

# UK Equity Blend Fund

half-yearly short report for the period

1 January 2009 to 26 June 2009

Due to a number of fund changes over the period, for certain other funds available from Skandia Investment Management Limited, we have changed the end date of the reporting period from 30 June to 26 June for this interim report only.

Some of the terms in this document are of a technical nature. We have highlighted these in bold type and you can find definitions in the glossary near the end of this document. If anything is unclear, we recommend you speak to your financial adviser who will be able to explain further.

## fund objective

The UK Equity Blend Fund aims to provide long-term capital growth and income through investment in UK equities.

## investment policy

Investment will be in a diversified portfolio predominantly of **securities** listed within the FTSE® All-Share Index, which are held either directly as **transferable securities** or through regulated **collective investment schemes** (funds). Investments in collective investment schemes may include those managed and operated by the **Authorised Corporate Director** (ACD).

For efficient portfolio management purposes only, investment may also be via **derivatives** or **forward transactions**.

## risk profile

This Fund invests in the shares of UK companies only and is therefore not exposed to exchange rate movements between sterling and other currencies. By the same token, however, it does not benefit from geographical diversity so you should consider your degree of exposure to this Fund in the context of all your investments. In addition, the Annual Management Charge is taken out of the Fund's capital rather than income and this may restrict or reduce the capital value of your investment.

## fund manager's report

UK equities experienced heavy losses in early 2009 before staging a strong recovery from March onwards on hopes that the worst of the economic downturn may be over. Although the UK economy remained weak, with growth in the first quarter confirmed as the worst in 50 years,

tentative signs of improvement emerged as the period progressed. Consumer confidence rose, despite unemployment reaching its highest level in a decade, while data on the housing market began to stabilise. The Bank of England cut interest rates from 2% to just 0.5% and pumped more money into the financial system to encourage bank lending.

The FTSE® All-Share Index ended the period as a whole broadly unchanged, returning 0.6%. In a marked reversal on the previous six months, small- and medium-sized companies significantly outperformed their larger counterparts. Cyclical sectors such as technology and basic resources generally fared well, as these areas of the market tend to benefit most during periods of economic recovery. Meanwhile, the more defensive sectors, notably telecommunications and utilities, suffered as investors took profits.

The UK Equity Blend Fund had a strong start to the year, significantly outperforming the IMA UK All Companies sector and the UK equity market over the period. The main contributor to performance was the Schroder UK Alpha Plus Fund, which returned more than 15%, benefiting from strong stock selection within banks, basic resources and energy companies. The Lazard mandate performed very well, generating a double-digit gain, driven by good stock-picking among financials.

The Artemis UK Growth Fund also outperformed its sector, aided by its exposure to food wholesaler Booker Group, financial services companies Evolution and Bluebay Asset Management, and oil company Venture Production. The Mirabaud and Origin mandates both performed well compared to the UK equity market, while the Aegon UK Opportunities Fund lagged.

**The mention of any particular stock should not be taken as a recommendation to buy or sell investments.**

## fund facts

The Fund offers income shares in sterling and offered accumulation shares in US dollars.

Fund accounting dates (ex-dividend dates)	Fund payment/accumulation dates
31 December	28 February
26 June	31 August

The table below shows the net income and accumulations in pence or cents per share since launch. The UK Equity Blend Fund was launched on 8 April 2005 and the US Dollar Share Class was launched on 1 November 2005.

Calendar year	Pence or cents per share
2005 Income*	–
2005 Accumulation USD**	–
2006 Income	2.4054 pence
2006 Accumulation USD	2.9608 cents
2007 Income	1.4653 pence
2007 Accumulation USD	3.0561 cents
2008 Income	1.7931 pence
2008 Accumulation USD	3.7835 cents
2009 Income ***	1.2850 pence
2009 Accumulation USD****	1.1392 cents

\* from 8 April

\*\* from 1 November

\*\*\* to 31 August

\*\*\*\* USD Share Class was closed on 9 April 2009, and the last distribution was on 28 February 2009

## total expense ratio (TER)

The Total Expense Ratio represents all operating charges and expenses as a percentage of a fund's value. It includes the Annual Management Charge as well as all the regular administrative costs incurred by a fund.

TER as at 26 June 2009	TER as at 31 December 2008
2.16%	2.17%

## share price performance

The table below shows the highest and lowest price in pence or cents per share for the calendar years indicated.

