Scottish Widows. Managed Investment Funds ICVC.

Interim Short Report
for the six month period
ended 31 October 2013

SCOTTISH WIDOWS

Scottish Widows Managed Investment Funds ICVC.

The Company

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

Incorporated in Scotland under registered number IC000171. Authorised and regulated by the Financial Conduct Authority.

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

Scottish Widows Unit Trust Managers Limited

Registered Office:

Charlton Place
Andover
SP10 1RE

Head Office:

15 Dalkeith Road
Edinburgh
EH16 5WL

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

Investment Adviser

Scottish Widows Investment Partnership Limited

Registered Office:

33 Old Broad Street
London
EC2N 1HZ

Business Address:

Edinburgh One
60 Morrison Street
Edinburgh
EH3 8BE

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

Depositary

State Street Trustees Limited

Registered Office:

20 Churchill Place
London
E14 5HJ

Correspondence Address:

525 Ferry Road
Edinburgh
EH5 2AW

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors

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

Scottish Widows Managed Investment Funds ICVC.

Introduction

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

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

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

Scottish Widows Managed Investment Funds ICVC.

Prospectus changes

During the period and up to the date of this report, the following changes were made to the Company and therefore the following changes were reflected in the Prospectus of Scottish Widows Managed Investment Funds ICVC:

- With effect from 29 January 2013 Protected Capital Solutions Fund 1 commenced the process of being terminated and was therefore no longer available for further investment and had a termination completion date of 29 January 2013, the ACD has now issued the termination statements and on 3 July 2013 and 30 September 2013 references to this Fund were removed from the Prospectus and Instrument of Incorporation;

- With effect from 23 April 2013 Protected Capital Solutions Fund 2 commenced the process of being terminated and was therefore no longer available for further investment and had a termination completion date of 30 April 2013, the ACD has now issued the termination statements and on 30 September 2013 references to this Fund were removed from the Prospectus and Instrument of Incorporation;

- With effect from 1 May 2013, the distribution basis for the Cautious Portfolio Fund moved from a dividend distribution to an interest distribution basis;

- With effect from 30 September 2013, the Company was updated to reflect recent regulations which were introduced for UK open-ended investment companies (OEICs), known as the Protected Cell Regulations (PCR). As a result of the new regulations, OEICs which have a number of sub-funds – such as the Company – now benefit from ring-fencing provisions which mean that the assets of a sub-fund belong exclusively to that sub-fund and may not be used for any other purpose. As a result, in the event that a sub-fund is unable to meet its own liabilities, the assets of other sub-funds cannot be used. Effectively, therefore, the new regulations introduce further protection for individual sub-funds. As a result of these protections, it is now also possible for a sub-fund of the Company to invest in another sub-fund of the Company (subject to the investment policy and existing investment and borrowing powers of the investing sub-fund); and

- With effect from 30 September 2013 the investment and borrowing powers of the Strategic Growth Portfolio, Stockmarket Growth Portfolio, Momentum Income Portfolio, Balanced Growth Portfolio, Managed Income Portfolio and Dynamic Income Portfolio sub-funds were amended to allow for wider investment in other collective investment schemes (as notified to Shareholders in August 2013 in the last report for the Company).

  Each of these sub-funds may now invest up to 35% of the value of their scheme property in any one other regulated collective investment scheme. Under the FCA rules, the sub-funds are permitted to invest up to 35% in any one other collective investment scheme but the sub-funds have to date been restricted to 20%. The ACD is of the view that it would be in the best interests of shareholders to increase the flexibility of these sub-funds in this way and to raise the permitted level of investment to that permitted by the FCA rules. This change is not intended to have any impact on the risk profile of these sub-funds.

A copy of the Prospectus is available on request.

Scottish Widows Managed Investment Funds ICVC.

Important information

The proposals of the ACD to introduce the following matters were notified to shareholders in August 2013:

With effect from 1 November 2013, the investment objective of the International Equity Tracker Fund was amended by changing the benchmark from the Pooled with Property benchmark published by Combined Actuarial Performance Services to the FTSE All World Ex-UK Index.

With effect from 1 November 2013, the investment policy of the International Equity Tracker Fund was amended by widening the type of derivative instruments in which the Fund can invest. In order to implement the change of policy to allow for the additional types of derivatives, the ACD has also made a consequential amendment to the investment and borrowing powers to reflect the expanded policy wording.

With effect from 1 November 2013, the amended investment objective and policy of the International Equity Tracker Fund now reads as follows:

Investment Objective:
To provide a total return based on the performance of a number of underlying international equity indices (as determined by the ACD from time to time), in proportions determined by reference to the country and regional weightings contained in the FTSE All World Ex-UK Index (or such other published benchmark as the ACD considers appropriate from time to time) by investing in a portfolio primarily consisting of derivative instruments.

Investment Policy:
The Fund will invest in a portfolio of derivative instruments. The Fund will normally invest in a combination of derivatives such as financial futures, currency forwards, warrants and other financial instruments (when permitted), cash or near cash instruments (including those in foreign currencies) and some other investments (particularly equities and units in other collective investment schemes).

Various sampling techniques will be used to track the underlying country and regional equity markets. It is intended that the majority of derivatives used will be exchange traded but there may also be off-exchange derivatives.

The ACD aims to run all positions on a fully covered basis but there may be periods when a proportion is uncovered (in accordance with the FCA Rules). The types of assets which will underline the derivatives contracts will be cash, near cash and transferable securities.

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

Balanced Growth Portfolio.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy

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

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at **www.scottishwidows.co.uk/investmentapproaches**.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 4 because it has experienced medium levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The Balanced Growth Portfolio invests in a mixture of equities and bonds. The period under review was positive for stock markets, although gains were less spectacular than those seen earlier in the year. However, bond markets fared less well. Overall, the Fund produced a return of 2.92% during the six months under review.

Looking first at equities, the largest part of the Fund's exposure is to the UK market. The main driver of sentiment stemmed from overseas and the ongoing extraordinary support from the world's central bankers. The US Federal Reserve (Fed), for example, has been ploughing $85 billion-a-month into the world's largest economy in order to spur growth.

But it wasn't only events in the US that occupied UK investors. News that the economy is starting to recover was well received. This proved particularly beneficial for stocks that are sensitive to economic conditions.

Internationally, the standout markets over the period were US and Europe. The latter was boosted by long-awaited signs of improvement in the economy. The region finally emerged from recession in the second quarter, with GDP recording growth of 0.3%, ending 18 months of contraction. In the US, fears have grown that the economy is now doing so well that the Fed could withdraw its stimulus measures. This initially resulted in market losses. However, there was a sharp rebound once the Fed said there would be no changes to policy for the time being, and markets rose to new highs.

The Fund's holdings in bonds performed less well, although corporate bonds, to which the Fund has greater exposure, outperformed their government-issued counterparts. During the first part of the review period, yields of government and corporate bonds moved significantly higher and prices lower. Again, this was based on fears about the withdrawal of economic stimulus measures and, as with equities, there was a relief rally following the announcement that these measures would remain in place in the near term.

Balanced Growth Portfolio (continued).

Investment Manager's Review (continued)

Within the Fund's portfolio, we retained a relatively high weighting in equities throughout the review period, at the expense of government bonds. This proved advantageous, as equities outperformed. Towards the end of the reporting period we increased slightly the Fund's exposure to high yield corporate bonds. Although this is the most risky part of the market, companies have benefited from ultra-low interest rates and have been able to re-finance or pay down debt. As a result, the higher yields available currently justify the higher risk.

Looking ahead, we expect that stock markets will continue to receive support from modest economic improvements, combined with ongoing stimulus measures from central banks. However, gains in the coming year appear unlikely to be of the magnitude experienced over the last year and a half. We do not expect to see a dramatic sell-off among bonds, although our forecasts are for higher yields and lower prices in twelve months' time. That said, further volatility can be expected in all asset classes, which could lead to some shorter-term trading opportunities.

Ongoing charges figure

	31/10/13 %	30/04/13 %
A Accumulation	1.58	1.60
T Accumulation	1.50	1.50

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Financials	98.19	97.56
Oil & Gas	0.55	0.59
Technology	0.16	0.26
Utilities	0.16	0.32
Derivatives	0.13	0.08
Net other assets	0.81	1.19
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
A Accumulation	165.58	160.81	2.97
T Accumulation	156.59	152.03	3.00

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
Balanced Growth Portfolio A Accumulation	2.92	12.13	0.00	7.33	26.13	(16.01)

Sources: Lipper for Balanced Growth Portfolio Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

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

Top five holdings

	31/10/13 %		30/04/13 %
1. Scottish Widows Corporate Bond Fund A Acc	18.04	HBOS UK FTSE All-Share Index-Tracking Fund I Inc	17.27
2. HBOS UK FTSE All-Share Index-Tracking Fund I Inc	15.02	Scottish Widows UK All Share Tracker Fund I Acc	16.60
3. Scottish Widows UK All Share Tracker Fund I Acc	12.92	Scottish Widows Corporate Bond Fund A Acc	12.96
4. Scottish Widows Global Growth Fund X Acc	8.39	HBOS International Growth Fund I Inc	6.74
5. HBOS International Growth Fund I Inc	8.39	Scottish Widows Global Growth Fund A Acc	6.67

Number of holdings: 45 Number of holdings: 46

Balanced Portfolio Fund.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy

To give long-term capital growth by investing mainly in multi-manager funds (funds which select specialist investment managers to manage different elements of the overall Fund). This Fund will invest in a balance of equity and fixed interest security funds, in UK and overseas markets. The fixed interest securities will mainly be investment grade securities. The multi-manager funds are currently provided by Scottish Widows Investment Partnership and the Russell Investment Group.

Investment grade securities have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than securities with a lower credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- For fixed interest securities to help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK and Ireland. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

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Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 4 because it has experienced medium levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

In bond markets, May and June were challenging months for global bonds as speculation regarding a timeline for the end of the US Federal Reserve's (Fed's) quantitative easing programme gathered pace. US interest rates surged, fuelled by US Fed Chairman Ben Bernanke's Congressional testimony on 22 May (and reiterated at the 19 June Federal Open market committee (FOMC) meeting) that the Fed could "taper" its stimulative bond-buying program before year-end if the economy continued to improve. Consequently spreads widened, as investors became more risk-averse. While rising US rates caused German and UK governments to also post negative total returns, peripheral European treasuries bucked the trend with declining rates and positive returns. These bonds saw firm demand due to comments from European Central Bank (ECB) President Mario Draghi that the ECB "stands ready to act when needed".

