

**INTRODUCING
SCOTTISH
WIDOWS
INVESTMENT
PARTNERSHIP**

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not to be relied upon by retail clients

**SCOTTISH
WIDOWS**  **INVESTMENT
PARTNERSHIP**

About SWIP

- ▶ Scottish Widows Investment Partnership (SWIP) is part of one of Europe's largest financial services companies, the Lloyds Banking Group
- ▶ Using our size and expertise, we constantly research the global marketplace to find the best returns for clients
- ▶ Our research takes a far-reaching, five-year view – longer than many in the market – giving us a real competitive advantage
- ▶ We work in partnership with our clients, listening to them and developing innovative long-term investment solutions.

Scottish Widows Investment Partnership's (SWIP) reputation is built on innovation, insight and teamwork; essential elements in our relentless pursuit of consistent, strong performance.

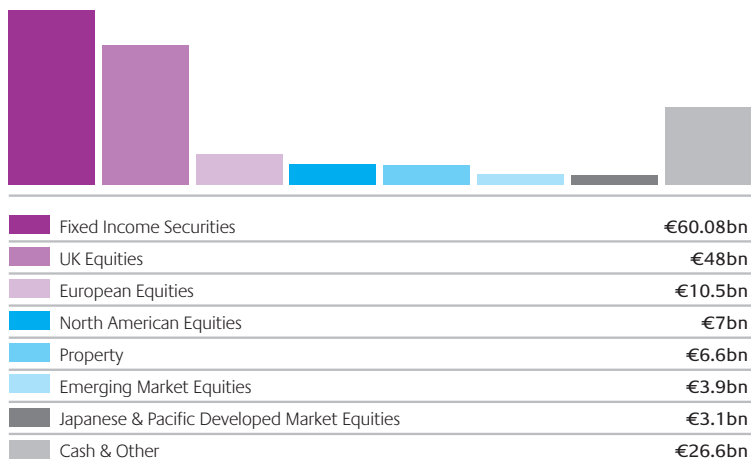
We manage €165 billion* of assets, for a diverse range of clients, invested across all the major asset classes. We offer a comprehensive range of investment solutions designed to meet investors' needs.

Our unique, highly disciplined investment process focuses on in-depth research and analysis, coupled with our team approach to generating the very best investment ideas across all our funds.

Both independently and through partnerships with other organisations, we have a physical presence that stretches around the world. This truly international dimension heightens our awareness of global investment developments and issues, and enhances our ability to manage client relationships on a global basis.

In a results-driven industry, the team from SWIP possesses the knowledge, experience and skill to deliver consistent investment returns for our clients.

Total Assets under management – €165.8 billion*



*Source: SWIP, as at 31 March 2010

Our philosophy

AT SWIP, WE BELIEVE THAT THE INVESTMENT WORLD IS ULTIMATELY LOGICAL AND OVER THE LONG TERM ANY ASSET, OR GROUP OF ASSETS, WILL BE PRICED BASED ON ITS INTRINSIC WORTH.

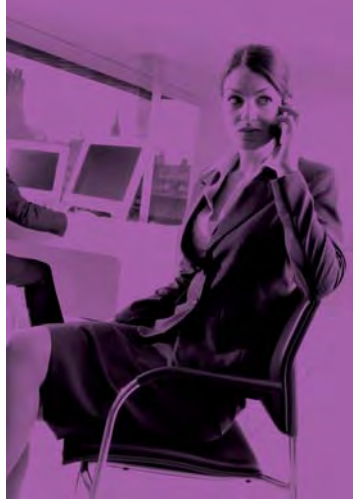
While asset prices are based on intrinsic worth over the long term – in the short term, distortions can occur. This causes pricing anomalies, which we can exploit. The key to successfully exploiting these anomalies is to make an accurate assessment of the asset's worth.

To make this assessment and identify potential investment opportunities, we carry out rigorous, fundamental research into each asset in which we consider investing.

