



Scottish Widows Tracker and Specialist Investment Funds ICVC

Interim Short Report
for the period ended
30 September 2009

Scottish Widows Tracker and Specialist Investment Funds ICVC

The Company and Head Office

Scottish Widows Tracker and Specialist Investment Funds ICVC
15 Dalkeith Road
Edinburgh
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Incorporated in Scotland under registered number SI000014. Authorised and regulated by the Financial Services Authority.

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

Scottish Widows Unit Trust Managers Limited

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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

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Authorised and regulated by the Financial Services Authority.

Independent Auditors

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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, no changes were made to the Company and therefore no changes were reflected in the Prospectus of Scottish Widows Tracker and Specialist Investment Funds ICVC.

A copy of the Prospectus is available on request.

Important Information

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American Smaller Companies Fund for the period ended 30 September 2009

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in a range of shares and other investments of mainly North American smaller companies.

Specific Risk Profile

Smaller companies risk factor: The Fund invests in smaller companies whose shares and other investments are bought and sold less frequently and there might be lower trading volumes than for larger companies. This might cause large changes in the prices of these investments and so their value could fall by large amounts. The price variations of shares and other investments in smaller companies might be greater than those of large companies.

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

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

INVESTMENT MANAGER'S REVIEW

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). The Fund underperformed its benchmark over the review period.

The Fund's niche growth style has recently been out of favour and a lack of exposure to some of the lower quality stocks which experienced significant rebounds during the market rally also contributed to this underperformance. In addition, the Fund was penalised by its lack of exposure to semiconductor companies, which performed particularly strongly over the six months. The sector was well positioned to benefit from the increase in demand from its end-market, which caused it to rise considerably over the reporting period.

At an individual asset level, our holding in Cybersource had a negative effect on Fund returns. The company provides electronic payment and risk management products, primarily for e-commerce transactions. The stock lagged the market over the last six months due to its relatively low-risk business model, which made it less sensitive to the improving economy.

Signature Bank, a New York-based commercial bank, also trailed the index. The stock was previously a strong performer as the majority of its business is very secure lending. However, over the period, investors preferred to be exposed to banks which had been more adversely affected by the downturn and had more potential to see a recovery in asset quality.

In contrast, Portfolio Recovery Associates (which is the Fund's largest holding) performed strongly over the reporting period. The company benefited from an increase in the productivity of its network of debt collectors as the economy began to show signs of recovery. It also acquired written-off debt from banks at very favourable prices during the recession.

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

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

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

American Smaller Companies Fund (continued)

TER

	30/09/09	31/03/09
	%	%
A Accumulation	1.66	1.67
B Accumulation	1.41	1.42
X Accumulation	0.16	0.17

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

	30/09/09	31/03/09
	%	%
PTR	122.79	269.63

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	30/09/09	31/03/09
	%	%
Financials	20.04	15.24
Consumer Services	18.45	14.35
Technology	17.46	5.60
Industrials	14.10	9.37
Health Care	9.32	5.68
Consumer Goods	8.11	15.10
Oil & Gas	6.25	5.24
Basic Materials	3.12	20.76
Derivatives	0.05	-
Telecommunications	-	3.21
Other Groups	-	1.83
Net other assets	3.10	3.62
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/09/09	31/03/09	
	(p)	(p)	%
A Accumulation	741.86	677.18	9.55
B Accumulation	762.67	688.80	10.72
X Accumulation	831.09	745.92	11.42

Performance record

	01/04/09	01/04/08	01/04/07	01/04/06	01/04/05	01/04/04
	30/09/09	31/03/09	31/03/08	31/03/07	31/03/06	31/03/05
American Smaller Companies Fund						%
A Accumulation	11.63	(8.11)	(1.51)	(12.70)	35.66	11.59
North American Smaller Companies Sector Average						
Return	25.63	(11.27)	(9.27)	(9.15)	34.83	4.72
S&P 600 Index	28.75	(14.11)	(11.78)	(6.88)	35.16	9.98

Source: Lipper for American Smaller Companies Fund and North American Smaller Companies Sector Average Return (funds which invest at least 80% of their assets in North American equities of companies which form the bottom 20% by market capitalisation). Basis: Mid to Mid, income reinvested and net of expenses.

Source: Rimes for the S&P 600 Index (GBP). Basis: Income reinvested and gross of expenses.

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

Top five holdings

	30/09/09		31/03/09
	%		%
1. Portfolio Recovery Associates	4.70	HCC Insurance	3.87
2. Solera	4.25	Cybersource	3.73
3. Cybersource	4.03	Solera	3.71
4. Alberto-Culver	3.60	Ecolab	3.43
5. DeVry	3.40	American Tower	3.37

Number of holdings: 56

Number of holdings: 53

Since the previous report the Industry Sector Classification headings have been updated by data providers. Where the portfolio statement shows Industry Sectors the new sector names have been reflected in the report in respect of the current holdings and comparative holdings have been restated where appropriate.

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing mainly in shares of companies operating in developing countries worldwide.

Specific Risk Profile

Emerging markets risk factor: The Fund may invest in stockmarkets which are generally less well regulated and developed than those in the UK and there is less investor protection. This might result in a greater risk that the value of shares in the Fund might fall. Shares in these markets might be bought and sold less frequently and there might be lower trading volumes. This might cause large changes in the prices of these investments and so their value could fall by large amounts.

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

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

INVESTMENT MANAGER'S REVIEW

Emerging markets have done well, both in absolute and relative terms, against the developed world indices. Indeed, the second and third quarters of 2009 have been the best two consecutive quarters for performance since the early 1990s.

A combination of factors helped to drive these markets. Volatility was down, risk appetite was up, merger and acquisition activity was buoyant, and emerging market currencies strengthened. A big upsurge in equity offerings to the markets has also been a feature. Other events that contributed to the rally included some visible results from China's fiscal stimulus feeding through.

