

The Scottish Capital Protected Fund plc

*Annual report
& accounts*

for the year ended 31 March 2009

SCOTTISH
INTERNATIONAL
FUND MANAGERS

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The Scottish Capital Protected Fund plc

Overview

It has been a very challenging period for global financial markets in the year to 31 March 2009, brought on by the fall-out from the US housing market, banks being over-leveraged and illiquid, as well as a massive liquidity preference. Returns over the 12-month period were disappointing with all of the five indices featured in the Scottish Capital Protected Fund Plc depressed by at least a third of their values.

Worldwide, the authorities have been quick to announce policy measures to counter the credit crunch and recession. Interest rates globally have now fallen to extremely low levels by historic standards and this should help stimulate economic activity when credit market conditions start to improve.

The economic outlook for the UK has steadily deteriorated, with economic forecasts being progressively downgraded over the period. Lehman Brothers went into administration, and Royal Bank of Scotland, HBOS and Lloyds TSB all had major fund raisings underwritten by the UK Government to strengthen their balance sheets and this has resulted in the UK Government taking significant equity stakes in all of them.

The Scottish Capital Protected Fund plc (SCPF or 'the Fund') has provided investors with a ready-made solution to the menace of stock market volatility, particularly when there is great uncertainty as to when a full recovery might take place. SCPF has a fundamental investment strategy which aims to provide a choice of investment protection levels whilst offering rewards linked directly to the same market volatility that it offers protection from. It allows investors to stay invested in equity markets but with a clearly defined level of protection, without giving up on benefiting from some potential market growth and liquidity freedom.

This strategy has been reflected in investors' desire for capital protected products, which offer varying degrees of stock market exposure. The importance of assuming a certain degree of capital protection is twofold as it allows the investor to maintain their capital positioning by curtailing losses during times of falling markets and by doing so allows greater scope to benefit from a market recovery. The long-term performance of the sub-funds against their benchmark indices shows how effective this strategy has been.

The innovative range of sub-funds within SCPF offers investors a range of different investment options, which demonstrate that the potential of attractive investment performance and defined capital protection need not be mutually exclusive. Since its launch in March 1998, The Scottish Capital Protected Fund plc has provided an attractive and flexible investment for individual and institutional investors alike, with funds under management in excess of GBP 178 million (USD 252 million / EUR 192 million) on 31 March 2009.

Scottish International Fund Managers Limited

Scottish International Fund Managers Limited (SIFM or 'the Manager') is a member of the Royal London 360 group of companies. Royal London 360° was established in 2008 through the coming together of two highly successful offshore life companies – Scottish Life International Insurance Company Limited and Scottish Provident International Life Assurance Limited. Royal London 360° is the international division and a wholly owned subsidiary of the Royal London Group. Founded in 1861, Royal London is the largest mutual life and pensions company in the UK with Group funds under management of £32.5 billion. Group businesses serve around 3.6 million customers and employ 2,870 people*. Scottish International Fund Managers Limited specialises in the provision of capital protected investment funds and is based in Douglas, Isle of Man.

* Source: Royal London. All figures as at 31 March 2009.

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 The SCPF can benefit from the island's tax-efficient status, meaning that the investments grow free of local tax.

Fund profile

The Scottish Capital Protected Fund plc 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)	Quarterly investment periods:	Ending normally on the second Friday in March, September, December and the third Friday in June.
Minimum investment:	GBP 5,000, USD 8,000 or EUR 8,000	Initial charge:	7%
Minimum additional investment:	GBP 2,500, USD 4,000 or EUR 4,000	Annual charge:	1.25% p.a. (nil for Protected Cash Feeder sub-funds)
Sub-funds available:	Protected Deposit Bonus Protected UK Index Protected US Index Protected Japan Index Protected Europe Index Protected Multi Index <i>protected.com</i> Protected UK With Bonus Protected US With Bonus Protected Japan With Bonus Protected Europe With Bonus <i>protected.com</i> With Bonus Protected Multi Index With Bonus Protected Worldwide With Bonus Protected Cash Bonus Protected Cash Feeder	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

