally. The improvement gained momentum after the Federal Reserve said it would buy long-term Treasury bonds in an effort to revive the economy.

In the latter part of the reporting period, Wall Street enjoyed its best July in over 20 years. Equity markets continued to rally in August and September. Despite a dip in October, the US market returned to positive territory in November, having been re-energised by better-than-expected economic data and improved investor confidence.

The market recovery was defined by a huge shift from defensive stocks (which benefit from stable demand regardless of the health of the economy), towards cyclicals (companies which enjoy strong returns when economic conditions are good, but suffer when the climate is less favourable).

At stock level, two of the Fund's holdings in the energy sector were very beneficial to performance. Transocean, a provider of offshore contract drilling services for oil and gas wells, had a favourable effect on returns. FMC Technologies, which provides technical services for the global energy industry, was another of the Fund's top performers. It benefited from the rising oil price and the expectation that oil exploration budgets will soon increase after their recent slump.

In contrast, the general insurer, HCC, had a detrimental effect on returns over the reporting period. The company is well-managed with stable growth prospects, but it underperformed during the recent market rally, when investors showed preference for riskier assets.

Finally, our holding in the advertising company Interpublic has recently been beneficial to performance. Investors are focusing on those companies which are poised to benefit the most from a stabilising macro-economic background. We have positioned the Fund to participate in this shorter-term trend by investing in Interpublic. The company should start to see a recovery in its business as its customers begin to advertise again, in an attempt to kick-start sales growth.

Fiscal measures, low interest rates and asset purchases by the Federal Reserve are all helping to get recovery underway in the US. Temporary boosts to consumer spending and a favourable swing in inventories have provided the initial impetus. However, we believe the current market rally is essentially liquidity-driven.

Over the longer-term, we are concerned that this recovery is likely to be somewhat muted by historical standards, as US consumers remain cautious. With this in mind, we have retained our exposure to companies with unique franchises that are capable of gaining market share from their downturn-weakened competitors.

*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 (continued)

## Distribution

XD date	Payment date	
30/11/09	30/11/09	31/01/10

## TER

	30/11/09	30/11/08
	%	%
A Accumulation	1.64	1.63
B Accumulation	1.26	1.26
X Accumulation	0.13	0.13

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

## Portfolio Turnover Rate

	30/11/09	30/11/08
		%
PTR	55.41	36.18

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the year. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

## Details of investments

Investments	30/11/09	30/11/08
	%	%
Technology	17.79	13.59
Financials	13.89	12.54
Health Care	12.16	12.80
Industrials	12.10	12.23
Oil & Gas	11.66	13.75
Consumer Goods	10.93	12.59
Consumer Services	9.74	9.49
Basic Materials	3.69	2.88
Utilities	3.26	3.68
Telecommunications	2.50	3.02
Derivatives	0.09	(0.82)
Net other assets	2.19	4.25
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

## Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/09	30/11/08	
	(p)	(p)	%
A Accumulation	512.77	437.89	17.10
B Accumulation	535.34	455.44	17.54
X Accumulation	572.44	481.55	18.87

## Performance record

	01/12/08 to 30/11/09	01/12/07 to 30/11/08	01/12/06 to 30/11/07	01/12/05 to 30/11/06	01/12/04 to 30/11/05
	%	%	%	%	%
American Growth Fund					
A Accumulation	19.58	(16.91)	5.01	(6.14)	15.23
North America Sector Average Return	21.22	(20.96)	1.91	(2.08)	20.02
Standard and Poor's (S&P) 500 Index	17.24	(17.05)	3.05	0.49	19.79

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 income reinvested and net of expenses.

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

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

## Distribution

	Final 30/11/09 (p)
A Accumulation	1,8980
B Accumulation	3,7766
X Accumulation	9,7514

## Top five holdings

	30/11/09		30/11/08
	%		%
1. Exxon Mobil	3.69	Exxon Mobil	5.47
2. Microsoft	2.43	AT&T	2.22
3. Johnson & Johnson	1.87	General Electric	2.17
4. General Electric	1.79	Johnson & Johnson	2.16
5. Apple	1.78	Chevron	2.16

Number of holdings: 186      Number of holdings: 168

Please note: negative figures are shown in brackets.

## FUND PROFILE

### Fund Aims

To give long-term capital growth by investing in a select portfolio of mainly North American company shares.

### Risks

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

**Select portfolio risk factor:** A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

## INVESTMENT MANAGER'S REVIEW

As 2009 began, a new era dawned for US politics. Barack Obama's inauguration in January infused investors with a sense of optimism. The relief was short-lived, however, as February saw the market slump to depths unseen since 1997. The dip followed the release of disheartening economic data and the news that the US government planned to take a large stake in Citigroup, once the world's biggest investment bank.

Rescue plans and stimulus packages were also firmly under the spotlight in the early months of 2009. President Obama's \$787 billion economic stimulus package was signed into law, but concerns were evident about the effectiveness of a bail-out scheme for banks. However, in March, investors anticipated clearer details from Washington, sparking a strong rally. The improvement gained momentum after the Federal Reserve said it would buy long-term Treasury bonds in an effort to revive the economy.

In the latter part of the reporting period, Wall Street enjoyed its best July in over 20 years. Equity markets continued to rally in August and September. Despite a dip in October, the US market returned to positive territory in November, having been re-energised by better-than-expected economic data and improved investor confidence.

The market recovery was defined by a huge shift from defensive stocks (which benefit from stable demand regardless of the health of the economy), towards cyclical (companies which enjoy strong returns when economic conditions are good, but suffer when the climate is less favourable).

At stock level, some of the Fund's holdings in the energy sector were beneficial to performance. FMC Technologies, which provides technical services for the global energy industry, had a beneficial effect on returns. It benefited from the rising oil price and the expectation that oil exploration budgets will soon increase after their recent slump. Air Products & Chemicals, the industrial gas company, was another strong performer.

In contrast, the general insurer, HCC, had a detrimental effect on returns over the reporting period. The company is well-managed with stable growth prospects, but it underperformed during the recent market rally, when investors showed preference for riskier assets.