The third quarter saw a continuation of this volatility driven by mixed central bank messaging, the crisis in Syria, and speculation over the next FOMC governor, German and Italian politics, and confounded expectations of a September Fed taper. After rising 50bps and peaking near 3% in early September, US 10-year yields rallied10bps on the news that Larry Summers (perceived as more hawkish – meaning not inclined to use monetary stimulus to boost the economy) removed himself from consideration for Fed governorship, and then rallied another 15bps following the Fed's surprise decision in September to maintain its monthly $85 billion quantitative easing programme. The UK also saw a rise in rates, as 10-years gilts yields increased 28bps to 2.72%. The rise was fuelled by speculation the Bank of England may raise interest rates earlier than it has forecast, following positive macroeconomic updates. Elsewhere, peripheral European bonds continued to outperform for a second consecutive quarter, as Spanish and Italian yields fell 30bps and 11bps respectively on the back of, stronger Purchasing Managers' Indexes (PMIs).

The dominant theme in October was US political uncertainty related to the debt ceiling and government "shutdown", which pushed up treasury yields. However, US 10-year yields rallied 20bps following the eventual resolution, which saw Congress pass a bill to fund the federal government at its current spending level and temporarily suspend the debt ceiling until early 2014.

In global equity markets, comments from the US Fed in May hinted at a tapering of stimulus measures. This sparked concern that stimulus withdrawal may come sooner, rather than later. The US and Japan, outperformed whereas, emerging markets, negatively impacted by political uncertainty and investment outflows, and Asia-Pacific lagged. Global markets experienced three comparatively distinct periods of performance in a strong third quarter. A positive start, spurred on by encouraging economic data and Fed Chairman Bernanke's assurance that there would be "no immediate end to quantitative easing" saw markets gain in July. However, speculation surrounding the timeline for the end of the "quantitative easing era" triggered a sell-off, particularly in emerging markets in August as investors grew anxious that stimulus reduction would commence in September.

Balanced Portfolio Fund (continued).

Investment Manager's Review (continued)

The prospect of military action in Syria exacerbated losses before diplomatic efforts between the US and Russia reached a resolution. This was a positive catalyst for markets which then rallied higher on the back of a weak non-farm payrolls report that was interpreted as an indication the Fed would be unlikely to unwind stimulus at too rapid a rate. Non-farm payroll employment is a compiled name for goods, construction and manufacturing companies in the US. Investors then awaited September's FOMC meeting with anticipation, the majority expecting a taper of $10-15bn. The committee's decision not to reduce asset purchases surprised markets and drove the rally higher. September also saw the ruling Christian Democrats win German federal elections (although they will likely rule in coalition).

October began with markets digesting the news that US politicians had been unable to reach agreement on a Federal Budget for 2014, sending the government into "shutdown". Concerns that US GDP growth may decline fuelled concerns over the potential impact on global growth, and the index initially moved lower. However, hopes for and an eventual resolution to the political malaise in Washington, ahead of a deadline to increase the Federal debt limit, saw equity markets more than recoup losses. The more positive environment saw emerging markets record the strongest gains, in particular those markets dependent on external funding. Europe also outperformed as economic data remained supportive.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the Funds; this is an on going process with approx 15% of managers being changed in some way each year. The Balanced Portfolio Fund is constructed from 13 underlying SWIP and Russell funds. Over the period there were manager changes within the Russell Pacific Basin Equity Fund and the Russell II Global Bond (Euro Hedged) Fund.

The Balanced Portfolio Fund holds 50% equities and 50% bonds. The Fund returned 2.89% over the period.

Ongoing charges figure

	31/10/13 %	30/04/13 %
A Accumulation	2.00	2.00
X Accumulation	0.60	0.60

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Financials	98.91	99.80
Derivatives	1.04	(0.02)
Net other assets	0.05	0.22
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
A Accumulation	156.84	152.43	2.89
X Accumulation	177.99	172.01	3.48

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
Balanced Portfolio Fund A Accumulation	2.89	12.89	1.66	6.07	26.29	(15.05)
Mixed Investment 20-60% Shares Sector Average Return*	2.25	12.05	(0.79)	5.91	21.91	(15.05)

Source: Lipper for Balanced Portfolio Fund and Sector Average Return. Basis: Mid to Mid, net revenue reinvested and net of expenses. Mixed Investment 20-60% Shares Sector – Funds investing in a range of assets with the maximum equity exposure restricted to 60% of the Fund and with at least 30% invested in fixed interest and cash. There is no specific requirement to hold a minimum % of non-UK equity within the equity limits. Assets must be at least 60% in US Dollar/Sterling/Euro of which 30% must be in Sterling and equities are deemed to include convertibles.

* The IMA changed the name of the Cautious Managed Sector to the Mixed Investment 20-60% Shares Sector, effective from 1 January 2012.

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

Top five holdings

	31/10/13 %		30/04/13 %
1. Russell US Equity Fund I Acc	18.20	Russell US Equity Fund I Acc	17.21
2. Russell Euro Fixed Income Fund I Inc	10.43	Russell Global Bond Euro Hedged Fund I Acc	10.46
3. Russell Global Bond Euro Hedged Fund I Inc	10.36	Russell Global Bond Fund I Acc	10.45
4. Russell Global Bond Fund A Acc	10.17	Russell Euro Fixed Income Fund I Acc	10.29
5. Russell US Bond Fund I GBP Hedged Inc	10.01	Russell US Bond Fund I Acc	10.23
Number of holdings: 29		Number of holdings: 26	

Cash Fund.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy
To give an income with a level of capital security. The Fund will invest in certificates of deposit, short dated gilts, treasury bills and money market instruments such as bank and building society deposits, local authority bonds and local authority deposits.

Investors should aim to hold their investment in this Fund for the medium to long term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile
There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at **www.scottishwidows.co.uk/investmentapproaches**.

Typically lower rewards, lower risk — Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 1 because it has experienced very low levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The last six months were dominated by central bank policy actions, the wrangling over the US budget and a continued flow of better global economic data.

In early October, investor attention was largely taken up by the ongoing political brinkmanship over the US debt ceiling. The federal government was partially shut down for the first half of the month, while the possibility of default loomed ever large. In the event, a deal was done, although it will only see the government funded until January 2014 and raises the borrowing limit until early February. One upside, however, was that it meant the Federal Reserve (Fed) refrained from "tapering" its $85 billion-a-month quantitative easing programme. Some had expected the rate setting institute to slow its asset-purchases as early as September, but the lack of government data saw the Fed stay its hand.

In the eurozone, banks have been repaying their long-term refinancing operation (LTRO) loans to the European Central Bank (ECB). This saw the Bank make ultra cheap money available to the region's lenders to help them rebuild their balance sheets. However, the reversal of the LTRO is sapping liquidity from the system, choking off lending to households and businesses. As such, a third LTRO appears very much on the cards. At the time of writing, the ECB surprised many in the market by cutting interest rates by 25 basis points to 0.25%. Mario Draghi, the Bank's president, cited a slump in inflation (see below) for the move. The euro fell sharply is response.

Britain's economy is growing at its fastest pace in more than three years, according to figures released by the Office for National Statistics. Gross domestic product grew by 0.8% in the three months to September. This represented an acceleration on the 0.7% recorded in the second quarter of 2013, a year-on-year rate of 1.5% and the first time since 2011 that the British economy has expanded for three successive quarters. Meanwhile, latest figures also showed that UK unemployment was coming down faster than forecast, with the jobless rate falling to 7.6% in October. This prompted analysts to predict that the Bank of England would have to amend its forecasts and increase interest rates earlier than predicted. The Bank has tied its policy to an unemployment level of 7%.

As for activity, with the lack of yield in longer dates, we were happy to continue to concentrate on one to six-month money market assets. Given the flat yield curve, this strategy will remain in place – at least until such a point as a better return is achievable in longer-dated assets.

Cash Fund (continued).

Ongoing charges figure

	31/10/13 %	30/04/13 %
A Accumulation	0.62	0.62
A Income	0.62	0.62

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Short Term Deposits	100.25	85.69
Net other (liabilities)/assets	(0.25)	14.31
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
A Accumulation	177.86	177.99	(0.07)
A Income	99.84	99.91	(0.07)

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
Cash Fund A Accumulation	(0.06)	0.00	0.23	0.11	0.06	2.13
Short Term Money Market Sector Average Return*	0.11	0.49	0.44	N/A	N/A	N/A
Money Market Sector Average Return*	N/A	N/A	N/A	0.08	1.08	0.47

Source: Lipper for Cash Fund and Sector Average Return. Basis: Mid to Mid, net revenue reinvested and net of expenses. Short Term Money Market Sector - Funds which invest their assets in money market instruments and comply with the definition of a 'Short Term Money Market' Fund set out in the COLL sourcebook.

* The IMA created two money market sectors, effective from 1 January 2012. As a result the Cash Fund's sector has changed from the Money Market Sector to the Short Term Money Market Sector.

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

Holdings

	31/10/13	%	30/04/13	%
1.	Natixis Raffles Place 0.46% 01/11/2013	12.58	Bank of Tokyo Mitsubishi 0.5% 13/05/2013	4.64
2.	Credit Industriel 0.525% 12/12/2013	4.74	HSBC 0.46% 12/07/2013	4.64
3.	Bank of Tokyo Mitsubishi 0.5% 14/11/2013	4.74	JP Morgan Chase 0.48% 05/09/2013	4.64
4.	Barclays Bank 0.49% 15/11/2013	4.74	Barclays Bank 0.5% 15/08/2013	4.63
5.	BNP Paribas 0.5% 28/11/2013	4.74	BNP Paribas 0.46% 28/05/2013	4.63
6.	Credit Agricole 0.47% 16/12/2013	4.74	Credit Industriel 0.58% 12/09/2013	4.63
7.	Deutsche Bank 0.54% 31/03/2014	4.74	Deutsche Bank 0.48% 29/07/2013	4.63
8.	DZ Bank 0.49% 15/11/2013	4.74	DZ Bank 0.46% 03/06/2013	4.63
9.	ING Bank 0.48% 06/11/2013	4.74	Helaba Lesdesbank Hessen-Thuringen 0.47% 09/07/2013	4.63
10.	Mizuho Bank 0.49% 08/11/2013	4.74	ING Bank 0.5% 06/06/2013	4.63
11.	National Bank of Abu Dhabi 0.5% 15/01/2014	4.74	Mizuho Corporate Bank 0.495% 07/05/2013	4.63
12.	Nationwide Building Society 0.5% 03/12/2013	4.74	National Bank of Abu Dhabi 0.46% 15/07/2013	4.63
13.	Natixis 0.46% 07/11/2013	4.74	Nationwide Building Society 0.65% 03/05/2013	4.63
14.	Nordea Bank Finland 0.5% 12/12/2013	4.74	Nordea Bank Finland 0.49% 04/06/2013	4.63
15.	Overseas-Chinese Banking 0.48% 13/01/2014	4.74	Overseas-Chinese Banking 0.415% 12/06/2013	4.63
16.	Skandinaviska Enskilda Banken 0.49% 13/11/2013	4.74	Societe Generale 0.45% 13/05/2013	4.63
17.	Societe Generale 0.44% 29/11/2013	4.74	Standard Chartered Bank 0.0000001% 22/05/2013	4.63
18.	Standard Chartered Bank 0.5% 22/11/2013	4.74	Sumitomo Mitsui Banking 0.0000001% 04/06/2013	4.63
19.	Sumitomo Mitsui Banking 0.01% 04/12/2013	4.73	Den Norske Bank 0.51% 03/06/2013	2.32
20.	Den Norske Bank 0.46% 03/12/2013	2.36		

Number of holdings: 20 Number of holdings: 19

Cautious Portfolio Fund.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy

To give income, with the potential for some long-term capital growth, by investing mainly in multi-manager funds (funds which select specialist investment managers to manage different elements of the overall fund). This Fund will invest at least 80% in fixed interest security funds and a low proportion in equity funds, in UK and overseas markets. The fixed interest securities will mainly be investment grade securities. The multi-manager Funds are currently provided by Scottish Widows Investment Partnership and the Russell Investment Group.

