



Scottish Widows Managed Investment Funds ICVC

Interim Short Report
for the period ended
31 October 2009

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

Head Office:

Edinburgh One
60 Morrison Street
Edinburgh
EH3 8BE

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

Depositary

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 twice a year in your OEIC or ISA statement. The statement gives you the value of your investment. You can also get an up-to-date value of your investment by registering at www.scottishwidows.co.uk/statements

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Long reports are available on request. If you would like a copy, please telephone Client Services on **0845 300 2244** or download the Financial Statements from the website www.scottishwidows.co.uk 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 period and up to the date of this report, the following change was made to the Prospectus and/or Instrument of Incorporation of Scottish Widows Managed Investment Funds ICVC.

The following two sub-funds were added to the ICVC:

Protected Capital Solutions Fund 2 on 6 July 2009 and Protected Capital Solutions Fund 3 on 28 September 2009.

A copy of the Prospectus is available on request.

Important Information

- Following the acquisition of HBOS plc by Lloyds TSB Group plc on 19 January 2009 the Lloyds TSB Group was renamed "Lloyds Banking Group". For Balanced Growth Portfolio, Dynamic Income Portfolio, Managed Income Portfolio, Momentum Income Portfolio, Stockmarket Growth Portfolio, Strategic Growth Portfolio the following applies: whilst the investment objective and policy of the Funds have been updated to reflect this name change, their ability to invest in regulated collective investment schemes managed and/or operated within the Lloyds Banking Group is currently limited to such collective investment schemes as are managed and/or operated by entities which were within the Lloyds TSB Group immediately prior to the Acquisition. We hereby give notice that with effect from 30 March 2010 we would like to extend the range of funds available for investment by the Balanced Growth Portfolio, Dynamic Income Portfolio, Managed Income Portfolio, Momentum Income Portfolio, Stockmarket Growth Portfolio and Strategic Growth Portfolio funds, to those regulated collective investment schemes managed and/or operated within the Lloyds Banking Group.

If you have chosen to view this report online, but now wish to receive a paper version of this report, please contact our Client Services team on 0845 300 2244 to arrange this.

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 equally between equities and bonds. Government bonds struggled to make headway over the first half of the review period. In July, however, Ben Bernanke, the chairman of the Federal Reserve (the Fed), indicated that the Fed intends to keep US interest rates low for an extended period. Lower interest rates increase demand for higher-yielding bonds, pushing the prices of US Treasuries higher.

In the UK, gilt prices received a similar boost when the Bank of England announced plans to increase its programme to create new money and buy back assets from banks and other companies. The value of the scheme, which is known as quantitative easing, was increased to £175 billion. However, more recently, government bonds have come off the boil, with prices reacting to changes in economic data, rising and falling with the ebbs and flows of investor risk appetite.

The portfolio benefitted from its UK equity holdings over the reporting period. Improved economic data, a better-than-expected corporate earnings season and the continued provision of economic stimuli propelled the FTSE All-Share index to strong gains. The banking sector continued to recover strongly, driven by buoyant trading conditions within investment banking markets and receding fears over the need for further government support. Economically sensitive industries, such as mining, also posted substantial gains, as underlying commodity prices rallied sharply. There were signs, however, that the equity rally lost momentum in October, as investors brooded over the outlook for global growth and interest rates.

Overseas equities also generated positive returns over the reporting period. The market rebound was defined by a huge shift from "defensive" stocks (which benefit from stable demand regardless of the health of the economy), towards so-called "cyclicals" (companies which enjoy strong returns when economic conditions are good, but suffer when the climate is less favourable).

The Fund has been positioned to take advantage of this rise in markets and will retain its comparatively high level of exposure to equities. Looking ahead, we think an upturn in the global economy is now underway. We believe that recovery includes the UK, despite a surprisingly weak first official estimate of first-quarter GDP. We expect growth will be muted owing to limited availability of bank lending, a reduction in fiscal boosts such as quantitative easing, and high levels of consumer indebtedness.

We think the FTSE 100 index is likely to rise by around 10% by the end of 2010, with the lion's share of equity market returns over the next two years to materialise sooner rather than later. Government bond prices are expected to fall over the next 12 months as economic recovery progresses and official interest rates are raised. We believe investment grade corporate bonds are fair value, but with interest rates on hold and demand looking likely to remain strong, they could see further gains in coming months.

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)

TER

	31/10/09	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 period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	21.70	69.82

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.

Details of investments

	31/10/09	30/04/09
	%	%
Investments		
Financials	98.78	98.88
Forward Currency Contracts	(0.17)	0.27
Futures Contracts	0.03	0.15
Net other assets	1.36	0.70
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/09 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
A Accumulation	124.98	106.00	17.91
T Accumulation	117.76	99.81	17.98

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	23/08/04
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%

Balanced Growth Portfolio

A Accumulation	17.92	(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

	31/10/09		30/04/09
	%		%
1. Scottish Widows UK Growth Fund A Acc	12.62	Scottish Widows UK Growth Fund A Acc	12.59
2. Scottish Widows UK Equity Income Fund A Acc	12.34	Scottish Widows UK Equity Income Fund A Acc	12.36
3. Scottish Widows UK Select Growth Fund A Acc	10.18	Scottish Widows Global Growth Fund A Acc	10.35
4. Scottish Widows Corporate Bond Fund A Acc	10.08	Scottish Widows UK Select Growth Fund A Acc	10.14
5. Scottish Widows Global Growth Fund A Acc	10.01	Scottish Widows Corporate Bond Fund A Acc	9.79

Number of holdings: 20

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 gained early on, with credit outperforming as risk appetites were restored amid evidence that the worst of the global recession had passed. Returns were greatest at the higher-yielding, riskier end of the spectrum, particularly in Asia, where economies show signs of recovering soonest. Government-backed notes declined as investors sought out more risk. The rally in global bonds continued throughout the second half of the period amid further evidence that a broad-based global economic recovery was gaining traction. Corporate bonds outperformed government bonds despite some weaker returns in August. The financial sector benefited from a lower-than-expected risk of company defaults, helped by the cumulative action of the world's key governments in support of the financial sector. Commercial mortgage-backed securities performed well. High-yield debt – particularly in Asia – and emerging-market debt also enjoyed strong rises over the period as investors' appetite for risk increased.