The Fund's holding in Wal-Mart Stores, the discount retailer, also had a negative effect on performance. As a typically defensive retailer, the company has been a strong performer over the longer term, but has recently lost out in favour of more economically sensitive retail stocks.

Fiscal measures, low interest rates and asset purchases by the Federal Reserve are all helping to get recovery underway in the US. Temporary boosts to consumer spending and a favourable swing in inventories have provided the initial impetus. However, we believe the current market rally is essentially liquidity-driven.

Over the longer-term, we are concerned that this recovery is likely to be somewhat muted by historical standards, as US consumers remain cautious. With this in mind, we have retained our exposure to companies with unique franchises that are capable of gaining market share from their downturn-weakened competitors.

*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 (continued)

## Distribution

XD date	Payment date	
30/11/09	31/01/10	

## TER

	30/11/09	30/11/08
	%	%
A Accumulation	2.04	2.03
X Accumulation	0.52	0.53

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

## Portfolio Turnover Rate

	30/11/09	30/11/08
		%
PTR	143.40	158.84

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the year. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

## Details of investments

Investments	30/11/09	30/11/08
	%	%
Technology	24.63	12.72
Consumer Goods	12.89	15.63
Financials	12.67	10.56
Oil & Gas	12.47	16.06
Health Care	11.44	12.11
Basic Materials	9.40	5.59
Industrials	6.51	7.44
Consumer Services	6.29	7.43
Utilities	1.57	5.81
Telecommunications	-	1.54
Derivatives	-	(0.70)
Net other assets	2.13	5.81
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

## Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/09	30/11/08	(p)
	(p)	(p)	%
A Accumulation	423.14	388.90	8.80
X Accumulation	469.96	425.47	10.46

## Performance record

	01/12/08 to 30/11/09	01/12/07 to 30/11/08	01/12/06 to 30/11/07	01/12/05 to 30/11/06	01/12/04 to 30/11/05
	%	%	%	%	%
American Select Growth Fund					
A Accumulation	10.25	(15.75)	10.33	(6.18)	16.64
North America Sector Average Return	21.22	(20.96)	1.91	(2.08)	20.02
Standard and Poor's (S&P) 500 Index	17.24	(17.05)	3.05	0.49	19.79

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 income reinvested and net of expenses.

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

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

## Distribution

	Final 30/11/09 (p)
A Accumulation	-
X Accumulation	5.2067

## Top five holdings

	30/11/09		30/11/08
	%		%
1. Occidental Petroleum	4.93	Exxon Mobil	5.59
2. Microsoft	4.68	Wal-Mart	4.75
3. Coca-Cola	3.74	Baxter International	4.27
4. Johnson & Johnson	3.70	Southern	3.92
5. Hewlett-Packard	3.53	Johnson & Johnson	3.79
Number of holdings:	47	Number of holdings:	43

Please note: negative figures are shown in brackets.

## FUND PROFILE

### Fund Aims

To give long-term capital growth by investing in a select portfolio of mainly company shares, primarily in Euroland. By Euroland, we mean countries within the European Economic and Monetary Union, who are either in the process of replacing, or have replaced, their national currencies with the Euro.

### Risks

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

**Select portfolio risk factor:** A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

## INVESTMENT MANAGER'S REVIEW

European equities have staged a remarkable turnaround since the collapse of Lehman Brothers in late 2008. Then, the situation looked dire: the financial system was on the brink of collapse, confidence had evaporated and markets were in freefall. Since March, however, equities have rallied strongly. Risk appetite was resurgent, sending European indices soaring. The catalyst for the turnaround was the extraordinary fiscal and monetary policy initiatives undertaken by governments around the world. Signs that the banking system was on the mend also boosted confidence. The eurozone officially emerged from recession in November. Gross domestic product for the third quarter expanded by 0.4% compared with the previous three months, with Germany and Italy the main drivers of growth. Overall, the FTSE Europe ex-UK index was up 17.5% in local currency terms.

A position in Anheuser-Busch InBev boosted the Fund's showing. Despite a difficult trading environment, the world's largest brewer delivered analyst-beating numbers for the first half of the year. News that the integration between Anheuser-Busch and InBev was running ahead of plan, with a consequent \$610 million in synergies for the first six months of the year, also pleased the market.

Elsewhere, Jumbo, a Greek toy retailer, enjoyed a bumper review period after delivering better-than-expected first-half profits. The company, which operates a number of stores in Greece, Cyprus and Bulgaria, said its range of low-cost products was helping it to weather the economic downturn better than most of its rivals. We sold this stock when it reached our target price. Other positives included Galp Energia, Fugro and Societe Generale.

In contrast, the holding in ING was a disappointment. Shares in the Dutch financial service group sold off heavily at the turn of the year amid rumours that it would fail to make interest payments on its bonds, which would have resulted in the company being nationalised. But a sizeable cash injection from the Dutch government soon allayed these fears; ING's stock has since recovered. More recently, the company has confirmed its intention to repay half of the state aid and said the government may be willing to negotiate the terms of repaying the remaining sum.

The start of the year also proved difficult for GDF Suez. The French utility group's shares slumped after its earnings for the final quarter of 2008 came in below expectations. GDF cited falling energy prices for the poor performance. Other negatives included SAP and Deutsche Telekom.

We are bullish about the outlook for European equities. Over the coming quarters we are likely to see earnings numbers continue to pick up. Valuations are not stretched, especially when compared to risk-free assets. We do believe, however, that 2010 will be the year of the stock picker. The rally of the last nine months was broad-based, characterised by a so-called "dash for trash". We think that this phase of the recovery is now over, and that individual companies will come to the fore. This should play to our strengths at SWIP. Our portfolio construction is governed by our fundamental bottom-up investment process: we are stock pickers, investing in companies irrespective of their sector or where they are domiciled. Thorough balance-sheet and cash-flow analysis are the foundations of this method. This should allow us to find and invest in the companies that will provide the bulk of next year's returns.