The Emerging Markets Fund delivered a return of 44.89% in the six months to 30 September 2009. Strong contributors to performance included Russian stocks Sberbank and X5 Retail. Sberbank was boosted by indications that its bad debts were at manageable levels, which resulted in profits being made on Sberbank during the third quarter. The share price rise of retailer X5 Retail was been driven by its dominant market share. Elsewhere, Corp Geo, the Russian housebuilder's share price rose after raising \$250 million to refinance part of its debt through a bond issue.

Housing Development Finance and Infosys Technologies (finance and technology respectively) contributed positively as all sections of the Indian market rallied sharply after a general election victory for the UPA party. Profits were made on both companies. We sold out of Sasol (a South African energy company) after the share price rallied beyond what we felt was its peak value.

Other notable contributors included Mexican construction giant Empresas ICA, which benefited from government-funded infrastructure spending. As well as Itau Unibanco Banco Multiplo, a Brazilian bank which benefited from its growing loan book and rapid growth in general private sector credit demand.

Purchases between April and June included Brazil's JBS, the world's largest beef producer, on the grounds that growth would be driven by growing demand from emerging economies. Our holding in this company was sold in September. Gerdau, Brazil's largest long steel producer, was another purchase. We feel it is well placed to benefit from a pick up in infrastructure expenditure. During the period we also purchased Cemex. The Mexican cement manufacturer who survived a difficult period as sales collapsed in its developed major markets. Due to its management successfully negotiating a debt restructuring, which addressed \$15bn of the \$19bn of outstanding debt.

On the downside, telecoms stocks generally suffered between July and September. China Mobile reported its first quarterly decline in profit since 1999 after subscriber growth slowed and competition intensified. A proposed merger between India's Bharti and MTN was aborted at the end of September, and America Movil was also hit in September by concerns that AT&T may have to sell its 8% stake in the company.

The rest of 2009 is likely to remain a challenging environment. Leading indicators suggest that the global slowdown has bottomed out, but the question is to what extent will the momentum that has built up in 2009 continue into 2010. There are still conflicting messages coming out of different countries. Our focus remains on identifying companies with strong business models, robust balance sheets and with management capable of navigating their companies through choppy economic waters.

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.

Emerging Markets Fund (continued)

TER

	30/09/09	31/03/09
	%	%
A Accumulation	1.71	1.72
X Accumulation	0.21	0.22

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

	30/09/09	31/03/09
	%	%
PTR	43.62	71.45

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	30/09/09	31/03/09
	%	%
Brazil	17.78	13.94
Russia	13.53	13.93
Mexico	12.76	9.72
Taiwan	10.06	4.42
Hong Kong	7.95	9.41
China	7.47	10.40
South Korea	7.05	3.01
South Africa	6.91	13.03
India	5.58	7.96
Malaysia	2.24	4.17
Bermuda	1.95	1.90
Cayman Islands	1.90	1.75
Thailand	1.11	0.85
Luxembourg	1.05	0.89
Czech Republic	-	1.08
Singapore	-	0.10
Net other assets	2.66	3.44
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/09/09	31/03/09	
	(p)	(p)	%
A Accumulation	126.92	88.22	43.87
X Accumulation	137.43	94.93	44.77

Performance record

	01/04/09	01/04/08	01/04/07	01/04/06	01/04/05	01/04/04
	30/09/09	31/03/09	31/03/08	31/03/07	31/03/06	31/03/05
Emerging Markets Fund A						
Accumulation	44.89	(29.82)	13.01	2.22	1.21	14.04
Global Emerging Markets Sector						
Average Return	45.21	(27.33)	16.10	7.99	61.59	12.82
MSCI Emerging Markets Index						
	46.08	(26.37)	20.05	7.03	62.21	13.81

Source: Lipper for Emerging Markets Fund and Global Emerging Markets Sector Average Return (funds which invest 80% or more of their assets directly or indirectly in emerging markets as defined by the World Bank, without geographical restriction. Indirect investment e.g. China shares listed in Hong Kong, should not exceed 50% of the portfolio). Basis: Mid to Mid, income reinvested and net of expenses.

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

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

Top five holdings

	30/09/09	31/03/09
	%	%
1. Gazprom ADR	5.01	5.55
2. Samsung Electronics	4.86	4.26
3. America Movil ADR	4.28	4.04
4. Petroleo Brasileiro ADR	4.22	3.98
5. Hon Hai Precision Industry	3.93	3.57
Number of holdings: 48		Number of holdings: 48

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give an income with the possibility for long-term capital growth by investing in fixed interest securities (including corporate bonds) from anywhere in the world, apart from South East Asia (excluding Japan).

Specific Risk Profile

Fixed interest securities risk factor: Some of the companies and governments that we invest in who issue bonds and other 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.

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

Interest rate risk factor: Fluctuations in interest rates are likely to affect the value of the bonds and other fixed interest securities held by the Fund. If long term interest rates rise, the value of your shares is likely to fall and vice versa.

Single government issue risk factor: More than 35% of the Fund may be invested in fixed interest securities issued by a single government. If they can't repay the amount borrowed, the value of your investment will fall.

INVESTMENT MANAGER'S REVIEW

Global government bonds exhibited a fair degree of volatility, but were slightly down over the six months to 30 September.

Throughout the review period, the main themes driving bond markets have been the economic outlook and the uncertainty caused by the credit crisis, and (latterly) worries over a huge supply of new issues necessary to fund governments' economic rescue packages. Markets have been pulled in opposing directions by inflation and supply fears (bad for bond prices) and by recession worries (good for bond prices).

In the period between April and mid-June, prices fell as investors became more optimistic about the prospects for economic recovery and moved into riskier assets such as equities and corporate bonds. Towards the end of June, however, risk aversion reasserted itself and government bond prices recovered some of the lost ground. From July through to the end of September, prices were pulled first in one direction and then the other, reacting to a raft of often contradictory economic data.

