

Scottish Widows OEIC and ISA funds 2009/2010

this booklet contains:

- i) Key Features, incorporating a Simplified Prospectus and
- ii) Terms and Conditions for the Scottish Widows Individual Savings Account (ISA)

Important information you need to read

The Financial Services Authority is the independent financial services regulator. It requires us, Scottish Widows, to give you this important information to help you to decide whether our OEICs and ISAs are right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

Key Features, incorporating a Simplified Prospectus of the Scottish Widows OEIC and ISA funds

These Key Features give you important information about 37 of our Open Ended Investment Company (OEIC) funds.

If you are considering making an investment via our Individual Savings Account (ISA) then you should also read the ISA Terms and Conditions (see page 52).

These Key Features also incorporate Simplified Prospectus requirements. The Simplified Prospectus has been created as a result of European legislation to help people make an informed choice between funds offered by different companies. It does this by allowing comparison of the total expense ratio (TER), the past performance of individual funds and the portfolio turnover rate (PTR). We have explained these terms later in this document.

The Simplified Prospectus does not replace the full OEIC Prospectuses which contain full terms and conditions. These are available on request free of charge.

The information in these Key Features is correct as at October 2009.

For details of other funds we have available please speak to your financial adviser.

Lloyds TSB Financial Advisers and Financial Planning Managers are unable to advise on Stocks and Shares ISA transfers. If you want to transfer an existing Stocks and Shares ISA please contact us using the details on page 49.

What is an OEIC?

- An OEIC is an Open Ended Investment Company, also known as an Investment Company with Variable Capital (ICVC). These are known as open ended investments because they expand and contract by issuing or cancelling shares depending on demand. The Scottish Widows OEIC funds are sub funds within Scottish Widows OEICs. In these Key Features we refer to the sub funds as “funds”. These funds are collective investment schemes which means your money is pooled with that of other investors and invested in a spread of different assets.
- The funds within these Key Features are funds within the following OEICs:
 - Scottish Widows Managed Investment Funds ICVC
 - Incorporated in Great Britain on 19 April 2002.
 - Scottish Widows Overseas Growth Investment Funds ICVC
 - Incorporated in Great Britain on 14 March 2002.
 - Scottish Widows Tracker and Specialist Investment Funds ICVC
 - Incorporated in Scotland on 28 August 2001.
 - Scottish Widows UK and Income Investment Funds ICVC
 - Incorporated in Great Britain on 15 March 2002.
- Each of these ICVCs is authorised and regulated by the Financial Services Authority (FSA).
- Please see page 10 for a list of the funds covered by these Key Features.
- Your money, along with that from other investors, buys shares in the fund you choose. The number of shares you get depends on the amount you invest, any charges we make, and the share price. The share price will move up and down in line with the value of the investments that the fund holds.
 - If you have income shares the income is paid directly to you.
 - If you have accumulation shares, any income received by the fund is retained in the fund and has the effect of increasing the share price.
- The base currency of these funds is sterling.

What are the aims of the funds?

Each fund aims to provide one of the following:

- capital growth, or
- income, or
- a combination of income and capital growth.

The specific aims of each fund are set out later under the headings ‘Aims’ on pages 11 to 39 of these Key Features. The funds have been divided into specific investment approaches. Please see pages 9 and 10 for more information.

What investment can I make?

- Your investment can be made directly into an OEIC fund or via an ISA or ISA transfer.
- If you invest by a single payment or by ISA transfer your payment must be for at least £1,000. If you are investing monthly your payments must be at least £50 per month.
- You can keep your investment for as long as you choose as it has no fixed term. You should aim to keep it for the medium to long term (at least five to ten years).

What are the risks of the funds?

- The value of your investment and any income from it is not guaranteed and can go up and down depending on investment performance. You might get back less than you’ve invested.
- Exchange rate changes might cause the value of any overseas investments to go up or down.
- If you cash in your investment you might get back less than illustrated.
- Tax rules can change.
- You can decide in the first 30 days that you don’t want your investment. If you’ve invested a single payment, or by an ISA transfer, you might not get all your money back if the value of your investment has fallen. In the case of monthly payments into an OEIC, or via an ISA, you will get all your money back.
- For ISA transfers any income or growth you receive may be reduced. This could happen if, for example, the markets rise while the transfer is awaiting completion.
- Inflation may reduce the real value of your money in the future.

The specific risk factors for each fund are set out later under the headings ‘Specific risk factors’ on pages 11 to 39 of these Key Features. You can also find details of risks in the full OEIC Prospectuses which are available on request, free of charge.

Who are the Scottish Widows funds marketed to?

- The funds within these Key Features are typically marketed to retail investors.
- We are unable to accept business from US residents.

Can I invest via an ISA?

- You can invest via a Stocks and Shares ISA, or by ISA transfer.
- If you invest via an ISA you have no personal liability to tax on any profit made or tax on any income received (please see 'What about tax?' on pages 6, 7 and 8).
- You can invest in a Stocks and Shares ISA if you're 18 or over and resident in the UK for tax purposes.
- There are currently two types of ISAs:
 - Stocks and Shares ISA – which may include units or shares in unit trusts, investment trusts and/or OEICs and certain life insurance policies which qualify for the Stocks and Shares ISA;
 - Cash ISA – which may include cash (where your money is invested and earns interest), and certain life insurance policies which qualify for the Cash ISA.
- Scottish Widows Unit Trust Managers Limited will accept Cash ISA transfers into a Stocks and Shares ISA. Please contact us for more details.
- Scottish Widows Unit Trust Managers Limited do not offer a Cash ISA.

What's the minimum amount I can invest?

- The minimum single payment you can make is £1,000.
- The minimum you can invest on a monthly basis is £50 per month.
- You can top up your investment with a single payment of £100 at any time.
- You can top up your monthly payment by a minimum of £10 per fund per month.

What's the maximum amount I can invest?

- There are no maximum amounts for investing directly in an OEIC Fund or via an ISA transfer.
- If you'll be aged 49 or below at 5 April 2010 the current maximum you can invest into ISAs is £7,200 in a tax year.

- Of this £7,200, the maximum you can currently invest in a Cash ISA is £3,600 in a tax year.
- Currently you can choose to invest the full £7,200 in a Stocks and Shares ISA.
- The maximum monthly payment to a Stocks and Shares ISA is currently £600.
- If you'll be aged 50 or above before 6 April 2010 the current maximum you can invest into ISAs is £10,200 in a tax year.
 - Of this £10,200, the maximum you can currently invest in a Cash ISA is £5,100 in a tax year.
 - Currently you can choose to invest the full £10,200 in a Stocks and Shares ISA.
 - The maximum monthly payment to a Stocks and Shares ISA is currently £850.
- From 6 April 2010 these higher limits will apply to everyone.
- You can decide on the balance of your investments, provided you keep within the cash limit and the overall limit.
- HM Revenue & Customs decide the maximum ISA payment limits and the limits may change.

How can I invest?

- You can invest directly in an OEIC fund in your own name, or jointly with up to three other people.
- For ISA investments applications must be in one person's name only.
- If you are investing a single payment you can make your payment by cheque or debit authority.
- If you are investing monthly you must make your payments by direct debit.
- If you are investing by ISA transfer your payment must be by cheque from the other ISA manager.
- You may be able to exchange shares quoted in the official list of the London Stock Exchange that you already have for shares directly in an OEIC fund or via an ISA using our Share Exchange Facility. Please contact us for more details.
- Single payments, including ISA transfers, will normally be invested using the next price following receipt and acceptance of your correctly completed application form and payment.

- If you're paying by monthly direct debit, your first payment will be collected on a date approximately 15 working days after receipt by our administration department of your correctly completed mandate form. Future payments will be collected on this date each month, or the next working day if this falls on a weekend or bank holiday. This date may be changed by us subject to a variation of no more than 4 days after the proposed collection date. Shares will normally be bought using the next price.
- When you invest we might make a dilution adjustment (see 'What are the charges?' on page 4), or deduction for Stamp Duty Reserve Tax (SDRT) (see 'What about tax?' on page 6), which could mean you get fewer shares.
- In addition to their stated aims, the funds listed throughout these Key Features are allowed to use derivatives for the following reasons:
 - to reduce risk,
 - to reduce cost,
 - to create extra capital or income for the funds with an acceptably low level of risk.

For more information please see Important Notes on page 51.

What documents will I receive?

- If you are investing a single payment, or by ISA transfer, you will receive a contract note and cancellation notice.
- If you are investing by monthly payments, you will receive a welcome letter and cancellation notice.
- Share certificates will not be issued.

Where are my payments invested?

- We invest your payments, after the initial charge has been deducted, in the fund(s) you choose. Please see 'Specific Fund Information' on pages 11 to 39 for details of the 37 funds described in these Key Features.
- Each fund invests in different types of investments described in the 'Aims' on pages 11 to 39. Some of these funds invest in fixed interest securities (including corporate bonds). Fixed interest securities are loans made to, for example, governments, who are then expected to pay interest at a fixed rate over a set period of time, with the loan due back at the end of the period. Corporate bonds are loans made to companies. Some funds invest in a range of government and/or corporate bonds. These bonds will vary in their length of time until maturity. Some of these funds invest in equities which are shares listed on the stockmarket.
- The Balanced Growth Portfolio, Dynamic Income Portfolio, Managed Income Portfolio, Momentum Income Portfolio, Stockmarket Growth Portfolio and Strategic Growth Portfolio funds invest principally in a range of funds managed by, or operated within, the Lloyds Banking Group.
- The Balanced Portfolio, Cautious Portfolio, Opportunities Portfolio and Progressive Portfolio funds invest in a range of funds currently offered by Scottish Widows Investment Partnership and the Russell Investment Group. These funds are managed by a wide selection of fund managers.
- We may change the selection of funds that we make available.

What are the charges?

- Our charges cover remuneration to your adviser, expenses, profit, managing the investments and any other adjustments. The following bullets give more information.
- An initial charge, which is a percentage of your payment, is deducted before shares are bought.
- An annual management charge, which is a percentage of the fund value, is deducted from each fund to cover investment management fees, accounting fees and the Authorised Corporate Director (ACD)'s own management costs. The annual management charge is calculated daily and is reflected in the share price of the fund each day. It is included in the total expense ratio (TER) for each fund.
- Any commission paid to an adviser is borne out of the initial charge and annual management charge.
- We do not currently charge an exit fee when you sell part or all of your investment, or transfer your ISA to another manager
- Each year there are additional costs, collectively referred to as 'other expenses'. These include depositary fees and expenses, custodian fees, registrar fees, audit fees and regulatory fees. These 'other expenses' are deducted as a percentage of the fund value, or charged to the fund as a fixed fee, and are included in the TER for each fund. Some of these charges may vary from time to time and therefore the TER figures will fluctuate throughout the investment period. For 'Fund of Funds' the 'other expenses' will also be made up of underlying fund charges.
- The annual management charge and other expenses are normally taken from the income of the funds. However, for the High Income Bond, High Reserve, Strategic Income and UK Equity Income funds part or all of the annual management charge may be taken from the fund's capital.
- As the TER includes the annual management charge and other expenses, it shows the annual operating expenses of a fund. All funds covered under European legislation must highlight the TER to help customers compare the annual operating expenses of different schemes.

- There are transaction costs incurred by the fund when the fund manager buys and sells investments and these are paid from the funds' capital. These costs are not included in the TER. In addition to these transaction costs, the TER does not include the initial charge, interest on borrowing, payments incurred because of financial derivative instruments, entry/exit commissions, soft commissions or any other fees paid directly by the investor.
- The Fund Information table on pages 40 and 41 details the initial charge, annual management charge, other expenses and TER for each fund. Examples of the effect of charges are included in the 'What you might get back' tables on pages 42 to 44.
- We will make a charge if you
 - switch funds;
 - switch your investment from an OEIC to an ISA (or vice versa); or
 - if you do both.

Currently the charge is between 0.18% and 0.5% of the value of the amount being switched. Please contact us for further details of the charge that would apply to your switch.

- Please refer to the OEIC Prospectuses for full details of the charges.
- The dilution adjustment referred to earlier might affect the number of shares you receive or how much you get back when you cash them in.
 - You usually buy or sell shares in the fund at a price based on the mid-point between the buying and selling prices of the underlying investments (underlying investments are, for example, the equities and/or fixed interest securities held by the fund).
 - A dilution adjustment is an adjustment which might be made to the share price of the fund when there are large amounts of cash going into or coming out of the fund. The adjustment reflects the difference between the buying and selling prices of the investments of the fund and any costs incurred, including taxes.
 - A dilution adjustment means that the impact of buying or selling investments is met by those moving into or out of the fund, rather than by those who remain.
 - The ACD's policy in relation to each fund is to apply a dilution adjustment within the criteria laid down in the relevant Prospectus.
- We have the power to change, at any time, most of the charges we make. We will give you notice in line with the FSA rules where appropriate. We may use this power if our costs turn out to be unexpectedly high, compared to our charges. Charges could increase if:

- a tax rule or law increases our costs or decreases our income from charges;
- our staff or overhead costs are more than we expect; or
- our income from charges is less than we expect.

Can I change my mind?

- You will be given 30 days to cancel if you are not completely satisfied with your investment. The 30 day cancellation period starts from the day you receive your cancellation notice.
- If you decide to cancel and you have made monthly payments, we'll give you your money back.

If you have made a single payment we'll give you your money back less any fall in the investment value. This amount is calculated using the next price released after we receive your written instructions. You may not get back what you paid in.

- If you invest via an ISA and change your mind within 30 days, you'll be free to make another ISA investment in the same tax year.
 - If you have transferred another ISA to Scottish Widows and you decide to cancel within 30 days you have the following three options:
 - the ISA can be closed, and the proceeds returned to you; or
 - the ISA can be transferred back to the original manager, although the original manager may not accept it; or
 - the ISA can be transferred to any other manager.
- The amount returned to you or transferred on cancellation will be your original transfer amount less any fall in the investment value. This amount is calculated using the next price released after we receive your written instructions. You may not get back what you initially transferred.
- Please send your request to the address on the cancellation notice.
 - If you don't cancel your investment it will continue.

How will I know how my investment is doing?

- Every six months we'll send you a statement and valuation for your investment.
- Twice a year you'll receive a copy of the Short Report for the OEIC you invest in. You can contact us for further copies of the half-yearly and yearly Short or Long Reports. These are available free of charge and can also be downloaded from our website at www.scottishwidows.co.uk
- You can get an up-to-date valuation by phoning us on **0845 300 2244**.

- You can check the fund prices on our website at www.scottishwidows.co.uk
- The value of your investment is calculated by multiplying the number of shares you hold by the share price.

Can I take money out?

- Yes. You can sell some or all of your shares at any time. If you do not sell all of your shares in a fund you must leave at least £500 worth of shares in each fund. Taking money out will reduce the value of your investment.
- We'll normally cash in your shares using the next price calculated after your signed instructions reach our administration department. We might make a dilution adjustment, or deduction for SDRT, which could reduce what you get back.
- Money you take out will be transferred to your bank account, or we'll send you a cheque, normally within five working days after we receive your written instructions.
- For Stocks and Shares ISAs each investment you make counts towards the maximum overall limit for the tax year, even if you then make a withdrawal. This means that, if you invest up to the Government's yearly ISA limit then make a withdrawal or take an income, you won't be able to reinvest that amount back into an ISA in the same tax year.
- If you want to sell some or all of your shares, please contact us using the details on page 49.

