

The Scottish Capital Protected Fund plc

Annual report & accounts

for the year ended 31 December 2010

SCOTTISH
INTERNATIONAL
FUND MANAGERS

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The Scottish Capital Protected Fund plc

Change of year end

On 13 January 2010, the board of directors passed a resolution approving a change of year end for the Scottish Capital Protected Fund plc from 31 March to 31 December. Therefore this report and accounts cover the period 1 January 2010 to 31 December 2010. The prior period for comparative purposes is 1 April 2009 to 31 December 2009.

Overview

If 2009 was the year of the credit crisis, then 2010 would be the crisis of Government. Throughout the year, governments worldwide have faced not just tough decisions, but also tough electoral conditions. Strikes, riots and general unrest were the major theme for the year.

During the course of 2010, elections were held in over half of the EU during the summer months, followed by the US midterm elections in November. These elections have caused a significant shift in political focus as the electorate punished politicians for both perceived and actual incompetence. The expenses scandal in the UK on top of the financial crisis ushered in a coalition government, an unusual outcome for a “winner takes all” political system. The political climate in Europe has changed to one of fiscal austerity and spending cuts, which is likely to make it harder for governments over the next few years to stimulate the economy.

There has been a steady increase in unemployment numbers, and a marked decrease in tax revenue. The collapse in the property market has caused further mayhem. The drop in property values puts increased pressure on local authority funding. These gaps in funding are being filled by central government borrowing. The ultimate outcome is however the explosion of national debt. Issuing new debt at low interest is becoming difficult as more and more countries seek to finance their obligations via sovereign debt instruments. The split of interest rates across new EU debt offerings has widened as the perceived risk of default has increased. Countries like Greece, Ireland, Spain, Portugal, and Italy are all paying more for their short term borrowings.

The reduced ability of a government to generate income through taxation, and their increased liability puts their bond ratings at risk. This in turn further jeopardises their ability to raise money via bond offerings. In some cases, without financial intervention a country can collapse. As time progresses, there are increased concerns that certain governments will no longer be able to meet their obligations, and in the most pressing of cases (Greece and Ireland) intervention by the International Monetary Fund has been necessary to prevent financial collapse.

For the Scottish Capital Protected Fund (“SCPF”) plc sub funds, the credit crunch caused the underlying cost of options to become more expensive. This situation has changed over the year with options becoming cheaper. This allowed the funds a greater level of participation and increased the opportunity for fund growth. The underperformance of the relevant benchmarks however has meant the majority of the funds have not been optimal performers this year.

The turbulence of the markets meant the 100% capital protected funds and the With Bonus funds outperformed the Index 95% & 97.5% funds. The advantage of SCPF has been to help investors preserve their underlying capital over the course of the year. In a time of uncertain investment performance the ability to protect one’s capital makes SCPF an attractive option.

The range of sub-funds within the SCPF plc offers investors a range of different investment options, which demonstrate that potential investment performance and capital protection need not be mutually exclusive.

Scottish International Fund Managers Limited

Headquartered in the Isle of Man, one of the world's leading offshore financial jurisdictions, Scottish International Fund Managers Limited is a member of the Royal London 360° Group of companies. Royal London 360° was established through the merger of Scottish Life International Insurance Company Limited and Scottish Provident International Life Assurance Limited. Royal London 360° has combined industry experience of over 30 years, and funds under management in excess of US\$3 billion*.

Royal London is the largest mutual life and pensions company in the UK with Group funds under management of £41 billion. Group businesses serve around 3.4 million customers and employ 2,830 people*.

* Source: Royal London. All figures as at 30 September 2010.

Isle of Man

The Isle of Man is one of the world's leading international investment centres and enjoys a reputation for political stability and investor security and is also one of a small number of territories to gain a AAA rating from both Standard & Poor's and Moody's. Investments within SCPF can benefit from the island's tax-efficient status, meaning that the investments grow free of local tax.

Fund profile

SCPF is an offshore umbrella fund managed in the Isle of Man by Scottish International Fund Managers Limited. It provides returns linked to the performance of the world's major stock markets and allows investors to determine their level of capital protection each quarter.

The aim of the Fund is to increase the value of investors' capital. This is achieved through the provision of a range of capital protected sub-funds, which provide the potential for capital growth along with the ability for the investor to define the level of capital protection of the investment – 95%, 97.5% or 100% for most sub-funds – each quarter. At the end of each quarter a bonus may be added, depending on the performance of one or more stock market indices.

Key facts

Currency:
Sterling (GBP), US dollars (USD) or Euro (EUR)

Minimum investment:
GBP5,000, USD8,000 or EUR8,000

Minimum additional investment:
GBP2,500, USD4,000 or EUR4,000

Sub-funds available:
Protected Deposit Bonus
Protected UK Index
Protected US Index
Protected Japan Index
Protected Europe Index
Protected Multi Index
protected.com
Protected UK With Bonus
Protected US With Bonus
Protected Japan With Bonus
Protected Europe With Bonus
protected.com With Bonus
Protected Multi Index With Bonus
Protected Worldwide With Bonus
Protected Cash Bonus
Protected Cash Feeder

Capital protection levels:
95%, 97.5% or 100% (see table)

Quarterly investment periods
Ending normally on the second Friday in March, September, December
and the third Friday in June.

Initial charge:
7%

Annual charge:
1.25% p.a. (nil for Protected Cash Feeder sub-funds)

Switching:
Free between sub-funds and protection levels within the same currency

Manager and registrar:
Scottish International Fund Managers Limited

Fiduciary Custodian:
BNP Paribas Trust Company (IOM) Limited

Banker:
BNP Paribas Securities Services S.A., Isle of Man Branch

Auditors:
PricewaterhouseCoopers LLC

Sub-funds	Launch date*	Size of sub-funds**	Capital protection level			Redemption frequency	Associated index/indices
			95%	97.5%	100%		
Protected Deposit Bonus	15/06/98	£44.59m	✓	✓	✓	Quarterly	FTSE 100 / S&P 500
Protected UK Index	15/06/98	£17.17m	✓	✓	✓	Quarterly	FTSE 100
Protected US Index	15/06/98	£2.64m	✓	✓	✓	Quarterly	S&P 500
Protected Japan Index	15/06/98	£1.38m	✓	✓	✓	Quarterly	Nikkei 225
Protected Europe Index	13/09/99	£4.13m	✓	✓	✓	Quarterly	EURO STOXX 50
Protected Multi Index	13/09/99	£7.59m	✓	✓	✓	Quarterly	FTSE 100, S&P 500, Nikkei 225, EURO STOXX 50
<i>protected.com</i>	13/03/00	£0.23m	✓	✗	✓	Quarterly	Nasdaq-100
Protected UK With Bonus	19/06/00	£6.06m	✓	✗	✓	Quarterly	FTSE 100
Protected US With Bonus	19/06/00	£2.62m	✓	✗	✓	Quarterly	S&P 500
Protected Japan With Bonus	19/06/00	£0.54m	✓	✗	✓	Quarterly	Nikkei 225
Protected Europe With Bonus	19/06/00	£2.22m	✓	✗	✓	Quarterly	EURO STOXX 50
<i>protected.com</i> With Bonus	19/06/00	£0.29m	✓	✗	✓	Quarterly	Nasdaq-100
Protected Multi Index With Bonus	19/06/00	£7.13m	✓	✗	✓	Quarterly	FTSE 100, S&P 500, Nikkei 225, EURO STOXX 50
Protected Worldwide With Bonus	19/06/00	£30.99m	✓	✗	✓	Quarterly	FTSE 100, S&P 500, Nikkei 225, EURO STOXX 50, Nasdaq-100
Protected Cash Bonus	06/03/98	£23.42m	✗	✗	✓	Daily	N/A
Protected Cash Feeder	01/08/99	£0.25m	✗	✗	✓	Daily	N/A

* The euro-denominated sub-funds were launched on 11 December 2000. The *protected.com* 100 sub-funds and the Protected With Bonus 100 sub-funds were launched on 16 December 2002.

