

# TRACKER AND SPECIALIST INVESTMENT FUNDS ICVC

ANNUAL SHORT REPORT FOR THE  
YEAR ENDED 31 MARCH 2016

**SCOTTISH WIDOWS**

The logo for Scottish Widows, featuring the company name in a bold, sans-serif font. A stylized, wavy line graphic is positioned behind the text, starting under 'SCOTTISH' and ending under 'WIDOWS'.

# SCOTTISH WIDOWS TRACKER AND SPECIALIST INVESTMENT FUNDS ICVC

## The Company and Head Office

Scottish Widows Tracker and Specialist Investment Funds ICVC

15 Dalkeith Road  
Edinburgh EH16 5WL

Incorporated in Scotland under registered number S1000014. Authorised and regulated by the Financial Conduct Authority.

## Authorised Corporate Director (ACD) & Registrar

Scottish Widows Unit Trust Managers Limited

### Registered Office:

Charlton Place  
Andover SP10 1RE

Authorised and regulated by the Financial Conduct Authority and a member of The Investment Association (previously the Investment Management Association (IMA)).

### Head Office:

15 Dalkeith Road  
Edinburgh EH16 5WL

## Investment Adviser

Aberdeen Asset Investments Limited

### Registered Office:

Bow Bells House  
1 Bread Street  
London EC4M 9HH

Authorised and regulated by the Financial Conduct Authority and a member of The Investment Association (previously the Investment Management Association (IMA)).

### Correspondence Address:

40 Princes Street  
Edinburgh EH2 2BY

## Depository

State Street Trustees Limited

### Registered Office:

20 Churchill Place  
Canary Wharf  
London E14 5HJ

Authorised and regulated by the Financial Conduct Authority.

### Correspondence Address:

525 Ferry Road  
Edinburgh EH5 2AW

## Independent Auditors

PricewaterhouseCoopers LLP

Level 4  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

# SCOTTISH WIDOWS TRACKER AND SPECIALIST 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](http://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 0345 300 2244 or download the Financial Statements from the website [www.scottishwidows.co.uk](http://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 is committed to being a responsible investor on behalf of our customers, with particular focus on Stewardship, Ethical investment and Environmental, Social and Governance (ESG) issues. Our commitment to responsible investment is explained in more detail through this link: [www.scottishwidows.co.uk/about\\_us/responsibleinvestment](http://www.scottishwidows.co.uk/about_us/responsibleinvestment)

## PROSPECTUS CHANGES

During the year 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 Tracker and Specialist Investment Funds ICVC:

- With effect from 24 July 2015, the risk wording in the Prospectus was updated as explained further below in the Important Information section.
- With effect from 24 July 2015, the Prospectus and Instrument of the Company were updated by:
  - adding a definition of a US resident investor (the “US Person”); and
  - adding a restriction on such a US Person holding shares in the Company.
- With effect from 24 July 2015, the Prospectus was updated to explain that the ACD may choose to make use of the “Delivery Versus Payment” exemption within the FCA’s client money and asset (CASS) rules. This means that when Shares are purchased or redeemed there could be a period of time (up to close of business the day after the ACD has received the proceeds from any such transaction) where the payment or redemption monies for these Shares is not protected under the CASS rules. If in the unlikely event that the ACD became insolvent during this period, there is a risk that the impacted investor may not receive back the payment or redemption monies.
- With effect from 24 July 2015, the Prospectus and Instrument of the Company were updated to amend the names of the benchmark index referred to in the investment objective and policy of the UK Fixed Interest Tracker Fund and the UK Index Linked Tracker Fund, both Funds of the Company, to reflect the current naming convention of such benchmarks.
- With effect from 24 July 2015, the Prospectus was updated to amend the constituent index of the UK Smaller Companies Fund, a Fund of the Company, as stated in the investment policy of such Fund from the Hoare Govett Smaller Companies Index to the Numis Smaller Companies excluding Investment Trusts Index.

# SCOTTISH WIDOWS TRACKER AND SPECIALIST INVESTMENT FUNDS ICVC

## PROSPECTUS CHANGES (CONTINUED)

- With effect from 30 October 2015, the Prospectus of the Company was updated to clarify that the ACD can accept requests to redeem shares by telephone as detailed in the Prospectus and that there is no longer a requirement for a Shareholder to confirm such telephone instructions in writing to the ACD. The Prospectus of the Company was updated to explain that when instructions are submitted from shareholders to sell shares that the ACD reserves the right to request additional information or proof of identity, in order to validate elements of the sale transaction and to comply with any relevant money laundering regulations. This may delay the dispatch of any redemption proceeds to the shareholder. Until this additional information is provided the ACD reserves the right to refuse to redeem shares or to delay processing and/or withhold any payments due to investors in respect of their investment and to discontinue any deals it is conducting on behalf of those investors. The ACD will attempt to contact the shareholder(s) to keep them informed of any additional information requirements by either telephone, email, text message or in writing.
- With effect from 30 October 2015, the Tax section of the Prospectus of the Company was updated to include certain regulatory changes and amendments to tax rules.
- The Eligible Markets section of the Prospectus was updated as follows:
  - The Qatar Stock Exchange have been added to the approved list.
- With effect from 18 March 2016, the Depositary section of the Prospectus of the Company was updated to include certain regulatory changes and amendments required under UCITS V. The amendments made related to the responsibility of the Depositary in respect of:
  - the Depositary's functions;
  - the Depositary's liability;
  - the Depositary's ability to delegate;
  - any conflict of interest that may exist; and
  - a list has been included of the 3rd parties appointed by the Depositary.

The Depositary's fee has also been amended as a result of the additional responsibility.

- James Clatworthy has retired as a Director of the ACD and the details of the directorships of the directors of the ACD have been amended accordingly.

A copy of the Prospectus is available on request.

## IMPORTANT INFORMATION

We have reviewed the risk wordings in the Prospectuses for all Funds alongside wording in the Key Investor Information Documents (KIIDs). As a result of our review we have added further risk wording to the Prospectuses and we recommend you read the risk section of the Prospectus for the Fund(s) you are invested in within the Company. The Prospectuses can be found on the following web page:

<http://reference.scottishwidows.co.uk/literature/doc/oeic-ts-pr>

Please note there have been no changes to the risk profiles of the Funds or to the investment strategies or objectives of the Funds in the Company.

# EMERGING MARKETS FUND

for the year ended 31 March 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give long-term capital growth by investing primarily in shares of companies based in developing countries, or having a significant proportion of their business activities in such countries.

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, normally referred to as Efficient Portfolio Management (EPM):

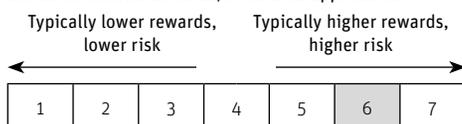
- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

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](http://www.scottishwidows.co.uk/investmentapproaches)



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

\* As disclosed in the key investor information document dated 8 February 2016.

## INVESTMENT ADVISER'S REVIEW

As a group, emerging market equities were down over the review period. At the country level, among the worst performers in local currency terms were China, Egypt and Indonesia. In contrast, Russia and Turkey did well.

Over the latter months of 2015, a number of country-specific developments held investors' interest. Attention focused on the Chinese renminbi, which weakened to multi-year lows against the US dollar as the government continued to loosen its grip on the exchange rate. The Chinese central bank also announced that it plans to measure the renminbi against a basket of currencies, rather than just the US dollar. Data released in March 2016 showed that Chinese manufacturing data improved for the first time since July, owing to a pickup in construction activity and recovery in industrial profits.