What might I get back?

- You'll get back the current value of your investment when you decide to cash it in. This value isn't guaranteed. We'll normally calculate it using the next price after receiving your written request.
- What you get back will depend on:
 - how much you've paid in;
 - how long each payment has been invested;
 - how well our investments have performed;
 - whether you've taken an income (where the fund you invest in has income shares);
 - whether you've already cashed in any of your shares;
 - how much we've charged and expenses met by the fund; and
 - any dilution adjustment or deduction for SDRT, which could reduce what you get back.
- The tables on pages 42 to 48 show how charges could affect what you might get back.

Will I receive an income?

- Some of our funds offer income shares. We pay this income every month, every 3 months or every 6 months, depending on the fund you choose. Please see the table on pages 40 and 41 for further details.
- If you invest by a single payment or by ISA transfer, and you choose income shares, income will be paid to you by bank credit.
- Income payments are made up solely of interest or dividend payments.

When is the share price calculated?

- We calculate the value of each fund at 8am daily on business days in the UK except for:
 - the Balanced Portfolio, Cautious Portfolio, Opportunities Portfolio and Progressive Portfolio funds which are valued at 8am on business days in the UK and Ireland.
 - the High Income Bond Fund which is valued at 2pm on business days in the UK and the USA. Postal or other written instructions received in the administration department before 12pm on any business day will normally receive the price calculated at 2pm on that day. Postal or other written instructions received after 12pm will receive the price calculated on the next business day.
- Our dealing times are from 9am to 5pm each business day.

How is the share price calculated?

- The value of shares in a fund is based on the value of that fund's investments, allowing for charges and expenses. Where there are both buying and selling prices of these investments we use the mid-point. The price of a share is the total fund value divided by the number of shares, adjusted for charges.
- When you invest we might make a dilution adjustment, or deduction for SDRT, which could mean you get fewer shares.

How flexible is my investment?

- If you're investing monthly only accumulation shares are available. You can change the amount you invest at any time, but you can't take an income from your investment.
- You can decide to stop making monthly payments, either permanently or temporarily. Please contact us for more details (see 'How to contact us' on page 49).

- You can switch funds at any time, subject to minimum investment requirements. A switching charge will apply, normally between 0.18% and 0.5% of the value of the amount being switched. If you are considering a switch please contact us for further details.
 - The total expense ratio for the fund you switch into might be different to that for the fund from which you are switching. Please see the Fund Information table on pages 40 and 41.
 - Please speak to your financial adviser for details of the range of funds available.
 - A switch between funds in an OEIC, or from an OEIC to an ISA is regarded as a disposal for Capital Gains Tax purposes. A switch between funds in an ISA is not subject to Capital Gains Tax.
- You can also transfer your ISA to another manager. There is currently no charge for transferring.
- You may be able to use our Share Exchange facility and exchange your existing portfolio of shares for a single payment into an OEIC or ISA investment.

Can I transfer my ISA?

- You can transfer part or all of a previous year's investment to another ISA manager. If you want to transfer an ISA investment made in the current tax year you can only transfer the whole amount. You must tell us in writing if you want to transfer your ISA.
- To transfer to us from another ISA manager, you will need to complete and sign a Scottish Widows ISA transfer application form and send it to us. We'll then send it to your current ISA manager.
- If you transfer in or out of your ISA or switch funds, you won't lose any of your ISA tax benefits.
- Charges may apply on transferring an ISA from one provider to another. These charges can include, for example, exit charges, initial charges and transaction costs. For the funds in these Key Features we currently do not make exit charges or charges to cover any transaction costs associated with the transfer. (Please see the Fund Information table on pages 40 and 41 for details of our charges.) There is the potential for loss of income or growth depending on market movements while your transfer is awaiting completion.
- You can transfer a Cash ISA into a Stocks and Shares ISA.
 - If you transfer a Cash ISA into a Stocks and Shares ISA in the same tax year that you subscribed to the Cash ISA, the amount that you have transferred will count towards your overall investment limit for that tax year.
 - If you transfer a Cash ISA to a Stocks and Shares ISA, but the cash ISA is from a previous tax year, the amount that you have transferred will not count towards your overall investment limit for that tax year.

How much will the advice cost?

- Your financial adviser will tell you this cost. The amount will depend on the size of your investment and, in the case of monthly payments, the period for which you make them. Any advice will be paid for out of the charges.
- This section does not apply if you have not received advice before making your investment.

What about tax?

- The tax regime applicable is that of the United Kingdom. This regime applies to the taxation of both income and capital gains within the funds.
- Each OEIC may be liable to Stamp Duty Reserve Tax (SDRT) on some of its funds. This is normally a tax incurred when shares in the fund are cashed in, and is paid for out of the value of the fund. However, the payment of SDRT may also be required on large investments or encashments, or on a transfer between third parties, in which case we may deduct it from the amount invested or from what you get back. We will then pay any deduction back to the fund to offset any tax charge.
- Tax rules can change.
- Tax treatment depends your individual circumstances which may change.
- The following information applies to individuals. If you are uncertain of your tax position you should seek professional advice. This information represents our interpretation of the law and HM Revenue and Customs practice as at the date of publication. The amount of taxation of benefits described assumes that there is no change in tax or other laws affecting Scottish Widows or its investments.

Investing directly in an OEIC:

Distributions

- Some of the funds make interest distributions. These are: Corporate Bond, Dynamic Income Portfolio, Gilt, High Income Bond, International Bond, Managed Income Portfolio, Momentum Income Portfolio and Strategic Income.
- For funds making interest distributions we take off income tax at 20% before we pay the income, or keep the income in the fund.
 - Non taxpayers may be able to reclaim some or all of the tax paid on interest distributions.
- The rest of the funds detailed in these Key Features make dividend distributions net of a 10% tax credit. This credit cannot be reclaimed.
- For all funds basic rate taxpayers have no further tax to pay.

- If you're a higher rate taxpayer there will be an additional tax liability. The extra tax is currently no more than 25% of the income paid out or kept in the fund.
- We'll send you a tax voucher showing you the amount of the distribution and the tax.
- You must declare any dividend distributions to HM Revenue and Customs.

Capital Gains

- You may have to pay capital gains tax on any gain that you've made when you cash in your shares. This might be payable if you sell your investment and make a profit (a gain). If this profit, together with any other gains you have made in that tax year, comes to more than the personal annual exemption limit for that tax year (under the Taxation of Capital Gains Act 1992) you will have to pay Capital Gains Tax.
- We have no responsibility for deducting Capital Gains Tax before we pay out your cashed in investments.

Inheritance tax

- When you die the value of your investment will form part of your estate for inheritance tax purposes. The money will remain invested until we receive instructions from your legal representatives.
- You must declare your OEIC investments to HM Revenue and Customs.

Investing via an ISA

- You don't have any personal liability to income tax or capital gains tax on an ISA investment.
- Where a fund makes interest distributions, we can reclaim tax which has been deducted from the interest. However, please note that we are unable to reclaim the 10% tax credit on UK dividend distributions.
- Your investment can no longer be held as an ISA after you die and its value will form part of your estate for inheritance tax purposes. The money will remain invested until we receive instructions from your legal representatives.
- The value to an investor of the tax advantages of an ISA will depend on personal circumstances, which may change.
- There's no need to declare your ISA to HM Revenue and Customs.
- The favourable tax treatment of ISAs may not be maintained.

What happens to my investment if I die?

- Your shares will remain invested until we receive instructions from your legal representatives.

- For ISAs the tax benefits will stop from the date you die.
- The value of your shares will form part of your estate for inheritance tax purposes.

Can I invest on behalf of a child?

Yes. With a Scottish Widows OEIC you can build up a sum for a child, until he or she reaches 18 and becomes the legal owner.

How the investment works

- When you invest in a fund for a child, we set up a special fund account and put the child's initials on it. The account must be in an adult's name – e.g. a relative or friend who is making the investment for the child. The account holder will look after the OEIC investment until the child is 18 years old.
- When the child reaches 18, he or she will be entitled to hold the investment in his/her own right. The account holder will have to fill in a simple stock transfer form, please contact us when you need this form.

The 18 year old can then:

- either leave the investment in their fund, or
- cash it in by selling the shares back to us.

Tax

- There may be some tax advantages when you invest on behalf of a child.

Tax on distributions when investing on behalf of a child

- When a distribution of income is paid out (in respect of Income Shares) or retained within the fund (in respect of Accumulation Shares), we will send you a tax voucher showing the amount of income, together with the amount of the tax.
- If you are not the child's parent, the income from investment gifts, such as an OEIC fund, is treated for tax purposes as the child's income.
 - If the child is a non taxpayer, the parent(s) may be able to reclaim some or all of the tax deducted from interest distributions on the child's behalf. However, the 10% tax credit on dividends cannot be reclaimed.
- If you are a parent investing for your child, the income from the investment gift is normally treated as yours, and not the child's, for Income Tax purposes.
 - You should keep the tax vouchers for completing your self assessment tax return. You will usually have to declare the income on your self assessment tax return. But there are circumstances when the income may still be treated as the child's or when parents can still reclaim the tax on behalf of themselves or the child. Please seek professional advice on this.

Capital Gains Tax when investing on behalf of a child

- As the law stands at present, an OEIC investment for a child is only liable for this tax:
 - when it is cashed in, and
 - when the profit on it, when added to any other personal gains relating to the child's assets in the same tax year, comes to more than the personal annual exemption limit for that tax year.
- We have no responsibility for deducting Capital Gains Tax before we pay out your cashed in investments.
- This information represents Scottish Widows' interpretation of law and HM Revenue and Customs practice as at the date of publication. The amount of taxation implications described assume that there is no change in tax or other laws affecting a fund or its investors.

Specific Fund Information

The following pages give you specific fund information. The aims and specific risk factors (additional to those on page 1) for the funds covered by these Key Features are detailed on the following pages. You can also find past performance figures, compared to the fund's benchmark (IMA is the Investment Management Association), the fund's total expense ratio (TER) and portfolio turnover rate (PTR).

The PTR is an indication of how much the fund manager changes the underlying investments of a fund in a year and is shown as a percentage.

You can find tables showing how charges and expenses will affect all the funds listed on the next page on pages 45 to 48. You can also find tables showing examples of what you might get back on pages 42 to 44.

The International Bond and SafetyPlus® funds are not available for ISA investments.

Investment Approaches

While there are a number of ways to evaluate risk, we use the following definitions to help you decide on the appropriate investment approach for you.

The funds in these Key Features have been categorised using the investment approaches, and are listed within their investment approaches on the next page. Please note there are no funds with the Secure approach within these Key Features.

Please be aware that these definitions and the approaches for specific funds may change in the future.

SECURE	CAUTIOUS	BALANCED	PROGRESSIVE	ADVENTUROUS	SPECIALIST
These investments provide safety to the amount invested and can be expected to offer relatively low growth over the medium to long-term. They cannot fall in actual value, but can fall in 'real' value due to the effects of inflation.	These investments are expected to have a relatively modest risk to the capital value and/or income. They have the potential to provide income, and/or, over the medium to long-term, relatively modest capital growth. The capital value may fluctuate, although some products may offer some guarantee of capital protection.	These investments carry a risk of loss to capital value but have the potential for capital growth and/or income over the medium to long-term. Typically they do not have any guarantees and will fluctuate in capital value.	These investments are expected to have a relatively significant risk of loss to capital value, but with the potential of relatively more capital growth over the medium to long-term. They do not offer any guarantees and will fluctuate in capital value.	These investments carry a relatively much higher risk of capital loss but with the potential for relatively higher capital growth over the medium to long-term. They may be subject to a considerable level of fluctuation in capital value. They do not offer any guarantees.	These investments carry a very high risk of capital loss, but with the potential for a higher return over the long-term. They are very volatile and are only suitable for clients who can afford to, and are prepared to, risk the entire capital value. They do not offer any guarantees.



Investment Periods

We categorise investment periods as follows:

Short-term: Up to 5 years

Medium-term: Between 5 and 10 years

Long-term: Over 10 years

Fund	Page	Fund	Page
Cautious		Adventurous	
Cautious Portfolio	11	American Growth	28
Corporate Bond	12	American Select Growth	28
Gilt	13	Environmental Investor	29
Managed Income Portfolio	14	Ethical	29
Momentum Income Portfolio	15	Euroland	30
Strategic Income	16	European Growth	30
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For other important information (including how to contact us) please read pages 49 to 51 at the end of these Key Features.

Cautious Funds

Cautious Portfolio Fund

Aims

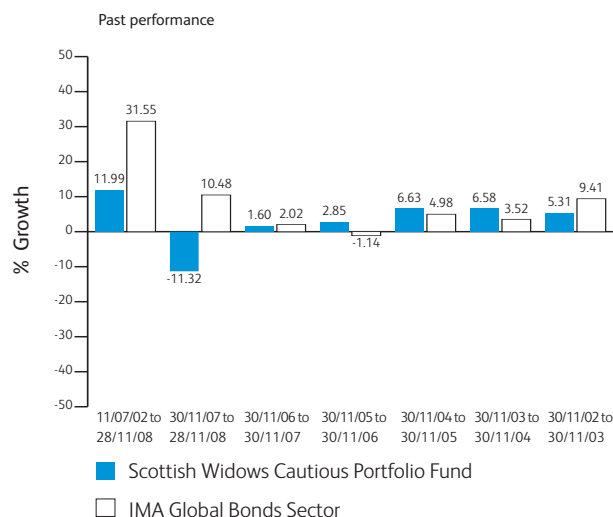
- To give income, with the potential for some long-term capital growth, by investing mainly in multi-manager funds.
- The fund will invest at least 80% in fixed interest security funds (investing mainly in high quality fixed interest securities, including corporate bonds), with a low proportion in equity 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.

Specific risk factors

- 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.

Total Expense Ratio (TER) 1.50% (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 21.62% (as at 30/4/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.

Past performance does not include initial charges or exit fees.

Corporate Bond Fund

Aims

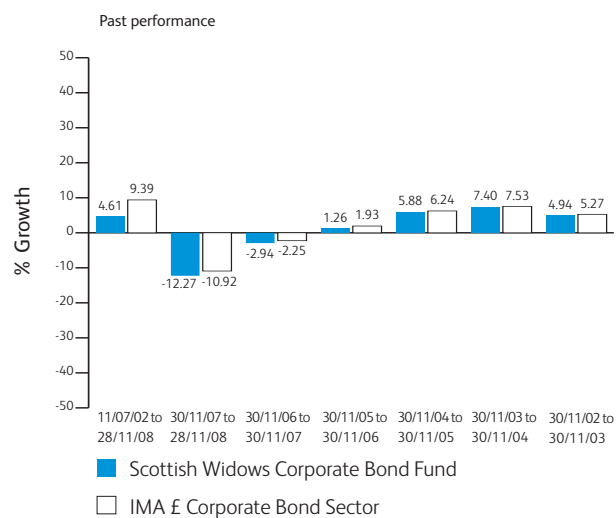
- To give either an income or growth (when income is kept within the fund).
- To do so by investing mainly in high quality corporate bonds and other fixed interest securities issued primarily by companies operating in the UK. The fund may also invest in Europe.