** Values reinvested as at 31 December 2010.

Investment Performance

The protection element of the funds has been crucial to preserving the underlying value of the funds. Market performance has been spasmodic over the course of the year, with just three of the five markets delivering positive growth. The EURO STOXX 50 and the Nikkei 225 remain in negative territory with returns of - 2.36% and - 3.01% respectively. On the other hand, the FTSE 100 managed 12.62%, the S&P 500 hit 14.37% and the NASDAQ 100 achieved growth of 19.22% over the same period.

Interest rates have remained consistent, although there are expectations that they are likely to be raised in several developed countries during 2011. The elements that have worked against the capital protected funds over the course of the year (low interest rates and low participation rates) look set to be reversed and improve the opportunities of the funds.

Index	Performance (%)	
	01/04/2009 to 31/12/2009	01/01/2010 to 31/12/2010
NASDAQ 100	48.53	19.22
S&P 500	39.08	14.37
FTSE 100	40.84	12.62
EURO STOXX 50	46.22	-2.36
Nikkei 225	26.28	-3.01
Average	40.19	8.16

Source: Financial Express 01/04/09 to 31/12/09 and 01/01/10 to 31/12/10, total return, index as per local currency. Please note that past performance may not be repeated, therefore it must not be used as a guide to future performance.

Quarter 1 (investment quarter 14/12/2009 to 12/03/2010)

The returns across the fund range were mixed for this investment quarter. The Bank of England's Monetary Policy Committee agreed to extend Quantitative Easing by an additional £200 billion effectively extending the program beyond the original deadline of March 31. Falling bond yields, coupled with the ongoing concern over Greek sovereign debt made for an uncomfortable quarter.

Markets across the world had difficult trading conditions as the credit crunch moved from the private sector into the public sector. The effect of mass unemployment coupled with the massive amounts of debt needed to prop up banking institutions began to strain the finances of various governments.

The stock markets themselves all returned positive results for this quarter with the markets ranging from a low of 1.26% growth for the EURO STOXX 50, up to a high of 7.39% growth for the NASDAQ 100.

Quarter 2 (investment quarter 15/3/2010 to 18/06/2010)

The UK election in May had a significant impact on the country's fiscal policy. Austerity measures were the name of the game, with cuts across the board and government redundancies expected to remove as many as 500,000 civil servants from their positions. Elsewhere, there were continuing problems with ongoing funding as the fear in the markets over Greece spread to Ireland, Spain, Portugal and Italy. The various governments across the EU all made signs over their willingness to commit to austerity measures, and this seemed to reassure investors. The spread of interest rates between German sovereign debt and other countries widened as the perceived risk of default increased.

The private sector had an equally trying quarter. The BP oil spill dominated the news cycle and had many investors distracted from the realities of the market. The US recovery was slower than expected with inventories reaching their highest since May 2009, as demand for goods was reduced and companies were forced to stockpile excess production.

Exports began to recover worldwide, with Japan's increasing in value by ¥1 trillion compared to the year prior. The resulting strengthening of the yen however, caused concern for manufacturers.

Ending positions eroded first quarter gains, with markets all in negative territory. The Nikkei 225 was hardest hit, with negative growth of - 7.03%. The top performer of the previous quarter (the NASDAQ 100) limped through with a return of - 0.57% compared to the previous quarter end.

Quarter 3 (investment quarter 21/06/2010 to 10/09/2010)

In this investment quarter, the UK announced fiscal cuts totalling £85 billion, and an increase in the VAT rate from 17.5% up to 20% to take effect in January 2011. The increase is expected to raise an additional £25 billion in taxes by 2015.

The French government aimed at reducing longer term pension liabilities using a similar measure, and raised the retirement age by 2 years. Unfortunately, the French themselves didn't feel this was appropriate and promptly went on strike, causing chaos across the country. Greek and Irish debt remained a concern, particularly as the spread of interest rates across European bonds increased.

Market performances were equally mixed. Japan's Nikkei had the second dismal quarter running, with a drop in value of - 7.56% for the end of the quarter. The star performer for the quarter was surprisingly the FTSE 100 with growth of 4.78%. The funds themselves performed poorly, with the ongoing high cost of options eroding gains, and suppressing the growth.

Quarter 4 (investment quarter 13/09/2010 to 10/12/2010)

The US elections and Irish debt crisis brought about another period of uncertainty early in the quarter. Interest rates on short term government bonds had been increasing over the period, but this showed signs of easing by mid December.

The recent political changes in the US government will have significant implications for the next 2 years of fiscal policy in the US. The US government looks set for a period of legislative gridlock as neither side possesses a majority.

The Irish debt crisis which followed less than 6 months after the Greek debt crisis has raised questions about the ability of the Euro zone to survive the current financial crisis. There were talks and concerns about other nations within the Euro zone who have also been hit by the debt crisis (those of Portugal, Spain and Italy), but who have not as yet received a bailout. These remaining nations have however, made a commitment to reduce their debt levels. Credit default swaps across Euro bonds continued to widen, although long term expectations for interest rates remain uncertain. The markets are expecting interest rates to rise in the longer term, but are just unsure when and by how much.

Markets performed well, and all delivered positive results for the year end. The "worst" performer was the EURO STOXX 50 with a return of just 2.13% on the previous quarter; the NASDAQ 100 however, managed an impressive 17.07% growth for the quarter.

Markets ended on a positive note, and considering the events of the last two years, in relatively solid shape.

Investment outlook

The outlook for the year is mixed. Economically, there are still high levels of unemployment, difficult trading conditions, and higher inventory levels. It is unlikely that we will see significant numbers of the unemployed returning to work at least in the short term. Ultimately with more people out of work, there are fewer people spending money and encouraging economic growth.

The companies represented by the various benchmarks depend on consumers to buy their goods and services. If people have lower income, they don't buy and the companies don't grow. At an index level, returns are influenced by these results. At least for 2011, we are unlikely to see high levels of global economic growth, although individual company returns will vary.

Throughout the course of the year, the surveys published quarterly by the Federal Reserve Bank of New York (Empire State manufacturing survey) and the ISM Manufacturing Index will be closely watched. The direction of the manufacturers across the US has an impact on the employment prospects of thousands of people. That in turn will change growth prospects of the markets. These reports are likely to have a disproportionate impact on the direction of the stock markets.

For SCPF, the two main factors influencing growth prospects look like they may work in a beneficial way for investors. Options are becoming cheaper, and interest rates look like they might increase over the course of the year. This would free a greater amount of capital for investing in options. Trading conditions are still difficult but they have improved significantly over the course of the last 2 years.