Global equities rallied early in the period on hopes of a worldwide economic recovery. Developing markets outperformed their developed peers as investors' appetite for risk increased, boosting commodity-linked countries and currencies. Investors paused for breath in June however, amid speculation that the upward trend of previous months was unsustainable. Strong performance continued late in the period after the Group of 20 nations committed \$12 trillion to revive global growth and countries from Germany and France to Hong Kong and New Zealand exited recession. Europe's benchmark index posted its best quarterly advance this decade, as further evidence that the global economic recovery was gaining traction fuelled global stock market gains. Japan provided a notable contrast to the upbeat tone set elsewhere: it was the only major market where stocks fell. This was on the back of disappointing economic data, with reports suggesting that the economy's recovery was weaker than previously expected.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an ongoing process, with approximately 15% of managers being changed in some way each year. 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 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 50% equities and 50% 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)

TER

	31/10/09	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 period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	6.00	59.30

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.

Details of investments

	31/10/09	30/04/09
	%	%
Investments		
Financials	100.61	98.69
Forward Currency Contracts	(0.52)	1.45
Net other liabilities	(0.09)	(0.14)
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/09 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
A Accumulation	113.37	99.14	14.35
X Accumulation	123.02	106.97	15.00

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
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%
Balanced Portfolio Fund						
A Accumulation	14.38	(15.05)	(1.93)	3.21	15.30	4.52
Cautious Managed						
Sector Average						
Return	14.12	(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 % 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

	31/10/09		30/04/09
	%		%
1. SWIP Multi-Manager US Equity Fund A Acc	15.28	SWIP Multi-Manager US Equity Fund A Acc	16.11
2. Russell Global Bond Euro Hedged Fund I Acc	10.89	Russell Global Bond Fund I Acc	10.96
3. Russell Euro Fixed Income Fund I Acc	10.75	Russell US Bond Fund I Acc	10.93
4. Russell Global Bond Fund I Acc	10.59	Russell Global Bond Euro Hedged Fund I Acc	9.86
5. Russell US Bond Fund I Acc	10.46	Russell Euro Fixed Income Fund I Acc	9.84
Number of holdings: 75		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

Following extraordinary policy responses by central banks and governments to the global financial crisis, capital markets are now awash with liquidity. Libor levels - what banks charge each other to borrow - have been at their lowest on record. Interest rates on both sides of the Atlantic are at historic lows; recent comments from finance ministers at the G20 made it clear that the cost of borrowing will not be raised any time soon.

Investor confidence has been further bolstered by signs that the global economy is starting to stabilise, a better-than-expected third-quarter reporting season and a recapitalisation in the banking sector.

The economic signals in the UK remain decidedly mixed. The first estimate of third-quarter GDP proved a surprise, with a fall of 0.4% rather than a widely expected modest increase. This leaves the UK as the largest industrialised nation whose economy is still shrinking. In an unusually frank assessment, the Office of National Statistics warned of the possibility of a W-shaped recession. It noted, among other things, that consumers, businesses and the government were all struggling to pay down debts and unemployment was continuing to rise.

Yet CPI (Consumer Price Index) inflation fell to an annual rate 1.1% in September from 1.6% in August - a surprisingly steep drop - and the quarterly rise in unemployment was revealed to be the lowest in 13 months.

At the time of writing, the Bank of England voted to expand its quantitative easing (QE) programme by a further £25 billion, taking the total to £200 billion. The move - which creates money in order to boost spending - clearly demonstrates that the Bank remains concerned about the outlook for the UK economy. But despite these extraordinary measures the money supply and lending to private companies has been muted. For example, M4 - the Bank's preferred measure of broad money supply - fell by 0.9% in October to an annual rate of 2.3% - the slowest growth in over a decade. On a brighter note, though, mortgage approvals by lenders were at their highest in 18 months.

Credit quality and liquidity were the dominant themes over the last six months, with yield and/or return taking a secondary role. With the bulk of investors focusing on the former, however, the availability of investment options at appropriate yields have been limited. Liquidity has improved on heightened demand for good quality assets, which has made it easier to trade in the markets. This has also resulted in a further narrowing of dispersion rates being quoted, with even weaker names able to find funding at better levels.

Risk assets have performed strongly, driven by the huge amount of liquidity that central banks have pumped into the market. But valuation levels have looked stretched in some instances, as it remains unclear if the global recovery can be sustained without these emergency support measures.

Looking ahead, central banks will at some point have to judge when the market can cope with the reversal of the QE policy - in effect quantitative tightening. This will more than likely be a story for 2010, but its eventual implementation will not be far from investors' minds.

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	
31/10/09	31/12/09	

TER

	31/10/09	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 period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	14,019.55	7,103.59

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.

