

SCOTTISH WIDOWS

official pensions and investment provider



Scottish Widows Investment Solutions Funds ICVC

Interim Short Report
for the period ended
30 November 2010

Scottish Widows Investment Solutions Funds ICVC

The Company

Scottish Widows Investment Solutions Funds ICVC

15 Dalkeith Road

Edinburgh

EH16 5WL

Incorporated in Great Britain under registered number IC000409. Authorised and regulated by the Financial Services Authority.

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

Scottish Widows Unit Trust Managers Limited

Registered Office:

Charlton Place

Andover

SP10 1RE

Head Office:

15 Dalkeith Road

Edinburgh

EH16 5WL

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

Investment Adviser

Scottish Widows Investment Partnership Limited

Registered Office:

33 Old Broad Street

London

EC2N 1HZ

Business Address:

Edinburgh One

60 Morrison Street

Edinburgh

EH3 8BE

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

Depository

State Street Trustees Limited

Registered Office:

20 Churchill Place

Canary Wharf

London

E14 5HJ

Head Office:

525 Ferry Road

Edinburgh

EH5 2AW

Authorised and regulated by the Financial Services Authority.

Independent Auditors

PricewaterhouseCoopers LLP

Erskine House

68-73 Queen Street

Edinburgh

EH2 4NH

Introduction

Twice a year we are required to send you a Short Report of the Investment Company with Variable Capital (ICVC) in which you're invested. The report covers how the funds in the ICVC have performed and how they are invested. It also includes a review from the funds' managers. Short Reports are important as not only do they keep you up-to-date with fund activity and fund managers' opinion, but they also contain important information about any changes to how the funds operate. However please note that Short Reports don't contain any details about the value of your personal investment. Information that is personal to you is sent to you 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 Unit Trust Managers Limited.

Fund prices can also be found at the above website.

Prospectus Changes

During the period and up to the date of this report, the following changes were made to the Company and therefore the following changes were reflected in the Prospectus and/or Instrument of Incorporation of Scottish Widows Investment Solutions Funds ICVC.

- The prospectus was updated on 15 September 2010 to introduce a 12 month timeframe from the date the initial offer of the relevant fund commenced in which the Company must comply with the spread of investment rules under COLL. Prior to this date the spread of investments rules did not apply during any period in which it was not reasonably practical to comply, provided that there was a prudent spread of risk.
- Capital Protected Fund 17 was launched on 15 September 2010;

A copy of the Prospectus is available on request.

Important Information

On 31 July 2008 a motion was passed by shareholders in the Defensive Solution, Cautious Solution, Discovery Solution, Balanced Solution, Strategic Solution, Dynamic Solution and Adventurous Solution Funds allowing changes to the objectives, policy and investment and borrowing powers of each of these Funds. These changes were made to allow more flexibility and efficiency in managing the Funds and provide more options as to the type of asset classes that each Fund can invest in.

As at 30 November 2010, the restructuring of the Solutions Funds continues and these Funds are still in an interim structure and have not, as yet, fully moved to the final structure proposed.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing mainly in funds such as collective investment schemes.

Summary of the investment policy of the Fund

The Fund will provide exposure primarily to equities (including UK, overseas and emerging markets equities). The Fund will also provide exposure to fixed interest securities (including UK fixed interest securities and overseas high yield bonds), property and commodities. In addition the Fund has the power to invest in other asset classes permitted by the FSA rules. Exposure will be generally to UK investments but with a significant proportion overseas.

Risks

The Fund will provide exposure to a wide range of asset classes, including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that the value of your investment might fall.
- Some of the companies and governments who issue the fixed interest securities that the funds invest in might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, or their credit rating falls, the value of your investment might reduce. In addition, a proportion of the Fund will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest securities held by the funds. If long term interest rates rise, the value of your investment might fall and vice versa.
- Exchange rate changes might cause the value of any overseas investments to go up or down.
- Property is a less liquid asset than other assets such as fixed interest securities or equities and values could be affected if properties need to be sold in a short timescale. Property valuation is generally a matter of judgement by an independent valuer rather than fact and values can go up or down.

INVESTMENT MANAGER'S REVIEW

The Adventurous Solution Fund returned 9.75% over the period to 30 November 2010. The Fund is invested mainly in equities.

Equity markets have made some progress, although nervousness about the state of the global economy has hampered further gains. The main positive has been the release of strong corporate results, particularly in the US. In the absence of economic growth, companies have boosted profits through cost cutting measures and bolstered their balance sheets in preparation for tougher times. Of the major markets, the UK was one of the best performers.

Europe, meanwhile, has been hampered by the perilous financial positions of some of the region's peripheral nations. The European Union and the International Monetary Fund put together a bail-out package said to be in the region of €85 billion to extricate Ireland from its financial troubles. But traders quickly redirected their attention to the perilous state of Spain's and Portugal's finances. Despite the sovereign difficulties, though, there are reasons to be cheerful. The largest economy – Germany's – continues to surge ahead, while France is also showing signs of robust growth.

Elsewhere, emerging markets performed comparatively strongly as fears of a global double-dip recession faded and investors regained their appetite for risk. Japanese markets, though, have lagged those of the other major western economies, hampered by political uncertainty and the strength of the yen.

Within the Fund, we currently have a neutral position across most asset classes, although with interest rates at such low levels we have tried to keep cash holdings at a minimum and ensure the Fund is fully invested.

The coming year appears likely to bring further volatility to financial markets, as uncertainties about global economic recovery persist. But any evidence of positive growth could spark a significant market rally. The Fund's positions in equities and corporate bonds would be likely to benefit, should such a rally occur.

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

Adventurous Solution (continued)

TER

	30/11/10	31/05/10
	%	%
A Accumulation	1.80	1.79
X Accumulation	0.15	0.15

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

Details of investments

Investments	30/11/10	31/05/10
	%	%
Equity Funds	81.05	83.60
Bond Funds	4.97	4.51
Other Funds	7.55	7.27
Property Funds	6.13	4.70
Derivatives	0.01	(0.23)
Net other assets	0.29	0.15
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	31/11/10	31/05/10	
	(p)	(p)	%
A Accumulation	119.31	108.59	9.87
X Accumulation	127.47	115.25	10.60

Performance record

	01/06/10	01/06/09	01/06/08	01/06/07	01/06/06	24/10/05
	to	to	to	to	to	to
	30/11/10	31/05/10	31/05/09	31/05/08	31/05/07	31/05/06
	%	%	%	%	%	%

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Adventurous Solution

A Accumulation	9.75	24.04	(24.13)	(6.78)	17.22	5.70
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Source: Lipper for 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

	30/11/10		31/05/10
	%		%
1. SWIP Multi-Manager International Equity Fund A Acc ‡	25.42	SWIP Multi-Manager International Equity Fund A Acc ‡	24.87
2. SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	16.78	SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	17.61
3. SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	15.84	SWIP Multi-Manager UK Equity Income Fund A Acc ‡	16.51
4. SWIP Multi-Manager UK Equity Income Fund A Acc ‡	15.75	SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	15.42
5. Russell Emerging Markets Fund I Acc	5.00	Russell Emerging Markets Fund I Acc	4.91

Number of holdings: 24

Number of holdings: 22

‡ Scottish Widows Investment Partnership (SWIP)

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing mainly in funds such as collective investment schemes.

Summary of the investment policy of the Fund

The Fund will provide exposure to equities (including UK, overseas and emerging markets equities) balanced mainly with fixed interest securities (including UK fixed interest securities and overseas high yield bonds). The Fund will also provide exposure to property, commodities and other asset classes. Exposure will be to both UK and overseas markets.

Risks

The Fund will provide exposure to a wide range of asset classes, including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that the value of your investment might fall.
- Some of the companies and governments who issue the fixed interest securities that the funds invest in might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, or their credit rating falls, the value of your investment might reduce. In addition, a proportion of the funds will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest securities held by the funds. If long term interest rates rise, the value of your investment might fall and vice versa.
- Exchange rate changes might cause the value of any overseas investments to go up or down.
- Property is a less liquid asset than other assets such as fixed interest securities or equities and values could be affected if properties need to be sold in a short timescale. Property valuation is generally a matter of judgement by an independent valuer rather than fact and values can go up or down.

INVESTMENT MANAGER'S REVIEW

The Balanced Solution Fund produced a return of 6.89% in the period to 30 November 2010. The portfolio is split between UK equities, international equities, bonds, real estate and alternative investments.

Government bonds benefited from ongoing economic uncertainty. This was largely caused by certain European countries, such as Ireland and Greece. Both nations were forced to accept bail-out packages from the European Union and IMF due to the parlous state of their finances. As a result, investors headed for bonds issued by Europe's "core" governments, including Germany and the UK. US Treasuries also remained popular.

Meanwhile, corporate bonds have produced relatively strong returns, benefiting from strong demand. Some investors are understandably still nervous about the global economic recovery and as a result aren't quite ready to jump back into equities. But corporate bonds represent slightly less risk and occupy a middle ground between equities and government bonds in which many investors are more comfortable.

The release of strong corporate results have helped add to investor confidence. Across most sectors, companies have done a good job of repairing their balance sheets and building cash reserves. Despite the difficult economic environment, default rates on bond payments have fallen considerably since 2009, giving investors more confidence to invest in the riskier parts of the corporate bond market.

Equity markets have made some progress, although nervousness about the state of the global economy has hampered further gains. The main positive has been the release of strong corporate results. In the absence of economic growth, companies have boosted profits through cost cutting measures and bolstered their balance sheets in preparation for tougher times. Of the major markets, the UK was one of the best performers, while the Japanese market lagged behind once again.

Looking at the real estate market, returns continued to improve in the first months of the review period. Like corporate bonds, the asset class benefited from its relatively generous payouts to investors, while appearing to offer a lower level of risk than equities. The recovery has now stalled somewhat, but there are reasons for hope. Economic growth should prove supportive in the long-term, while the stable income offered by the asset class is a very desirable quality, particularly with interest rates stuck at record low levels.

Within the Fund, we currently have a neutral position across most asset classes.

Overall, the coming year is likely to be one of ongoing volatility, as uncertainties about global economic recovery persist. But any evidence of positive growth could spark a significant market rally.

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

Balanced Solution (continued)

TER

	30/11/10	31/05/10
	%	%
A Accumulation	1.85	1.82
X Accumulation	0.20	0.18

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

Details of investments

Investments	30/11/10	31/05/10
	%	%
Equity Funds	49.67	49.73
Bond Funds	34.66	35.21
Property Funds	9.01	8.99
Other Funds	6.00	4.99
Derivatives	-	(0.13)
Net other assets	0.66	1.21
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/11/10 (p)	NAV per share 31/05/10 (p)	NAV percentage change %
A Accumulation	113.27	105.67	7.19
X Accumulation	121.05	112.22	7.87

Performance record

	01/06/10 to 30/11/10	01/06/09 to 31/05/10	01/06/08 to 31/05/09	01/06/07 to 31/05/08	01/06/06 to 31/05/07	24/10/05 to 31/05/06
	%	%	%	%	%	%

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Balanced Solution

A Accumulation	6.89	20.07	(16.40)	(7.13)	9.65	3.60
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Source: Lipper for 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

	30/11/10		31/05/10
	%		%
1. SWIP High Yield Bond Fund A Inc ‡	14.93	SWIP High Yield Bond Fund A Inc ‡	14.79
2. SWIP Multi-Manager International Equity Fund A Acc ‡	11.94	SWIP Multi-Manager International Equity Fund A Acc ‡	11.82
3. SWIP Corporate Bond Plus Fund A Inc ‡	11.82	SWIP Corporate Bond Plus Fund A Inc ‡	11.68
4. SWIP Property Trust Acc ‡	9.01	SWIP Property Trust Acc ‡	8.99
5. SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	7.99	SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	8.13

Number of holdings: 28

Number of holdings: 28

‡ Scottish Widows Investment Partnership (SWIP)

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give an income with some potential for long-term capital growth by investing mainly in funds such as collective investment schemes.