Fund performance details (sterling sub-funds)

Sub-fund type and protection level	Base Ccy	Dealing date and price*				Performance since inception	Performance over period
		12/03/10	18/06/10	10/09/10	10/12/10		
Protected Deposit Bonus 95%	GBP	2.43571	2.31392	2.19823	2.28315	64.10%	-2.39%
Protected Deposit Bonus 97.5%	GBP	2.04610	1.99495	1.94507	1.98043	57.76%	-1.38%
Protected Deposit Bonus 100%	GBP	1.69400	1.69400	1.69400	1.69515	50.07%	0.12%
Protected UK Index 95%	GBP	1.04481	0.99257	0.98342	0.99014	-0.99%	-3.62%
Protected UK Index 97.5%	GBP	1.21536	1.18498	1.17880	1.18197	18.19%	-2.05%
Protected UK Index 100%	GBP	1.38929	1.38929	1.38951	1.39011	39.01%	0.09%
Protected US Index 95%	GBP	0.85174	0.80915	0.76870	0.81678	-18.33%	-5.94%
Protected US Index 97.5%	GBP	1.08461	1.05750	1.03106	1.06182	6.18%	-3.10%
Protected US Index 100%	GBP	1.35537	1.35537	1.35537	1.35653	35.65%	0.10%
Protected Japan Index 95%	GBP	1.39674	1.32690	1.26056	1.32450	32.45%	-5.02%
Protected Japan Index 97.5%	GBP	1.47005	1.43330	1.39746	1.43110	43.11%	2.67%
Protected Japan Index 100%	GBP	1.47149	1.47149	1.47149	1.47263	47.26%	0.10%
Protected Europe Index 95%	GBP	1.39137	1.32180	1.25571	1.19694	19.69%	-17.84%
Protected Europe Index 97.5%	GBP	1.41952	1.38403	1.34943	1.31780	31.78%	-9.26%
Protected Europe Index 100%	GBP	1.40643	1.40643	1.40643	1.40647	40.64%	0.00%
Protected Multi Index 95%	GBP	1.06126	1.00820	0.96220	1.00125	-7.59%	-7.10%
Protected Multi Index 97.5%	GBP	1.25763	1.22619	1.19814	1.22106	10.73%	-3.72%
Protected Multi Index 100%	GBP	1.47006	1.47006	1.47008	1.47110	31.11%	0.09%
<i>protected.com</i> 95%	GBP	0.90096	0.85592	0.81312	0.90042	-9.96%	0.44%
<i>protected.com</i> 100%	GBP	1.21993	1.21993	1.21993	1.22139	22.13%	0.15%
Protected UK With Bonus 95%	GBP	1.17871	1.11977	1.14481	1.16806	16.80%	1.52%
Protected UK With Bonus 100%	GBP	1.24924	1.24924	1.24958	1.25026	25.02%	0.12%
Protected US With Bonus 95%	GBP	1.30603	1.28981	1.27978	1.30818	30.81%	2.39%
Protected US With Bonus 100%	GBP	1.25566	1.25628	1.25648	1.25718	25.71%	0.16%
Protected Japan With Bonus 95%	GBP	0.95685	0.90901	0.86356	0.88385	-11.61%	-5.72%
Protected Japan With Bonus 100%	GBP	1.22220	1.22220	1.22220	1.22289	22.28%	0.09%
Protected Europe With Bonus 95%	GBP	1.30465	1.24294	1.27046	1.29866	29.86%	1.77%
Protected Europe With Bonus 100%	GBP	1.26408	1.26412	1.26447	1.26517	26.51%	0.13%
<i>protected.com</i> With Bonus 95%	GBP	1.24012	1.26393	1.25201	1.27953	27.95%	5.12%
<i>protected.com</i> With Bonus 100%	GBP	1.24903	1.25017	1.25036	1.25105	25.10%	0.20%
Protected Multi Index With Bonus 95%	GBP	1.25072	1.21775	1.20952	1.23627	23.62%	1.05%
Protected Multi Index With Bonus 100%	GBP	1.25203	1.25242	1.25263	1.25332	25.33%	0.14%
Protected Worldwide With Bonus 95%	GBP	1.19760	1.16394	1.15865	1.18419	18.41%	1.03%
Protected Worldwide with Bonus 100%	GBP	1.24809	1.24845	1.24866	1.24935	24.93%	0.14%

* Price in pounds

Sub-fund type	Base Ccy	Dealing date and price*						Performance since inception	Performance over period
		01/01/10	12/03/10	18/06/10	10/09/10	10/12/10	31/12/10		
Protected Cash Bonus	GBP	1.61956	1.62005	1.62238	1.62475	1.62702	1.62756	54.18%	0.49%
Protected Cash Feeder	GBP	1.84554	1.84905	1.85403	1.85830	1.86293	1.86406	77.10%	1.00%

* Price in pounds

Fund performance details (US dollar sub-funds)

Sub-fund type and protection level	Base Ccy	Dealing date and price*				Performance since inception	Performance over period
		12/03/10	18/06/10	10/09/10	10/12/10		
Protected Deposit Bonus 95%	USD	2.01641	1.91559	1.81981	1.88940	40.73%	-2.50%
Protected Deposit Bonus 97.5%	USD	1.69393	1.65158	1.61029	1.63849	34.88%	-1.54%
Protected Deposit Bonus 100%	USD	1.41419	1.41419	1.41419	1.41512	29.10%	0.08%
Protected UK Index 95%	USD	0.91275	0.86712	0.85983	0.86590	-13.41%	-3.78%
Protected UK Index 97.5%	USD	1.07193	1.04513	1.04015	1.04274	4.27%	-2.19%
Protected UK Index 100%	USD	1.24498	1.24498	1.24529	1.24582	24.58%	0.08%
Protected US Index 95%	USD	0.79228	0.75267	0.71504	0.76099	23.91%	-5.70%
Protected US Index 97.5%	USD	0.99252	0.96771	0.94352	0.97187	-2.82%	-3.06%
Protected US Index 100%	USD	1.22680	1.22680	1.22680	1.22784	22.78%	0.09%
Protected Japan Index 95%	USD	1.24019	1.17818	1.11927	1.17796	17.79%	-4.84%
Protected Japan Index 97.5%	USD	1.29126	1.25898	1.22751	1.25739	25.73%	-2.66%
Protected Japan Index 100%	USD	1.28721	1.28721	1.28721	1.28820	28.82%	0.08%
Protected Europe Index 95%	USD	1.27769	1.21380	1.15311	1.09922	9.92%	-17.83%
Protected Europe Index 97.5%	USD	1.29778	1.26534	1.23370	1.20481	20.48%	-9.26%
Protected Europe Index 100%	USD	1.28626	1.28626	1.28625	1.28629	28.62%	0.00%
Protected Multi Index 95%	USD	0.95758	0.90971	0.86823	0.90464	-14.80%	-6.93%
Protected Multi Index 97.5%	USD	1.12190	1.09385	1.06885	1.08946	1.09%	-3.70%
Protected Multi Index 100%	USD	1.30433	1.30433	1.30436	1.30526	19.35%	0.08%
<i>protected.com</i> 95%	USD	0.82621	0.78490	0.74565	0.82780	-17.22%	0.81%
<i>protected.com</i> 100%	USD	1.11763	1.11763	1.11763	1.11897	11.89%	0.13%
Protected UK With Bonus 95%	USD	1.03324	0.98158	1.00431	1.02442	2.44%	1.35%
Protected UK With Bonus 100%	USD	1.12858	1.12858	1.12907	1.12966	12.96%	0.11%
Protected US With Bonus 95%	USD	1.17093	1.15652	1.14835	1.17399	17.39%	2.49%
Protected US With Bonus 100%	USD	1.13694	1.13732	1.13761	1.13823	13.82%	0.13%
Protected Japan With Bonus 95%	USD	0.87577	0.83198	0.79038	0.80926	-19.08%	-5.70%
Protected Japan With Bonus 100%	USD	1.13101	1.13101	1.13101	1.13163	13.16%	0.07%
Protected Europe With Bonus 95%	USD	1.14252	1.08848	1.11394	1.13881	13.88%	1.91%
Protected Europe With Bonus 100%	USD	1.13805	1.13808	1.13858	1.13919	13.91%	0.11%
<i>protected.com</i> With Bonus 95%	USD	1.11963	1.14153	1.13180	1.15731	15.73%	5.42%
<i>protected.com</i> With Bonus 100%	USD	1.12988	1.13058	1.13086	1.13147	13.14%	0.15%
Protected Multi Index With Bonus 95%	USD	1.11672	1.08730	1.08073	1.10475	10.47%	1.11%
Protected Multi Index With Bonus 100%	USD	1.13539	1.13563	1.13592	1.13654	13.65%	0.11%
Protected Worldwide With Bonus 95%	USD	1.06875	1.03882	1.03486	1.05786	5.78%	1.11%
Protected Worldwide with Bonus 100%	USD	1.13293	1.13315	1.13346	1.13407	13.40%	0.11%