Details of investments

Investments	31/10/09	30/04/09
	%	%
Short Term Deposits	53.34	86.57
Net other assets	46.66	13.43
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/10/09	30/04/09	
	(p)	(p)	%
A Accumulation	177.35	177.31	0.02
A Income	99.97	99.97	-

Distribution

	Interim
	31/10/09
	(p)
A Accumulation	0.0494
A Income	0.0103

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
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%
Cash Fund						
A Accumulation	0.06	2.13	4.08	3.47	3.00	2.96
Money Market						
Sector Average Return	0.79	0.47	3.77	3.05	3.14	2.65

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

	31/10/09		30/04/09
	%		%
1. Wachovia Bank	17.78	Barclays Bank	13.24
0.6% 14/12/2009		0.45% 12/05/2009	
2. Barclays Bank	5.68	ING Bank	13.24
0.95% 23/11/2009		0.4% 13/05/2009	
3. Calyon Bank	4.98	Lloyds 0.5% 05/05/2009	13.24
0.47% 07/01/2010			
4. ING Bank	4.98	Nationwide Building Society 0.4% 06/05/2009	13.24
0.65% 03/11/2009			
5. Lloyds 0.7% 24/11/2009	4.98	Danske Bank	12.44
		0.4% 06/05/2009	
6. Nordea Bank Finland	4.98	UBS Bank	12.35
0.46% 01/02/2010		0.45% 12/05/2009	
7. UBS Bank	4.98	Calyon Bank	8.82
0.74% 21/04/2010		0.4% 07/05/2009	
8. Unicredito Italiano	4.98		
0.57% 22/01/2010			

Number of holdings: 8

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 gained early on, with credit outperforming as risk appetites were restored amid evidence that the worst of the global recession had passed. Returns were greatest at the higher-yielding, riskier end of the spectrum, particularly in Asia, where economies show signs of recovering soonest. Government-backed notes declined as investors sought out more risk. The rally in global bonds continued throughout the second half of the period amid further evidence that a broad-based global economic recovery was gaining traction. Corporate bonds outperformed government bonds despite some weaker returns in August. The financial sector benefited from a lower-than-expected risk of company defaults, helped by the cumulative action of the world's key governments in support of the financial sector. Commercial mortgage-backed securities performed well. High-yield debt – particularly in Asia – and emerging-market debt also enjoyed strong rises over the period as investors' appetite for risk increased.

Global equities rallied early in the period on hopes of a worldwide economic recovery. Developing markets outperformed their developed peers as investors' appetite for risk increased, boosting commodity-linked countries and currencies. Investors paused for breath in June, however, amid speculation that the upward trend of previous months was unsustainable. Strong performance continued late in the period after the Group of 20 nations committed \$12 trillion to revive global growth and countries from Germany and France to Hong Kong and New Zealand exited recession. Europe's benchmark index posted its best quarterly advance this decade, as further evidence that the global economic recovery was gaining traction fuelled global stock market gains. Japan provided a notable contrast to the upbeat tone set elsewhere: it was the only major market where stocks fell. This was on the back of disappointing economic data, with reports suggesting that the economy's recovery was weaker than previously expected.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an ongoing process, with approximately 15% of managers being changed in some way each year. The Cautious Portfolio is constructed from 13 underlying SWIP and Russell funds. Over the period, there were manager changes within seven of these funds: SWIP 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.

Cautious Portfolio is the most conservative portfolio in the Scottish Widows Managed Investment Fund range, with 15% 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	
31/07/09	30/09/09	
31/10/09	31/12/09	

TER

	31/10/09	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 period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	4.89	29.98

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.

Details of investments

Investments	31/10/09	30/04/09
	%	%
Financials	100.74	97.76
Forward Currency Contracts	(0.85)	2.49
Net other assets/(liabilities)	0.11	(0.25)
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/10/09	30/04/09	
	(p)	(p)	%
A Accumulation	124.14	110.50	12.34
A Income	105.87	95.29	11.10
X Accumulation	130.88	116.08	12.75

Distribution

	Third Interim	Final
	31/07/09	31/10/09
	(p)	(p)
A Accumulation	0.5901	0.7529
A Income	0.5092	0.6435
X Accumulation	0.8388	1.0248

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
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%

Cautious

Portfolio Fund

A Accumulation	12.31	(7.69)	0.25	2.84	4.97	6.65
Global Bond						
Sector Average Return	7.27	10.08	7.10	(1.21)	2.92	3.89

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

	31/10/09		30/04/09
	%		%
1. Russell Global Bond Fund I Inc	18.15	Russell US Bond Fund I Inc	18.00
2. Russell US Bond Fund I Inc	18.07	Russell Global Bond Fund I Inc	17.96
3. Russell Euro Fixed Income Fund I Inc	17.97	Russell Euro Fixed Income Fund I Inc	17.09
4. Russell Global Bond Euro Hedged Fund I Inc	17.79	Russell Global Bond Euro Hedged Fund I Inc	16.97
5. Russell Sterling Bond Fund I Inc	13.46	Russell Sterling Bond Fund I Inc	12.68

Number of holdings: 95

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 primarily 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%). Government bonds struggled to make headway over the first half of the review period. In July, however, Ben Bernanke, the chairman of the Federal Reserve, indicated that the Fed intends to keep US interest rates low for an extended period. Lower interest rates increase demand for higher-yielding bonds, pushing the prices of US Treasuries higher.

In the UK, gilt prices received a boost when the Bank of England announced plans to increase its programme to create new money and buy back assets from banks and other companies. The value of the scheme, which is known as quantitative easing, was increased to £175 billion. More recently, government bonds have shown their sensitivity to economic data, rising and falling with the ebbs and flows of investor risk appetite.

The portfolio benefitted from its UK equity holdings over the reporting period. In the third quarter of 2009, improved economic data, a better-than-expected corporate earnings season and the continued provision of monetary stimuli propelled the FTSE All-Share index to gains of 22.4%. The banking sector continued to recover strongly, driven by buoyant trading conditions within investment banking markets and receding fears over the need for further government support. Economically sensitive industries, such as mining, also posted substantial gains, as underlying commodity prices rallied sharply. There were signs, however, that the equity rally lost momentum in October, as investors brooded over the outlook for global growth and interest rates.