Calendar year	Highest price	Lowest price
2005 Income*	57.67 pence	47.26 pence
2005 Accumulation USD**	99.90 cents	94.40 cents
2006 Income	64.13 pence	55.38 pence
2006 Accumulation USD	131.20 cents	99.00 cents
2007 Income	67.50 pence	57.01 pence
2007 Accumulation USD	144.10 cents	122.30 cents
2008 Income	59.65 pence	30.73 pence
2008 Accumulation USD	128.10 cents	51.80 cents
2009 Income***	38.63 pence	29.91 pence
2009 Accumulation USD****	68.71 cents	51.01 cents

\* from 8 April

\*\* from 1 November

\*\*\* to 26 June

\*\*\*\* to 9 April

## fund performance

Share class	Net asset value per share as at 26 June 2009	Net asset value per share as at 31 December 2008	% change
Income	36.48 pence	34.98 pence	4.29%
Accumulation USD	–	38.59 pence	–

Date	Net asset value of Fund	Shares in issue		Net asset value per share	
		Income	Accum USD	Income	Accum USD
31 December 2006	£162,231,272	243,858,590	12,300,862	63.20 pence	65.92 pence
31 December 2007	£120,178,940	191,901,798	10,689,303	59.11 pence	63.11 pence
31 December 2008	£68,173,148	181,538,642	12,086,614	34.98 pence	38.59 pence
26 June 2009	£42,387,347	116,197,163	–	36.48 pence	–

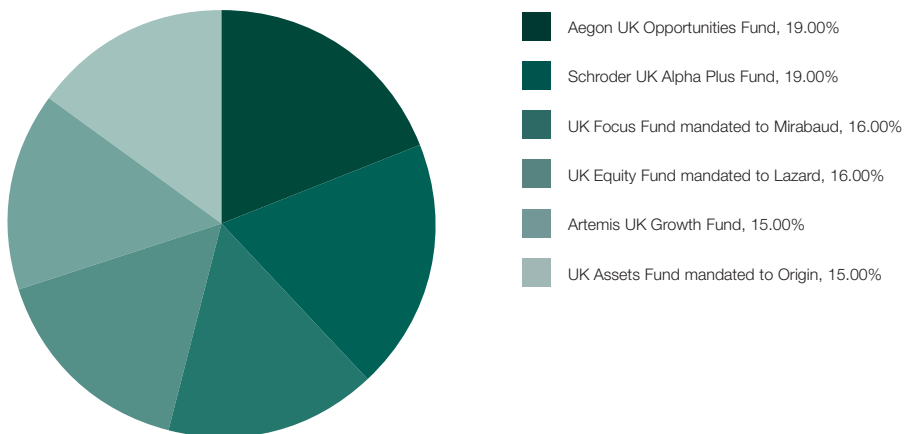
	Percentage change to 26 June 2009					
	6 months	1 year	2 years	3 years	4 years	Since launch*
Fund performance	6.09%	-24.45%	-39.41%	-31.73%	-17.61%	-16.79%

\*from 8 April 2005.

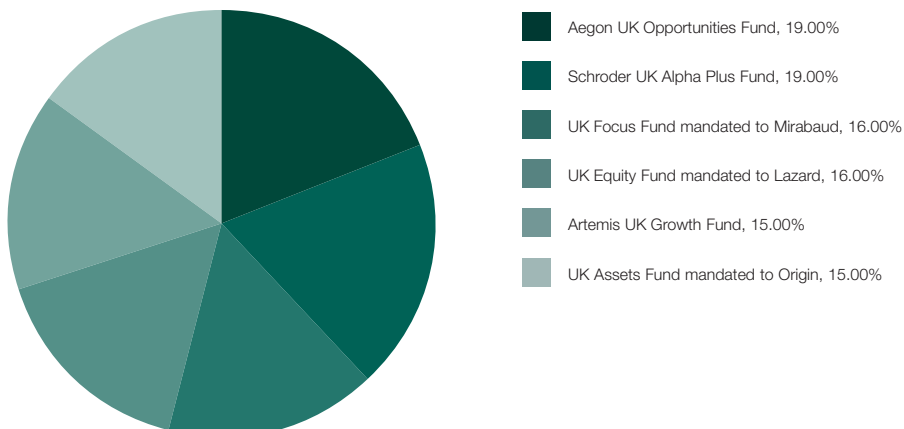
Source: Financial Express. Figures are calculated on a total return and single price basis, with net income reinvested in sterling terms. Six months' performance is from 31 December 2008 to 26 June 2009. Yearly comparatives are from previous half-yearly period end dates to 26 June.

You should not view past performance as an indication of future performance. The value of investments and any income from them may fall as well as rise and you may not get back the amount you invested. Where a fund invests in securities designated in a different currency to the Fund, the value of the Fund may rise and fall purely as a result of exchange rate fluctuations.