Summary of the investment policy of the Fund

The Fund will provide exposure generally to fixed interest securities (including UK government bonds, other UK fixed interest securities and overseas high yield bonds). The Fund will also provide exposure to equities (including UK and overseas equities), property, commodities and other asset classes. Exposure will be generally to UK investments but with a significant proportion overseas.

Risks

The Fund will provide exposure to a wide range of asset classes, including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- Some of the companies and governments who issue the fixed interest securities that the funds invest in might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, the value of your investment and any income you take will reduce. If their credit rating falls, the value of your investment might fall. In addition, a proportion of the Fund will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest securities held by the funds. If long-term interest rates rise, the value of your investment might fall and vice versa.
- Exchange rate changes might cause the value of any overseas income received by the Fund to go up or down. This might affect the amount of income paid to you or added to the Fund.
- Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that the value of your investment might fall.
- Property is a less liquid asset than other assets such as fixed interest securities or equities and values could be affected if properties need to be sold in a short timescale. Property valuation is generally a matter of judgement by an independent valuer rather than fact and values can go up or down.

INVESTMENT MANAGER'S REVIEW

The Cautious Solution Fund returned 4.30% over the period to 30 November 2010. The bulk of the portfolio of the Fund is invested in bonds, with the remainder split mainly between real estate, absolute return funds and UK equities.

Having produced strong returns in the last couple of years, returns from bond markets levelled off, although the asset class still produced positive returns over the last six months. Government bonds benefited from ongoing economic uncertainty. This was largely caused by certain European countries, such as Ireland and Greece. Both nations were forced to accept bail-out packages from the European Union and IMF due to the parlous state of their finances. As a result, investors headed for bonds issued by Europe's "core" governments, including Germany and the UK. US Treasuries also remained popular.

Meanwhile, corporate bonds have produced relatively strong returns, benefiting from strong demand. Some investors are understandably still nervous about the global economic recovery and as a result aren't quite ready to jump back into equities. But corporate bonds represent slightly less risk and occupy a middle ground between equities and government bonds in which many investors are more comfortable.

The release of strong corporate results have helped add to investor confidence. Across most sectors, companies have done a good job of repairing their balance sheets and building cash reserves. Despite the difficult economic environment, default rates on bond payments have fallen considerably since 2009, giving investors more confidence to invest in the riskier parts of the corporate bond market.

Real estate continued its recovery in the first months of the review period. Like corporate bonds, the asset class benefited from its relatively generous payouts to investors, while appearing to offer a lower level of risk than equities. The recovery has now stalled somewhat, but there are reasons for hope. Economic growth should prove supportive in the long-term, while the stable income offered by the asset class is a very desirable quality, particularly with interest rates stuck at record low levels.

Within the Fund, we have adopted a comparatively large position in overseas bonds. To counterbalance this position, we have adopted a relatively small position in UK corporate bonds. There is also currently a small overweight position in real estate.

Looking ahead, the coming year is likely to be one of ongoing volatility, as uncertainties about global economic recovery persist. But any evidence of positive growth could spark a significant market rally.

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

Cautious Solution (continued)

Distribution

XD date	Payment date
31/08/10	31/10/10
30/11/10	31/01/11

TER

	30/11/10	31/05/10
	%	%
A Accumulation	1.58	1.56
A Income	1.58	1.56
X Accumulation	0.23	0.21

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

Details of investments

Investments	30/11/10	31/05/10
	%	%
Equity Funds*	18.99	19.11
Bond Funds	63.15	63.67
Property Funds*	13.76	13.47
Other Funds	3.42	2.79
Derivatives	0.02	(0.05)
Net other assets	0.66	1.01
Total net assets	100.00	100.00

*The prior year figures have been restated. There was no impact on the total net assets.

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
A Accumulation	111.59	106.74	4.54
A Income	96.68	93.72	3.16
X Accumulation	117.83	112.09	5.12

Performance record

	01/06/10	01/06/09	01/06/08	01/06/07	01/06/06	24/10/05
	to	to	to	to	to	to
	30/11/10	31/05/10	31/05/09	31/05/08	31/05/07	31/05/06
	%	%	%	%	%	%

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Cautious Solution

A Accumulation	4.30	16.43	(10.34)	(4.30)	4.18	2.80
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Source: Lipper for 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	Second interim
	31/08/10	30/11/10
	(p)	(p)
A Accumulation	0.6929	0.7811
A Income	0.6088	0.6819
X Accumulation	1.0482	1.1430

Top five holdings

	30/11/10		31/05/10
	%		%
1. SWIP Corporate Bond Plus Fund A Inc ‡	16.67	SWIP Corporate Bond Plus Fund A Inc ‡	16.88
2. SWIP Sterling Credit Advantage Fund A Inc ‡	16.03	SWIP Sterling Credit Advantage Fund A Inc ‡	15.78
3. SWIP High Yield Bond Fund A Inc ‡	14.92	SWIP High Yield Bond Fund A Inc ‡	14.44
4. SWIP Property Trust Inc ‡	10.13	SWIP Property Trust Inc ‡	9.93
5. SWIP Multi-Manager UK Equity Income Fund A Inc ‡	8.93	SWIP Multi-Manager UK Equity Income Fund A Inc ‡	9.07

Number of holdings: 27

Number of holdings: 25

‡ Scottish Widows Investment Partnership (SWIP)

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give an income, or growth (when income is kept in the Fund) by investing mainly in funds such as collective investment schemes.

Summary of the investment policy of the Fund

The Fund will provide exposure generally to fixed interest securities (including UK government bonds, other UK fixed interest securities and overseas high yield bonds). The Fund will also provide exposure to equities (including UK and overseas equities), property, commodities and other asset classes. Exposure will be mainly to UK investments but with a significant proportion overseas.

Risks

The Fund will provide exposure to a wide range of asset classes, including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- Some of the companies and governments who issue the fixed interest securities that the funds invest in might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, the value of your investment and any income you take will reduce. If their credit rating falls, the value of your investment might fall. In addition, a proportion of the Fund will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest securities held by the funds. If long-term interest rates rise, the value of your investment might fall and vice versa.
- Exchange rate changes might cause the value of any overseas income received by the Fund to go up or down. This might affect the amount of income paid to you or added to the Fund.
- Property is a less liquid asset than other assets such as fixed interest securities or equities and values could be affected if properties need to be sold in a short timescale. Property valuation is generally a matter of judgement by an independent valuer rather than fact and values can go up or down.

INVESTMENT MANAGER'S REVIEW

The Defensive Solution Fund returned 2.98% over the six month period to 30 November 2010. The bulk of the portfolio is invested in bonds, with the remainder split between UK equities, real estate and absolute return funds.

Having produced strong returns in the last couple of years, returns from bond markets levelled off, although the asset class still produced positive returns over the last six months. Government bonds benefited from ongoing economic uncertainty. This was largely caused by certain European countries, such as Ireland and Greece. Both nations were forced to accept bail-out packages from the European Union and IMF due to the parlous state of their finances. As a result, investors headed for bonds issued by Europe's "core" governments, including Germany and the UK. US Treasuries also remained popular.

Meanwhile, corporate bonds have produced relatively strong returns, benefiting from strong demand. Some investors are understandably still nervous about the global economic recovery and as a result aren't quite ready to jump back into equities. But corporate bonds represent slightly less risk and occupy a middle ground between equities and government bonds in which many investors are more comfortable.

The release of strong corporate results have helped add to investor confidence. Across most sectors, companies have done a good job of repairing their balance sheets and building cash reserves. Despite the difficult economic environment, default rates on bond payments have fallen considerably since 2009, giving investors more confidence to invest in the riskier parts of the corporate bond market.

Real estate continued its recovery in the first months of the review period. Like corporate bonds, the asset class benefited from its relatively generous payouts to investors, while appearing to offer a lower level of risk than equities. The recovery has now stalled somewhat, but there are reasons for hope. Economic growth should prove supportive in the long-term, while the stable income offered by the asset class is a very desirable quality, particularly with interest rates stuck at record low levels.

Within the Fund, the portfolio is currently running with a comparatively small position in UK bonds. To counterbalance this position, we have adopted a relatively large position in high yield and European corporate bonds.

Looking ahead, the coming year is likely to be one of ongoing volatility, as uncertainties about global economic recovery persist. But any evidence of positive growth is likely to spark a strong market rally.

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

Defensive Solution (continued)

Distribution

XD date	Payment date
31/08/10	31/10/10
30/11/10	31/01/11

TER

	30/11/10	31/05/10
	%	%
A Accumulation	1.58	1.56
A Income	1.58	1.56
X Accumulation	0.23	0.21

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

Details of investments

Investments	30/11/10	31/05/10
	%	%
Bond Funds	72.56	72.62
Equity Funds *	13.19	13.20
Property Funds *	10.65	10.53
Other Funds	3.36	2.51
Derivatives	0.01	(0.05)
Net other assets	0.23	1.19
Total net assets	100.00	100.00

*The prior year figures have been restated. There was no impact on the total net assets.

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
A Accumulation	106.97	103.67	3.18
A Income	92.79	91.02	1.94
X Accumulation	112.97	108.89	3.75

Performance record

	01/06/10	01/06/09	01/06/08	01/06/07	01/06/06	24/10/05
	to	to	to	to	to	to
	30/11/10	31/05/10	31/05/09	31/05/08	31/05/07	31/05/06
	%	%	%	%	%	%

Scottish Widows

Defensive Solution

A Accumulation	2.98	15.32	(8.51)	(4.67)	2.38	0.90
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Source: Lipper for 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	Second interim
	31/08/10	30/11/10
	(p)	(p)
A Accumulation	0.6048	0.6770
A Income	0.5305	0.5905
X Accumulation	0.9454	1.0205

Top five holdings

	30/11/10	31/05/10
	%	%
1. SWIP Sterling Credit Advantage Fund A Inc ‡	25.13	24.51
2. SWIP Corporate Bond Plus Fund A Inc ‡	21.40	20.50
3. SWIP Gilt Plus Fund A Inc ‡	9.09	9.80
4. SWIP Property Trust Inc ‡	8.12	8.09
5. SWIP High Yield Bond Fund A Inc ‡	7.39	7.10

Number of holdings: 26

Number of holdings: 24

‡ Scottish Widows Investment Partnership (SWIP)

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give an income, or growth (when income is kept in the Fund) by investing mainly in funds such as collective investment schemes.

Summary of the investment policy of the Fund

The Fund will provide exposure generally to fixed interest securities (including UK government bonds, other UK fixed interest securities and overseas high yield bonds). The Fund will also provide exposure to equities (including UK and overseas equities), property, commodities and other asset classes. Exposure will be mainly to UK investments but with a significant proportion overseas.

Risks

The Fund will provide exposure to a wide range of asset classes, including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- Some of the companies and governments who issue the fixed interest securities that the funds invest in might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, the value of your investment and any income you take will reduce. If their credit rating falls, the value of your investment might fall. In addition, a proportion of the Fund will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest securities held by the funds. If long-term interest rates rise, the value of your investment might fall and vice versa.
- Exchange rate changes might cause the value of any overseas income received by the Fund to go up or down. This might affect the amount of income paid to you or added to the Fund.
- Property is a less liquid asset than other assets such as fixed interest securities or equities and values could be affected if properties need to be sold in a short timescale. Property valuation is generally a matter of judgement by an independent valuer rather than fact and values can go up or down.
- Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that the value of your investment might fall.

INVESTMENT MANAGER'S REVIEW

The Discovery Solution Fund produced a return of 5.84% over the period to 30 November 2010. The portfolio is split between UK equities, international equities, bonds, real estate and alternative investments.

Government bonds benefited from ongoing economic uncertainty. This was largely caused by certain European countries, such as Ireland and Greece. Both nations were forced to accept bail-out packages from the European Union and IMF due to the parlous state of their finances. As a result, investors headed for bonds issued by Europe's "core" governments, including Germany and the UK. US Treasuries also remained popular.

Meanwhile, corporate bonds have produced relatively strong returns, benefiting from strong demand. Some investors are understandably still nervous about the global economic recovery and as a result aren't quite ready to jump back into equities. But corporate bonds represent slightly less risk and occupy a middle ground between equities and government bonds in which many investors are more comfortable.

