

SCOTTISH WIDOWS

official pensions and investment provider



Scottish Widows Managed Investment Funds ICVC

Annual Short Report
for the year ended
30 April 2010

Scottish Widows Managed Investment Funds ICVC

The Company and Head Office

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

Incorporated in Scotland under registered number IC000171. 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 the 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 annually 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

Contents

Balanced Growth Portfolio	3
Balanced Portfolio Fund	5
Cash Fund	7
Cautious Portfolio Fund	9
Dynamic Income Portfolio	11
International Equity Tracker Fund	13
Managed Income Portfolio	15
Momentum Income Portfolio	17
Opportunities Portfolio Fund	19
Progressive Portfolio Fund	21
Stockmarket Growth Portfolio	23
Strategic Growth Portfolio	25
Protected Capital Solutions Fund 1	27
Protected Capital Solutions Fund 2	29
Protected Capital Solutions Fund 3	31
Protected Capital Solutions Fund 4	33
Protected Capital Solutions Fund 5	35

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 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, the Prospectus has been changed to reflect that:

- The ultimate holding company of the ACD has changed from Lloyds TSB Group plc to Lloyds Banking Group plc. The investment aim, objective and policy of the Balanced Growth Portfolio, Dynamic Income Portfolio, Managed Income Portfolio, Momentum Income Portfolio, Stockmarket Growth Portfolio and Strategic Growth Portfolio Funds have been updated to reflect this name change. With effect from 30 March 2010 each sub-fund is able to invest in regulated collective investment schemes managed and/or operated within the Lloyds Banking Group. It had previously been limited to such collective investment schemes as were managed and/or operated by entities which were within the Lloyds TSB Group immediately prior to the Acquisition of HBOS plc. This limitation has been removed following us giving 60 day's notice to shareholders.
- The following four sub-funds were added to the ICVC; Protected Capital Solutions Fund 2 on 6 July 2009, Protected Capital Solutions Fund 3 on 25 September 2009, Protected Capital Solutions Fund 4 on 8 December 2009 and Protected Capital Solutions Fund 5 on 1 April 2010.
- The prospectus was updated on 9 April 2010 to require statements to be issued to shareholders only annually rather than 6 monthly. Customers will be notified of this change through their next statement or in a separate mailing. Individual valuations will continue to be available on line or on request.
- We have updated the "UK Taxation" section and other parts of the Prospectus to clarify the tax position.
- We have updated the "Fees and Expenses" section in relation to auditor's fees.
- We have updated the Prospectus in relation to dilution adjustment wording.
- We have updated the "Risk Factors" section in relation to the Protected Capital Solutions Fund.
- We have updated the list of "Other Eligible Securities Markets" in Appendix A of the Prospectus.
- On 1 April 2010, for the launch of Protected Capital Solutions Fund 5, we updated the Investment and Borrowing Powers of the Company in Appendix B of the Prospectus, to reflect the investment objective and policy of the fund.

A copy of the Prospectus is available on request.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing principally in a balance of equity funds and fixed interest security funds (including a small proportion in index-linked securities) within the Lloyds Banking Group. Exposure will be mainly to UK investments but with a significant proportion overseas.

Risks

The Fund can invest in a range of assets including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- 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.
- Some of the companies and governments that the funds invest in who issue fixed interest securities might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, or their credit rating falls, the value of your investment will reduce. In addition, a small proportion of the portfolio will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest and index-linked securities held by the portfolio. If long term interest rates rise, the value of your shares is likely to fall and vice versa.
- Exchange rate changes might cause the value of any overseas investments held by the portfolio to go up or down.

INVESTMENT MANAGER'S REVIEW

Investments in the Balanced Growth Portfolio are split more or less equally between equities and bonds.

Global government bonds made gains in the 12 months to 30 April. Over the past year, prices have been supported by historically low interest rates and government stimulus measures, including quantitative easing (buying gilts in the market) and other government stimulus programmes. There has been some volatility, with yields affected by a two-way pull between new government issuance and central bank repurchases. Corporate bonds have produced some of the best returns. As investors rediscovered their appetite for risk, the comparatively generous yields on offer proved a major attraction.

UK equities have advanced strongly over the past 12 months. Encouraging economic data, healthy corporate results and a prolonged period of low interest rates helped the FTSE All-Share index to rise by more than 31% over the period. While an upturn in the UK economy is very gradually gathering pace, doubts remain over the shape of the recovery that lies ahead. At the same time, upgrades to corporate earnings forecasts continue to outweigh downgrades. Positive earnings revisions have been one of the key drivers of equity markets in recent months.

Global equity markets also generated positive return over the review period. The impetus for the rally was an improvement in economic data, extraordinary monetary and fiscal policy initiatives from the world's central banks and signs that the banking sector, ravaged since the collapse of Lehman Brothers in September 2008, is on the mend. Concerns remain over the strength and sustainability of economic recovery, but so far investors have been able to keep such fears at the back of their minds. At the time of writing, however, sovereign debt woes in Europe have rocked the market, sending shares lower on both sides of the Atlantic.

The Fund produced a return of 26.1% over the last year, which is slightly behind the benchmark return. The Fund was positioned to take advantage of rising equity markets, which proved of benefit to performance in the earlier part of the reporting period. In recent months, however, equity markets have been more volatile. The Fund is split between equities and bonds, although we have maintained a comparatively high weighting in equities, which continue to offer superior long-term growth prospects to government bonds.

Looking ahead, concerns about the problems of the euro area are an underlying problem but it is not clear that the economic outlook has changed significantly at the global level. However, if the concerns persist for more than a month or two, then there will be a risk that reduced financial, consumer and business confidence halt the recovery.

Our FTSE 100 point forecast is 6,000 for the end of 2010; 6,000 has also been pencilled in for the end of 2011. In other words, we expect the lion's share of equity market returns over the next two years to materialise sooner rather than later.

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

Balanced Growth Portfolio (continued)

Distribution

XD date	Payment date	
30/04/10	30/06/10	

TER

	30/04/10	30/04/09
	%	%
A Accumulation	1.65	1.63
T Accumulation	1.50	1.50

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

Portfolio Turnover Rate

	30/04/10	30/04/09
	%	%
PTR	10.22	69.82

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	30/04/10	30/04/09
	%	%
Financials	98.47	98.88
Derivatives	0.33	0.42
Net other assets	1.20	0.70
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/04/10 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
A Accumulation	133.73	106.00	26.16
T Accumulation	126.04	99.81	26.28

Distribution

	Final 30/04/10 (p)
A Accumulation	2.4891
A Income	2.4633

Please note: negative figures are shown in brackets.

Performance record

	01/05/09 to 30/04/10	01/05/08 to 30/04/09	01/05/07 to 30/04/08	01/05/06 to 30/04/07	01/05/05 to 30/04/06	23/08/04 to 30/04/05
	%	%	%	%	%	%

Balanced

Growth Portfolio

A Accumulation	26.13	(16.01)	(1.71)	3.80	17.47	5.30
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Source: Lipper for Balanced Growth Portfolio Fund. Basis: Mid to Mid, net income reinvested and net 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.

Top five holdings

	30/04/10		30/04/09
	%		%
1. Scottish Widows UK Equity Income Fund A Acc	12.42	Scottish Widows UK Growth Fund A Acc	12.59
2. Scottish Widows UK Growth Fund A Acc	12.35	Scottish Widows UK Equity Income Fund A Acc	12.36
3. Scottish Widows Corporate Bond Fund A Acc	10.07	Scottish Widows Global Growth Fund A Acc	10.35
4. Scottish Widows UK Select Growth Fund A Acc	10.06	Scottish Widows UK Select Growth Fund A Acc	10.14
5. Scottish Widows Gilt Fund A Acc	9.99	Scottish Widows Corporate Bond Fund A Acc	9.79

Number of holdings: 24

Number of holdings: 21

FUND PROFILE

Fund Aims

To give long-term capital growth by investing mainly in multi-manager funds.

The Fund will invest in a balance of equity and fixed interest security funds (the fixed interest security funds will invest mainly in high quality fixed interest securities, including corporate bonds). These equity and fixed interest security funds will invest in UK and overseas markets.

The multi-manager funds are currently provided by Scottish Widows Investment Partnership and the Russell Investment Group.

Risks

The Fund can invest in a range of assets including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- 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.
- Some of the bonds and other fixed interest securities held by the funds are issued by companies and governments that might not be able to meet their payments, or whose credit rating might fall. If they don't meet their payments or their credit rating falls, the value of your investment will fall.
- Exchange rate changes might cause the value of any overseas investment to go up or down.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed interest securities held by the funds. If long term interest rates rise, the value of your shares is likely to fall and vice versa.

INVESTMENT MANAGER'S REVIEW

Global bonds rallied strongly during the first half of the review period. Corporate bonds outperformed the wider market over much of the first quarter, as investors' appetite for risk was restored amid evidence that the worst of the global recession had passed. Investors favoured riskier assets and commodity-linked currencies. This reflected a steady rise in the price of raw materials, notably crude oil. High-yield corporate bonds and bonds from emerging markets enjoyed a stellar rise over the third quarter. Later in the review period, though, global bonds struggled as the cost of borrowing increased. The risk of a sovereign debt default in Greece and other peripheral members of the euro area proved to be a key theme for the asset class. Markets rallied in April, with corporate bonds again outperforming the wider market; returns on cash remained extremely low in the developed world. Emerging-market bonds also delivered positive returns; they were aided by an improving corporate earnings outlook and signs that developing nations are growing faster than the larger economies.

Global equities rallied strongly during the review period amid hopes of a worldwide economic recovery. Developing markets outperformed their developed peers as investors' appetite for risk increased. Commodity-rich markets such as Australia and Canada and developing markets such as Chile and Brazil were major positive contributors to performance. This was largely because China's demand for natural resources remained strong and Asian leaders pledged to maintain their economic stimulus measures. The dollar's continued weakness also helped to increase the appeal of "hard" assets such as gold and copper. Evidence that economic recovery was gaining momentum was also crucial to global stockmarket gains, though a potential debt crisis in Dubai slowed advances during the fourth quarter. In view of the difficulties in Greece, the European Union and International Monetary Fund announced a three-year bailout package worth €110 billion, on the condition that the country cuts its spending and boosts tax revenues. With sovereign debt ratings for Portugal and Spain downgraded, fears grew that Greece's problems would spread to other indebted members of the eurozone.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an ongoing process. The Balanced Portfolio is constructed from 13 underlying SWIP and Russell funds. Over the period there have been manager changes within seven of these funds: SWIP Multi-Manager European Fund, Russell US Small Cap Fund, Russell Japan Fund, Russell Pacific Basin Fund, Russell Global Bond Fund, Russell II Global Bond Fund (Euro Hedged) and Russell US Bond Fund.

The Balanced Portfolio holds approximately 50% in equities and 50% in bonds.

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

Balanced Portfolio Fund (continued)

Distribution

XD date	Payment date	
30/04/10	30/06/10	

TER

	30/04/10	30/04/09
	%	%
A Accumulation	2.00	2.00
X Accumulation	0.60	0.60

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

Portfolio Turnover Rate

	30/04/10	30/04/09
	%	%
PTR	10.56	59.30

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	30/04/10	30/04/09
	%	%
Financials	97.70	98.69
Derivatives	1.54	1.45
Net other assets/(liabilities)	0.76	(0.14)
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/04/10	NAV per share 30/04/09	NAV percentage change
	(p)	(p)	%
A Accumulation	125.21	99.14	26.30
X Accumulation	136.63	106.97	27.73

Distribution

	Final 30/04/10
	(p)
A Accumulation	1.4751
A Income	2.9780

Please note: negative figures are shown in brackets.