The Scottish Widows International Bond Fund was down 4.03% in the six-month review period. This compares to its benchmark, the JP Morgan Global Bonds ex Japan index, which was down -3.23% over the same period.

In May, the manager reduced the Fund's duration to less than that of its benchmark. The aim was to limit the effects of rising bond yields on the value of the Fund. The short duration position was maintained throughout the remainder of the review period. The Fund was overweight in short-dated euro bonds and in the less liquid US Treasury bonds, and in the Australian dollar. While the position in short European bonds was detrimental to performance, the Australian dollar position was positive for performance.

Looking ahead, the recent rally in government bonds has been driven largely by signals from central banks that monetary policy will remain extremely accommodative for some time. Looking ahead, our valuation models suggest that government bonds are expensive. If liquidity is the principal driver of lower government bond yields, there is clearly a risk that as liquidity is removed, yields will rise.

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 Bond Fund (continued)

Distribution

XD date	Payment date	
30/09/09	30/11/09	

TER

	30/09/09	31/03/09
	%	%
A Accumulation	1.37	1.37
A Income	1.37	1.37
B Accumulation	1.12	1.12
B Income	1.12	1.12
C Income	0.87	0.87

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

	30/09/09	31/03/09
	%	%
PTR	407.40	886.59

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	30/09/09	31/03/09
	%	%
United States	31.52	35.29
Italy	17.13	16.54
France	11.97	18.97
Germany	11.65	8.21
United Kingdom	8.54	2.65
Canada	7.62	2.65
Sweden	4.31	6.02
Belgium	2.61	2.37
Australia	2.18	3.42
Denmark	0.99	0.82
Forward Currency Contracts	0.09	(0.05)
Spain	-	2.05
Net other assets	1.39	1.06
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/09/09	31/03/09	
	(p)	(p)	%
A Accumulation	190.40	198.38	(4.02)
A Income	121.42	127.33	(4.64)
B Accumulation	194.20	202.14	(3.93)
B Income	121.56	127.44	(4.61)
C Income	122.06	127.96	(4.61)

Distribution

	Interim
	30/09/09
	(p)
A Accumulation	1.1868
A Income	0.7848
B Accumulation	1.3943
B Income	0.8909
C Income	1.0127

Performance record

	01/04/09	01/04/08	01/04/07	01/04/06	01/04/05	01/04/04
	30/09/09	31/03/09	31/03/08	31/03/07	31/03/06	31/03/05

International Bond Fund A						
Accumulation	(4.03)	30.85	13.29	(4.43)	4.32	3.63
Global Bonds						
Sector Average						
Return	8.55	10.10	6.51	(2.37)	4.45	3.54
JP Morgan						
Global Bonds						
Ex Japan Index	(3.23)	31.48	17.02	(2.79)	6.68	4.89

Source: Lipper for International Bond Fund and Global Bonds Sector Average Return (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 geographical sector, unless that geographic area is the UK, when the fund should be classified under the relevant UK (Sterling) heading). Basis: Mid to Mid, income reinvested and net of expenses.

Source: Datastream for the JP Morgan Global Bonds Ex Japan Index (GBP). Basis: Gross income reinvested and gross of expenses.

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

Top five holdings

	30/09/09		31/03/09
	%		%
1. United States Treasury Note 3.875% 31/10/2012	8.98	France Government Bond 3.75% 25/04/2017	11.82
2. Italy Buoni Poliennali Del Tesoro 5.5% 01/11/2010	7.40	France Government Bond 4% 25/04/2014	7.15
3. France Government Bond 4% 25/04/2014	6.99	United States Treasury Note 2.625% 29/02/2016	6.34
4. Bundesrepublik Deutschland 5.25% 04/01/2011	6.01	Bundesrepublik Deutschland 5.25% 04/01/2011	5.79
5. UK Treasury 2.25% 07/03/2014	5.20	United States Treasury Note 4.5% 30/04/2012	5.63
Number of holdings: 30		Number of holdings: 29	

Summary of portfolio by credit ratings

	Total Net Assets	Total Net Assets
	30/09/09	31/03/09
	%	%
Rating block		
AAA	76.60	78.03
AA+	4.79	4.42
A+	17.13	16.54
Total bonds	98.52	98.99
Other	1.48	1.01
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's.

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long term capital growth by investing in mainly shares of companies operating in Latin American countries.

Specific Risk Profile

Emerging markets risk factor: The Fund may invest in stockmarkets which are generally less well regulated and developed than those in the UK and there is less investor protection. This might result in a greater risk that the value of shares in the Fund might fall. Shares in these markets might be bought and sold less frequently and there might be lower trading volumes. This might cause large changes in the prices of these investments and so their value could fall by large amounts.

Exchange rate risk factor: Exchange rate changes might cause the value of any overseas investments to go up or down. This risk is greater for investment in Latin American countries, which might be subject to greater political and economic changes.

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

INVESTMENT MANAGER'S REVIEW

Since the beginning of 2009, the turnaround in the fortunes of Latin America's stock markets has been dramatic. After a total return (in US dollar terms) of -51.3% at the end of 2008, markets were ahead 79.7% for the nine months to 30 September 2009.

Latin American markets were strong in April and May, with notable performances from Brazil and Mexico. This was in spite of the swine flu outbreak that led to the virtual shutdown of much of Mexico City in May. After June, markets continued to soar through to the end of September.

Governments continued to cut official interest rates heavily in all major Latin markets. In June, for example, Brazilian interest rates moved into single figures for the first time in more than a decade, and in July Mexico cut interest rates to their lowest levels since 2003.

Another boost to the markets was a big increase in the number of companies trying to bolster their balance sheets with equity or equity linked offerings.