The release of strong corporate results have helped add to investor confidence. Across most sectors, companies have done a good job of repairing their balance sheets and building cash reserves. Despite the difficult economic environment, default rates on bond payments have fallen considerably since 2009, giving investors more confidence to invest in the riskier parts of the corporate bond market.

Equity markets have made some progress, although nervousness about the state of the global economy has hampered further gains. The main positive has been the release of strong corporate results. In the absence of economic growth, companies have boosted profits through cost cutting measures and bolstered their balance sheets in preparation for tougher times. Of the major markets, the UK was one of the best performers, while the Japanese market lagged behind once again.

Looking at the real estate market, returns continued to improve in the first months of the review period. Like corporate bonds, the asset class benefited from its relatively generous payouts to investors, while appearing to offer a lower level of risk than equities. The recovery has now stalled somewhat, but there are reasons for hope. Economic growth should prove supportive in the long-term, while the stable income offered by the asset class is a very desirable quality, particularly with interest rates stuck at record low levels.

Within the Fund, the portfolio currently has a comparative lack of exposure to UK bonds. To counterbalance this position, we have adopted a relatively large position in European bonds. Corporate bonds proved one of the best performing asset classes in 2010 and there are still some excellent investment opportunities, particularly among new bond issues and in the high yield segment of the market.

Discovery Solution (continued)

INVESTMENT MANAGER'S REVIEW (continued)

Overall, the coming year is likely to be one of ongoing volatility, as uncertainties about global economic recovery persist. But any evidence of positive growth could spark a significant market rally.

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

Distribution

XD date	Payment date
31/08/10	31/10/10
30/11/10	31/01/11

TER

	30/11/10 %	31/05/10 %
A Accumulation	1.57	1.55
A Income	1.57	1.55
X Accumulation	0.22	0.20

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

Details of investments

Investments	30/11/10 %	31/05/10 %
Bond Funds	46.38	46.96
Equity Funds *	33.92	33.58
Property Funds *	13.15	13.29
Other Funds	5.87	4.84
Derivatives	-	(0.12)
Net other assets	0.68	1.45
Total net assets	100.00	100.00

*The prior year figures have been restated. There was no impact on the total net assets.

Net asset value

	NAV per share 30/11/10 (p)	NAV per share 31/05/10 (p)	NAV percentage change %
A Accumulation	114.15	107.58	6.11
A Income	100.62	96.06	4.75
X Accumulation	120.46	112.91	6.69

Performance record

	01/06/10 to 30/11/10 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %	01/06/07 to 31/05/08 %	01/06/06 to 31/05/07 %	24/10/05 to 31/05/06 %
Scottish Widows Discovery Solution A Accumulation	5.84	18.50	(14.18)	(5.27)	8.01	3.60

Source: Lipper for 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 31/08/10 (p)	Second interim 30/11/10 (p)
A Accumulation	0.6685	0.7705
A Income	0.5971	0.6842
X Accumulation	1.0244	1.1353

Top five holdings

	30/11/10 %		31/05/10 %
1. SWIP High Yield Bond Fund A Inc ‡	15.06	SWIP High Yield Bond Fund A Inc ‡	14.67
2. SWIP Corporate Bond Plus Fund A Inc ‡	14.78	SWIP Corporate Bond Plus Fund A Inc ‡	13.90
3. SWIP Property Trust Inc ‡	10.18	SWIP Property Trust Inc ‡	10.14
4. SWIP Sterling Credit Advantage Fund A Inc ‡	8.96	SWIP Sterling Credit Advantage Fund A Inc ‡	8.98
5. SWIP Multi-Manager UK Equity Income Fund A Inc ‡	6.96	SWIP Multi-Manager UK Equity Income Fund A Inc ‡	6.99

Number of holdings: 29

Number of holdings: 27

‡ Scottish Widows Investment Partnership (SWIP)

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give a total return, primarily through capital growth, in excess of the Bank of England base rate over any period of five consecutive years.

Summary of the investment policy of the Fund

The Fund Manager aims to minimise the volatility of the Fund by investing in a diverse and global range of investments. In addition the Fund Manager can make changes to the Fund asset allocation within certain limits. The Fund will have exposure to equities (including UK, overseas and emerging markets equities), bonds (including UK government bonds, other UK and overseas fixed interest securities and high yield bonds), property and cash. The Fund may also have exposure to commodities, private equity and other asset classes. The Fund may achieve exposure to these assets by investing either directly or indirectly, for example through other funds such as collective investment schemes.

Risks

The Fund will invest in a wide range of asset classes, including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time and each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- There's no guarantee that the Fund will achieve growth in excess of the Bank of England base rate over any period of five consecutive years. In addition the base rate will change from time to time and it might go down or up.
- Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that the value of your investment might fall.
- Exchange rate changes might cause the value of any overseas investments to go up or down.
- Some of the companies and governments who issue the bonds and other fixed interest securities that the Fund may invest in might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments or their credit rating falls, the value of your investment might reduce. In addition a small proportion of the Fund may be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest securities held by the Fund. If long-term interest rates rise, the value of your investment might fall and vice versa.
- This Fund may invest in stockmarkets which are generally less well regulated and developed than those in the UK and there is less investor protection. This might result in a greater risk that the value of your investment might go down. Investments in these markets might be bought and sold less frequently, which might cause large changes in their prices.
- The Fund invests indirectly in property. Property is a less liquid asset than other assets such as fixed interest securities or equities and values could be affected if properties need to be sold in a short timescale. Property valuation is generally a matter of judgement by an independent valuer rather than fact and values can go up or down.
- The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than has been illustrated or less than you invest.

INVESTMENT MANAGER'S REVIEW

Most of the world's equity markets managed to gain ground over the period, but not without an anxious look over the shoulder. The global economic recovery remains fragile; doubts are growing about the US Federal Reserve's decision to undertake another round of quantitative easing (buying back government bonds to increase the money supply); and Ireland's pressing sovereign debt difficulties have intensified concerns over the state of government finances across Europe. At the same time, though, fears of a double-dip recession have eased; and many companies continue to demonstrate an ability to grow their profits.

The further \$600 billion of quantitative easing was announced in the US on the back of the Fed's assessment that "the pace of recovery in output and employment continues to be slow". At the same time, companies have weathered the storm well. Corporate earnings for the second quarter were the best on record, and numbers for third came in ahead of expectations.

In the UK, healthy corporate results and a prolonged period of ultra-low interest rates have helped to send equity markets higher, although stocks have traded in a narrow range. The strength of the economic recovery remains a focal point for investors, and data from the US released during the period were largely uninspiring and consistent with a period of subdued growth. In spite of this, though, the domestic economy has been nursing itself back to health: during the third quarter it grew by an unexpectedly strong 0.8% after an even more surprising second-quarter increase of 1.2%.

Elsewhere, emerging markets performed comparatively strongly as fears of a global double-dip recession faded and investors regained their appetite for risk. Japanese markets, though, have lagged those of the other major western economies, hampered by political uncertainty and the strength of the yen.

Diversified Portfolio Fund (continued)

INVESTMENT MANAGER'S REVIEW (continued)

In bond markets, Europe's troubles took centre stage for much of the period, particularly fears over the financial health of Greece, Ireland and Portugal. As a result of these fears, there has been a steady flow of investment to "core" government bonds. Accordingly, yields have fallen and prices have risen in the US, UK and Germany. Yield spreads between peripheral Europe and the benchmark German Bund have also widened. Meanwhile, strong demand from investors pushed corporate bond prices higher and yields lower. Better economic news, strong company profits and cost-cutting, and a surge in investor confidence all contributed to this trend.

The weight of money targeting the property sector has declined in recent months and is no longer driving capital growth. This has heightened the risk that investment demand will deteriorate soon, causing values to fall next year. Rental growth has been marginally negative in recent months, with the effects of the government's cutbacks likely to holdback rental growth prospects over the next few years, particularly in secondary markets.

As at the end of the reporting period, the portfolio has a comparatively high weighting in equities, which despite the ongoing risks, are positioned to provide the best prospective returns over the coming year. Within equity markets, we currently favour the UK and European markets. These positions are funded by a comparative lack of exposure to cash. With interest rates stuck at historically low levels around the world, there is almost no reward for holding cash. Overall, we remain confident that the portfolio is positioned to take account of the volatile financial backdrop.

While global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. In the major developed economies, 2011 is likely to be another year of respectable growth. The battle between inflation and deflation is being won by inflation and market participants are starting to anticipate economic recovery. In addition the emerging economies are having to apply credit controls, which will make it more difficult for their markets to outperform.

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

TER

	30/11/10	31/05/10
	%	%
A Accumulation	1.84	1.82

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

Details of investments

Investments	30/11/10	31/05/10
	%	%
Bond Funds	37.83	38.49
Equity Funds*	30.69	28.95
Other Funds	18.72	17.68
Property Funds*	11.40	11.94
Derivatives	0.15	(0.78)
Net other assets	1.21	3.72
Total net assets	100.00	100.00

*The prior year figures have been restated. There was no impact on the total net assets.

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
A Accumulation	127.99	121.04	5.74

Performance record

	01/06/10 to 30/11/10	01/06/09 to 31/05/10	17/11/08 to 31/05/09
	%	%	%
Scottish Widows Diversified Portfolio Fund A Accumulation	5.53	16.43	4.10

Source: Lipper for 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

	30/11/10		31/05/10
	%		%
1. SWIP Gilt Plus Fund C Acc †	17.89	SWIP Gilt Plus Fund C Acc †	17.60
2. SWIP Sterling Liquidity Fund †	13.51	SWIP UK Advantage Fund A Inc †	13.64
3. SWIP UK Advantage Fund A Inc †	12.47	SWIP Sterling Liquidity Fund †	12.31
4. SWIP Sterling Credit Advantage Fund A Inc †	8.63	SWIP Corporate Bond Plus Fund X Acc †	9.21
5. SWIP Corporate Bond Plus Fund X Acc †	8.27	SWIP Sterling Credit Advantage Fund A Inc †	8.66

Number of holdings: 30

Number of holdings: 24

† Scottish Widows Investment Partnership (SWIP)

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing mainly in funds such as collective investment schemes.

Summary of the investment policy of the Fund

The Fund will provide exposure mainly to equities (including UK, overseas and emerging markets equities). The Fund will also provide exposure to fixed interest securities (including UK fixed interest securities and overseas high yield bonds), property, commodities and other asset classes. Exposure will be to both UK and overseas markets.

Risks

The Fund will provide exposure to a wide range of asset classes, including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that the value of your investment might fall.
- Some of the companies and governments who issue the fixed interest securities that the funds invest in might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, or their credit rating falls, the value of your investment might reduce. In addition, a proportion of the Fund will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest securities held by the funds. If long term interest rates rise, the value of your investment might fall and vice versa.
- Exchange rate changes might cause the value of any overseas investments to go up or down.
- Property is a less liquid asset than other assets such as fixed interest securities or equities and values could be affected if properties need to be sold in a short timescale. Property valuation is generally a matter of judgement by an independent valuer rather than fact and values can go up or down.

INVESTMENT MANAGER'S REVIEW

The Dynamic Solution Fund returned 9.63% over the period to 30 November 2010.

The bulk of the portfolio is invested in equities, although there are also positions in high yield bonds, real estate and alternative assets.

Equity markets have made some progress, although nervousness about the state of the global economy has hampered further gains. The main positive has been the release of strong corporate results, particularly in the US. In the absence of economic growth, companies have boosted profits through cost cutting measures and bolstered their balance sheets in preparation for tougher times. Of the major markets, the UK was one of the best performers.

Europe, meanwhile, has been hampered by the perilous financial positions of some of the region's peripheral nations. The European Union and the International Monetary Fund put together a bail-out package said to be in the region of €85 billion to extricate Ireland from its financial troubles. But traders quickly redirected their attention to the perilous state of Spain's and Portugal's finances. Despite the sovereign difficulties, though, there are reasons to be cheerful. The largest economy – Germany's – continues to surge ahead, while France is also showing signs of robust growth.