In India, the equity market recently responded well to a new budget, which held few surprises. The government focused on fiscal prudence, even as greater investments in agricultural and rural infrastructure were proposed.

Turning to Latin America, Brazil also featured heavily in news headlines over the period. The notorious "country of the future" had its credit rating downgraded to junk by ratings agency Fitch. Meanwhile, 2015 saw more political clouds gathering over President Rousseff. In March, the country's largest political party quit the governing coalition, a move that may hasten Rousseff's impeachment. In contrast, Mexico's economy continued to grow while annual inflation cooled to a record low during 2015.

At asset level, the position in SK Innovation, the South Korean oil company, had a positive effect on returns over the period. Indian IT consultancy Infosys also did well. In contrast, Great Wall Motor Company, the Chinese car manufacturer, acted as a detractor to returns over the 12 months. Indonesian conglomerate Astra International also had a negative influence on performance.

Towards the end of the reporting period, being underweight, China had the largest positive impact on Fund performance as Chinese stocks underperformed the benchmark. The Fund also gained from good stock selection within China, with the position in GCL Poly, a silicon producer, outperforming its peers. A rebound in Brazilian equities and the real was also positive. As the likelihood of a new government increased, the positions in Vale, Cosan and Ultrapar all benefited performance. An underweight position in South African financials, which rebounded in line with commodity prices, had the biggest negative effect on the Fund.

With the boost from Chinese policy stimulus becoming increasingly clear, we now expect gross domestic product growth of 6.5% in 2016 (up from 6.2% previously) and 6.2% in 2017 (6.0% previously). The medium-term outlook for China remains clouded by the debt overhang and excess industrial capacity.

Elsewhere in the emerging markets, the outlook is mixed. Brazil and Russia are in deep recessions, although political change may eventually improve prospects for the former. In India, the boost from government investment is fading, but consumption-led growth and expectations of a favourable monsoon should support activity in 2016.

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

# EMERGING MARKETS FUND (CONTINUED)

for the year ended 31 March 2016

Distribution		
XD date	Payment date	
31/03/16	31/05/2016	
Ongoing charges figure		
	31/03/16	31/03/15
	%	%
A Accumulation	1.71	1.69
X Accumulation	0.21	0.19
<p>The ongoing charges figure (OCF) is the total expenses paid by each share class in the year 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.</p>		
Details of investments		
Investments	31/03/16	31/03/15
	%	%
South Korea	15.53	13.90
Taiwan	11.33	12.29
China	11.13	10.99
India	9.02	8.37
Brazil	7.28	8.72
South Africa	5.25	6.68
Mexico	5.06	4.98
Hong Kong	4.80	6.01
Cayman Islands	4.02	4.26
Russia	3.85	3.57
Ireland	3.54	-
Malaysia	3.00	3.21
Thailand	2.58	3.25
Turkey	2.41	2.18
Indonesia	2.30	2.63
Philippines	1.84	2.37
Poland	1.06	1.58
Chile	1.00	1.22
United States	0.77	-
Hungary	0.75	0.58
Bermuda	0.74	0.81
United Arab Emirates	0.70	0.30
United Kingdom	0.57	0.68
Luxembourg	0.30	0.30
Netherlands	0.29	-
Czech Republic	0.23	0.21
Colombia	0.14	0.22
Greece	0.12	0.18
Futures Contracts	0.01	-
Isle of Man	-	0.07
Net other assets	0.38	0.44
Total net assets	100.00	100.00

Net asset value				
	NAV per share	NAV per share	NAV percentage change	
	31/03/16 (p)	31/03/15 (p)	%	
A Accumulation	135.42	149.19	(9.23)	
X Accumulation	160.94	174.65	(7.85)	
Performance record				
	01/04/15 to 31/03/16	01/04/14 to 31/03/15	01/04/13 to 31/03/14	01/04/12 to 31/03/13
	%	%	%	%
Emerging Markets Fund A Accumulation	(9.20)	11.95	(12.44)	6.52
Global Emerging Markets Sector Average Return	(8.32)	11.91	(11.30)	7.91
<p>Source: Lipper for Emerging Markets Fund and Global Emerging Markets Sector Average Return (Funds which invest 80% or more of their assets in emerging market equities as defined by the relevant FTSE or MSCI Global Emerging Markets Index). Basis: Revenue reinvested and net of expenses.</p> <p>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.</p>				
Distribution				
	Final 31/03/16 (p)			
A Accumulation	1.1448			
X Accumulation	3.6768			
Top five holdings				
	31/03/16 %		31/03/15 %	
1. Samsung Electronics	3.97	Samsung Electronics	4.50	
2. Taiwan Semiconductor Manufacturing	3.91	Taiwan Semiconductor Manufacturing	3.62	
3. iShares MSCI Emerging Markets	3.54	Tencent	3.09	
4. Tencent	3.25	China Mobile	2.90	
5. China Mobile	2.40	Housing Development Finance	1.62	
Number of holdings: 256		Number of holdings: 217		
Please note: negative figures are shown in brackets.				

# INTERNATIONAL BOND FUND

for the year ended 31 March 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give an income with the possibility for long-term capital growth by investing in government and other fixed interest securities from anywhere in the world, apart from South East Asia, but including Japan.

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, normally referred to as Efficient Portfolio Management (EPM):

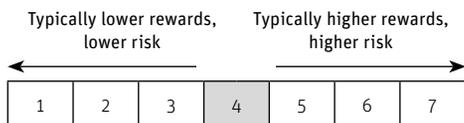
- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

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](http://www.scottishwidows.co.uk/investmentapproaches)



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

\* As disclosed in the key investor information document dated 8 February 2016.

## INVESTMENT ADVISER'S REVIEW

The past twelve months have been a volatile period for global asset markets amid a weak global economic backdrop, falling commodity prices and divergent central bank policy.

In the US, solid economic data, particularly in the labour market, prompted the US Federal Reserve (Fed) to signal that they would begin policy normalisation. The market expected the first hike to occur in June followed by September; however, 'international developments' (reflecting fallout from Greece and China) deterred the committee from moving. The Fed eventually raised its policy rate by 0.25 percentage points at its December meeting. Market reaction was initially fairly muted when compared with previous tightening cycles as the committee were able to emphasise a gradual path of rate hikes. However, markets became far more volatile in early 2016 prompting Fed rhetoric to turn increasingly dovish.

In Europe, falling inflation expectations and softer economic data led the European Central Bank (ECB) to ease several times. The December meeting seemed to underwhelm market participants with regards to the package announced; while the March meeting exceeded expectations by cutting the deposit rate by 10 basis points and extending quantitative easing.

The Bank of Japan (BoJ) unexpectedly cut its policy rate to -0.1% in January. The negative rate applies only to new reserves. Now that the rate has crossed into negative territory, the bar for further cuts has probably been lowered although adverse market sentiment around negative rates may discourage further cuts.

China was a continued source of volatility as its economy attempts to rebalance away from the export sector. Currency devaluation in August triggered a significant market sell-off. Policy makers responded by cutting the reserve requirement ratio several times to inject more liquidity into the system. The economy seems to have stabilised and market fears about a disordered slowdown have (perhaps temporarily) subsided.

The portfolio underperformed relative to the benchmark. Currency returns detracted as the portfolio's short euro versus US dollar position detracted from performance, particularly in the second quarter of 2015 as broad risk-off sentiment led to euro outperformance. In rates, the portfolio's duration underweight detracted as rates closed the period lower. US yield curve positioning also made a negative contribution. These losses were partially offset by overweights in Italy and Germany in the third quarter of 2015. A long Italy versus Germany spread position also positively contributed.