The performance of the Scottish Widows Latin American Fund was well ahead of benchmark during the six months to 30 September 2009. There were excellent returns from a number of stocks, notably homebuilder Desarrolladora Homex, which benefited from heavy infrastructure spending in Mexico. This stock helped the performance of the Fund as we held an overweight position in it relative to the benchmark. Corp Geo, another Mexican housebuilder, also performed strongly, and had a successful \$250 million bond issue with the intention of using the proceeds to refinance part of the company's debt. Some profits were taken in Corp Geo towards the end of the review period.

Brazilian-based Localiza Rent a Car, Latin America's largest car rental company, was another strong positive performer, as was Totvs, the Brazilian software developer.

The Fund also benefited from an underweight position in Petroleo Brasileiro, the Brazilian energy giant. While the company comprises close to 20% of the MSCI Latin American Index, the Fund is not allowed to invest more than 10% of its value in any one stock. As Petroleo Brasileiro underperformed the index, the Fund's relative performance benefited accordingly.

As volatility has declined, and as risk appetite has returned and markets have 'normalised', flows into Latin America have completely reversed from the massive outflows of last year. Nevertheless, we will maintain a cautious position within the portfolio, avoiding companies with high debt levels and a requirement for additional capital. We will continue to seek companies with balance sheet strength, strong cash flows and solid reliable profits delivered by capable management.

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.

Latin American Fund (continued)

TER

	30/09/09	31/03/09
	%	%
A Accumulation	1.78	1.75
B Accumulation	1.53	1.50
X Accumulation	0.25	0.25

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

	30/09/09	31/03/09
	%	%
PTR	31.90	57.98

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	30/09/09	31/03/09
	%	%
Brazil	69.13	63.70
Mexico	20.63	25.00
Bermuda	3.31	3.05
Chile	2.32	2.22
Colombia	1.67	1.46
Luxembourg	1.22	1.31
Net other assets	1.72	3.26
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/09/09	31/03/09	
	(p)	(p)	%
A Accumulation	313.49	198.54	57.90
B Accumulation	317.53	200.88	58.07
X Accumulation	341.06	214.58	58.94

Performance record

	01/04/09	01/04/08	01/04/07	01/04/06	01/04/05	01/04/04
	30/09/09	31/03/09	31/03/08	31/03/07	31/03/06	31/03/05
Latin American Fund A						
Accumulation	59.03	(31.86)	29.31	19.19	83.51	29.91
Specialist Sector						
Average Return	N/A	(24.65)	17.46	13.61	77.59	25.56
Equity Global						
Emerging Markets						
Latin America Sector						
Average Return	47.69	N/A	N/A	N/A	N/A	N/A
MSCI Latin						
American Index	54.98	(28.11)	37.99	16.35	85.35	29.66

Source: Lipper for Latin American Fund and Equity Global Emerging Markets Latin American Sector Average Return. From 01/05/09 the sector average was changed as this was deemed to best reflect the Fund's peer group. IMA for Specialist Sector Average Return (funds that have an investment universe that is not accommodated by the mainstream sectors. Performance ranking of funds within the sector as a whole is inappropriate, given the diverse nature of its constituents). Basis: Mid to Mid, income reinvested and net of expenses.

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

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

Top five holdings

	30/09/09		31/03/09
	%		%
1. Vale ADR	8.98	Petroleo Brasileiro ADR	9.29
2. Petroleo Brasileiro ADR	8.26	Cia Vale do Rio Doce ADR	8.71
3. Itau Unibanco Banco Multiplo Preference	7.39	America Movil ADR	7.40
4. America Movil ADR	6.40	Itau Unibanco Banco Multiplo Preference	6.03
5. Banco Bradesco Preference	4.12	Unibanco - Uniao de Bancos Brasileiros ADR	4.61

Number of holdings: 45 Number of holdings: 40

Please note: negative figures are shown in brackets.

Overseas Fixed Interest Tracker Fund for the period ended 30 September 2009

FUND PROFILE

Fund Aims

To provide you with a return on your investment. This is achieved by investing in the overseas fixed interest market, as represented by the J P Morgan Global Government Bond (non UK) Traded Index.

Specific Risk Profile

Fixed interest securities risk factor: Some of the companies and governments that we invest in who issue bonds and other 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.

Emerging markets risk factor: The Fund may invest in less-developed markets which are generally less well regulated than those in the UK.

Single government issue risk factor: More than 35% of the Fund may be invested in fixed interest securities issued by a single government. If they can't repay the amount borrowed, the value of your investment will fall.

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

Interest rate risk factor: Fluctuations in interest rates are likely to affect the value of the bonds and other fixed interest securities held by the Fund. If long term interest rates rise, the value of your shares is likely to fall and vice versa.

INVESTMENT MANAGER'S REVIEW

The Overseas Fixed Interest Tracker Fund fell by -3.56% over the review period, compared to a return of -2.48% from the benchmark index. Over the period, the Fund has tracked the JP Morgan Global Government Bond (excluding UK) index. Sampling techniques are used to match country exposure and duration (the sensitivity of a bond to changes in interest rates).

Over the six months to 30 September, global government bond prices have been driven primarily by the economic outlook and the uncertainty caused by the credit crisis. They were also affected by worries over a huge supply of new issues necessary to fund governments' economic rescue packages. Markets have been pulled in opposing directions by inflation and supply fears (bad for bond prices) and by recession worries (good for bond prices).

In the period between April and mid-June, prices fell as investors became more optimistic about the prospects for economic recovery and moved into riskier assets such as equities and corporate bonds. Towards the end of June, however, risk aversion reasserted itself and government bond prices recovered some of the lost ground. From July through to the end of September, prices were pulled first in one direction and then the other, reacting to a raft of often contradictory economic data.

Looking ahead, a recovery in the global economy appears to be underway, with the prospect of a gradual acceleration over the next 18 months. Limited credit availability and reduced fiscal boosts from governments are likely to act as headwinds – but should not act as an outright bar to growth.