Elsewhere, emerging markets performed comparatively strongly as fears of a global double-dip recession faded and investors regained their appetite for risk. Japanese markets, though, have lagged those of the other major western economies, hampered by political uncertainty and the strength of the yen.

Within the Fund, we currently have a neutral position across most asset classes, although with interest rates at such low levels we have tried to keep cash holdings at a minimum and ensure the Fund is fully invested.

The coming year appears likely to bring further volatility to financial markets, as uncertainties about global economic recovery persist. But any evidence of positive growth could spark a significant market rally. The Fund's positions in equities and corporate bonds would be likely to benefit, should such a rally occur.

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

Dynamic Solution (continued)

TER

	30/11/10	31/05/10
	%	%
A Accumulation	1.80	1.80
X Accumulation	0.16	0.16

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

Details of investments

Investments	30/11/10	31/05/10
	%	%
Equity Funds*	70.59	71.62
Bond Funds*	14.43	14.28
Property Funds	7.70	8.21
Other Funds	5.56	5.03
Derivatives	0.01	(0.14)
Net other assets	1.71	1.00
Total net assets	100.00	100.00

*The prior year figures have been restated. There was no impact on the total net assets.

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
A Accumulation	119.51	108.86	9.78
X Accumulation	127.86	115.68	10.53

Performance record

	01/06/10	01/06/09	01/06/08	01/06/07	01/06/06	24/10/05
	to	to	to	to	to	to
	30/11/10	31/05/10	31/05/09	31/05/08	31/05/07	31/05/06
	%	%	%	%	%	%

Scottish Widows

Dynamic Solution

A Accumulation	9.63	23.22	(22.40)	(7.24)	15.29	6.60
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Source: Lipper for 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

	30/11/10		31/05/10
	%		%
1. SWIP Multi-Manager International Equity Fund A Acc ‡	19.86	SWIP Multi-Manager International Equity Fund A Acc ‡	19.59
2. SWIP High Yield Bond Fund A Inc ‡	12.79	SWIP High Yield Bond Fund A Inc ‡	12.87
3. SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	11.78	SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	12.13
4. SWIP Multi-Manager UK Equity Income Fund A Acc ‡	11.68	SWIP Multi-Manager UK Equity Income Fund A Acc ‡	12.10
5. SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	11.65	SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	11.77

Number of holdings: 26

Number of holdings: 24

‡ Scottish Widows Investment Partnership (SWIP)

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

To give long-term capital growth by investing mainly in funds such as collective investment schemes.

Summary of the investment policy of the Fund

The Fund will provide exposure generally to equities (including UK, overseas and emerging markets equities). The Fund will also provide exposure to fixed interest securities (including UK fixed interest securities and overseas high yield bonds), property, commodities and other asset classes. Exposure will be to both UK and overseas markets.

Risks

The Fund will provide exposure to a wide range of asset classes, including collective investment schemes which may themselves invest in a range of other assets. The Fund's assets are likely to vary from time to time but each category of assets has individual risks associated with them. The value of the Fund will depend on the combined performance of all the assets held by it. A rise in the value of one asset class may not result in an increase in the Fund's value. Similarly, a fall in the value of one asset class may not result in a fall in the value of the Fund if others have risen by more.

- Investing in equities generally has the potential for higher capital growth over the longer term than investing in, say, fixed interest securities. However there might be considerable fluctuations in equity prices and there is a greater risk that the value of your investment might fall.
- Some of the companies and governments who issue the fixed interest securities that the funds invest in might not be able to meet their payments, or their credit rating might fall. If they don't meet their payments, or their credit rating falls, the value of your investment might reduce. In addition, a proportion of the Fund will be invested in fixed interest securities which carry a higher risk.
- Fluctuations in interest rates are likely to affect the value of the fixed interest securities held by the funds. If long term interest rates rise, the value of your investment might fall and vice versa.
- Exchange rate changes might cause the value of any overseas investments to go up or down.
- Property is a less liquid asset than other assets such as fixed interest securities or equities and values could be affected if properties need to be sold in a short timescale. Property valuation is generally a matter of judgement by an independent valuer rather than fact and values can go up or down.

INVESTMENT MANAGER'S REVIEW

The Strategic Solution Fund returned 8.26% over the six month period to 30 November 2010. The majority of the portfolio is invested in equities, but the Fund also holds positions in bonds, real estate and alternative assets.

Equity markets have made some progress, although nervousness about the state of the global economy has hampered further gains. The main positive has been the release of strong corporate results. In the absence of economic growth, companies have boosted profits through cost cutting measures and bolstered their balance sheets in preparation for tougher times. Of the major markets, the UK was one of the best performers, while the Japanese market lagged behind once again.

Government bonds benefited from ongoing economic uncertainty. This was largely caused by certain European countries, such as Ireland and Greece. Both nations were forced to accept bail-out packages from the European Union and IMF due to the parlous state of their finances. As a result, investors headed for bonds issued by Europe's "core" governments, including Germany and the UK.

Meanwhile, corporate bonds have produced relatively strong returns, benefiting from strong demand. Some investors are understandably still nervous about the global economic recovery and as a result aren't quite ready to jump back into equities. But corporate bonds represent slightly less risk and occupy a middle ground between equities and government bonds in which many investors are more comfortable.

The release of strong corporate results have helped add to investor confidence. Across most sectors, companies have done a good job of repairing their balance sheets and building cash reserves. Despite the difficult economic environment, default rates on bond payments have fallen considerably since 2009, giving investors more confidence to invest in the riskier parts of the corporate bond market.

Looking at the real estate market, returns continued to improve in the first months of the review period. Like corporate bonds, the asset class benefited from its relatively generous payouts to investors, while appearing to offer a lower level of risk than equities. The recovery has now stalled somewhat, but there are reasons for hope. Economic growth should prove supportive in the long-term, while the stable income offered by the asset class is a very desirable quality, particularly with interest rates stuck at record low levels.

Within the Fund, we currently have a neutral position across most asset classes.

The coming year appears likely to bring further volatility to financial markets, as uncertainties about global economic recovery persist. But any evidence of positive growth could spark a significant market rally. The Fund's positions in equities and corporate bonds would be likely to benefit, should such a rally occur.

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

Strategic Solution (continued)

TER

	30/11/10	31/05/10
	%	%
A Accumulation	1.84	1.82
X Accumulation	0.19	0.18

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

Details of investments

Investments	30/11/10	31/05/10
	%	%
Equity Funds	60.35	60.74
Bond Funds	22.51	22.03
Property Funds	10.78	11.34
Other Funds	5.68	5.70
Derivatives	0.03	(0.16)
Net other assets	0.65	0.35
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
A Accumulation	116.61	107.46	8.51
X Accumulation	124.78	114.21	9.25

Performance record

	01/06/10	01/06/09	01/06/08	01/06/07	01/06/06	24/10/05
	to	to	to	to	to	to
	30/11/10	31/05/10	31/05/09	31/05/08	31/05/07	31/05/06
	%	%	%	%	%	%

Scottish Widows

Strategic Solution

A Accumulation	8.26	21.31	(20.80)	(7.51)	14.02	6.30
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Source: Lipper for 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

	30/11/10		31/05/10
	%		%
1. SWIP Multi-Manager International Equity Fund A Acc ‡	15.17	SWIP Multi-Manager International Equity Fund A Acc ‡	14.67
2. SWIP High Yield Bond Fund A Inc ‡	14.93	SWIP High Yield Bond Fund A Inc ‡	14.40
3. SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	10.85	SWIP Multi-Manager UK Equity Focus Fund A Acc ‡	11.21
4. SWIP Multi-Manager UK Equity Income Fund A Acc ‡	10.78	SWIP Multi-Manager UK Equity Income Fund A Acc ‡	11.15
5. SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	9.71	SWIP Multi-Manager UK Equity Growth Fund A Acc ‡	9.38

Number of holdings: 27

Number of holdings: 25

‡ Scottish Widows Investment Partnership (SWIP)

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On each Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date in relation to an Investment Cycle.

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives during an Investment Cycle.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives during an Investment Cycle.

Cash Investment Period is the period during which Shares may be issued.

Investment Cycle is the period between the start of a Cash Investment Period and the relevant Protection Date.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage) by which the relevant index has grown over the Growth Potential Period and for these purposes the ACD will take an average of the index on specific dates – ‘averaging’.

Risks

Market risk: The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than you’ve invested.

If you sell your shares while a Fund is invested in Derivatives you might get back less than illustrated. The value will mainly depend on market conditions when we sell the underlying investments and this may not be a reflection of any growth in the Index. What you get back may depend on movements in interest rates and to some extent, movement in the Index since a Fund started investing in Derivatives.

Tax rules can change. New tax practice and legislation or changes to existing practice and legislation could mean that you do not receive your original investment back, or do not receive the stated level of participation in any growth in the Index.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: You might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that’s applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Changes to Terms Risk: Terms for each Investment Cycle within a Capital Protected Fund are set some 6 to 10 weeks in advance based on the price of Derivatives at that time. These terms may or may not compare favourably with those currently available.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up that Fund and return your investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: Most of the time, a Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, cash or other secure investments (known as collateral) will be deposited with an independent custodian.

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

There is a remote risk that if a Derivative provider fails and this coincides with the Fund having cash collateral which is deposited with an institution that also fails, then you might get back less than you invested.

Capital Protected Fund 1 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on each Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER

	30/11/10	31/05/10
	%	%
L Accumulation	0.43	0.43

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

Details of investments

	30/11/10	31/05/10
	%	%
Investments	100.01	100.04
Derivatives	(0.01)	(0.04)
Net other liabilities	100.00	100.00

Net asset value

	NAV per share 31/11/10 (p)	NAV per share 31/05/10 (p)	NAV percentage change %
L Accumulation	102.84	101.34	1.48

The Protection Date for the L share class is 24 October 2012. The Capital Protected Price is 106.70p. The FTSE 100 Index starting value is 6,524.10.

Performance record

	01/06/10 to 30/11/10 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %	01/06/07 to 31/05/08 %	09/05/07 to 31/05/07 %	09/01/07 to 09/05/07 %
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Scottish Widows

Capital Protected 1

L Accumulation	1.78	8.29	(5.21)	0.07	(3.03)	1.30
FTSE 100 Index	8.15	21.85	(23.67)	(5.10)	1.08	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	N/A	1.63

Source: Scottish Widows for Capital Protected Fund 1 L Accumulation. Basis: Mid to Mid, revenue reinvested and net of expenses. Sources: Lipper for SWIP Global Liquidity Fund GBP Advisory and Datastream for 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

	30/11/10 %		31/05/10 %
1. Lloyds TSB Bank plc 120% Put Option October 2012	194.49	Lloyds TSB Bank plc 120% Put Option October 2012	223.15
2. Lloyds TSB Bank plc 100% Call Option October 2012	5.84	Lloyds TSB Bank plc 100% Call Option October 2012	8.05
3. Lloyds TSB Bank plc 120% Call Option October 2012	-	Lloyds TSB Bank plc 120% Call Option October 2012	(0.37)
4. Lloyds TSB Bank plc 100% Put Option October 2012	(100.32)	Lloyds TSB Bank plc 100% Put Option October 2012	(130.79)

Number of holdings: 4

Number of holdings: 4

FUND PROFILE

Fund Aims

- On each Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date in relation to an Investment Cycle.

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives during an Investment Cycle.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives during an Investment Cycle.

Cash Investment Period is the period during which Shares may be issued.

Investment Cycle is the period between the start of a Cash Investment Period and the relevant Protection Date.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage) by which the relevant index has grown over the Growth Potential Period and for these purposes the ACD will take an average of the index on specific dates – ‘averaging’.

Risks

Market Risk: The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than you’ve invested.

If you sell your shares while a Fund is invested in Derivatives you might get back less than illustrated. The value will mainly depend on market conditions when we sell the underlying investments and this may not be a reflection of any growth in the Index. What you get back may depend on movements in interest rates and to some extent, movement in the Index since a Fund started investing in Derivatives.