*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.*

# Euroland Fund (continued)

## Distribution

XD date	Payment date	
30/11/09	31/01/10	

## TER

	30/11/09	30/11/08
	%	%
A Accumulation	1.75	1.73
X Accumulation	0.25	0.23

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

## Portfolio Turnover Rate

	30/11/09	30/11/08
		%
PTR	201.95	156.83

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the year. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

## Details of investments

Investments	30/11/09	30/11/08
	%	%
France	28.24	27.34
Germany	23.21	20.24
Spain	12.36	13.19
Netherlands	11.94	9.28
Italy	8.87	3.41
Luxembourg	4.34	1.68
Belgium	2.77	4.48
Finland	2.03	1.93
Portugal	0.97	4.15
Ireland	0.87	5.39
Greece	-	2.56
Net other assets	4.40	6.35
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

## Net asset value

	NAV per share 30/11/09 (p)	NAV per share 30/11/08 (p)	NAV percentage change %
A Accumulation	160.58	117.25	36.96
X Accumulation	175.98	126.96	38.61

## Performance record

	01/12/08 to 30/11/09 %	01/12/07 to 30/11/08 %	01/12/06 to 30/11/07 %	01/12/05 to 30/11/06 %	01/12/04 to 30/11/05 %
<b>Euroland Fund</b>					
A Accumulation	36.14	(32.57)	18.80	18.77	22.99
Europe (ex-UK) Sector Average Return	N/A	N/A	13.48	20.00	23.97
<b>Equity EuroZone Sector Average Return*</b>	33.34	(33.77)	N/A	N/A	N/A
FTSE Eurobloc Index	35.35	(35.65)	20.36	21.88	22.29

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 equities). Basis: Mid to Mid, net income 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 achieved by funds with a similar investment mandate to Scottish Widows Euroland Fund.

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

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

## Distribution

	Final 30/11/09 (p)
A Accumulation	2.6622
X Accumulation	4.6706

## Top five holdings

	30/11/09 %	30/11/08 %
1. Banco Santander	4.60	5.43
2. Telefonica	4.30	4.60
3. Siemens	4.19	4.31
4. Total	3.86	3.58
5. Societe Generale	3.70	3.31

Number of holdings: 45

Number of holdings: 45

**Please note:** negative figures are shown in brackets.

## FUND PROFILE

### Fund Aims

To give long-term capital growth by investing in a wide portfolio of mainly Continental European company shares.

### Risks

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

## INVESTMENT MANAGER'S REVIEW

European equities have staged a remarkable turnaround since the collapse of Lehman Brothers in late 2008. Then, the situation looked dire: the financial system was on the brink of collapse, confidence had evaporated and markets were in freefall. Since March, however, equities have rallied strongly. Risk appetite was resurgent, sending European indices soaring. The catalyst for the turnaround was the extraordinary fiscal and monetary policy initiatives undertaken by governments around the world. Signs that the banking system was on the mend also boosted confidence. The eurozone officially emerged from recession in November. Gross domestic product for the third quarter expanded by 0.4% compared with the previous three months, with Germany and Italy the main drivers of growth. Overall, the FTSE Europe ex-UK index was up 17.5% in local currency terms.

A position in Anheuser-Busch InBev boosted the Fund's showing. Despite a difficult trading environment, the world's largest brewer delivered analyst-beating numbers for the first half of the year. News that the integration between Anheuser-Busch and InBev was running ahead of plan, with a consequent \$610 million in synergies for the first six months of the year, also pleased the market.

Elsewhere, Jumbo, a Greek toy retailer, enjoyed a bumper review period after delivering better-than-expected first-half profits. The company, which operates a number of stores in Greece, Cyprus and Bulgaria, said its range of low-cost products was helping it to weather the economic downturn better than most of its rivals. We sold this stock when it reached our target price. Other positive performers included Galp Energia, Fugro and Societe Generale.

In contrast, the holding in ING was a disappointment. Shares in the Dutch financial service group sold off heavily at the turn of the year amid rumours that it would fail to make interest payments on its bonds, which would have resulted in the company being nationalised. But a sizeable cash injection from the Dutch government soon allayed these fears; ING's stock has since recovered. More recently, the company has confirmed its intention to repay half of the state aid and said the government may be willing to negotiate the terms of repaying the remaining sum.

The start of the year also proved difficult for GDF Suez. The French utility group's shares slumped after its earnings for the final quarter of 2008 came in below expectations. GDF cited falling energy prices for the poor performance. Other negatives included Syngenta and Lafarge.

We are bullish about the outlook for European equities. Over the coming quarters we are likely to see earnings numbers continue to pick up. Valuations are not stretched, especially when compared to risk-free assets. We do believe, however, that 2010 will be the year of the stock picker. The rally of the last nine months was broad-based, characterised by a so-called "dash for trash". We think that this phase of the recovery is now over, and that individual companies will come to the fore. This should play to our strengths at SWIP. Our portfolio construction is governed by our fundamental bottom-up investment process: we are stock pickers, investing in companies irrespective of their sector or where they are domiciled. Thorough balance-sheet and cash-flow analysis are the foundations of this method. This should allow us to find and invest in the companies that will provide the bulk of next year's returns.

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# European Growth Fund (continued)

## Distribution

XD date	Payment date	
30/11/09	30/11/09	31/01/10

## TER

	30/11/09	30/11/08
	%	%
A Accumulation	1.63	1.65
B Accumulation	1.25	1.28
X Accumulation	0.12	0.15

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

## Portfolio Turnover Rate

	30/11/09	30/11/08
		%
PTR	175.07	158.88

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the year. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

## Details of investments

Investments	30/11/09	30/11/08
	%	%
France	30.37	29.32
Switzerland	16.54	17.87
Germany	15.86	15.44
Italy	9.05	-
Spain	8.60	7.39
Netherlands	7.11	9.69
Luxembourg	2.86	1.90
Belgium	2.78	-
Finland	1.60	1.55
Ireland	0.98	3.83
Portugal	-	5.07
Greece	-	1.22
Norway	-	0.56
Net other assets	4.25	6.16
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

## Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/09	30/11/08	
	(p)	(p)	%
A Accumulation	350.53	270.70	29.49
B Accumulation	358.59	276.15	29.85
X Accumulation	383.87	292.87	31.07

## Performance record

	01/12/08 to 30/11/09	01/12/07 to 30/11/08	01/12/06 to 30/11/07	01/12/05 to 30/11/06	01/12/04 to 30/11/05
	%	%	%	%	%
<b>European Growth Fund</b>					
A Accumulation	29.03	(32.66)	20.98	17.22	26.32
Europe (ex-UK)					
Sector Average					
Return	34.01	(33.35)	13.48	20.00	23.97
FTSE Europe (ex-UK)					
Index	36.47	(33.59)	18.19	20.82	23.81

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 income reinvested and net of expenses.