Investment grade securities have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than securities with a lower credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- For fixed interest securities to help manage the effect of fluctuations in exchange rates and Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at **www.scottishwidows.co.uk/investmentapproaches**.

← Typically lower rewards, lower risk — Typically higher rewards, higher risk →

1	2	3	4	5	6	7

This Fund is ranked at a 3 because it has experienced low to medium levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

In bond markets, May and June were challenging months for global bonds as speculation regarding a timeline for the end of the US Federal Reserve's (Fed's) quantitative easing programme gathered pace. US interest rates surged, fuelled by US Fed Chairman Ben Bernanke's Congressional testimony on 22 May (and reiterated at the 19 June Federal Open Market Committee (FOMC) meeting) that the Fed could "taper" its stimulative bond-buying program before year-end if the economy continued to improve. Consequently spreads widened, as investors became more risk-averse. While rising US rates caused German and UK governments to also post negative total returns, peripheral European treasuries bucked the trend with declining rates and positive returns. These bonds saw firm demand due to comments from European Central Bank (ECB) President Mario Draghi that the ECB "stands ready to act when needed".

The third quarter saw a continuation of this volatility driven by mixed central bank messaging, the crisis in Syria, and speculation over the next FOMC governor, German and Italian politics, and confounded expectations of a September Fed taper. After rising 50bps and peaking near 3% in early September, US 10-year yields rallied10bps on the news that Larry Summers (perceived as more hawkish – meaning not inclined to use monetary stimulus to boost the economy) removed himself from consideration for Fed governorship, and then rallied another 15bps following the Fed's surprise decision in September to maintain its monthly $85 billion quantitative easing programme. The UK also saw a rise in rates, as 10-years gilts yields increased 28bps to 2.72%. The rise was fuelled by speculation the Bank of England may raise interest rates earlier than it has forecast, following positive macroeconomic updates. Elsewhere, peripheral European bonds continued to outperform for a second consecutive quarter, as Spanish and Italian yields fell 30bps and 11bps respectively on the back of, stronger Purchasing Managers' Indexes (PMIs).

The dominant theme in October was US political uncertainty related to the debt ceiling and government "shutdown", which pushed up treasury yields. However, US 10-year yields rallied 20bps following the eventual resolution, which saw Congress pass a bill to fund the federal government at its current spending level and temporarily suspend the debt ceiling until early 2014.

In global equity markets, comments from the US Fed in May hinted at a tapering of stimulus measures. This sparked concern that stimulus withdrawal may come sooner, rather than later. The US and Japan, outperformed whereas, emerging markets, negatively impacted by political uncertainty and investment outflows, and Asia-Pacific lagged. Global markets experienced three comparatively distinct periods of performance in a strong third quarter. A positive start, spurred on by encouraging economic data and Fed Chairman Bernanke's assurance

Cautious Portfolio Fund (continued).

Investment Manager's Review (continued)

that there would be "no immediate end to quantitative easing" saw markets gain in July. However, speculation surrounding the timeline for the end of the "quantitative easing era" triggered a sell-off, particularly in emerging markets in August as investors grew anxious that stimulus reduction would commence in September.

The prospect of military action in Syria exacerbated losses before diplomatic efforts between the US and Russia reached a resolution. This was a positive catalyst for markets which then rallied higher on the back of a weak non-farm payrolls report that was interpreted as an indication the Fed would be unlikely to unwind stimulus at too rapid a rate. Non-farm payroll employment is a compiled name for goods, construction and manufacturing companies in the US. Investors then awaited September's FOMC meeting with anticipation, the majority expecting a taper of $10-15bn. The committee's decision not to reduce asset purchases surprised markets and drove the rally higher. September also saw the ruling Christian Democrats win German federal elections (although they will likely rule in coalition).

October began with markets digesting the news that US politicians had been unable to reach agreement on a Federal Budget for 2014, sending the government into "shutdown". Concerns that US GDP growth may decline fuelled concerns over the potential impact on global growth, and the index initially moved lower. However, hopes for and an eventual resolution to the political malaise in Washington, ahead of a deadline to increase the Federal debt limit, saw equity markets more than recoup losses. The more positive environment saw emerging markets record the strongest gains, in particular those markets dependent on external funding. Europe also outperformed as economic data remained supportive.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the Funds; this is an on going process with approx 15% of managers being changed in some way each year. The Cautious Portfolio Fund is constructed from 13 underlying SWIP and Russell funds. Over the period there were manager changes within the Russell Pacific Basin Equity Fund and the Russell II Global Bond (Euro Hedged) Fund.

The Cautious Portfolio Fund is the most conservative portfolio in the Scottish Widows Multi Manager Fund range, with 15% in equities and 85% in Bonds. The Fund returned -1.58% over the period.

Distribution

XD dates	Payment dates
31/07/13	30/09/13
31/10/13	31/12/13

Ongoing charges figure

	31/10/13 %	30/04/13 %
A Accumulation	1.50	1.50
A Income	1.50	1.50
X Accumulation	0.60	0.60

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Financials	98.39	99.51
Derivatives	1.78	(0.05)
Net other (liabilities)/assets	(0.17)	0.54
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
A Accumulation	157.13	158.64	(0.95)
A Income	124.33	126.45	(1.68)
X Accumulation	170.51	171.52	(0.59)

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
Cautious Portfolio Fund A Accumulation	(1.58)	9.45	4.85	3.99	20.27	(7.69)
Global Bond Sector Average Return	(3.50)	10.08	2.91	2.44	13.65	10.08

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

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

Distribution

	First interim 31/07/13 (p)	Second interim 31/10/13 (p)
A Accumulation	0.5643	0.5635
A Income	0.4593	0.4500
X Accumulation	0.9171	0.9162

Top five holdings

	31/10/13 %		30/04/13 %
1. Russell Euro Fixed Income Fund I Inc	17.91	Russell Global Bond Euro Hedged Fund I Inc	17.73
2. Russell Global Bond Euro Hedged Fund I Inc	17.91	Russell Global Bond Fund I Inc	17.70
3. Russell Global Bond Fund A Acc	17.39	Russell Euro Fixed Income Fund I Inc	17.54
4. Russell US Bond Fund I GBP Hedged Inc	17.03	Russell US Bond Fund I Inc	17.54
5. Russell Sterling Bond Fund I Inc	13.63	Russell Sterling Bond Fund I Inc	13.65
Number of holdings: 36		Number of holdings: 39	

Dynamic Income Portfolio.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy

To give 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.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- For fixed interest securities to help manage the effect of fluctuations in exchange rates and Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at **www.scottishwidows.co.uk/investmentapproaches**.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 4 because it has experienced medium levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The Dynamic Income Portfolio invests in a blend of bonds and equities. The period under review was positive for stock markets, although gains were less spectacular than those seen earlier in the year. However, bond markets fared less well. Overall, the Fund produced a return of 2.02% during the six months under review.

More than half of the Fund is invested in bond markets, which struggled over the last six months. Yields on government bonds rose, and prices fell throughout much of the reporting period. The initial causes were stronger-than-usual economic data and signs that central banks would start to withdraw their monetary stimulus tactics, which have involved the purchase of bonds. In June, indications by the US Federal Reserve (Fed) that it would reduce its own programme of monetary stimulus measures caused prices to fall further. Gilt market movements remain heavily influenced by events in the US. However, after the Federal Reserve reassured investors that its extraordinary stimulus measures would remain in place for the time being, a large part of the earlier falls were reversed.

Corporate bonds outperformed their government-issued equivalents. High yield bonds performed particularly well, benefiting from investors' ongoing hunt for yield. The Fund has a comparatively high weighting in high yield bonds and this proved advantageous to performance.

The Fund also has a relatively high level of exposure to equities compared to its benchmark, which proved positive for performance. The main driver of sentiment stemmed from overseas and the ongoing extraordinary support from the world's central banks. The US Fed, for example, has been ploughing $85 billion-a-month into the world's largest economy in order to spur growth.

But it wasn't only events in the US that occupied UK investors. News that the economy is starting to recover was well received. This proved particularly beneficial for stocks that are sensitive to economic conditions.

Dynamic Income Portfolio (continued).

Investment Manager's Review (continued)

Within the Fund's portfolio, we retained a relatively high weighting in equities throughout the review period, at the expense of government bonds. This proved advantageous, as equities outperformed. Towards the end of the reporting period we increased slightly the Fund's exposure to high yield corporate bonds. Although this is the most risky part of the market, companies have benefited from ultra-low interest rates and have been able to re-finance or pay down debt. As a result, the higher yields available currently justify the higher risk.

Looking ahead, we expect that stock markets will continue to receive support from modest economic improvements, combined with ongoing stimulus measures from central banks. However, gains in the coming year appear unlikely to be of the magnitude experienced over the last year and a half. We do not expect to see a dramatic sell-off among bonds, although our forecasts are for higher yields and lower prices in twelve months' time. That said, further volatility can be expected in all asset classes, which could lead to some shorter-term trading opportunities.