Increases in official interest rates are unlikely in the major economies before the third quarter of 2010. Our forecasts for 10-year government bond yields in 12 months' time are 4.0% for the US, 3.6% in Germany, 3.9% in France, 4.25% in the UK and 1.5% in Japan. In each case this implies some increase from current levels against the background of firming global 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.

FUND PROFILE

Fund Aims

To provide you with a return on your investment. This is achieved by investing in the UK equity market, as represented by the Financial Times Stock Exchange All Share Index.

Specific Risk Profile

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

INVESTMENT MANAGER'S REVIEW

The Fund replicates the FTSE 350 index (which comprises around 97 % of the FTSE All-Share index by market capitalisation) alongside selective sampling techniques that provide appropriately weighted exposure to the remaining companies within the All-Share index. Because of this, the Fund's performance during the reporting period reflected the level of return in the All-Share index. As the Fund is predominantly passively managed, trading was mainly limited to responding to corporate actions, rebalancing the Fund each quarter and cash-flow management.

Over the review period, the Fund performed broadly in line with the All-Share index, which rose over 35%. Tentative signs of stabilisation in the economy, and a wave of government intervention designed to stabilise financial markets, encouraged investors. Financials, and banks in particular, staged a strong rally, as signs grew of increasing stability in the US housing sector and fears eased over the need for further government support. Basic materials and technology stocks also recorded significant gains. Less economically sensitive sectors, such as utilities and health care, performed comparatively poorly, but still registered appreciable gains.

Economic data, though devoid of calamities, was mixed over the period. Second-quarter GDP kept the UK firmly in recession and lagging many of the other major economies. But there is evidence that the country is beginning to catch up. The housing market continues to sputter back to life; survey data has made notable improvements; and retail sales have been holding up fairly well.

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.

UK All Share Tracker Fund (continued)

Distribution

XD date	Payment date
30/09/09	30/11/09

TER

	30/09/09	31/03/09
	%	%
I Accumulation	0.36	0.36
I Income	0.36	0.36

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

	30/09/09	31/03/09
	%	%
PTR	42.46	109.35

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	30/09/09	31/03/09
	%	%
Financials	23.72	16.53
Oil & Gas	18.01	20.35
Consumer Goods	11.32	11.45
Basic Materials	10.10	8.32
Consumer Services	9.16	9.71
Health Care	7.78	8.78
Industrials	6.29	6.15
Telecommunications	5.88	6.48
Utilities	3.34	4.04
Technology	1.17	1.03
Derivatives	0.05	(0.09)
Net other assets	3.18	7.25
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/09/09	31/03/09	
	(p)	(p)	%
I Accumulation	135.90	99.30	36.86
I Income	96.48	71.70	34.56

Distribution

	Interim
	30/09/09
	(p)
I Accumulation	2.1734
I Income	1.5681

Performance record

	01/04/09	01/04/08	01/04/07	01/04/06	01/04/05	01/04/04
	30/09/09	31/03/09	31/03/08	31/03/07	31/03/06	31/03/05

UK All Share

Tracker Fund I

Accumulation	41.97	(31.61)	(8.38)	10.09	28.37	14.76
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UK All Companies

Sector Average

Return	36.79	(31.59)	(10.16)	10.32	27.24	13.61
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FTSE All-Share

Index	35.69	(29.33)	(7.74)	11.15	28.02	15.56
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Source: Lipper for UK All Share Tracker Fund and UK All Companies Sector Average Return (funds which invest at least 80% of their assets in UK equities which have a primary objective of achieving capital growth). Basis: Mid to Mid, income reinvested and net of expenses.

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

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

Top five holdings

	30/09/09		31/03/09
	%		%
1. HSBC	7.98	BP	7.52
2. BP	6.78	Vodafone	5.44
3. Vodafone	4.79	GlaxoSmithKline	4.82
4. GlaxoSmithKline	4.19	Royal Dutch Shell 'A'	4.70
5. Royal Dutch Shell 'A'	4.12	HSBC	4.09

Number of holdings: 462

Number of holdings: 479

Since the previous report the Industry Sector Classification headings have been updated by data providers. Where the portfolio statement shows Industry Sectors the new sector names have been reflected in the report in respect of the current holdings and comparative holdings have been restated where appropriate.

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To provide you with a return on your investment. This is achieved by investing in the UK Fixed Interest market as represented by the Financial Times Stock Exchange Actuaries UK Gilts All Stocks Index.

Specific Risk Profile

Interest rate risk factor: Fluctuations in interest rates are likely to affect the value of the fixed interest securities held by the Fund. If long term interest rates rise, the value of your shares is likely to fall and vice versa.

Single government issue risk factor: More than 35% of the Fund will be invested in securities issued by the UK Government. There could be a risk, for example, if it (or any other company or government in whose securities the funds may invest) can't repay the amount borrowed or if their credit rating falls. If they don't repay, or their credit rating falls, the value of your investment will fall.

INVESTMENT MANAGER'S REVIEW

The Scottish Widows UK Fixed Interest Tracker Fund rose in value by 1.12% over the review period, compared with a return of 1.71% from the benchmark index, the FTSE A UK Gilts All Stocks index.

The aim of the Fund is to track the performance of the FTSE A UK Gilts All Stocks index. This is achieved by using sampling techniques to capture both the duration of the market and the shape of the yield curve. Portfolio activity during the period has reflected shifts in the yield curve and changes to the index, with holdings switched only to provide a truer representation of the curve. New money and coupon payments have been invested to maintain a close replication of the benchmark index.

Throughout the review period, the main themes driving the gilt market have been the economic outlook and the uncertainty caused by the credit crisis, and worries over a huge supply of new gilt issuance necessary to support the government's economic rescue plans. A further major consideration has been the Bank of England's programme of quantitative easing; its repurchases in the market place have acted as a support for gilts.