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

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	£56.05m	✓	✓	✓	Quarterly	FTSE 100, S&P 500
Protected UK Index	15/06/98	£19.85m	✓	✓	✓	Quarterly	FTSE 100
Protected US Index	15/06/98	£2.82m	✓	✓	✓	Quarterly	S&P 500
Protected Japan Index	15/06/98	£1.88m	✓	✓	✓	Quarterly	Nikkei 225
Protected Europe Index	13/09/99	£4.75m	✓	✓	✓	Quarterly	EURO STOXX 50
Protected Multi Index	13/09/99	£9.07m	✓	✓	✓	Quarterly	FTSE 100, S&P 500, Nikkei 225, EURO STOXX 50
<i>protected.com</i>	13/03/00	£1.34m	✓	✗	✓	Quarterly	Nasdaq-100
Protected UK With Bonus	19/06/00	£7.30m	✓	✗	✓	Quarterly	FTSE 100
Protected US With Bonus	19/06/00	£3.39m	✓	✗	✓	Quarterly	S&P 500
Protected Japan With Bonus	19/06/00	£1.13m	✓	✗	✓	Quarterly	Nikkei 225
Protected Europe With Bonus	19/06/00	£3.01m	✓	✗	✓	Quarterly	EURO STOXX 50
<i>protected.com</i> With Bonus	19/06/00	£0.34m	✓	✗	✓	Quarterly	Nasdaq-100
Protected Multi Index With Bonus	19/06/00	£6.19m	✓	✗	✓	Quarterly	FTSE 100, S&P 500, Nikkei 225, EURO STOXX 50
Protected Worldwide With Bonus	19/06/00	£26.25m	✓	✗	✓	Quarterly	FTSE 100, S&P 500, Nikkei 225, EURO STOXX 50, Nasdaq-100
Protected Cash Bonus	06/03/98	£31.92m	✗	✗	✓	Daily	N/A
Protected Cash Feeder	01/08/99	£0.40m	✗	✗	✓	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 March 2009.

Investment report

Returns from all 5 indices linked to the Fund were significantly down for the 12 months to 31 March 2009. April 2008 began with a rising market, after US authorities stepped in to rescue Bear Stearns in March 2008, but this turned out to be a classic bear rally. Conditions, both economically and on the balance sheets of major financial companies, continued to deteriorate. In September 2008 Lehman Brothers failed and Merrill Lynch and AIG had to be rescued by the US authorities, which precipitated a dramatic worsening of the global economy. As the policy measures were still taking time to filter through to the markets, the negative returns from all the key indices continued through the first quarter of 2009.

Table 1

Index	Performance (%)	
	01/04/2007 to 31/03/2008	01/04/2008 to 31/03/2009
Nasdaq-100	0.50	-33.33
S&P 500	-6.90	-41.77
FTSE 100	-9.60	-32.92
EURO STOXX 50	-13.20	-44.82
Nikkei 225	-27.50	-35.93
Average	-11.34	-37.75

Source: Financial Express 01/04/07 to 31/03/08 and 01/04/08 to 31/03/09, no income, 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 .

The US markets collapsed over the year, which was the worst period since 1931. The financial system almost imploded and almost every bank on Wall Street or Main Street needed to raise new capital or find a stronger partner. This led to a severe squeeze on the real economy, which contracted sharply and over 2 million jobs were lost over the year. Earnings and dividends have been cut however falls seen in the market mean that it is trading on the lowest valuations seen for the past 25 years.

The FTSE 100 ended the period down 32.92% as the policy measures taken had still to see any lasting effect, whilst interest rates were cut from 5.25% to a record low of 0.5%.

In Europe all countries have adopted various measures to offer support to their banking system. This varies from the provision of guarantees for deposit to the more extreme of nationalisation of Banks - Fortis in Holland and Anglo Irish in Ireland for example.

The developments in the global economy were deeply painful for both the Japanese export-led economy, and the Japanese stock market, which is heavily held by foreign investors. The Nikkei 225, which had been the worst performing index for a number of years, finished the period with a loss of 35.93%.

Over the review period 1 April 2008 to 31 March 2009, the investment markets covered by the sub-funds of The Scottish Capital Protected Fund plc (SCPF) all delivered negative returns. The diversity in performance across the sub-fund range over the annual period is due to the differing nature of the sub-funds and the way in which bonuses are applied. All the sub-funds, however, participated to a varying degree in the stock market growth while offering protection when the market fell over any specific quarter. The protection levels for all the sub-funds were utilised as markets tumbled around the world.

Investment performance

Even with the strong levels of quarterly protection, investors could not be completely shielded from the significant losses across all stock markets during the year. As is the nature of the 100% sub-funds they all returned small levels of growth, even in a highly volatile year.

The protected.com sub-funds were the best performing funds over the year, returning 3.34% (Sterling), 1.07% (US dollar) and 2.48% (Euro) on the 100% variants. The 95% protected sub-funds all displayed levels of negative returns. The worst performing being the Protected Europe Index sub-funds, with all three currency variants being over 15% down over the year. Their protection levels did still shelter them from the full brunt of the market, as the EURO STOXX 50 fell by 44.82% over the same period.

Due to the quarterly rolling nature of the sub-funds, it is necessary to look at them over specific time intervals that do not exactly match the 12-month review period. Performance in the period from 17 March 2008 to 31 March 2008 will be considered in the following section, despite the fact that it falls outside the review period. The period 15 March 2009 to 31 March 2009 is considered in the 'Investment outlook' section.

The related index performance considered in the next section is based on the strike and final levels used each quarter to calculate the returns on the sub-funds. The levels used are detailed on page 12.