Distribution

XD dates	Payment dates
31/07/13	30/09/13
31/10/13	31/12/13

Ongoing charges figure

	31/10/13 %	30/04/13 %
A Accumulation	1.35	1.37
A Income	1.35	1.37
B Accumulation	1.35	1.37
B Income	1.35	1.37

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Financials	99.07	98.61
Derivatives	0.13	0.11
Net other assets	0.80	1.28
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
A Accumulation	196.55	192.68	2.01
A Income	100.57	99.40	1.18
B Accumulation	197.19	193.31	2.01
B Income	100.58	99.40	1.19

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
Dynamic Income Portfolio A Accumulation	2.02	11.90	2.14	6.78	24.72	(14.05)

Source: Lipper for Dynamic Income Portfolio Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

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

Distribution

	First interim 31/07/13 (p)	Second interim 31/10/13 (p)
A Accumulation	0.4144	1.1691
A Income	0.2138	0.6018
B Accumulation	0.4158	1.1730
B Income	0.2138	0.6017

Top five holdings

	31/10/13 %		30/04/13 %
1. Scottish Widows UK Equity Income Fund X Acc	25.60	Scottish Widows UK Equity Income Fund X Acc	19.66
2. Scottish Widows Corporate Bond Fund A Inc	16.43	Scottish Widows Corporate Bond Fund A Inc	13.04
3. SWIP High Yield Bond Fund X Acc	11.49	SWIP High Yield Bond Fund A Inc	10.55
4. SWIP Corporate Bond Plus Fund A Inc	10.19	SWIP Corporate Bond Plus Fund A Inc	10.10
5. SWIP Sterling Investment Cash Fund X Gross Acc	5.53	Scottish Widows UK Index-Linked Tracker Fund I Inc	6.12

Number of holdings: 35

Number of holdings: 41

International Equity Tracker Fund.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy

To give a total return by tracking the performance of a number of international equity indices. The proportion of each index is decided by referring to the 'Pooled with Property' benchmark, published by Combined Actuarial Performance Services. The Fund invests primarily in derivatives. The Fund uses a number of methods to track the underlying country and regional equity markets. Discretion may be used in deciding which investments in the index will be included in the Fund.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level risk.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at **www.scottishwidows.co.uk/investmentapproaches**.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

A marked improvement in global economic recovery was warmly welcomed in recent months, with the upturn coming in spite of fears of a potential tightening of US monetary policy. In August, it was revealed that the eurozone had finally emerged from recession, recording growth of 0.3% over the second quarter. After a long period in the doldrums, confidence in the single-currency bloc was also on the up. The European Commission's Economic Sentiment Indicator hit a two-year high of 96.9 in September.

Elsewhere, the Institute for Supply Management said that manufacturing activity in the US had picked up unexpectedly in September. The Institute's Manufacturing Purchasing Managers' Index (PMI) reached a level of 56.2, its highest reading so far this year. Meanwhile, China's factory sector managed a marginal gain in September, with HSBC's PMI edging up to 50.2. Preliminary "flash" survey data had been more encouraging, however, while both the HSBC/Markit PMI and the official index maintained by the Chinese government had shown more impressive growth in the earlier months of the year.

Global equity markets made robust gains over the reporting period, with the MSCI World Index rising 9.8% in local currency, total return terms. Among the leading developed markets were the US and Europe ex-UK, which both managed returns of over 11% in local currency terms. Japan's performance was less impressive – the Topix Index was up just 3.4% in yen, total return terms. Overall, emerging markets lagged their developed peers, with the MSCI Emerging Markets Index returning 5.4% in local currency, total return terms. The net return of the Fund over the reporting period was 3.9%. This compares to a gross return of 4.0% from the Fund's benchmark.

On the one hand, the US economy continues to put in a solid performance, and in particular households have reached the point where they are willing to both spend and borrow. The corporate sector is in very sound financial condition. The economic recovery is therefore reasonably well entrenched.

International Equity Tracker Fund (continued).

Investment Manager's Review (continued)

But there are signs of vulnerability. Emerging economies are, in aggregate, struggling, despite some evidence of a temporary stabilisation in China. More ominously, we may have already seen the best of the US upturn. At this stage in a standard business cycle it would be reasonable to expect that improvements in consumer spending, employment, house prices, industrial output, economic sentiment indicators, corporate revenues/profitability and a loose monetary policy would be sufficient to persuade corporate America to invest in new productive capacity. But not this time apparently, and the root cause seems to be located in Washington DC.

Both the Federal Reserve's handling of tapering over the summer and the debt ceiling shenanigans could equally result in a serious fiscal contraction. For companies, making big long-term decisions on capacity modernisation and expansion is increasingly risky, and the default position to do little or nothing becomes more attractive. This means the scope for improvements in the US economy once again rests largely on the shoulders of the consumer, a very familiar and uncomfortable scenario.

Distribution

XD date	Payment date
31/10/13	31/12/13

Ongoing charges figure

	31/10/13 %	30/04/13 %
I Accumulation	0.61	0.61
X Accumulation	0.11	0.11

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Short Term Deposits	79.60	78.47
Financials	6.04	7.31
Derivatives	3.90	2.67
Net other assets	10.46	11.55
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
I Accumulation	184.97	178.03	3.90
X Accumulation	194.04	186.36	4.12

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
International Equity Tracker Fund I Accumulation	3.93	22.42	(6.50)	7.39	32.60	(21.72)
Global Growth Sector Average Return	6.60	18.23	(5.59)	8.11	32.45	(21.36)
International Equity Customised Benchmark	4.00	23.41	(6.49)	9.94	35.52	(19.51)

Source: Lipper for International Equity Tracker Fund and Sector Average Return. Basis: Mid to Mid, net revenue reinvested and net of expenses. Global Sector – Funds which invest at least 80% of their assets globally in equities. Funds must be diversified by geographic region.

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

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

Distribution

	Interim 31/10/13 (p)
I Accumulation	-
X Accumulation	0.3273

Top five holdings

	31/10/13 %		30/04/13 %
1. Short Term Deposits	79.60	Short Term Deposits	78.47
2. iShares MSCI Emerging Markets Index Fund	3.24	iShares MSCI Emerging Markets Index Fund	3.68
3. SWIP Emerging Markets Fund A Acc	2.80	SWIP Emerging Markets Fund A Acc	3.63
4. S&P 500 Index Futures December 2013	2.22	TOPIX Index Futures June 2013	1.61
5. MSCI Emerging Markets Index Futures December 2013	0.36	S&P 500 Index Futures June 2013	1.09

Number of holdings: 66 Number of holdings: 69

Managed Income Portfolio.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy

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

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at **www.scottishwidows.co.uk/investmentapproaches**.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 3 because it has experienced low to medium levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The Managed Income Portfolio invests mainly in fixed income markets, but to aid diversification also has a small position in equities. Overall, the Fund fell by 0.67% during the six months under review.

Bond markets struggled over the last six months. Yields on government bonds rose, and prices fell throughout much of the reporting period. The initial causes were stronger-than-usual economic data and signs that central banks would start to withdraw their monetary stimulus measures, which have involved the purchase of bonds on an unprecedented scale. In June, indications by the US Federal Reserve (Fed) that it would reduce its own programme of monetary stimulus measures caused yields to rise further. However, after the Fed reassured investors that its extraordinary stimulus measures would remain in place for the time being, a large part of the earlier falls was reversed. UK government bond market movements remain heavily influenced by these events in the US.

Corporate bonds outperformed their government-issued equivalents. High yield bonds performed particularly well, benefiting from investors' ongoing hunt for yield. The Fund has a comparatively high weighting in high yield bonds and this proved advantageous to performance.

The Fund also has a relatively high level of exposure to equities compared to its benchmark, which proved positive for performance. The main driver of sentiment stemmed from overseas and the ongoing extraordinary support from the world's central banks. The US Fed, for example, has been ploughing $85 billion-a-month into the world's largest economy in order to spur growth.

But it wasn't only events in the US that occupied UK investors. News that the economy is starting to recover was well received. This proved particularly beneficial for stocks that are sensitive to economic conditions.

Managed Income Portfolio (continued).

Investment Manager's Review (continued)

Within the Fund's portfolio, we retained a relatively high weighting in equities throughout the review period, at the expense of government bonds. This proved advantageous, as equities outperformed. Towards the end of the reporting period we increased slightly the Fund's exposure to high yield corporate bonds. Although this is the most risky part of the market, companies have benefited from ultra-low interest rates and have been able to re-finance or pay down debt. As a result, the higher yields available currently justify the higher risk.

Looking ahead, we expect that stock markets will continue to receive support from modest economic improvements, combined with ongoing stimulus measures from central banks. However, gains in the coming year appear unlikely to be of the magnitude experienced over the last year and a half. We do not expect to see a dramatic sell-off among bonds, although our forecasts are for higher yields and lower prices in twelve months' time. That said, further volatility can be expected in all asset classes, which could lead to some shorter-term trading opportunities.

Distribution

XD dates	Payment dates
31/07/13	30/09/13
31/10/13	31/12/13

Ongoing charges figure

	31/10/13 %	30/04/13 %
A Accumulation	1.36	1.39
A Income	1.36	1.39

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Financials	98.45	98.50
Derivatives	0.32	0.10
Net other assets	1.23	1.40
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
A Accumulation	148.24	149.19	(0.64)
A Income	116.80	118.53	(1.46)

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
Managed Income Portfolio A Accumulation	(0.67)	9.46	5.01	4.68	19.81	(6.84)

Source: Lipper for Managed Income Portfolio Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

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

Distribution

	First interim 31/07/13 (p)	Second interim 31/10/13 (p)
A Accumulation	0.5518	0.6640
A Income	0.4384	0.5255

Top five holdings

	31/10/13 %		30/04/13 %
1. Scottish Widows Corporate Bond Fund A Inc	18.95	Scottish Widows Corporate Bond Fund A Inc	18.23
2. SWIP Corporate Bond Plus Fund A Inc	15.29	SWIP Corporate Bond Plus Fund A Inc	15.01
3. SWIP High Yield Bond Fund X Acc	11.56	SWIP High Yield Bond Fund A Inc	10.97
4. Scottish Widows UK Equity Income Fund A Inc	10.71	SWIP European Corporate Bond Fund A Inc	9.91
5. SWIP Defensive Gilt Fund A Inc	9.59	SWIP Defensive Gilt Fund A Inc	9.71
Number of holdings: 36		Number of holdings: 33	

Momentum Income Portfolio.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy

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.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at **www.scottishwidows.co.uk/investmentapproaches**.

← Typically lower rewards, lower risk — Typically higher rewards, higher risk →

1	2	3	4	5	6	7

This Fund is ranked at 4 because it has experienced medium levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The Momentum Income Portfolio invests mainly in fixed income markets, but to aid diversification also has some exposure to equities. Overall, the Fund returned 0.20% during the six months under review.

Bond markets struggled over the last six months. Yields on government bonds rose, and prices fell throughout much of the reporting period. The initial causes were stronger-than-usual economic data and signs that central banks would start to withdraw their monetary stimulus measures, which have involved the purchase of bonds on an unprecedented scale. In June, indications by the US Federal Reserve (Fed) that it would reduce its own programme of monetary stimulus measures caused yields to rise further. Gilt market movements remain heavily influenced by events from across the Pond. After the Fed reassured investors that its extraordinary stimulus measures would remain in place for the time being, a large part of the earlier falls was reversed.

However, the Fund has a much higher level of exposure to corporate bonds than those issued by governments, which proved advantageous, as corporate bonds outperformed. High yield corporate bonds performed particularly well, benefiting from investors' ongoing hunt for yield. We have positioned the portfolio with a comparatively high weighting in high yield bonds, which provided a further boost to performance.

The Fund also has a relatively high level of exposure to equities compared to its benchmark, which proved positive for performance. The main driver of sentiment stemmed from overseas and the ongoing extraordinary support from the world's central banks. The US Fed, for example, has been ploughing $85 billion-a-month into the world's largest economy in order to spur growth.

But it wasn't only events in the US that occupied UK investors. News that the economy is starting to recover was well received. This proved particularly beneficial for stocks that are sensitive to economic conditions.