We believe our research gives us a competitive edge because:

- ▶ The bulk of our research is proprietary, carried out in-house, not bought in from external agencies
- ▶ All of our portfolio managers undertake their own research giving them a better understanding of the investment case
- ▶ We have a well-defined research framework that encourages teamwork and constructive debate
- ▶ We focus on the need to balance our clients' risk profile against the potential return from assets.

Our investment capabilities: equities



We offer a range of high alpha equity products covering various global markets. Over the years, we've developed core capabilities in European, UK and International equities. In total, we manage equities worth over €72 billion*.

*Source: SWIP, as at 31 March 2010

OUR EQUITY TEAM

We have a stable, committed equity investment team – one that aims to deliver consistent, strong performance. It consists of 40 investment professionals, with an average experience of 14 years.

We have attracted and retained the best people because of the open and supportive culture we foster. We encourage our fund managers to voice their opinions and enter into constructive debate; our collegiate approach is a key part of the investment process.

OUR EQUITY PROCESS

Our equity investment process uses our best research ideas in the portfolios we build for clients.

OUR INVESTMENT PROCESS ENCOMPASSES:

Research

Portfolio managers have combined roles as analysts, each responsible for a specific sector or industry. They carry out financial analysis including a five-year forward projection on any stocks being considered for inclusion in a SWIP portfolio. This is a wider frame of reference than that adopted by many of our competitors, leading to better investment decisions.

▶ To gain further insight, we meet with company management and talk to customers, competitors and suppliers.

Challenging the case

▶ Fund managers then present their findings at regular stock meetings where the team challenges assumptions underlying the research.

▶ This leads to a greater level of buy-in and ensures we get only our best research ideas into client portfolios. Ideas in which we have the highest conviction.

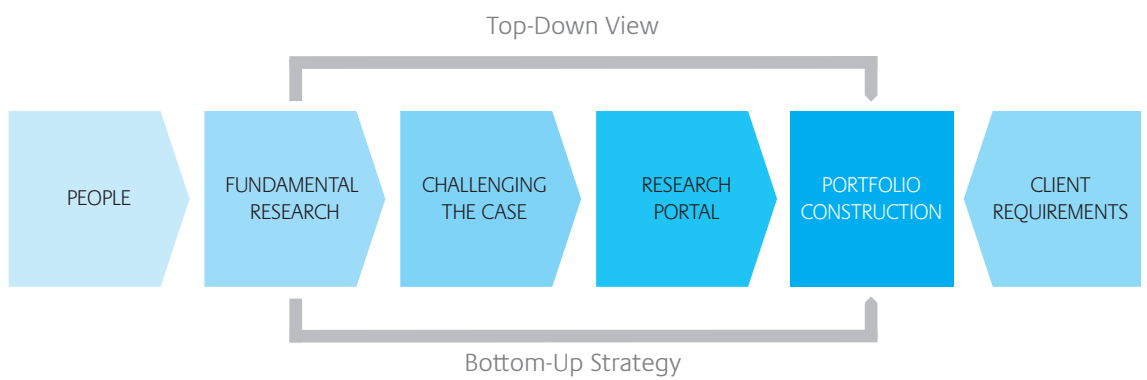
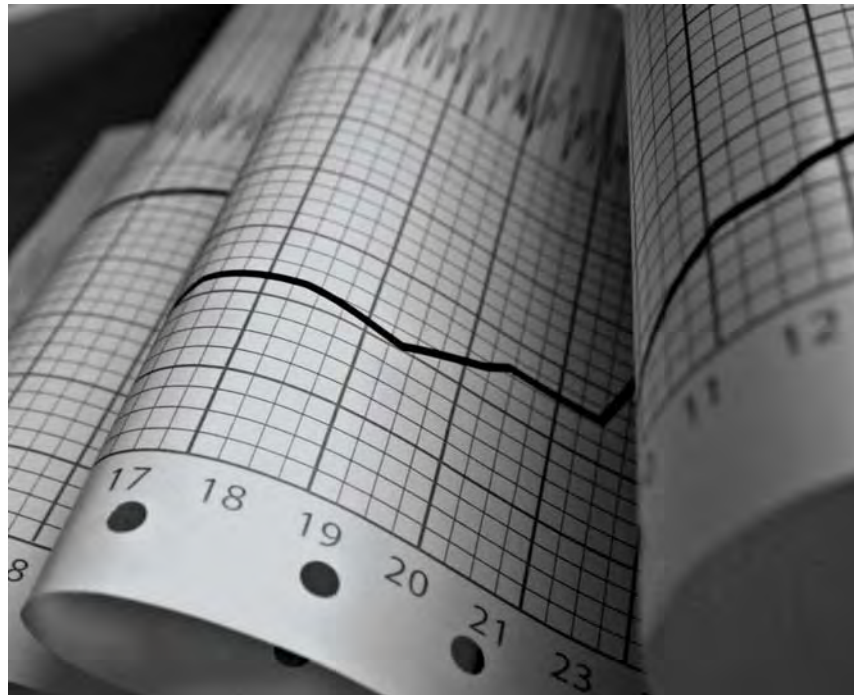
Portfolio construction