* Price in US dollars

Sub-fund type	Base Ccy	Dealing date and price*						Performance since inception	Performance over period
		01/01/10	12/03/10	18/06/10	10/09/10	10/12/10	31/12/10		
Protected Cash Bonus	USD	1.33243	1.33246	1.33280	1.33302	1.33377	1.33408	30.06%	0.12%
Protected Cash Feeder	USD	1.48499	1.48499	1.48539	1.48574	1.48740	1.48995	44.87%	0.33%

* Price in US dollars

Fund performance details (euro sub-funds)

Sub-fund type and protection level	Base Ccy	Dealing date and price*				Performance since inception	Performance over period
		12/03/10	18/06/10	10/09/10	10/12/10		
Protected Deposit Bonus 95%	EUR	1.36350	1.29533	1.23056	1.27802	27.80%	-2.37%
Protected Deposit Bonus 97.5%	EUR	1.25586	1.22446	1.19385	1.21557	21.55%	-1.35%
Protected Deposit Bonus 100%	EUR	1.14664	1.14664	1.14664	1.14752	14.75%	0.13%
Protected UK Index 95%	EUR	0.89759	0.85271	0.84470	0.85012	-14.99%	-3.82%
Protected UK Index 97.5%	EUR	1.00394	0.97885	0.97350	0.97594	-2.41%	-2.15%
Protected UK Index 100%	EUR	1.10679	1.10679	1.10708	1.10762	10.76%	0.11%
Protected US Index 95%	EUR	0.78789	0.74849	0.71107	0.75542	-24.46%	-5.96%
Protected US Index 97.5%	EUR	0.94506	0.92143	0.89839	0.92517	-7.49%	-3.10%
Protected US Index 100%	EUR	1.11458	1.11458	1.11458	1.11566	11.56%	0.11%
Protected Japan Index 95%	EUR	1.18060	1.12157	1.06549	1.11942	11.94%	-5.02%
Protected Japan Index 97.5%	EUR	1.18753	1.15784	1.12889	1.15606	15.60%	-2.65%
Protected Japan Index 100%	EUR	1.13968	1.13968	1.13968	1.14067	14.06%	0.12%
Protected Europe Index 95%	EUR	1.06732	1.01395	0.96326	0.91823	-8.18%	-17.83%
Protected Europe Index 97.5%	EUR	1.11421	1.08635	1.05920	1.03440	3.44%	-9.25%
Protected Europe Index 100%	EUR	1.13543	1.13543	1.13543	1.13546	13.54%	0.00%
Protected Multi Index 95%	EUR	0.88185	0.83776	0.79952	0.83198	-16.81%	-7.10%
Protected Multi Index 97.5%	EUR	1.00056	0.97555	0.95320	0.97148	-2.86%	-3.71%
Protected Multi Index 100%	EUR	1.11907	1.11907	1.11910	1.11997	11.99%	0.10%
<i>protected.com</i> 95%	EUR	0.91723	0.87137	0.82780	0.91655	-8.35%	0.45%
<i>protected.com</i> 100%	EUR	1.10659	1.10659	1.10659	1.10809	10.80%	0.17%
Protected UK With Bonus 95%	EUR	1.02198	0.97088	0.99207	1.01209	1.20%	1.36%
Protected UK With Bonus 100%	EUR	1.10677	1.10677	1.10728	1.10795	10.79%	0.15%
Protected US With Bonus 95%	EUR	1.17630	1.16143	1.15175	1.17739	17.73%	2.34%
Protected US With Bonus 100%	EUR	1.11052	1.11067	1.11097	1.11166	11.16%	0.14%
Protected Japan With Bonus 95%	EUR	0.90122	0.85616	0.81335	0.83252	-16.75%	-5.67%
Protected Japan With Bonus 100%	EUR	1.10136	1.10136	1.10136	1.10206	10.20%	0.10%
Protected Europe With Bonus 95%	EUR	1.16804	1.11278	1.13731	1.16312	16.31%	1.88%
Protected Europe With Bonus 100%	EUR	1.11352	1.11353	1.11405	1.11474	11.47%	0.15%
<i>protected.com</i> With Bonus 95%	EUR	1.11901	1.13786	1.12666	1.15150	15.15%	4.87%
<i>protected.com</i> With Bonus 100%	EUR	1.11890	1.11917	1.11946	1.12016	12.01%	0.15%
Protected Multi Index With Bonus 95%	EUR	1.12389	1.09410	1.08620	1.11032	11.03%	1.01%
Protected Multi Index With Bonus 100%	EUR	1.10942	1.10951	1.10981	1.11050	11.05%	0.14%
Protected Worldwide With Bonus 95%	EUR	1.07828	1.04742	1.04233	1.06542	6.54%	0.97%
Protected Worldwide with Bonus 100%	EUR	1.11023	1.11031	1.11063	1.11132	11.13%	0.14%

* Price in euros

Sub-fund type	Base Ccy	Dealing date and price*						Performance since inception	Performance over period
		01/01/10	12/03/10	18/06/10	10/09/10	10/12/10	31/12/10		
Protected Cash Bonus	EUR	1.15875	1.15888	1.15907	1.15924	1.15920	1.15917	15.26%	0.04%
Protected Cash Feeder	EUR	1.29372	1.29584	1.29883	1.30142	1.30398	1.30458	29.35%	0.84%

* Price in euros

Strike level and final level of the stock market indices

For the quarterly period 14 December 2009 to 12 March 2010

Index	Strike level	Final level ¹	Change	Final five day average level ²	Change
FTSE 100	5,315.34	5,636.38	6.040%	5,620.65	5.744%
S&P 500	1,112.86	1,150.24	3.359%	1,142.70	2.681%
Nikkei 225	10,065.30	10,751.26	6.815%	10,626.74	5.578%
EURO STOXX 50	2,881.43	2,916.20	1.207%	2,896.27	0.515%
Nasdaq-100	1,805.23	1,923.81	6.569%	1,904.40	5.493%

¹ The final level is the closing level of the S&P 500 and Nasdaq-100 on 11 March 2010, the level of the Nikkei 225 on 12 March 2010 and the level of the FTSE 100 and EURO STOXX 50 at 11am (UK time) on 12 March 2010.

² The final five day average level is the average closing level over the last five business days, ending on the dates as noted in point 1 above.