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

The Fund has been positioned to take advantage of this rise in markets and will retain its comparatively high level of exposure to equities and corporate bonds. Looking ahead, we think an upturn in the global economy is now underway. We believe that recovery includes the UK, despite a surprisingly weak first official estimate of first-quarter GDP. We expect growth will be muted owing to limited availability of bank lending, a reduction in fiscal boosts such as quantitative easing, and high levels of consumer indebtedness.

We think the FTSE 100 index is likely to rise by around 10% by the end of 2010, with the lion's share of equity market returns over the next two years to materialise sooner rather than later. Government bond prices are expected to fall over the next 12 months as economic recovery progresses and official interest rates are raised. Despite recent gains, we still believe investment grade corporate bonds offer reasonable value. With interest rates on hold and demand looking likely to remain strong, they could see further gains in coming months.

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	
31/07/09	30/09/09	
31/10/09	31/12/09	

TER

	31/10/09	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 period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	5.58	47.82

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.

Details of investments

Investments	31/10/09	30/04/09
	%	%
Financials	98.59	98.47
Futures Contracts	0.03	0.16
Forward Currency Contracts	(0.17)	0.25
Net other assets	1.55	1.12
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/09 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
A Accumulation	148.48	126.52	17.36
A Income	81.87	70.59	15.98
B Accumulation	148.97	126.94	17.35
B Income	81.87	70.59	15.98

Distribution

	First interim 31/07/09 (p)	Second interim 31/10/09 (p)
A Accumulation	0.6208	0.9680
A Income	0.3458	0.5371
B Accumulation	0.6226	0.9710
B Income	0.3460	0.5371

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
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%

Dynamic Income

Portfolio Fund

A Accumulation	17.30	(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

	31/10/09		30/04/09
	%		%
1. SWIP Corporate Bond Plus Fund A Inc	10.52	Scottish Widows Global Growth Fund A Acc	10.32
2. Scottish Widows Corporate Bond Fund A Inc	10.12	SWIP Corporate Bond Plus Fund A Inc	10.31
3. Scottish Widows Global Growth Fund A Acc	10.00	Scottish Widows Corporate Bond Fund A Inc	9.90
4. SWIP High Yield Bond Fund A Inc	9.90	SWIP High Yield Bond Fund A Inc	9.89
5. Scottish Widows UK Index-Linked Tracker Fund I Inc	9.85	Scottish Widows UK Equity Income Fund A Inc	9.70

Number of holdings: 17

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 17.8% in sterling terms over the reporting period.

The global financial sector continued to recover strongly, driven by buoyant trading conditions within investment banking markets and receding fears over the need for further government support. Economically sensitive industries, such as mining, also posted substantial gains, as underlying commodity prices rallied sharply. There were signs, however, that the equity rally lost momentum in October, as investors brooded over the outlook for global growth and interest rates.

Meanwhile, European equities have rebounded strongly since early March. Risk appetite – absent since the near-collapse of the banking system last September – has returned. The outlook for the eurozone economy has brightened markedly, with France and Germany exiting recession in August.

US equity markets have rebounded strongly over the last six months. The market recovery was defined by a huge shift from defensive stocks (which benefit from stable demand regardless of the health of the economy), towards cyclicals (companies which enjoy strong returns when economic conditions are good, but suffer when the climate is less favourable). October brought confirmation that US GDP had risen 3.5% in the third quarter after four successive quarters of decline.

Japanese equities have so far failed to rebound as strongly as other developed markets. This was in spite of improving US economic data, which generally benefits Japan's exporters. One of the main reasons was concern about the health of the financial sector.

A recovery in the global economy appears to be underway, with the prospect of a gradual acceleration over the next eighteen months. Potential headwinds include limited credit availability, reduced fiscal stimulus and, in some countries, high levels of consumer debt, but these should not combine to create an outright bar to growth.

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	
31/10/09	31/12/09	

TER

	31/10/09	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 period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	5,517.26	4,170.86

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.

Details of investments

Investments	31/10/09	30/04/09
	%	%
Short Term Deposits	65.71	76.22
Financials	5.95	5.18
Futures Contracts	(0.12)	14.00
Forward Currency Contracts	(4.40)	0.04
Net other assets	32.86	4.56
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/10/09	30/04/09	
	(p)	(p)	%
I Accumulation	128.59	109.21	17.75
X Accumulation	132.73	112.49	17.99

Distribution

	Interim
	31/10/09
	(p)
I Accumulation	0.1256
X Accumulation	0.3750

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
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%

International Equity Tracker Fund						
I Accumulation	17.77	(21.72)	0.43	5.95	37.57	2.34
Global Growth						
Sector Average						
Return	15.68	(21.36)	(1.46)	5.96	36.39	3.06
International Equity Customised Benchmark	16.21	(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

	31/10/09		30/04/09
	%		%
1. Short Term Deposits	65.71	Short Term Deposits	76.22
2. SWIP Emerging Markets Fund A Acc	5.95	S&P 500 Index Futures June 2009	5.27
3. S&P 500 Index Futures December 2009	0.65	SWIP Emerging Markets Fund A Acc	5.18
4. Swiss Market Index Futures December 2009	0.11	DJ Euro Stoxx 50 Index Futures June 2009	4.61
5. OMX 30 Stock Index Futures November 2009	0.06	Topix Index Futures June 2009	2.21

Number of holdings: 49

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 Managed Income Fund has a large exposure to bonds – almost 95% of the portfolio is invested in this area. Government bonds struggled to make headway over the first half of the review period. In July, however, Ben Bernanke, the chairman of the Federal Reserve (the Fed), indicated that the Fed intends to keep US interest rates low for an extended period. Lower interest rates increase demand for higher-yielding bonds, pushing the prices of US Treasuries higher.