Performance record

	01/05/09 to 30/04/10	01/05/08 to 30/04/09	01/05/07 to 30/04/08	01/05/06 to 30/04/07	01/05/05 to 30/04/06	01/05/04 to 30/04/05
	%	%	%	%	%	%

Balanced

Portfolio Fund						
A Accumulation	26.29	(15.05)	(1.93)	3.21	15.30	4.52
Cautious Managed						
Sector Average						
Return	21.91	(15.05)	(3.79)	5.54	15.67	7.33

Source: Lipper for Balanced Portfolio Fund and Sector Average Return. Basis: Mid to Mid, net income reinvested and net of expenses. Cautious Managed Sector - Funds investing in a range of assets with the maximum equity exposure restricted to 60% of the fund and with at least 30% invested in fixed interest and cash. There is no specific requirement to hold a minimum of non-UK equity within the equity limits. Assets must be at least 50% in Sterling/Euro and equities are deemed to include convertibles. 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.

Top five holdings

	30/04/10		30/04/09
	%		%
1. SWIP Multi-Manager US Equity Fund A Acc	15.73	SWIP Multi-Manager US Equity Fund A Acc	16.11
2. Russell US Bond Fund I Acc	10.38	Russell Global Bond Fund I Acc	10.96
3. Russell Global Bond Fund I Acc	10.17	Russell US Bond Fund I Acc	10.93
4. Russell Global Bond Euro Hedged Fund I Acc	10.08	Russell Global Bond Euro Hedged Fund I Acc	9.86
5. Russell Euro Fixed Income Fund I Acc	9.94	Russell Euro Fixed Income Fund I Acc	9.84

Number of holdings: 77

Number of holdings: 49

FUND PROFILE

Fund Aims

To give an income with capital security by investing in mainly bank and building society deposits.

INVESTMENT MANAGER'S REVIEW

Money markets have been fairly muted for some time now, with little or no change in yields. The willingness amongst investors to extend duration remains limited. This is a result of the flat yield curve (the relation between the cost of borrowing and the time to maturity of the debt for a given borrower) and doubts as to when, and indeed how quickly, interest rates will rise. Meanwhile, credit teams continue to keep their money market limits on a relatively tight leash. This, combined with rising fears over sovereign debt risks, has resulted in most money funds keeping their credit exposure fairly low. Investment banks continue to use their balance sheets to hold inventory. This makes it easier to buy and sell assets, if required, and therefore boosts liquidity in the markets. One factor that could reduce this, however, is the high correlation between investors' approved lending list.

The recovery in the UK economy is progressing at a reasonable pace, with first-quarter GDP coming in at 0.3%. The early stages have relied heavily on expansionary fiscal policy and slowdown in the pace that companies reduce their inventory. Looking ahead, the running should be taken up by exports, residential investment and business investment with potential for a period of robust expansion. We expect to see Gross Domestic Product growth accelerate from 1.4% this year to 3.2% in 2011 and see scope for a similar or stronger gain the following year, despite tight restraints on public spending.

Consumer Price Index inflation should fall below 2% at the start of next year and may dip as low as 1.5% for a time. However, to keep inflation on track in the medium to long term, it is likely that the Bank of England will have to raise rates by more than the market currently expects. We see the start of an upward move in official interest rates in the final quarter of this year, with increases to 3-3.5% by the end of 2011 and to 4-4.5% by the middle of 2012.

Elsewhere, the travails of debt-ridden Greece have brought the subject of deficit reduction to the fore. Governments around the world – in the US, Japan and the UK – now acknowledge the need to tackle their own fiscal positions. The UK's finances are certainly in a mess. Net borrowing in February was the highest on record. The prospect of Britain losing its AAA credit rating has become a possibility. This would make the cost of refinancing the debt even more expensive. Growing fears about the UK's fiscal prospects have also led to a slump in sterling.

The general election on 6 May failed to produce a clear winner. However, subsequent negotiations have produced a Conservative-Liberal Democrat coalition. This has the potential to provide a strong and stable government that will have credibility in addressing the UK's substantial budget deficit.

At the Bank of England, official policy is now on hold. The most likely outlook is no further extension of quantitative easing (buying gilts in the market) from its current £200 billion. Thoughts will turn gradually to the case for moving away from an exceptionally accommodative stance and historically low interest rates. We now expect the first hike in rates to happen in the last quarter of this year, with end-year levels of 1% in 2010 (from the current level of 0.5%) and 3%-3.5% for 2011.

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

Cash Fund (continued)

Distribution

XD date	Payment date
30/04/10	30/06/10

TER

	30/04/10	30/04/09
	%	%
A Accumulation	0.61	0.70
A Income	0.62	0.70

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

	30/04/10	30/04/09
	%	%
PTR	-	-

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. Following IMA guidance, any transactions in short term deposits are not included in the calculation. As the Fund's trading has consisted entirely of short term deposits, there is no stated PTR for the current or prior year.

Details of investments

Investments	30/04/10	30/04/09
	%	%
Short Term Deposits	114.51	86.57
Net other assets	(14.51)	13.43
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/04/10	30/04/09	
	(p)	(p)	%
A Accumulation	177.39	177.31	0.05
A Income	99.97	99.97	-

Distribution

	Final
	30/04/10
	(p)
A Accumulation	0.0477
A Income	0.0278

Please note: negative figures are shown in brackets.

Performance record

	01/05/09	01/05/08	01/05/07	01/05/06	01/05/05	01/05/04
	to 30/04/10	to 30/04/09	to 30/04/08	to 30/04/07	to 30/04/06	to 30/04/05
	%	%	%	%	%	%

Cash Fund

A Accumulation	0.06	2.13	4.08	3.47	3.00	2.96
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Money Market Sector

Average Return	1.08	0.47	3.77	3.05	3.14	2.65
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Source: Lipper for Cash Fund and Sector Average Return. Basis: Mid to Mid, net income reinvested and net of expenses. Money Market Sector – funds which invest at least 95% of their assets in money market instruments (i.e. cash and near cash, such as bank deposits, certificates of deposit, very short term fixed interest securities or floating rate notes).

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.

Holdings

	30/04/10		30/04/09
	%		%
1. Bank Of Ireland	20.09	Barclays Bank 0.45%	13.24
0.8% 27/04/2010		12/05/2009	
2. ING Bank	5.65	ING Bank	13.24
0.81% 04/05/2010		0.4% 13/05/2009	
3. Fortis Bank	4.85	Lloyds 0.5%	13.24
0.95% 17/09/2010		05/05/2009	
4. Banco Bilbao Vizcaya	4.85	Nationwide Building	13.24
Argentari 0.6% 17/06/2010		Society 0.4% 06/05/2009	
5. Barclays Bank 0.92%	4.85	Danske Bank 0.4%	12.44
25/05/2010		06/05/2009	
6. Calyon Bank 0.65%	4.85	UBS Bank 0.45%	12.35
07/05/2010		12/05/2009	
7. Clydesdale Bank	4.85	Calyon Bank 0.4%	8.82
0.6% 22/06/2010		07/05/2009	
8. Credit Industriel	4.85		
et Commerc			
0.58% 04/05/2010			
9. Credit Industriel	4.85		
et Commerc			
0.69% 04/08/2010			
10. Danske Bank	4.85		
0.545% 04/05/2010			
11. ING Bank	4.85		
0.91% 04/11/2010			
12. Lloyds	4.85		
0.62% 28/05/2010			
13. Nationwide Building	4.85		
Society 0.62% 02/07/2010			
14. Nordea Bank Finland	4.85		
0.55% 10/05/2010			
15. Societe Generale	4.85		
0.55% 04/05/2010			
16. Societe Generale	4.85		
0.57% 04/08/2010			
17. Svenska Handelsbanken	4.85		
0.56% 05/07/2010			
18. Bank Of Tokyo Mitsubishi	4.85		
0.57% 19/07/2010			

Number of holdings: 21

Number of holdings: 7

FUND PROFILE

Fund Aims

To give income, with the potential for some long-term capital growth, by investing mainly in multi-manager funds.

The Fund will invest at least 80% in fixed interest security funds (investing mainly in high quality fixed interest securities, including corporate bonds), with a low proportion in equity funds. These fixed interest security and equity funds will invest in UK and overseas markets.

The multi-manager funds are currently provided by Scottish Widows Investment Partnership and the Russell Investment Group.

Risks

The Fund can invest in a range of assets including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- Some of the bonds and other fixed interest securities held by the funds are issued by companies and governments that might not be able to meet their payments, or whose credit rating might fall. If they don't meet their payments or their credit rating falls, the value of your investment and any income you take will reduce. If their credit rating falls, the value of your investment will fall.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed interest securities held by the funds. If long term interest rates rise, the value of your shares is likely to fall and vice versa.
- 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

Global bonds rallied strongly during the first half of the review period. Corporate bonds outperformed the wider market over much of the first quarter, as investors' appetite for risk was restored amid evidence that the worst of the global recession had passed. Investors favoured riskier assets and commodity-linked currencies. This reflected a steady rise in the price of raw materials, notably crude oil. High-yield corporate bonds and bonds from emerging markets benefited in particular from this increased risk appetite and enjoyed a stellar rise over the third quarter. Later in the review period, though, global bonds struggled as the cost of borrowing increased. The risk of a sovereign debt default in Greece and other peripheral members of the euro area proved to be a key theme for the asset class. Markets rallied in April, with corporate bonds again outperforming the wider market; returns on cash remained extremely low in the developed world. Emerging-market bonds also delivered positive returns; they were aided by an improving corporate earnings outlook and signs that developing nations are growing faster than the larger economies.

Global equities rallied strongly during the review period amid hopes of a worldwide economic recovery. Developing markets outperformed their developed peers as investors' appetite for risk increased. Commodity-rich markets such as Australia and Canada and developing markets such as Chile and Brazil were major positive contributors to performance. This was largely because China's demand for natural resources remained strong and Asian leaders pledged to maintain their economic stimulus measures. The dollar's continued weakness also helped to increase the appeal of "hard" assets such as gold and copper. Evidence that economic recovery was gaining momentum was also crucial to global stock market gains, though a potential debt crisis in Dubai slowed advances during the fourth quarter. In view of the difficulties in Greece, the European Union and International Monetary Fund announced a three-year bailout package worth €110 billion, on the condition that the country cuts its spending and boosts tax revenues. With sovereign debt ratings for Portugal and Spain downgraded, fears grew that Greece's problems would spread to other indebted members of the eurozone.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an ongoing process. The Cautious Portfolio is constructed from 13 underlying SWIP and Russell funds. Over the period there have been manager changes within seven of these funds: SWIP Multi-Manger European Fund, Russell US Small Cap Fund, Russell Japan Fund, Russell Pacific Basin Fund, Russell Global Bond Fund, Russell II Global Bond Fund (Euro Hedged) and Russell US Bond Fund.

The Cautious Portfolio is the most conservative in the Scottish Widows Multi-Manager fund range, with approximately 15% invested in equities and 85% in bonds.

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

Cautious Portfolio Fund (continued)

Distribution

XD date	Payment date
31/01/10	31/03/10
30/04/10	30/06/10

TER

	30/04/10	30/04/09
	%	%
A Accumulation	1.50	1.50
A Income	1.50	1.50
X Accumulation	0.60	0.60

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

Portfolio Turnover Rate

	30/04/10	30/04/09
	%	%
PTR	6.55	29.98

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	30/04/10	30/04/09
	%	%
Financials	97.54	97.76
Derivatives	2.63	2.49
Net other liabilities	(0.17)	(0.25)
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/04/10 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
A Accumulation	132.95	110.50	20.32
A Income	112.25	95.29	17.80
X Accumulation	140.67	116.08	21.18

Distribution

	Third Interim 31/01/10 (p)	Final 30/04/10 (p)
A Accumulation	0.6419	0.6629
A Income	0.5435	0.5685
X Accumulation	0.9074	0.9583

Please note: negative figures are shown in brackets.