Over the six months to 30 September, gilt prices fell back. From April, anxieties grew over the impending new supply, driving 10-year government bond yields higher. Moving into summer, the market remained volatile. In July, a flurry of adverse economic data encouraged a flight to the safety of government bonds, but prices fell once more soon after as prospects began to brighten for equities. Then, moving into August, risk aversion returned with a vengeance, resulting in big gains. Further volatility ensued in September as markets reacted to a slew of often contradictory economic data.

The UK economy appears to have bottomed out during the second quarter of 2009, and may now be turning up. However, there are a number of problems that are likely to limit growth over the next year. These include continued weakness of business investment and the scheduled tightening of fiscal policy in 2010. We think GDP growth will run at a fairly subdued 1.5% in 2010 before picking up to 3.2% in 2011. We continue to expect that the official interest rate will remain on hold until the second half of next year but will then be raised fairly steadily to a near-normal 4%-4½% by end-2011. We expect gilt yields to increase to 5.25% over the next year as recovery develops and inflation runs above target.

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.

UK Fixed Interest Tracker Fund (continued)

Distribution

XD date	Payment date	
30/06/09	31/08/09	
30/09/09	30/11/09	
TER	30/09/09	31/03/09
	%	%
I Accumulation	0.37	0.37
I Income	0.37	0.37

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

	30/09/09	31/03/09
	%	%
PTR	39.12	152.98

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	30/09/09	31/03/09
	%	%
Government Securities	99.53	99.55
Net other assets	0.47	0.45
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/09/09 (p)	NAV per share 31/03/09 (p)	NAV percentage change %
I Accumulation	171.40	169.45	1.15
I Income	107.45	107.82	(0.34)

Distribution

	First interim 30/06/09	Second interim 30/09/09
	%	%
I Accumulation	1.2608	1.2523
I Income	0.8021	0.7909

Performance record

	01/04/09	01/04/08	01/04/07	01/04/06	01/04/05	01/04/04
	30/09/09	31/03/09	31/03/08	31/03/07	31/03/06	31/03/05
UK Fixed Interest Tracker Fund I						
Accumulation	1.12	9.28	6.16	(0.61)	6.52	3.68
UK Gilt Sector						
Average Return	1.29	8.84	5.18	(1.39)	6.83	3.36
FTSE A UK Gilts						
All Stocks Index	1.71	10.32	7.58	0.56	7.36	5.03

Source: Lipper for UK Fixed Interest Tracker Fund and UK Gilt Sector Average Return (funds which invest at least 95% of their assets in Sterling denominated (or hedged back to Sterling) triple AAA rated, government backed securities, with at least 80% invested in UK government securities, (Gilts)). Basis: Mid to Mid, income reinvested and net of expenses.

Source: Datastream for the FTSE A UK Gilts All Stocks Index (GBP). Basis: Gross income reinvested and gross of expenses.

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

Top five holdings

	30/09/09	31/03/09
	%	%
1. UK Treasury 8% 07/06/2021	4.51	5.49
2. UK Treasury 5% 07/03/2012	4.12	4.84
3. UK Treasury 2.25% 07/03/2014	4.07	4.30
4. UK Treasury 4.5% 07/03/2019	4.00	4.30
5. UK Treasury 4.75% 07/09/2015	3.91	4.16

Number of holdings: 36

Number of holdings: 34

Summary of portfolio by credit ratings

	Total Net Assets 30/09/09	Total Net Assets 31/03/09
	%	%
Rating block		
AAA	99.53	99.55
Total bonds	99.53	99.55
Other	0.47	0.45
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's.

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To provide you with a return on your investment, taking account of any growth and any income. This is achieved by investing in the UK Gilt market as represented by the Financial Times Stock Exchange Actuaries Governments Securities Index-Linked All Stocks Index.

Specific Risk Profile

Interest rate risk factor: Fluctuations in interest rates are likely to affect the value of the index-linked securities held by the Fund. If long term interest rates rise, the value of your shares is likely to fall and vice versa.

Single government issue risk factor: More than 35% of the Fund will be invested in securities issued by the UK Government. There could be a risk, for example, if it (or any other company or government in whose securities the funds may invest) can't repay the amount borrowed or if their credit rating falls. If they don't repay, or their credit rating falls, the value of your investment will fall.

INVESTMENT MANAGER'S REVIEW

The UK Index-Linked Tracker Fund has risen by 5.91% in value over the review period, compared with a return of 6.16% from the benchmark index. To track the benchmark index as closely as possible, the Index-Linked Tracker Fund replicates the FT Index-Linked Government All Stocks index and trading activity is always in line with this objective.

Portfolio activity during the period reflected shifts in the yield and changes to the index. New money and coupon payments have been invested to maintain a full replication of the benchmark index.

Throughout the review period, the main themes driving the gilt market have been the economic outlook and the uncertainty caused by the credit crisis, and worries over a huge supply of new gilt issuance necessary to support the government's economic rescue plans. A further major consideration has been the Bank of England's programme of quantitative easing; its repurchases in the market place have acted as a support for gilts.

Over the six months to 30 September, gilt prices fell back. From April, anxieties grew over the impending new supply, driving 10-year government bond yields higher. Moving into summer, the market remained volatile. In July, a flurry of adverse economic data encouraged a flight to the safety of government bonds, but prices fell once more soon after as prospects began to brighten for equities. Then, moving into August, risk aversion returned with a vengeance, resulting in big gains. Further volatility ensued in September as markets reacted to a slew of often contradictory economic data.

The UK economy appears to have bottomed out during the second quarter of 2009, and may now be turning up. However, there are a number of problems that are likely to limit growth over the next year. These include continued weakness of business investment and the scheduled tightening of fiscal policy in 2010. We think GDP growth will run at a fairly subdued 1.5% in 2010 before picking up to 3.2% in 2011. We continue to expect that the official interest rate will remain on hold until the second half of next year but will then be raised fairly steadily to a near-normal 4%-4½% by end-2011. We expect gilt yields to increase to 5.25% over the next year as recovery develops and inflation runs above target.