UK gilt prices received a boost when the Bank of England announced plans to increase its programme to create new money and buy back assets from banks and other companies. The value of the scheme, which is known as quantitative easing, was increased to £175 billion. More recently, government bonds have shown their sensitivity to economic data, rising and falling with the ebbs and flows of investor risk appetite.

In contrast, corporate bond prices ascended steadily over the reporting period. Gains in the second quarter of 2009 mirrored those of equity markets, with the financials sector making a strong comeback. High yield bonds also outperformed, as investor enthusiasm for riskier investments continued into the latter months of the reporting period. In October, corporate bond indices reached their highest levels of 2009. The Fund's exposure to this market was therefore very beneficial to returns over the six months.

The Fund has been positioned to take advantage of this rise in markets and will retain its comparatively high level of exposure to corporate bonds. Looking ahead, we think an upturn in the global economy is now underway. We believe that recovery includes the UK, despite a surprisingly weak first official estimate of first-quarter GDP. We expect growth will be muted owing to limited availability of bank lending, a reduction in fiscal boosts such as quantitative easing, and high levels of consumer indebtedness.

Government bond prices are expected to perform less well than corporate bonds over the next 12 months, as economic recovery progresses and official interest rates are raised. Despite recent strong gains, we believe investment grade corporate bonds still offer reasonable value. With interest rates on hold and demand looking likely to remain strong, they could see further gains in coming months.

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	
31/07/09	30/09/09	
31/10/09	31/12/09	

TER

	31/10/09	30/04/09
	%	%
A Accumulation	1.40	1.40
A Income	1.41	1.40

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

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	1.46	10.40

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.

Details of investments

	31/10/09	30/04/09
	%	%
Investments		
Financials	98.82	97.79
Futures Contracts	0.04	0.13
Forward Currency Contracts	(0.36)	0.60
Net other assets	1.50	1.48
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/09 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
A Accumulation	118.71	103.49	14.71
A Income	101.54	89.84	13.02

Distribution

	First interim 31/07/09 (p)	Second interim 31/10/09 (p)
A Accumulation	0.7485	0.9255
A Income	0.6496	0.7987

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	23/08/04
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%

Managed Income Portfolio

A Accumulation	14.69	(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

	31/10/09		30/04/09
	%		%
1. SWIP Corporate Bond Plus Fund A Inc	15.55	SWIP Corporate Bond Plus Fund A Inc	15.50
2. Scottish Widows Corporate Bond Fund A Inc	15.22	Scottish Widows Corporate Bond Fund A Inc	14.70
3. SWIP Defensive Gilt Fund A Inc	14.17	Scottish Widows Gilt Fund A Inc	14.41
4. Scottish Widows Gilt Fund A Inc	14.04	SWIP Defensive Gilt Fund A Inc	14.03
5. SWIP European Corporate Bond Fund A Inc	10.94	SWIP European Corporate Bond Fund A Inc	9.98

Number of holdings: 19

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. Government bonds struggled to make headway over the first half of the review period. In July, however, Ben Bernanke, the chairman of the Federal Reserve, (the Fed), indicated that the Fed intends to keep US interest rates low for an extended period. Lower interest rates increase demand for higher-yielding bonds, pushing the prices of US Treasuries higher.

UK gilt prices received a boost when the Bank of England announced plans to increase its programme to create new money and buy back assets from banks and other companies. The value of the scheme, which is known as quantitative easing, was increased to £175 billion. More recently, government bonds have shown their sensitivity to economic data, rising and falling with the ebbs and flows of investor risk appetite.

In contrast, corporate bond prices ascended steadily. Gains in the second quarter of 2009 mirrored those of equity markets, with the financials sector making a strong comeback. High yield bonds also outperformed, as investor enthusiasm for riskier investments continued into the latter months of the reporting period. In October, corporate bond indices reached their highest levels of 2009. The Fund's exposure to this market was therefore very beneficial to returns over the six months.

The portfolio also benefitted from its UK equity holdings over the reporting period. Improved economic data, a better-than-expected corporate earnings season and the continued provision of monetary stimuli propelled the FTSE All-Share index to strong gains. The banking sector continued to recover strongly, driven by buoyant trading conditions within investment banking markets and receding fears over the need for further government support. Economically sensitive industries, such as mining, also posted substantial gains, as underlying commodity prices rallied sharply. There were signs, however, that the equity rally lost momentum in October, as investors brooded over the outlook for global growth and interest rates.

The Fund has been positioned to take advantage of this rise in markets and will retain its comparatively high level of exposure to equities and corporate bonds. Looking ahead, we think an upturn in the global economy is now underway. We believe that recovery includes the UK, despite a surprisingly weak first official estimate of first-quarter GDP. We expect growth will be muted owing to limited availability of bank lending, a reduction in fiscal boosts such as quantitative easing, and high levels of consumer indebtedness.

Government bond prices are expected to perform less well than corporate bonds over the next 12 months, as economic recovery progresses and official interest rates are raised. Despite recent strong gains, we believe investment grade corporate bonds still offer reasonable value. With interest rates on hold and demand looking likely to remain strong, they could see further gains in coming months.

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	
31/07/09	30/09/09	
31/10/09	31/12/09	

TER

	31/10/09	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 period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	3.51	22.17

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.