Performance record

	01/05/09 to 30/04/10	01/05/08 to 30/04/09	01/05/07 to 30/04/08	01/05/06 to 30/04/07	01/05/05 to 30/04/06	01/05/04 to 30/04/05
	%	%	%	%	%	%

Cautious Portfolio

Fund A

Accumulation	20.27	(7.69)	0.25	2.84	4.97	6.65
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Global Bonds

Sector Average

Return	13.65	10.08	7.10	(1.21)	2.92	3.89
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Source: Lipper for Cautious Portfolio Fund and Sector Average Return. Basis: Mid to Mid, net income reinvested and net of expenses. Global Bonds Sector – funds which invest at least 80% of their assets in fixed interest securities. All funds which contain more than 80% fixed interest investments are to be classified under this heading regardless of the fact that they may have more than 80% in a particular geographic sector, unless that geographic area is the UK, when the Fund should be classified under the relevant UK (Sterling) heading.

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

Top five holdings

	30/04/10 %		30/04/09 %
1. Russell US Bond Fund I Inc	17.64	Russell US Bond Fund I Inc	18.00
2. Russell Global Bond Fund I Inc	17.46	Russell Global Bond Fund I Inc	17.96
3. Russell Global Bond Euro Hedged Fund I Inc	17.32	Russell Euro Fixed Income Fund I Inc	17.09
4. Russell Global Bond Euro Hedged Fund I Inc	16.94	Russell Global Bond Euro Hedged Fund I Inc	16.97
5. Russell Sterling Bond Fund I Inc	13.64	Russell Sterling Bond Fund I Inc	12.68

Number of holdings: 89

Number of holdings: 57

FUND PROFILE

Fund Aims

To give an income with some potential for long-term capital growth.

To do so by investing principally in funds within the Lloyds Banking Group. The Portfolio will invest mainly in fixed interest security funds (including a limited proportion in index-linked securities), with a significant proportion in equity funds. Exposure will be mainly to UK investments but with a significant proportion overseas.

Risks

The Fund can invest in a range of assets including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- Some of the companies and governments that the funds invest in who issue fixed interest securities might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, the value of your investment and any income you take will reduce. If their credit rating falls, the value of your investment will fall. In addition, a proportion of the portfolio will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest and index-linked securities held by the portfolio. If long term interest rates rise, the value of your shares is likely to fall and vice versa.
- Exchange rate changes might cause the value of any overseas investments and income from them to go up or down.
- 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

The portfolio is split between investments in bonds (approx 65%) and equities (approx 35%).

Global government bonds were ahead in the 12 months to 30 April. Over the past year, prices have been supported by historically low interest rates and government stimulus measures, including quantitative easing (buying gilts in the market) and other government stimulus programmes. There has been some volatility, with yields affected by a two-way pull between new government issuance and central bank repurchases. Corporate bonds have produced some of the best returns. As investors re-discovered their appetite for risk, the comparatively generous yields on offer proved a major attraction.

UK equities have advanced strongly over the past 12 months. Encouraging economic data, healthy corporate results and a prolonged period of low interest rates helped the FTSE All-Share index to rise by more than 31% over the period. While an upturn in the UK economy is very gradually gathering pace, doubts remain over the shape of the recovery that lies ahead. At the same time, upgrades to corporate earnings forecasts continue to outweigh downgrades. The expectation of rising corporate profits has been one of the key drivers of equity markets in recent months.

Global equity markets also generated positive returns over the review period. The impetus for the rally was an improvement in economic data, extraordinary monetary and fiscal policy initiatives from the world's central banks and signs that the banking sector, ravaged since the collapse of Lehman Brothers in September 2008, is on the mend. At the time of writing, however, concerns about the financial stability of several European countries have rocked the market, sending shares lower on both sides of the Atlantic.

The Fund produced a return of 24.7% over the last year, which is slightly behind the benchmark return. The Fund was positioned to take advantage of rising equity markets, which proved of benefit to performance in the earlier part of the reporting period. In recent months, however, equity markets have been more volatile. Although the Fund is predominantly invested in bonds, we have maintained a comparatively high weighting in equities, which continue to offer superior long-term growth prospects to government bonds.

Looking ahead, concerns about the problems of the euro area are an underlying problem but it is not clear that the economic outlook has changed significantly at the global level. However, if the concerns persist for more than a month or two, then there will be a risk that reduced financial, consumer and business confidence halt the recovery.

Our FTSE 100 point forecast is 6,000 for the end of 2010; 6,000 has also been pencilled in for the end of 2011. In other words, we expect the lion's share of equity market returns over the next two years to materialise sooner rather than later.

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

Dynamic Income Portfolio (continued)

Distribution

XD date	Payment date
31/01/10	31/03/10
30/04/10	30/06/10

TER

	30/04/10	30/04/09
	%	%
A Accumulation	1.40	1.39
A Income	1.40	1.39
B Accumulation	1.40	1.39
B Income	1.40	1.39

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

	30/04/10	30/04/09
	%	%
PTR	7.83	47.82

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	30/04/10	30/04/09
	%	%
Financials	97.78	98.47
Derivatives	0.34	0.41
Net other assets	1.88	1.12
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/04/10	30/04/09	
	(p)	(p)	%
A Accumulation	157.85	126.52	24.76
A Income	85.97	70.59	21.79
B Accumulation	158.37	126.94	24.76
B Income	85.97	70.59	21.79

Distribution

	Third interim	Final
	31/01/10	30/04/10
	(p)	(p)
A Accumulation	0.7318	1.1732
A Income	0.4033	0.6436
B Accumulation	0.7338	1.1768
B Income	0.4033	0.6436

Please note: negative figures are shown in brackets.

Performance record

	01/05/09	01/05/08	01/05/07	01/05/06	01/05/05	01/05/04
	to 30/04/10	to 30/04/09	to 30/04/08	to 30/04/07	to 30/04/06	to 30/04/05
	%	%	%	%	%	%

Dynamic Income Portfolio Fund

A Accumulation	24.72	(14.05)	(1.07)	3.40	13.39	6.19
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Source: Lipper for Dynamic Income Portfolio Fund. Basis: Mid to Mid, net income reinvested and net 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.

Top five holdings

	30/04/10		30/04/09
	%		%
1. Scottish Widows UK Index-Linked Tracker Fund I Inc	10.11	Scottish Widows Global Growth Fund A Acc	10.32
2. Scottish Widows Corporate Bond Fund A Inc	10.06	SWIP Corporate Bond Plus Fund A Inc	10.31
3. SWIP Corporate Bond Plus Fund A Inc	9.98	Scottish Widows Corporate Bond Fund A Inc	9.90
4. Scottish Widows Gilt Fund A Inc	9.83	SWIP High Yield Bond Fund A Inc	9.89
5. Scottish Widows UK Equity Income Fund A Inc	9.80	Scottish Widows UK Equity Income Fund A Inc	9.70

Number of holdings: 24

Number of holdings: 22

FUND PROFILE

Fund Aims

To give growth based on the performance of a number of international equity indices. The proportion of each index is determined with reference to the 'Pooled with Property' benchmark, published by Combined Actuarial Performance Services.

Risks

- A number of companies provide derivative investments. These companies could fail to deliver required levels, so the return that you might receive could be less than expected.
To offer this fund, we need access to specific types of investment. If, in the future, we cannot get access to these types of investments, then we might not be able to provide the expected returns.
The fund may have large price movements due to the nature of the underlying derivative investments.
- Exchange rate changes might cause the value of any overseas investments to go up or down.
- Fluctuations in interest rates are likely to affect the amount of income you may receive.
- 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

The International Equity Tracker Fund invests mainly in derivative instruments. The portfolio aims to achieve long-term growth by tracking overseas equity indices. The Fund returned 32.6% in sterling terms over the 12 months. This compares to a benchmark return of 35.5%.

US equity markets made strong gains over the last 12 months. The S&P 500 index rose 38.8% in dollar terms. Recently, US stocks endured an early-year hangover, as investors took profits on 2009's gains. This was due to concerns over the worsening position in Greece and the prospect of tighter policy in China. In April, around 80% of the 173 companies in the S&P 500 index that reported results beat their earnings expectations.

Meanwhile, in Europe, fears of a sovereign debt default have dominated the headlines since the start of 2010. The Greek government came under pressure from investors and ratings agencies alike to reduce its sizeable fiscal deficit. April proved to be the decisive month, after the government in Athens finally agreed emergency funding from its eurozone partners and the IMF. Markets were jittery throughout, with equities selling off. News that S&P had downgraded Spain and Portugal also knocked investor sentiment. But as the reporting period came to a close, signs that the global economic revival remained on track and some better-than-expected corporate results provided an additional boost to money markets. Overall, the FTSE Europe ex-UK index was up 29.5% in local currency terms for the 12 months to end-March.

Despite experiencing bouts of volatility over the last 12 months, Japan's Topix index made a gain of 19.6% in yen terms. Recently, sentiment has been boosted by positive survey results. The Bank of Japan's most recent quarterly study of business sentiment - the Tankan - revealed rising confidence levels among the country's largest manufacturers. Early April also brought confirmation that the central bank had voted unanimously to keep Japanese interest rates at their current level. The accompanying statement made reference to the lingering threat of deflation.

Other Asian equities have also performed strongly since March 2009. There was a hiccup in January 2010, when the MSCI Asia Pacific (ex-Japan) index fell by 6%, but thereafter Asian markets resumed their upward trajectory. A key factor driving the area's strength has been the global quantitative easing effort, particularly China's stimulus package aimed at infrastructure, housing and the consumer.

The tug-of-war between short-term positives and longer-term concerns over the impact of fiscal consolidation in the developed world is expected to remain a feature of the investment landscape for some time. This is resulting in cycles of optimism and pessimism. Surprisingly large measures introduced by the eurozone and International Monetary Fund to provide liquidity to peripheral governments and the banking system, combined with the European Central Bank turning bond buyer of last resort, is good news. This should, over time, stabilise sentiment, which has fallen sharply.

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

International Equity Tracker Fund (continued)

Distribution

XD date	Payment date
30/04/10	30/06/10

TER

	30/04/10	30/04/09
	%	%
I Accumulation	0.61	0.63
X Accumulation	0.11	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

	30/04/10	30/04/09
	%	%
PTR	(12.94)	(16.48)

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. In accordance with IMA guidance, any investments in short term deposits and derivatives in the current and prior year have not been included in the PTR calculation.

Details of investments

Investments	30/04/10	30/04/09
	%	%
Short Term Deposits	81.13	76.22
Financials	6.05	5.18
Derivatives	0.93	14.04
Net other assets	11.89	4.56
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/04/10 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
I Accumulation	144.76	109.21	32.55
X Accumulation	149.71	112.49	33.09

Distribution

	Final 30/04/10 (p)
I Accumulation	0.0058
X Accumulation	0.2900

Please note: negative figures are shown in brackets.

Performance record

	01/05/09 to 30/04/10	01/05/08 to 30/04/09	01/05/07 to 30/04/08	01/05/06 to 30/04/07	01/05/05 to 30/04/06	01/05/04 to 30/04/05
	%	%	%	%	%	%
International Equity Tracker Fund						
I Accumulation	32.60	(21.72)	0.43	5.95	37.57	2.34
Global Growth						
Sector Average						
Return	32.45	(21.36)	(1.46)	5.96	36.39	3.06
International Equity Customised Benchmark						
Benchmark	35.52	(19.51)	4.03	7.90	41.45	5.78

Source: Lipper for International Equity Tracker Fund and Sector Average Return. Basis: Mid to Mid, net income reinvested and net of expenses. Global Growth Sector – 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.

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

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

Top five holdings

	30/04/10		30/04/09
	%		%
1. Short Term Deposits	81.13	Short Term Deposits	76.22
2. SWIP Emerging Markets Fund A Acc	6.05	S&P 500 Index Futures June 2009	5.27
3. S&P 500 Index Futures June 2010	1.57	SWIP Emerging Markets Fund A Acc	5.18
4. Topix Index Futures June 2010	0.75	DJ Euro Stoxx 50 Index Futures June 2009	4.61
5. OMX 30 Index Futures May 2010	0.09	Topix Index Futures June 2009	2.21

Number of holdings: 59

Number of holdings: 52

FUND PROFILE

Fund Aims

To give an income, or growth (when income is kept in the Portfolio).