For the quarterly period 15 March 2010 to 18 June 2010

Index	Strike level	Final level ¹	Change	Final five day average level ²	Change
FTSE 100	5,593.85	5,275.27	-5.695%	5,237.41	-6.372%
S&P 500	1,143.40	1,116.04	-2.393%	1,105.42	-3.321%
Nikkei 225	10,730.04	9,995.02	-6.850%	9,965.86	-7.122%
EURO STOXX 50	2,872.23	2,733.28	-4.838%	2,715.98	-5.440%
Nasdaq-100	1,908.82	1,910.65	0.096%	1,881.21	-1.446%

¹ The final level is the closing level of the S&P 500 and Nasdaq-100 on 17 June 2010, the level of the Nikkei 225 on 18 June 2010 and the level of the FTSE 100 and EURO STOXX 50 at 11am (UK time) on 18 June 2010.

² The final five day average level is the average closing level over the last five business days, ending on the dates as noted in point 1 above.

For the quarterly period 21 June 2010 to 10 September 2010

Index	Strike level	Final level ¹	Change	Final five day average level ²	Change
FTSE 100	5,299.11	5,482.44	3.460%	5,450.67	2.860%
S&P 500	1,126.66	1,104.18	-1.995%	1,097.90	-2.553%
Nikkei 225	10,144.66	9,239.17	-8.926%	9,177.90	-9.530%
EURO STOXX 50	2,765.67	2,770.52	0.175%	2,757.32	-0.302%
Nasdaq-100	1,925.54	1,886.14	-2.046%	1,866.71	-3.055%

¹ The final level is the closing level of the S&P 500 and Nasdaq-100 on 9 September 2010, the level of the Nikkei 225 on 10 September 2010 and the level of the FTSE 100 and EURO STOXX 50 at 11am (UK time) on 10 September 2010.

² The final five day average level is the average closing level over the last five business days, ending on the dates as noted in point 1 above.

For the quarterly period 13 September 2010 to 10 December 2010

Index	Strike level	Final level ¹	Change	Final five day average level ²	Change
FTSE 100	5,565.53	5,813.30	4.452%	5,798.90	4.193%
S&P 500	1,122.46	1,233.00	9.848%	1,226.57	9.275%
Nikkei 225	9,267.64	10,211.95	10.189%	10,207.70	10.143%
EURO STOXX 50	2,807.24	2,843.42	1.289%	2,815.16	0.282%
Nasdaq-100	1,921.67	2,201.57	14.565%	2,194.50	14.198%

¹ The final level is the closing level of the S&P 500 and Nasdaq-100 on 9 December 2010, the level of the Nikkei 225 on 10 December 2010 and the level of the FTSE 100 and EURO STOXX 50 at 11am (UK time) on 10 December 2010.

² The final five day average level is the average closing level over the last five business days, ending on the dates as noted in point 1 above.

Directors' report for the year ended 31 December 2010

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2010.

Principal activity

The principal activity of the company is that of an investment company. It is a full international scheme and complies with the requirements of the Collective Investment Schemes Act 2008 and the Financial Services Act 2008 of the Isle of Man.

Comparative period

The comparative period is for the nine month period ended 31 December 2009. This set of Financial Statements is for the year ended 31 December 2010.

Results and transfers to reserves

The results and transfers to reserves for the period are set out on pages 16 and 17.

Dividend

The directors do not propose the payment of a dividend for the year ended 31 December 2010 (nine months ended 31 December 2009: nil).

Directors

The directors who served during the year and to date were:

S D Dening (resigned 27 October 2010)	M P B Kennett
N M Dutton (appointed 2 February 2011)	J A Melia
P N Horsthuis	C Shopland
G F Karran (resigned 31 December 2010)	

Secretary

The secretary of the company is M V Crellin who served throughout the year.

Auditors

During the year the directors, having been notified of the resignation of PricewaterhouseCoopers as auditor of the company, resolved that PricewaterhouseCoopers LLC be appointed as successor auditor with effect from 21 September 2010 in accordance with Section 12(7) of the Isle of Man Companies Act 1982. PricewaterhouseCoopers LLC, being eligible, has indicated its willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

By order of the board



M V Crellin

Secretary

9 March 2011

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Isle of Man law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



M V Crellin

Secretary

9 March 2011

Independent auditor's report to the members of The Scottish Capital Protected Fund plc

Report on the Financial Statements

We have audited the accompanying financial statements of the Scottish Capital Protected Fund plc which comprise the balance sheet as of 31 December 2010 and the profit and loss account and statement of total recognised gains and losses for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Isle of Man law and United Kingdom Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 15 of the Isle of Man Companies Act 1982 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report to the members of The Scottish Capital Protected Fund plc (*continued*)

Opinion

In our opinion:

- the financial statements give a true and fair view of the financial position of the company as of 31 December 2010, and of its financial performance for the year then ended in accordance with United Kingdom Accounting Standards; and
- the financial statements have been properly prepared in accordance with the Isle of Man Companies Acts 1931 – 2004.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Isle of Man Companies Acts 1931–2004 require us to report to you if, in our opinion :

- Proper books of account have not been kept by the company or, proper returns adequate for our audit have not been received from branches not visited by us; or
- The company's balance sheet and profit and loss account are not in agreement with the books of account and returns; or
- We have not received all the information and explanations necessary for the purposes of our audit; and
- Certain disclosures of directors' loans and remuneration specified by law have not been complied with.

PricewaterhouseCoopers LLC

PricewaterhouseCoopers LLC
Chartered Accountants
Douglas, Isle of Man
9 March 2011

Profit and loss account

for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £'000	9 months ended 31 December 2009 £'000
Income			
Bank Interest		1,062	1,130
Less: expenses			
Investment management fee	3	(1,433)	(1,257)
Loss for the year/period before and after taxation transferred to reserves		(371)	(127)

The notes on pages 19 to 27 form part of these financial statements.

Statement of total recognised gains and losses

for the year ended 31 December 2010

	Year ended 31 December 2010 £'000	9 months ended 31 December 2009 £'000
Loss for the year/period	(371)	(127)
Realised net (losses)/gains on investments	(653)	7,108
Movement in unrealised (losses)/gains	(377)	161
Currency adjustment reserve movement	923	(3,935)
Total recognised gains and losses relating to the year/period	(478)	3,207

The notes on pages 19 to 27 form part of these financial statements.

Balance sheet

as at 31 December 2010

	Note	2010 £'000	2009 £'000
Assets			
Investments	2	151,236	169,940
Accrued interest		15	-
Other debtors and prepayments		260	259
Total assets		151,511	170,199
Equity			
Management shares (100 shares of £1 each)	4	-	-
Liabilities			
Accruals		8	4
Total liabilities (excluding net assets attributable to holders of unclassified shares)		8	4
Net assets attributable to holders of unclassified shares			
Share capital	4	128	138
Share premium	5	108,466	126,670
Capital redemption reserve fund	5	314	304
Capital account	5	(45,816)	(44,786)
Profit and loss account	5	98,762	99,143
Currency adjustment reserve	5	(10,351)	(11,274)
Total net assets attributable to holders of unclassified shares	6,11	151,503	170,195
Total liabilities and equity		151,511	170,199

The notes on pages 19 to 27 form part of these financial statements.