Specific risk factors

- 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.
- 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.
- 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.

Total Expense Ratio (TER) 1.13 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 86.70 % (as at 28/2/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Gilt Fund

Aims

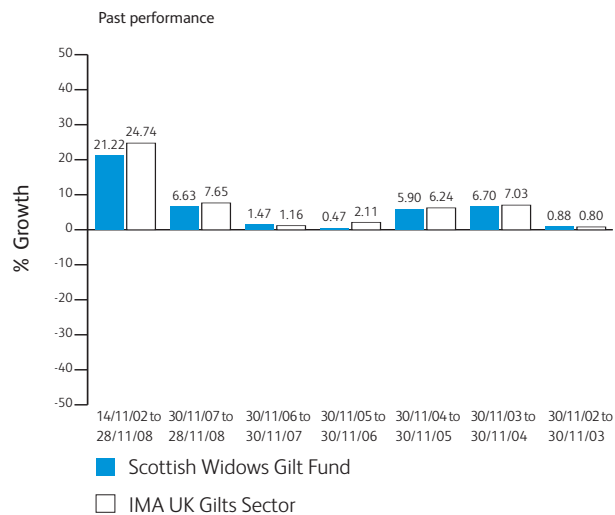
- To give an income, whilst having regard to the capital value, by investing in mainly UK Government and other fixed interest securities.

Specific risk factors

- 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.
- 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 fund 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.

Total Expense Ratio (TER) 1.11% (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 352.12% (as at 28/2/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Managed Income Portfolio

Aims

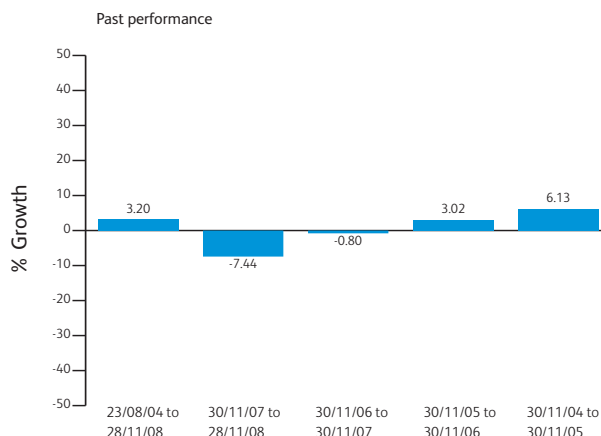
- To give an income, or growth (when income is kept in the Portfolio).
- To do so by investing principally in funds within the Lloyds Banking Group. The Portfolio will invest predominantly in fixed interest security funds (including a small proportion of index-linked securities), with a small proportion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

Specific risk factors

- 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.

Total Expense Ratio (TER) 1.37 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) -1.04 % (as at 30/4/2008)



Please note this fund is unclassified. This means it is not managed against any sector and therefore cannot be compared to a benchmark.

Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Momentum Income Portfolio

Aims

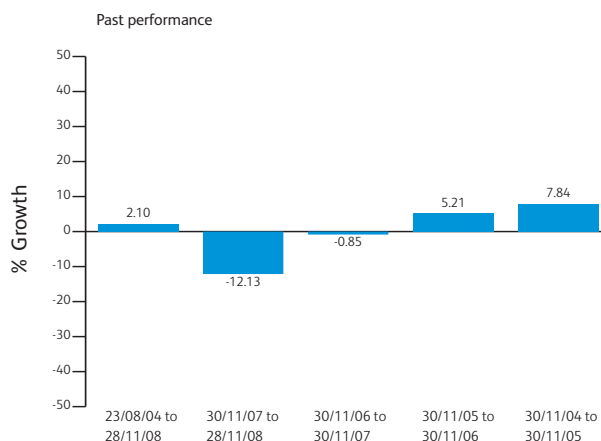
- To give an income with some potential for long-term capital growth.
- To do so by investing principally in funds within the Lloyds Banking Group. The Portfolio will invest mainly in fixed interest security funds (including a proportion in index-linked securities), with a proportion in one or more equity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

Specific risk factors

- 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.

Total Expense Ratio (TER) 1.37 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 6.75 % (as at 30/4/2008)



Please note this fund is unclassified. This means it is not managed against any sector and therefore cannot be compared to a benchmark.

Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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Past performance does not include initial charges or exit fees.

Strategic Income Fund

Aims

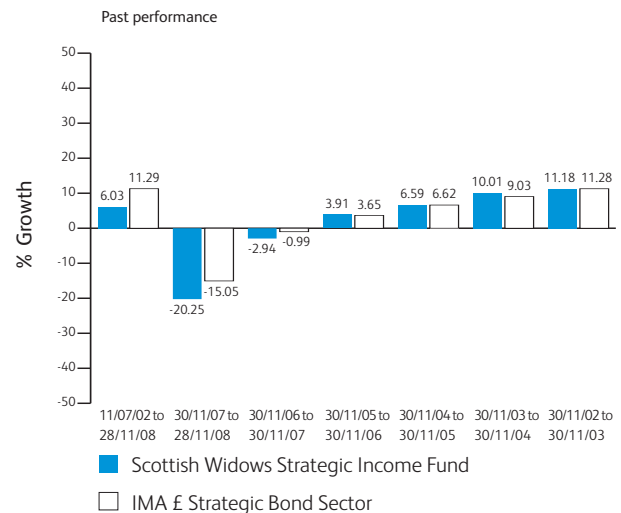
- To give either an income or growth (when income is kept within the fund).
- To do so by investing primarily in UK and European corporate bonds and other fixed interest securities. The majority of the fund will be in high quality securities but a significant proportion will be in securities with a higher than average risk.

Specific risk factors

- The fund invests in companies who issue bonds and other fixed interest securities which carry a higher risk that they might not be able to meet their payments, or that 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.
- 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.
- Exchange rate changes might cause the value of any overseas income received by the fund to go up or down. This might affect the amount of income paid to you or added to the fund.
- Part or all of the annual management charge may be taken daily from the capital of the fund which could result in the value of your investment reducing.
- 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.

Total Expense Ratio (TER) 1.38% (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 77.32% (as at 28/2/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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Balanced Funds

Balanced Growth Portfolio

Aims

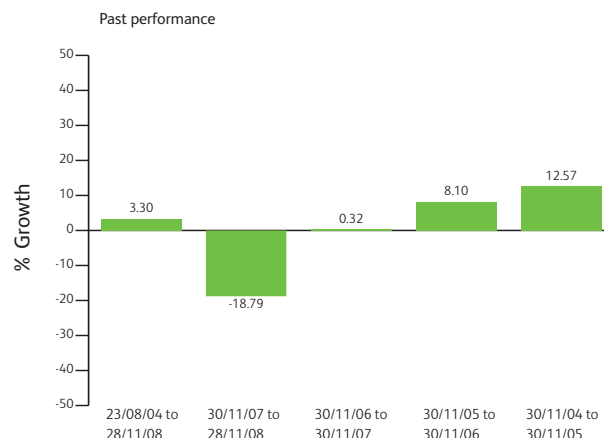
- To give long-term capital growth by investing principally in a balance of equity funds and fixed interest security funds (including a small proportion of index-linked securities), within the Lloyds Banking Group. Exposure will be mainly to UK investments but with a significant proportion overseas.

Specific risk factors

- 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.

Total Expense Ratio (TER) 1.63 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 15.26 % (as at 30/4/2008)



Please note this fund is unclassified. This means it is not managed against any sector and therefore cannot be compared to a benchmark.

Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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Past performance does not include initial charges or exit fees.

Balanced Portfolio Fund

Aims

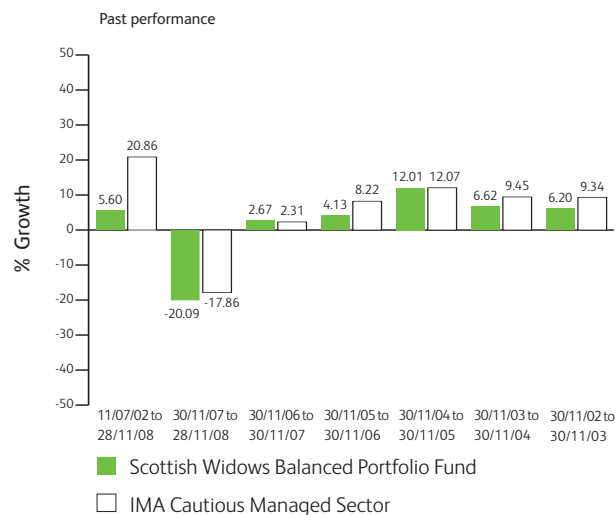
- To give long-term capital growth by investing mainly in multi-manager funds.
- The fund will invest in a balance of equity and fixed interest security funds (the fixed interest security funds will invest mainly in high quality fixed interest securities, including corporate bonds). These equity and 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.

Specific risk factors

- 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.

Total Expense Ratio (TER) 2.00 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 64.24 % (as at 30/4/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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Dynamic Income Portfolio

Aims

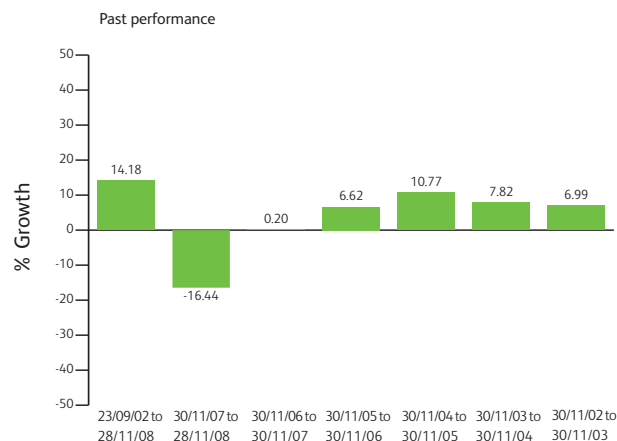
- To give an income with some potential for long-term capital growth.
- To do so by investing principally in funds within the Lloyds Banking Group. The Portfolio will invest mainly in fixed interest security funds (including a limited proportion in index-linked securities) with a significant proportion in equity funds. Exposure will be mainly to UK investments but with a significant proportion overseas.

Specific risk factors

- 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.

Total Expense Ratio (TER) 1.38 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 10.49 % (as at 30/4/2008)



Please note this fund is unclassified. This means it is not managed against any sector and therefore cannot be compared to a benchmark.

Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

From 23 September 2002 until 22 August 2004 this fund was known as the Selector Income Fund and the annual management charge was 1.5%. On 23 August 2004 the fund name was changed to Dynamic Income Portfolio and the annual management charge was reduced to 1.25%. The reduction in annual management charge has been taken into consideration from 23 August 2004 within the above graph.

Past performance is not a reliable indicator of future results.

Past performance does not include initial charges or exit fees.

High Income Bond Fund

Aims

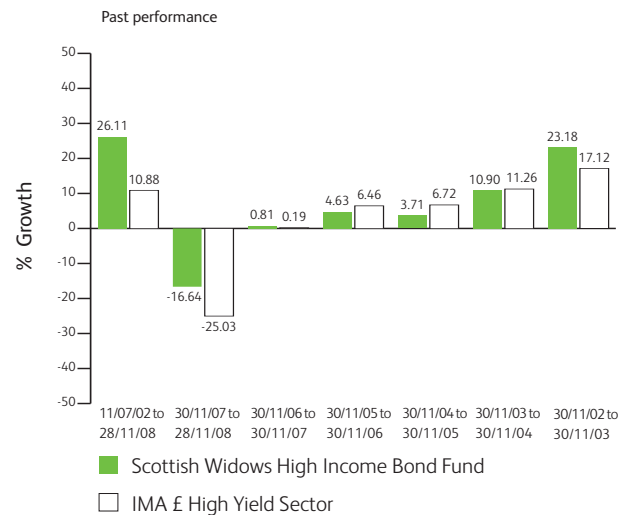
- To give either an income or growth (when income is kept within the fund).
- To do so by investing primarily in corporate bonds and other fixed interest securities issued by companies and governments operating in the USA, the UK and Europe. The majority of the fund will be in securities with a higher than average risk.

Specific risk factors

- The fund invests in companies who issue bonds and other fixed interest securities which carry a higher risk that they might not be able to meet their payments, or that 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.
- 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.
- Exchange rate changes might cause the value of any overseas income received by the fund to go up or down. This might affect the amount of income paid to you or added to the fund.
- Part or all of the annual management charge may be taken daily from the capital of the fund which could result in the value of your investment reducing.
- 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.

Total Expense Ratio (TER) 1.62% (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 167.87% (as at 28/2/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

International Bond Fund

(not available via ISA investment)

Aims

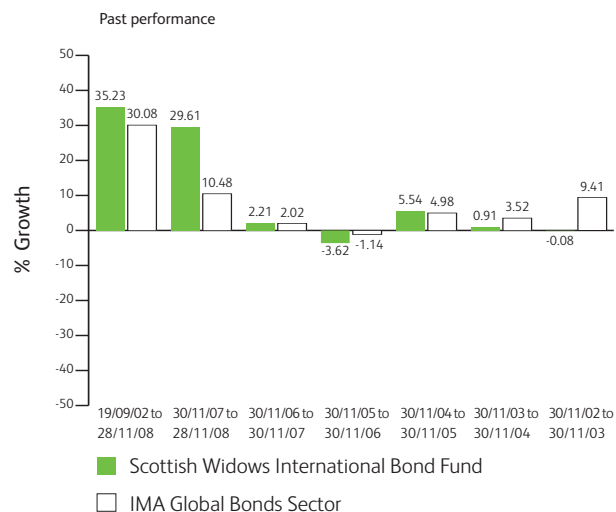
- To give an income with the possibility for long-term capital growth by investing in fixed interest securities (including corporate bonds) from anywhere in the world, apart from South East Asia (excluding Japan).

Specific risk factors

- 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 changes might cause the value of any overseas investments and income from them 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 fund. If long term interest rates rise, the value of your shares is likely to fall and vice versa.
- 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.

Total Expense Ratio (TER) 1.37% (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 915.01% (as at 31/3/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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Past performance does not include initial charges or exit fees.

SafetyPlus® Fund

(not available via ISA investment)

Aims

- To give long-term capital growth by investing mainly in shares of companies included in the Financial Times Stock Exchange 100 Index.
- To give a level of protection against major stockmarket falls through the use of a Safety Price. By 'Safety Price' we mean the lowest possible selling price which is guaranteed not to fall for a period of time, the 'Safety Period', normally 12 months. The Safety Price is set at 95 % of the share price at the start of each Safety Period.