To do so by investing principally in funds within the Lloyds Banking Group. The Portfolio will invest predominantly in fixed interest security funds (including a small proportion in index-linked securities), with a small proportion in one or more equity funds. Exposure will be mainly to UK investments but with a significant proportion overseas.

Risks

The Fund can invest in a range of assets including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- Some of the companies and governments that the funds invest in who issue fixed interest securities might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, the value of your investment and any income you take will reduce. If their credit rating falls, the value of your investment will fall. In addition, a proportion of the portfolio will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest and index-linked securities held by the portfolio. If long term interest rates rise, the value of your shares is likely to fall and vice versa.
- Exchange rate changes might cause the value of any overseas income received by the portfolio to go up or down. This might affect the amount of income paid to you or added to the portfolio.

INVESTMENT MANAGER'S REVIEW

The bulk of the portfolio is invested in bonds (approx. 95%) with the remainder invested in UK equities.

Global government bonds made gains in the 12 months to 30 April. Over the past year, prices have been supported by historically low interest rates, quantitative easing (buying gilts in the market) and other government stimulus programmes.

The main drivers affecting UK government bonds over the past year have been fears over the large volume of gilt issuance – which has driven yields higher and prices lower – and the Bank of England's asset repurchase measures, which has had the opposite effect. In early March 2009, the Bank of England cut interest rates to an all-time low of 0.5%, where they have remained throughout the last year.

Initially, yields on the benchmark ten-year gilt plummeted below 3%, but for much of the period under review, fears over the volume of new issuance have prevailed. Moving into 2010, volatility continued. Interest rate concerns vied with a variety of other influencing factors including anxieties over the state of public finances, a halt to quantitative easing, and opinion polls that suggested a hung parliament was a possibility after the general election.

Corporate bonds emerged as one of the most popular asset classes of the last year. As investors' appetite for risk grew, the comparatively high yields on offer became increasingly enticing. The release of robust corporate results gave investors further confidence and as corporate bond prices continued to rise, the spread between the yield offered by corporate and government bonds narrowed further.

UK equities have advanced strongly over the past 12 months. Encouraging economic data, healthy corporate results and a prolonged period of low interest rates helped the FTSE All-Share index to rise by more than 31% over the period. While an upturn in the UK economy is very gradually gathering pace, doubts remain over the shape of the recovery that lies ahead. At the same time, upgrades to corporate earnings forecasts continue to outweigh downgrades. Positive earnings revisions have been one of the key drivers of equity markets in recent months.

The Fund produced a return of almost 20% over the last year, which was slightly ahead of the benchmark index. The portfolio's investments in corporate bonds were responsible for providing some of the best returns. Returns from government bonds have been more pedestrian over the last year. Although the Fund is predominantly invested in bonds, we have maintained a comparatively high weighting in equities, which continue to offer superior long-term growth prospects to government bonds.

Looking ahead, markets have recently been hit by a severe bout of risk aversion, with equities weakening sharply and government bond prices generally rising. Concerns about the problems of the euro area are an underlying problem but it is not clear that the economic outlook has changed significantly at the global level. However, if the concerns persist for more than a month or two, then there will be a risk that reduced financial, consumer and business confidence halt the recovery.

Corporate bond markets are fair value at best from a medium to long-term investment perspective, although it's possible that the market could make further progress over the next three to six months. However, we forecast only very low single-digit positive returns for investment grade corporate bonds on a one-year view.

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

Managed Income Portfolio (continued)

Distribution

XD date	Payment date	
31/01/10	31/03/10	
30/04/10	30/06/10	

TER

	30/04/10	30/04/09
	%	%
A Accumulation	1.41	1.40
A Income	1.41	1.40

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

Portfolio Turnover Rate

	30/04/10	30/04/09
	%	%
PTR	(0.52)	10.40

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	30/04/10	30/04/09
	%	%
Financials	96.93	97.79
Derivatives	0.66	0.73
Net other assets	2.41	1.48
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/04/10	30/04/09	
	(p)	(p)	%
A Accumulation	124.03	103.49	19.85
A Income	104.79	89.84	16.64

Distribution

	Third interim	Final
	31/01/10	30/04/10
	(p)	(p)
A Accumulation	0.7094	0.8108
A Income	0.6066	0.6882

Please note: negative figures are shown in brackets.

Performance record

	01/05/09 to 30/04/10	01/05/08 to 30/04/09	01/05/07 to 30/04/08	01/05/06 to 30/04/07	01/05/05 to 30/04/06	23/08/04 to 30/04/05
	%	%	%	%	%	%

Managed Income Portfolio

A Accumulation	19.81	(6.84)	0.00	2.02	4.21	4.50
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Source: Lipper for Managed Income Portfolio Fund. Basis: Mid to Mid, net income reinvested and net 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.

Top five holdings

	30/04/10		30/04/09
	%		%
1. Scottish Widows Gilt Fund A Inc	14.78	SWIP Corporate Bond Plus Fund A Inc	15.50
2. SWIP Corporate Bond Plus Fund A Inc	14.73	Scottish Widows Corporate Bond Fund A Inc	14.70
3. Scottish Widows Corporate Bond Fund A Inc	14.72	Scottish Widows Gilt Fund A Inc	14.41
4. SWIP Defensive Gilt Fund A Inc	14.43	SWIP Defensive Gilt Fund A Inc	14.03
5. SWIP High Yield Bond Fund A Inc	9.80	SWIP European Corporate Bond Fund A Inc	9.98

Number of holdings: 20

Number of holdings: 21

FUND PROFILE

Fund Aims

To give an income with some potential for long-term capital growth.

To do so by investing principally in funds within the Lloyds Banking Group. The Portfolio will invest mainly in fixed interest security funds (including a proportion in index-linked securities), with a proportion in one or more equity funds. Exposure will be mainly to UK investments but also overseas.

Risks

The Fund can invest in a range of assets including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- Some of the companies and governments that the funds invest in who issue fixed interest securities might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, the value of your investment and any income you take will reduce. If their credit rating falls, the value of your investment will fall. In addition, a proportion of the portfolio will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest and index-linked securities held by the portfolio. If long term interest rates rise, the value of your shares is likely to fall and vice versa.
- Exchange rate changes might cause the value of any overseas income received by the portfolio to go up or down. This might affect the amount of income paid to you or added to the portfolio.
- 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

The bulk of the portfolio is invested in bonds (approx. 85%) with the remainder invested in UK equities.

Global government bonds made gains in the 12 months to 30 April. Over the past year, prices have been supported by historically low interest rates, quantitative easing (buying gilts in the market) and other government stimulus programmes.

The main drivers affecting UK government bonds over the past year have been fears over the large volume of gilt issuance – which has driven yields higher and prices lower – and the Bank of England's asset repurchase measures, which has had the opposite effect. In early March 2009, the Bank of England cut interest rates to an all-time low of 0.5%, where they have remained throughout the last year.

Initially, yields on the benchmark ten-year gilt plummeted below 3%, but for much of the period under review, fears over the volume of new issuance have prevailed. Moving into 2010, volatility continued. Interest rate concerns vied with a variety of other influencing factors including anxieties over the state of public finances, a halt to quantitative easing, and opinion polls that suggested a hung parliament was a possibility after the general election.

Corporate bonds emerged as one of the most popular asset classes of the last year. As investors' appetite for risk grew, the comparatively high yields on offer became increasingly enticing. The release of robust corporate results gave investors further confidence and as corporate bond prices continued to rise, the spread between the yield offered by corporate and government bonds narrowed further.

UK equities have advanced strongly over the past 12 months. Encouraging economic data, healthy corporate results and a prolonged period of low interest rates helped the FTSE All-Share index to rise by more than 31% over the period. While an upturn in the UK economy is very gradually gathering pace, doubts remain over the shape of the recovery that lies ahead. At the same time, upgrades to corporate earnings forecasts continue to outweigh downgrades. Positive earnings revisions have been one of the key drivers of equity markets in recent months.

The Fund produced a return of almost 22% over the last year, which was slightly behind the benchmark index. The portfolio's investments in corporate bonds were responsible for the bulk of the gains. Returns from government bonds have been more pedestrian over the last year. Although the Fund is predominantly invested in bonds, we have maintained a comparatively high weighting in equities, which continue to offer superior long-term growth prospects to government bonds.

Looking ahead, markets have recently been hit by a severe bout of risk aversion, with equities weakening sharply and government bond prices generally rising. Concerns about the problems of the euro area are an underlying problem but it is not clear that the economic outlook has changed significantly at the global level. However, if the concerns persist for more than a month or two, then there will be a risk that reduced financial, consumer and business confidence halt the recovery.

Corporate bond markets are fair value at best from a medium to long-term investment perspective, although it's possible that the market could make further progress over the next three to six months. However, we forecast only very low single-digit positive returns for investment grade corporate bonds on a one-year view.

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

Momentum Income Portfolio (continued)

Distribution

XD date	Payment date
31/01/10	31/03/10
30/04/10	30/06/10

TER

	30/04/10	30/04/09
	%	%
A Accumulation	1.40	1.39
A Income	1.39	1.39
U Accumulation	1.50	1.50

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

Portfolio Turnover Rate

	30/04/10	30/04/09
	%	%
PTR	4.07	22.17

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	30/04/10	30/04/09
	%	%
Financials	97.59	98.34
Derivatives	0.31	0.41
Net other assets	2.10	1.25
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/04/10 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
A Accumulation	125.23	102.79	16.17
A Income	106.76	89.98	14.48
U Accumulation	108.78	89.38	16.12

Distribution

	Third interim 31/01/10 (p)	Final 30/04/10 (p)
A Accumulation	0.6149	0.8557
A Income	0.5302	0.7340
U Accumulation	0.5051	0.7071

Please note: negative figures are shown in brackets.

Performance record

	01/05/09 to 30/04/10	01/05/08 to 30/04/09	01/05/07 to 30/04/08	01/05/06 to 30/04/07	01/05/05 to 30/04/06	23/08/04 to 30/04/05
	%	%	%	%	%	%

Momentum Income Portfolio

A Accumulation	21.79	(10.76)	(0.86)	3.01	7.43	5.00
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Source: Lipper for Momentum Income Fund. Basis: Mid to Mid, net income reinvested and net 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.

Top five holdings

	30/04/10		30/04/09
	%		%
1. Scottish Widows Corporate Bond Fund A Inc	14.84	SWIP Corporate Bond Plus Fund A Inc	15.49
2. SWIP Corporate Bond Plus Fund A Inc	14.82	Scottish Widows UK Equity Income Fund A Inc	15.10
3. Scottish Widows UK Equity Income Fund A Inc	14.71	Scottish Widows Corporate Bond Fund A Inc	14.98
4. Scottish Widows UK Index-Linked Tracker Fund I Inc	14.46	Scottish Widows UK Index-Linked Tracker Fund I Inc	14.63
5. SWIP High Yield Bond Fund A Inc	9.85	SWIP High Yield Bond Fund A Inc	9.84

Number of holdings: 11

Number of holdings: 15

FUND PROFILE

Fund Aims

To give long term capital growth by investing mainly in multi-manager funds.

The fund will invest at least 80% in equity funds with a low proportion in fixed interest security funds (the fixed interest security funds will invest mainly in high quality fixed interest securities, including corporate bonds). These equity and fixed interest security funds will invest in UK and overseas markets.

The multi-manager funds are currently provided by Scottish Widows Investment Partnership and the Russell Investment Group.