The financial statements were approved by the Board of Directors on 9 March 2011 and were signed on their behalf by:



M P B Kennett
Director



J A Melia
Director

Notes to the financial statements

for the year ended 31 December 2010

1 Accounting policies

a) Basis of preparation

These financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of investments, and United Kingdom Accounting Standards.

b) Presentation of financial statements

The company maintains a number of separate sub-funds. Shares are issued by the company and allocated to whichever sub-fund is selected by the investor. The proceeds of the issue and the income and capital gains arising thereon are credited to each sub-fund which also bears capital losses and expenses attributable to that sub-fund. Joint expenses are allocated to each sub-fund in accordance with their proportion of net assets. Upon redemption, shareholders are only entitled to their proportion of the net assets held in the sub-fund to which their shares have been allocated.

c) Expenditure

Expenses are accounted for on an accruals basis. All expenses except the investment management fee are borne by the fund management company, Scottish International Fund Managers Limited (the "Manager").

d) Interest income

Interest income is accounted for on an accruals basis.

e) Investments

Investments (including option transactions) are shown at market value. Realised gains and losses and unrealised profits and losses arising on revaluation are taken through the statement of total recognised gains and losses and included in capital reserves.

f) Share premium

The premium receivable on the issue of shares is credited to the share premium account.

On redemption of such shares, the premium payable is debited to the share premium account. Should the share premium account be fully utilised, premiums on redemption will be charged against other capital reserves.

g) Foreign currency

Transactions denominated in foreign currencies are translated into pounds sterling at the rate of exchange ruling at the date of the transaction.

Exchange differences arising are accounted for in the profit and loss account.

Balance sheet items of sub-funds of the company which are denominated in foreign currencies are translated into pounds sterling at the rate of exchange ruling at the balance sheet date. This enables a company balance sheet to be presented as the aggregate of all the sub-funds. Profits and losses on exchange on aggregation are taken to the currency adjustment reserve. These exchange differences have no impact on individual shareholders, each of whom holds shares in the respective classes in the currency of each class.

Notes to the financial statements for the year ended

31 December 2010 (continued)

1 Accounting policies (continued)

h) Unclassified shares

Unclassified shares are redeemable at the shareholder's option and are classified as financial liabilities.

Unclassified shares can be put back to the company at any time for cash equal to a proportionate share of the sub-funds' net asset value. Unclassified shares are carried at the redemption amount that is payable at the balance sheet date if the shareholder exercised its right to put the shares back to the company.

i) Capital redemption reserve fund

Nominal shares are issued to the manager at par for the purpose of redemption of unclassified shares. These nominal shares may be either converted to unclassified shares and issued by the manager or alternatively redeemed by the company. When nominal shares are redeemed an amount equal to the nominal value of the shares redeemed is transferred from the profit and loss reserve to the capital redemption reserve fund.

2 Investments

	2010 £'000	2009 £'000
Bank deposits (Note 9c)	148,119	166,208
Option contracts	3,117	3,732
	151,236	169,940

3 Manager's remuneration

Shares in the Protected Cash Bonus and Protected Cash Feeder sub-funds are purchased following the deduction of a preliminary charge by the Manager of up to 9% of the subscription amount. The current level of preliminary charge is set at 7%. The Manager has discretion not to levy such fees under certain circumstances.

The Manager is entitled to receive from sub-funds, in addition to the preliminary charge referred to above, a management charge calculated as a percentage per annum of the value of the property of the fund. The maximum charge is 2% per annum and the current charge is 1.25% per annum in respect of each sub-fund with the exception of the Cash Feeder sub-funds for which there is currently no management charge. The 1.25% management charge may be waived in whole or in part in respect of certain sub-funds at the discretion of the Manager. The Manager is responsible for the payment of the fees of the Investment Advisor, Custodian, Directors and Auditors from these charges.

Notes to the financial statements for the year ended

31 December 2010 (continued)

4 Share capital

	2010 £	2009 £
Authorised share capital		
100 Management Shares of £1 each	100	100
1,000,000,000 Unclassified Shares of 0.1 pence each	1,000,000	1,000,000

Unclassified Shares are available for issue as shares in any sub-fund or as nominal shares. Nominal shares will only be issued at par to the Manager for the purpose of the redemption of shares.

Issued share capital

	2010 Number of shares	2010 £	2009 Number of shares	2009 £
Management shares of £1 each, fully paid At 1 January 2010 and 31 December 2010	100	100	100	100
Nominal shares of 0.1p each, fully paid At 1 January 2010 and 31 December 2010	-	-	-	-

	2010 Number of shares	2010 £'000	2009 Number of shares	2009 £'000
Unclassified shares 0.1p each, fully paid				
At 1 January	138,093,200	138	144,912,399	145
Issued during the period	20,842,304	21	33,334,513	33
Redeemed during the period	(31,122,061)	(31)	(40,153,712)	(40)
At 31 December	127,813,443	128	138,093,200	138

Unclassified shares

The shares of a sub-fund confer the right to a proportionate share in the property of the sub-fund. Shares do not carry the right to vote at General Meetings save where a Special Resolution is proposed to amend the Memorandum and Articles of Association, to wind up the Company or sub-fund to which the shares relate or to issue shares other than as Management Shares, Unclassified Shares of a sub-fund or Nominal Shares, in which event the consent of separate class meetings of holders of Shares is also required.

Notes to the financial statements for the year ended

31 December 2010 (continued)

4 Share capital (continued)

Management shares

The Management Shares are held as follows:

	Number
Scottish International Fund Managers Limited	99
Royal London 360 Management Services Limited	1
	100

Management Shares, which carry no right to dividend, can only be issued at par to the Manager or to any associate of the Manager. In general meetings of the company, on a show of hands every holder of a Management Share who is present in person shall have one vote and on a poll every person present in person or by proxy shall be entitled to one vote for every Management Share of which he is the holder.

On winding up, the assets available for distribution shall be applied by the liquidator in the following priority:

- i) in the payment to the holders of Unclassified Shares of sums up to the nominal amount paid thereon;
- ii) in the payment to the holders of Nominal Shares of sums up to the nominal amount paid thereon;
- iii) in the payment to the holders of Management Shares of sums up to the nominal amount paid thereon;
- iv) in the payment to the holders of Unclassified Shares of the balance in accordance with their respective interests in the property of the Company.

5 Reserves

	Profit and loss account £'000	Capital account £'000	Share premium £'000	Capital redemption reserve fund £'000	Currency adjustment reserve £'000	Total £'000
As at 31 December 2009	99,143	(44,786)	126,670	304	(11,274)	170,057
Loss for the period	(371)	-	-	-	-	(371)
Realised net gains/(losses) on investments	-	(653)	-	-	-	(653)
Movement in unrealised gains/(losses) on investments	-	(377)	-	-	-	(377)
Currency adjustment on aggregation	-	-	-	-	923	923
On share issue/(redemption)	(10)	-	(18,204)	10	-	(18,204)
As at 31 December 2010	98,762	(45,816)	108,466	314	(10,351)	151,375

Notes to the financial statements for the year ended

31 December 2010 (continued)

6 Reconciliation of movements in net assets attributable to holders of unclassified shares

	Year ended 31 December 2010 £'000	9 months ended 31 December 2009 £'000
Net assets brought forward	170,195	178,895
(Loss)/Profit for the year/period	(371)	(127)
Other recognised gains and losses on investments	(1,030)	7,269
Currency adjustment reserve movement	923	(3,935)
	169,717	182,102
On share redemption	(18,214)	(11,907)
Net assets carried forward	151,503	170,195

7 Taxation

The Company is subject to Isle of Man income tax at 0%. This rate is expected to continue for the foreseeable future.

8 Related parties

P N Horsthuis and J A Melia are also directors of the Manager and are therefore interested in its appointment in relation to the Company.