## target manager allocation as at 26 June 2009



## target manager allocation as at 31 December 2008



## major holdings

The table below shows the top ten holdings of the Fund. All holdings will be shown if there are less than ten holdings.

As at 26 June 2009	%	As at 31 December 2008	%
Aegon Asset Management UK Opportunities Fund	19.04	Aegon Asset Management UK Opportunities Fund	19.11
Schroder UK Alpha Plus Fund	18.91	Schroder UK Alpha Plus Fund	18.81
Skandia MultiManager Trust – UK Focus Fund	16.15	Skandia MultiManager Trust – UK Equity Fund	16.39
Skandia MultiManager Trust – UK Equity Fund	16.11	Skandia MultiManager Trust – UK Assets Fund	15.26
Skandia MultiManager Trust – UK Assets Fund	15.16	Artemis UK Growth Fund	15.17
Artemis UK Growth Fund	14.83	Skandia MultiManager Trust – UK Focus Fund	15.00

## glossary

**Authorised Corporate Director (ACD)** – the Authorised Corporate Director provides a professional investment management service in respect of the open-ended investment companies (OEICs) and controls the assets and operation of each fund. The ACD of the Skandia Investment Management OEICs is Skandia Investment Management Limited.

**Collective investment schemes** – are investments, such as OEICs or unit trusts, in which money from individual investors is pooled into a professionally managed fund.

**Derivatives** – derivatives are contracts between two or more parties whose value is derived from a related asset. The most common related assets include shares, fixed interest securities, commodities, currencies, interest rates and market indices. Derivatives can be used for speculative purposes but in investment funds they are generally used to reduce risk.

**Forward transactions** – forward transactions are also known as futures. Futures are agreements to buy or sell assets for delivery at a certain time in the future for a certain price.

**Securities** – any investments that can be assigned a value and traded such as bonds or shares, where there is a right to receive interest or dividends from the investment.

**Transferable securities** – a security whose ownership can be transferred between parties.

## report and accounts

Copies of the annual and half-yearly Long Form Report and Accounts are available on request, free of charge, from our Edinburgh office. To contact us please call 0844 892 0996\* or write to:

Skandia Investment Management Limited  
PO Box 23486  
12 Blenheim Place  
Edinburgh  
EH7 5YB

## depository

The independent Depository is the Royal Bank of Scotland, whose address is:

Royal Bank of Scotland plc  
Waterhouse Square  
138-142 Holborn  
London  
EC1N 2TH

The Depository is authorised and regulated by the Financial Services Authority, whose address is:

25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

## auditors

The Fund's independent auditors are KPMG Audit plc, whose registered address is:

KPMG Audit plc  
One Canada Square  
London  
E14 5AG

## authorised corporate director (ACD)

The UK Equity Blend Fund is managed by Skandia Investment Management Limited, which is the Authorised Corporate Director (ACD) of the Fund. Its registered address is:

Skandia Investment Management Limited  
Skandia House  
Portland Terrace  
Southampton  
SO14 7EJ

Skandia Investment Management Limited is a company limited by shares, incorporated in England and Wales and authorised and regulated by the Financial Services Authority.

## how to contact us

If you have any questions please contact us or call your financial adviser. Our offices are open on business days between the hours of 8.30am and 5.30pm.

To contact us please call 0844 892 0996\* or write to:

Skandia Investment Management Limited  
PO Box 23486  
12 Blenheim Place  
Edinburgh  
EH7 5YB

If you would like general information on the funds or on Skandia Investment Management Limited you can visit our website:

**[www.skandiainvestmentmanagement.com](http://www.skandiainvestmentmanagement.com)**

*\* Calls cost 3 pence per minute from a BT landline. Customers who have telephone services with other providers may have different call charges. Calls from mobiles or internet services may be considerably higher.*

**Financial Express and Skandia Investment Management Limited have done all they reasonably can to ensure the information contained in this short report is accurate. However, neither can accept any responsibility for decisions made by investors nor for any loss investors may suffer as a result of those decisions.**

[www.skandiainvestmentmanagement.com](http://www.skandiainvestmentmanagement.com)

Calls may be monitored and recorded for training purposes and to avoid misunderstandings.

Skandia Investment Management Limited is registered in England & Wales under number 4227837. Registered Office at Skandia House, Portland Terrace, Southampton, SO14 7EJ, United Kingdom. Authorised and regulated by the Financial Services Authority. FSA Register number 208543. VAT number 386 1301 59.

**When printed by Skandia this item is produced on a mixed grade material, which uses a combination of recycled wood or paper fibre from controlled sources and virgin fibre sourced from well managed, sustainable forests.**

SK4344/29-1551/August 2009

00000