Momentum Income Portfolio (continued).

Investment Manager's Review (continued)

Within the Fund's portfolio, we retained a relatively high weighting in equities throughout the review period, at the expense of government bonds. This proved advantageous, as equities outperformed. Towards the end of the reporting period we increased slightly the Fund's exposure to high yield corporate bonds. Although this is the most risky part of the market, companies have benefited from ultra-low interest rates and have been able to re-finance or pay down debt. As a result, the higher yields available currently justify the higher risk.

Looking ahead, we expect that stock markets will continue to receive support from modest economic improvements, combined with ongoing stimulus measures from central banks. However, gains in the coming year appear unlikely to be of the magnitude experienced over the last year and a half. We do not expect to see a dramatic sell-off among bonds, although our forecasts are for higher yields and lower prices in twelve months' time. That said, further volatility can be expected in all asset classes, which could lead to some shorter-term trading opportunities.

Distribution

XD dates	Payment dates
31/07/13	30/09/13
31/10/13	31/12/13

Ongoing charges figure

	31/10/13 %	30/04/13 %
A Accumulation	1.36	1.39
A Income	1.36	1.39
U Accumulation	1.50	1.50

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Financials	97.91	98.80
Derivatives	0.17	0.10
Net other assets	1.92	1.10
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
A Accumulation	153.63	153.41	0.14
A Income	121.99	122.96	(0.79)
U Accumulation	132.95	132.84	0.08

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
Momentum Income Portfolio A Accumulation	0.20	10.76	4.37	5.99	21.79	(10.76)

Source: Lipper for Momentum Income Portfolio Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

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

Distribution

	First interim 31/07/13 (p)	Second interim 31/10/13 (p)
A Accumulation	0.4953	0.9325
A Income	0.3970	0.7448
U Accumulation	0.3910	0.7662

Top five holdings

	31/10/13 %		30/04/13 %
1. Scottish Widows Corporate Bond Fund A Inc	20.02	Scottish Widows Corporate Bond Fund A Inc	17.96
2. Scottish Widows UK Equity Income Fund A Inc	15.61	Scottish Widows UK Equity Income Fund A Inc	15.21
3. SWIP Corporate Bond Plus Fund A Inc	15.27	SWIP Corporate Bond Plus Fund A Inc	14.96
4. SWIP High Yield Bond Fund X Acc	11.50	SWIP High Yield Bond Fund A Inc	10.66
5. Scottish Widows UK Index-Linked Tracker Fund I Inc	7.53	Scottish Widows UK Index-Linked Tracker Fund I Inc	10.38

Number of holdings: 34 — Number of holdings: 32

Opportunities Portfolio Fund.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy

To give long-term capital growth by investing mainly in multi-manager funds (funds which select specialist investment managers to manage different elements of the overall fund). This Fund will invest in UK and overseas markets, with at least 80% in equity funds and a low proportion in fixed interest security funds. The fixed interest securities will mainly be investment grade securities. The multi-manager funds are currently provided by Scottish Widows Investment Partnership and the Russell Investment Group.

Investment grade securities have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than securities with a lower credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- For fixed interest securities to help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at **www.scottishwidows.co.uk/investmentapproaches**.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

In global equity markets, comments from the US Federal Reserve (Fed) in May hinted at a tapering of stimulus measures. This sparked concern that stimulus withdrawal may come sooner, rather than later. The US and Japan, outperformed whereas, emerging markets, negatively impacted by political uncertainty and investment outflows, and Asia-Pacific lagged. Global markets experienced three comparatively distinct periods of performance in a strong third quarter. A positive start, spurred on by encouraging economic data and Fed Chairman Bernanke's assurance that there would be "no immediate end to quantitative easing" saw markets gain in July. However, speculation surrounding the timeline for the end of the "quantitative easing era" triggered a sell-off, particularly in emerging markets in August as investors grew anxious that stimulus reduction would commence in September.

The prospect of military action in Syria exacerbated losses before diplomatic efforts between the US and Russia reached a resolution. This was a positive catalyst for markets which then rallied higher on the back of a weak non-farm payrolls report that was interpreted as an indication the Fed would be unlikely to unwind stimulus at too rapid a rate. Non-farm payroll employment is a compiled name for goods, construction and manufacturing companies in the US. Investors then awaited September's Federal Open market Committee (FOMC) meeting with anticipation, the majority expecting a taper of $10-15bn. The committee's decision not to reduce asset purchases surprised markets and drove the rally higher. September also saw the ruling Christian Democrats win German federal elections (although they will likely rule in coalition).

October began with markets digesting the news that US politicians had been unable to reach agreement on a Federal Budget for 2014, sending the government into "shutdown". Concerns that US GDP growth may decline fuelled concerns over the potential impact on global growth, and the Index initially moved lower. However, hopes for and an eventual resolution to the political malaise in Washington, ahead of a deadline to increase the Federal debt limit, saw equity markets more than recoup losses. The more positive environment saw emerging markets record the strongest gains, in particular those markets dependent on external funding. Europe also outperformed as economic data remained supportive.

Opportunities Portfolio Fund (continued).

Investment Manager's Review (continued)

In bond markets, May and June were challenging months for global bonds as speculation regarding a timeline for the end of the US Fed's quantitative easing programme gathered pace. US interest rates surged, fuelled by US Fed Chairman Ben Bernanke's Congressional testimony on 22 May (and reiterated at the 19 June FOMC meeting) that the Fed could "taper" its stimulative bond-buying program before year-end if the economy continued to improve. Consequently spreads widened, as investors became more risk-averse. While rising US rates caused German and UK governments to also post negative total returns, peripheral European treasuries bucked the trend with declining rates and positive returns. These bonds saw firm demand due to comments from European Central Bank (ECB) President Mario Draghi that the ECB "stands ready to act when needed".

The third quarter saw a continuation of this volatility driven by mixed central bank messaging, the crisis in Syria, and speculation over the next FOMC governor, German and Italian politics, and confounded expectations of a September Fed taper. After rising 50bps and peaking near 3% in early September, US 10-year yields rallied10bps on the news that Larry Summers (perceived as more hawkish – meaning not inclined to use monetary stimulus to boost the economy) removed himself from consideration for Fed governorship, and then rallied another 15bps following the Fed's surprise decision in September to maintain its monthly $85 billion quantitative easing programme. The UK also saw a rise in rates, as 10-years gilts yields increased 28bps to 2.72%. The rise was fuelled by speculation the Bank of England may raise interest rates earlier than it has forecast, following positive macroeconomic updates. Elsewhere, peripheral European bonds continued to outperform for a second consecutive quarter, as Spanish and Italian yields fell 30bps and 11bps respectively on the back of, stronger Purchasing Managers' Indexes (PMIs).

The dominant theme in October was US political uncertainty related to the debt ceiling and government "shutdown", which pushed up treasury yields. However, US 10-year yields rallied 20bps following the eventual resolution, which saw Congress pass a bill to fund the federal government at its current spending level and temporarily suspend the debt ceiling until early 2014.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the Funds; this is an on going process with approx 15% of managers being changed in some way each year. The Opportunities Portfolio Fund is constructed from 14 underlying SWIP and Russell funds. Over the period there were manager changes within the Russell Continental European Equity Fund, the Russell Pacific Basin Equity Fund and the Russell II Global Bond (Euro Hedged) Fund.

The Opportunities Portfolio Fund is the most aggressive portfolio in the Scottish Widows Multi Manager Fund range, with 90% in equities and 10% in bonds. The Fund returned 7.75% over the period.

Ongoing charges figure

	31/10/13 %	30/04/13 %
A Accumulation	2.00	2.00
X Accumulation	0.60	0.60

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Financials	99.60	99.71
Derivatives	0.20	0.01
Net other assets	0.20	0.28
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
A Accumulation	155.66	144.51	7.72
X Accumulation	176.72	163.13	8.33

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
Opportunities Portfolio Fund A Accumulation	7.75	16.91	(1.59)	8.09	32.97	(22.80)
Global Growth Sector Average Return	6.60	18.23	(5.59)	8.11	32.45	(21.36)

Source: Lipper for Opportunities Portfolio Fund and Sector Average Return. Basis: Mid to Mid, net revenue reinvested and net of expenses. Global Sector – Funds which invest at least 80% of their assets globally in equities. Funds must be diversified by geographic region.

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

Top five holdings

	31/10/13	%	30/04/13	%
1.	Russell US Equity Fund I Acc	18.89	Russell US Equity Fund I Acc	16.48
2.	SWIP Multi-Manager UK Equity Growth Fund A Acc	16.20	SWIP Multi-Manager UK Equity Growth Fund A Acc	16.18
3.	SWIP Multi-Manager UK Equity Focus Fund A Acc	16.10	SWIP Multi-Manager UK Equity Focus Fund A Acc	16.17
4.	Russell US Quant Fund I Acc	12.13	Russell Continental European Equity Fund I Acc	10.59
5.	Russell Continental European Equity Fund I Acc	11.26	Russell US Quant Fund I Acc	8.35

Number of holdings: 26 | Number of holdings: 25

Progressive Portfolio Fund.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy

To give long-term capital growth by investing mainly in multi-manager funds (funds which select specialist investment managers to manage different elements of the overall fund). This Fund will invest in UK and overseas markets, with at maximum of 85% in equity funds and a moderate proportion in fixed interest security funds. The fixed interest securities will mainly be investment grade securities. The multi-manager funds are currently provided by Scottish Widows Investment Partnership and the Russell Investment Group.

Investment grade securities have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than securities with a lower credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- For fixed interest securities to help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at **www.scottishwidows.co.uk/investmentapproaches**.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 5 because it has experienced medium to high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

In global equity markets, comments from the US Federal Reserve (Fed) in May hinted at a tapering of stimulus measures. This sparked concern that stimulus withdrawal may come sooner, rather than later. The US and Japan, outperformed whereas, emerging markets, negatively impacted by political uncertainty and investment outflows, and Asia-Pacific lagged. Global markets experienced three comparatively distinct periods of performance in a strong third quarter. A positive start, spurred on by encouraging economic data and Fed Chairman Bernanke's assurance that there would be "no immediate end to quantitative easing" saw markets gain in July. However, speculation surrounding the timeline for the end of the "quantitative easing era" triggered a sell-off, particularly in emerging markets in August as investors grew anxious that stimulus reduction would commence in September.

The prospect of military action in Syria exacerbated losses before diplomatic efforts between the US and Russia reached a resolution. This was a positive catalyst for markets which then rallied higher on the back of a weak non-farm payrolls report that was interpreted as an indication the Fed would be unlikely to unwind stimulus at too rapid a rate. Non-farm payroll employment is a compiled name for goods, construction and manufacturing companies in the US. Investors then awaited September's Federal Open Market Committee (FOMC) meeting with anticipation, the majority expecting a taper of $10-15bn. The committee's decision not to reduce asset purchases surprised markets and drove the rally higher. September also saw the ruling Christian Democrats win German federal elections (although they will likely rule in coalition).