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

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

## Distribution

	Final 30/11/09 (p)
A Accumulation	5,8244
B Accumulation	6,9351
X Accumulation	10,2931

## Top five holdings

	30/11/09		30/11/08
	%		%
1. Nestle	4.44	Roche	5.71
2. Banco Santander	4.00	Total	5.32
3. Total	3.95	Nestle	5.13
4. Roche	3.60	Koninklijke KPN	4.92
5. Daimler	3.32	Bayer	4.61
Number of holdings: 44		Number of holdings: 44	

Please note: negative figures are shown in brackets.

## FUND PROFILE

### Fund Aims

To give long-term capital growth by investing in a select portfolio of mainly Continental European company shares.

### Risks

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

**Select portfolio risk factor:** A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

## INVESTMENT MANAGER'S REVIEW

European equities have staged a remarkable turnaround since the collapse of Lehman Brothers in late 2008. Then, the situation looked dire: the financial system was on the brink of collapse, confidence had evaporated and markets were in freefall. Since March, however, equities have rallied strongly. Risk appetite was resurgent, sending European indices soaring. The catalyst for the turnaround was the extraordinary fiscal and monetary policy initiatives undertaken by governments around the world. Signs that the banking system was on the mend also boosted confidence. The eurozone officially emerged from recession in November. Gross domestic product for the third quarter expanded by 0.4% compared with the previous three months, with Germany and Italy the main drivers of growth. Overall, the FTSE Europe ex-UK index was up 17.5% in local currency terms.

A position in Anheuser-Busch InBev boosted the Fund's showing. Despite a difficult trading environment, the world's largest brewer delivered analyst-beating numbers for the first half of the year. News that the integration between Anheuser-Busch and InBev was running ahead of plan, with a consequent \$610 million in synergies for the first six months of the year, also pleased the market.

Elsewhere, Jumbo, a Greek toy retailer, enjoyed a bumper review period after delivering better-than-expected first-half profits. The company, which operates a number of stores in Greece, Cyprus and Bulgaria, said its range of low-cost products was helping it to weather the economic downturn better than most of its rivals. We sold this stock when it reached our target price. Other positives included Galp Energia, Fugro and Societe Generale.

In contrast, the holding in ING was a disappointment. Shares in the Dutch financial service group sold off heavily at the turn of the year amid rumours that it would fail to make interest payments on its bonds, which would have resulted in the company being nationalised. But a sizeable cash injection from the Dutch government soon allayed these fears; ING's stock has since recovered. More recently, the company has confirmed its intention to repay half of the state aid and said the government may be willing to negotiate the terms of repaying the remaining sum.

The start of the year also proved difficult for GDF Suez. The French utility group's shares slumped after its earnings for the final quarter of 2008 came in below expectations. GDF cited falling energy prices for the poor performance. Other negatives included Syngenta and Zurich Financial Services.

We are bullish about the outlook for European equities. Over the coming quarters we are likely to see earnings numbers continue to pick up. Valuations are not stretched, especially when compared to risk-free assets. We do believe, however, that 2010 will be the year of the stock picker. The rally of the last nine months was broad-based, characterised by a so-called "dash for trash". We think that this phase of the recovery is now over, and that individual companies will come to the fore. This should play to our strengths at SWIP. Our portfolio construction is governed by our fundamental bottom-up investment process: we are stock pickers, investing in companies irrespective of their sector or where they are domiciled. Thorough balance-sheet and cash-flow analysis are the foundations of this method. This should allow us to find and invest in the companies that will provide the bulk of next year's returns.

*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 (continued)

## Distribution

XD date	Payment date	
30/11/09	31/01/10	

## TER

	30/11/09	30/11/08
	%	%
A Accumulation	1.63	1.67
X Accumulation	0.13	0.17

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

## Portfolio Turnover Rate

	30/11/09	30/11/08
		%
PTR	187.37	160.60

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the year. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

## Details of investments

Investments	30/11/09	30/11/08
	%	%
France	27.58	28.98
Switzerland	17.52	18.25
Germany	16.96	16.88
Netherlands	10.17	9.33
Spain	9.70	5.18
Italy	5.70	-
Luxembourg	5.17	1.84
Belgium	2.82	-
Portugal	1.10	5.53
Ireland	0.28	4.27
Greece	-	2.50
Finland	-	2.37
Norway	-	0.69
Net other assets	3.00	4.18
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

## Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/09	30/11/08	
	(p)	(p)	%
A Accumulation	1,413.85	1,091.63	29.52
X Accumulation	1,567.41	1,196.17	31.04

## Performance record

	01/12/08 to 30/11/09	01/12/07 to 30/11/08	01/12/06 to 30/11/07	01/12/05 to 30/11/06	01/12/04 to 30/11/05
	%	%	%	%	%
European Select Growth Fund A					
Accumulation	29.36	(34.22)	21.13	20.32	25.46
Europe (ex-UK)					
Sector Average Return	34.01	(33.35)	13.48	20.00	23.97
FTSE Europe (ex-UK) Index	36.47	(33.59)	18.19	20.82	23.81

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 income reinvested and net of expenses.

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

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

## Distribution

	Final 30/11/09 (p)
A Accumulation	21.3839
X Accumulation	39.4009

## Top five holdings

	30/11/09		30/11/08
	%		%
1. Nestle	4.57	Roche	5.43
2. Banco Santander	4.16	Nestle	5.23
3. Telefonica	3.93	Total	5.16
4. Total	3.87	Bayer	4.70
5. Daimler	3.80	Koninklijke KPN	4.42

Number of holdings: 41

Number of holdings: 43

Please note: negative figures are shown in brackets.

## FUND PROFILE

### Fund Aims

To give long-term capital growth by investing in a wide portfolio of mainly company shares in any geographical area, including the UK.