Despite recent dovish Federal Open Market Committee communication, we still expect a tighter path of policy than currently priced into markets as the US labour market continues to tighten and core inflation picks up. In the UK, Brexit risks are likely to hang over all UK assets until the European Union referendum. The ECB exceeded expectations of easing at its March meeting but further action is still probable. The BoJ looks set to continue easing to meet its inflation target having now crossed into negative territory. In this environment, we favour higher US breakeven rates and European periphery. We remain cautious towards emerging markets, especially in foreign exchange space.

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

# INTERNATIONAL BOND FUND (CONTINUED)

for the year ended 31 March 2016

Distribution	
XD dates	Payment dates
30/09/15	30/11/2015
31/03/16	31/05/2016

## Ongoing charges figure

	31/03/16	31/03/15
	%	%
A Accumulation	1.37	1.37
A Income	1.37	1.37
B Accumulation	1.12	1.12
B Income	1.12	1.12
C Income	0.87	0.87
W Gross Accumulation	0.12	0.12

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year 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	31/03/16	31/03/15
	%	%
United States	38.49	38.88
Japan	21.12	19.42
United Kingdom	7.20	10.94
France	6.69	4.31
Canada	6.53	1.33
Italy	5.93	6.21
Spain	4.81	3.73
Germany	2.20	3.24
Australia	1.64	4.31
Belgium	1.43	1.35
Netherlands	1.26	1.24
Mexico	1.14	1.35
Ireland	0.84	0.84
Sweden	0.35	1.72
Forward Currency Contracts	(0.21)	0.10
Net other assets	0.58	1.03
Total net assets	100.00	100.00

## Net asset value

	NAV per share	NAV per share	NAV percentage
	31/03/16	31/03/15	change
	(p)	(p)	%
A Accumulation	224.38	210.50	6.59
A Income	138.62	130.05	6.59
B Accumulation	231.88	217.07	6.82
B Income	138.91	130.22	6.67
C Income	139.49	130.75	6.68
W Gross Accumulation	117.42	108.79	7.93

## Performance record

	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11
	to	to	to	to	to
	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
	%	%	%	%	%
International Bond Fund A Accumulation	6.70	7.23	(9.58)	6.32	7.02
Global Bonds Sector Average Return	3.38	6.00	(3.61)	9.06	3.66

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

	Interim	Final
	30/09/15	31/03/16
	(p)	(p)
A Accumulation	-	-
A Income	-	-
B Accumulation	0.1550	0.1523
B Income	0.0933	0.0904
C Income	0.2173	0.2224
W Gross Accumulation	0.6136	0.6443

## Summary of portfolio by credit ratings

Rating block	31/03/16	31/03/15
	%	%
Investment grade	99.63	98.87
Total bonds	99.63	98.87
Other	0.37	1.13
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

# INTERNATIONAL BOND FUND (CONTINUED)

for the year ended 31 March 2016

## Top five holdings

	31/03/16		31/03/15
	%		%
1. US Treasury Note 0.625% 31/07/2017	16.49	US Treasury Note 7.25% 15/05/2016	6.25
2. US Treasury Note 1.375% 31/08/2020	6.98	US Treasury Note 2.125% 31/05/2015	6.05
3. Canadian Government Bond 1.25% 01/02/2018	5.95	US Treasury Note 1.625% 31/07/2019	6.02
4. Japan Government Twenty Year Bond 2.1% 20/06/2029	5.78	US Treasury Note 2.25% 15/11/2024	4.73
5. US Treasury Note 2.125% 15/05/2025	4.77	UK Treasury 4.75% 07/09/2015	4.53

Number of holdings: 44      Number of holdings: 72

Please note: negative figures are shown in brackets.

# LATIN AMERICAN FUND

for the year ended 31 March 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give long term capital growth by investing mainly in shares of companies operating in Latin American countries.

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, normally referred to as Efficient Portfolio Management (EPM):

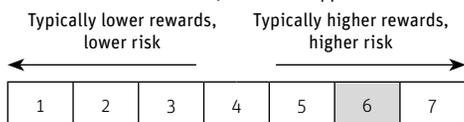
- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

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.

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

\* As disclosed in the key investor information document dated 8 February 2016.

## INVESTMENT ADVISER'S REVIEW

Latin American equities fell during the year under review, mitigated by a relief rally towards the period-end. Renewed weakness in commodity and energy prices weighed on investor sentiment, and the Federal Reserve's rate hike in December triggered some knee-jerk outflows. Brazil was particularly weak, as it sank deeper into a recession. Inflation rose to a 12-year high and unemployment reached 7.6%. Finance Minister Joaquim Levy resigned after disagreements with both congress and government over his policies. However in 2016, the stockmarket gained momentum, buoyed by increasing

optimism about President Dilma Rousseff's impeachment and a possible regime change, which could spur reforms to arrest the economy's slide.

Chile and Mexico were among the better performers, with both countries posting decent GDP (gross domestic product) growth, although Chile was hurt by weak investments. Mexico's inflation rate eased to a record low, allowing the central bank to raise interest rates in a bid to support the currency. In Argentina, shares rose after pro-business candidate Mauricio Macri won the presidential election.

The Fund fell by 3.29% over the year, outperforming the benchmark.

Our holding in Vale was the biggest detractor from relative performance, as the ongoing low iron-ore price environment compounded difficulties for the miner. Its share price also came under pressure following an accident at Samarco, its joint-venture operation with BHP Billiton. The company has communicated with its investors well, but there remains significant concern over the magnitude of the potential fines it faces. Peruvian engineering and construction company Grana y Montero continues to face a tough operating environment due to weak commodity prices. Colombian supermarket operator Grupo Exito was hampered by the weak outlook for domestic demand as well as negative sentiment towards the transaction with its parent Casino to acquire assets in Brazil and Argentina.

Conversely, Chilean Coca-Cola bottler Embotelladora Andina performed well on the back of better-than-expected results and expectations of sector consolidation. Not holding Petrobras and America Movil also benefited the fund. The state-owned energy company remained under pressure from the high debt burden, loss of its second investment-grade rating and falling oil prices. Meanwhile, the Mexican telco fell sharply due to continued regulatory and competitive pressures.

The US Federal Reserve's lowered forecast for the number of interest rate rises for 2016 has bolstered interest in emerging markets generally, and the potential stabilisation of the oil-price for a lengthier period could bode well for Latin American markets. Brazil's political saga continues to unfold, fuelling widespread desire for rapid change. However, the reality is that impeachment is a long, drawn out process, and the economy is likely to continue contracting. In Mexico, the federal government appears to be making the right moves to meet its fiscal targets, cutting spending and maintaining budget austerity. Argentine president Mauricio Macri is prescribing similar economic medicine, removing utilities subsidies to avoid bankrupting the budget. However, this, coupled with the disclosure of his directorship in an offshore company through the leaked Panama papers, could hurt his popularity.

Despite such an unstable environment, our portfolio continues to reflect the strategy of diversification as we look for businesses that boast relatively unique attributes. We remain confident that our holdings can take advantage of long-term growth drivers in Latin America to reap rewards and boost returns.