Details of investments

Investments	31/10/09	30/04/09
	%	%
Financials	98.40	98.34
Futures Contracts	0.04	0.11
Forward Currency Contracts	(0.18)	0.30
Net other assets	1.74	1.25
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/09 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
A Accumulation	119.41	102.79	16.17
A Income	103.01	89.98	14.48
U Accumulation	103.79	89.38	16.12

Distribution

	First interim 31/07/09 (p)	Second interim 31/10/09 (p)
A Accumulation	0.6429	1.0249
A Income	0.5629	0.8918
U Accumulation	0.6429	0.8657

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	23/08/04
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%

Momentum Income Portfolio

A Accumulation	16.15	(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

	31/10/09		30/04/09
	%		%
1. SWIP Corporate Bond Plus Fund A Inc	15.65	Scottish Widows UK Equity Income Fund A Inc	15.49
2. Scottish Widows Corporate Bond Fund A Inc	15.26	SWIP Corporate Bond Plus Fund A Inc	15.10
3. Scottish Widows UK Equity Income Fund A Inc	14.94	Scottish Widows Corporate Bond Fund A Inc	14.98
4. Scottish Widows UK Index-Linked Tracker Fund I Inc	14.86	Scottish Widows UK Index-Linked Tracker Fund I Inc	14.63
5. SWIP High Yield Bond Fund A Inc	9.98	SWIP High Yield Bond Fund A Inc	9.84

Number of holdings: 15

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 bonds gained early on, with credit outperforming as risk appetites were restored amid evidence that the worst of the global recession had passed. Returns were greatest at the higher-yielding, riskier end of the spectrum, particularly in Asia, where economies show signs of recovering soonest. Government-backed notes declined as investors sought out more risk. The rally in global bonds continued throughout the second half of the period amid further evidence that a broad-based global economic recovery was gaining traction. Corporate bonds outperformed government bonds despite some weaker returns in August. The financial sector benefited from a lower-than-expected risk of company defaults, helped by the cumulative action of the world's key governments in support of the financial sector. Commercial mortgage-backed securities performed well. High-yield debt – particularly in Asia – and emerging-market debt also enjoyed strong rises over the period as investors' appetite for risk increased.

Global equities rallied early in the period on hopes of a worldwide economic recovery. Developing markets outperformed their developed peers as investors' appetite for risk increased, boosting commodity-linked countries and currencies. Investors paused for breath in June however, amid speculation that the upward trend of previous months was unsustainable. Strong performance continued late in the period after the Group of 20 nations committed \$12 trillion to revive global growth and countries from Germany and France to Hong Kong and New Zealand exited recession. Europe's benchmark index posted its best quarterly advance this decade, as further evidence that the global economic recovery was gaining traction fuelled global stock market gains. Japan provided a notable contrast to the upbeat tone set elsewhere: it was the only major market where stocks fell. This was on the back of disappointing economic data, with reports suggesting that the economy's recovery was weaker than previously expected.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an ongoing process with approximately 15% of managers being changed in some way each year. The Opportunities Portfolio is constructed from 15 underlying SWIP and Russell funds. Over the period there have been manager changes within eight of these funds: SWIP 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) and Russell US Bond Fund.

The Opportunities Portfolio is the most aggressive portfolio in the Scottish Widows Managed Investment Fund range, with 90% 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)

TER

	31/10/09	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 period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	0.42	16.70

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.

Details of investments

	31/10/09	30/04/09
	%	%
Investments	99.42	99.32
Forward Currency Contracts	(0.10)	0.29
Net other assets	0.68	0.39
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/09 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
A Accumulation	101.44	87.35	16.13
X Accumulation	110.11	94.29	16.78

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
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%
Opportunities Portfolio Fund						
A Accumulation	16.03	(22.80)	(4.55)	3.76	28.67	2.47
Global Growth Sector Average Return	15.68	(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

	31/10/09		30/04/09
	%		%
1. SWIP Multi-Manager UK Equity Growth Fund A Acc	16.39	SWIP Multi-Manager UK Equity Focus Fund A Acc	16.34
2. SWIP Multi-Manager UK Equity Focus Fund A Acc	16.01	SWIP Multi-Manager UK Equity Growth Fund A Acc	16.10
3. SWIP Multi-Manager US Equity Fund A Acc	14.75	SWIP Multi-Manager US Equity Fund A Acc	15.16
4. SWIP Multi-Manager European Equity Fund A Acc	13.23	SWIP Multi-Manager European Equity Fund A Acc	12.57
5. Russell US Quant Fund I Acc	7.62	Russell US Quant Fund I Acc	7.85

Number of holdings: 38

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 bonds gained early on, with credit outperforming as risk appetites were restored amid evidence that the worst of the global recession had passed. Returns were greatest at the higher-yielding, riskier end of the spectrum, particularly in Asia, where economies show signs of recovering soonest. Government-backed notes declined as investors sought out more risk. The rally in global bonds continued throughout the second half of the period amid further evidence that a broad-based global economic recovery was gaining traction. Corporate bonds outperformed government bonds despite some weaker returns in August. The financial sector benefited from a lower-than-expected risk of company defaults, helped by the cumulative action of the world's key governments in support of the financial sector. Commercial mortgage-backed securities performed well. High-yield debt – particularly in Asia – and emerging-market debt also enjoyed strong rises over the period as investors' appetite for risk increased.

Global equities rallied early in the period on hopes of a worldwide economic recovery. Developing markets outperformed their developed peers as investors' appetite for risk increased, boosting commodity-linked countries and currencies. Investors paused for breath in June however, amid speculation that the upward trend of previous months was unsustainable. Strong performance continued late in the period after the Group of 20 nations committed \$12 trillion to revive global growth and countries from Germany and France to Hong Kong and New Zealand exited recession. Europe's benchmark index posted its best quarterly advance this decade, as further evidence that the global economic recovery was gaining traction fuelled global stockmarket gains. Japan provided a notable contrast to the upbeat tone set elsewhere: it was the only major market where stocks fell. This was on the back of disappointing economic data, with reports suggesting that the economy's recovery was weaker than previously expected.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the funds; this is an ongoing process with approximately 15% of managers being changed in some way each year. 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 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) and Russell US Bond Fund.

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)

TER

	31/10/09	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 period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	2.87	35.91

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.