Specific risk factors

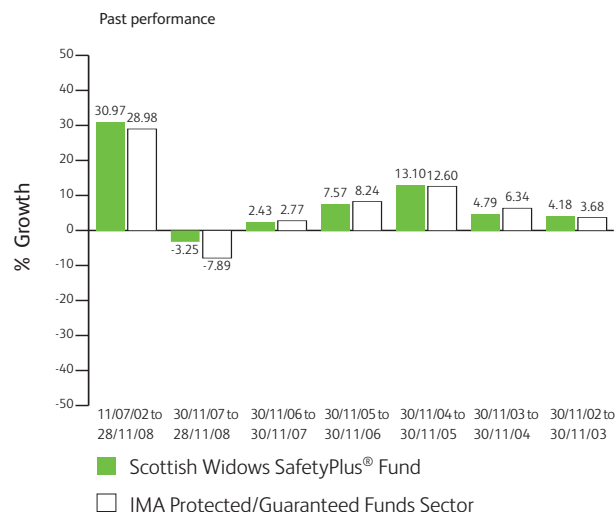
- Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that you might not get all your money back.
- The techniques we use to provide the Safety Price incur a cost. The effect of this cost is that, in the long term, growth is likely to be lower than would be achieved without the protection of the Safety Price. The Safety Price is guaranteed currently by a small number of major financial institutions and is dependent on each of these third parties meeting its obligations.
- To offer the Safety Price we need access to specific types of investment. If in future, we can't get enough of these investment types, we won't be able to offer a Safety Price.
- The Safety Price is normally reset every 12 months at 95 % of the share price at the time. This new Safety Price may be set at a lower level than the previous Safety Price.
- The SafetyPlus® Fund is not a guaranteed fund, although it does offer limited risk as well as growth potential. The value of shares may change on a daily basis and may fall as well as rise.

SafetyPlus® Fund – Important Notes

- If the share price of class A shares rises 10% above the share price at the start of the Safety Period, we will raise the Safety Price and start a new Safety Period.
- You can check the up-to-date Safety Price and end date for the Safety Period on our website at www.scottishwidows.co.uk

Total Expense Ratio (TER) 1.12 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 0.84 % (as at 28/2/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Progressive Funds

High Reserve Fund

Aims

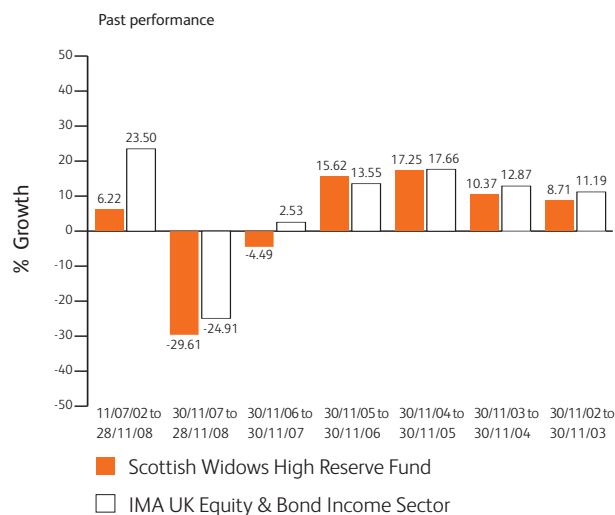
- To give an income, and the potential for long-term capital growth, by investing mainly in shares and fixed interest securities (including corporate bonds) in the UK, but may include Europe.

Specific risk factors

- 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 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.
- 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.
- Part or all of the annual management charge may be taken daily from the capital of the fund which could result in the value of your investment reducing.
- 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.

Total Expense Ratio (TER) 1.37% (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 90.57% (as at 28/2/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Opportunities Portfolio Fund

Aims

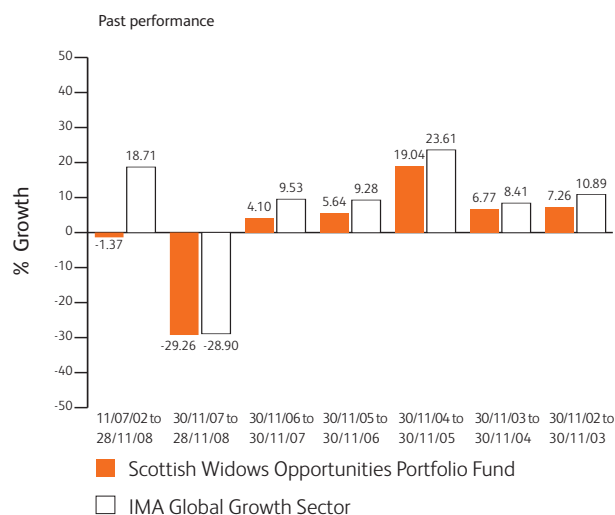
- To give long term capital growth by investing mainly in multi-manager funds.
- The fund will invest at least 80% in equity funds with a low proportion in fixed interest security funds (the fixed interest security funds will invest mainly in high quality fixed interest securities, including corporate 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.

Specific risk factors

- 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.

Total Expense Ratio (TER) 2.00 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 40.06 % (as at 30/4/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Progressive Portfolio Fund

Aims

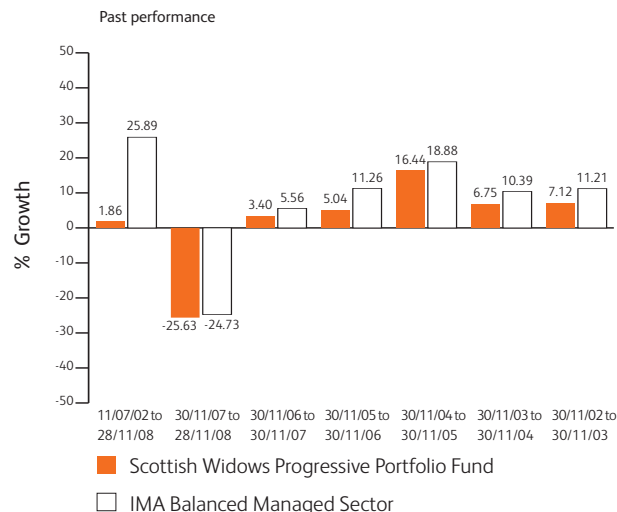
- To give long-term capital growth by investing mainly in multi-manager funds.
- The fund will invest up to a maximum of 85% in equity funds with a moderate proportion in fixed interest security funds (the fixed interest security funds will invest mainly in high quality fixed interest securities, including 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.

Specific risk factors

- 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.

Total Expense Ratio (TER) 2.00% (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 53.55% (as at 30/4/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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Past performance does not include initial charges or exit fees.

Stockmarket Growth Portfolio

Aims

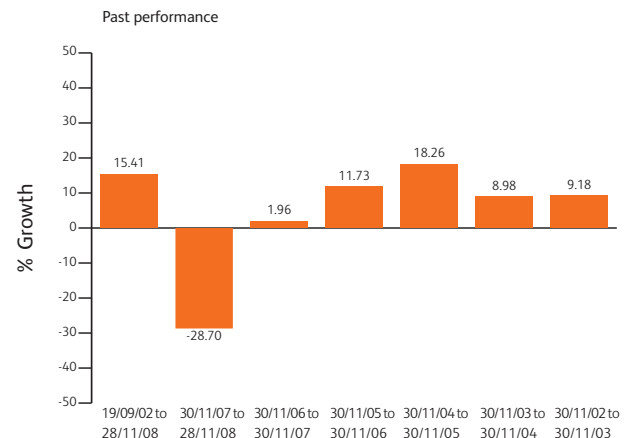
- To give long-term capital growth by investing principally in funds within the Lloyds Banking Group. The Portfolio will invest predominantly in equity funds, with a limited proportion in fixed interest security funds. Exposure will be to both UK and overseas markets.

Specific risk factors

- 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.

Total Expense Ratio (TER) 1.63 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 1.59 % (as at 30/4/2008)



Please note this fund is unclassified. This means it is not managed against any sector and therefore cannot be compared to a benchmark.

Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Strategic Growth Portfolio

Aims

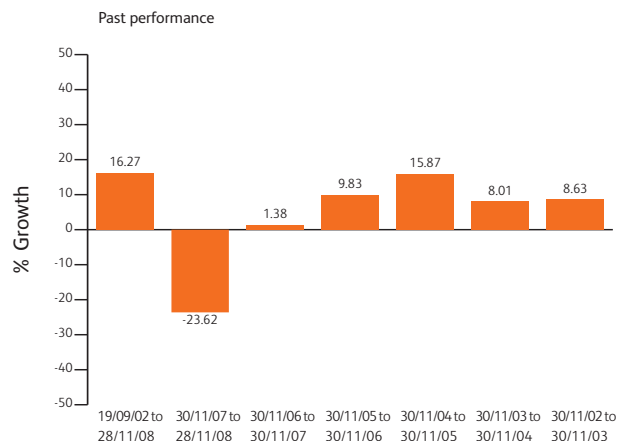
- To give long-term capital growth by investing principally in funds within the Lloyds Banking Group. The Portfolio will invest mainly in equity funds, but also in fixed interest security funds. Exposure will be to both UK and overseas markets.

Specific risk factors

- 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.

Total Expense Ratio (TER) 1.62 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 11.12 % (as at 30/4/2008)



Please note this fund is unclassified. This means it is not managed against any sector and therefore cannot be compared to a benchmark.

Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Adventurous Funds

American Growth Fund

Aims

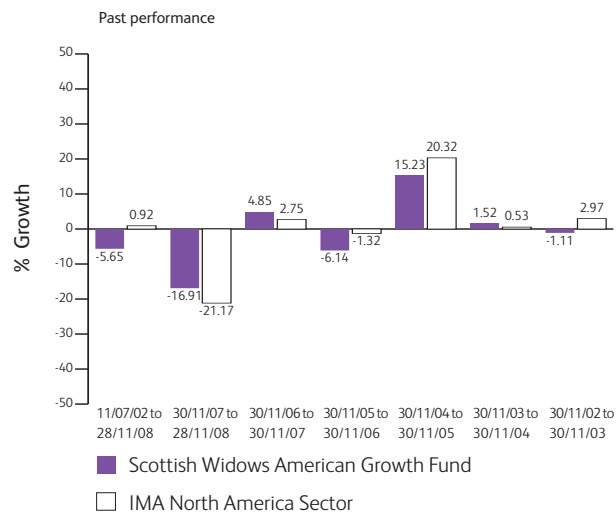
- To give long-term capital growth by investing in a wide portfolio of mainly North American company shares.

Specific risk factors

- 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 to go up or down.

Total Expense Ratio (TER) 1.63 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 36.28 % (as at 30/11/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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American Select Growth Fund

Aims

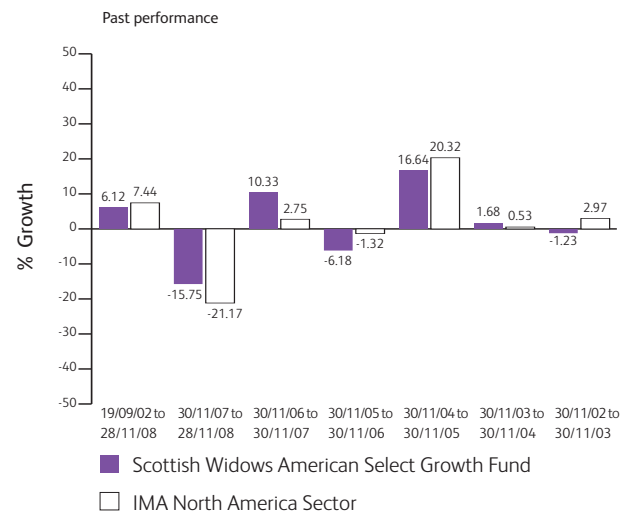
- To give long-term capital growth by investing in a select portfolio of mainly North American company shares.

Specific risk factors

- 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 to go up or down.
- A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

Total Expense Ratio (TER) 2.02 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 159.25 % (as at 30/11/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Environmental Investor Fund

Aims

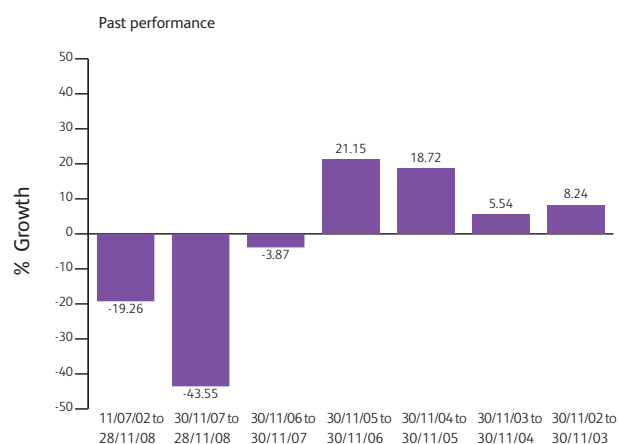
- To give long-term capital growth by investing in companies, mainly in the UK, which show a positive commitment to the protection and preservation of the natural environment.

Specific risk factors

- 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.

Total Expense Ratio (TER) 1.62 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 77.80 % (as at 28/2/2008)



Please note this fund is unclassified. This means it is not managed against any sector and therefore cannot be compared to a benchmark.

Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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Past performance does not include initial charges or exit fees.

Ethical Fund

Aims

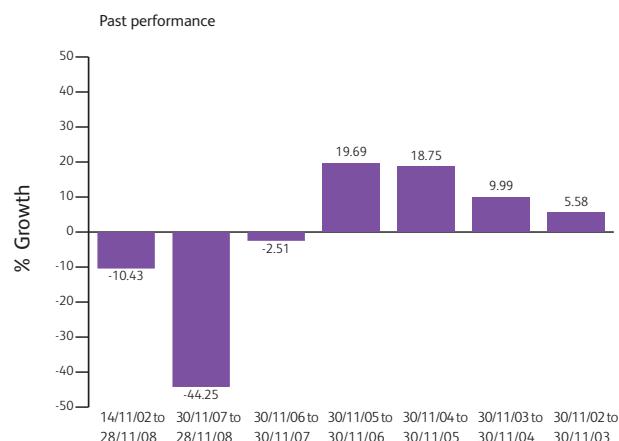
- To give long-term capital growth by investing in companies, mainly in the UK, with positive ethical practices.

Specific risk factors

- 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.

Total Expense Ratio (TER) 1.63 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 79.26 % (as at 28/2/2008)



Please note this fund is unclassified. This means it is not managed against any sector and therefore cannot be compared to a benchmark.

Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.

Past performance does not include initial charges or exit fees.

Euroland Fund

Aims

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

Specific risk factors

- 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 to go up or down.
- A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

Total Expense Ratio (TER) 1.74 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 156.81 % (as at 30/11/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

European Growth Fund

Aims

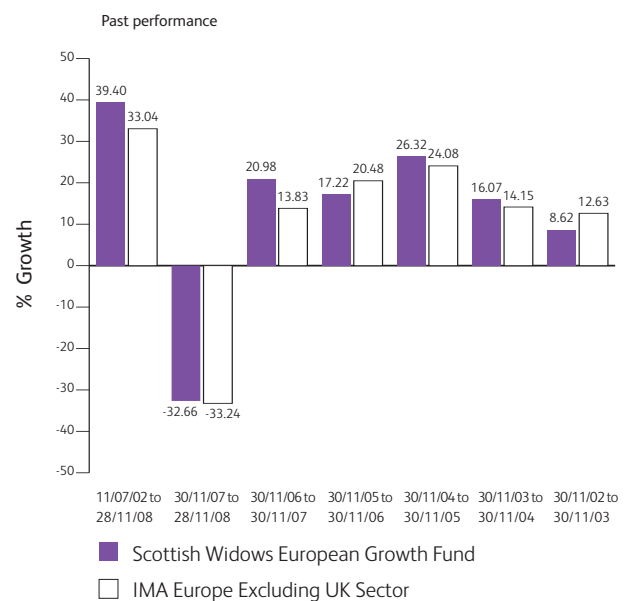
- To give long-term capital growth by investing in a wide portfolio of mainly Continental European company shares.

