

SWIP European Corporate Bond Fund

Factsheet as at 31 January 2010

Investment Objective

To provide a total return by investing predominantly in euro denominated fixed interest securities.

Fund Strategy

The Fund aims to maximise returns utilising our in house research on both top down (macro economic) factors and bottom up (stock specific) factors to identify attractively valued opportunities. The Fund is run against a corporate bond euro benchmark, but can take off benchmark positions up to a third of the Fund. These can include holdings in government bonds, international government and corporate bonds, high yield bonds or preference shares.

Fund Statistics

Benchmark	iBoxx Euro Corporate > 5 years
IMA Sector	IMA Global Bonds
Fund Manager	Neil Murray
Fund Launch Date	April 2004
Fund Size	£204.6 million
Number of Holdings	128
Distribution/Underlying Yield	4.5% p.a (gross)

Fund Manager Biography

Neil Murray, took over the Fund in July 2009 and has been with the group since September 1998. Neil is Head of Credit and has 11 years experience all of which has been gained at SWIP.



Dealing Information - Share Class A

Minimum Investment	£1,000
Valuation Point	8:00 AM
Settlement Terms	T+4
Accounting Period End Dates	31 January (Final), 30 April, 31 July & 31 October
Ex-Dividend Dates	End of Jan, Apr, Jul & Oct
Payment Dates	End of Mar, Jun, Sep & Dec
Last Distribution Rate	1.0816p

Performance Returns - Calendar Years (%)

	2010*	2009	2008	2007	2006
Fund	-0.79	14.57	15.93	5.13	-3.72
Sector Average	-0.29	5.85	16.33	4.10	-3.86
Benchmark	-0.06	11.03	19.69	6.47	-2.35
Quartile	4	1	3	3	2

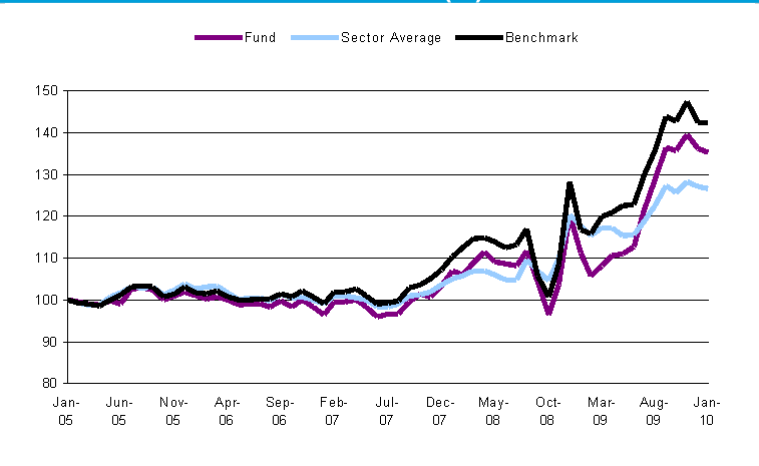
Fund Charges - Share Class A

Initial Charge	3.75%
Annual Charge	1.00%
Total Expense Ratio	1.14%

Fund Codes and Prices - Share Class A

Sedol	B0005S2 (inc)
ISIN	GB00B0005S25 (inc)
Bloomberg	SCECBAI LN (inc)
Lipper	LP60094201 (inc)
NAV Price as at	31 January 2010 126.9p
NAV - 12 Month High	13 October 2009 132.9p
NAV - 12 Month Low	5 March 2009 98.8p

Cumulative Performance Returns (%)



Statistical Analysis Review Over 3 Years

Sharpe Ratio	0.64
Standard Deviation	15.22% (p.a.)
Alpha	1.68% (p.a.)
Beta	0.95
Information Ratio	0.39
Tracking Error	2.75% (p.a.)

Source: SWIP

Cumulative Performance Returns (%)

	1 Mth	3 Mths	1 Yr	3 Yrs p.a	5 Yrs p.a
Fund	-0.79	-0.38	23.01	12.16	6.34
Sector Average	-0.29	0.87	7.79	8.91	5.01
Benchmark	-0.06	-0.17	21.90	12.84	7.31
Quartile	4	4	1	2	3

Source: Lipper mid-mid basis, net of fees. iBoxx Euro Corporate > 5 yrs, gross of fees. *Year to date figure. Please note Lipper returns are priced at 12 noon and benchmark is priced at close of business day.

Past Performance is not a guide to future performance

Market Review

Corporate bonds rallied strongly at the start of the month, boosted by investors' confidence that companies are continuing to rebuild their finances. But fears about sovereign credit risk in Greece, Portugal and Spain led to a rise in risk aversion in the latter half of the month, cancelling out some of the previous gains.

Fund Performance

The Fund was ahead of its benchmark in January. The asset allocation produced a positive contribution, the result of our continued overweight position in the banks sector and cash. The non-benchmark holding in gilts had a neutral impact during the month. Stock selection was negative with the underperformance in the banks sector being the key driver.

Fund Positioning

We participated in a new issue by Spain's Gas Natural during January. However, the price subsequently fell sharply, as concerns about Spain's finances hit the country's bond markets. We also purchased two good quality high yield issues - Virgin Media and Heidelberg Cement.

Major Sector Breakdown

	Fund %	Benchmark %	Deviation %
Financial	46.7	41.2	5.5
Gilts	3.1	0.0	3.1
Sov/Supra	0.5	0.0	0.5
Structured	0.1	0.2	-0.2
Utilities	16.8	24.2	-7.4
Industrial	21.5	34.3	-12.8
Cash	7.7	0.0	7.7

Source: SWIP, iBoxx Euro Corporate > 5 Years

Top 10 Holdings

Company	Weighting %
Germany (Fed Rep) 3.75% 2017	2.5
RWE 6.5% 2021	2.4
Telecom Italia 5.375% 2019	2.1
Deutsche Bank 5.125% 2017	2.0
Lloyds TSB 2016	1.7
E.ON International 5.75% 2020	1.5
BAA Funding 4.6% 2020	1.5
Nationwide 3.375% 2015	1.5
Autoroutes 5.625% 2022	1.4
Deutsche Telekom 6% 2017	1.4

Source: SWIP

Contact Us

SWIP Sales Team on 0207 203 3333
 Email: investment.enquiries@swip.com
 For all administration queries contact: 0800 33 66 00
www.swip.com

Important Information: 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. The value of the fund can go up and down and investors may not receive back the money they invested. This publication only contains brief information on the fund. The Fund Prospectus and the Simplified Prospectus provide more detailed information as well as the risks of investing. Both these documents are available on our website www.swip.com or by telephoning 0800 33 66 00.

Issued by Scottish Widows Investment Partnership Limited (SWIP), Company No. 794936. Registered Office in the United Kingdom at 33 Old Broad Street, London, EC2N 1HZ. Tel: 0131 655 8500. SWIP is the investment advisor for the SWIP and Scottish Widows fund range. SWIP is authorised and regulated by the Financial Services Authority and is entered on their register under number 193707 (www.fsa.gov.uk).