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

# LATIN AMERICAN FUND (CONTINUED)

for the year ended 31 March 2016

## Distribution

XD date	Payment date
31/03/16	31/05/2016

## Ongoing charges figure

	31/03/16	31/03/15
	%	%
A Accumulation	2.04	2.00
B Accumulation	1.79	1.75
X Accumulation	0.54	0.49

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year 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	31/03/16	31/03/15
	%	%
Brazil	55.89	57.56
Mexico	23.88	23.47
Chile	10.03	9.37
Colombia	2.96	3.11
Luxembourg	2.37	2.81
Peru	2.31	1.58
Bermuda	1.72	1.54
Net other assets	0.84	0.56
Total net assets	100.00	100.00

## Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/03/16	31/03/15	
	(p)	(p)	%
A Accumulation	246.22	255.21	(3.52)
B Accumulation	253.49	262.04	(3.26)
X Accumulation	267.87	273.38	(2.02)

## Performance record

	01/04/15 to 31/03/16	01/04/14 to 31/03/15	01/04/13 to 31/03/14	01/04/12 to 31/03/13	01/04/11 to 31/03/12
	%	%	%	%	%
Latin American Fund A					
Accumulation	(3.29)	(13.04)	(22.17)	0.08	(7.60)
Equity Global Emerging Markets Latin American Sector Average Return	(8.10)	(10.60)	(22.93)	5.24	(9.43)

Source: Lipper for Latin American Fund and Equity Global Emerging Markets Latin American Sector Average Return. IMA for specialist Sector Average Return (funds that have an investment universe that is not accommodated by the mainstream sectors. Performance ranking of funds within the sector as a whole is inappropriate, given the diverse nature of its constituents). Basis: 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

	Final 31/03/16 (p)
A Accumulation	2.9165
B Accumulation	3.5758
X Accumulation	6.7902

## Top five holdings

	31/03/16		31/03/15
	%		%
1. Banco Bradesco Preference Shares	8.02	Banco Bradesco Preference Shares	7.95
2. Itau Unibanco Preference Shares	7.70	Itau Unibanco Preference Shares	6.29
3. Lojas Renner	4.83	Vale Preference 'A' Shares	5.71
4. Fomento Economico Mexicano ADR	4.81	Fomento Economico Mexicano ADR	5.16
5. Grupo Financiero Banorte	4.75	Grupo Financiero Banorte	4.30

Number of holdings: 39      Number of holdings: 38

Please note: negative figures are shown in brackets.



# OVERSEAS FIXED INTEREST TRACKER FUND (CONTINUED)

for the year ended 31 March 2016

## Distribution

XD dates	Payment dates
30/06/15	31/08/2015
30/09/15	30/11/2015
31/12/15	28/02/2016
31/03/16	31/05/2016

## Ongoing charges figure

	31/03/16 %	31/03/15 %
I Accumulation	0.63	0.63
I Income	0.61	0.62
W Gross Accumulation	0.13	0.13

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year 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	31/03/16 %	31/03/15 %
United States	42.78	43.51
Japan	23.92	23.65
Italy	7.63	7.42
France	7.52	7.08
Germany	5.74	5.75
Spain	4.08	3.96
Belgium	2.01	1.98
Netherlands	1.96	2.10
Australia	1.37	1.27
Canada	1.29	1.39
Denmark	0.48	0.52
Sweden	0.39	0.39
Net other assets	0.83	0.98
Total net assets	100.00	100.00

## Net asset value

	NAV per share 31/03/16 (p)	NAV per share 31/03/15 (p)	NAV percentage change %
I Accumulation	199.45	183.81	8.51
I Income	148.13	137.49	7.74
W Gross Accumulation	118.06	108.07	9.24

## Summary of portfolio by credit ratings

	31/03/16 Total net assets %	31/03/15 Total net assets %
Rating block		
Investment grade (AAA to BBB-)	99.17	99.02
Total bonds	99.17	99.02
Other	0.83	0.98
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

## Distribution

	First interim 30/06/15 (p)	Second interim 30/09/15 (p)	Third interim 31/12/15 (p)	Final interim 31/03/16 (p)
I Accumulation	0.2431	0.3503	0.3206	0.3895
I Income	0.1826	0.2673	0.2401	0.2916
W Gross				
Accumulation	0.3076	0.3863	0.3680	0.4305

# OVERSEAS FIXED INTEREST TRACKER FUND (CONTINUED)

for the year ended 31 March 2016

## Performance record

	01/04/15 to 31/03/16	01/04/14 to 31/03/15	01/04/13 to 31/03/14	01/04/12 to 31/03/13	01/04/11 to 31/03/12
	%	%	%	%	%
Overseas Fixed Interest Tracker Fund I Accumulation	8.54	7.17	(9.21)	3.85	4.96
Global Bonds Sector Average Return	3.38	6.00	(3.61)	9.06	3.66
JP Morgan Global Government Bond (non UK) Traded Index	9.81	7.60	(8.49)	4.49	5.39
Realised Tracking Error†	0.09	0.09	0.13	0.10	n/a
Anticipated Tracking Error*	0.00	0.00	0.00	n/a	n/a
	-0.40	-0.40	-0.40	n/a	n/a

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

Source: Datastream for JP Morgan Global Government Bond (non UK) Traded Index (GBP). Basis: Gross Revenue reinvested and gross of expenses.

†The Realised Tracking Error measures how consistently the Fund follows its benchmark and is defined as being the volatility of differences in returns between the Fund and its benchmark over a 3 year period.

\*The Anticipated Tracking Error calculated using the performance of the Fund against the closing position of the Benchmark Index will be in the region of 0.0-0.4%. Factors likely to affect the ability of the Fund in meeting this objective are transaction costs, small illiquid components, dividend reinvestment, rebalancing, Fund expenses, significant inflows/outflows and the cash management thereof.

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

	31/03/16 %		31/03/15 %
1. US Treasury Note 1.75% 15/05/2022	7.94	US Treasury Note 1.75% 15/05/2022	7.69
2. Japan Government Ten Year Bond 1.4% 20/09/2019	6.53	US Treasury Note 3.75% 15/11/2018	6.75
3. US Treasury Note 1% 30/11/2019	4.84	Japan Government Ten Year Bond 1.7% 20/03/2017	6.36
4. US Treasury Note 3.75% 15/11/2018	4.56	US Treasury Note 0.5% 31/07/2017	6.32
5. US Treasury Note 0.5% 31/07/2017	4.22	US Treasury Note 1% 30/11/2019	4.99
Number of holdings: 53		Number of holdings: 43	

Please note: negative figures are shown in brackets.

# UK ALL SHARE TRACKER FUND

for the year ended 31 March 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give a total return by tracking the performance of the UK Equity market, currently represented by the Financial Times Stock Exchange All Share Index. The Fund invests primarily in UK equities. The Fund uses a number of methods to track its selected index. Discretion may be used in deciding which investments in the index will be included in the Fund.

The index measures the performance of equities of small, medium and large companies listed in the UK. The Fund aims to invest in a sample of equities that make up the index and aims to perform in line with the index on a rolling 3 year basis.

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, normally referred to as Efficient Portfolio Management (EPM):

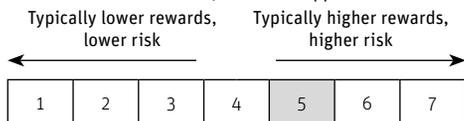
- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

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](http://www.scottishwidows.co.uk/investmentapproaches)



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

\* As disclosed in the key investor information document dated 8 February 2016.

## INVESTMENT ADVISER'S REVIEW

UK equity markets were down over the 12 month review period. Weakness in energy and commodity prices had a negative influence throughout 2015 because of the large number of global oil and mining companies that are listed in the UK. At the sector level, basic materials and financials were among the worst performers. In contrast, consumer goods and technology did well.

In November, the Bank of England highlighted that the prospect of sustained inflation is remote and that the problems being faced by China and other developing economies could lead to the UK's recovery fizzling out. Accordingly, interest rates were once more held at 0.5%.