▶ In constructing a portfolio, we work from the bottom up, selecting those stocks we believe offer the best opportunity for outperformance.

▶ Working in partnership, we take into account our clients' requirements, optimising the trade-off between expected return and portfolio risk.

EQUITY PROCESS

OUR PROVEN, EFFECTIVE INVESTMENT PROCESS BENEFITS FROM THE COMBINATION OF IN-DEPTH RESEARCH AND SUCCESSFUL BOTTOM-UP STOCK PICKING. THIS ALLOWS US TO IDENTIFY STOCKS WHOSE LONG-TERM EARNINGS POWER IS NOT REFLECTED IN THE SHARE PRICE



Our investment capabilities: bonds



We have a comprehensive range of fixed interest products, including high performance corporate, government and high yield bond funds. In total, we manage bonds worth over €60 billion*.

*Source: SWIP, as at 31 March 2010

OUR BOND TEAM

We boast a vastly experienced bond team – a key factor in delivering consistently impressive performance. There are 27 investment professionals in our team, with an average of almost 14 years' experience.

Our fixed income process focuses on generating profitable ideas which can be applied across all our client portfolios, demonstrating our commitment to evolve and enhance our bond capability to meet the changing needs of our investors.

IDEA GENERATION

We seek to generate profitable investment ideas from our extensive fundamental and technical research. We foster a culture of focused and open debate which encourages the sharing of ideas.

Our fundamental research considers a number of factors, including:

- ▶ our industry view, taken from our macroeconomic outlook
- ▶ the issuer's financial situation
- ▶ the issuer's credit rating going forward
- ▶ event risk
- ▶ relative value analysis
- ▶ covenant strength.

These factors help our team to build up a profile of a stock and to form views on the valuation of a stock based on the SWIP Fixed Income Policy Group's positioning statement. On this basis each stock is assigned a buy, sell or hold rating.

From this, we build high-conviction bond portfolios, which incorporate our best bottom-up research ideas and our top-down strategic views.

CONSTRUCTION

Our product teams are responsible for the implementation of investment decisions for specific client portfolios. In selecting securities for a portfolio they take into account the particular investment guidelines and restrictions, including the objective, performance target and risk appetite of a client.

IMPLEMENTATION

To ensure we implement our ideas in an efficient, cost-effective and fair way for all our clients, we have established a dedicated portfolio management unit to execute trades and bear the administrative burden of dealing and fund administration.

All our portfolios are subject to strict risk parameters to ensure risk levels are consistent with client objectives.

Our investment capabilities: real estate

SWIP is one of Europe's largest real estate managers, with commercial real estate assets worth almost €7 billion*. We offer a range of investment products, encompassing direct real estate, predominantly across Europe and the US, and indirect investment, through real estate shares listed on major stock exchanges and Real Estate Investment Trusts (REITs).