October began with markets digesting the news that US politicians had been unable to reach agreement on a Federal Budget for 2014, sending the government into "shutdown". Concerns that US GDP growth may decline fuelled concerns over the potential impact on global growth, and the Index initially moved lower. However, hopes for and an eventual resolution to the political malaise in Washington, ahead of a deadline to increase the Federal debt limit, saw equity markets more than recoup losses. The more positive environment saw emerging markets record the strongest gains, in particular those markets dependent on external funding. Europe also outperformed as economic data remained supportive.

In bond markets, May and June were challenging months for global bonds as speculation regarding a timeline for the end of the US Fed's quantitative easing programme gathered pace. US interest rates surged, fuelled by US Fed Chairman Ben Bernanke's Congressional testimony on 22 May (and reiterated at the 19 June FOMC meeting) that the Fed could "taper" its stimulative bond-buying program before year-end if the economy continued to improve. Consequently spreads widened, as investors became more risk-averse.

Progressive Portfolio Fund (continued).

Investment Manager's Review (continued)

While rising US rates caused German and UK governments to also post negative total returns, peripheral European treasuries bucked the trend with declining rates and positive returns. These bonds saw firm demand due to comments from ECB President Mario Draghi that the European Central Bank (ECB) "stands ready to act when needed".

The third quarter saw a continuation of this volatility driven by mixed central bank messaging, the crisis in Syria, and speculation over the next FOMC governor, German and Italian politics, and confounded expectations of a September Fed taper. After rising 50bps and peaking near 3% in early September, US 10-year yields rallied10bps on the news that Larry Summers (perceived as more hawkish – meaning not inclined to use monetary stimulus to boost the economy) removed himself from consideration for Fed governorship, and then rallied another 15bps following the Fed's surprise decision in September to maintain its monthly $85 billion quantitative easing programme. The UK also saw a rise in rates, as 10-years gilts yields increased 28bps to 2.72%. The rise was fuelled by speculation the Bank of England may raise interest rate earlier than it has forecast, following positive macroeconomic updates. Elsewhere, peripheral European bonds continued to outperform for a second consecutive quarter, as Spanish and Italian yields fell 30bps and 11bps respectively on the back of, stronger Purchasing Managers' Indexes (PMIs).

The dominant theme in October was US political uncertainty related to the debt ceiling and government "shutdown", which pushed up treasury yields. However, US 10-year yields rallied 20bps following the eventual resolution, which saw Congress pass a bill to fund the federal government at its current spending level and temporarily suspend the debt ceiling until early 2014.

Russell's manager research, selection and monitoring process aims to maintain the best manager mix within the Funds; this is an on going process with approx 15% of managers being changed in some way each year. The Progressive Portfolio Fund is constructed from 14 underlying SWIP and Russell funds. Over the period there were manager changes within the Russell Pacific Basin Equity Fund and the Russell II Global Bond (Euro Hedged) Fund.

The Progressive Portfolio Fund holds 75% equities and 25% bonds. The Fund returned 5.88% over the period.

Ongoing charges figure

	31/10/13 %	30/04/13 %
A Accumulation	2.00	2.00
X Accumulation	0.60	0.60

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Financials	99.52	99.58
Derivatives	0.50	-
Net other (liabilities)/assets	(0.02)	0.42
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
A Accumulation	158.45	149.74	5.82
X Accumulation	179.75	168.91	6.42

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
Progressive Portfolio Fund A Accumulation	5.88	15.69	(0.54)	7.52	30.57	(19.70)
Mixed Investment 40-85% Shares Sector Average Return*	4.68	14.56	(2.46)	7.92	26.89	(19.33)

Source: Lipper for Progressive Portfolio Fund and Sector Average Return. Basis: Mid to Mid, net revenue reinvested and net of expenses. Mixed Investment 40%-85% Shares Sector - Funds would offer investment in a range of assets, with the maximum equity exposure restricted to 85% of the Fund. There is no specific requirement to hold a minimum % of non-UK equity within the equity limits. Assets must be at least 50% in US Dollar/Sterling/Euro of which 25% must be in Sterling and equities are deemed to include convertibles.

* The IMA changed the name of the Balanced Managed Sector to the Mixed Investment 40-85% Shares Sector, effective from 1 January 2012.

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

Top five holdings

	31/10/13 %		30/04/13 %
1. Russell US Equity Fund I Acc	19.03	Russell US Equity Fund I Acc	18.81
2. SWIP Multi-Manager UK Equity Growth Fund A Acc	13.56	SWIP Multi-Manager UK Equity Growth Fund A Acc	13.54
3. SWIP Multi-Manager UK Equity Focus Fund A Acc	13.53	SWIP Multi-Manager UK Equity Focus Fund A Acc	13.34
4. Russell Continental European Equity Fund I Acc	9.25	Russell Continental European Equity Fund I Acc	9.15
5. Russell US Quant Fund I Acc	7.07	Russell US Quant Fund I Acc	6.94

Number of holdings: 28

Number of holdings: 24

Stockmarket Growth Portfolio.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy

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.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk; and
- To help reduce cost.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at **www.scottishwidows.co.uk/investmentapproaches**.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 6 because it has experienced high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The Stockmarket Growth Portfolio invests mainly in equities, although there are smaller holdings in corporate bonds. The period under review was another positive time for stock markets and the Fund produced an encouraging return of 6.94% over the last six months.

The Fund's main exposure to equities is through the UK market. However, the direction of UK stocks was largely determined by events overseas. The main driver of sentiment was the ongoing extraordinary support from the world's central banks. The US Federal Reserve (Fed), for example, has been ploughing $85 billion-a-month into the world's largest economy in order to spur growth.

But it wasn't solely events in the US that occupied UK investors. News that the economy is starting to recover was well received. This proved particularly beneficial for stocks that are sensitive to economic conditions.

Internationally, the standout markets over the period were US and Europe. The latter was boosted by long-awaited signs of improvement in the economy. The region finally emerged from recession in the second quarter, with GDP recording growth of 0.3%, ending 18 months of contraction. In the US, fears have grown that the economy is now doing so well that the Fed could withdraw its stimulus measures. This initially resulted in market losses. However, there was a sharp rebound once the Fed said there would be no changes to policy for the time being, and markets rose to new highs.

In terms of portfolio positioning, there were no significant changes during the period. Overall, the Fund retains a comparatively high weighting in Japan, Europe and the UK, at the expense of Asia Pacific.

The Fund also has a small position in corporate bonds. Within this asset class we have a particular preference for high yield bonds. This was of benefit to performance, as high yield bonds produced good returns, boosted by investors' ongoing hunt for yield. Although this is the most risky part of the market, companies have benefited from ultra-low interest rates and have been able to re-finance or pay down debt. As a result, the higher yields available currently justify the higher risk.

Looking ahead, we expect that stock markets will continue to receive support from modest economic improvements, combined with ongoing stimulus measures from central banks. However, gains in the coming year appear unlikely to be of the magnitude experienced over the last year and a half. Overall, we are comfortable that the Fund remains appropriately positioned to take advantage of future stock market gains as and when they occur.

Stockmarket Growth Portfolio (continued).

Ongoing charges figure

	31/10/13 %	30/04/13 %
A Accumulation	1.57	1.59

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Financials	99.19	98.80
Derivatives	0.07	0.14
Net other assets	0.74	1.06
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
A Accumulation	192.63	180.10	6.96

Please note: negative figures are shown in brackets.

Performance record

	01//05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
Stockmarket Growth Portfolio A Accumulation	6.94	15.89	(4.49)	8.83	33.72	(24.66)

Source: Lipper for Stockmarket Growth Portfolio Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

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

Top five holdings

	31/10/13 %		30/04/13 %
1. Scottish Widows UK Growth Fund X Inc	21.15	Scottish Widows UK Growth Fund X Inc	18.46
2. HBOS International Growth Fund I Inc	15.79	HBOS UK FTSE All-Share Index-Tracking Fund I Inc	18.07
3. Scottish Widows Global Growth Fund X Acc	15.78	Scottish Widows UK All Share Tracker Fund I Acc	17.08
4. HBOS UK FTSE All-Share Index-Tracking Fund I Inc	14.02	Scottish Widows Global Growth Fund A Acc	15.62
5. Scottish Widows UK All Share Tracker Fund I Acc	10.70	HBOS International Growth Fund I Inc	15.53

Number of holdings: 24

Number of holdings: 30

Strategic Growth Portfolio.

for the six month period ended 31 October 2013

Fund Profile

Fund objectives and investment policy

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.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- For fixed interest securities to help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at **www.scottishwidows.co.uk/investmentapproaches**.

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 5 because it has experienced medium to high levels of volatility over the past 5 years.

The synthetic risk and reward indicator shown above is accurate as at 31 October 2013 and there have been no changes to this ranking to date.

Investment Manager's Review

The Strategic Growth Portfolio invests mainly in equities, although there are smaller holdings in assets such as government and corporate bonds. The period under review was another positive time for stock markets and the Fund produced a return of 5.58% over the last six months.

Looking first at equities, the largest part of the Fund's exposure is to the UK market. The main driver of sentiment stemmed from overseas and the ongoing extraordinary support from the world's central banks. The US Federal Reserve (Fed), for example, has been ploughing $85 billion-a-month into the world's largest economy in order to spur growth.

But it wasn't only events in the US that occupied UK investors. News that the economy is starting to recover was well received. This proved particularly beneficial for stocks that are sensitive to economic conditions.

Internationally, the standout markets over the period were US and Europe. The latter was boosted by long-awaited signs of improvement in the economy. The region finally emerged from recession in the second quarter, with GDP recording growth of 0.3%, ending 18 months of contraction. In the US, fears have grown that the economy is now doing so well that the Fed could withdraw its stimulus measures. This initially resulted in market losses. However, there was a sharp rebound once the Fed said there would be no changes to policy for the time being, and markets rose to new highs.

In terms of bonds, the Fund's main exposure is towards corporate bond markets, which performed better than those issued by governments. During the first part of the review period, yields of government and corporate bonds moved significantly higher and prices lower. Again, this was based on fears about the withdrawal of economic stimulus measures and, as with equities, there was a relief rally following the announcement that these measures would remain in place in the near term.

Strategic Growth Portfolio (continued).

Investment Manager's Review (continued)

Within the Fund's portfolio, we retained a relatively high weighting in equities throughout the review period and kept exposure to government bonds to a minimum. This proved advantageous, as equities outperformed. Towards the end of the reporting period we increased slightly the Fund's exposure to high yield corporate bonds. Although this is the most risky part of the market, companies have benefited from ultra-low interest rates and have been able to re-finance or pay down debt. As a result, the higher yields available currently justify the higher risk.