Specific risk factors

- 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 to go up or down.

Total Expense Ratio (TER) 1.67 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 158.66 % (as at 30/11/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

European Select Growth Fund

Aims

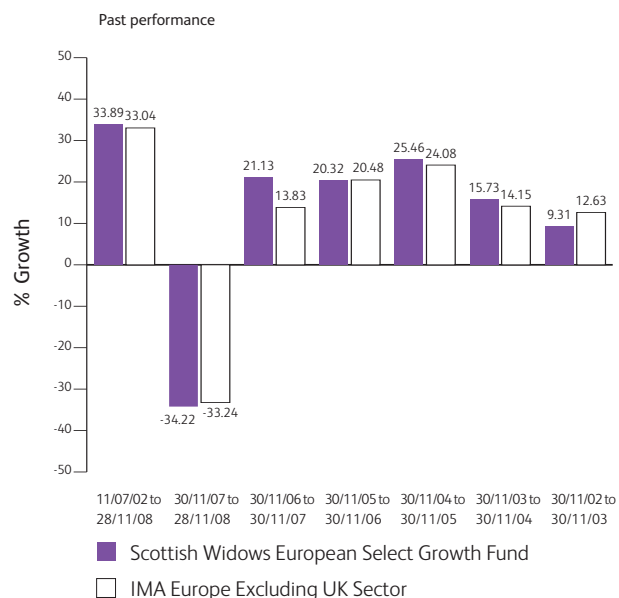
- To give long-term capital growth by investing in a select portfolio of mainly Continental European company shares.

Specific risk factors

- 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 to go up or down.
- A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

Total Expense Ratio (TER) 1.73 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 160.54 % (as at 30/11/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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Past performance does not include initial charges or exit fees.

Global Growth Fund

Aims

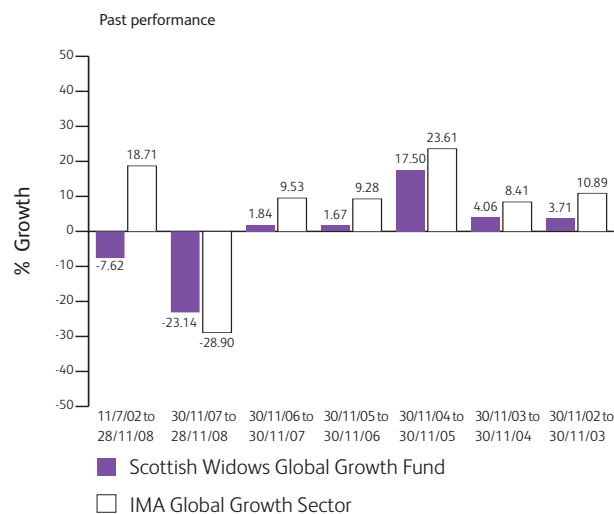
- To give long-term capital growth by investing in a wide portfolio of mainly company shares in any geographical area, including the UK.

Specific risk factors

- 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 to go up or down.

Total Expense Ratio (TER) 1.65 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 1.47 % (as at 30/11/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Global Select Growth Fund

Aims

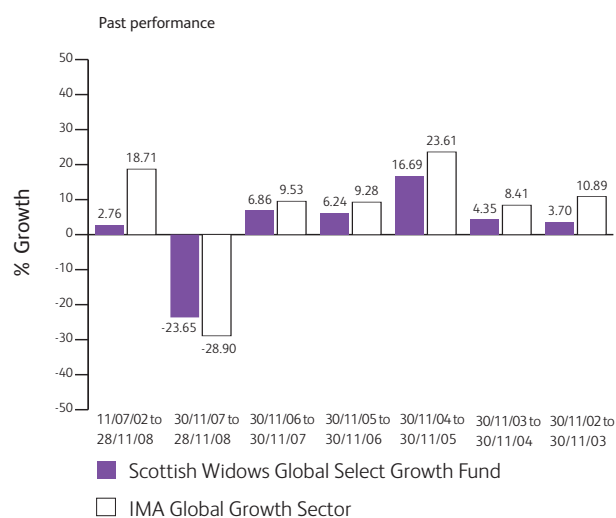
- To give long-term capital growth by investing in a select portfolio of mainly company shares in any geographical area, including the UK.

Specific risk factors

- 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 to go up or down.
- A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

Total Expense Ratio (TER) 1.63 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 196.60 % (as at 30/11/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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Past performance does not include initial charges or exit fees.

UK Equity Income Fund

Aims

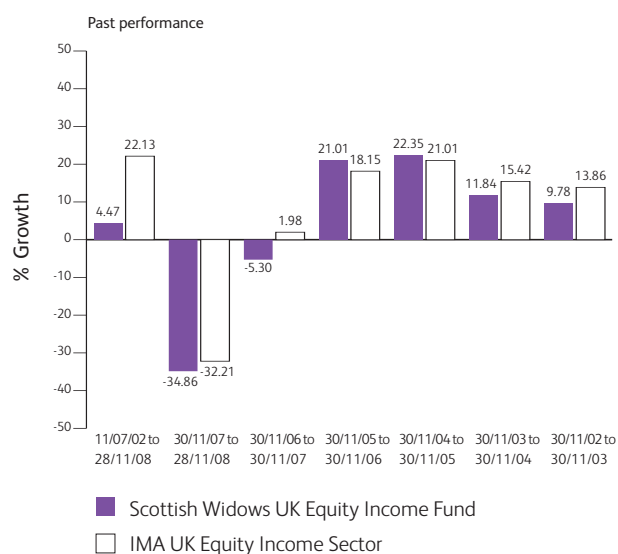
- To give an income together with some capital growth over the long term by investing, mainly, in a portfolio of UK company shares. The fund may also invest in fixed interest securities.

Specific risk factors

- 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.
- Part or all of the annual management charge may be taken daily from the capital of the fund which could result in the value of your investment reducing.

Total Expense Ratio (TER) 1.36 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 78.29 % (as at 28/2/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

UK Growth Fund

Aims

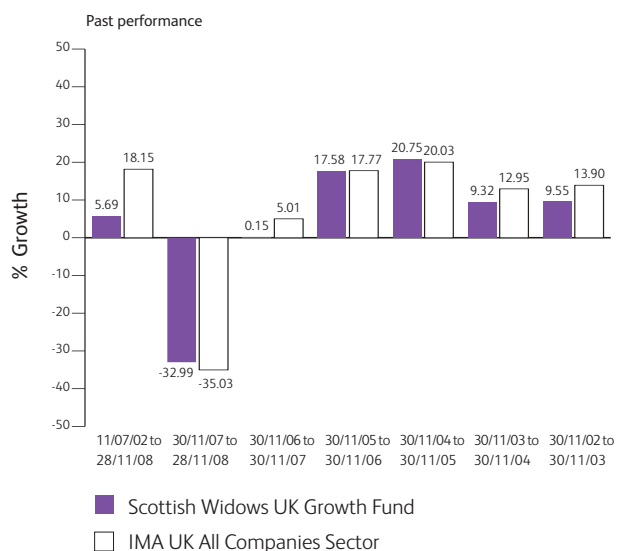
- To give long term capital growth by investing in a wide portfolio of mainly UK company shares.

Specific risk factors

- 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.

Total Expense Ratio (TER) 1.61 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 281.98 % (as at 28/2/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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Past performance does not include initial charges or exit fees.

UK Select Growth Fund

Aims

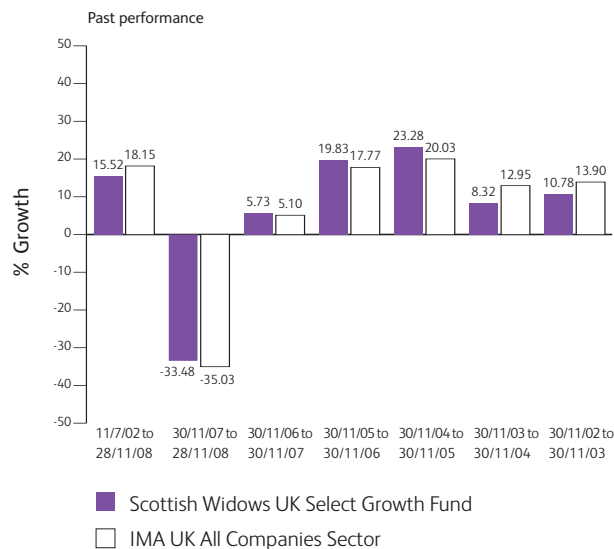
- To give long term capital growth by investing in a select portfolio of mainly UK company shares.

Specific risk factors

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

Total Expense Ratio (TER) 1.62 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 501.88 % (as at 28/2/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

UK Smaller Companies Fund

Aims

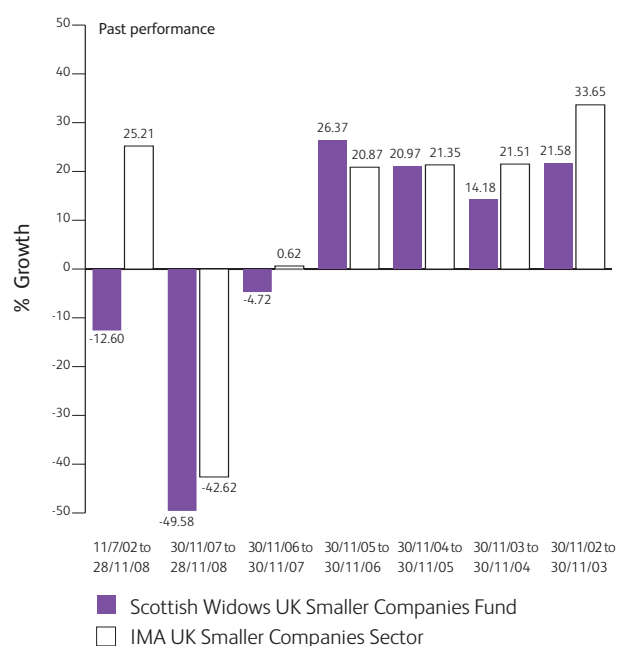
- To give long-term capital growth by investing in a range of shares and other investments of mainly UK smaller companies.

Specific risk factors

- 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.
- 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.

Total Expense Ratio (TER) 1.62 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 146.45 % (as at 31/3/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

UK Tracker Fund

(only available via ISA investment)

Aims

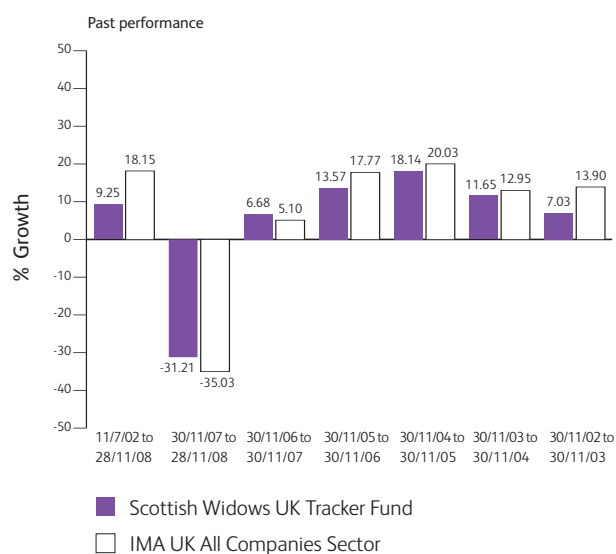
- To give long-term capital growth by aiming to track the capital performance of the UK equity market, as currently represented by the Financial Times Stock Exchange 100 Index. The fund normally invests in all of the companies included in the Index.

Specific risk factors

- 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.

Total Expense Ratio (TER) 1.00 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 0.71 % (as at 31/3/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Specialist Funds

American Smaller Companies Fund

Aims

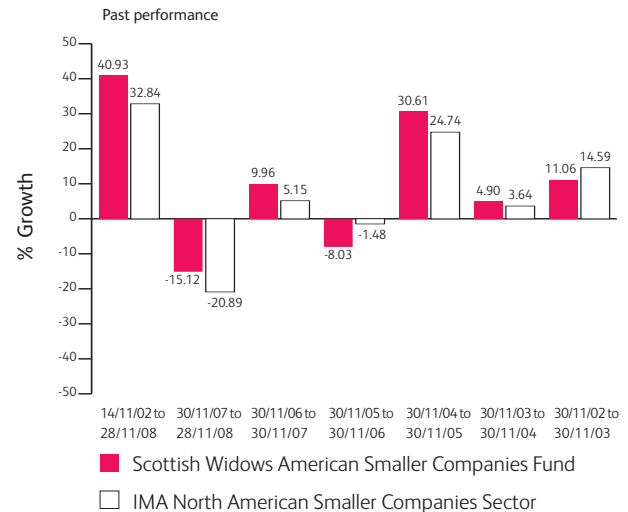
- To give long-term capital growth by investing in a range of shares and other investments of mainly North American smaller companies.

Specific risk factors

- 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.
- 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 investment to go up or down.

Total Expense Ratio (TER) 1.65 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 266.42 % (as at 31/3/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

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Emerging Markets Fund

Aims

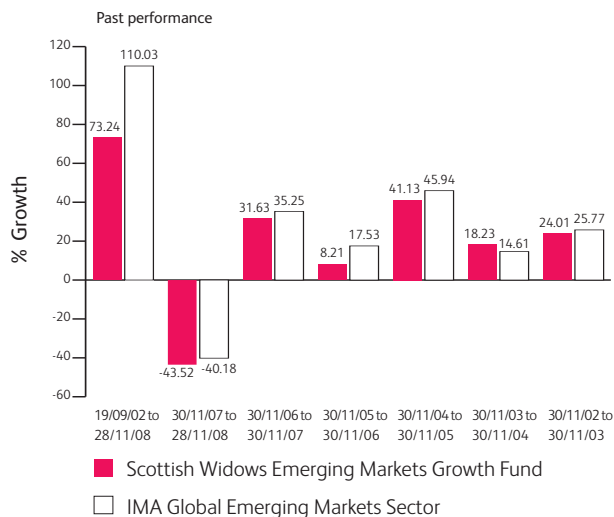
- To give long-term capital growth by investing mainly in shares of companies operating in developing countries worldwide.

Specific risk factors

- 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 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.
- 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.

Total Expense Ratio (TER) 1.67% (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 113.46% (as at 31/3/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Japan Growth Fund

Aims

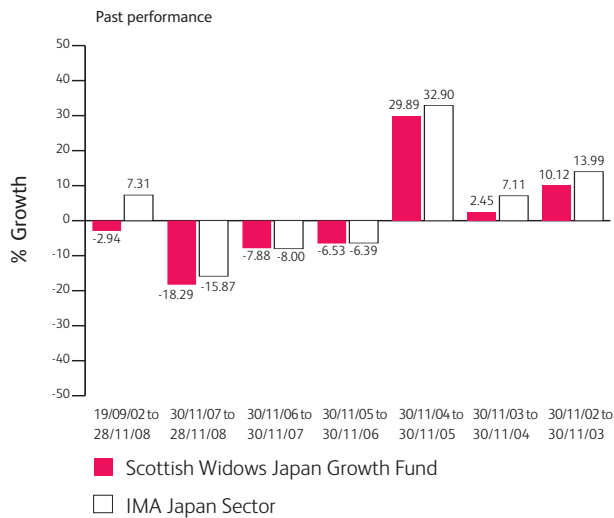
- To give long-term capital growth by investing in a wide portfolio of mainly Japanese company shares.