### Risks

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

## INVESTMENT MANAGER'S REVIEW

After an inauspicious start to 2009, global equities rallied strongly, but are still somewhat below their previous highs. By early March, markets had reached a low point, following concern about the effectiveness of bank bail outs and central banks' ability to deal with the rifts in the financial system.

Clear details of the scale and co-ordination of the stimulus packages in question provided the impetus for the rally which followed this trough. The rebound was defined by a huge shift from defensive stocks (which benefit from stable demand regardless of the health of the economy), towards cyclicals (companies that enjoy strong returns when economic conditions are good but suffer when the climate is less favourable).

This is illustrated at sector level by the strong performance of materials companies (e.g. mining) compared with poor returns from utilities stocks – a characteristically defensive area of the market. Performance over the period was negatively affected by exposure to the high quality stocks with defensive qualities that we typically prefer. Our holding in American Electric Power falls into this category and had a detrimental effect on returns over the 12 months.

During the period of market uncertainty, we broadened out the portfolio to encompass a greater number of investment prospects. We found opportunities among a number of cyclical companies with sustainable operating models and relatively cheap valuations. These included Rio Tinto, the UK mining company; Atlas Copco, the Scandinavian capital goods group and Air Products & Chemicals, the US-based industrial gas company.

In terms of specific opportunities, the Japanese market is an area of particular interest for the year ahead following its stark underperformance in 2009. We also believe that there are a number of investment opportunities in high-quality, large-cap defensive stocks. Again, these have recently underperformed, as investors favoured highly-indebted cyclical companies – even some with questionable business models.

Despite the outlook for below-trend economic growth in the medium term, free cash-flow yields in equities are attractive, particularly compared to government bond yields. The strong equity market rally has not left as many valuation anomalies. This leads us towards a more concentrated approach to stock-picking as we enter 2010.

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# Global Growth Fund (continued)

## Distribution

XD date	Payment date	
30/11/09	31/01/10	
TER	30/11/09	30/11/08
	%	%
A Accumulation	1.63	1.62
B Accumulation	1.38	1.37
X Accumulation	0.12	0.12

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

## Portfolio Turnover Rate

	30/11/09	30/11/08
	%	%
PTR	35.78	1.68

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the year. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

## Details of investments

Investments	30/11/09	30/11/08
	%	%
United States	42.19	47.66
United Kingdom	9.94	9.74
Japan	8.25	9.43
Ireland	5.17	4.80
Canada	4.85	2.87
France	4.84	4.14
Switzerland	4.44	4.32
Australia	3.43	1.77
Spain	2.43	2.22
Luxembourg	2.33	0.14
Germany	2.13	2.60
Netherlands	2.09	1.91
Sweden	1.47	0.45
Italy	0.94	1.06
Hong Kong	0.79	1.00
China	0.77	-
South Korea	0.49	-
Denmark	0.38	0.40
Norway	0.28	0.24
Finland	0.27	0.37
Bermuda	0.17	0.54
Portugal	0.15	-
Greece	0.13	0.33
Cayman Islands	-	0.41
Brazil	-	0.24
Russia	-	0.06
Panama	-	0.04
Net other assets	2.07	3.26
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

## Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/09	30/11/08	
	(p)	(p)	%
A Accumulation	71.91	60.96	17.96
B Accumulation	73.21	61.90	18.27
X Accumulation	79.74	66.67	19.60

## Performance record

	01/12/08 to 30/11/09	01/12/07 to 30/11/08	01/12/06 to 30/11/07	01/12/05 to 30/11/06	01/12/04 to 30/11/05
	%	%	%	%	%
Global Growth Fund					
A Accumulation	20.30	(23.14)	1.84	1.67	17.50
Global Growth Sector Average Return	28.10	(28.68)	8.89	8.55	23.01
MSCI World Index	24.01	(23.55)	8.34	6.33	23.45

Sources: Lipper for Global Growth Fund and Global Growth Sector Average Return (funds which invest at least 80% of their assets in equities (but not more than 80% in UK assets) and which have the prime objective of achieving growth of capital). Basis: Mid to Mid, net income reinvested and net of expenses.

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

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

## Distribution

	Final 30/11/09 (p)
A Accumulation	0.6708
B Accumulation	0.8449
X Accumulation	1.7182

## Top five holdings

	30/11/09		30/11/08
	%		%
1. iShares MSCI World ETF <sup>#</sup>	4.79	iShares MSCI World ETF <sup>#</sup>	4.70
2. Exxon Mobil	1.69	Exxon Mobil	3.22
3. db x-trackers - MSCI World TRN Index ETF <sup>#</sup>	1.50	Wal-Mart Stores	1.41
4. HSBC	1.18	Johnson & Johnson	1.20
5. Microsoft	1.16	Microsoft	1.15
Number of holdings: 261		Number of holdings: 244	

Please note: negative figures are shown in brackets.

<sup>#</sup>Exchange Traded Fund.

## FUND PROFILE

### Fund Aims

To give long-term capital growth by investing in a select portfolio of mainly company shares in any geographical area, including the UK.

### Risks

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

**Select portfolio risk factor:** A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

## INVESTMENT MANAGER'S REVIEW

After an inauspicious start to 2009, global equities rallied strongly, but are still somewhat below their previous highs. By early March, markets had reached a low point, following concern about the effectiveness of bank bail outs and central banks' ability to deal with the rifts in the financial system.

Clear details of the scale and co-ordination of the stimulus packages in question provided the impetus for the rally which followed this trough. The rebound was defined by a huge shift from defensive stocks (which benefit from stable demand regardless of the health of the economy), towards cyclical (companies that enjoy strong returns when economic conditions are good but suffer when the climate is less favourable). This is illustrated at sector level by the strong performance of materials companies (e.g. mining) compared with poor returns from utilities stocks – a typically defensive area of the market.

Within the Fund, we found investment opportunities among a number of cyclical companies with sustainable operating models and relatively cheap valuations. These included Xstrata, the UK mining company; Peugeot, the French car manufacturer and Masco, the US-based building supplies company.