Risks

The Fund can invest in a range of assets including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- 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.
- Some of the bonds and other fixed interest securities held by the funds are issued by companies and governments that might not be able to meet their payments, or whose credit rating might fall. If they don't meet their payments or their credit rating falls, the value of your investment will fall.
- Exchange rate changes might cause the value of any overseas investments to go up or down.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed interest securities held by the funds. If long term interest rates rise, the value of your shares is likely to fall and vice versa.

INVESTMENT MANAGER'S REVIEW

Global equities rallied strongly during the review period amid hopes of a worldwide economic recovery. Developing markets outperformed their developed peers as investors' appetite for risk increased. Commodity-rich markets such as Australia and Canada and developing markets such as Chile and Brazil were major positive contributors to performance. This was largely because China's demand for natural resources remained strong and Asian leaders pledged to maintain their economic stimulus measures. The dollar's continued weakness also helped to increase the appeal of "hard" assets such as gold and copper. Evidence that the global economic recovery was gaining momentum was also crucial to global stock market gains, though a potential debt crisis in Dubai slowed advances during the fourth quarter. In view of the risk of a sovereign debt default in Greece, the European Union and International Monetary Fund announced a three-year bailout package worth €110 billion, on the condition that the country cuts its spending and boosts tax revenues. With sovereign debt ratings for Portugal and Spain downgraded, fears grew that the debt crisis could spread to other indebted members of the eurozone.

Global bonds rallied strongly during the first half of the review period. Corporate bonds outperformed the wider market over much of the first quarter, as investors' appetite for risk was restored amid evidence that the worst of the global recession had passed. Investors favoured riskier assets and commodity-linked currencies. This –reflected a the steady rise in the price of raw materials, notably crude oil. High-yield corporate bonds and bonds from emerging markets benefited in particular from this increased risk appetite and enjoyed a stellar rise over the third quarter. Later in the review period, though, global bonds struggled as the cost of borrowing increased. The risk of a sovereign debt default in Greece and other peripheral members of the euro area proved to be a key theme for the asset class. Markets rallied in April, with corporate bonds outperforming the wider market; returns on cash remained extremely low in the developed world. Emerging-market bonds also delivered positive returns; they were aided by an improving earnings outlook and signs that developing nations are growing faster than the larger economies.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an ongoing process. The Opportunities Portfolio is constructed from 15 underlying SWIP and Russell funds. Over the period there have been manager changes within nine of these funds: SWIP Multi-Manager European Fund, Russell US Small Cap Fund, Russell II US Quant Fund, Russell Japan Fund, Russell Pacific Basin Fund, Russell Global Bond Fund, Russell II Global Bond Fund (Euro Hedged), Russell US Bond Fund and Russell II US Growth Fund.

The Opportunities Portfolio is the most aggressive in the Scottish Widows Multi-Manager fund range, with approximately 90% invested in equities and 10% in bonds.

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

Opportunities Portfolio Fund (continued)

Distribution

XD date	Payment date
30/04/10	30/06/10

TER

	30/04/10	30/04/09
	%	%
A Accumulation	2.00	2.00
X Accumulation	0.60	0.60

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

Portfolio Turnover Rate

	30/04/10	30/04/09
	%	%
PTR	1.00	16.70

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	30/04/10	30/04/09
	%	%
Financials	99.15	99.32
Forward Currency Contracts	0.31	0.29
Net other assets	0.54	0.39
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/04/10	30/04/09	
	(p)	(p)	%
A Accumulation	116.16	87.35	32.98
X Accumulation	126.80	94.29	34.48

Distribution

	Final
	30/04/10
	(p)
A Accumulation	0.7773
X Accumulation	2.0884

Please note: negative figures are shown in brackets.

Performance record

	01/05/09	01/05/08	01/05/07	01/05/06	01/05/05	01/05/04
	to 30/04/10	to 30/04/09	to 30/04/08	to 30/04/07	to 30/04/06	to 30/04/05
	%	%	%	%	%	%
Opportunities Portfolio Fund						
A Accumulation	32.97	(22.80)	(4.55)	3.76	28.67	2.47
Global Growth Sector Average						
Return	32.45	(21.36)	(1.46)	5.96	36.39	3.06

Source: Lipper for Opportunities Portfolio Fund and Sector Average Return. Basis: Mid to Mid, net income reinvested and net of expenses. Global Growth Sector – 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.

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.

Top five holdings

	30/04/10		30/04/09
	%		%
1. SWIP Multi-Manager UK Equity Growth Fund A Acc	16.83	SWIP Multi-Manager UK Equity Focus Fund A Acc	16.34
2. SWIP Multi-Manager UK Equity Focus Fund A Acc	16.05	SWIP Multi-Manager UK Equity Growth Fund A Acc	16.10
3. SWIP Multi-Manager US Equity Fund A Acc	15.24	SWIP Multi-Manager US Equity Fund A Acc	15.16
4. SWIP Multi-Manager European Equity Fund A Acc	12.52	SWIP Multi-Manager European Equity Fund A Acc	12.57
5. Russell US Quant Fund I Acc	7.69	Russell US Quant Fund I Acc	7.85

Number of holdings: 32

Number of holdings: 35

FUND PROFILE

Fund Aims

To give long-term capital growth by investing mainly in multi-manager funds.

The fund will invest up to a maximum of 85% in equity funds with a moderate proportion in fixed interest security funds (the fixed interest security funds will invest mainly in high quality fixed interest securities, including corporate bonds). These equity and fixed interest security funds will invest in UK and overseas markets.

The multi-manager funds are currently provided by Scottish Widows Investment Partnership and the Russell Investment Group.

Risks

The Fund can invest in a range of assets including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- 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.
- Some of the bonds and other fixed interest securities held by the funds are issued by companies and governments that might not be able to meet their payments, or whose credit rating might fall. If they don't meet their payments or their credit rating falls, the value of your investment will fall.
- Exchange rate changes might cause the value of any overseas investments to go up or down.
- Fluctuations in interest rates are likely to affect the value of the bonds and other fixed interest securities held by the funds. If long term interest rates rise, the value of your shares is likely to fall and vice versa.

INVESTMENT MANAGER'S REVIEW

Global equities rallied strongly during the review period amid hopes of a worldwide economic recovery. Developing markets outperformed their developed peers as investors' appetite for risk increased. Commodity-rich markets such as Australia and Canada and developing markets such as Chile and Brazil were major positive contributors to performance. This was largely because China's demand for natural resources remained strong and Asian leaders pledged to maintain their economic stimulus measures. The dollar's continued weakness also helped to increase the appeal of "hard" assets such as gold and copper. Evidence that economic recovery was gaining momentum was also crucial to global stock market gains, though a potential debt crisis in Dubai slowed advances during the fourth quarter. In view of the risk of a sovereign debt default in Greece, the European Union and International Monetary Fund announced a three-year bailout package worth €110 billion, on the condition that the country cuts its spending and boosts tax revenues. With sovereign debt ratings for Portugal and Spain downgraded, fears grew that Greece's problems could spread to other indebted members of the eurozone.

Global bonds rallied strongly during the first half of the review period. Corporate bonds outperformed the wider market over much of the first quarter, as investors' appetite for risk was restored amid evidence that the worst of the global recession had passed. Investors favoured riskier assets and commodity-linked currencies. This reflected a steady rise in the price of raw materials, notably crude oil. High-yield corporate bonds and bonds from emerging markets benefited in particular from this increased risk appetite and enjoyed a stellar rise over the third quarter. Later in the review period, though, global bonds struggled as the cost of borrowing increased. The risk of a sovereign debt default in Greece and other peripheral members of the euro area proved to be a key theme for the asset class. Markets rallied in April, with corporate bonds outperforming the wider market; returns on cash remained extremely low in the developed world. Emerging-market bonds also delivered positive returns; they were aided by an improving corporate earnings outlook and signs that developing nations are growing faster than the larger economies.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an ongoing process. The Progressive Portfolio is constructed from 14 underlying SWIP and Russell funds. Over the period there have been manager changes within eight of these funds: SWIP Multi-Manager European Fund, Russell US Small Cap Fund, Russell US Quant Fund, Russell Japan Fund, Russell Pacific Basin Fund, Russell Global Bond Fund, Russell II Global Bond Fund (Euro Hedged) and Russell US Bond Fund.

Portfolio holds approximately 75% in equities and 25% in bonds.

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

Progressive Portfolio Fund (continued)

Distribution

XD date	Payment date	
30/04/10	30/06/10	

TER

	30/04/10	30/04/09
	%	%
A Accumulation	2.00	2.00
X Accumulation	0.60	0.60

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

Portfolio Turnover Rate

	30/04/10	30/04/09
	%	%
PTR	4.88	35.91

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	30/04/10	30/04/09
	%	%
Financials	98.46	98.99
Derivatives	0.75	0.70
Net other assets	0.79	0.31
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/04/10	30/04/09	30/04/10
	(p)	(p)	%
A Accumulation	120.97	92.65	30.57
X Accumulation	131.95	99.94	32.03

Distribution

	Final
	30/04/10
	(p)
A Accumulation	1.0422
X Accumulation	2.4390

Please note: negative figures are shown in brackets.

Performance record

	01/05/09	01/05/08	01/05/07	01/05/06	01/05/05	01/05/04
	to 30/04/10	to 30/04/09	to 30/04/08	to 30/04/07	to 30/04/06	to 30/04/05
	%	%	%	%	%	%
Progressive Portfolio Fund						
A Accumulation	30.57	(19.70)	(3.75)	3.54	23.56	3.26
Balanced Managed Sector Average						
Return	26.89	(19.33)	(3.70)	6.80	28.49	6.44

Source: Lipper for Progressive Portfolio Fund and Sector Average Return. Basis: Mid to Mid, net income reinvested and net of expenses. Balanced Managed Sector – funds which offer investment in a range of assets, with the maximum equity exposure restricted to 85% of the Fund. At least 10% of the total fund must be held in non-UK equities. Assets must be at least 50% in Sterling/Euro and equities are deemed to include convertibles.

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.

Top five holdings

	30/04/10		30/04/09
	%		%
1. SWIP Multi-Manager US Equity Fund A Acc	17.46	SWIP Multi-Manager US Equity Fund A Acc	17.57
2. SWIP Multi-Manager UK Equity Growth Fund A Acc	13.63	SWIP Multi-Manager UK Equity Focus Fund A Acc	13.43
3. SWIP Multi-Manager UK Equity Focus Fund A Acc	13.8	SWIP Multi-Manager UK Equity Growth Fund A Acc	13.31
4. SWIP Multi-Manager European Equity Fund A Acc	10.26	SWIP Multi-Manager European Equity Fund A Acc	10.34
5. Russell US Quant Fund I Acc	6.56	Russell US Quant Fund I Acc	6.52

Number of holdings: 65

Number of holdings: 46

FUND PROFILE

Fund Aims

To give long-term capital growth by investing principally in funds within the Lloyds Banking Group. The Portfolio will invest predominantly in equity funds, with a limited proportion in fixed interest security funds. Exposure will be to both UK and overseas markets.

Risks

The Fund can invest in a range of assets including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- 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 changes might cause the value of any overseas investments held by the portfolio to go up or down.
- Some of the companies and governments that the funds invest in who issue fixed interest securities might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, or their credit rating falls, the value of your investment will reduce. In addition, a small proportion of the portfolio will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest securities held by the portfolio. If long term interest rates rise, the value of your shares is likely to fall and vice versa.

INVESTMENT MANAGER'S REVIEW

The Stockmarket Growth Fund returned 33.7% over the 12 months under review. The majority of the portfolio (approx 90%) is invested in equities.

Global equity and financial markets have rebounded strongly over the last year. The impetus for the rally was an improvement in economic data, extraordinary monetary and fiscal policy initiatives from the world's central banks and signs that the banking sector, ravaged since the collapse of Lehman Brothers in September 2008, is on the mend. At the time of writing, however, concerns about the financial health of several European nations, particularly Greece, have rocked the market, sending shares lower on both sides of the Atlantic.