Specific risk factors

- 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 to go up or down.

Total Expense Ratio (TER) 1.67 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 144.44 % (as at 30/11/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Japan Select Growth Fund

Aims

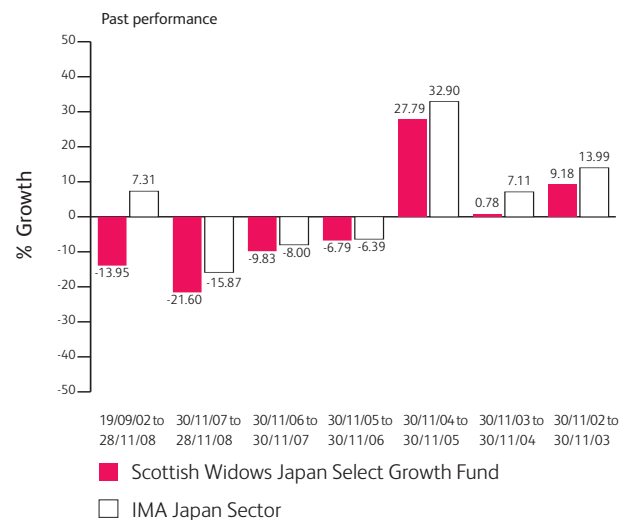
- To give long-term capital growth by investing in a select portfolio of mainly Japanese company shares.

Specific risk factors

- 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 to go up or down.
- A select portfolio contains a limited number of stocks. By investing in a select portfolio there might be greater fluctuations in the value of your shares than with a wider portfolio.

Total Expense Ratio (TER) 2.35 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 114.95 % (as at 30/11/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Latin American Fund

Aims

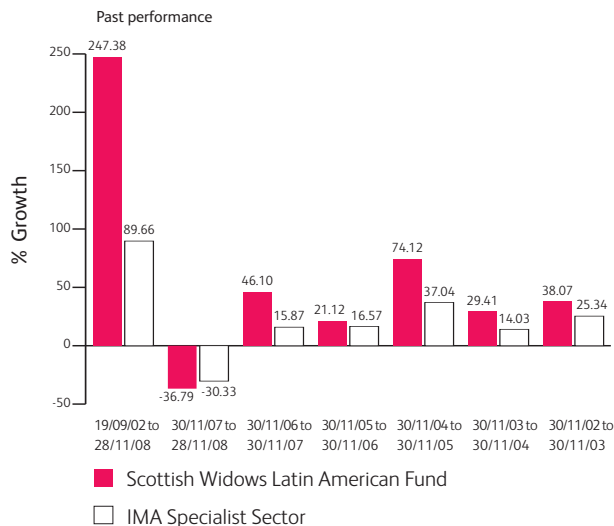
- To give long term capital growth by investing in mainly shares of companies operating in Latin American countries.

Specific risk factors

- 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 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.
- 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.

Total Expense Ratio (TER) 1.73 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 40.34 % (as at 31/3/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

Pacific Growth Fund

Aims

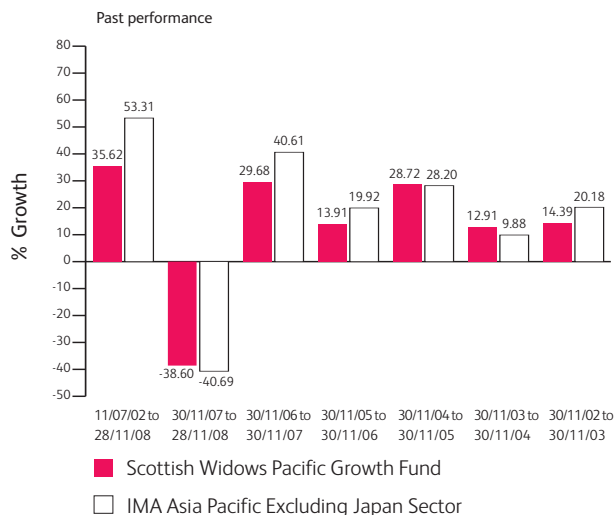
- To give long-term capital growth by investing in the stockmarkets of Asia and Australasia, excluding Japan.

Specific risk factors

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

Total Expense Ratio (TER) 1.67 % (as at 31/12/2008)

Portfolio Turnover Rate (PTR) 112.20 % (as at 30/11/2008)



Source: Lipper. Produced using Hindsight5, the first column shows the past performance of the fund from launch of the OEIC fund to 28 November 2008 on a cumulative basis with net income reinvested. The following columns show discrete annual returns to end November with net income reinvested.

Past performance is not a reliable indicator of future results.
Past performance does not include initial charges or exit fees.

What are the charges?

Fund Information

Our charges include remuneration to your adviser, expenses, profit, managing the investments and any other adjustments.

This table also details the income allocation dates and whether the fund makes payments of interest or dividends. For Income Shares, the dates shown relate to the dates when any income is paid out. For Accumulation Shares, the dates shown relate to the dates on which any income is deemed to be retained within the fund(s) for tax purposes.

Fund name	Income Shares	Accumulation Shares	Initial Charge %	Annual Management Charge %	Other expenses charges %
Cautious Portfolio	Yes	Yes	3.50	1.50	0.00
Corporate Bond	Yes	Yes	3.50	1.00	0.13
Gilt	Yes	Yes	5.00	1.00	0.11
Managed Income Portfolio	Yes	Yes	3.50	1.25	0.12
Momentum Income Portfolio	Yes	Yes	3.50	1.25	0.12
Strategic Income	Yes	Yes	3.50	1.25	0.13
Balanced Growth Portfolio	No	Yes	5.00	1.50	0.13
Balanced Portfolio	No	Yes	5.00	2.00	0.00
Dynamic Income Portfolio	Yes	Yes	5.00	1.25	0.13
High Income Bond	Yes	Yes	3.50	1.50	0.12
International Bond	Yes	Yes	5.00	1.25	0.12
SafetyPlus®	No	Yes	5.00	1.00	0.12
High Reserve	Yes	Yes	5.00	1.25	0.12
Opportunities Portfolio	No	Yes	5.00	2.00	0.00
Progressive Portfolio	No	Yes	5.00	2.00	0.00
Stockmarket Growth Portfolio	No	Yes	5.00	1.50	0.13
Strategic Growth Portfolio	No	Yes	5.00	1.50	0.12
American Growth	No	Yes	5.00	1.50	0.13
American Select Growth	No	Yes	5.00	1.50	0.52
Environmental Investor	No	Yes	5.00	1.50	0.12
Ethical	No	Yes	5.00	1.50	0.13
Euroland	No	Yes	5.00	1.50	0.24
European Growth	No	Yes	5.00	1.50	0.17
European Select Growth	No	Yes	5.00	1.50	0.23
Global Growth	No	Yes	5.00	1.50	0.15
Global Select Growth	No	Yes	5.00	1.50	0.13
UK Equity Income	Yes	Yes	5.00	1.25	0.11
UK Growth	No	Yes	5.00	1.50	0.11
UK Select Growth	No	Yes	5.00	1.50	0.12
UK Smaller Companies	No	Yes	5.00	1.50	0.12
UK Tracker	Yes	Yes	0.00	1.00	0.00
American Smaller Companies	No	Yes	5.00	1.50	0.15
Emerging Markets	No	Yes	5.00	1.50	0.17
Japan Growth	No	Yes	5.00	1.50	0.17
Japan Select Growth	No	Yes	5.00	1.50	0.85
Latin American	No	Yes	5.00	1.50	0.23
Pacific Growth	No	Yes	5.00	1.50	0.17

Total expense ratio (TER) %	Income Allocation Dates	Interest/Dividend Distribution
1.50	31 March, 30 June, 30 September, 31 December	Dividend
1.13	15th of each month	Interest
1.11	31 January, 30 April, 31 July, 31 October	Interest
1.37	31 March, 30 June, 30 September, 31 December	Interest
1.37	31 March, 30 June, 30 September, 31 December	Interest
1.38	15th of each month	Interest
1.63	30 June	Dividend
2.00	30 June	Dividend
1.38	31 March, 30 June, 30 September, 31 December	Interest
1.62	15th of each month	Interest
1.37	31 May, 30 November	Interest
1.12	30 April	Dividend
1.37	31 January, 30 April, 31 July, 31 October	Dividend
2.00	30 June	Dividend
2.00	30 June	Dividend
1.63	30 June	Dividend
1.62	30 June	Dividend
1.63	31 January	Dividend
2.02	31 January	Dividend
1.62	30 April	Dividend
1.63	30 April	Dividend
1.74	31 January	Dividend
1.67	31 January	Dividend
1.73	31 January	Dividend
1.65	31 January	Dividend
1.63	31 January	Dividend
1.36	30 April, 31 October	Dividend
1.61	30 April	Dividend
1.62	30 April	Dividend
1.62	31 May	Dividend
1.00	31 May, 30 November	Dividend
1.65	31 May	Dividend
1.67	31 May	Dividend
1.67	31 January	Dividend
2.35	31 January	Dividend
1.73	31 May	Dividend
1.67	31 January	Dividend

- All information is based on class A shares.
- Please note the International Bond Fund and SafetyPlus® Fund are only available for direct OEIC investment and not for ISA investment.
- For the High Income Bond, High Reserve, Strategic Income and UK Equity Income funds part or all of the annual management charge may be taken daily from the capital of the fund. The other expense charges are taken from the income of the fund.
- For the remaining funds, the annual management and other expense charges are taken from the income of the fund.
- For more information, see 'What are the charges?' on page 3.

Information calculated as at 31 December 2008.

What you might get back

Example of the effect of charges on a single payment investment.

- The examples below show what you might get back from a £1,000 investment in class A shares.
- We use a growth rate of 6% for most of our funds when investing directly in an OEIC, and 7% for most of our funds when investing via an ISA .
- All companies use the same rates except where they believe a lower growth rate is appropriate, but their charges may vary.
- We also show examples of monthly payments into the UK Growth Fund for OEIC and ISA investment on page 44.
- These figures are only to illustrate the effect of charges and expenses (on an investment over various time spans) – the amount you'll get back isn't guaranteed.

OEIC investment into a growth fund – example used is the UK Growth Fund

At end of year	Investment to date	Effect of deductions to date	What you might get back
1	£1,000	£68	£991
3	£1,000	£112	£1,070
5	£1,000	£163	£1,170
10	£1,000	£338	£1,450

Information calculated as at 31 December 2008.

- The last line of the table shows that over 10 years the effect of the total charges and expenses could amount to £338.
- Putting it another way, over 10 years, this would have the same effect as bringing investment growth from 6.0% a year down to 3.8%.

OEIC investment into an income fund – example used is the Strategic Income Fund

At end of year	Investment to date	Income taken			Income not taken	
		Effect of deductions to date	Income paid out to date	What you might get back	Effect of deductions to date	What you might get back
1	£1,000	£47	£66	£925	£47	£992
3	£1,000	£71	£190	£851	£74	£1,050
5	£1,000	£96	£304	£783	£105	£1,110
10	£1,000	£160	£551	£636	£201	£1,270

Information calculated as at 31 December 2008.

- The last line of the table shows that over 10 years the effect of the total charges and expenses could amount to £160 if you take an income and £201 if you don't.
- Putting it another way, over 10 years, this would have the same effect as bringing investment growth from 4.0% a year down to 2.4% if you take an income and from 4.0% a year down to 2.5% a year if you don't.

ISA investment into a growth fund – example used is the UK Growth Fund

At end of year	Investment to date	Effect of deductions to date	What you might get back
1	£1,000	£69	£1,000
3	£1,000	£115	£1,100
5	£1,000	£171	£1,230
10	£1,000	£372	£1,590

Information calculated as at 31 December 2008.

- The last line of the table shows that over 10 years the effect of the total charges and expenses could amount to £372.
- Putting it another way, over 10 years, this would have the same effect as bringing investment growth from 7.0% a year down to 4.8%.

ISA investment into an income fund – example used is the Strategic Income Fund

At end of year	Investment to date	Income taken			Income not taken	
		Effect of deductions to date	Income paid out to date	What you might get back	Effect of deductions to date	What you might get back
1	£1,000	£50	£82	£915	£50	£999
3	£1,000	£80	£234	£824	£85	£1,070
5	£1,000	£111	£371	£742	£126	£1,140
10	£1,000	£194	£657	£571	£259	£1,360

Information calculated as at 31 December 2008.

- The last line of the table shows that over 10 years the effect of the total charges and expenses could amount to £194 if you take an income and £259 if you don't.
- Putting it another way, over 10 years, this would have the same effect as bringing investment growth from 5.0% a year down to 3.0% if you take an income and from 5.0% a year down to 3.2% a year if you don't.

Example of the effect of charges on monthly payments of £100 into the UK Growth Fund for OEIC and ISA investment.

OEIC

At end of year	Investment to date	Effect of deductions to date	What you might get back
1	£1,200	£72	£1,160
3	£3,600	£289	£3,650
5	£6,000	£621	£6,360
10	£12,000	£2,100	£14,200

Information calculated as at 31 December 2008.

- The last line of the table shows that over 10 years the effect of the total charges and expenses could amount to £2,100.
- Putting it another way, over 10 years, this would have the same effect as bringing investment growth from 6% a year down to 3.3%.

ISA

At end of year	Investment to date	Effect of deductions to date	What you might get back
1	£1,200	£72	£1,170
3	£3,600	£294	£3,700
5	£6,000	£639	£6,520
10	£12,000	£2,230	£14,900

Information calculated as at 31 December 2008.

- The last line of the table shows that over 10 years the effect of the total charges and expenses could amount to £2,230.
- Putting it another way, over 10 years, this would have the same effect as bringing investment growth from 7% a year down to 4.3% a year.

Reduction in growth rates

The following tables show the effect of charges and expenses on the investment growth of a single payment if you cash in after 3, 5 and 10 years for all the funds listed in these Key Features.

For an example of an investment by monthly payments we also show the effect of charges for the UK Growth Fund.

OEIC Growth Funds – Accumulation Shares (Class A shares)

Fund name	From	At the end of 3 years	At the end of 5 years	At the end of 10 years
Balanced Growth Portfolio	5.25% to	2.0%	2.7%	3.2%
Balanced Portfolio	5.25% to	1.6%	2.3%	2.9%
SafetyPlus [®]	6.00% to	3.2%	3.9%	4.5%
Opportunities Portfolio	6.00% to	2.5%	3.2%	3.7%
Progressive Portfolio	6.00% to	2.4%	3.1%	3.6%
Stockmarket Growth Portfolio	6.00% to	2.7%	3.4%	3.9%
Strategic Growth Portfolio	6.00% to	2.7%	3.4%	4.0%
American Growth	6.00% to	2.6%	3.4%	3.9%
American Select Growth	6.00% to	2.3%	3.0%	3.5%
Environmental Investor	6.00% to	2.6%	3.3%	3.8%
Ethical	6.00% to	2.8%	3.5%	4.0%
Euroland	6.00% to	2.8%	3.5%	4.0%
European Growth	6.00% to	2.8%	3.5%	4.1%
European Select Growth	6.00% to	2.6%	3.3%	3.9%
Global Growth	6.00% to	2.7%	3.4%	4.0%
Global Select Growth	6.00% to	2.8%	3.5%	4.0%
UK Growth – single payment	6.00% to	2.6%	3.3%	3.8%
UK Growth – monthly payments	6.00% to	1.0%	2.3%	3.3%
UK Select Growth	6.00% to	2.6%	3.3%	3.8%
UK Smaller Companies	6.00% to	2.6%	3.3%	3.8%
American Smaller Companies	6.00% to	2.8%	3.5%	4.1%
Emerging Markets	6.00% to	2.8%	3.5%	4.1%
Japan Growth	6.00% to	2.8%	3.5%	4.1%
Japan Select Growth	6.00% to	2.0%	2.7%	3.2%
Latin American	6.00% to	2.8%	3.5%	4.0%
Pacific Growth	6.00% to	2.8%	3.5%	4.1%

Income shares are not available for any of the above funds.