Tax rules can change. New tax practice and legislation or changes to existing practice and legislation could mean that you do not receive your original investment back, or do not receive the stated level of participation in any growth in the Index.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: You might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that’s applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Changes to Terms Risk: Terms for each Investment Cycle within a Capital Protected Fund are set some 6 to 10 weeks in advance based on the price of Derivatives at that time. These terms may or may not compare favourably with those currently available.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up that Fund and return your investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: Most of the time, a Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, cash or other secure investments (known as collateral) will be deposited with an independent custodian.

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

There is a remote risk that if a Derivative provider fails and this coincides with the Fund having cash collateral which is deposited with an institution that also fails, then you might get back less than you invested.

Capital Protected Fund 2 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on each Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER

	30/11/10	31/05/10
	%	%
L Accumulation	0.50	0.50

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

Details of investments

Investments	30/11/10	31/05/10
	%	%
Derivatives	100.01	100.03
Net other liabilities	(0.01)	(0.03)
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/11/10 (p)	NAV per share 31/05/10 (p)	NAV percentage change %
L Accumulation	102.08	101.38	0.69

The Protection Date for the L share class is 23 January 2013. The Capital Protected Price is 106.40p. The FTSE 100 Index starting value is 6,393.90.

Performance record

	01/06/10 to 30/11/10 %	01/06/09 to 31/05/10 %	01/06/08 to 31/05/09 %	08/08/07 to 31/05/08 %	01/06/07 to 08/08/07 %	25/04/07 to 31/05/07 %
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Scottish Widows Capital Protected 2

L Accumulation	0.99	8.82	(6.86)	(1.62)	0.50	0.20
FTSE 100 Index	8.15	21.85	(23.67)	(4.05)	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	0.48	0.53

Source: Scottish Widows for Capital Protected Fund 2 L Accumulation. Basis: Mid to Mid, 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

	30/11/10		31/05/10
	%		%
1. Lloyds TSB Bank plc 120% Put Option January 2013	186.35	Lloyds TSB Bank plc 120% Put Option January 2013	213.12
2. Lloyds TSB Bank plc 100% Call Option January 2013	12.65	Lloyds TSB Bank plc 100% Call Option January 2013	14.37
3. Lloyds TSB Bank plc 120% Call Option January 2013	(0.21)	Lloyds TSB Bank plc 120% Call Option January 2013	(1.22)
4. Lloyds TSB Bank plc 100% Put Option January 2013	(98.78)	Lloyds TSB Bank plc 100% Put Option January 2013	(126.24)

Number of holdings: 4

Number of holdings: 4

FUND PROFILE

Fund Aims

- On each Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date in relation to an Investment Cycle.

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives during an Investment Cycle.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives during an Investment Cycle.

Cash Investment Period is the period during which Shares may be issued.

Investment Cycle is the period between the start of a Cash Investment Period and the relevant Protection Date.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage) by which the relevant index has grown over the Growth Potential Period and for these purposes the ACD will take an average of the index on specific dates – ‘averaging’.

Risks

Market Risk: The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than you’ve invested.

If you sell your shares while a Fund is invested in Derivatives you might get back less than illustrated. The value will mainly depend on market conditions when we sell the underlying investments and this may not be a reflection of any growth in the Index. What you get back may depend on movements in interest rates and to some extent, movement in the Index since a Fund started investing in Derivatives.

Tax rules can change. New tax practice and legislation or changes to existing practice and legislation could mean that you do not receive your original investment back, or do not receive the stated level of participation in any growth in the Index.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: You might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that’s applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Changes to Terms Risk: Terms for each Investment Cycle within a Capital Protected Fund are set some 6 to 10 weeks in advance based on the price of Derivatives at that time. These terms may or may not compare favourably with those currently available.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up that Fund and return your investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: Most of the time, a Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, cash or other secure investments (known as collateral) will be deposited with an independent custodian.

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

There is a remote risk that if a Derivative provider fails and this coincides with the Fund having cash collateral which is deposited with an institution that also fails, then you might get back less than you invested.

Capital Protected Fund 3 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on each Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER	30/11/10	31/05/10
	%	%
L Accumulation	0.63	0.63

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

Details of investments

Investments	30/11/10	31/05/10
	%	%
Derivatives	100.00	100.02
Net other liabilities	-	(0.02)
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/11/10 (p)	NAV per share 31/05/10 (p)	NAV percentage change %
L Accumulation	104.24	101.84	2.36

The Protection Date for the L share class is 24 October 2012. The Capital Protected Price is 106.50p. The FTSE 100 Index starting value is 6,385.10.

Performance record

	01/06/10 to 30/11/10	01/06/09 to 31/05/10	01/06/08 to 31/05/09	07/11/07 to 31/05/08	25/07/07 to 07/11/07
	%	%	%	%	%
Scottish Widows Capital Protected 3					
L Accumulation	2.06	7.64	(6.64)	0.00	1.10
FTSE 100 Index	8.15	21.85	(23.67)	(4.24)	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	1.98

Source: Scottish Widows for Capital Protected Fund 3 L Accumulation. Basis: Mid to Mid, 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

	30/11/10	31/05/10
	%	%
1. Lloyds TSB Bank plc 120% Put Option October 2012	181.03	Lloyds TSB Bank plc 120% Put Option October 2012 214.96
2. Lloyds TSB Bank plc 100% Call Option October 2012	10.87	Lloyds TSB Bank plc 100% Call Option October 2012 8.99
3. Lloyds TSB Bank plc 120% Call Option October 2012	(0.05)	Lloyds TSB Bank plc 120% Call Option October 2012 (0.69)
4. Lloyds TSB Bank plc 100% Put Option October 2012	(91.85)	Lloyds TSB Bank plc 100% Put Option October 2012 (123.24)

Number of holdings: 4

Number of holdings: 4

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On each Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date in relation to an Investment Cycle.

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives during an Investment Cycle.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives during an Investment Cycle.

Cash Investment Period is the period during which Shares may be issued.

Investment Cycle is the period between the start of a Cash Investment Period and the relevant Protection Date.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the upper limit) by which the relevant index has grown over the Growth Potential Period and for these purposes the ACD will take an average of the index on specific dates – ‘averaging’.

Upper limit is 65% this is the cap on the Increase so if the Increase is greater than 65% shareholders will only get 100% (i.e. the Participation Rate) of 65%.

Risks

Market Risk: The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than you’ve invested.

If you sell your shares while a Fund is invested in Derivatives you might get back less than illustrated. The value will mainly depend on market conditions when we sell the underlying investments and this may not be a reflection of any growth in the Index. What you get back may depend on movements in interest rates and to some extent, movement in the Index since a Fund started investing in Derivatives.

Tax rules can change. New tax practice and legislation or changes to existing practice and legislation could mean that you do not receive your original investment back, or do not receive the stated level of participation in any growth in the Index.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: You might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- the percentage rise in the Index may be subject to an upper limit which could have the effect of limiting growth. Please see the Details of Terms for information.
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that’s applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Changes to Terms Risk: Terms for each Investment Cycle within a Capital Protected Fund are set some 6 to 10 weeks in advance based on the price of Derivatives at that time. These terms may or may not compare favourably with those currently available.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up that Fund and return your investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: Most of the time, a Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, cash or other secure investments (known as collateral) will be deposited with an independent custodian.

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

There is a remote risk that if a Derivative provider fails and this coincides with the Fund having cash collateral which is deposited with an institution that also fails, then you might get back less than you invested.

Capital Protected Fund 4 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on each Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER

	30/11/10	31/05/10
	%	%
L Accumulation	0.51	0.51

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

Details of investments

	30/11/10	31/05/10
	%	%
Investments	100.03	100.00
Derivatives	(0.03)	-
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
L Accumulation	105.73	103.68	1.98

The Protection Date for the L share class is 23 January 2013.
The Capital Protected Price is 106.70p.
The FTSE 100 Index starting value is 5,875.40.

Performance record

	01/06/10	01/06/09	01/06/08	06/02/08	17/10/07
	to	to	to	to	to
	30/11/10	31/05/10	31/05/09	31/05/08	06/02/08
	%	%	%	%	%
Scottish Widows Capital Protected 4					
L Accumulation	3.30	10.27	(7.14)	(0.79)	1.30
FTSE 100 Index	8.15	21.85	(23.67)	(5.21)	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	1.95

Source: Scottish Widows for Capital Protected Fund 4 L Accumulation, Basis: Mid to Mid, 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

	30/11/10		31/05/10
	%		%
1. Lloyds TSB Bank plc 120 % Put Option January 2013	143.60	Lloyds TSB Bank plc 120 % Put Option January 2013	177.70
2. Lloyds TSB Bank plc 100 % Call Option January 2013	34.70	Lloyds TSB Bank plc 100 % Call Option January 2013	30.77
3. Lloyds TSB Bank plc 165 % Call Option January 2013	(0.45)	Lloyds TSB Bank plc 165 % Call Option January 2013	(0.73)
4. Lloyds TSB Bank plc 120 % Call Option January 2013	(2.86)	Lloyds TSB Bank plc 120 % Call Option January 2013	(4.43)
5. Lloyds TSB Bank plc 100 % Put Option January 2013	(74.96)	Lloyds TSB Bank plc 100 % Put Option January 2013	(103.31)

Number of holdings: 5

Number of holdings: 5

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On each Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date in relation to an Investment Cycle.

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives during an Investment Cycle.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives during an Investment Cycle.

Cash Investment Period is the period during which Shares may be issued.

Investment Cycle is the period between the start of a Cash Investment Period and the relevant Protection Date.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the upper limit) by which the relevant index has grown over the Growth Potential Period and for these purposes the ACD will take an average of the index on specific dates – 'averaging'.

Upper limit is 83.34% this is a cap on the Increase so if the Increase is greater than or equal to 83.34% Shareholders will only get an increase of 90% (the Participation Rate) x 83.34% = 75%.

Risks

Market Risk: The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than you've invested.

If you sell your shares while a Fund is invested in Derivatives you might get back less than illustrated. The value will mainly depend on market conditions when we sell the underlying investments and this may not be a reflection of any growth in the Index. What you get back may depend on movements in interest rates and to some extent, movement in the Index since a Fund started investing in Derivatives.

Tax rules can change. New tax practice and legislation or changes to existing practice and legislation could mean that you do not receive your original investment back, or do not receive the stated level of participation in any growth in the Index.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: You might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- we may set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Details of Terms for information;
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Changes to Terms Risk: Terms for each Investment Cycle within a Capital Protected Fund are set some 6 to 10 weeks in advance based on the price of Derivatives at that time. These terms may or may not compare favourably with those currently available.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up that Fund and return your investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: Most of the time, a Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, cash or other secure investments (known as collateral) will be deposited with an independent custodian.

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

There is a remote risk that if a Derivative provider fails and this coincides with the Fund having cash collateral which is deposited with an institution that also fails, then you might get back less than you invested.

Capital Protected Fund 5 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on each Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER

	30/11/10	31/05/10
	%	%
L Accumulation	0.34	0.34

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

Details of investments

	30/11/10	31/05/10
	%	%
Investments		
Derivatives	100.01	100.02
Net other liabilities	(0.01)	(0.02)
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
L Accumulation	103.68	101.92	1.73

The Protection Date for the L share class is 4 April 2013.

The Capital Protected Price is 106.60p.

The FTSE 100 Index starting value is 6,046.20.

Performance record

	01/06/10	01/06/09	01/06/08	16/04/08	17/12/07
	to	to	to	to	to
	30/11/10	31/05/10	31/05/09	31/05/08	16/04/08
	%	%	%	%	%
Scottish Widows Capital Protected 5					
L Accumulation	2.56	9.94	(6.42)	2.71	1.20
FTSE 100 Index	8.15	21.85	(23.67)	3.11	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	N/A	0.94

Source: Scottish Widows for Capital Protected Fund 5 L Accumulation. Basis: Mid to Mid, 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

	31/05/10		31/05/10
	%		%
1. Lloyds TSB Bank plc 120% Put Option April 2013	159.11	Lloyds TSB Bank plc 120% Put Option April 2013	191.02
2. Lloyds TSB Bank plc 100% Call Option April 2013	30.53	Lloyds TSB Bank plc 100% Call Option April 2013	26.75
3. Lloyds TSB Bank plc 183% Call Option April 2013	(0.14)	Lloyds TSB Bank plc 183% Call Option April 2013	(0.16)
4. Lloyds TSB Bank plc 120% Call Option April 2013	(2.44)	Lloyds TSB Bank plc 120% Call Option April 2013	(4.02)
5. Lloyds TSB Bank plc 100% Put Option April 2013	(87.05)	Lloyds TSB Bank plc 100% Put Option April 2013	(113.57)

Number of holdings: 5

Number of holdings: 5

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On each Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date in relation to an Investment Cycle.