But in the US, the Federal Reserve has started the process of raising interest rates for the first time since the onset of the financial crisis. Investors had also been nervous ahead of the Federal Reserve's December rate-setting meeting. When rates were eventually raised, the move was taken as an expression of confidence in the strength of the US economy. While stock markets across the world recovered some of their previous losses from earlier in 2015, the UK market nevertheless finished slightly lower over December.

The possibility that the UK might leave the European Union (or 'Brexit' as it has become known in the media) was the most-talked-about topic in recent months. The date of the referendum was announced as 23 June, prompting several politicians to announce whether they would be campaigning for the UK to remain in or leave the 28-nation bloc.

Chancellor George Osborne announced his latest budget in March. This was always likely to be a relatively subdued affair ahead of the referendum and contained little of material influence at a macro-economic level.

In terms of activity and composition, the Fund continued to mirror the FTSE All-Share Index. We therefore periodically rebalanced its holdings in accordance with the changes that index provider FTSE made at its quarterly reviews.

Over the period, the top performers in the FTSE All-Share Index included JD Sports Fashion, Darty, McBride, Sanne Group and FDM Group. In contrast, among the worst performers were Lonmin, Cambian Group, Johnston Press, Premier Oil and Nanoco Group.

The UK economy appears to have had more momentum entering 2016 than previously thought, with upward revisions to gross domestic product (GDP) growth in 2015 Q4 (to 0.6% from 0.5%) and earlier quarters. Behind the headline GDP figures, however, the economy remains unbalanced. The current account deficit widened to a record 7% of GDP in 2015 Q4, reflecting a sharp drop in returns on investment abroad.

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

# UK ALL SHARE TRACKER FUND (CONTINUED)

for the year ended 31 March 2016

Distribution			
XD dates	Payment dates		
30/09/15	30/11/2015		
31/03/16	31/05/2016		
Ongoing charges figure			
	31/03/16	31/03/15	
	%	%	
I Accumulation	0.36	0.37	
I Income	0.36	0.36	
X Accumulation	0.11	0.11	
The ongoing charges figure (OCF) is the total expenses paid by each share class in the year 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	31/03/16	31/03/15	
	%	%	
Financials	24.15	26.02	
Consumer Goods	17.36	14.41	
Consumer Services*	12.80	11.75	
Oil & Gas	10.52	11.80	
Industrials*	10.50	10.00	
Health Care	8.27	8.82	
Telecommunications	5.19	4.84	
Basic Materials	4.83	6.71	
Utilities	3.94	3.58	
Technology	1.58	1.52	
Fixed Income	0.00	0.00	
Derivatives	0.01	0.01	
Net other assets	0.85	0.54	
Total net assets	100.00	100.00	
* Since the previous report classification headings have been updated by data providers. Comparative figures have been updated where appropriate.			
Net asset value			
	NAV per share	NAV per share	NAV percentage change
	31/03/16	31/03/15	
	(p)	(p)	%
I Accumulation	215.01	226.95	(5.26)
I Income	125.00	136.78	(8.61)
X Accumulation	216.30	227.83	(5.06)
Distribution			
		Interim	Final
		30/09/15	31/03/16
		(p)	(p)
I Accumulation		4.0684	3.2919
I Income		2.4509	1.9434
X Accumulation		4.3651	3.5746

## Performance record

	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11
	to	to	to	to	to
	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
	%	%	%	%	%
UK All Share Tracker					
Fund I Accumulation	(4.63)	7.64	8.38	16.75	0.54
UK All Companies					
Sector Average Return	(2.60)	5.74	14.03	17.47	0.39
FTSE All-Share Index	(3.92)	6.57	8.81	16.77	1.39
Realised					
Tracking Error†	0.05	0.07	0.11	0.10	n/a
Anticipated	0.00	0.00	0.00		
Tracking Error*	-0.20	-0.20	-0.20	n/a	n/a

Source: Lipper for UK All Share Tracker Fund and UK All Companies Sector Average Return (funds which invest at least 80% of their assets in UK equities which have a primary objective of achieving capital growth). Basis: Revenue reinvested and net of expenses.

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

†The Realised Tracking Error measures how consistently the Fund follows its benchmark and is defined as being the volatility of differences in returns between the Fund and its benchmark over a 3 year period.

\*The Anticipated Tracking Error calculated using the performance of the Fund against the closing position of the Benchmark Index will be in the region of 0.0-0.2%. Factors likely to affect the ability of the Fund in meeting this objective are transaction costs, small illiquid components, dividend reinvestment, rebalancing, Fund expenses, significant inflows/outflows and the cash management thereof.

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

	31/03/16		31/03/15
	%		%
1. HSBC	4.19	HSBC	5.08
2. British American Tobacco	3.74	BP	3.71
3. Royal Dutch Shell 'A' Shares	3.54	Royal Dutch Shell 'A' Shares	3.65
4. GlaxoSmithKline	3.38	GlaxoSmithKline	3.52
5. BP	3.22	British American Tobacco	3.04

Number of holdings: 623    Number of holdings: 611

Please note: negative figures are shown in brackets.

# UK FIXED INTEREST TRACKER FUND

for the year ended 31 March 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give a total return by tracking the performance of the UK Fixed Interest market, currently represented by the FTSE Actuaries UK Conventional Gilts All Stocks Index. The Fund invests primarily in UK Government Gilts. The Fund uses a number of methods to track its selected index. Discretion may be used in deciding which investments in the index will be included in the Fund.

The index measures the performance of fixed interest securities (Gilts) issued by the UK government. The Fund aims to invest in a sample of the gilts that make up the index and aims to perform in line with the index on a rolling 3 year basis.

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, normally referred to as Efficient Portfolio Management (EPM):

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

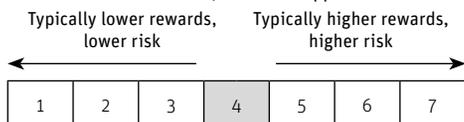
We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Note: The benchmark index FTSE A UK Gilts All Stocks Index is also known as the FTSE Actuaries UK Conventional Gilts All Stocks Index.

### 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](http://www.scottishwidows.co.uk/investmentapproaches)



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

\* As disclosed in the key investor information document dated 8 February 2016.

## INVESTMENT ADVISER'S REVIEW

UK government bonds experienced a high level of volatility in the year to 31 March. Markets shifted between bouts of optimism and pessimism over economic growth, and fretted over a plethora of geopolitical problems. This latter factor served to heighten risk aversion, encouraging an investor flight to the perceived safety of core government bonds such as UK Gilts. For much of the review period, this was countered by a rise in inflation expectations and an accompanying expectation that UK interest rates were likely to rise.

That expectation diminished as the review period wore on. While the Bank of England's monetary policy committee (MPC) was consistently split 8-1 against an interest rate hike in the later stages of the review period, market pricing for the first interest rate hike has fluctuated wildly, and markets are not fully pricing in the first rate rise until late next year.

The possibility that the UK might leave the European Union (or 'Brexit' as it has become known in the media) became a prominent topic for discussion towards the end of the review period. Investors hate uncertainty and the prospect of a protracted in/out battle until late June caused the pound to plummet to its lowest level against the US dollar since 2009.

The yield on the benchmark 10-year UK Gilt closed the review period at 1.42% on 31 March.

Over the year to the end of March, the benchmark FTSE-A UK Gilts All Stocks Index returned 3.25%. The UK Fixed Interest Tracker Fund returned 2.49% net of fees over the same period.

Activity over the half-year continued to serve the Fund's aim of tracking the performance of the FTSE-A UK Gilts All Stocks Index. This is achieved by using sampling techniques to capture both the duration of the market (i.e. its price sensitivity to interest-rate changes) and the shape of the yield curve. Holdings were switched only when it would provide a truer representation of the curve. Cash inflows and coupon payments were invested to maintain a close replication of the benchmark index.