Information calculated as at 31 December 2008.

OEIC Income Funds

If you take an income – Income Shares (Class A shares)

Fund name	From	At the end of 3 years	At the end of 5 years	At the end of 10 years
Cautious Portfolio	3.75% to	1.2%	1.6%	2.0%
Corporate Bond	4.25% to	2.0%	2.5%	2.8%
Gilt	2.50% to	-0.2%	0.5%	1.0%
Managed Income Portfolio	2.75% to	0.4%	0.8%	1.2%
Momentum Income Portfolio	3.25% to	0.8%	1.3%	1.7%
Strategic Income	4.00% to	1.5%	2.0%	2.4%
Dynamic Income Portfolio	4.25% to	1.2%	1.9%	2.4%
High Income Bond	4.50% to	1.8%	2.3%	2.6%
International Bond	2.75% to	-0.1%	0.5%	1.1%
High Reserve	6.00% to	2.9%	3.6%	4.1%
UK Equity Income	6.00% to	2.7%	3.4%	3.9%

Information calculated as at 31 December 2008.

If you don't take an income – Accumulation Shares (Class A shares)

Fund name	From	At the end of 3 years	At the end of 5 years	At the end of 10 years
Cautious Portfolio	3.75% to	1.2%	1.7%	2.1%
Corporate Bond	4.25% to	2.1%	2.6%	2.9%
Gilt	2.50% to	-0.1%	0.6%	1.1%
Managed Income Portfolio	2.75% to	0.4%	0.9%	1.3%
Momentum Income Portfolio	3.25% to	0.9%	1.4%	1.7%
Strategic Income	4.00% to	1.6%	2.1%	2.5%
Dynamic Income Portfolio	4.25% to	1.3%	2.0%	2.5%
High Income Bond	4.50% to	1.9%	2.4%	2.8%
International Bond	2.75% to	-0.1%	0.6%	1.1%
High Reserve	6.00% to	3.1%	3.8%	4.3%
UK Equity Income	6.00% to	2.8%	3.5%	4.1%

Information calculated as at 31 December 2008.

ISA Growth Funds – Accumulation Shares (Class A shares)

Fund name	From	At the end of 3 years	At the end of 5 years	At the end of 10 years
Balanced Growth Portfolio	5.25% to	2.0%	2.7%	3.2%
Balanced Portfolio	5.25% to	1.6%	2.3%	2.9%
Opportunities Portfolio	7.00% to	3.4%	4.2%	4.7%
Progressive Portfolio	6.25% to	2.6%	3.3%	3.8%
Stockmarket Growth Portfolio	7.00% to	3.7%	4.4%	4.9%
Strategic Growth Portfolio	6.25% to	3.0%	3.7%	4.2%
American Growth	7.00% to	3.6%	4.3%	4.9%
American Select Growth	7.00% to	3.2%	3.9%	4.5%
Environmental Investor	7.00% to	3.5%	4.2%	4.8%
Ethical	7.00% to	3.7%	4.4%	5.0%
Euroland	7.00% to	3.7%	4.4%	5.0%
European Growth	7.00% to	3.8%	4.5%	5.0%
European Select Growth	7.00% to	3.6%	4.3%	4.8%
Global Growth	7.00% to	3.7%	4.4%	4.9%
Global Select Growth	7.00% to	3.7%	4.4%	5.0%
UK Growth – single payment	7.00% to	3.5%	4.2%	4.8%
UK Growth – monthly payments	7.00% to	1.9%	3.3%	4.3%
UK Select Growth	7.00% to	3.6%	4.3%	4.8%
UK Smaller Companies	7.00% to	3.5%	4.2%	4.8%
American Smaller Companies	7.00% to	3.8%	4.5%	5.1%
Emerging Markets	7.00% to	3.8%	4.5%	5.0%
Japan Growth	7.00% to	3.8%	4.5%	5.0%
Japan Select Growth	7.00% to	3.0%	3.7%	4.2%
Latin American	7.00% to	3.7%	4.5%	5.0%
Pacific Growth	7.00% to	3.8%	4.5%	5.0%

Income shares are not available for any of the above funds.

Information calculated as at 31 December 2008.

ISA Income Funds

If you take an income – Income Shares (Class A shares)

Fund name	From	At the end of 3 years	At the end of 5 years	At the end of 10 years
Cautious Portfolio	3.75% to	1.2%	1.6%	2.0%
Corporate Bond	5.25% to	2.7%	3.2%	3.6%
Gilt	3.25% to	0.3%	1.0%	1.5%
Managed Income Portfolio	3.50% to	0.8%	1.3%	1.7%
Momentum Income Portfolio	3.75% to	1.1%	1.6%	1.9%
Strategic Income	5.00% to	2.2%	2.7%	3.0%
Dynamic Income Portfolio	4.75% to	1.5%	2.2%	2.7%
High Income Bond	5.50% to	2.4%	2.9%	3.3%
High Reserve	6.25% to	3.2%	3.9%	4.4%
UK Equity Income	7.00% to	3.7%	4.4%	4.9%
UK Tracker	7.00% to	6.1%	6.1%	6.1%

Information calculated as at 31 December 2008.

If you don't take an income – Accumulation Shares (Class A shares)

Fund name	From	At the end of 3 years	At the end of 5 years	At the end of 10 years
Cautious Portfolio	3.75% to	1.2%	1.7%	2.1%
Corporate Bond	5.25% to	2.8%	3.3%	3.7%
Gilt	3.25% to	0.4%	1.1%	1.6%
Managed Income Portfolio	3.50% to	0.9%	1.4%	1.7%
Momentum Income Portfolio	3.75% to	1.1%	1.6%	2.0%
Strategic Income	5.00% to	2.3%	2.8%	3.2%
Dynamic Income Portfolio	4.75% to	1.6%	2.3%	2.8%
High Income Bond	5.50% to	2.6%	3.1%	3.4%
High Reserve	6.25% to	3.3%	4.0%	4.6%
UK Equity Income	7.00% to	3.8%	4.5%	5.1%
UK Tracker	7.00% to	6.1%	6.1%	6.1%

Information calculated as at 31 December 2008.

Other information

How to contact us

If you've any questions at any time or any changes you want to make to your investment, please contact us. You can phone us, send us a fax, or write to us.

Call us on **0845 300 2244** during the following times:

Monday to Friday 8am to 6pm

We may record and monitor calls to help us to improve our service.

OEIC Dealers **0845 845 0066**

Fax Number **0845 758 1950**

Website **www.scottishwidows.co.uk**

Address Scottish Widows Unit Trust Managers Limited
PO Box 28015
15 Dalkeith Road
Edinburgh
EH16 5WL

How to complain

- If you ever need to complain, first contact us at Scottish Widows Unit Trust Managers Limited using the details shown earlier.
- If you're not satisfied with our response, you can complain to:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR

Tel **0845 080 1800**

Email **enquiries@financial-ombudsman.org.uk**

Website **www.financial-ombudsman.org.uk**

- Complaining to the Ombudsman won't affect your legal rights.

Law and language

- For legal purposes the law of England and Wales will apply.
- Any communication sent to you will be in English.

About these Key Features

- This information represents our interpretation of the law and HM Revenue and Customs practice as at the date of publication. The amount and taxation of benefits described assumes that there is no change in tax or other laws affecting us or our investments.

Management and regulation

- The ACD, Registrar and ISA Manager is Scottish Widows Unit Trust Managers Limited whose business address is PO Box 28015, 15 Dalkeith Road, Edinburgh EH16 5WL. Scottish Widows Unit Trust Managers Limited is authorised and regulated by the Financial Services Authority.
- The Depositary is State Street Trustees Limited, 525 Ferry Road, Edinburgh, EH5 2AW. The Depositary is authorised and regulated by the Financial Services Authority.
- The Investment Adviser is Scottish Widows Investment Partnership Limited (SWIP) whose business address is Edinburgh One, 60 Morrison Street, Edinburgh EH3 8BE. SWIP is authorised and regulated by the Financial Services Authority.
- SWIP has appointed Russell Investments of Rex House, 10 Regent Street, London W14 4PE ("Russell"), to provide expert advice and assistance in respect of the asset allocation of the Balanced Portfolio Fund, Cautious Portfolio Fund, the Opportunities Portfolio Fund and the Progressive Portfolio Fund in accordance with each such fund's investment objectives and policy. Russell is regulated and authorised by the Financial Services Authority.
- SWIP has appointed Mackay Shields LLP of 9 West 57th Street, New York, NY 10019 to manage those investments of the High Income Bond Fund which are denominated in the currency of the United States of America in accordance with the fund's investment objectives and policies. Mackay Shields is registered with the United States Securities and Exchange Commission.
- The Auditors are PricewaterhouseCoopers LLP, Southwark Towers, 32 London Bridge Street, London SE1 9SY.
- The Competent Regulatory Authority is the Financial Services Authority (FSA) whose business address is 25 The North Colonnade, Canary Wharf, London E14 5HS.
- As an ISA manager we are regulated by HM Revenue & Customs, www.hmrc.gov.uk

Fee and Commission Sharing Arrangements

- SWIP is authorised to, and has, entered into commission sharing arrangements with certain third party brokers, where a broker remunerated out of the assets of the scheme has agreed to split its remuneration with another broker and which results in that other broker meeting expenses through this commission sharing arrangement that should normally be met out of the assets of the scheme.
- Scottish Widows Unit Trust Managers Limited may enter into fee sharing arrangements.

Investor cash balances

- Any investor cash balances (which is money held on behalf of an investor) shall be deposited with Lloyds Banking Group. Interest will not be paid on any cash held in client money accounts (an account where investors' money may be held).

Compensation

- We're covered by the Financial Services Compensation Scheme. You may be entitled to compensation if we become insolvent and can't meet our obligations. Information about compensation arrangements is available from the Financial Services Compensation Scheme, who can be contacted on 020 7892 7300 or via their website at www.fscs.org.uk

Money Laundering Regulations

- Under these regulations, there's a requirement to prove the identity of people who wish to take out a life, pension or investment contract. You may therefore be asked to supply documents as evidence of your identity and your address. Please see the application form for further details.

Important Notes

If an application is received which is not fully completed and does not have all of the details required by the regulations, it will be returned to you and your investment will not be opened. However, in some circumstances we will still be able to open your investment and will write to you for the missing information.

Full terms and conditions are available in the OEIC Prospectuses. These are available on request from us. Charges, terms and limits may change.

The SafetyPlus® and UK Tracker Funds are not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (“FTSE”) or by the London Stock Exchange Plc (the “Exchange”) or by the Financial Times Limited (“FT”) and neither FTSE nor Exchange nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the FTSE 100 Index (“the Index”) and/or the figure at which the said Index stands at any particular time on any particular day or otherwise. The Index is compiled and calculated by FTSE. However, neither FTSE nor Exchange or FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE or Exchange or FT shall be under any obligation to advise any person of any error therein.

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SafetyPlus® is a registered trademark of Scottish Widows.

We may enter into certain transactions in respect of the Financial Services Authority (FSA) New Collective Investment Schemes Sourcebook for the purpose of efficient portfolio management which will aim to provide protection against exchange rates and other risks. The transactions must be appropriate to the reduction of relevant risks or to the reduction of relevant costs and the transactions must be fully covered by cash and other property sufficient to meet any obligation that could arise.

Examples of these techniques include:

- currency loans, currency options or futures or forward transactions in currencies to hedge against exchange rate fluctuations;
- the use of options or futures to hedge against price movements in respect of investments held in the fund;
- the use of derivatives to acquire or dispose of property at an advantageous price.

We may also write call or put options, with a view to generating additional benefit for the OEIC, on property which the OEIC holds or may properly hold.

- An option is a type of derivative that allows the holder to buy or sell assets at an agreed price at a specified time in the future. They are sold by one party to another and offer the buyer the right, but not the obligation, to buy (call) or sell (put) an asset at an agreed price during a certain period of time or on a specific date.

The Depositary may, at our request, enter into stocklending, this is to say a transaction by way of disposal of property in the OEIC and re-acquisitions of equivalent property but only in accordance with the FSA’s New Collective Investment Schemes Sourcebook.

Each of the funds will be managed in accordance with the Investment & Borrowing Powers set out in the Prospectus of the relevant OEIC, and comply with the regulations within the FSA’s New Collective Investment Schemes Sourcebook.

Copies of the Prospectus and the Instrument of Incorporation relating to each OEIC are available from the Authorised Corporate Director for inspection during Normal Business Hours. Copies will be supplied to any shareholder on request. All the funds detailed in this booklet are sub-funds of OEICs which are managed by Scottish Widows Unit Trust Managers Limited and which are authorised under Regulation 14 of the Open Ended Investment Companies Regulations 2001.

Terms & Conditions of the Scottish Widows Individual Savings Account (ISA)

These are the Terms and Conditions for our Individual Savings Account (ISA). You should read these together with the Key Features for the Scottish Widows fund into which you are considering making an investment.

1. Definitions

Certain words and expressions in these Terms and Conditions have particular meanings. This section explains what they mean.

- **Account:** your total investment in your Scottish Widows Individual Savings Account (ISA).
- **Accumulation Shares:** shares which automatically retain any income they earn. Any tax we reclaim on Income Distributions will be used to buy additional accumulation shares. (Please see Section 9 'Taxation'.)
- **Cancellation Notice Period:** the number of days set out in the Key Features during which you may cancel this agreement under the provisions of Section 7.
- **ICVC:** Investment Company with Variable Capital (see OEIC).
- **Income Distribution:** income from your shares which is either paid to you or increases the value of the shares you hold.
- **Income Shares:** shares which make payments of the income they earn to you, rather than retaining it.
- **ISA Manager:** the manager of your ISA. In the case of the Scottish Widows ISA this is Scottish Widows Unit Trust Managers Limited.
- **ISA Regulations:** The Individual Savings Account Regulations (1998) as amended or re-enacted from time to time.
- **Key Features:** information which we make available to you as required by regulation, which, in general terms, is intended to enable you to make an informed decision about making an investment.
- **OEIC:** Open Ended Investment Company, being a collective investment that pools together investors' money to achieve a spread of investments. An OEIC is set up as a company and governed by specially written company law.
- **Prospectus:** a document drawn up by us which contains information about the OEIC and its Sub funds and which complies with the relevant rules of the Financial Services Authority.
- **Qualifying Individual:** an individual who, in the case of a Cash ISA is 16 years of age or over or, in any other case, is 18 years of age or over who is resident and ordinarily resident in the United Kingdom. Crown employees and their spouses/civil partners who are not resident in the United Kingdom may qualify.
- **Scottish Widows:** Scottish Widows Unit Trust Managers Limited.
- **Sub fund:** a fund of an OEIC to which specific assets and liabilities of an OEIC may be allocated and which is invested in accordance with its own investment objective. These are referred to as funds throughout the remainder of this document.
- **Subscription:** any payment you make to a Scottish Widows ISA.
- **we/us/our:** Scottish Widows Unit Trust Managers Limited.
- **you/your:** the shareholder or his/her legal successor(s).