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives during an Investment Cycle.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives during an Investment Cycle.

Cash Investment Period is the period during which Shares may be issued.

Investment Cycle is the period between the start of a Cash Investment Period and the relevant Protection Date.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the upper limit) by which the relevant index has grown over the Growth Potential Period and for these purposes the ACD will take an average of the index on specific dates – 'averaging'.

Upper limit is 75% this is the cap on the Increase so if the Increase is greater than 75% shareholders will only get 100% (i.e. the Participation Rate) of 75%.

Risks

Market Risk: The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than you've invested.

If you sell your shares while a Fund is invested in Derivatives you might get back less than illustrated. The value will mainly depend on market conditions when we sell the underlying investments and this may not be a reflection of any growth in the Index. What you get back may depend on movements in interest rates and to some extent, movement in the Index since a Fund started investing in Derivatives.

Tax rules can change. New tax practice and legislation or changes to existing practice and legislation could mean that you do not receive your original investment back, or do not receive the stated level of participation in any growth in the Index.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: You might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- we may set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Details of Terms for information;
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Changes to Terms Risk: Terms for each Investment Cycle within a Capital Protected Fund are set some 6 to 10 weeks in advance based on the price of Derivatives at that time. These terms may or may not compare favourably with those currently available.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up that Fund and return your investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: Most of the time, a Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, cash or other secure investments (known as collateral) will be deposited with an independent custodian.

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

There is a remote risk that if a Derivative provider fails and this coincides with the Fund having collateral which is deposited with an institution that also fails, then you might get back less than you invested.

Capital Protected Fund 6 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on each Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER

	30/11/10	31/05/10
	%	%
L Accumulation	0.43	0.43

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

Details of investments

	30/11/10	31/05/10
	%	%
Investments	99.97	99.95
Derivatives	0.03	0.05
Net other assets	100.00	100.00
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
L Accumulation	103.25	99.58	3.69

The Protection Date for the L share class is 5 June 2014.

The Capital Protected Price is 106.60p.

The FTSE 100 Index starting value is 5,756.90.

Performance record

	01/06/10	01/06/09	18/06/08	01/06/08	19/02/08
	to	to	to	to	to
	30/11/10	31/05/10	31/05/09	18/06/08	31/05/08
	%	%	%	%	%
Scottish Widows Capital Protected 6					
L Accumulation	5.37	8.97	(3.20)	0.20	1.20
FTSE 100 Index	8.15	21.85	(23.56)	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	0.25	4.12

Source: Scottish Widows for Capital Protected Fund 6 L 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

	30/11/10	31/05/10
	%	%
1. Lloyds TSB Bank plc 120% Put Option June 2014	150.81	178.63
2. Lloyds TSB Bank plc 100% Call Option June 2014	61.84	57.39
3. Lloyds TSB Bank plc 175% Call Option June 2014	(0.80)	(0.44)
4. Lloyds TSB Bank plc 120% Call Option June 2014	(19.66)	(18.74)
5. Lloyds TSB Bank plc 100% Put Option June 2014	(92.22)	(116.89)

Number of holdings: 5

Number of holdings: 5

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On each Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date in relation to an Investment Cycle.

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives during an Investment Cycle.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives during an Investment Cycle.

Cash Investment Period is the period during which Shares may be issued.

Investment Cycle is the period between the start of a Cash Investment Period and the relevant Protection Date.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the upper limit) by which the relevant index has grown over the Growth Potential Period and for these purposes the ACD will take an average of the index on specific dates – 'averaging'.

Upper limit is 75% this is the cap on the Increase so if the Increase is greater than 75% shareholders will only get 100% (i.e. the Participation Rate) of 75%.

Risks

Market Risk: The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than you've invested.

If you sell your shares while a Fund is invested in Derivatives you might get back less than illustrated. The value will mainly depend on market conditions when we sell the underlying investments and this may not be a reflection of any growth in the Index. What you get back may depend on movements in interest rates and to some extent, movement in the Index since a Fund started investing in Derivatives.

Tax rules can change. New tax practice and legislation or changes to existing practice and legislation could mean that you do not receive your original investment back, or do not receive the stated level of participation in any growth in the Index.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: You might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- we may set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Details of Terms for information;
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Changes to Terms Risk: Terms for each Investment Cycle within a Capital Protected Fund are set some 6 to 10 weeks in advance based on the price of Derivatives at that time. These terms may or may not compare favourably with those currently available.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up that Fund and return your investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: Most of the time, a Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, cash or other secure investments (known as collateral) will be deposited with an independent custodian.

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

There is a remote risk that if a Derivative provider fails and this coincides with the Fund having collateral which is deposited with an institution that also fails, then you might get back less than you invested.

Capital Protected Fund 7 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on each Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER

	30/11/10	31/05/10
	%	%
L Accumulation	0.57	0.57

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

Details of investments

	30/11/10	31/05/10
	%	%
Investments		
Derivatives	99.95	99.94
Net other assets	0.05	0.06
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10 (p)	31/05/10 (p)	%
L Accumulation	113.95	108.21	5.30

The Protection Date for the L share class is 4 September 2014. The Capital Protected Price is 106.60p. The FTSE 100 Index starting value is 4,880.00.

Performance record

	01/06/10 to 30/11/10	01/06/09 to 31/05/10	18/09/08 to 31/05/09	01/06/08 to 18/09/08	21/05/08 to 31/05/08
	%	%	%	%	%
Scottish Widows Capital Protected 7					
L Accumulation	6.61	12.85	(4.21)	1.10	0.00
FTSE 100 Index	8.15	21.85	(7.10)	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	1.40	0.46

Source: Scottish Widows for Capital Protected Fund 7 L 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

	30/11/10	31/05/10
	%	%
1. Lloyds TSB Bank plc 100% Call Option September 2014	117.21	126.60
2. Lloyds TSB Bank plc 120% Put Option September 2014	99.73	111.96
3. Lloyds TSB Bank plc 175% Call Option September 2014	(0.92)	(1.62)
4. Lloyds TSB Bank plc 120% Call Option September 2014	(55.71)	(51.97)
5. Lloyds TSB Bank plc 100% Put Option September 2014	(60.36)	(85.03)

Number of holdings: 5

Number of holdings: 5

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On the Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date .

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives .

Cash Investment Period is the period during which Shares may be issued.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the index has grown over the Growth Potential Period and subject to any Averaging.

Upper limit is 90% this is the cap on the Increase such that if the Increase is greater than 90% shareholders will only get 100% (i.e. the Participation Rate) of 90% .

Risks

Market Risk: The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than you've invested.

If you sell your shares while a Fund is invested in Derivatives you might get back less than illustrated. The value will mainly depend on market conditions when we sell the underlying investments and this may not be a reflection of any growth in the Index. What you get back may depend on movements in interest rates and to some extent, movement in the Index since a Fund started investing in Derivatives.

Tax rules can change. New tax practice and legislation or changes to existing practice and legislation could mean that you do not receive your original investment back, or do not receive the stated level of participation in any growth in the Index.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: You might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- we may set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Details of Terms for information;
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Changes to Terms Risk: Terms for each Capital Protected Fund are set some 6 to 10 weeks in advance based on the price of Derivatives at that time. These terms may or may not compare favourably with those currently available.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up that Fund and return your investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: Most of the time, a Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, cash or other secure investments (known as collateral) will be deposited with an independent custodian.

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

There is a remote risk that if a Derivative provider fails and this coincides with the Fund having collateral which is deposited with an institution that also fails, then you might get back less than you invested.

Capital Protected Fund 8 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on the Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER

	30/11/10	31/05/10
	%	%
M Accumulation	-	-

There are no expenses charged to the fund therefore no TER has been stated.

Details of investments

	30/11/10	31/05/10
	%	%
Investments	100.00	99.99
Derivatives	100.00	99.99
Net other assets	-	0.01
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
M Accumulation	124.89	116.41	7.28

The Protection Date for the M share class is 4 December 2014.

The Capital Protected Price is 109.60p.

The FTSE 100 Index starting value is 4,330.70.

Performance record

	01/06/10 to 30/11/10	01/06/09 to 31/05/10	18/12/08 to 31/05/09	08/09/08 to 18/12/08
	%	%	%	%
Scottish Widows Capital Protected 8 M Accumulation	6.29	14.05	0.30	0.80
FTSE 100 Index	8.15	21.85	4.36	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	1.21

Source: Scottish Widows for Capital Protected Fund 8 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

	30/11/10	31/05/10
	%	%
1. Lloyds TSB Bank plc 100% Call Option March 2014	169.13	157.84
2. Lloyds TSB Bank plc 120% Put Option March 2014	69.61	98.24
3. Lloyds TSB Bank plc 190% Call Option March 2014	(1.04)	(2.45)
4. Lloyds TSB Bank plc 100% Put Option March 2014	(50.17)	(67.74)
5. Lloyds TSB Bank plc 120% Call Option March 2014	(87.53)	(85.90)

Number of holdings: 5

Number of holdings: 5

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On the Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date .

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives .

Cash Investment Period is the period during which Shares may be issued.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the index has grown over the Growth Potential Period and subject to any Averaging.

Upper limit is 65% this is the cap on the Increase such that if the Increase is greater than 65% shareholders will only get 100% (i.e. the Participation Rate) of 65% .

Risks

Market Risk: The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than you've invested.

If you sell your shares while a Fund is invested in Derivatives you might get back less than illustrated. The value will mainly depend on market conditions when we sell the underlying investments and this may not be a reflection of any growth in the Index. What you get back may depend on movements in interest rates and to some extent, movement in the Index since a Fund started investing in Derivatives.

Tax rules can change. New tax practice and legislation or changes to existing practice and legislation could mean that you do not receive your original investment back, or do not receive the stated level of participation in any growth in the Index.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: You might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- we may set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Details of Terms for information;
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Changes to Terms Risk: Terms for each Capital Protected Fund are set some 6 to 10 weeks in advance based on the price of Derivatives at that time. These terms may or may not compare favourably with those currently available.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up that Fund and return your investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: Most of the time, a Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, cash or other investments (known as collateral) we feel are suitable will be deposited with an independent custodian.

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

There is a risk that if a Derivative provider fails and this coincides with the Fund having collateral which is deposited with an institution that also fails, then you might get back less than you invested.

Capital Protected Fund 9 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on the Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER	30/11/10	31/05/10
	%	%
M Accumulation	-	-

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

Details of investments

	30/11/10	31/05/10
	%	%
Investments		
Derivatives	100.00	100.00
Net other assets	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/11/10 (p)	NAV per share 31/05/10 (p)	NAV percentage change %
M Accumulation	121.32	114.37	6.08

The Protection Date for the M share class is 4 February 2015.
The Capital Protected Price is 108.40p.
The FTSE 100 Index starting value is 4,006.83.

Performance record

	01/06/10 to 30/11/10	01/06/09 to 31/05/10	18/02/09 to 31/05/09	20/11/08 to 18/02/09
	%	%	%	%
Scottish Widows Capital Protected 9 M Accumulation	7.39	14.61	(0.92)	0.30
FTSE 100 Index	8.15	21.85	11.92	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	N/A	0.66

Source: Scottish Widows for Capital Protected Fund 9 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

	30/11/10		31/05/10
	%		%
1. Lloyds TSB Bank plc 100% Call Option February 2015	218.86	Lloyds TSB Bank plc 100% Call Option February 2015	199.64
2. Lloyds TSB Bank plc 120% Put Option February 2015	62.07	Lloyds TSB Bank plc 120% Put Option February 2015	88.17
3. Lloyds TSB Bank plc 165% Call Option February 2015	(9.93)	Lloyds TSB Bank plc 165% Call Option February 2015	(9.12)
4. Lloyds TSB Bank plc 100% Put Option February 2015	(48.99)	Lloyds TSB Bank plc 100% Put Option February 2015	(61.82)
5. Lloyds TSB Bank plc 120% Call Option February 2015	(122.01)	Lloyds TSB Bank plc 120% Call Option February 2015	(116.87)

Number of holdings: 5

Number of holdings: 5

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On the Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date .