Our belief that the price of gold would rise significantly over the year led us to purchase stock in Goldcorp, a Canadian company which has mining operations throughout the Americas. We also began a new holding in Industrial & Commercial Bank of China, based on our view that the Chinese economy would benefit from both stabilisation in Western markets and from its own sizeable stimulus plans.

In contrast, our Japanese holdings have restrained performance over the last 12 months. Concerns about the financial sector and the effect of the strong yen on Japan's exporters have had a negative effect on the country's equity market. The high quality stocks that we typically prefer were also out of favour during the review period and this had detrimental consequences for returns.

In terms of specific opportunities, the Japanese market is an area of particular interest for the year ahead following its stark underperformance in 2009. We also believe that there are a number of investment opportunities in high-quality, large-cap defensive stocks. Again, these have recently underperformed, as investors favoured highly-indebted cyclical companies – even some with questionable business models.

Despite the outlook for below-trend economic growth in the medium term, free cash-flow yields in equities are attractive, particularly compared to government bond yields. The strong equity market rally has not left as many valuation anomalies. This leads us towards a more concentrated approach to stock-picking as we enter 2010.

*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 (continued)

## Distribution

XD date	Payment date	
30/11/09	31/01/10	

## TER

	30/11/09	30/11/08
	%	%
A Accumulation	1.63	1.63
B Accumulation	1.37	1.38
X Accumulation	0.12	0.13

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

## Portfolio Turnover Rate

	30/11/09	30/11/08
	%	%
PTR	137.69	196.18

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the year. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

## Details of investments

Investments	30/11/09	30/11/08
	%	%
United States	48.05	46.02
United Kingdom	13.71	13.31
Japan	7.41	10.59
France	5.07	3.70
Switzerland	4.93	8.49
Germany	2.96	3.97
Luxembourg	2.81	-
Netherlands	2.61	2.72
Norway	2.57	2.31
Hong Kong	2.18	2.80
China	1.74	0.99
Canada	1.53	-
Mexico	1.36	-
Bermuda	0.76	-
Russia	-	2.19
Net other assets	2.31	2.91
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

## Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/09	30/11/08	
	(p)	(p)	%
A Accumulation	403.76	339.99	18.76
B Accumulation	410.90	345.06	19.08
X Accumulation	446.32	370.75	20.38

## Performance record

	01/12/08 to 30/11/09	01/12/07 to 30/11/08	01/12/06 to 30/11/07	01/12/05 to 30/11/06	01/12/04 to 30/11/05
	%	%	%	%	%
<b>Global Select Fund</b>					
A Accumulation	20.71	(23.65)	6.86	6.24	16.69
<b>Global Growth Sector Average</b>					
Return	28.10	(28.68)	8.89	8.55	23.01
<b>MSCI World Index</b>					
Index	24.01	(23.55)	8.34	6.33	23.45

Sources: Lipper for Global Select Growth Fund and Global Growth Sector Average Return (funds which invest at least 80% of their assets in equities (but not more than 80% in UK assets) and which have the prime objective of achieving growth of capital). Basis: Mid to Mid, net income reinvested and net of expenses.

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

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

## Distribution

	Final 30/11/09 (p)
A Accumulation	3,447.0
B Accumulation	4,494.9
X Accumulation	9,196.7

## Top five holdings

	30/11/09		30/11/08
	%		%
1. Occidental Petroleum	3.12	Wal-Mart Stores	3.18
2. Microsoft	3.08	BHP Billiton	3.17
3. Pfizer	2.83	Marsh & McLennan	3.12
4. Tenaris ADR	2.81	Johnson & Johnson	3.10
5. Colgate-Palmolive	2.64	Southern	3.06
Number of holdings: 55		Number of holdings: 49	

Please note: negative figures are shown in brackets.

## FUND PROFILE

### Fund Aims

To give long-term capital growth by investing in a wide portfolio of mainly Japanese company shares.

### Risks

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

## INVESTMENT MANAGER'S REVIEW

The performance of Japanese stocks over the last 12 months was closely linked to global events, particularly those in the US. Bleak news from the United States bodes ill for Japan, as Japanese businesses view it as a key export market. From spring 2009 onwards, the steady ascendancy of the yen against the US dollar was another concern. Political change and uncertainty over new policies also captured investors' attention. The Scottish Widows Japan Growth Fund outperformed its benchmark over the review period.

On 30 August, Japan ushered in a new political era. The decade-old Democratic Party of Japan (DPJ) ousted the Liberal Democratic Party (LDP) in a landslide election victory. More recently, concern for the health of the financial sector has been prevalent, despite the news that regulations on capital ratios may be eased. Mitsubishi UFJ Financial fell sharply, after it revealed plans to raise ¥1 trillion through a share issue. The lender's peers also tumbled, as fears of further fundraising in the sector caused the Japanese stock market to reach a four-month low. Our holding in Mizuho Financial was therefore detrimental to returns.

Retail stocks also performed poorly over the review period. Japanese consumer spending remains weak and confidence is low. Seven & I, a diversified retail company, had a negative effect on returns. As one of the more defensive stocks in the portfolio, it underperformed when riskier assets began to rally from March onwards. More recently, deflation, or what the Bank of Japan has referred to as "a mild deflationary phase" has been a concern.

In contrast, our holding in Nissan Motor had a positive effect on returns. The car manufacturer has benefited from a revival in production as demand for Japanese cars has recovered. This was partly due to the success of the US government's "cash for clunkers" scheme and increased sales to the Chinese market.

Asahi Glass was another positive contributor to performance over the 12 months. The company makes glass for automobiles, construction and flat-panel displays. Its production levels have recently risen more quickly than expected and it has also profited from increased demand for LCD glass.

Our outlook for the Japanese market over the medium to long term remains cautiously positive. We believe that there is scope for the market rebound to continue into 2010, as economic conditions remain broadly supportive in Japan. Corporate earnings are expected to recover further and Japan's stock market has been a notable laggard of late. This should provide some relative support for investors.

Looking ahead, we expect to retain the Fund's relatively low (compared to the benchmark) exposure to the utilities sector. In contrast, our positive outlook for commodity-related stocks means we expect the Fund to profit from a comparatively larger holding in this area.