2. About Individual Savings Accounts (ISAs)

An ISA is an investment which qualifies for exemption from personal taxation under the ISA Regulations. This means you can currently invest in OEIC funds through an ISA and not have any personal liability to tax on any income or capital gains. (Please see Section 9 'Taxation'.)

You and your partner can each take out an ISA each tax year providing you are eligible. There are two types of ISAs available – a Cash ISA and a Stocks and Shares ISA.

The Scottish Widows ISAs are Stocks and Shares ISAs.

In the current tax year you can pay into both a Cash ISA and a Stocks and Shares ISA.

If you pay into a Cash ISA with one provider, you can also invest within the subscription limit, in a Stocks and Shares ISA with either the same or a different provider.

You can invest in our OEIC funds via an ISA managed by Scottish Widows. An ISA should be viewed as a medium to long-term investment (this is an investment held for at least five to ten years). Please remember that the value of an investment, and any income from it, is not guaranteed and can go up and down depending on investment performance (and currency exchange rate changes where a fund invests overseas).

3. Payment levels

There are limits on the Subscriptions that you can make to an ISA in each tax year. Please refer to your Key Features for details.

If you change your mind and exercise your cancellation rights (your Key Features tells you how many days you have to do this) your ISA Subscription DOES NOT count as a Subscription to an ISA in that tax year. In addition, you are free to make another ISA Subscription with an ISA Manager within that tax year without the loss of tax benefits.

A request to sell your shares and close your Stocks and Shares ISA account other than by exercising your cancellation rights, will, even if received within the cancellation notice period, be treated as a normal request to sell your shares. This means that you will not be able to make any payments into a Stocks and Shares ISA (with us or any other ISA Manager) until the following tax year. Cancelling a Stocks and Shares ISA will not affect your right to invest in a Cash ISA with another ISA Manager.

4. To qualify as an ISA investor

For you to be eligible to invest in an ISA, you must be a Qualifying Individual (see definition in Section 1).

5. Statements and Reports

Every six months we will send you a statement and valuation for each fund that you hold. Twice a year you will also receive a copy of the Short Report for the OEIC you invest in. The Annual and Interim Long Report is available on request from us.

6. Title – ownership of your ISA and security

When you invest in an ISA your fund holding will be registered jointly in your name and ours (or that of our nominee), but you are and must remain the sole beneficial owner of the shares. This means that you must not use the shares as security for a loan.

It is not Scottish Widows' practice to issue share certificates.

We must act on your instructions or those of your personal representatives. As a holder of a Scottish Widows ISA you are entitled to attend any OEIC shareholder meetings, to vote and to receive any other information issued to shareholders. If you would like to exercise any of these rights, please contact us.

We reserve the right to request additional information or proof of identity, or any other relevant information in line with requirements on us under the Money Laundering Regulations and in order to validate elements of the sales transaction. Such requests are designed with security of clients' investments in mind and may delay the despatch of any sale proceeds.

When withdrawing monies, it is possible for you to state the time period between your initial request to withdraw and completion of the withdrawal process, from an immediate withdrawal up to a maximum time period of 30 days. Please contact us for more details.

You authorise us to give HM Revenue & Customs (HMRC) information it reasonably requests, and to make claims, conduct appeals and agree the tax position in respect of your ISA.

7. Your right to change your mind

You will be given a number of days (your Cancellation Notice Period) to cancel the agreement if you are not completely satisfied with your investment. The Cancellation Notice Period starts from the day you receive your cancellation notice. If you decide to cancel and you have made monthly payments, we will give you your money back. If you decide to cancel and you have made a single payment we will send you a cheque for the lower value of either:

- your original payment; or
- the value of your investment calculated using the next price released after we receive your written instructions to cancel at our Administration Department.

If the price of the shares has fallen between the dates of your original payment and cancellation, you will receive less than you paid for them. If you change your mind within the Cancellation Notice Period, you'll be free to make another ISA Subscription in the same tax year. If you have transferred another ISA to us and you decide to cancel within the Cancellation Notice Period, you have the following three options:

- the ISA can be closed, and the proceeds returned to you; or
- the ISA can be transferred back to the original manager, although the original manager may not accept it; or
- the ISA can be transferred to any other ISA Manager.

The proceeds returned to you or transferred on cancellation will be the lower value of either:

- your original transfer amount; or
- the value of your investment calculated using the next price released after we receive your written instructions to cancel or transfer at our Administration Department.

If the price of the shares has fallen between the dates of your original transfer request and cancellation, you will receive less than you initially transferred.

If you don't cancel your investment, it will continue.

If you are in any doubt as to whether an ISA is suitable, you should seek financial advice.

8. Charges

Details of the initial charge for the fund you wish to invest in can be found in the Key Features together with information about fees and expenses that may be charged to the fund and any exit charges that may apply.

9. Taxation

There will be no personal liability to UK income tax on any income your ISA produces and no capital gains tax to pay when you sell or transfer your ISA.

Each fund pays out or accumulates Income Distributions after any income has been taxed. The ISA Manager is unable to reclaim the 10% tax credit on UK equity dividends. OEIC funds which make payments of interest deduct tax at 20% from the interest payments. This tax is currently reclaimed in full by the ISA Manager on your behalf.

For OEIC funds which make payments of interest:

- If you hold Income Shares we will pay to you the distribution and an amount equal to the tax deducted and reclaim the tax on your behalf. When we receive it back from HMRC we pay it into your ISA. Under these Terms and Conditions you authorise us to withdraw the amount of the tax deducted from your ISA to repay ourselves for the amount already paid to you. You promise to repay the amount paid to you by us when we ask for it, if for any reason we cannot reclaim the tax back from HMRC.
- If you hold Accumulation Shares, the tax that is reclaimed from HMRC will purchase additional Accumulation Shares, when received from HMRC.

For OEIC funds which make payments of dividends:

- If you hold Income Shares we will pay to you the distribution net of a 10% tax credit.
- If you hold Accumulation Shares the distribution net of a 10% tax credit will be credited to the fund and will have the effect of increasing the Share Price.

The value to an investor of the tax benefits of an ISA will depend on personal circumstances, which may change. Tax rules can change.

10. Transfer of an ISA

a) Transferring an existing ISA to us

If you have a Stocks and Shares ISA or a Cash ISA with another company, you can transfer it into a Scottish Widows Stocks and Shares ISA. The minimum amount we will accept for the fund you select will be in the Key Features. We will reinvest the amount transferred, less any charges, into one or more of our funds available through a Scottish Widows ISA.

Stocks and Shares ISA to Cash ISA transfers are not permitted. If you transfer a Cash ISA into Stocks and Shares ISA you cannot transfer it back into a Cash ISA.

We will not charge for arranging the transfer but the ISA Manager of the existing account(s) may make a charge.

b) Transferring your Scottish Widows ISA to another ISA Manager

You may request that your ISA be transferred to another ISA Manager subject to the deduction of any amounts due under these Terms and Conditions. To do this you must first contact the ISA Manager that you wish to transfer to and request that they send us the relevant documentation in order for us to be able to complete the transfer. Following receipt of this documentation, we will encash your shares and pay the proceeds to your chosen approved ISA Manager. (Please note shares will be sold in accordance with the provisions of the Prospectus for the fund you are transferring from. This may involve the Authorised Corporate Director of the fund applying a dilution adjustment or charging a dilution levy or making a deduction for SDRT which could reduce the amount transferred).

You may request a whole or partial transfer in respect of that part of the investment in your Account which was acquired with Subscriptions made in earlier tax years. Investments held in your Account which were acquired with Subscriptions made in the then current tax year must be transferred out in whole.

It is possible for you to state the time period between your initial request to transfer to another ISA Manager and the completion of the transfer process, from an immediate transfer up to a maximum time period of 30 days. Please contact us for further details.

In the case of ISA transfers any income or growth received may be reduced. This can happen if, for example, the markets rise while the transfer is awaiting completion.

11. Management and administration of your ISA

We act as manager of your ISA and have been approved to do so under the ISA Regulations. We have the right to appoint another company to act as Manager in our place. However, any new manager must also be approved under the ISA Regulations.

We may delegate some or all of the administration of your ISA to a third party, but we must first satisfy ourselves that the proposed party is competent to carry out the administration in accordance with the ISA Regulations.

12. The end of your ISA

We have the right to give reasonable written notice (at least 30 days) to end your ISA if legislation or regulations make it impractical to carry on or if you are in material breach of any of these provisions. Your ISA will come to an end automatically if it becomes void under the ISA Regulations.

We will notify you if, by any reason of failure to follow the ISA Regulations, your ISA has or will become void.

If you are making monthly payments, subject to any concessions we may offer from time to time, we will bring your ISA to an end by reasonable written notice if you decide to stop making regular payments and at that time the value of the shares in your Account of any one fund is less than £500. We may also bring your ISA to an end if you have invested a single payment and the value of the shares in your ISA of any one fund is less than £500.

No additional payment shall be required to be made to the ISA Manager in respect of termination, save that the ISA Manager shall receive:

- (i) all sums, owing or accrued, due to it under these terms; and
- (ii) any additional expenses which it necessarily incurs in terminating the account due to the sale of investments or otherwise; and
- (iii) any losses necessarily incurred in settling or concluding outstanding obligations.

The ISA Manager may also retain an amount, if any, representing tax which is or may become payable in respect of the Account.

The tax benefits of this investment will cease immediately upon your death. Your Account will be closed immediately upon receipt of written notice by the ISA Manager of your death. Although your investment will no longer be treated as an ISA, its value will still be subject to the performance of the fund(s) as normal until further instructions are received from your legal personal representatives. The ISA Manager may then, on receipt of a death certificate relating to you, and subject to such other formalities as the ISA Manager may specify, either transfer the investments to your legal personal representative(s) or sell all of the investments held within the Account. You agree that the provision of these terms shall bind your legal personal representative(s).

13. Client Money

Any cash balances in an Account shall be deposited with Lloyds TSB Bank plc (or with such other bank or building society as we may nominate from time to time). Lloyds TSB Bank plc is an approved bank and also a group bank. Interest will not be paid in respect of any cash held in client money accounts.

14. Changing these Terms and Conditions

We may need to change these Terms and Conditions:

- in order to stay within legislation, regulations or HMRC requirements;
- to protect existing holders;
- to ensure the efficient administration of your ISA. If any cost arises from this change we will only pass it on to you in accordance with these Terms and Conditions.

We will comply with any legal requirements in connection with giving you notice about a change. If there are no legal requirements in force, we will still give you reasonable notice (at least 30 days) of the change.

15. The Scottish Widows ISA – making payments

Amounts that you invest in the Scottish Widows ISA will be used to buy shares in the fund(s) of your choice. The Key Features for the fund(s) you are considering for investment will tell you if you can invest with single payments, regular payments, or both and what the minimum and maximum payment amounts are.

We reserve the right to add to or remove the funds offered via an ISA. Please contact us to find out which funds are currently available.

16. Switching

You may sell your shares in your chosen fund(s) and simultaneously reinvest the proceeds in one or more of our other funds currently offered via an ISA (subject to minimum requirements). Once we have received and accepted your written instructions at our ISA Administration Department, your shares will be sold and new shares purchased at the next price after your request is received.

The initial charge and the total expense ratio for the fund you switch into might be different to those for the fund from which you are switching. For further details, please refer to the Key Features. Please contact us for details of any discounts that may apply to the initial charge of the fund you are switching into.

It may be possible for you to exchange shares from a fund offered through a Scottish Widows OEIC investment into a Scottish Widows ISA. We can provide you with more details of this service.

A switch from an OEIC to an ISA is regarded as a disposal for Capital Gains Tax purposes. A switch between funds within an ISA is not subject to Capital Gains Tax.

17. Invalid ISAs

You may be notified directly by HMRC if it appears that your ISA is invalid. Alternatively, we shall notify you that you should contact HMRC regarding your ISA if we identify any failure to satisfy the provisions of the ISA Regulations which may mean your ISA is invalid. In either case, no steps will be taken to repay any invalid payments until full instructions on the treatment of any invalid payments are provided by HMRC.

Treatment of Invalid Payments

We may reimburse to HMRC any tax claimed on income generated by the invalid payments between the date of the first invalid payment and the date of the notice from HMRC.

If HMRC instructs us that any payments must be removed from your ISA we will do this by removing the investments that these payments have bought. We will normally do this by transferring the invalid amounts to a standard OEIC investment in the same fund. Where for any reason this proves impossible we will sell the investments purchased with the invalid payments and remit the proceeds to you.

Treatment of Income Distributions on Invalid ISAs

If you hold Accumulation Shares we may also remove from your ISA the net income whether that income has been paid or is payable. We may also cancel shares equivalent to the value of the tax paid. If you hold Income Shares we may remove from your ISA an amount equal to the tax claimed on income generated by the invalid payments or the relevant part of them between the date of the first invalid payment and the date of notice from HMRC by cancelling shares to the value of the tax paid.

In every case, the amounts to be removed will be removed in a manner that will leave the highest possible value of shares within the Account as at the date of notification from HMRC. Any cancellation of shares will be carried out using the share price at the next valuation point after we receive such notification.

18. Residual tax amounts

If, after termination of your ISA, a small balance (£5 or less) accrues due to payment of residual tax amounts reclaimed from HMRC, we shall have absolute discretion to realise this balance and pay the proceeds to a registered charity.

19. Complaints

Should you ever need to complain about your Scottish Widows ISA or any advice you have received, details about how to complain are shown in your Key Features.

20. Law

The law of England and Wales will apply to these Terms and Conditions.

Important Notes

These Terms and Conditions apply to the Scottish Widows ISA and will come into effect on receipt of your fully completed and signed application. If an application is received and this is not fully completed and does not have all of the details required by the regulations, it may be returned to you and the ISA will not be opened. However, in some circumstances we will still be able to open your ISA and will write to you for the missing information.

These Terms and Conditions are based on the ISA Manager's understanding of current tax law and HMRC practice (as at date of publication) which may change in future.

Please note that when an investment is taken out the contract is between you, the applicant and Scottish Widows. The terms of the Contracts (Rights of Third Parties) Act 1999 and any other third party legal rights are specifically excluded. This means that only parties to the contract (or their legal successor(s)) will have contractual rights.

Charges, limits and terms may change.

Important investor information including full details of the risks that apply to each of the funds can be found in the Key Features which should be read in conjunction with these Terms and Conditions.

You should read these Terms and Conditions along with any other ISA documentation before you sign your application form.

SCOTTISH WIDOWS
preparation is everything
official pensions and investment provider



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

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

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