*Source: SWIP, as at 31 March 2010

OUR REAL ESTATE TEAM

We have the requisite expertise and knowledge to allow investors to take advantage of the opportunities afforded by commercial real estate. Our property team numbers 26 specialists with an average of 20 years' industry experience.

We also have a dedicated pan-European real estate securities team to manage our indirect real estate investments. It brings together SWIP's in-house real estate expertise with in-depth, bottom-up stock analysis and valuation stock picking from SWIP's UK and European equity teams.

OUR DIRECT REAL ESTATE PROCESS

Our direct real estate process places considerable emphasis on the analysis of individual properties. In reviewing a property, the portfolio manager will consider its price, examine the property against the prospects for the sector and market as a whole, and identify opportunities to add value.

Meanwhile, our real estate research team examines the macroeconomic environment, complementing the analysis carried out by the portfolio managers. The team focuses on economics, strategy, performance measurement and risk analysis.

Having extensively researched the suitability of individual assets and set this against the prospects for the overall market, we can then buy those properties we think will contribute towards performance. The focus is then on active management to enhance income and capital growth, maximising potential returns. Initiatives include new lettings, renewing or extending leases, refurbishment and redevelopment.

OUR INDIRECT REAL ESTATE PROCESS

To manage indirect real estate effectively, we need to understand both equity and real estate markets. To do this, we carry out top-down research on economies, real estate markets and sectors, and combine this with our bottom-up views of individual real estate companies. This allows us to identify long-term value and take advantage of market anomalies.

Our investment capabilities: private equity

We have invested in private equity since 2001 and have built up a strong reputation in selecting the best private equity funds available in the European market.

Our private equity team follows a rigorous and structured process and has committed to invest around €1.5 billion* in over 100 fund investments.

*Source: SWIP, as at 31 March 2010

COMPETITIVE ADVANTAGES

We have a number of competitive advantages which help us in our aim to consistently achieve client goals and differentiate us from our competitors.

In particular, our size and reputation in Europe gives us superior access to the best private equity funds across the region. This allows us to successfully identify and access a variety of investment opportunities that are closed to external investors.

SUPERIOR SELECTION SKILLS AND RISK CONTROL

The team's deep local market expertise and networks allow for sophisticated market intelligence. In combination with a thorough due diligence process, this allows for superior selection skills and risk control.

OUR PRIVATE EQUITY PROCESS

Origination

- Open-door policy – while actively scanning the market for opportunities, we also welcome approaches from any party with an attractive business case.

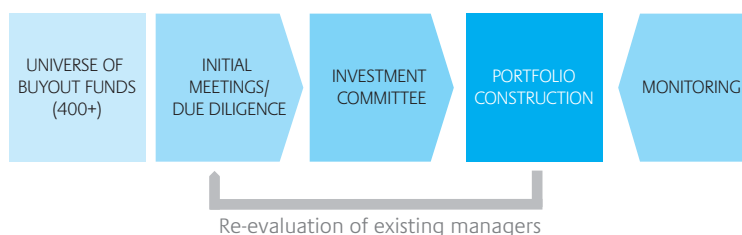
- Pro-active survey tips – we make visits to all major investment regions and arrange meetings with key contacts.
- Research – rigorous inhouse research of both regions and industries is one of SWIP's strengths.

Detailed due diligence

- 360-degree view of capabilities – we undertake a thorough evaluation of every aspect of an opportunity.
- Prepare investment committee memo – the key findings of our 360-degree review form the basis for this document.
- Challenge the case – the Investment Committee considers the investment risks and concerns.
- External legal and tax review.

Post investment monitoring

- Regular meetings with key contacts and managers.
- Advisory board seats.
- Review quarterly reports – we ensure that complete monitoring is carried out to support our continued investment.



specialist investment capabilities

In addition to our capabilities in the major asset classes, we offer a range of specialist investment services providing the latest innovative investment solutions.