UK equities have advanced strongly over the past 12 months. Encouraging economic data, healthy corporate results and a prolonged period of low interest rates helped drive equities higher. While an upturn in the UK economy is very gradually gathering pace, doubts remain over the shape of the recovery that lies ahead.

US equity markets also made strong gains over the review period. But stocks endured an early-year hangover, as investors took profits on 2009's gains. This was due to concerns over the worsening position in Greece and the prospect of tighter policy in China. Meanwhile, the Federal Reserve did its best to soothe jittery markets by announcing its belief that US economic activity is picking up and that it would continue to hold interest rates steady for an extended period of time.

After a stellar 2009, European equities have made an inauspicious start to this year. Concerns over a possible debt default from a member nation have sapped investors' confidence, with equity markets stuttering. Nonetheless, forward-looking economic indicators remain positive. The business climate is also improving, and we are witnessing the return of inventory rebuilding by a number of companies.

Asian equities performed very strongly from March last year. There was a hiccup in January 2010, but thereafter Asian markets resumed their upward trajectory. A key factor driving the area's strength has been the global quantitative easing effort, particularly China's stimulus package aimed at infrastructure, housing and the consumer.

The Fund generated very strong returns for investors over the last year, although it was slightly behind its benchmark index. This was largely owing to stock selection. The portfolio remains tilted towards equities at the expense of government bonds, which we believe do not offer attractive prospective returns.

Looking ahead, economic activity appears likely to continue recovering slowly over the next eighteen months. 2010 is likely to be a year of modest growth, while 2011 will see a relatively robust expansion. As the global recovery continues, we are likely to see many more cycles of optimism and pessimism, resulting in further stock market volatility. The underlying trend of the stock market is most likely upward, but the movement may become increasingly erratic.

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

Stockmarket Growth Portfolio (continued)

Distribution

XD date	Payment date	
30/04/10	30/06/10	

TER

	30/04/10	30/04/09
	%	%
A Accumulation	1.65	1.64

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

	30/04/10	30/04/09
	%	%
PTR	1.26	9.44

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	30/04/10	30/04/09
	%	%
Financials	99.31	99.17
Derivatives	(0.01)	0.06
Net other assets	0.70	0.77
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/04/10 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
A Accumulation	149.46	111.79	33.70

Distribution

	Final 30/04/10 (p)
A Accumulation	2.4661

Please note: negative figures are shown in brackets.

Performance record

	01/05/09 to 30/04/10	01/05/08 to 30/04/09	01/05/07 to 30/04/08	01/05/06 to 30/04/07	01/05/05 to 30/04/06	01/05/04 to 30/04/05
	%	%	%	%	%	%

Stockmarket Growth Portfolio

A Accumulation	33.72	(24.66)	(3.51)	5.49	30.18	3.61
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Source: Lipper for Stockmarket Growth Portfolio Fund. Basis: Mid to Mid, net income reinvested and net 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.

Top five holdings

	30/04/10		30/04/09
	%		%
1. Scottish Widows Global Select Growth Fund A Acc	17.51	Scottish Widows Global Growth Fund A Acc	17.86
2. Scottish Widows Global Growth Fund A Acc	17.32	Scottish Widows Global Select Growth Fund A Acc	17.49
3. Scottish Widows UK Select Growth Fund A Acc	15.16	Scottish Widows UK Select Growth Fund A Acc	15.92
4. Scottish Widows UK Growth Fund A Acc	14.97	Scottish Widows UK Growth Fund A Acc	14.75
5. Scottish Widows UK Equity Income Fund A Inc	14.46	Scottish Widows UK Equity Income Fund A Inc	14.37

Number of holdings: 14

Number of holdings: 10

FUND PROFILE

Fund Aims

To give long-term capital growth by investing principally in funds within the Lloyds Banking Group. The Portfolio will invest mainly in equity funds, but also in fixed interest security funds. Exposure will be to both UK and overseas markets.

Risks

The Fund can invest in a range of assets including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- 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 changes might cause the value of any overseas investments held by the portfolio to go up or down.
- Some of the companies and governments that the funds invest in who issue fixed interest securities might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, or their credit rating falls, the value of your investment will reduce. In addition, a small proportion of the portfolio will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest securities held by the portfolio. If long term interest rates rise, the value of your shares is likely to fall and vice versa.

INVESTMENT MANAGER'S REVIEW

The bulk of the Strategic Growth Fund is invested in equities (approx 75%), with the remainder invested in UK and overseas bonds. Equity markets and corporate bonds significantly outperformed government bonds over the review period.

Corporate bonds emerged as one of the most popular asset classes of the last year. As investors' appetite for risk grew, the comparatively high yields on offer became increasingly enticing. The release of robust corporate results gave investors further confidence and as corporate bond prices continued to rise, the spread between the yield offered by corporate and government bonds narrowed further.

Global government bonds were ahead in the 12 months to 30 April. Over the past year, prices have been supported by historically low interest rates and stimulus measures such as quantitative easing (buying gilts in the market), which saw the Bank of England buying up fixed interest investments. Bond prices have remained volatile, with yields affected by a two-way pull between new government issuance and central bank repurchases.

UK equities have advanced strongly over the past year. Encouraging economic data, healthy corporate results and a prolonged period of low interest rates helped the FTSE All-Share index to rise by more than 31% over the period. While an upturn in the UK economy is very gradually gathering pace, doubts remain over the shape of the recovery that lies ahead. At the same time, upgrades to corporate earnings forecasts continue to outweigh downgrades. Positive earnings revisions have been one of the key drivers of equity markets in recent months.

Global equity markets also generated positive return over the review period. The impetus for the rally was an improvement in economic data, extraordinary monetary and fiscal policy initiatives from the world's central banks and signs that the banking sector, ravaged since the collapse of Lehman Brothers in September 2008, is on the mend. Concerns remain over the strength and sustainability of economic recovery, but so far investors have been able to keep such fears at the back of their minds. At the time of writing, however, sovereign debt woes in Europe have rocked the market, sending shares lower on both sides of the Atlantic.

The Fund generated very strong returns for investors over the last year, although it was slightly behind its benchmark index. This was largely owing to stock selection. The portfolio remains tilted towards equities at the expense of government bonds, which we believe do not offer attractive prospective returns.

Looking ahead, economic activity appears likely to continue recovering slowly over the next eighteen months. 2010 will probably turn out to be a year of modest growth, while 2011 will see a relatively robust expansion. As the global recovery continues, we are likely to see many more cycles of optimism and pessimism, resulting in further stock market volatility. The underlying trend of the stock market is most likely upward, but the movement may become increasingly erratic.

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

Strategic Growth Portfolio (continued)

Distribution

XD date	Payment date	
30/04/10	30/06/10	

TER

	30/04/10	30/04/09
	%	%
A Accumulation	1.64	1.62
B Accumulation	1.39	1.37

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

	30/04/10	30/04/09
	%	%
PTR	4.88	34.50

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	30/04/10	30/04/09
	%	%
Financials	98.54	98.68
Derivatives	0.11	0.25
Net other assets	1.35	1.07
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/04/10	30/04/09	
	(p)	(p)	%
A Accumulation	135.02	104.99	28.60
B Accumulation	136.75	106.13	28.85

Distribution

	Final
	30/04/10
	(p)
A Accumulation	2,2678
A Income	2,5449

Please note: negative figures are shown in brackets.

Performance record

	01/05/09	01/05/08	01/05/07	01/05/06	01/05/05	01/05/04
	to 30/04/10	to 30/04/09	to 30/04/08	to 30/04/07	to 30/04/06	to 30/04/05
	%	%	%	%	%	%

Strategic Growth Portfolio

A Accumulation	28.57	(19.85)	(2.75)	4.66	24.71	3.98
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Source: Lipper for Strategic Growth Portfolio Fund. Basis: Mid to Mid, net income reinvested and net 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.

Top five holdings

	30/04/10		30/04/09
	%		%
1. Scottish Widows UK Growth Fund A Acc	14.91	Scottish Widows Global Growth Fund A Acc	15.37
2. Scottish Widows Global Select Growth Fund A Acc	14.79	Scottish Widows UK Growth Fund A Acc	15.03
3. Scottish Widows Global Growth Fund A Acc	14.61	Scottish Widows Global Growth Fund A Acc	14.80
4. Scottish Widows UK Select Growth Fund A Acc	10.09	Scottish Widows UK Select Growth Fund A Acc	10.08
5. Scottish Widows UK Equity Income Fund A Inc	7.57	Scottish Widows UK Equity Income Fund A Inc	8.01

Number of holdings: 22

Number of holdings: 19

FUND PROFILE

Fund Aims

On the Protection Date the Protected Capital Solutions Fund 1 aims to provide:

- a protected minimum amount, and
- an additional amount linked to the performance of the FTSE 100 Index.

The additional amount will be calculated by adding up the rises and falls in the Index over each consecutive period of six months (known as Index Valuation Periods) during the Growth Potential Period. The rises and falls are subject to Upper and Lower limits but you won't get back less than the protected minimum amount.

Policy Summary

The fund will invest principally on deposit in cash or near cash, or through other funds such as collective investment schemes, until the Derivative Date. Thereafter the fund will invest principally in derivatives which, on the Protection Date, are designed to provide the protected minimum amount and any additional amount.

Risks

- The value of your investment is not guaranteed and will depend on the share price at the time you sell your shares.
- If you sell your shares before the Protection Date, you are likely to get back less than you've invested. If you sell your shares while the Fund is invested in Derivatives, the value of your investment will depend on the value of the FTSE 100 Index and on other factors. These other factors include:
 - the volatility of the market
 - the level of interest rates
 - the time to maturity of the Derivatives.
- Tax rules can change. New tax practice and legislation, or changes to existing practice and legislation could affect what you get back at the end of the term.
- You might get back less than if you invested directly in the shares that make up the FTSE 100 Index. This is mainly because:
 - There is a cost to providing you with capital protection. If no capital protection was included, the Upper and Lower Limits might be higher.
 - Any potential growth might be less than that achieved by investing directly into the stockmarket and you won't receive any income (dividends) that would be paid if you held shares directly.
 - the Upper Limit on growth could mean that you receive less growth compared to investing directly in the stockmarket.

- If you cancel during the 14 days following receipt of your cancellation notice you might get back less than you invested if the investments in the Fund have fallen in value. You will, however, receive a full refund of any initial charge that has been deducted.
- Inflation may reduce the real value of your money in the future.
- Terms for the Fund were set some two to three weeks in advance of the start of the Cash Investment Period, based on the price of Derivatives at that time, hence the terms may or may not compare favourably with those currently available in the market at the date a shareholder invests.
- If insufficient money is received into the Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up the Fund and return your investment.
- In the event that the FTSE 100 Index cannot be used, this might affect the value of your investment.
- Most of the time the Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from most of this risk, collateral (cash or other investments we feel are suitable), is received from the counterparty and deposited with an independent custodian. Should the counterparty fail, we will use this collateral.
- When the Fund is invested in cash or similar investments, these assets may be held with a small number of approved banks or collective investment schemes. Should any one or more of these fail then you might get back less than you invested.
- There is a risk that if a Derivative provider fails and this coincides with the Fund having collateral which fails or which is deposited with an institution that also fails, then you are likely to get back less than you invested.

INVESTMENT MANAGER'S REVIEW

The Fund aims to provide investors with a capital protected price on the protection date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the derivative date (plus the initial charge that applied to amounts invested during the cash investment period).

In addition, on the protection date the Fund aims to provide a return equal to the sum of the increases and decreases (if any) in the index that arise during each index valuation period within the growth potential period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 30 March 2009 to 03 July 2009. During this time the Fund invested in cash or similar instruments. The FTSE 100 index stood at 4388.75 on 17 July 2009, which is the date the Fund started investing in derivatives.

UK equities advanced strongly over the review period. Encouraging economic data, healthy corporate results and a prolonged period of low interest rates have all contributed to performance.