Details of investments

	31/10/09	30/04/09
	%	%
Investments	100.04	98.99
Financials	(0.26)	0.70
Forward Currency Contracts	0.22	0.31
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/09 (p)	NAV per share 30/04/09 (p)	NAV percentage change %
A Accumulation	107.08	92.65	15.57
X Accumulation	116.15	99.94	16.22

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
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%
Progressive Portfolio Fund						
A Accumulation	15.57	(19.70)	(3.75)	3.54	23.56	3.26
Balanced Managed						
Sector Average Return	15.59	(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% 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

	31/10/09	30/04/09
	%	%
1. SWIP Multi-Manager US Equity Fund A Acc	16.92	17.57
2. SWIP Multi-Manager UK Equity Growth Fund A Acc	13.81	13.43
3. SWIP Multi-Manager UK Equity Focus Fund A Acc	13.49	13.31
4. SWIP Multi-Manager European Equity Fund A Acc	10.97	10.34
5. Russell US Quant Fund I Acc	6.37	6.52

Number of holdings: 61

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 Stock Market Growth Portfolio is mainly invested in equities (approx. 90%), with the remainder invested in UK corporate bonds.

The portfolio benefitted from its UK equity holdings over the reporting period. In the third quarter of 2009, improved economic data, a better-than-expected corporate earnings season and the continued provision of monetary stimuli propelled the FTSE All-Share index to strong gains. The banking sector continued to recover strongly, driven by buoyant trading conditions within investment banking markets and receding fears over the need for further government support. Economically sensitive industries, such as mining, also posted substantial gains, as underlying commodity prices rallied sharply. There were signs, however, that the equity rally lost momentum in October, as investors brooded over the outlook for global growth and interest rates.

Overseas equities also generated positive returns over the reporting period. The market rebound was defined by a huge shift from "defensive" stocks (which benefit from stable demand regardless of the health of the economy), towards so-called "cyclicals" (companies which enjoy strong returns when economic conditions are good, but suffer when the climate is less favourable).

Gains in corporate bond markets mirrored those of equity markets, with the financials sector making a strong comeback. High yield bonds generated strong returns, as investor enthusiasm for riskier investments continued into the latter months of the reporting period. In October, corporate bond indices reached their highest levels of 2009. The Fund's exposure to this market was therefore very beneficial for returns over the six months.

The Fund has been positioned to take advantage of this rise in markets and will retain its comparatively high level of exposure to equities and corporate bonds. We think an upturn in the global economy is now underway. We believe that recovery includes the UK, despite a surprisingly weak first official estimate of first-quarter GDP. We expect growth will be muted owing to limited availability of bank lending, a reduction in fiscal boosts such as quantitative easing, and high levels of consumer indebtedness.

We think the FTSE 100 index is likely to rise by around 10% by the end of 2010, with the lion's share of equity market returns over the next two years to materialise sooner rather than later. Government bond prices are expected to fall over the next 12 months as economic recovery progresses and official interest rates are raised. We believe investment grade corporate bonds are fair value, but with interest rates on hold and demand looking likely to remain strong, they could see further gains in coming months.

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)

TER

	31/10/09	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 period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	1.35	9.44

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.

Details of investments

Investments	31/10/09	30/04/09
	%	%
Financials	98.96	99.17
Future Contracts	0.03	0.06
Net other assets	1.01	0.77
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/10/09	30/04/09	(p) (p) %
A Accumulation	135.35	111.79	21.08

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
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%

Stockmarket Growth Portfolio

A Accumulation	21.11	(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

	31/10/09		30/04/09
	%		%
1. Scottish Widows Global Growth Fund A Acc	17.48	Scottish Widows Global Growth Fund A Acc	17.86
2. Scottish Widows Global Select Growth Fund A Acc	16.93	Scottish Widows Global Select Growth Fund A Acc	17.49
3. Scottish Widows UK Select Growth Fund A Acc	15.45	Scottish Widows UK Select Growth Fund A Acc	15.92
4. Scottish Widows UK Growth Fund A Acc	15.04	Scottish Widows UK Growth Fund A Acc	14.75
5. Scottish Widows UK Equity Income Fund A Inc	14.29	Scottish Widows UK Equity Income Fund A Inc	14.37

Number of holdings: 12

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 Portfolio 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 produced some particularly strong returns over the reporting period. Gains mirrored those on equity markets, with the financials sector making a strong comeback. The Fund's exposure to this market was therefore very beneficial to performance over the six months.

The portfolio benefitted from its UK equity holdings. Improved economic data, a better-than-expected corporate earnings season and the continued provision of economic stimuli propelled the FTSE All-Share index to strong gains. The banking sector continued to recover strongly, driven by buoyant trading conditions within investment banking markets and receding fears over the need for further government support. Economically sensitive industries, such as mining, also posted substantial gains, as underlying commodity prices rallied sharply. There were signs, however, that the equity rally lost momentum in October, as investors brooded over the outlook for global growth and interest rates.

Overseas equities also generated positive returns over the reporting period. The market rebound was defined by a huge shift from defensive stocks (which benefit from stable demand regardless of the health of the economy), towards cyclicals (companies which enjoy strong returns when economic conditions are good, but suffer when the climate is less favourable). Those companies with the highest debt levels experienced the sharpest recoveries.

The Fund has been positioned to take advantage of this rise in markets and will retain its comparatively high level of exposure to equities and corporate bonds. Looking ahead, we think an upturn in the global economy is now underway. We believe that recovery includes the UK, despite a surprisingly weak first official estimate of first-quarter GDP. We expect growth will be muted owing to limited availability of bank lending, a reduction in fiscal boosts such as quantitative easing, and high levels of consumer indebtedness.