ABSOLUTE RETURN

We offer a range of absolute return products that aim to provide clients with capital returns above cash, regardless of market conditions. In achieving this, we pay careful attention to risk, particularly downside risk. We have extensive experience managing absolute return portfolios, having done so for institutional investors for over 10 years.

MULTI-MANAGER

Our multi-manager range allows clients access to a wealth of specialist investment managers and investment styles. Our size means we can utilise the world's leading investment managers, including institutional managers not normally available to retail investors. In addition, our buying power allows us to negotiate extremely competitive rates so reducing costs.

SOCIALLY RESPONSIBLE INVESTING

A result of SWIP's rigorous investment process is that we research some of the world's best-run organisations. Investing in companies that demonstrate strong ethical and environmental attributes and practices has long been an area of focus for us - so much so, that we have developed a series of strategies in this increasingly important sector:

- ▶ SRI
- ▶ Islamic or Shariah-compliant
- ▶ GEM Sustainability
- ▶ Ethical and Environmental.

Contact us



AT SWIP, WE SEE OUR RELATIONSHIP WITH CLIENTS AS A PARTNERSHIP, WORKING TOGETHER TO FULFIL YOUR INVESTMENT NEEDS.

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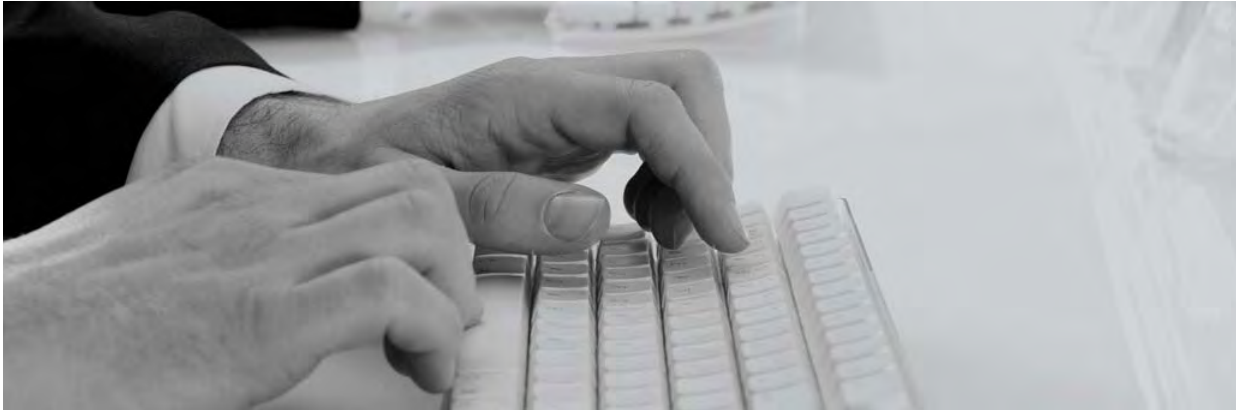


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Please remember that:



The value of investments is not guaranteed and can go down as well as up depending on investment performance. You may not get back the amount you invested. Past performance is not a guide to future performance. Portfolios may have holdings which are denominated in different currencies and may be affected by movements in exchange rates. Consequently, the value of investments may rise or fall in line with exchange rates. Commercial property is less liquid than other asset classes and values could be affected if properties need to be sold

at short notice. It is a specialist sector which could be volatile in adverse market conditions. Property valuation is a matter of judgement by an independent valuer. Valuation is therefore generally a matter of a valuer's opinion rather than fact. The value of capital income will fluctuate as property values and rental income rise and fall. The level of risk depends on the underlying investments.

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residents in Austria, Belgium, Denmark, Finland, France, Germany, Gibraltar, Iceland, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain and Sweden only. Investors should inform themselves of and observe all applicable laws of the jurisdiction relevant to their investment requirements.