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives .

Cash Investment Period is the period during which Shares may be issued.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the index has grown over the Growth Potential Period and subject to any Averaging.

Upper limit is 33.334% this is the cap on the Increase such that if the Increase is greater than 33.334% shareholders will only get an increase of 150% (i.e. the Participation Rate) X 33.334 = 50% .

Risks

Market Risk: The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than you've invested.

If you sell your shares while a Fund is invested in Derivatives you might get back less than illustrated. The value will mainly depend on market conditions when we sell the underlying investments and this may not be a reflection of any growth in the Index. What you get back may depend on movements in interest rates and to some extent, movement in the Index since a Fund started investing in Derivatives.

Tax rules can change. New tax practice and legislation or changes to existing practice and legislation could mean that you do not receive your original investment back, or do not receive the stated level of participation in any growth in the Index.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: You might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- we may set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Details of Terms for information;
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Changes to Terms Risk: Terms for each Capital Protected Fund are set some 6 to 10 weeks in advance based on the price of Derivatives at that time. These terms may or may not compare favourably with those currently available.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up that Fund and return your investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: Most of the time, a Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from this risk, cash or other investments (known as collateral) we feel are suitable will be deposited with an independent custodian.

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

There is a risk that if a Derivative provider fails and this coincides with the Fund having collateral which is deposited with an institution that also fails, then you might get back less than you invested.

Capital Protected Fund 10 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on the Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER

	30/11/10	31/05/10
	%	%
M Accumulation	-	-

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

Details of investments

	30/11/10	31/05/10
	%	%
Investments	100.00	100.00
Derivatives	100.00	100.00
Net other liabilities	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share 30/11/10 (p)	NAV per share 31/05/10 (p)	NAV percentage change %
M Accumulation	111.69	107.51	3.89

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

The Capital Protected Price is 108.70p.

The FTSE 100 Index starting value is 4,252.57.

Performance record

	01/06/10 to 30/11/10	25/06/09 to 31/05/10	01/06/09 to 25/06/09	28/01/09 to 31/05/09
	%	%	%	%
Scottish Widows Capital Protected 10 M Accumulation	3.31	7.18	0.10	0.20
FTSE 100 Index	8.15	25.26	N/A	N/A
SWIP Global Liquidity Fund GBP Advisory	N/A	N/A	0.06	0.34

Source: Scottish Widows for Capital Protected Fund 10 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

	30/11/10	31/05/10
	%	%
1. Lloyds TSB Bank plc 100% Call Option June 2015	223.32	202.56
2. Lloyds TSB Bank plc 120% Put Option June 2015	77.19	103.64
3. Lloyds TSB Bank plc 133.334% Call Option June 2015	(29.84)	(25.68)
4. Lloyds TSB Bank plc 100% Put Option June 2015	(58.61)	(73.46)
5. Lloyds TSB Bank plc 120% Call Option June 2015	(112.06)	(107.06)

Number of holdings: 5

Number of holdings: 5

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On the Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date .

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives .

Cash Investment Period is the period during which Shares may be issued.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the index has grown over the Growth Potential Period and subject to any Averaging.

Upper limit is 33.334% this is the cap on the Increase such that if the Increase is greater than 33.334% shareholders will only get an increase of 150% (i.e. the Participation Rate) X 33.334 = 50% .

Risks

Market Risk: The value of your investment is not guaranteed and can go up and down depending on investment performance. You might get back less than you've invested. If you sell your shares before the Protection Date you might get back less than illustrated.

If you sell your shares while the Fund is invested in Derivatives, the value will mainly depend on market conditions when we sell the underlying investments and this may not be a reflection of any growth in the Index. What you get back may depend on movements in interest rates and to some extent, movement in the Index since a Fund started investing in Derivatives.

Tax rules can change. New tax practice and legislation or changes to existing practice and legislation could mean that you do not receive your original investment back, or do not receive the stated level of participation in any growth in the Index.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: You might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- we may set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Details of Terms for information;
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Changes to Terms Risk: Terms for each Capital Protected Fund are set some 6 to 10 weeks in advance based on the price of Derivatives at that time. These terms may or may not compare favourably with those currently available.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up that Fund and return your investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: Most of the time, a Fund will hold investments known as Derivatives. These Derivatives are most likely to be backed by a single counterparty. Should that counterparty fail, then you might get back less than you invested. To help protect you from most of this risk, collateral (cash or other investments we feel are suitable) is received from the counterparty and deposited with an independent custodian. Should the counterparty fail, we will use this collateral.

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

There is a risk that if a Derivative provider fails and this coincides with the Fund having collateral which is deposited with an institution that also fails, then you might get back less than you invested.

Capital Protected Fund 11 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on the Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER

	30/11/10	31/05/10
	%	%
M Accumulation	-	-

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

Details of investments

	30/11/10	31/05/10
	%	%
Investments	100.00	100.00
Derivatives	100.00	100.00
Net other assets	-	-
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
M Accumulation	105.08	99.40	5.71

The Protection Date for the M share class is 3 September 2015. The Capital Protected Price is 109.10p. The FTSE 100 Index starting value is 5,163.95.

Performance record

	01/06/10 to 30/11/10	17/09/09 to 31/05/10	01/06/09 to 17/09/09	27/03/09 to 31/05/09
	%	%	%	%
Scottish Widows Capital Protected 11				
M Accumulation	7.20	(0.90)	0.20	0.10
FTSE 100 Index	8.15	3.75	N/A	N/A
SWIP Global Liquidity Fund				
GBP Advisory	N/A	N/A	0.25	0.12

Source: Scottish Widows for Capital Protected Fund 11 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

	30/11/10		31/05/10
	%		%
1. Lloyds TSB Bank plc 100% Call Option September 2015	128.94	Lloyds TSB Bank plc 120% Put Option September 2015	149.10
2. Lloyds TSB Bank plc 120% Put Option September 2015	123.36	Lloyds TSB Bank plc 100% Call Option September 2015	125.39
3. Lloyds TSB Bank plc 133.334% Call Option September 2015	(12.11)	Lloyds TSB Bank plc 133.334% Call Option September 2015	(13.40)
4. Lloyds TSB Bank plc 120% Call Option September 2015	(60.31)	Lloyds TSB Bank plc 120% Call Option September 2015	(56.46)
5. Lloyds TSB Bank plc 100% Put Option September 2015	(79.88)	Lloyds TSB Bank plc 100% Put Option September 2015	(104.63)

Number of holdings: 5

Number of holdings: 5

Please note: negative figures are shown in brackets

FUND PROFILE

Fund Aims

- On the Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date .

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives .

Cash Investment Period is the period during which Shares may be issued.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the index has grown over the Growth Potential Period and subject to any Averaging.

Upper limit is 43.334% this is the cap on the Increase such that if the Increase is greater than 43.334% shareholders will only get an increase of 150% (i.e. the Participation Rate) X 43.334 = 65%.

Risks

Market Risk: If you sell your shares before the Protection Date you are likely to get back less than you've invested, in some circumstances substantially less.

If you sell your shares while a Fund is invested in Derivatives, the value of your investment will depend on the value of the Index and on other factors. These 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 Index growth.

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.

Inflation will reduce the real value of your money in the future.

Indirect Investment Risk: At the end of the term, you might get back less than if you invested directly in the shares that make up the Index. This is mainly because:

- the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
- we may set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Details of Terms for information;
- if you held shares directly you would be paid an income (dividends); and
- any Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.

Risks that apply specifically during the Cash Investment Period: When a Fund is invested in cash or similar investments, these assets may be held with a small number of approved banks or collective investments 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.

Changes to Terms Risk: Terms for a Fund are set some two to three 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 the shareholder invests.

If insufficient money is received into a Fund, or the provider of the Derivatives fails to deliver the assets on the Derivative Date, the Authorised Corporate Director (ACD) may wind up the Fund and return your full initial investment.

In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Counterparty Risk: During the Growth Potential Period a 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, in some cases substantially less. 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 if the Derivative provider (the counterparty) fails and this coincides with a 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.

Capital Protected Fund 12 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on the Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER	30/11/10	31/05/10
	%	%
M Accumulation	-	-

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

Details of investments		
Investments	30/11/10	31/05/10
		%
Derivatives	100.00	99.99
Net other assets	-	0.01
Total net assets	100.00	100.00

Net asset value			
	NAV per share	NAV per share	
	30/11/10	31/05/10	
	(p)	(p)	
		change	
		%	
M Accumulation	108.13	102.66	5.33

The Protection Date for the M share class is 5 October 2015.
The Capital Protected Price is 108.50p.
The FTSE 100 Index starting value is 5,281.54.

Performance record	01/06/10	19/10/09	24/07/09
	to 30/11/10	to 31/05/10	to 19/10/09
	%	%	%
Scottish Widows Capital Protected 12			
M Accumulation	7.09	2.60	0.10
FTSE 100 Index	8.15	2.33	N/A
SWIP Global Liquidity Fund			
GBP Advisory	N/A	N/A	0.19

Source: Scottish Widows for Capital Protected Fund 12 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	30/11/10	31/05/10
	%	%
1. Lloyds TSB Bank plc 120 % Put Option October 2015	123.78	147.78
2. Lloyds TSB Bank plc 100 % Call Option October 2015	117.19	113.34
3. Lloyds TSB Bank plc 143 % Call Option October 2015	(6.15)	(6.99)
4. Lloyds TSB Bank plc 120 % Call Option October 2015	(53.95)	(50.22)
5. Lloyds TSB Bank plc 100 % Put Option October 2015	(80.87)	(103.92)

Number of holdings: 5

Number of holdings: 5

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On the Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date .

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives .

Cash Investment Period is the period during which Shares may be issued.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the index has grown over the Growth Potential Period and subject to any Averaging.

Upper limit is 33.334% this is the cap on the Increase such that if the Increase is greater than 33.334% shareholders will only get an increase of 150% (i.e. the Participation Rate) X 33.334 = 50% .

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.
- Terms for a 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 the shareholder invests.
- If insufficient money is received into a 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.
- Inflation will reduce the real value of your money in the future.
- 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 or when you sell your shares.

Risks that apply specifically during the Cash Investment Period

- When a 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 a Fund is invested in Derivatives, the value of your investment will depend on the value of the 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 Index growth.

- During the Growth Potential Period a 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 a 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 Index.
This is mainly because:
 - the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
 - we may set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Details of Terms for information;
 - if you held shares directly you would be paid an income (dividends); and
 - any Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.
- In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Capital Protected Fund 13 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on the Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER	30/11/10	31/05/10
	%	%
M Accumulation	-	-

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

Details of investments	30/11/10	31/05/10
	%	%
Investments	100.00	100.00
Derivatives	100.00	100.00
Net other assets	-	-
Total net assets	100.00	100.00

Net asset value	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
M Accumulation	101.53	96.24	5.50

The Protection Date for the M share class is 19 January 2016.
The Capital Protected Price is 108.10p.
The FTSE 100 Index starting value is 5,253.15.

Performance record	01/06/10	03/02/10	05/10/09
	to 30/11/10	to 31/05/10	to 03/02/10
	%	%	%

Scottish Widows Capital Protected 13			
M Accumulation	5.55	(4.93)	0.10
FTSE 100 Index	8.15	(0.17)	N/A
SWIP Global Liquidity Fund			
GBP Advisory	N/A	N/A	0.19

Source: Scottish Widows for Capital Protected Fund 13 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	30/11/10	31/05/10
	%	%
1. Lloyds TSB Bank plc 100% Call Option January 2016	132.95	Lloyds TSB Bank plc 120% Put Option January 2016 133.87
2. Lloyds TSB Bank plc 120% Put Option January 2016	129.29	Lloyds TSB Bank plc 100% Call Option January 2016 128.20
3. Lloyds TSB Bank plc 133.334% Call Option January 2016	(12.70)	Lloyds TSB Bank plc 133.334% Call Option January 2016 (13.92)
4. Lloyds TSB Bank plc 120% Call Option January 2016	(63.51)	Lloyds TSB Bank plc 120% Call Option January 2016 (59.02)
5. Lloyds TSB Bank plc 100% Put Option January 2016	(86.03)	Lloyds TSB Bank plc 100% Put Option January 2016 (89.13)

Number of holdings: 5

Number of holdings: 5

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On the Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date .