Looking ahead, we expect that stock markets will continue to receive support from modest economic improvements, combined with ongoing stimulus measures from central banks. However, gains in the coming year appear unlikely to be of the magnitude experienced over the last year and a half. We do not expect to see a dramatic sell-off among bonds, although our forecasts are for higher yields and lower prices in twelve months' time. That said, further volatility can be expected in all asset classes, which could lead to some shorter-term trading opportunities.

Ongoing charges figure

	31/10/13 %	30/04/13 %
A Accumulation	1.56	1.58
B Accumulation	1.31	1.33

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	31/10/13 %	30/04/13 %
Financials	99.08	99.03
Derivatives	0.09	0.09
Net other assets	0.83	0.88
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
A Accumulation	172.12	162.97	5.61
B Accumulation	175.60	166.06	5.74

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	01/05/09 to 30/04/10 %	01/05/08 to 30/04/09 %
Strategic Growth Portfolio A Accumulation	5.58	14.23	(2.26)	8.15	28.57	(19.85)

Source: Lipper for Strategic Growth Portfolio Fund. Basis: Mid to Mid, net revenue reinvested and net of expenses.

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

Top five holdings

	31/10/13	%	30/04/13	%
1.	HBOS UK FTSE All-Share Index-Tracking Fund I Inc	21.21	Scottish Widows UK All Share Tracker Fund I Acc	19.83
2.	Scottish Widows Global Growth Fund X Acc	15.56	HBOS UK FTSE All-Share Index-Tracking Fund I Inc	19.33
3.	HBOS International Growth Fund I Inc	15.56	HBOS International Growth Fund I Inc	13.58
4.	Scottish Widows Corporate Bond Fund A Acc	14.00	Scottish Widows Global Growth Fund A Acc	13.50
5.	Scottish Widows UK All Share Tracker Fund I Acc	13.96	SWIP Sterling Liquidity Fund Advisory	6.33

Number of holdings: 33 | Number of holdings: 36

Protected Capital Solutions Fund 3.

for the six month period ended 31 October 2013

Fund Profile

Fund Aims

On the Protection Date the Protected Capital Solutions Fund 3 aims to provide:
- a protected minimum amount, and
- an additional amount linked to the performance of the FTSE 100 Index.

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

Policy Summary

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

Risks

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

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

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

  Therefore the overall investment return will not equal actual FTSE 100 Index growth.
- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, collateral (cash or other investments we feel are suitable), is received from the counterparty and deposited with an independent custodian. Should the counterparty fail, we will use this collateral.
- There is a risk that the Derivative provider (the counterparty) fails and this coincides with the Fund having collateral which fails or which is deposited with an institution that fails, then you are likely to get back significantly less than you invested.

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

Synthetic risk and reward profile

A synthetic risk and reward indicator (SRRI) is not provided for any of our Protected Capital Solutions Funds (PCSF's) as they are now closed to new business.

Protected Capital Solutions Fund 3 (continued).

Investment Manager's Review

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 25 September 2009 to 4 December 2009. During this time the Fund invested in cash or similar investments. The FTSE 100 Index stood at 5,196.81 on 18 December 2009, which is the date the Fund started investing in derivatives.

It was a solid six months for UK equities and at the end of the reporting period the FTSE 100 Index stood at 6,731.43. Driving sentiment was the ongoing extraordinary support from the world's central banks. The US Federal Reserve (Fed), for example, has been ploughing $85 billion-a-month into the world's largest economy in order to spur growth. This has acted to suppress bond yields, making risk assets such as equities more attractive. The UK market has benefitted from this. But indications that the Fed may "taper" these purchases, as well as the threat of default in the US (since averted), saw markets lurch lower in September.

But it wasn't only events in the US that occupied UK investors. News that the economy is starting to recover was well-received. This helped support cyclical stocks (a security whose price is affected by overall ups and downs in the economy). Recently, we have also seen a turnaround in terms of sector performance for the UK equity market. For the first six months of the year, the worst offenders' list was topped by the basic materials sector, which is predominantly made up of mining companies. Over the July to September period, however, basic materials outpaced all other sectors.

Ongoing charges figure

	31/10/13 %	30/04/13 %
M Accumulation	-	-

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

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

Details of investments

Investments	31/10/13 %	30/04/13 %
Derivatives	100.00	100.00
Net other assets	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
M Accumulation	119.25	114.35	4.29

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

The Capital Protected Price is 105.10p.

The FTSE 100 Index starting value is 5,196.81.

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	18/12/09 to 30/04/10 %	25/09/09 to 18/12/09 %
Protected Capital Solutions Fund 3 M Accumulation	4.65	9.40	(2.07)	7.36	(0.89)	0.00
FTSE 100 Index	6.65	16.42	(1.95)	12.91	7.75	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	N/A	0.15

Source: Scottish Widows for Protected Capital Solutions Fund 3 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

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

Holdings

	31/10/13 %		30/04/13 %
1. Lloyds TSB Bank plc 100% Call Option December 2013	125.72	Lloyds TSB Bank plc 100% Call Option December 2013	101.42
2. Lloyds TSB Bank plc 100% Call Option December 2013 (Cliquet)	12.22	Lloyds TSB Bank plc 120% Put Option December 2013	20.46
3. Lloyds TSB Bank plc 120% Put Option December 2013	1.72	Lloyds TSB Bank plc 100% Call Option December 2013 (Cliquet)	9.05
4. Lloyds TSB Bank plc 100% Put Option December 2013	(0.09)	Lloyds TSB Bank plc 100% Put Option December 2013	(2.85)
5. Lloyds TSB Bank plc 120% Call Option December 2013	(39.57)	Lloyds TSB Bank plc 120% Call Option December 2013	(28.08)

Number of holdings: 5

Number of holdings: 5

Protected Capital Solutions Fund 4.

for the six month period ended 31 October 2013

Fund Profile

Fund Aims

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

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

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

Policy Summary

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

Risks

General risks that apply to your investment:

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

Risks that apply specifically during the Cash Investment Period:

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

Risks that apply specifically during the Growth Potential Period

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

  Therefore the overall investment return will not equal actual FTSE 100 Index growth.
- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, collateral (cash or other investments we feel are suitable), is received from the counterparty and deposited with an independent custodian. Should the counterparty fail, we will use this collateral.
- There is a risk that the Derivative provider (the counterparty) fails and this coincides with the Fund having collateral which fails or which is deposited with an institution that fails, then you are likely to get back significantly less than you invested.

Risks that apply specifically at the end of the term

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

Synthetic risk and reward profile

A synthetic risk and reward indicator (SRRI) is not provided for any of our Protected Capital Solutions Funds (PCSF's) as they are now closed to new business.

Protected Capital Solutions Fund 4 (continued).

Investment Manager's Review

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 8 December 2009 to 2 April 2010. During this time the Fund invested in cash or similar investments. The FTSE 100 Index stood at 5,743.96 on 16 April 2010, which is the date the Fund started investing in derivatives.

It was a solid six months for UK equities and at the end of the reporting period the FTSE 100 Index stood at 6,731.43. Driving sentiment was the ongoing extraordinary support from the world's central banks. The US Federal Reserve (Fed), for example, has been ploughing $85 billion-a-month into the world's largest economy in order to spur growth. This has acted to suppress bond yields, making risk assets such as equities more attractive. The UK market has benefitted from this. But indications that the Fed may "taper" these purchases, as well as the threat of default in the US (since averted), saw markets lurch lower in September.

But it wasn't only events in the US that occupied UK investors. News that the economy is starting to recover was well-received. This helped support cyclical stocks (a security whose price is affected by overall ups and downs in the economy). Recently, we have also seen a turnaround in terms of sector performance for the UK equity market. For the first six months of the year, the worst offenders' list was topped by the basic materials sector, which is predominantly made up of mining companies. Over the July to September period, however, basic materials outpaced all other sectors.

Ongoing charges figure

	31/10/13 %	30/04/13 %
M Accumulation	-	-

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

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

Details of investments

Investments	31/10/13 %	30/04/13 %
Derivatives	100.00	100.00
Net other assets	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
M Accumulation	120.26	115.39	4.22

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

The Capital Protected Price is 105.90p.

The FTSE 100 Index starting value is 5,743.96.

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	01/05/10 to 30/04/11 %	16/04/10 to 30/04/10 %	08/12/09 to 16/04/10 %
Protected Capital Solutions Fund 4 M Accumulation	4.43	9.82	2.44	6.71	(4.14)	0.10
FTSE 100 Index	6.65	16.42	(1.95)	12.91	(4.54)	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	N/A	0.16

Source: Scottish Widows for Protected Capital Solutions Fund 4 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

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

Holdings

	31/10/13 %		30/04/13 %
1. Lloyds TSB Bank plc 100% Call Option April 2014	75.74	Lloyds TSB Bank plc 120% Put Option April 2014	57.36
2. Lloyds TSB Bank plc 120% Put Option April 2014	28.47	Lloyds TSB Bank plc 100% Call Option April 2014	55.13
3. Lloyds TSB Bank plc 100% Call Option April 2014 (Cliquet)	12.78	Lloyds TSB Bank plc 100% Call Option April 2014 (Cliquet)	9.70
4. Lloyds TSB Bank plc 100% Put Option April 2014	(3.39)	Lloyds TSB Bank plc 120% Call Option April 2014	(9.26)
5. Lloyds TSB Bank plc 120% Call Option April 2014	(13.60)	Lloyds TSB Bank plc 100% Put Option April 2014	(12.93)

Number of holdings: 5 Number of holdings: 5

Protected Capital Solutions Fund 5.

for the six month period ended 31 October 2013

Fund Profile

Fund Aims

On the Protection Date the Protected Capital Solutions Fund 5 aims to provide:
- a protected minimum amount, and
- an additional amount linked to the performance of the FTSE 100 Index.

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

Policy Summary

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

Risks

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

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

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

  Therefore the overall investment return will not equal actual FTSE 100 Index growth.
- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, collateral (cash or other investments we feel are suitable), is received from the counterparty and deposited with an independent custodian. Should the counterparty fail, we will use this collateral.
- There is a risk that the Derivative provider (the counterparty) fails and this coincides with the Fund having collateral which fails or which is deposited with an institution that fails, then you are likely to get back significantly less than you invested.

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

Synthetic risk and reward profile

A synthetic risk and reward indicator (SRRI) is not provided for any of our Protected Capital Solutions Funds (PCSF's) as they are now closed to new business.

Protected Capital Solutions Fund 5 (continued).

Investment Manager's Review

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 1 April 2010 to 9 July 2010. During this time the Fund invested in cash or similar investments. The FTSE 100 Index stood at 5,319.68 on 28 July 2010, which is the date the Fund started investing in derivatives.

It was a solid six months for UK equities and at the end of the reporting period the FTSE 100 Index stood at 6,731.43. Driving sentiment was the ongoing extraordinary support from the world's central banks. The US Federal Reserve (Fed), for example, has been ploughing $85 billion-a-month into the world's largest economy in order to spur growth. This has acted to suppress bond yields, making risk assets such as equities more attractive. The UK market has benefitted from this. But indications that the Fed may "taper" these purchases, as well as the threat of default in the US (since averted), saw markets lurch lower in September.