*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 (continued)

## Distribution

XD date	Payment date	
30/11/09	30/11/09	30/11/08
	%	%

## TER

	30/11/09	30/11/08
	%	%
A Accumulation	1.70	1.69
B Accumulation	1.32	1.32
X Accumulation	0.19	0.19

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

## Portfolio Turnover Rate

	30/11/09	30/11/08
		%
PTR	241.43	144.49

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the year. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

## Details of investments

Investments	30/11/09	30/11/08
	%	%
Consumer Goods	19.89	19.62
Financials	19.72	16.02
Industrials	16.89	13.14
Consumer Services	11.54	11.50
Technology	9.22	7.02
Basic Materials	6.10	5.91
Telecommunications	4.78	4.65
Health Care	4.24	10.35
Utilities	3.24	7.30
Oil & Gas	2.74	1.26
Net other assets	1.64	3.23
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

## Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/09	30/11/08	%
	(p)	(p)	
A Accumulation	67.49	63.55	6.20
B Accumulation	70.17	65.83	6.59
X Accumulation	76.03	70.52	7.81

## Performance record

	01/12/08	01/12/07	01/12/06	01/12/05	01/12/04
	to 30/11/09	to 30/11/08	to 30/11/07	to 30/11/06	to 30/11/05
	%	%	%	%	%
<b>Japan Growth</b>					
Fund A Accumulation	7.34	(18.29)	(7.88)	(6.53)	29.89
<b>Japanese</b>					
Sector Average					
Return	5.57	(16.39)	(7.96)	(6.97)	33.34
<b>MSCI Japan</b>					
Index	6.74	(15.63)	(2.15)	(0.90)	34.37

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

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

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

## Distribution

	Final
	30/11/09
	(p)
A Accumulation	0.0096
B Accumulation	0.2701
X Accumulation	1.1380

## Top five holdings

	30/11/09		30/11/08
	%		%
1. Toyota Motor	8.33	Toyota Motor	6.30
2. Mitsui	3.93	East Japan Railway	5.98
3. Sumitomo Mitsui Financial	3.76	Sumitomo Mitsui Financial	4.01
4. Mitsubishi Estate	3.69	Kansai Electric Power	3.74
5. East Japan Railway	3.44	Nintendo	3.72
Number of holdings: 42		Number of holdings: 47	

Please note: negative figures are shown in brackets.

## FUND PROFILE

### Fund Aims

To give long-term capital growth by investing in a select portfolio of mainly Japanese company shares.

### Risks

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

**Exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down.

**Select portfolio risk factor:** A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

## INVESTMENT MANAGER'S REVIEW

The performance of Japanese stocks over the last 12 months was closely linked to global events, particularly those in the US. Bleak news from the United States bodes ill for Japan, as Japanese businesses view it as a key export market. From spring 2009 onwards, the steady ascendancy of the yen against the US dollar was another concern. Political change and uncertainty over new policies also captured investors' attention. The Scottish Widows Japan Select Growth Fund outperformed its benchmark over the review period.

On 30 August, Japan ushered in a new political era. The decade-old Democratic Party of Japan (DPJ) ousted the Liberal Democratic Party (LDP) in a landslide election victory. More recently, concern for the health of the financial sector has been prevalent, despite the news that regulations on capital ratios may be eased. Mitsubishi UFJ Financial fell sharply, after it revealed plans to raise ¥1 trillion through a share issue. The lender's peers also tumbled, as fears of further fundraising in the sector caused the Japanese stock market to reach a four-month low.

Retail stocks also performed poorly over the review period. Japanese consumer spending remains weak and confidence is low. Seven & I, a diversified retail company, had a negative effect on returns. As one of the more defensive stocks in the portfolio, it underperformed when riskier assets began to rally from March onwards. More recently, deflation, or what the Bank of Japan has referred to as "a mild deflationary phase" has been a concern.

In contrast, our holding in Nissan Motor had a positive effect on returns. The car manufacturer has benefited from a revival in production as demand for Japanese cars has recovered. This was partly due to the success of the US government's "cash for clunkers" scheme and increased sales to the Chinese market.

Asahi Glass was another positive contributor to performance over the 12 months. The company makes glass for automobiles, construction and flat-panel displays. Its production levels have recently risen more quickly than expected and it has also profited from increased demand for LCD glass.

Our outlook for the Japanese market over the medium to long term remains cautiously positive. We believe that there is scope for the market rebound to continue into 2010, as economic conditions remain broadly supportive in Japan. Corporate earnings are expected to recover further and Japan's stock market has been a notable laggard of late. This should provide some relative support for investors.

Looking ahead, we expect to retain the Fund's relatively low (compared to the benchmark) exposure to the utilities sector. In contrast, our positive outlook for commodity-related stocks means we expect the Fund to profit from a comparatively larger holding in this area.

*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 (continued)

## Distribution

XD date	Payment date	
30/11/09	31/01/10	

## TER

	30/11/09	30/11/08
	%	%
A Accumulation	2.71	2.48
X Accumulation	1.19	0.98

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

## Portfolio Turnover Rate

	30/11/09	30/11/08
		%
PTR	160.07	114.90

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the year. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

## Details of investments

Investments	30/11/09	30/11/08
	%	%
Consumer Goods	23.40	19.12
Financials	19.53	17.71
Industrials	14.40	14.29
Consumer Services	11.21	10.86
Technology	9.63	5.62
Basic Materials	5.95	7.25
Health Care	5.26	7.25
Telecommunications	4.07	4.93
Utilities	3.57	7.34
Oil & Gas	2.88	1.31
Financials - Ireland	0.70	4.02
Net other (liabilities)/assets	(0.60)	0.30
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

## Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/09	30/11/08	
	(p)	(p)	%
A Accumulation	164.96	154.93	6.47
X Accumulation	180.84	167.30	8.09

## Performance record

	01/12/08	01/12/07	01/12/06	01/12/05	01/12/04
	to 30/11/09	to 30/11/08	to 30/11/07	to 30/11/06	to 30/11/05
	%	%	%	%	%
Japan Select Growth Fund A Accumulation	7.94	(21.60)	(9.83)	(6.79)	27.79
Japanese Sector Average Return	5.57	(16.39)	(7.96)	(6.97)	33.34
MSCI Japan Index	6.74	(15.63)	(2.15)	(0.90)	34.37

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

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

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

## Distribution

	Final 30/11/09 (p)
A Accumulation	-
X Accumulation	1.3699

## Top five holdings

	30/11/09		30/11/08
	%		%
1. Toyota Motor	8.13	Toyota Motor	6.44
2. East Japan Railway	3.77	East Japan Railway	5.63
3. Mitsubishi	3.77	Sumitomo Mitsui Financial	4.02
4. Mitsubishi Estate	3.77	iShares MSCI Japan Fund ETF*	4.02
5. Sumitomo Mitsui Financial	3.37	Mitsubishi Estate	3.92
Number of holdings: 49		Number of holdings: 58	

Please note: negative figures are shown in brackets.