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

# UK FIXED INTEREST TRACKER FUND (CONTINUED)

for the year ended 31 March 2016

Distribution		Payment dates		
XD dates				
30/06/15			31/08/2015	
30/09/15			30/11/2015	
31/12/15			28/02/2016	
31/03/16			31/05/2016	
Ongoing charges figure				
		31/03/16	31/03/15	
		%	%	
I Accumulation		0.37	0.37	
I Income		0.37	0.37	
W Gross Accumulation		0.12	0.12	
The ongoing charges figure (OCF) is the total expenses paid by each share class in the year 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		31/03/16	31/03/15	
		%	%	
Government Securities		100.01	99.44	
Net other (liabilities)/assets		(0.01)	0.56	
Total net assets		100.00	100.00	
Net asset value				
	NAV per share	NAV per share	NAV percentage change	
	31/03/16	31/03/15		
	(p)	(p)	%	
I Accumulation	234.23	228.60	2.46	
I Income	129.12	127.84	1.00	
W Gross Accumulation	117.36	113.85	3.08	
Distribution				
	First interim	Second interim	Third interim	Final interim
	30/06/15	30/09/15	31/12/15	31/03/16
	(p)	(p)	(p)	(p)
I Accumulation	0.8148	0.8170	0.8019	0.7956
I Income	0.4556	0.4552	0.4449	0.4403
W Gross Accumulation	0.5768	0.5799	0.5717	0.5698
Top five holdings				
	31/03/16		31/03/15	
	%		%	
1. UK Treasury	3.48	UK Treasury	3.53	
4.25% 07/06/2032		4.25% 07/06/2032		
2. UK Treasury	3.45	UK Treasury	3.48	
4.75% 07/12/2030		5% 07/03/2025		
3. UK Treasury	3.44	UK Treasury	3.38	
5% 07/03/2025		4% 07/03/2022		
4. UK Treasury	3.34	UK Treasury	3.32	
4% 07/03/2022		4.75% 07/12/2030		
5. UK Treasury	3.25	UK Treasury	3.14	
4.5% 07/09/2034		4.5% 07/09/2034		
Number of holdings: 41		Number of holdings: 41		

## Performance record

	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11
	to	to	to	to	to
	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
	%	%	%	%	%
UK Fixed Interest Tracker Fund					
I Accumulation	2.49	13.11	(3.49)	4.65	13.44
UK Gilt Sector Average Return	2.25	15.30	(3.75)	4.52	13.81
FTSE Actuaries UK Conventional Gilts All Stocks Index	3.25	13.91	(2.56)	5.25	14.46
Realised Tracking Error*	0.05	0.05	0.06	0.10	n/a
Anticipated	0.00	0.00	0.00		
Tracking Error*	-0.20	-0.20	-0.20	n/a	n/a

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

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

\*The Realised Tracking Error measures how consistently the Fund follows its benchmark and is defined as being the volatility of differences in returns between the Fund and its benchmark over a 3 year period.

\*The Anticipated Tracking Error calculated using the performance of the Fund against the closing position of the Benchmark Index will be in the region of 0.0-0.2%. Factors likely to affect the ability of the Fund in meeting this objective are transaction costs, small illiquid components, dividend reinvestment, rebalancing, Fund expenses, significant inflows/outflows and the cash management thereof.

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.

## Summary of portfolio by credit ratings

	31/03/16	31/03/15
	Total net assets	Total net assets
	%	%
Rating block		
Investment grade (AAA to BBB-)	100.01	99.44
Total bonds	100.01	99.44
Other	(0.01)	0.56
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

Please note: negative figures are shown in brackets.

# UK INDEX-LINKED TRACKER FUND

for the year ended 31 March 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give a total return by tracking the performance of the gilt market, currently represented by the FTSE Actuaries UK Index-Linked All Stocks Index. The Fund invests primarily in UK Index-Linked Government Gilts. The Fund uses a number of methods to track its selected index. Discretion may be used in deciding which investments in the index will be included in the Fund.

The index measures the performance of the index-linked securities (Gilts) issued by the UK government. The Fund aims to invest in a sample of the gilts that make up the index and aims to perform in line with the index on a rolling 3 year basis.

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, normally referred to as Efficient Portfolio Management (EPM):

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

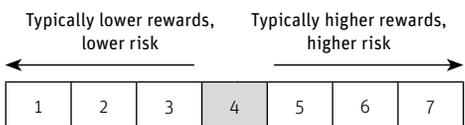
We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Note: The benchmark index FTSE Actuaries Government Securities Index-Linked All Stocks Index is also known as the FTSE British Government Index-Linked All Stocks Index.

### 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](http://www.scottishwidows.co.uk/investmentapproaches)



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

\* As disclosed in the key investor information document dated 8 February 2016.

## INVESTMENT ADVISER'S REVIEW

UK government bonds have been volatile, influenced at different times by uncertainty over the timing of interest rate rises, higher-than-expected economic growth and expectations of higher inflation.

Returns from index-linked Gilts were negative between April and December, with index-linked bond yields moving higher and prices lower. Inflation-linked bonds are far from immune to the erratic swings we have seen in nominal bond yields, and real yields rose sharply amid increased volatility against a backdrop of declining liquidity. Between October and December, real yields were dragged higher by market participants entering short positions ahead of Bank of England asset purchase facility buybacks, which were focused on conventional Gilts. Further upward pressure on real yields was exhibited indirectly via weakness in nominal yields, after the European Central Bank's under-delivery on its latest round of monetary stimulus at the start of December.

However, UK inflation-linked government bond recovered somewhat over the first three months of 2016, benefiting from investor nervousness and a consequent "flight to quality".

The benchmark FTA Index-Linked All Stocks Index returned 1.74% over the reporting period. This meant index-linked Gilts underperformed conventional (i.e. non index-linked) Gilts. The UK Index-Linked Tracker Fund returned -0.40% net of fees.

Trading activity over the period continued to serve the objective of tracking the benchmark FTA Index Linked All Stocks Index. Changes to the portfolio during the review period were therefore confined to reflecting shifts in the yield curve and changes to the index. New money and coupon payments were invested to maintain a full replication of the benchmark index.

With inflationary pressures still subdued, and substantial fiscal tightening due over the next few years, we expect the Bank of England to keep interest rates on hold until the second quarter of 2017.