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives .

Cash Investment Period is the period during which Shares may be issued.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the index has grown over the Growth Potential Period and subject to any Averaging.

Upper limit is 30% this is a cap on the Increase such that if the Increase is greater than 30% Shareholders will only get an increase of 150% (i.e. the Participation Rate) x 30 % = 45% .

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.
- 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 the shareholder invests.
- 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.
- 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 or when you sell your shares.
- 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 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 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 Index. This is mainly because:
 - the cost of providing you with capital protection may mean that the Participation Rate shown in the Details of Terms offers you less than the full rise in the Index;
 - we may set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Details of Terms for information;
 - if you held shares directly you would be paid an income (dividends); and
 - any Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.
- In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Capital Protected Fund 14 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on the Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27. While UK equities advanced during the period, they traded in a narrow range. Healthy corporate results, an absence of calamitous economic data and the ongoing period of ultra-low interest rates have continued to provide support to equity markets. At the same time, however, the global economic recovery remains fragile, and Ireland's sovereign debt difficulties have ignited fears that other nations within the eurozone may soon be similarly threatened.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

TER			Holdings			
	30/11/10	31/05/10		30/11/10		31/05/10
	%	%		%		%
M Accumulation	-	-	1. Lloyds TSB Bank plc 120% Put Option February 2016	136.16	Lloyds TSB Bank plc 120% Put Option February 2016	162.09
There are no expenses charged to the Fund, therefore no TER has been stated.			2. Lloyds TSB Bank plc 100% Call Option February 2016	129.53	Lloyds TSB Bank plc 100% Call Option February 2016	124.06
Details of investments			3. Lloyds TSB Bank plc 130% Call Option February 2016	(13.51)	Lloyds TSB Bank plc 130% Call Option February 2016	(14.38)
Investments	30/11/10 %	31/05/10 %	4. Lloyds TSB Bank plc 120% Call Option February 2016	(60.99)	Lloyds TSB Bank plc 120% Call Option February 2016	(56.38)
Derivatives	100.00	100.00	5. Lloyds TSB Bank plc 100% Put Option February 2016	(91.19)	Lloyds TSB Bank plc 100% Put Option February 2016	(115.39)
Net other assets	-	-				
Total net assets	100.00	100.00				

Net asset value

	NAV per share 30/11/10 (p)	NAV per share 31/05/10 (p)	NAV percentage change %
M Accumulation	99.61	94.67	5.22

The Protection Date for the M share class is 11 February 2016.

The Capital Protected Price is 108.60p.

The FTSE 100 Index starting value is 5,354.52.

Number of holdings: 5

Number of holdings: 5

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On the Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date .

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives .

Cash Investment Period is the period during which Shares may be issued.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the index has grown over the Growth Potential Period and subject to any Averaging.

Upper limit is 28%. This is a cap on the Increase such that if the Increase is greater than 28 % Shareholders will only get an increase of 150 % (i.e. the Participation Rate) \times 28 % = 42 %.

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.
- 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 the shareholder invests.
- 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.
- 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 or when you sell your shares.
- 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 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 Index growth.

- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are arranged with 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 (the independent custodian for CPF15 is State Street Bank & Trust Company). 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 Index. This is mainly because:
 - we set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Key Features document for information;
 - if you held shares directly you would be paid an income (dividends); and
 - the Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.
- In the event that the Index shown in the Details of Terms cannot be used, this might affect the value of your investment.

Capital Protected Fund 15 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on the Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 12 February 2010 to 26 May 2010. During this time the Fund invested in cash or similar instruments. The Fund's Derivative Date is 9 June 2010.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

Distribution

XD date	Payment date
04/06/10	03/08/10

TER

	30/11/10	31/05/10
	%	%
M Accumulation	-	-

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

Details of investments

Investments	30/11/10	31/05/10
	%	%
Derivatives	100.00	-
Financials	-	38.89
Short Term Deposits	-	58.70
Net other assets	-	2.41
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
M Accumulation	96.17	100.08	(3.91)

The Protection Date for the M share class is 24 May 2016.

The Capital Protected Price is 108.40p.

The FTSE 100 Index starting value is 5,085.86.

Distribution

	Final (p)
M Accumulation	0.0163

Holdings

	30/11/10		31/05/10
	%		%
1. Lloyds TSB Bank plc 100% Call Option May 2016	164.62	SWIP Sterling Liquidity Fund †	38.89
2. Lloyds TSB Bank plc 120% Put Option May 2016	128.33	Allied Irish Bank	19.62
3. Lloyds TSB Bank plc 128% Call Option May 2016	(22.77)	Bank of Ireland	19.62
4. Lloyds TSB Bank plc 120% Call Option May 2016	(83.43)	Natixis 0.5% 01/06/10	19.46
5. Lloyds TSB Bank plc 100% Put Option May 2016	(86.75)		

Number of holdings: 5

Number of holdings: 4

† Scottish Widows Investment Partnership (SWIP).

Please note: negative figures are shown in brackets

FUND PROFILE

Fund Aims

- On the Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date .

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives .

Cash Investment Period is the period during which Shares may be issued.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the index has grown over the Growth Potential Period and subject to any Averaging.

Upper limit is 28%. This is a cap on the Increase such that if the Increase is greater than 28% Shareholders will only get 150% (i.e. the Participation Rate) x 28% = 42% .

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.
- 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 the shareholder invests.
- 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.
- 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 or when you sell your shares.
- 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 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 Index growth.

- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are arranged with 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 (the independent custodian for CPF16 is State Street Bank & Trust Company). 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 Index. This is mainly because:
 - we set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth. Please see the Key Features document for information;
 - if you held shares directly you would be paid an income (dividends); and
 - the Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.
- In the event that the Index cannot be used, this might affect the value of your investment.

Capital Protected Fund 16 (continued)

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on the Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

The Cash Investment Period, during which time investors could put new money into the Fund, ran from 21 May 2010 to 15 September 2010. During this time the Fund invested in cash or similar instruments. The FTSE 100 Index stood at 5569.27 on 29 September 2010, which is the date the Fund started investing in derivatives.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27.

Looking ahead, while global economic activity has weakened a bit in recent months, fears of a double-dip recession look misplaced. 2011 is likely to be another year of respectable growth in the major developed economies as a group and 2012 should be one of robust expansion. In spite of this, equity markets are likely to remain volatile for some time to come, although equities continue to look attractive relative to other asset classes.

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

Distribution

XD date	Payment date
24/09/10	23/11/10

TER

	30/11/10	31/05/10
	%	%
M Accumulation	-	-

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

Details of investments

Investments	30/11/10	31/05/10
	%	%
Derivatives	100.00	-
Net other assets	-	100.00
Total net assets	100.00	100.00

Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/11/10	31/05/10	
	(p)	(p)	%
M Accumulation	93.15	100.00	(6.85)

The Protection Date for the M share class is 13 September 2016.

The Capital Protected Price is 108.40p.

The FTSE 100 Index starting value is 5,569.27.

Distribution

	Final (p)
M Accumulation	0.1464

Holdings

	30/11/10	31/05/10
	%	%*
1. Lloyds TSB Bank plc 120 % Put Option September 2016	151.03	-
2. Lloyds TSB Bank plc 100 % Call Option September 2016	136.03	-
3. Lloyds TSB Bank plc 128 % Call Option September 2016	(17.13)	-
4. Lloyds TSB Bank plc 120 % Call Option September 2016	(65.12)	-
5. Lloyds TSB Bank plc 100 % Put Option September 2016	(104.81)	-

Number of holdings: 5

*As at 31/05/10 the Fund had no holdings.

Please note: negative figures are shown in brackets.

FUND PROFILE

Fund Aims

- On the Protection Date to provide:
 - a protected minimum amount, and
 - capital growth linked to the performance of a stockmarket index.

Definitions

Capital Protected Price is the minimum Share Price the Fund aims to achieve on the Protection Date.

Protection Date is the date on which the Share Price reflects the maturity value of the derivatives.

Derivative Date is the date on and from which the Scheme Property is invested in derivatives.

Cash Investment Period is the period during which Shares may be issued.

Growth Potential Period is the period during which the Scheme Property is invested in derivatives.

Increase means the amount (if any) (expressed as a percentage and subject to the Upper Limit) by which the index has grown over the Growth Potential Period and subject to any Averaging.

Upper limit is 21.334%. This is a cap on the Increase such that if the Increase is greater than 21.334% Shareholders will only get 150% (i.e. the Participation Rate) x 21.334% = 32%.

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 or when you sell your shares.
- The favourable tax treatment of ISAs may not be maintained.
- 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 the shareholder invests.
- 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.
- Inflation will reduce the real value of your money in the future.

Risks that apply specifically during the Cash Investment Period

- During this period the Capital Protected Fund invests in cash and other similar investments by investing in another fund called the Global Liquidity Fund as well as on deposit in cash and other similar investments. The Global Liquidity Fund is managed by our fund managers Scottish Widows Investment Partnership. Should any one or more of these fail then you are likely to get back less than you invested, in some circumstances substantially less.
- When the Fund is invested in cash or similar investments during the Cash Investment Period and the following period up to the Derivative Date your investment may not receive any interest and may fall in value.

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 Derivatives. The value of these will depend to some extent on the level of the Index, but will also be affected by other factors, such as the volatility of the market, the level of interest rates and the time to maturity of the Derivatives. Therefore what you get back will not equal actual Index growth.
- During the Growth Potential Period the Fund will hold investments known as Derivatives. These Derivatives are arranged with 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 (the independent custodian for Capital Protected Fund 17 is State Street Bank & Trust Company). Should the counterparty fail, we will use this collateral.
- If 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.

Capital Protected Fund 17 (continued)

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 Index. This is mainly because:
 - we set a cap on any amount payable in addition to your Capital Protected Value, this could mean you receive less growth.
 - if you held shares directly you would be paid an income (dividends); and
 - the Averaging that's applied to determine the value of the Index will mean that if the Index rises, your returns may be lower than investing in the shares of the Index directly where Averaging would not apply.
- In the event that the Index cannot be used, this might affect the value of your investment.

INVESTMENT MANAGER'S REVIEW

The Fund is designed to provide investors with a Capital Protected Value on the Protection Date together with capital growth linked to the performance of the FTSE 100 Index. The Fund is invested primarily in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe if you hold your investment to the Protection Date.

The Cash Investment Period, during which time investors can put new money into the Fund, runs from 15 September 2010 to 23 February 2011. During this time, the Fund invests in cash or similar instruments. Thereafter, the Fund will invest in derivatives that are designed to provide, on the Protection Date, both growth linked to the FTSE 100 Index and protection so that, if the Index goes down, the amount you invested should remain safe. The Fund's Derivative Date is 9 March 2011.

At the end of the reporting period, the FTSE 100 Index stood at 5528.27.

Looking ahead, while equities continue to look attractive relative to other asset classes, equity markets are likely to remain volatile for some time to come.

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

TER	30/11/10 %	Net asset value	NAV per share 30/11/10 (p)
M Accumulation	-	M Accumulation	100.00

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

The Protection Date for the M share class is 21 February 2017.

Details of investments		Holdings	
Investments	30/11/10 %		30/11/10 %
Financials	82.25		
Short Term Deposits	9.48	1. SWIP Sterling Liquidity Fund ‡	82.25
Net other assets	8.27	2. Dexia 0.55% 01/12/2010	9.48
Total net assets	100.00		

Number of holdings: 2

‡ Scottish Widows Investment Partnership (SWIP).



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