But it wasn't only events in the US that occupied UK investors. News that the economy is starting to recover was well-received. This helped support cyclical stocks (a security whose price is affected by overall ups and downs in the economy). Recently, we have also seen a turnaround in terms of sector performance for the UK equity market. For the first six months of the year, the worst offenders' list was topped by the basic materials sector, which is predominantly made up of mining companies. Over the July to September period, however, basic materials outpaced all other sectors.

Ongoing charges figure

	31/10/13 %	30/04/13 %
M Accumulation	-	-

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

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

Details of investments

Investments	31/10/13 %	30/04/13 %
Derivatives	100.00	99.99
Net other assets	-	0.01
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
M Accumulation	116.71	111.52	4.65

The Protection Date for the M share class is 29 July 2014.

The Capital Protected Price is 104.80p.

The FTSE 100 Index starting value is 5,319.68.

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	01/05/11 to 30/04/12 %	28/07/10 to 30/04/11 %	01/05/10 to 28/07/10 %	01/04/10 to 30/04/10 %
Protected Capital Solutions Fund 5 M Accumulation	3.95	9.74	1.60	(0.10)	0.10	0.00
FTSE 100 Index	6.65	16.42	(1.95)	16.87	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	0.16	0.15

Source: Scottish Widows for Protected Capital Solutions Fund 5 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

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

Holdings

	31/10/13 %		30/04/13 %
1. Lloyds TSB Bank plc 100% Call Option July 2014	112.46	Lloyds TSB Bank plc 100% Call Option July 2014	88.43
2. Lloyds TSB Bank plc 120% Put Option July 2014	20.87	Lloyds TSB Bank plc 120% Put Option July 2014	43.60
3. Lloyds TSB Bank plc 100% Call Option July 2014 (Cliquet)	11.28	Lloyds TSB Bank plc 100% Call Option July 2014 (Cliquet)	7.65
4. Lloyds TSB Bank plc 100% Put Option July 2014	(4.04)	Lloyds TSB Bank plc 100% Put Option July 2014	(11.51)
5. Lloyds TSB Bank plc 120% Call Option July 2014	(40.57)	Lloyds TSB Bank plc 120% Call Option July 2014	(28.18)

Number of holdings: 5

Number of holdings: 5

Protected Capital Solutions Fund 6.

for the six month period ended 31 October 2013

Fund Profile

Fund Aims

On the Protection Date the Protected Capital Solutions Fund 6 aims to provide:

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

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

Policy Summary

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

Risks

General risks that apply to your investment:

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

Risks that apply specifically during the Cash Investment Period:

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

Risks that apply specifically during the Growth Potential Period

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

  Therefore the overall investment return will not equal actual FTSE 100 Index growth.
- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, collateral (cash or other investments we feel are suitable), is received from the counterparty and deposited with an independent custodian. Should the counterparty fail, we will use this collateral.
- There is a risk that the Derivative provider (the counterparty) fails and this coincides with the Fund having collateral which fails or which is deposited with an institution that fails, then you are likely to get back significantly less than you invested.

Risks that apply specifically at the end of the term

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

Synthetic risk and reward profile

A synthetic risk and reward indicator (SRRI) is not provided for any of our Protected Capital Solutions Funds (PCSF's) as they are now closed to new business.

Protected Capital Solutions Fund 6 (continued).

Investment Manager's Review

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 16 February 2011 to 10 June 2011. During this time the Fund invested in cash and other similar investments. The FTSE 100 Index stood at 5,697.72 on 24 June 2011, which is the date the Fund started investing in derivatives.

It was a solid six months for UK equities and at the end of the reporting period the FTSE 100 Index stood at 6,731.43. Driving sentiment was the ongoing extraordinary support from the world's central banks. The US Federal Reserve (Fed), for example, has been ploughing $85 billion-a-month into the world's largest economy in order to spur growth. This has acted to suppress bond yields, making risk assets such as equities more attractive. The UK market has benefitted from this. But indications that the Fed may "taper" these purchases, as well as the threat of default in the US (since averted), saw markets lurch lower in September.

But it wasn't only events in the US that occupied UK investors. News that the economy is starting to recover was well-received. This helped support cyclical stocks (a security whose price is affected by the overall ups and downs in the economy). Recently, we have also seen a turnaround in terms of sector performance for the UK equity market. For the first six months of the year, the worst offenders' list was topped by the basic materials sector, which is predominantly made up of mining companies. Over the July to September period, however, basic materials outpaced all other sectors.

Ongoing charges figure

	31/10/13 %	30/04/13 %
M Accumulation	-	-

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

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

Details of investments

Investments	31/10/13 %	30/04/13 %
Derivatives	99.98	100.00
Net other assets	0.02	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
M Accumulation	116.77	112.47	3.82

The Protection Date for the M share class is 11 December 2015.

The Capital Protected Price is 106.30p.

The FTSE 100 Index starting value is 5,697.72.

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	24/06/11 to 30/04/12 %	01/05/11 to 24/06/11 %	16/02/11 to 30/04/10 %
Protected Capital Solutions Fund 6 M Accumulation	3.29	12.60	(0.19)	0.10	0.00
FTSE 100 Index	6.65	16.42	4.17	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	0.09	0.12

Source: Scottish Widows for Protected Capital Solutions Fund 6 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

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

Holdings

	31/10/13 %		30/04/13 %
1. Lloyds TSB Bank plc 100% Call Option December 2015	92.84	Lloyds TSB Bank plc 120% Put Option December 2015	79.62
2. Lloyds TSB Bank plc 120% Put Option December 2015	52.79	Lloyds TSB Bank plc 100% Call Option December 2015	73.38
3. Lloyds TSB Bank plc 141% Call Option December 2015	(1.12)	Lloyds TSB Bank plc 141% Call Option December 2015	(0.40)
4. Lloyds TSB Bank plc 100% Put Option December 2015	(18.24)	Lloyds TSB Bank plc 120% Call Option December 2015	(20.12)
5. Lloyds TSB Bank plc 120% Call Option December 2015	(26.29)	Lloyds TSB Bank plc 100% Put Option December 2015	(32.48)

Number of holdings: 5 Number of holdings: 5

Protected Capital Solutions Fund 7.

for the six month period ended 31 October 2013

Fund Profile

Fund Aims

On the Protection Date the Protected Capital Solutions Fund 7aims to provide:
- a protected minimum amount, and
- an additional amount linked to the performance of the FTSE 100 Index.

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

Policy Summary

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

Risks

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

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

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

  Therefore the overall investment return will not equal actual FTSE 100 Index growth.
- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, collateral (cash or other investments we feel are suitable), is received from the counterparty and deposited with an independent custodian. Should the counterparty fail, we will use this collateral.
- There is a risk that the Derivative provider (the counterparty) fails and this coincides with the Fund having collateral which fails or which is deposited with an institution that fails, then you are likely to get back significantly less than you invested.

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

Synthetic risk and reward profile

A synthetic risk and reward indicator (SRRI) is not provided for any of our Protected Capital Solutions Funds (PCSF's) as they are now closed to new business.

Protected Capital Solutions Fund 7 (continued).

Investment Manager's Review

The Fund aims to provide investors with a Capital Protected Price on the Protection Date. This price, when multiplied by the number of shares held, will be at least equal to the value of those shares on the Derivative Date (plus the preliminary charge that applied to amounts invested during the Cash Investment Period). In addition, on the Protection Date the Fund aims to provide a return that is based on the performance of the FTSE 100 Index during the Growth Potential Period.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 04 July 2011 to 30 September 2011. During this time the Fund invested in cash and other similar investments. The FTSE 100 Index stood at 5,466.36 on 14 October 2011, which is the date the Fund started investing in derivatives.

It was a solid six months for UK equities and at the end of the reporting period the FTSE 100 Index stood at 6,731.43. Driving sentiment was the ongoing extraordinary support from the world's central banks. The US Federal Reserve (Fed), for example, has been ploughing $85 billion-a-month into the world's largest economy in order to spur growth. This has acted to suppress bond yields, making risk assets such as equities more attractive. The UK market has benefitted from this. But indications that the Fed may "taper" these purchases, as well as the threat of default in the US (since averted), saw markets lurch lower in September.

But it wasn't only events in the US that occupied UK investors. News that the economy is starting to recover was well-received. This helped support cyclical stocks (a security whose price is affected by the overall ups and downs in the economy). Recently, we have also seen a turnaround in terms of sector performance for the UK equity market. For the first six months of the year, the worst offenders' list was topped by the basic materials sector, which is predominantly made up of mining companies. Over the July to September period, however, basic materials outpaced all other sectors.

Ongoing charges figure

	31/10/13 %	30/04/13 %
M Accumulation	-	-

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

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

Details of investments

Investments	31/10/13 %	30/04/13 %
Derivatives	99.99	100.01
Net other assets/(liabilities)	0.01	(0.01)
Total net assets	100.00	100.00

Net asset value

	NAV per share 31/10/13 (p)	NAV per share 30/04/13 (p)	NAV percentage change %
M Accumulation	118.21	113.83	3.85

The Protection Date for the M share class is 31 March 2016.

The Capital Protected Price is 105.80p.

The FTSE 100 Index starting value is 5,466.36.

Please note: negative figures are shown in brackets.

Performance record

	01/05/13 to 31/10/13 %	01/05/12 to 30/04/13 %	14/10/11 to 30/04/12 %	04/07/11 to 14/10/11 %
Protected Capital Solutions Fund 7 M Accumulation	3.96	13.13	0.50	0.00
FTSE 100 Index	6.65	16.42	8.28	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	0.18

Source: Scottish Widows for Protected Capital Solutions Fund 7 M Accumulation. Basis: Mid to Mid, net revenue reinvested and net of expenses. Sources: Datastream for SWIP Global Liquidity Fund GBP Advisory and FTSE 100 Index.

Bases: Net of expenses for SWIP Global Liquidity Fund GBP Advisory, and Gross of expenses for FTSE 100 Index.

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

Holdings

	31/10/13 %		30/04/13 %
1. Lloyds TSB Bank plc 100% Call Option April 2016	112.83	Lloyds TSB Bank plc 100% Call Option April 2016	91.08
2. Lloyds TSB Bank plc 120% Put Option April 2016	47.24	Lloyds TSB Bank plc 120% Put Option April 2016	71.91
3. Lloyds TSB Bank plc 141% Call Option April 2016	(2.19)	Lloyds TSB Bank plc 141% Call Option April 2016	(1.20)
4. Lloyds TSB Bank plc 100% Put Option April 2016	(18.16)	Lloyds TSB Bank plc 120% Call Option April 2016	(30.52)
5. Lloyds TSB Bank plc 120% Call Option April 2016	(39.73)	Lloyds TSB Bank plc 100% Put Option April 2016	(31.26)

Number of holdings: 5 Number of holdings: 5

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