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

# UK INDEX-LINKED TRACKER FUND (CONTINUED)

for the year ended 31 March 2016

## Distribution

XD dates	Payment dates
30/06/15	31/08/2015
30/09/15	30/11/2015
31/12/15	28/02/2016
31/03/16	31/05/2016

## Ongoing charges figure

	31/03/16 %	31/03/15 %
I Accumulation	0.36	0.36
I Income	0.36	0.36
W Gross Accumulation	0.11	0.11

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year 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	31/03/16 %	31/03/15 %
UK Index-Linked Gilts	99.75	99.72
Net other assets	0.25	0.28
Total net assets	100.00	100.00

## Net asset value

	NAV per share 31/03/16 (p)	NAV per share 31/03/15 (p)	NAV percentage change %
I Accumulation	275.00	275.79	(0.29)
I Income	227.47	229.07	(0.70)
W Gross Accumulation	119.48	119.40	0.07

## Distribution

	First interim 30/06/15 (p)	Second interim 30/09/15 (p)	Third interim 31/12/15 (p)	Final interim 31/03/16 (p)
I Accumulation	0.2848	0.2797	0.2840	0.2642
I Income	0.2363	0.2319	0.2350	0.2185
W Gross Accumulation	0.2267	0.2253	0.2271	0.2171

## Top five holdings

	31/03/16 %		31/03/15 %
1. UK Treasury 1.25% Index-Linked 22/11/2055	5.27	UK Treasury 1.25% Index-Linked 22/11/2055	5.61
2. UK Treasury 2.5% Index-Linked 26/07/2016	4.73	UK Treasury 2.5% Index-Linked 26/07/2016	5.12
3. UK Treasury 1.125% Index-Linked 22/11/2037	4.64	UK Treasury 1.125% Index-Linked 22/11/2037	4.99
4. UK Treasury 0.375% Index-Linked 22/03/2062	4.63	UK Treasury 1.25% Index-Linked 22/11/2027	4.84
5. UK Treasury 1.875% Index-Linked 22/11/2022	4.51	UK Treasury 1.875% Index-Linked 22/11/2022	4.83

Number of holdings: 28      Number of holdings: 24

## Summary of portfolio by credit ratings

	31/03/16 Total net assets %	31/03/15 Total net assets %
Rating block		
Investment grade (AAA to BBB-)	99.75	99.72
Total bonds	99.75	99.72
Other	0.25	0.28
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

# UK INDEX-LINKED TRACKER FUND (CONTINUED)

for the year ended 31 March 2016

## Performance record

	01/04/15 to 31/03/16	01/04/14 to 31/03/15	01/04/13 to 31/03/14	01/04/12 to 31/03/13	01/04/11 to 31/03/12
	%	%	%	%	%
UK Index-Linked Tracker Fund I Accumulation	(0.40)	19.68	(3.79)	9.45	17.35
UK Index-Linked Gilts Sector Average Return	0.67	19.33	(4.50)	10.14	18.56
FTSE Actuaries Government Securities Index-Linked All Stocks Index Realised	1.74	18.55	(3.80)	10.21	18.12
Tracking Error†	0.05	0.06	0.07	0.10	n/a
Anticipated	0.00	0.00	0.00	n/a	n/a
Tracking Error*	-0.20	-0.20	-0.20		

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

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

†The Realised Tracking Error measures how consistently the Fund follows its benchmark and is defined as being the volatility of differences in returns between the Fund and its benchmark over a 3 year period.

\*The Anticipated Tracking Error calculated using the performance of the Fund against the closing position of the Benchmark Index will be in the region of 0.0-0.2%. Factors likely to affect the ability of the Fund in meeting this objective are transaction costs, small illiquid components, dividend reinvestment, rebalancing, Fund expenses, significant inflows/outflows and the cash management thereof.

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.

# UK SMALLER COMPANIES FUND

for the year ended 31 March 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give long-term capital growth by investing in a wide portfolio of primarily UK smaller companies' shares. 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, normally referred to as Efficient Portfolio Management (EPM):

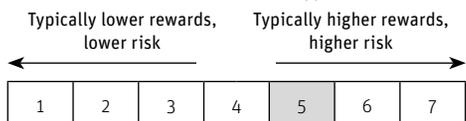
- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

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](http://www.scottishwidows.co.uk/investmentapproaches)



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

\* As disclosed in the key investor information document dated 8 February 2016.

## INVESTMENT ADVISER'S REVIEW

Small-cap UK equities rose in the year under review. Initially, stocks were buoyed by the Conservative election victory but this was overshadowed by the unfolding Greek debt drama and a poorly-communicated yuan devaluation. Beijing's less-than-assured policymaking and the sustained fall in the oil price triggered bouts of panic selling. The well-signalled US interest-rate normalisation in December hardly moved markets but turmoil in Chinese A-shares and the still-tumbling oil price resulted in another sell-off. Sentiment was also dampened by the UK's referendum on Brexit but the Fed's more measured interest rate policy and the European Central Bank's bolder-than-expected package of fresh stimulus proved mitigating.

For the year to end-March, the Fund rose by 1.80% in sterling terms, largely in line with the benchmark's marginal rise.

At the stock level, Anite, RPC and Dechra Pharmaceuticals contributed to relative return. Anite's shares benefited the fund after the company received a recommended offer from Keysight Technologies. RPC released a solid set of interim results that included higher-than-expected savings from the Promens acquisition. In addition, it announced the acquisition of Global Closure Systems, as it continued to consolidate the industry. Dechra Pharmaceuticals traded strongly and announced the well-received acquisition of US generics business Putney Inc.

In contrast, The Restaurant Group, Fenner and JD Sports detracted from performance. The Restaurant Group cost the fund as it experienced a deterioration in trading, particularly at sites that are reliant on retail-driven footfall. Fenner's shares struggled as the weak coal price adversely affected demand for its coal-mining conveyor belts and not holding JD Sports detracted as its shares were buoyed by good demand for its products.

Stockmarkets are likely to remain under pressure from persistent global headwinds. In particular, investors fear that central banks in both the Continent and elsewhere have been compelled to impose negative interest rates because of the lack of viable alternatives and have run out of policy tools to boost economic growth. Notably, the Fed's unexpectedly dovish stance has sent the US dollar tumbling, and in relative terms resulted in a stronger euro, which is bad news for exporters. That said, we believe our invested companies will remain steadfast amid these headwinds, given their robust balance sheets, resilient businesses, and experienced management.

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

# UK SMALLER COMPANIES FUND (CONTINUED)

for the year ended 31 March 2016

Distribution			
XD date	Payment date		
31/03/16	31/05/2016		
Ongoing charges figure			
	31/03/16	31/03/15	
	%	%	
A Accumulation	1.63	1.63	
B Accumulation	1.38	1.38	
C Accumulation	0.88	0.88	
X Accumulation	0.13	0.13	
<p>The ongoing charges figure (OCF) is the total expenses paid by each share class in the year 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.</p>			
Details of investments			
Investments	31/03/16	31/03/15	
	%	%	
Industrials	42.67	38.39	
Consumer Services	15.34	20.23	
Financials	14.97	14.26	
Health Care	7.88	5.75	
Consumer Goods	6.78	5.98	
Basic Materials	5.77	5.42	
Technology	2.56	5.13	
Telecommunications	2.22	1.42	
Oil & Gas	0.78	0.98	
Utilities	-	0.01	
Net other assets	1.03	2.43	
Total net assets	100.00	100.00	
Net asset value			
	NAV per share	NAV per share	NAV percentage change
	31/03/16	31/03/15	
	(p)	(p)	%
A Accumulation	328.43	321.73	2.08
B Accumulation	339.14	331.38	2.34
C Accumulation	361.98	351.93	2.86
X Accumulation	401.75	387.67	3.63

Performance record					
	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11
	to	to	to	to	to
	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
	%	%	%	%	%
UK Smaller Companies Fund					
A Accumulation	1.80	(5.48)	26.60	26.47	8.50
UK Smaller Companies Sector					
Average Return	8.13	(2.13)	30.33	19.42	1.37
<p>Source: Lipper for UK Smaller Companies Fund and UK Smaller Companies Sector Average Return (funds which invest at least 80% of their assets in UK equities of companies which form the bottom 10% by market capitalisation). Basis: Revenue reinvested and net of expenses.</p>					
<p>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.</p>					
Distribution					
					Final
					31/03/16
					(p)
A Accumulation					3.6039
B Accumulation					4.5765
C Accumulation					6.7118
X Accumulation					10.4669
Top five holdings					
	31/03/16			31/03/15	
	%			%	
1. RPC	4.20	RPC		4.20	
2. XP Power	4.16	Wilmington		3.93	
3. Dechra Pharmaceuticals	3.86	Dechra Pharmaceuticals		3.80	
4. James Fisher & Sons	3.46	XP Power		3.49	
5. Wilmington	3.43	Euromoney Institutional Investor		3.29	
<p>Number of holdings: 45      Number of holdings: 42</p>					
<p>Please note: negative figures are shown in brackets.</p>					

# UK TRACKER FUND

for the year ended 31 March 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give long-term capital growth by tracking the performance of the UK equity market, currently represented by the Financial Times Stock Exchange 100 Index (FTSE 100 Index). The Fund normally invests in all of the shares in the index, but may invest in a sample of shares and derivatives. Discretion may be used over investing in shares entering or exiting the index.