Looking ahead, while an upturn in the UK economy is very gradually gathering pace, doubts remain over the shape of the recovery that lies ahead. The Bank of England's program of quantitative easing (buying gilts in the market) is likely to have reached an end and many investors are anxious over how strong the financial system will now prove to be.

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

Protected Capital Solutions Fund 1 (continued)

TER	30/04/10	30/04/09	Holdings		30/04/10	30/04/09
	%	%			%	%
M Accumulation	-	-	1. Lloyds TSB Bank plc Call Option January 2013 (Strike Price £100)	142.17	SWIP Sterling Liquidity Fund	59.04

Share class M Accumulation was launched 30 March 2009.

There were no expenses charged to the Fund during the current or prior year, therefore no TER has been stated.

Portfolio Turnover Rate

PTR	30/04/10	30/04/09
	%	%
	-	-

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. In accordance with IMA guidance, any investments in cash funds, short term deposits and derivatives in the current or prior year have not been included in the PTR calculation. As the Fund's trading consisted exclusively of such investments, there is no stated PTR for the current or prior year.

Details of investments

Investments	30/04/10	30/04/09
	%	%
Options	100.00	-
Financials	-	59.04
Net other assets	-	40.96
Total net assets	100.00	100.00

Net asset value

M Accumulation	NAV per share 30/04/10 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
		101.61	100.01

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.

The Protection Date for the M share class is 18 January 2013.

The Capital Protected Price is 105.50p.

The FTSE 100 Index starting value is 4,388.75.

Please note: negative figures are shown in brackets.

2. Lloyds TSB Bank plc Put Option January 2013 (Strike Price £120)	75.59		
3. Lloyds TSB Bank plc Call Option July 2013 (Strike Price £100)	5.82		
4. Lloyds TSB Bank plc Put Option July 2013 (Strike Price £100)	(43.13)		
5. Lloyds TSB Bank plc Call Option July 2013 (Strike Price £120)	(80.45)		

Number of holdings: 5

Number of holdings: 1

Performance record

	17/07/2009 to 30/04/2010	01/05/2009 to 16/07/2009	30/03/2009 to 30/04/2009
	%	%	%
Scottish Widows Protected Capital Solutions Fund 1 M Acc	1.50	0.10	0.00
FTSE 100 Index	30.85	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	0.17	0.71

Source: SWIP for Scottish Widows Protected Capital Solutions Fund 1 M Accumulation. Basis: Mid to Mid, income reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index. Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index. Past performance is not a reliable indicator of future results. The value of an investment and any income from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

FUND PROFILE

Fund Aims

On the Protection Date the Protected Capital Solutions Fund 2 aims to provide:

- a protected minimum amount, and
- an additional amount linked to the performance of the FTSE 100 Index.

Any additional amount will be calculated by adding up the rises and falls in the Index over each consecutive period of six months (known as Index Valuation Periods) during the Growth Potential Period. The rises and falls are subject to Upper and Lower limits but you shouldn't get back less than the protected minimum amount.

Policy Summary

The fund will invest principally on deposit in cash or near cash, or through other funds such as collective investment schemes, until the Derivative Date. Thereafter the fund will invest principally in derivatives which, on the Protection Date, are designed to provide the protected minimum amount and any additional amount.

Risks

- If you sell your shares before the Protection Date, you are likely to get back less than you've invested. In some circumstances substantially less.
- If you sell your shares while the Fund is invested in Derivatives, the value of your investment will depend on the value of the FTSE 100 Index and on other factors. These other factors include:
 - the volatility of the market
 - the level of interest rates
 - the time to maturity of the Derivatives.Therefore the overall investment return will not equal actual FTSE 100 Index growth.
- At the end of the term you might get back less than if you invested directly in the shares that make up the FTSE 100 Index. This is mainly because:
 - There is a cost to providing you with capital protection. If no capital protection was included, the Upper and Lower Limits might be higher.
 - You won't receive any income (dividends) that would be paid if you held shares directly.
 - the Upper Limit on growth could mean that you receive less growth compared to investing directly in the stockmarket.
- When the Fund is invested in cash or similar investments, these assets may be held with a small number of approved banks or collective investment schemes. Should any one or more of these fail then you are likely to get back less than you invested, in some circumstances substantially less.

- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, collateral (cash or other investments we feel are suitable), is received from the counterparty and deposited with an independent custodian. Should the counterparty fail, we will use this collateral.
- There is a risk that the Derivative provider (the counterparty) fails and this coincides with the Fund having collateral which fails or which is deposited with an institution that also fails, then you are likely to get back significantly less than you invested.
- In the event that the FTSE100 Index cannot be used, this might affect the value of your investment.
- If insufficient money is received into the Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up the Fund and return your investment.
- Inflation will reduce the real value of your money in the future.
- Terms for the Fund were set some two to three weeks in advance of the start of the Cash Investment Period, based on the price of Derivatives at that time, hence the terms may or may not compare favourably with those currently available in the market at the date a shareholder invests.
- If you cancel during the 14 days following receipt of your cancellation notice you are likely to get back less than you invested, if the investments in the Fund have fallen in value. You will, however, receive a full refund of any initial charge that has been deducted.
- Tax rules can change. New tax practice and legislation, or changes to existing practice and legislation could affect what you get back at the end of the term.

INVESTMENT MANAGER'S REVIEW

The Fund aims to provide investors with a capital protected price on the protection date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the derivative date (plus the initial charge that applied to amounts invested during the cash investment period).

In addition, on the protection date the Fund aims to provide a return equal to the sum of the increases and decreases (if any) in the index that arise during each index valuation period within the growth potential period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 6 July 2009 to 2 October 2009. During this time the Fund invested in cash or similar instruments. The FTSE 100 index stood at 5190.24 on 16 October 2009, which is the date the Fund started investing in derivatives.

UK equities advanced strongly over the review period. Encouraging economic data, healthy corporate results and a prolonged period of low interest rates have all contributed to performance.

Looking ahead, while an upturn in the UK economy is very gradually gathering pace, doubts remain over the shape of the recovery that lies ahead. The Bank of England's program of quantitative easing (buying gilts in the market) is likely to have reached an end and many investors are anxious over how strong the financial system will now prove to be.

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

Protected Capital Solutions Fund 2 (continued)

TER	30/04/10 %
M Accumulation	-
Share class M Accumulation was launched 6 July 2009.	
There were no expenses charged to the Fund, therefore no TER has been stated.	
Portfolio Turnover Rate	30/04/10 %
PTR	-

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. 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. In accordance with IMA guidance, any investments in cash funds, short term deposits and derivatives have not been included in the PTR calculation. As the Fund's trading consisted exclusively of such investments, there is no stated PTR for the current period.

Details of investments

Investments	30/04/10 %
Options	100.00
Net other assets	-
Total net assets	100.00

Net asset value

	NAV per share 30/04/10 (p)
M Accumulation	104.90

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.

The Protection Date for the M share class is 17 April 2013.

The Capital Protected Price is 105.90p.

The FTSE 100 Index starting value is 5,190.24.

Please note: negative figures are shown in brackets.

Holdings	30/04/10 %
1. Lloyds TSB Bank plc Put Option April 2013 (Strike Price £120)	110.37
2. Lloyds TSB Bank plc Call Option April 2013 (Strike Price £100)	76.62
3. Lloyds TSB Bank plc Call Option April 2013 (Cliquet) (Strike Price £100)	9.60
4. Lloyds TSB Bank plc Call Option April 2013 (Strike Price £120)	(33.49)
5. Lloyds TSB Bank plc Put Option April 2013 (Strike Price £100)	(63.10)

Number of holdings: 5

Protected Capital Solutions Fund 3 for the period 25 September 2009 to 30 April 2010

FUND PROFILE

Fund Aims

On the Protection Date the Protected Capital Solutions Fund 3 aims to provide:

- a protected minimum amount, and
- an additional amount linked to the performance of the FTSE 100 Index.

Any additional amount will be calculated by adding up the rises and falls in the Index over each consecutive period of six months (known as Index Valuation Periods) during the Growth Potential Period. The rises and falls are subject to Upper and Lower limits but you shouldn't get back less than the protected minimum amount.

Policy Summary

The fund will invest principally on deposit in cash or near cash, or through other funds such as collective investment schemes, until the Derivative Date. Thereafter the fund will invest principally in derivatives which, on the Protection Date, are designed to provide the protected minimum amount and any additional amount.

Risks

General risks that apply to your investment:

- If you sell your shares before the Protection Date, you are likely to get back less than you've invested, in some circumstances substantially less.
- Tax rules can change. New tax practice and legislation, or changes to existing practice and legislation could affect what you get back at the end of the term.
- Terms for the Fund are set several weeks in advance of the start of the Cash Investment Period, based on the price of the Derivatives at that time, hence the terms may or may not compare favourably with those currently available in the market at the date you invest.
- If insufficient money is received into the Fund, or the provider of the Derivatives fails to meet the contract terms on the Derivative Date, the Authorised Corporate Director (ACD) may wind up the Fund and return your investment.
- If you cancel during the 14 days following receipt of your cancellation notice you are likely to get back less than you invested if the investments in the Fund have fallen in value. You will, however, receive a full refund of any initial charge that has been deducted.
- Inflation will reduce the real value of your money in the future.

Risks that apply specifically during the Cash Investment Period:

- When the Fund is invested in cash or similar investments, these assets may be held with a small number of approved banks or collective investment schemes. Should any one or more of these fail then you are likely to get back less than you invested, in some circumstances substantially less.

Risks that apply specifically during the Growth Potential Period

- If you sell your shares while the Fund is invested in Derivatives, the value of your investment will depend on the value of the FTSE 100 Index and on other factors. These other factors include:
 - the volatility of the market;
 - the level of interest rates;
 - the time to maturity of the Derivatives.

Therefore the overall investment return will not equal actual FTSE 100 Index growth.

- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, collateral (cash or other investments we feel are suitable), is received from the counterparty and deposited with an independent custodian. Should the counterparty fail, we will use this collateral.
- There is a risk that the Derivative provider (the counterparty) fails and this coincides with the Fund having collateral which fails or which is deposited with an institution that fails, then you are likely to get back significantly less than you invested.

Risks that apply specifically at the end of the term

- At the end of the term, you might get back less than if you invested directly in the shares that make up the FTSE100 Index. This is mainly because:
 - there is a cost to providing you with capital protection. If no capital protection was included, the Upper and Lower Limits might be higher;
 - you won't receive any income (dividends) that would be paid if you held shares directly;
 - the Upper Limit on growth could mean that you receive less growth compared to investing directly in the stockmarket.
- In the event that the FTSE100 Index cannot be used, this might affect the value of your investment.

INVESTMENT MANAGER'S REVIEW

The Fund aims to provide investors with a capital protected price on the protection date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the derivative date (plus the initial charge that applied to amounts invested during the cash investment period).

In addition, on the protection date the Fund aims to provide a return equal to the sum of the increases and decreases (if any) in the index that arise during each index valuation period within the growth potential period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 28 September 2009 to 04 December 2009. During this time the Fund invested in cash or similar instruments. The FTSE 100 index stood at 5196.81 on 18 December 2009, which is the date the Fund started investing in derivatives.

UK equities advanced strongly over the review period. Encouraging economic data, healthy corporate results and a prolonged period of low interest rates have all contributed to performance.

Looking ahead, while an upturn in the UK economy is very gradually gathering pace, doubts remain over the shape of the recovery that lies ahead. The Bank of England's program of quantitative easing (buying gilts in the market) is likely to have reached an end and many investors are anxious over how strong the financial system will now prove to be.

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

Protected Capital Solutions Fund 3 (continued)

Distribution

XD date	Payment date
14/12/09	12/02/10

TER

30/04/10
%

M Accumulation

-

Share class M Accumulation was launched 25 September 2009.

There were no expenses charged to the Fund, therefore no TER has been stated.