We think the FTSE 100 index is likely to rise by around 10% by the end of 2010, with the lion's share of equity market returns over the next two years to materialise sooner rather than later. Government bond prices are expected to fall over the next 12 months as economic recovery progresses and official interest rates are raised. We believe investment grade corporate bonds are fair value, but with interest rates on hold and demand looking likely to remain strong, they could see further gains in coming months.

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)

TER

	31/10/09	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 period, annualised, against its average net asset value. The TER can fluctuate as underlying costs change.

Portfolio Turnover Rate

	31/10/09	30/04/09
	%	%
PTR	2.60	34.50

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.

Details of investments

Investments	31/10/09	30/04/09
	%	%
Financials	98.70	98.68
Futures Contracts	0.03	0.14
Forward Currency Contracts	(0.04)	0.11
Net other assets	1.31	1.07
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/10/09	30/04/09	
	(p)	(p)	%
A Accumulation	124.01	104.99	18.12
B Accumulation	125.48	106.13	18.23

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
	31/10/09	30/04/09	30/04/08	30/04/07	30/04/06	30/04/05
	%	%	%	%	%	%

Strategic Growth Portfolio

A Accumulation	18.10	(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

	31/10/09		30/04/09
	%		%
1. Scottish Widows UK Growth Fund A Acc	15.20	Scottish Widows Global Growth Fund A Acc	15.37
2. Scottish Widows Global Growth Fund A Acc	14.85	Scottish Widows UK Growth Fund A Acc	15.03
3. Scottish Widows Global Select Growth Fund A Acc	14.60	Scottish Widows Global Select Growth Fund A Acc	14.80
4. Scottish Widows UK Select Growth Fund A Acc	10.29	Scottish Widows UK Select Growth Fund A Acc	10.08
5. Scottish Widows UK Equity Income Fund A Inc	7.96	Scottish Widows UK Equity Income Fund A Inc	8.01

Number of holdings: 21

Number of holdings: 19

Protected Capital Solutions Fund 1

for the period ended 31 October 2009

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 preliminary charge that applied to amounts invested during the cash investment period).

In addition, on the protection date the Fund aims to provide a return 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 six months, with investors appearing to believe the worst of the economic and financial crises has past. Encouraging economic data, the continued provision of government liquidity and healthy corporate earnings all contributed to performance.

Looking ahead, while the UK economy appears to have bottomed out and is now improving, there are a number of problems that are likely to limit domestic growth over the next year. The pace of recovery in the major global economies such as the US and China may prove to be of greater importance to UK investors.

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)

Distribution

XD date	Payment date	
13/07/09	31/10/09	30/04/09
	%	%

TER

	31/10/09	30/04/09
	%	%
M Accumulation	-	-

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

Details of investments

Investments	31/10/09	30/04/09
	%	%
Options	100.22	-
Financials	-	59.04
Net other (liabilities)/assets	(0.22)	40.96
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/10/09	30/04/09	
	(p)	(p)	%
M Accumulation	97.39	100.01	(2.62)

Distribution

	Final
	13/07/09
	(p)
M Accumulation	0.1197

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.

Holdings

	31/10/09		30/04/09
	%		%
1. FTSE 100 Index Call Option January 2013 (Strike Price £100)	132.69	SWIP Sterling Liquidity Fund	59.04
2. FTSE 100 Index Put Option January 2013 (Strike Price £120)	90.79		
3. FTSE 100 Index Call Option July 2013 (Strike Price £100)	5.42		
4. FTSE 100 Index Put Option July 2013 (Strike Price £100)	(44.31)		
5. FTSE 100 Index Call Option July 2013 (Strike Price £120)	(84.37)		

Number of holdings: 5

Number of holdings: 1

Protected Capital Solutions Fund 2

from 6 July 2009 to 31 October 2009

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 preliminary charge that applied to amounts invested during the cash investment period).

In addition, on the protection date the Fund aims to provide a return 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 six months, with investors appearing to believe the worst of the economic and financial crises has past. Encouraging economic data, the continued provision of government liquidity and healthy corporate earnings all contributed to performance.

Looking ahead, while the UK economy appears to have bottomed out and is now improving, there are a number of problems that are likely to limit domestic growth over the next year. The pace of recovery in the major global economies such as the US and China may prove to be of greater importance to UK investors.

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)

Distribution

XD date	Payment date
12/10/09	12/12/09

TER

	31/10/09
	%
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.

Details of investments

Investments	31/10/09
	%
Options	100.46
Net other (liabilities)	(0.46)
Total net assets	100.00

Net asset value

	NAV per
	share
	31/10/09
	(p)
M Accumulation	98.20

Distribution

	Final
	12/10/09
	(p)
M Accumulation	0.1347

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

	%
1. FTSE 100 Index Put Option April 2013 (Strike Price £120)	140.83
2. FTSE 100 Index Call Option April 2013 (Strike Price £100)	76.59
3. FTSE 100 Index Call Option April 2013 (Strike Price £100)	7.15
4. FTSE 100 Index Call Option April 2013 (Strike Price £120)	(45.11)
5. FTSE 100 Index Put Option April 2013 (Strike Price £100)	(79.00)

Number of holdings: 5

Protected Capital Solutions Fund 3 from 28 September 2009 to 31 October 2009

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 was launched on 28 September 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 preliminary charge that applied to amounts invested during the cash investment period).

In addition, on the protection date the Fund aims to provide a return 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.

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Protected Capital Solutions Fund 3 (continued)

TER	31/10/09
	%
M Accumulation	-

Share class M Accumulation was launched 28 September 2009.

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

Details of investments

Investments	31/10/09
	%
Financials	72.17
Net other assets	27.83
Total net assets	100.00

Net asset value

	NAV per
	share
	31/10/09
	(p)
M Accumulation	100.01

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

Holding	
1. SWIP Sterling Liquidity Fund	72.17
	%

Number of holding: 1

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