Royal London 360 Insurance Company Limited, a related company, holds unclassified shares in the Company with an aggregate market value of £130,461,818 (2009: £144,265,803).

9 Derivatives and other financial instruments

a) Management of risk

In pursuing its investment objectives the Company holds bank and term deposits and also invests in derivative instruments. No more than ten percent of the assets of the Company may be invested in derivative instruments (no such investments may be made by the Protected Cash Bonus and Protected Cash Feeder sub-funds). The derivative instruments consist of options traded on the over-the-counter market. The main risks arising from the Company's financial instruments are market price and counterparty risks.

Market price risk

Market price risk arises mainly from uncertainty about future prices of the derivative instruments held, which will be affected by changes in market conditions, including stock market volatility.

Notes to the financial statements for the year ended

31 December 2010 (continued)

9 Derivatives and other financial instruments (continued)

Counterparty risk

Financial instruments with banks and institutions involve a risk that such counterparties will not be able to meet their obligations. The Manager pursues a conservative and diversified credit assessment policy and the counterparties used by the Manager are those which it considers to be of an appropriate internationally recognised credit quality. In addition, limits are set as to the maximum exposure to any one approved counterparty, and these are monitored on an ongoing basis.

b) Fair values

The fair values of the financial assets and liabilities of the Company are not materially different from their carrying amounts.

c) Interest rate risk profile of financial assets

The interest rate profile of the Company's bank deposits as at 31 December was:

	2010			2009		
	Fixed Rate £'000	Floating Rate £'000	Total £'000	Fixed Rate £'000	Floating Rate £'000	Total £'000
Sterling	91,024	18,715	109,739	106,084	22,764	128,848
US Dollars	29,895	4,642	34,537	27,571	4,074	31,645
Euros	3,533	310	3,843	5,266	449	5,715
	124,452	23,667	148,119	138,921	27,287	166,208

Other than the unclassified shares, the Company has no financial liabilities.

The Company's fixed rate assets comprise fixed term deposits. Further information is provided below in relation to the interest rates and average period for which the rates are fixed.

	Year ended 31 December 2010		9 months period ended 31 December 2009	
	Weighted average Interest rate %	Weighted average period for which rate is fixed Number of months	Weighted average Interest rate %	Weighted average period for which rate is fixed Number of months
Sterling	0.63	3	1.60	3
US Dollars	0.45	3	1.11	3
Euros	0.58	3	1.57	3

The Company's floating rate assets comprise cash deposits. Interest receivable on cash deposits is at rates linked to LIBOR.

Notes to the financial statements for the year ended 31 December 2010 (continued)

10 Sub-fund net assets and net assets per share

Sterling sub-funds

	Base currency	2010		2009	
		£ '000 Net Asset Value	Net Assets per Share*	£'000 Net Asset Value	Net Assets per Share*
SCPF Protected Deposit Bonus 95%	GBP	14,468	228.405	19,034	235.005
SCPF Protected Deposit Bonus 97.5%	GBP	790	197.805	894	200.964
SCPF Protected Deposit Bonus 100%	GBP	24,481	169.287	29,190	169.186
SCPF Protected UK Index 95%	GBP	2,871	98.849	4,870	102.363
SCPF Protected UK Index 97.5%	GBP	227	117.935	231	120.274
SCPF Protected UK Index 100%	GBP	13,564	138.823	13,868	138.767
SCPF Protected US Index 95%	GBP	427	82.165	537	85.859
SCPF Protected US Index 97.5%	GBP	5	106.343	5	108.818
SCPF Protected US Index 100%	GBP	1,134	135.474	1,307	135.402
SCPF Protected Japan Index 95%	GBP	390	130.411	479	142.412
SCPF Protected Japan Index 97.5%	GBP	11	141.835	11	148.314
SCPF Protected Japan Index 100%	GBP	568	147.054	787	147.013
SCPF Protected Europe Index 95%	GBP	924	117.201	1,328	146.789
SCPF Protected Europe Index 97.5%	GBP	23	130.256	26	145.542
SCPF Protected Europe Index 100%	GBP	1,923	140.444	2,274	140.541
SCPF Protected Multi Index 95%	GBP	1,907	99.903	2,458	107.533
SCPF Protected Multi Index 97.5%	GBP	79	121.803	139	126.491
SCPF Protected Multi Index 100%	GBP	3,373	146.910	3,733	146.871
SCPF <i>Protected.com</i> 95%	GBP	149	88.929	208	90.996
SCPF <i>Protected.com</i> 100%	GBP	43	121.968	54	121.873
SCPF Protected UK With Bonus 95%	GBP	1,560	116.667	1,749	115.338
SCPF Protected UK With Bonus 100%	GBP	3,639	124.856	4,201	124.777
SCPF Protected US With Bonus 95%	GBP	458	130.964	560	127.529
SCPF Protected US With Bonus 100%	GBP	504	125.549	401	125.417
SCPF Protected Japan With Bonus 95%	GBP	103	87.916	106	94.226
SCPF Protected Japan With Bonus 100%	GBP	141	122.121	288	122.081
SCPF Protected Europe With Bonus 95%	GBP	461	128.562	567	128.003
SCPF Protected Europe With Bonus 100%	GBP	656	126.340	874	126.261
SCPF Protected Multi Index With Bonus 95%	GBP	1,262	123.465	1,328	122.384
SCPF Protected Multi Index With Bonus 100%	GBP	1,706	125.162	1,786	125.056
SCPF <i>protected.com</i> With Bonus 95%	GBP	91	127.219	101	121.868
SCPF <i>protected.com</i> With Bonus 100%	GBP	13	124.933	51	124.759
SCPF Protected Worldwide With Bonus 95%	GBP	14,121	117.918	14,370	117.449
SCPF Protected Worldwide With Bonus 100%	GBP	1,054	124.764	994	124.663
SCPF Protected Cash Bonus	GBP	18,704	162.756	22,681	161.955
SCPF Protected Cash Feeder	GBP	47	186.406	111	184.549
Totals		111,877		131,601	
Converted into Sterling		111,877		131,601	