Portfolio Turnover Rate

30/04/10
%

PTR

-

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. 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. In accordance with IMA guidance, any investments in cash funds, short term deposits and derivatives have not been included in the PTR calculation. As the Fund's trading consisted exclusively of such investments, there is no stated PTR for the current period.

Details of investments

Investments	30/04/10 %
Options	100.00
Net other assets	-
Total net assets	100.00

Net asset value

	NAV per share 30/04/10 (p)
M Accumulation	99.25

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 30/04/10 (p)
M Accumulation	0.0814

The Protection Date for the M share class is 19 December 2013.

The Capital Protected Price is 105.10p.

The FTSE 100 Index starting value is 5,196.81.

Please note: negative figures are shown in brackets.

Holdings

	30/04/10 %
1. Lloyds TSB Bank plc Put Option December 2013 (Strike Price £100)	120.56
2. Lloyds TSB Bank plc Call Option December 2013 (Strike Price £100)	83.07
3. Lloyds TSB Bank plc Call Option December 2013 (Cliquet) (Strike Price £100)	9.56
4. Lloyds TSB Bank plc Call Option December 2013 (Strike Price £120)	(39.65)
5. Lloyds TSB Bank plc Put Option December 2013 (Strike Price £100)	(73.54)

Number of holdings: 5

Protected Capital Solutions Fund 4 for the period 8 December 2009 to 30 April 2010

FUND PROFILE

Fund Aims

On the Protection Date the Protected Capital Solutions Fund 4 aims to provide:

- a protected minimum amount, and
- an additional amount linked to the performance of the FTSE 100 Index.

Any additional amount will be calculated by adding up the rises and falls in the Index over each consecutive period of six months (known as Index Valuation Periods) during the Growth Potential Period. The rises and falls are subject to Upper and Lower limits but you shouldn't get back less than the protected minimum amount.

Policy Summary

The fund will invest principally on deposit in cash or near cash, or through other funds such as collective investment schemes, until the Derivative Date. Thereafter the fund will invest principally in derivatives which, on the Protection Date, are designed to provide the protected minimum amount and any additional amount.

Risks

General risks that apply to your investment:

- If you sell your shares before the Protection Date, you are likely to get back less than you've invested, in some circumstances substantially less.
- Tax rules can change. New tax practice and legislation, or changes to existing practice and legislation could affect what you get back at the end of the term.
- Terms for the Fund are set several weeks in advance of the start of the Cash Investment Period, based on the price of the Derivatives at that time, hence the terms may or may not compare favourably with those currently available in the market at the date you invest.
- If insufficient money is received into the Fund, or the provider of the Derivatives fails to meet the contract terms on the Derivative Date, the Authorised Corporate Director (ACD) may wind up the Fund and return your investment.
- If you cancel during the 14 days following receipt of your cancellation notice you are likely to get back less than you invested if the investments in the Fund have fallen in value. You will, however, receive a full refund of any initial charge that has been deducted.
- Inflation will reduce the real value of your money in the future.

Risks that apply specifically during the Cash Investment Period

- When the Fund is invested in cash or similar investments, these assets may be held with a small number of approved banks or collective investment schemes. Should any one or more of these fail then you are likely to get back less than you invested, in some circumstances substantially less.

Risks that apply specifically during the Growth Potential Period

- If you sell your shares while the Fund is invested in Derivatives, the value of your investment will depend on the value of the FTSE 100 Index and on other factors. These other factors include:
 - the volatility of the market;
 - the level of interest rates;
 - the time to maturity of the Derivatives.

Therefore the overall investment return will not equal actual FTSE 100 Index growth.

- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are arranged with a single Counterparty. Should that Counterparty fail, then you might get back less than you invested. To help protect you from this risk, collateral (cash or other investments we feel are suitable), is received from the Counterparty and deposited with an independent custodian. Should the Counterparty fail, we will use this collateral.
- There is a risk that the Derivative provider (the Counterparty) fails and this coincides with the Fund having collateral which fails or which is deposited with an institution that fails, then you are likely to get back significantly less than you invested.

Risks that apply specifically at the end of the term

- At the end of the term, you might get back less than if you invested directly in the shares that make up the FTSE100 Index. This is mainly because:
 - there is a cost to providing you with capital protection. If no capital protection was included, the Upper and Lower Limits might be higher;
 - you won't receive any income (dividends) that would be paid if you held shares directly;
 - the Upper Limit on growth could mean that you receive less growth compared to investing directly in the stockmarket.
- In the event that the FTSE100 Index cannot be used, this might affect the value of your investment.

INVESTMENT MANAGER'S REVIEW

The Fund aims to provide investors with a capital protected price on the protection date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the derivative date (plus the initial charge that applied to amounts invested during the cash investment period).

In addition, on the protection date the Fund aims to provide a return equal to the sum of the increases and decreases (if any) in the index that arise during each index valuation period within the growth potential period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 08 December 2009 to 02 April 2010. During this time the Fund invested in cash or similar instruments. The FTSE 100 index stood at 5743.96 on 16 April 2010, which is the date the Fund started investing in derivatives.

UK equities advanced strongly over the review period. Encouraging economic data, healthy corporate results and a prolonged period of low interest rates have all contributed to performance.

Looking ahead, while an upturn in the UK economy is very gradually gathering pace, doubts remain over the shape of the recovery that lies ahead. The Bank of England's program of quantitative easing (buying gilts in the market) is likely to have reached an end and many investors are anxious over how strong the financial system will now prove to be.

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

Protected Capital Solutions Fund 4 (continued)

Distribution

XD date	Payment date
12/04/10	11/06/10

TER

30/04/10
%

M Accumulation -

Share class M Accumulation was launched 8 December 2009.

There were no expenses charged to the Fund, therefore no TER has been stated.

Portfolio Turnover Rate

30/04/10
%

PTR -

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. 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. In accordance with IMA guidance, any investments in cash funds, short term deposits and derivatives have not been included in the PTR calculation. As the Fund's trading consisted exclusively of such investments, there is no stated PTR for the current period.

Details of investments

Investments	30/04/10 %
Options	100.00
Net other assets	-
Total net assets	100.00

Net asset value

	NAV per share 30/04/10 (p)
M Accumulation	95.89

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 30/04/10 (p)
M Accumulation	0.1295

The Protection Date for the M share class is 17 April 2014.

The Capital Protected Price is 105.9p.

The FTSE 100 Index starting value is 5,743.96.

Please note: negative figures are shown in brackets.

Holdings

	30/04/10 %
1. Lloyds TSB Bank plc Call Option April 2014 (Strike Price £120)	145.80
2. Lloyds TSB Bank plc Call Option April 2014 (Strike Price £100)	65.86
3. Lloyds TSB Bank plc Call Option April 2014 (Cliquet) (Strike Price £100)	7.60
4. Lloyds TSB Bank plc Call Option April 2014 (Strike Price £120)	(28.75)
5. Lloyds TSB Bank plc Put Option April 2014 (Strike Price £100)	(90.51)

Number of holdings: 5

FUND PROFILE

Fund Aims

On the Protection Date the Protected Capital Solutions Fund 5 aims to provide:

- a protected minimum amount, and
- an additional amount linked to the performance of the FTSE 100 Index.

Any additional amount will be calculated by adding up the rises and falls in the Index over each consecutive period of six months (known as Index Valuation Periods) during the Growth Potential Period. The rises and falls are subject to Upper and Lower limits but you shouldn't get back less than the protected minimum amount.

Policy Summary

The fund will invest principally on deposit in cash or near cash, or through other funds such as collective investment schemes, until the Derivative Date. Thereafter the fund will invest principally in derivatives which, on the Protection Date, are designed to provide the protected minimum amount and any additional amount.

Risks

General risks that apply to your investment

- If you sell your shares before the Protection Date, you are likely to get back less than you've invested, in some circumstances substantially less.
- Tax rules can change. New tax practice and legislation, or changes to existing practice and legislation could affect what you get back at the end of the term.
- Terms for the Fund are set several weeks in advance of the start of the Cash Investment Period, based on the price of the Derivatives at that time, hence the terms may or may not compare favourably with those currently available in the market at the date you invest.
- If insufficient money is received into the Fund, or the provider of the Derivatives fails to meet the contract terms on the Derivative Date, the Authorised Corporate Director (ACD) may wind up the Fund and return your investment.
- If you cancel during the 14 days following receipt of your cancellation notice you are likely to get back less than you invested if the investments in the Fund have fallen in value. You will, however, receive a full refund of any initial charge that has been deducted.
- Inflation will reduce the real value of your money in the future.

Risks that apply specifically during the Cash Investment Period

- When the Fund is invested in cash or similar investments, these assets may be held with a small number of approved banks or collective investment schemes. Should any one or more of these fail then you are likely to get back less than you invested, in some circumstances substantially less.

- When the Fund is invested in cash or similar investments during the Cash Investment Period and the following period up to the Derivative Date your investment may not receive any interest and may fall in value.

Risks that apply specifically during the Growth Potential Period

- If you sell your shares while the Fund is invested in Derivatives, the value of your investment will depend on the value of the FTSE 100 Index and on other factors. These other factors include:
 - the volatility of the market;
 - the level of interest rates;
 - the time to maturity of the Derivatives.

Therefore the overall investment return will not equal actual FTSE 100 Index growth.

- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are arranged with a single Counterparty. Should that Counterparty fail, then you might get back less than you invested. To help protect you from this risk, collateral (cash or other investments we feel are suitable), is received from the Counterparty and deposited with an independent custodian (State Street Bank and Trust Company). Should the Counterparty fail, we will use this collateral.
- There is a risk that the Derivative provider (the Counterparty) fails and this coincides with the Fund having collateral which fails or which is deposited with an institution that fails, then you are likely to get back significantly less than you invested.

Risks that apply specifically at the end of the term

- At the end of the term, you might get back less than if you invested directly in the shares that make up the FTSE100 Index. This is mainly because:
 - there is a cost to providing you with capital protection. If no capital protection was included, the Upper and Lower Limits might be higher;
 - you won't receive any income (dividends) that would be paid if you held shares directly;
 - the Upper Limit on growth could mean that you receive less growth compared to investing directly in the stockmarket.
- In the event that the FTSE100 Index cannot be used, this might affect the value of your investment.

INVESTMENT MANAGER'S REVIEW

The Fund was launched on 1 April 2010 and is currently in its cash investment period. This is the only period when investments can be made in the Fund. During this period the Fund invests in cash or similar instruments. Any interest earned will be added to the value of the Fund. The Fund may have to stop offering shares before the end of the cash investment period if the total sales limit is reached.

For two weeks following the cash investment period, the Fund will continue to invest in cash or similar instruments, with any interest earned being added to the value of the Fund.

The Fund aims to provide investors with a capital protected price on the protection date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the derivative date (plus the initial charge that applied to amounts invested during the cash investment period).

In addition, on the protection date the Fund aims to provide a return equal to the sum of the increases and decreases (if any) in the index that arise during each index valuation period within the growth potential period.

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

Protected Capital Solutions Fund 5 (continued)

TER	30/04/10	Holding	30/04/10
	%		%
M Accumulation	-	1. SWIP Sterling Liquidity Fund	58.20

Share class M Accumulation was launched 1 April 2010.

Number of holdings: 1

There were no expenses charged to the Fund, therefore no TER has been stated.

Portfolio Turnover Rate

	30/04/10
	%
PTR	-

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund during the period. 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. In accordance with IMA guidance, any investments in cash funds, short term deposits and derivatives have not been included in the PTR calculation. As the Fund's trading consisted exclusively of such investments, there is no stated PTR for the current period.

Details of investments

Investments	30/04/10
	%
Financials	58.20
Net other assets	41.80
Total net assets	100.00

Net asset value

	NAV per share
	30/04/10
	(p)
M Accumulation	100.00

Distribution

	Final
	30/04/10
	(p)
M Accumulation	0.0075

The Protection Date for the M share class is 17 April 2013.

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