\*Exchange Traded Fund.

## FUND PROFILE

### Fund Aims

To give long-term capital growth by investing in the stockmarkets of Asia and Australasia, excluding Japan.

### Risks

**Emerging markets risk factor:** The fund may invest in emerging stockmarkets which are generally less well regulated and developed than those in the UK and there is less investor protection. This might result in a greater risk that the value of shares in the fund might fall.

**Emerging markets liquidity risk factor:** Investments in these markets might be bought and sold less frequently and there might be lower trading volumes. This might cause large changes in the prices of these investments and so their value could fall by large amounts.

**Emerging markets exchange rate risk factor:** Exchange rate changes might cause the value of any overseas investments to go up or down. This risk is greater for emerging markets countries, which might be subject to greater political and economic changes.

**Equity risk factor:** Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.

## INVESTMENT MANAGER'S REVIEW

Asian equities experienced strong gains over the review period. There were some dips in January and February, but markets rallied strongly from March onwards. The MSCI Asia Pacific (ex-Japan) index has risen by a remarkable 92.5% in dollar terms since this point, with markets boosted by a massive Chinese economic stimulus package.

At sector level, the market recovery was defined by a huge shift from defensive stocks (which benefit from stable demand regardless of the health of the economy), towards cyclicals (companies which enjoy strong returns when economic conditions are good, but suffer when the climate is less favourable).

At individual asset level, two of the Fund's best performers were the Indian companies Tata Steel and Grasim Industries. Both companies profited from the spike in resource prices and are perceived as likely beneficiaries of infrastructure spending in the wake of the decisive re-election of the Indian Government.

Our holding in China Mobile, the company that dominates China's mobile phone market, was another positive over the 12 months.

In contrast, the property companies CapitalMall Trust (based in Singapore) and GPT (based in Australia), had a detrimental effect on returns. Fear of capital raising and the process of rebuilding balance sheets had a negative influence on the sector as a whole.

The Asia Pacific region's recent strong performance means it is no longer undervalued. The area is moving towards a fully valued status, although we still believe that strong growth prospects will help to underpin equity markets.

China's stimulus plans have been an important driver of performance for the region over the last year, but the rate of fiscal support is likely to lessen as economic conditions improve. Nevertheless, monetary authorities in the region remain firmly committed to economic growth.

The strong equity market rally has left fewer valuation anomalies than those we have experienced over the last year. This leads us towards a more concentrated approach to stock-picking as we enter 2010.

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# Pacific Growth Fund (continued)

## Distribution

XD date	Payment date	
30/11/09	31/01/10	

## TER

	30/11/09	30/11/08
	%	%
A Accumulation	1.78	1.70
B Accumulation	1.53	1.45
X Accumulation	0.27	0.20

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

## Portfolio Turnover Rate

	30/11/09	30/11/08
	%	%
PTR	64.80	112.23

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the year. The PTR is the sum of all transactions in securities less the sum of all transactions in the Fund's shares against the Fund's average net asset value.

## Details of investments

Investments	30/11/09	30/11/08
	%	%
Australia	27.85	24.69
South Korea	12.51	13.15
Hong Kong	11.43	15.72
Taiwan	10.62	9.53
China	9.98	9.02
India	7.65	9.24
Singapore	4.53	5.22
Cayman Islands	3.08	0.38
Ireland	2.52	2.77
Indonesia	2.42	0.96
Malaysia	2.22	3.52
Thailand	1.34	1.20
Bermuda	0.46	0.34
Philippines	0.36	0.65
Isle Of Man	0.29	-
United Kingdom	0.27	0.50
New Zealand	0.26	0.40
Futures	0.02	(0.12)
Net other assets	2.19	2.83
<b>Total net assets</b>	<b>100.00</b>	<b>100.00</b>

## Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/09	30/11/08	
	(p)	(p)	%
A Accumulation	702.43	438.87	60.05
B Accumulation	711.14	443.20	60.46
X Accumulation	765.46	471.77	62.25

## Performance record

	01/12/08 to 30/11/09	01/12/07 to 30/11/08	01/12/06 to 30/11/07	01/12/05 to 30/11/06	01/12/04 to 30/11/05
	%	%	%	%	%
Pacific Growth Fund					
A Accumulation	60.84	(38.60)	29.68	13.91	28.72
Asia Pacific (ex-Japan) Sector Average					
Return	64.27	(40.56)	39.47	18.98	27.49
MSCI AC Asia Pacific (ex-Japan) Index	70.68	(41.21)	38.24	18.10	31.96

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 income reinvested and net of expenses.

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

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

## Distribution

	Final 30/11/09 (p)
A Accumulation	8,234.7
B Accumulation	9,706.2
X Accumulation	16,800.4

## Top five holdings

	30/11/09		30/11/08
	%		%
1. BHP Billiton	3.95	BHP Billiton	4.22
2. Commonwealth Bank of Australia	2.55	China Mobile	3.31
3. iShares MSCI AC Far East ex-Japan ETF*	2.52	iShares MSCI AC Far East ex-Japan ETF*	2.77
4. Samsung Electronics	2.38	Samsung Electronics	2.25
5. Westpac Banking	2.30	Commonwealth Bank of Australia	1.77
Number of holdings: 254		Number of holdings: 181	

Please note: negative figures are shown in brackets.

\*Exchange Traded Fund.

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