*Net assets per share in pence

Notes to the financial statements for the year ended

31 December 2010 (continued)

10 Sub-fund net assets and net assets per share (continued)

US Dollar sub-funds

	Base currency	2010		2009	
		\$ '000 Net Asset Value	Net Assets per Share*	\$'000 Net Asset Value	Net Assets per Share*
SCPF Protected Deposit Bonus 95%	USD	1,570	189.009	2,415	194.695
SCPF Protected Deposit Bonus 97.5%	USD	143	163.632	146	166.511
SCPF Protected Deposit Bonus 100%	USD	3,592	141.406	5,324	141.324
SCPF Protected UK Index 95%	USD	138	86.429	151	89.582
SCPF Protected UK Index 97.5%	USD	16	104.024	17	106.208
SCPF Protected UK Index 100%	USD	459	124.487	423	124.419
SCPF Protected US Index 95%	USD	490	76.540	597	79.829
SCPF Protected US Index 97.5%	USD	15	97.312	34	99.576
SCPF Protected US Index 100%	USD	946	122.696	842	122.611
SCPF Protected Japan Index 95%	USD	166	116.291	293	126.538
SCPF Protected Japan Index 97.5%	USD	47	124.779	50	130.334
SCPF Protected Japan Index 100%	USD	293	128.716	294	128.653
SCPF Protected Europe Index 95%	USD	1,074	107.631	1,390	134.805
SCPF Protected Europe Index 97.5%	USD	5	119.094	5	133.053
SCPF Protected Europe Index 100%	USD	390	128.521	346	128.567
SCPF Protected Multi Index 95%	USD	1,111	90.297	1,244	97.014
SCPF Protected Multi Index 97.5%	USD	54	108.687	56	112.867
SCPF Protected Multi Index 100%	USD	1,947	130.427	2,033	130.392
SCPF <i>protected.com</i> 95%	USD	28	81.782	164	83.082
SCPF <i>protected.com</i> 100%	USD	21	111.807	26	111.700
SCPF Protected UK With Bonus 95%	USD	1,010	102.311	840	101.242
SCPF Protected UK With Bonus 100%	USD	233	112.881	218	112.786
SCPF Protected US With Bonus 95%	USD	2,048	117.524	1,688	114.316
SCPF Protected US With Bonus 100%	USD	387	113.738	362	113.621
SCPF Protected Japan With Bonus 95%	USD	162	80.493	344	86.260
SCPF Protected Japan With Bonus 100%	USD	109	113.076	121	113.030
SCPF Protected Europe With Bonus 95%	USD	750	112.774	721	112.096
SCPF Protected Europe With Bonus 100%	USD	212	113.829	231	113.733
SCPF Protected Multi Index With Bonus 95%	USD	5,156	110.330	4,100	109.283
SCPF Protected Multi Index With Bonus 100%	USD	641	113.568	564	113.466
SCPF <i>protected.com</i> With Bonus 95%	USD	231	115.130	232	110.048
SCPF <i>protected.com</i> With Bonus 100%	USD	56	113.060	53	112.917
SCPF Protected Worldwide With Bonus 95%	USD	22,666	105.353	18,852	104.847
SCPF Protected Worldwide With Bonus 100%	USD	1,651	113.321	1,505	113.221
SCPF Protected Cash Bonus	USD	6,872	133.408	6,217	133.243
SCPF Protected Cash Feeder	USD	273	148.995	302	148.499
Totals		54,962		52,201	
Converted into Sterling		35,734		32,789	

*Net assets per share in cents

Notes to the financial statements for the year ended

31 December 2010 (continued)

10 Sub-fund net assets and net assets per share (continued)

Euro sub-funds

	Base currency	2010		2009	
		€ '000 Net Asset Value	Net Assets per Share*	€'000 Net Asset Value	Net Assets per Share*
SCPF Protected Deposit Bonus 95%	EUR	219	127.856	407	131.541
SCPF Protected Deposit Bonus 97.5%	EUR	99	121.418	131	123.325
SCPF Protected Deposit Bonus 100%	EUR	1,397	114.579	1,784	114.502
SCPF Protected UK Index 95%	EUR	29	84.865	46	87.995
SCPF Protected UK Index 97.5%	EUR	0	95.155	-	99.731
SCPF Protected UK Index 100%	EUR	119	110.593	107	110.534
SCPF Protected US Index 95%	EUR	31	75.996	76	79.428
SCPF Protected US Index 97.5%	EUR	0	90.204	-	95.468
SCPF Protected US Index 100%	EUR	123	111.402	123	111.332
SCPF Protected Japan Index 95%	EUR	14	110.164	25	120.379
SCPF Protected Japan Index 97.5%	EUR	22	114.547	-	118.752
SCPF Protected Japan Index 100%	EUR	66	113.881	121	113.848
SCPF Protected Europe Index 95%	EUR	109	89.905	270	112.669
SCPF Protected Europe Index 97.5%	EUR	0	100.854	-	113.983
SCPF Protected Europe Index 100%	EUR	256	113.357	285	113.448
SCPF Protected Multi Index 95%	EUR	2	83.012	10	89.350
SCPF Protected Multi Index 97.5%	EUR	0	94.720	-	100.884
SCPF Protected Multi Index 100%	EUR	250	111.826	381	111.783
SCPF <i>protected.com</i> 95%	EUR	0	90.517	1	92.190
SCPF <i>protected.com</i> 100%	EUR	6	110.631	5	110.532
SCPF Protected UK With Bonus 95%	EUR	4	101.028	16	100.025
SCPF Protected UK With Bonus 100%	EUR	71	110.625	92	110.530
SCPF Protected US With Bonus 95%	EUR	40	117.867	69	114.836
SCPF Protected US With Bonus 100%	EUR	50	110.998	74	110.903
SCPF Protected Japan With Bonus 95%	EUR	3	82.820	13	88.716
SCPF Protected Japan With Bonus 100%	EUR	138	110.035	226	109.995
SCPF Protected Europe With Bonus 95%	EUR	46	115.196	168	114.531
SCPF Protected Europe With Bonus 100%	EUR	521	111.298	885	111.206
SCPF Protected Multi Index With Bonus 95%	EUR	401	110.885	418	109.948
SCPF Protected Multi Index With Bonus 100%	EUR	83	110.881	83	110.889
SCPF <i>protected.com</i> With Bonus 95%	EUR	0	0.00	3	109.951
SCPF <i>protected.com</i> With Bonus 100%	EUR	0	112.061	-	111.840
SCPF Protected Worldwide With Bonus 95%	EUR	47	106.079	62	105.725
SCPF Protected Worldwide With Bonus 100%	EUR	50	110.961	60	110.877
SCPF Protected Cash Bonus	EUR	331	115.917	486	115.875
SCPF Protected Cash Feeder	EUR	33	130.458	13	129.369
Totals		4,560		6,442	
Converted into Sterling		3,892		5,805	

*Net assets per share in cents

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of The Scottish Capital Protected Fund plc will be held at Royal London House, Isle of Man Business Park, Cooil Road, Douglas, Isle of Man on 21 April 2011 at 10am to transact the following ordinary business.

- 1 To receive and consider the Annual Report and Accounts for the year ended 31 December 2010.
- 2 To reappoint PricewaterhouseCoopers LLC of Sixty Circular Road, Douglas, Isle of Man as auditors and to authorise the directors to fix the auditors' remuneration.
- 3 To transact any other ordinary business.

A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote in his place. The proxy need not be a member of the company.



M V Crellin

Secretary

9 March 2011

Only holders of management shares are entitled to vote at the above meeting. Holders of Participating Shares may attend but not speak or vote at the above meeting.

This document should be read in conjunction with the *Scheme Particulars* of The Scottish Capital Protected Fund plc. Copies of the *Scheme Particulars* and constitutional documents may be obtained from Scottish International Fund Managers Limited whose contact details are shown on the back page.

The returns from The Scottish Capital Protected Fund plc are directly linked to the assets arranged with some of the world's major financial institutions. The capital protection and potential returns offered are not provided by Scottish International Fund Managers Limited but depend on the ability of these financial institutions to meet their obligations. Capital protection and growth potential would be at risk if any of the financial institutions were unable to meet their obligations.

All returns are shown gross of tax. The tax due may depend on the individual circumstances of the investor and the tax regime of their country of domicile. Investors should also note that the basis for calculating any tax liability may change in the future and could affect the value of their investment. Investors should take professional tax advice before investing in The Scottish Capital Protected Fund plc. Past performance will not necessarily be repeated therefore it must not be used as a guide to future performance. All figures source: Scottish International Fund Managers Limited, Standard & Poor's Micropal, unless otherwise stated. Investors should be aware that the value of investments are not guaranteed and can fall as well as rise.

For further information please see the *Scheme Particulars*, *SCPF Guide*, *Investment Guide* and *Key Features* of The Scottish Capital Protected Fund plc.

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