The index measures the performance of shares of the 100 largest companies listed in the UK. The Fund aims to perform in line with the index on a rolling 3 year basis.

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, normally referred to as Efficient Portfolio Management (EPM):

- To help reduce risk;
- To help reduce cost;
- 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](http://www.scottishwidows.co.uk/investmentapproaches)

Typically lower rewards, lower risk			Typically higher rewards, higher risk			
1	2	3	4	5	6	7

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

\* As disclosed in the key investor information document dated 8 February 2016.

## INVESTMENT ADVISER'S REVIEW

UK equity markets were down over the 12 month review period. Weakness in energy and commodity prices had a negative influence throughout 2015 because of the large number of global oil and mining companies that are listed in the UK.

In November, the Bank of England highlighted that the prospect of sustained inflation is remote and that the problems being faced by China and other developing economies could lead to the UK's recovery fizzling out. Accordingly, interest rates were once more held at 0.5%.

But in the US, the Federal Reserve has started the process of raising interest rates for the first time since the onset of the financial crisis. Investors had also been nervous ahead of the Federal Reserve's December rate-setting meeting. When rates were eventually raised, the move was taken as an expression of confidence in the strength of the US economy. While stock markets across the world recovered some of their previous losses from earlier in 2015, the UK market nevertheless finished slightly lower over December.

The possibility that the UK might leave the European Union (or 'Brexit' as it has become known in the media) was the most-talked-about topic in recent months. The date of the referendum was announced as 23 June, prompting several politicians to announce whether they would be campaigning for the UK to remain in or leave the 28-nation bloc.

Chancellor George Osborne announced his latest budget in March. This was always likely to be a relatively subdued affair ahead of the referendum and contained little of material influence at a macro-economic level.

In terms of activity and composition, the Fund continued to mirror the FTSE 100 Index. We therefore periodically rebalanced its holdings in accordance with the changes that index provider FTSE made at its quarterly reviews.

Over the period, the best performers in the FTSE 100 Index included Paddy Power Belfair, DCC, Fresnillo, Randgold Resources and Sage Group. Conversely, among the worst performers were Standard Chartered, Anglo American, Glencore, BHP Billiton and Pearson.

The UK economy appears to have had more momentum entering 2016 than previously thought, with upward revisions to gross domestic product (GDP) growth in 2015 Q4 (to 0.6% from 0.5%) and earlier quarters. Behind the headline GDP figures, however, the economy remains unbalanced. The current account deficit widened to a record 7% of GDP in 2015 Q4, reflecting a sharp drop in returns on investment abroad.

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

# UK TRACKER FUND (CONTINUED)

for the year ended 31 March 2016

Distribution			
XD dates	Payment dates		
30/09/15	30/11/15		
31/03/16	31/05/16		
Ongoing charges figure			
	31/03/16	31/03/15	
	%	%	
A Accumulation	1.00	1.00	
A Income	1.00	1.00	
B Accumulation	0.50	0.50	
B Income	0.50	0.50	
G Accumulation	1.00	1.00	
G Income	1.00	1.00	
X Accumulation	-	-	
<p>The ongoing charges figure (OCF) is the total expenses paid by each share class in the year 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.</p>			
Details of investments			
Investments	31/03/16	31/03/15	
	%	%	
Consumer Goods	20.55	16.51	
Financials	20.03	23.16	
Oil & Gas	12.52	13.66	
Consumer Services	11.90	10.68	
Health Care	9.66	10.22	
Industrials	7.33	7.16	
Telecommunications	6.29	5.46	
Basic Materials	5.27	7.44	
Utilities	4.73	4.10	
Technology	1.32	1.16	
Derivatives	0.01	0.02	
Net other assets	0.39	0.43	
Total net assets	100.00	100.00	
Net asset value			
	NAV per share	NAV per share	NAV percentage change
	31/03/16	31/03/15	
	(p)	(p)	%
A Accumulation	253.34	273.43	(7.35)
A Income	156.00	173.75	(10.22)
B Accumulation	271.95	291.94	(6.85)
B Income	155.13	172.83	(10.24)
G Accumulation	117.81	127.12	(7.32)
G Income	107.33	119.53	(10.21)
X Accumulation	290.59	310.57	(6.43)

Distribution						
	Interim		Final			
	30/09/15		31/03/16			
	(p)		(p)			
A Accumulation	4.1393		3.5005			
A Income	2.6373		2.1924			
B Accumulation	5.1588		4.4372			
B Income	3.0378		2.5578			
G Accumulation	1.9184		1.6215			
G Income	1.8053		1.4978			
X Accumulation	6.2003		5.3893			
Performance record						
	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11	
	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12	
	%	%	%	%	%	
UK Tracker Fund A Accumulation	(7.35)	6.88	6.28	14.57	(0.76)	
UK All Companies Sector Average Return	(2.60)	5.74	14.03	17.47	0.39	
FTSE 100 Index	(5.26)	6.34	6.66	15.45	1.24	
Realised Tracking Error†	0.05	0.05	0.05	0.10	n/a	
Anticipated Tracking Error*0.00	0.00	0.00	0.00			
	-0.20	-0.20	-0.20	n/a	n/a	
<p>Source: Lipper for UK Tracker Fund and UK All Companies Sector Average Return (funds which invest at least 80% of their assets in UK equities which have a primary objective of achieving capital growth). Basis: Revenue reinvested and net of expenses.</p>						
<p>Source: Rimes for the FTSE 100 Index (GBP). Basis: Revenue reinvested and gross of expenses.</p>						
<p>*The Realised Tracking Error measures how consistently the Fund follows its benchmark and is defined as being the volatility of differences in returns between the Fund and its benchmark over a 3 year period.</p>						
<p>*The Anticipated Tracking Error calculated using the performance of the Fund against the closing position of the Benchmark Index will be in the region of 0.0-0.2%. Factors likely to affect the ability of the Fund in meeting this objective are transaction costs, small illiquid components, dividend reinvestment, rebalancing, Fund expenses, significant inflows/outflows and the cash management thereof.</p>						
<p>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.</p>						
<p>Please note: negative figures are shown in brackets.</p>						

# UK TRACKER FUND (CONTINUED)

for the year ended 31 March 2016

## Top five Holdings

	31/03/16		31/03/15
	%		%
1. HSBC	5.28	HSBC	6.25
2. British American Tobacco	4.70	BP	4.58
3. Royal Dutch Shell 'A' Shares	4.48	Royal Dutch Shell 'A' Shares	4.50
4. GlaxoSmithKline	4.28	GlaxoSmithKline	4.33
5. BP	4.07	British American Tobacco	3.77

Number of holdings: 103    Number of holdings: 103

Please note: negative figures are shown in brackets.



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**SCOTTISH WIDOWS**

The logo for Scottish Widows, featuring the company name in a bold, black, sans-serif font. The text is centered and flanked by two stylized, curved lines that sweep upwards and outwards, resembling a wave or a ribbon.