We expect RPI inflation over the next five years to be significantly higher than is currently implied by the difference between five-year nominal and index-linked gilt yields. The difference is even more marked once we account for a likely increase in the inflation risk premium caused by untested monetary policy. As a result, short-dated index-linked gilts are attractive relative to conventional gilts.

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.

UK Index-Linked Tracker Fund (continued)

Distribution

XD date	Payment date
30/06/09	31/08/09
30/09/09	30/11/09

TER

	30/09/09	31/03/09
	%	%
I Accumulation	0.37	0.36
I Income	0.37	0.37

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

	30/09/09	31/03/09
	%	%
PTR	31.09	14.99

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	30/09/09	31/03/09
	%	%
UK Index-Linked Gilts	99.99	99.73
Net other assets	0.01	0.27
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/09/09	31/03/09	
	(p)	(p)	%
I Accumulation	170.07	160.66	5.86
I Income	147.62	140.30	5.22

Distribution

	First interim	Second interim
	30/06/09	30/09/09
	(p)	(p)
I Accumulation	0.5147	0.4975
I Income	0.4505	0.4330

Performance record

	01/04/09	01/04/08	01/04/07	01/04/06	01/04/05	01/04/04
	30/09/09	31/03/09	31/03/08	31/03/07	31/03/06	31/03/05
UK Index-Linked Fund I						
Accumulation	5.91	(1.71)	11.90	2.17	8.08	4.66
UK Index-Linked Gilts Sector Average						
Return	6.42	(2.12)	11.76	1.83	7.78	4.31
FTSE Actuaries Government Securities Index-Linked All						
Stocks Index	6.16	(1.33)	13.10	3.01	8.42	5.44

Source: Lipper for UK Index-Linked Tracker Fund and UK Index-Linked Gilts Sector Average Return (funds which invest at least 95% of their assets in Sterling denominated (or hedged back to Sterling) triple AAA rated government backed index linked securities, with at least 80% invested in UK Index Linked Gilts). Basis: Mid to Mid, income reinvested and net of expenses.

Source: Datastream for the FTSE Actuaries Government Securities Index-Linked All Stocks Index (GBP). Basis: Gross income reinvested and gross of expenses.

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

Top five holdings

	30/09/09	31/03/09
	%	%
1. UK Treasury 2.5% Index-Linked 26/07/2016	11.29	12.15
2. UK Treasury 2.5% Index-Linked 16/08/2013	9.59	10.20
3. UK Treasury 2.5% Index-Linked 16/04/2020	9.46	10.18
4. UK Treasury 2.5% Index-Linked 17/07/2024	8.66	9.22
5. UK Treasury 2% Index-Linked 26/01/2035	7.56	7.75

Number of holdings: 16

Number of holdings: 15

Summary of portfolio by credit ratings

	Total Net Assets	Total Net Assets
	30/09/09	31/03/09
	%	%
Rating block		
AAA	99.99	99.73
Total bonds	99.99	99.73
Other	0.01	0.27
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's.

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing in a range of shares and other investments of mainly UK smaller companies.

Specific Risk Profile

Smaller companies risk factor: The Fund invests in smaller companies whose shares and other investments are bought and sold less frequently and there might be lower trading volumes than for larger companies. This might cause large changes in the prices of these investments and so their value could fall by large amounts. The price variation of shares and other investments in smaller companies might be greater than those of large companies.

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

INVESTMENT MANAGER'S REVIEW

UK equities made strong advances over the period, as the effects of government and central bank intervention began to take hold and the economy showed signs of stabilising. With many investors believing that the worst of the financial crisis has passed, stock markets rallied sharply. Smaller companies, with their bias toward industrial and consumer markets that are more sensitive to changes in the economy, performed better than their larger counterparts.

Although delivering a return of over 43%, the Fund underperformed its benchmark during the period. This was largely a reflection of the market's appetite for risk, which favoured a number of less stable companies with relatively high levels of borrowing. Our preference has been – and continues to be – for well-run firms with strong balance sheets. At a stock level, relative performance was negatively affected by the holding in Playtech, which issued a profits warning amid a slower than expected start in its joint venture with William Hill. The Fund no longer holds this stock. Pub chains JD Wetherspoon and Greene King also disappointed, a reflection of overcapacity in the sector as consumers reined in their leisure spending. More positively, Melrose, a company that buys up underperforming industrial assets, delivered a strong first-half performance; and Ashtead, a construction plant hire company that draws most of its sales from the US, demonstrated that it had weathered the recession well.

Transactions undertaken during the period reflected our preference for larger, more liquid companies, such as GKN and Aegis, over smaller firms such as Hansard Global, CVS and Care UK. New positions were also established in Taylor Wimpey and Rentokil Initial; disposals included Elementis and Morgan Crucible.

Looking ahead, although the UK economy appears to have bottomed out during the second quarter and is now turning up, a number of problems are likely to limit growth over the next year. The Fund maintains a relatively balanced portfolio, but favours industrial companies operating on a global scale to firms that rely on the UK consumer.

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.

