Scottish Widows Pension Portfolio Two Pension (Series 2)

Asset Allocation (as at 31/03/2017)

- UK Equities 20.6%
- Europe ex UK Equities 17.8%
- US Equities 17.2%
- Global Emerging Market Equities 11.3%
- Japanese Equities 8.4%
- Global Fixed Interest 8.1%
- UK Fixed Interest 6.8%
- Australian Equities 3.7%
- Other 3.7%
- South Korean Equities 2.4%

The composition of asset mix and asset allocation may change at any time and exclude cash unless otherwise stated.

Fund Aim
The Fund aims for long term growth by investing mainly in UK and overseas equities. It also has some exposure to bonds. The exposures are currently gained through holdings in the following funds: SW SSgA UK Equity Index Fund, SW SSgA Europe ex UK Equity Index Fund, SW SSgA North America Equity Index Fund, SW SSgA Japan Equity Index Fund, SW SSgA Asia Pacific ex Japan Equity Index Fund, SW SSgA Emerging Markets Equity Index Fund and Scottish Widows Corporate Bond Tracker Fund. The asset mix of the fund will be reviewed periodically, and may be amended if a review indicates that it would be in the investors' best interests to do so. This means in future the Fund could be invested in different funds and additional asset types, though the Fund will continue to invest mainly in equities.

Basic Fund Information
Series 2 Unit Launch Date 06/02/2006
Fund Size £11690.1m
Sector ABI Specialist
ISIN GB00B09CD637
MEX ID SWSTY2
SEDOL B09CD63
Manager Name David Winning,
Matthew Davies
Manager Since 01/07/2014

Top Ten Holdings
(as at 31/03/2017)
- SSGA AUT UK EQUITY TRACKER FUND 20.7%
- SSGA MPF NORTH AMERICAN EQUITY INDEX 18.1%
- SSGA AUT EUROPE EX UK EQUITY TRACKER FUND 17.9%
- SCOTTISH WIDOWS CORPORATE BOND TRACKER FUND 15.0%
- SSGA MPF EMERGING MARKETS INDEX 11.3%
- SSGA MPF JAPAN EQUITY INDEX 8.4%
- SSGA MPF ASIA PACIFIC EX JAPAN EQUITY INDEX 7.1%
- SSGA AUT ASIA PACIFIC EX-JAPAN EQUITY TRACKER FUND 1.5%
TOTAL % OF FUND 100.0%
Past performance is not a guide to future performance. Investment value and income from it may fall as well as rise, as a result of market and currency movements. You may not get back the amount originally invested.

Discrete Performance

<table>
<thead>
<tr>
<th>Period</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/03/2015-31/03/2016</td>
<td>-4.4%</td>
</tr>
<tr>
<td>31/03/2016-31/03/2017</td>
<td>26.7%</td>
</tr>
<tr>
<td>31/03/2014-31/03/2015</td>
<td>14.1%</td>
</tr>
<tr>
<td>31/03/2013-31/03/2014</td>
<td>6.4%</td>
</tr>
<tr>
<td>31/03/2012-31/03/2013</td>
<td>16.4%</td>
</tr>
</tbody>
</table>

Cumulative Performance

<table>
<thead>
<tr>
<th>Period</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>31/05/2012-31/05/2017</td>
<td>2.7%</td>
</tr>
<tr>
<td>28/02/2017-31/05/2017</td>
<td>3.6%</td>
</tr>
<tr>
<td>31/05/2016-31/05/2017</td>
<td>28.2%</td>
</tr>
<tr>
<td>31/05/2015-31/05/2017</td>
<td>35.7%</td>
</tr>
<tr>
<td>31/05/2014-31/05/2017</td>
<td>86.0%</td>
</tr>
</tbody>
</table>

Quarterly Fund Manager Review

Global equity markets made gains over the first quarter. At the regional level, Latin America and Asia Pacific were among the strongest performers in local currency terms. In contrast, Japan and the UK lagged behind. In the US, investors spent much of the quarter focusing on the prospects for interest rates. In March, the US Federal Reserve (the Fed, the US equivalent of the Bank of England) announced its much anticipated third interest rate rise in two years. Elsewhere, strong European economic data underpinned investor confidence and the FTSE World Europe (ex UK) rose by more than 7% over the three months. On the other hand, the performance of Japanese share prices was disappointing. It was partly due to the strengthening of the yen against other international currencies. Many of Japan’s biggest companies are export-focused, and when yen rises, their products become more expensive to foreign buyers, with negative implications for their share prices.

David Winning, Matthew Davies, 31/03/2017

The views, opinions and forecasts expressed in this document are those of the fund management house. 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.