UK Smaller Companies Fund (continued)

TER

	30/09/09	31/03/09
	%	%
A Accumulation	1.62	1.61
B Accumulation	1.37	1.36
C Accumulation	0.87	0.86
X Accumulation	0.12	0.11

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

	30/09/09	31/03/09
	%	%
PTR	108.25	161.27

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	30/09/09	31/03/09
	%	%
Industrials	30.71	31.60
Consumer Services	24.61	18.51
Financials	17.09	14.77
Consumer Goods	7.51	1.96
Oil & Gas	7.29	9.81
Technology	5.64	8.12
Health Care	2.51	5.05
Basic Materials	1.97	3.03
Derivatives	-	(0.05)
Net other assets	2.67	7.20
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/09/09	31/03/09	
	(p)	(p)	%
A Accumulation	151.85	106.99	41.93
B Accumulation	154.30	108.57	42.12
C Accumulation	159.43	111.90	42.48
X Accumulation	168.53	117.85	43.00

Performance record

	01/04/09	01/04/08	01/04/07	01/04/06	01/04/05	01/04/04
	30/09/09	31/03/09	31/03/08	31/03/07	31/03/06	31/03/05
UK Smaller Companies Fund						
A Accumulation	43.64	(39.56)	(23.34)	16.73	34.88	11.67
UK Smaller Companies Sector						
Average Return	50.37	(36.83)	(18.17)	16.68	25.08	20.10
Hoare Govett						
Smaller Companies ex-IT Index	55.15	(33.34)	(18.97)	21.37	34.30	16.98

Source: Lipper for UK Smaller Companies Fund and UK Smaller Companies Sector Average Return (funds which invest at least 80% of their assets in UK equities of companies which form the bottom 10% by market capitalisation). Basis: Mid to Mid, income reinvested and net of expenses.

Source: Rimes for the Hoare Govett Smaller Companies ex-IT Index (GBP). Basis: Income reinvested and gross of expenses.

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

Top five holdings

	30/09/09		31/03/09
	%		%
1. Melrose	4.08	Babcock International	3.97
2. Charter International	3.51	Wetherspoon (J.D.)	3.32
3. Babcock International	3.47	Connaught	3.26
4. GKN	3.43	Venture Production	3.18
5. IMI	3.07	Dana Petroleum	2.95

Number of holdings: 56

Number of holdings: 62

Since the previous report the Industry Sector Classification headings have been updated by data providers. Where the portfolio statement shows Industry Sectors the new sector names have been reflected in the report in respect of the current holdings and comparative holdings have been restated where appropriate.

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by aiming to track the capital performance of the UK equity market, as currently represented by the Financial Times Stock Exchange 100 Index. The fund normally invests in all of the companies included in the Index.

Specific Risk Profile

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

INVESTMENT MANAGER'S REVIEW

The Fund replicates the FTSE 100 tracker, holding appropriate weightings of shares in the UK's 100 largest companies by market capitalisation. As the Fund is predominantly passively managed, portfolio management is largely limited by cash flows and to changes to the weightings of existing holdings, buying stocks around the time of their entry to their index and selling those that leave the index. This most commonly occurs after one of the FTSE's quarterly reviews.

Over the review period, the Fund performed broadly in line with the FTSE 100 index, which rose over 33%. Tentative signs of stabilisation in the economy, and a wave of government intervention designed to stabilise financial markets, encouraged investors. Financials, and banks in particular, staged a strong rally, as signs grew of increasing stability in the US housing sector and fears eased over the need for further government support. Basic materials and technology stocks also recorded significant gains. Less economically sensitive sectors, such as utilities and health care, performed comparatively poorly, but still registered appreciable gains.

Economic data, though devoid of calamities, was mixed over the period. Second-quarter GDP kept the UK firmly in recession and lagging many of the other major economies. But there is evidence that the country is beginning to catch up. The housing market continues to sputter back to life; survey data has made notable improvements; and retail sales have been holding up fairly well.

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.

UK Tracker Fund (continued)

Distribution

XD date	Payment date	
30/09/09	30/11/09	
TER		
	30/09/09	31/03/09
	%	%
A Accumulation	1.00	1.00
A Income	1.00	1.00
B Accumulation	0.50	0.50
B Income	0.50	0.50
X Accumulation	-	-

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

	30/09/09	31/03/09
	%	%
PTR	22.48	51.95

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	30/09/09	31/03/09
	%	%
Financials	22.79	14.95
Oil & Gas	20.42	23.75
Consumer Goods	12.06	12.67
Basic Materials	11.17	9.53
Health Care	8.82	14.61
Consumer Services	8.25	9.32
Telecommunications	6.81	7.74
Industrials	4.26	-
Utilities	3.62	4.75
Technology	0.51	0.53
Derivatives	0.04	(0.02)
Net other assets	1.25	2.17
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/09/09	31/03/09	
	(p)	(p)	%
A Accumulation	177.34	132.11	34.24
A Income	129.78	98.20	32.16
B Accumulation	183.75	136.55	34.57
B Income	129.03	97.61	32.19
X Accumulation	190.86	141.48	34.90

Distribution

	Interim
	30/09/09
	(p)
A Accumulation	2.6121
A Income	1.9402
B Accumulation	3.0984
B Income	2.2130
X Accumulation	3.6242

Performance record

	01/04/09	01/04/08	01/04/07	01/04/06	01/04/05	01/04/04
	30/09/09	31/03/09	31/03/08	31/03/07	31/03/06	31/03/05
UK Tracker Fund						
A Accumulation	39.80	(31.52)	(7.53)	7.40	25.40	14.11
UK All Companies						
Sector Average						
Return	36.79	(31.59)	(10.16)	2.04	27.24	13.61
FTSE 100 Index	33.70	(28.17)	(6.26)	9.32	25.99	15.43

Source: Lipper for UK Tracker Fund and UK All Companies Sector Average Return (funds which invest at least 80% of their assets in UK equities which have a primary objective of achieving capital growth). Basis: Mid to Mid, income reinvested and net of expenses. Source: Rimes for the FTSE 100 Index (GBP). Basis: Income reinvested and gross of expenses.

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

Top five holdings

	30/09/09		31/03/09
	%		%
1. HSBC	9.30	BP	9.02
2. BP	7.90	Vodafone	6.54
3. Vodafone	5.59	GlaxoSmithKline	5.78
4. GlaxoSmithKline	4.89	Royal Dutch Shell 'A'	5.64
5. Royal Dutch Shell 'A'	4.80	HSBC	4.89

Number of holdings: 103

Number of holdings: 105

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