First quarter - 17/03/2008 to 20/06/2008

The five underlying indices all rallied over the quarter, regaining some of the losses experienced at the start of the calendar year. The Nikkei 225 and Nasdaq-100 returning 16.97% and 18.29% performance respectively, and the EURO STOXX 50 posting the lowest return of 1.33%. This would unfortunately turn out to be the only quarter with any positive performance. All the markets would end the review year below this quarter's end level.

As a result of this short-term bounce in the indices, the sub-funds benefited from this and all returned positive figures, with the exception being the majority of the Protected Index sub-funds, which recorded some small losses due to the index only just breaking even. The best performing sub-fund was the protected.com 95 sub-fund (Sterling), which returned an impressive 11.58%. The unprecedented volatility in the markets has meant that the Protected Index sub-funds, in general, have seen their levels of participation rates reduce from last year. With all the indices being positive this quarter, the Protected With Bonus sub-funds and Protected Deposit Bonus sub-funds, all returned full bonuses. The resultant fund growth ranged from 7.07% for the Protected Deposit Bonus 95 sub-fund (Sterling) to 0.62% for the Protected US with Bonus and protected.com 100 sub-funds (US dollar).

April saw the Bank of England reduce the interest rate to 5.00% and after a 100-point cut last quarter, the Federal Reserve reduced the US rate by this amount again, to end the quarter at 2.00%. Continued measures are taken to combat the recession, with lending facilities extended to non-banks and JP Morgan Chase agreed to buy Bear Stearns.

Second quarter - 23/06/2008 to 12/09/2008

High levels of volatility in the markets continued, which resulted in a return to negative performance for all the indices, this quarter. Four of the markets fell between 4.91% and 7.47%, whilst the Nikkei 225 plunged the most, down 11.53%. As the impact of the recession was now beginning to take shape, the major economies ended the quarter looking to construct financial rescue packages for many of the major institutions.

The result on the sub-funds was that all their protection levels kicked-in and limited any losses to a maximum of 5% for the quarter in the 95% protection variants.

Interest rates in the UK and the US, remained at their current levels as the markets waited to see any effect from the previous reductions. In what turned out to be a temporary increase, the European Central Bank raised the European bank rate by 25 points to 4.25%.

Third quarter - 15/09/2008 to 12/12/2008

This was the worst quarter for the indices as they went into freefall on the back of the credit crisis. The House of Representatives initially rejected the US bailout plan. By October a revised plan was passed with nine major US banks agreeing to sell equity stakes to the Government. The UK announced its own £50 billion bank rescue plan and other leading EU countries pledged over 1900 billion to buy stakes in banks and guarantee interbank loans. The biggest loser was the NASDAQ-100 posting a negative return of 32.16%, the FTSE 100 having the lowest fall at 18.71% and the other three indices all falling by more than 20%.

With such poor index performance, significantly worse than last quarter, the protection mechanism on the sub-funds managed to negate some or all of the losses, with the 100% protected sub-funds shielding investors from the stock market collapse. No fund showed a gain but compared with the performance of their respective indices, losses of up to 5% for the quarter were actually a lot better than the markets returned.

In an attempt to stem the tide, interest rates in the US were cut, with the Federal Reserve reducing the benchmark interest rate to a record low range of 0% - 0.25% by mid December. The UK followed suit, with rates cut three times during the quarter, ending at 2.00%, the lowest level for a decade. The European Central Bank reduced the European bank rate to 2.50% by December, with the eurozone facing rising unemployment, sagging housing markets and sharply declining manufacturing data.

Fourth quarter - 15/12/2008 to 13/03/2009

The impact of the credit crunch was still taking its toll on global stock markets over the final quarter with all indices showing losses, albeit not as dramatic as last quarter. The NASDAQ-100 fared best with losses limited to 1.12%, and the FTSE 100 and S&P 500 were down 11.23% and 13.56% respectively, over the quarter.

All the funds again showed their value in this volatile environment by protecting capital and ensuring losses were no more than 5% for the quarter and of course those invested in the 100% protected funds incurred no loss, clear downside protection from the real falls in the markets. The Protected Index and Deposit Bonus sub-funds all fell to their respective protected levels. Due to the ability of the Protected With Bonus sub-funds to pay partial bonuses, the Protected Worldwide and protected.com With Bonus sub-funds returns slightly mitigated the losses, with the 100% variants in all currencies actually delivering a small positive return. Euro versions performed best with the Protected Worldwide With Bonus 100 sub-fund and the protected.com With Bonus 100 sub-fund returning 0.11% and 0.58% respectively.

The Federal Reserve held the US benchmark fund rate at 0%-0.25%. The UK interest rate had three 50-point cuts during the quarter, to end at a historic low base rate of 0.50%. This aggressive monetary easing combined with a rapid devaluation of sterling and the introduction of quantitative easing is intended to prevent a prolonged period of deflation. The European Central Bank was slightly less aggressive but still reduced the European bank rate to 1.50% in January 2009.

Protected Cash Bonus sub-funds (01/04/2008 to 31/03/2009)

The share price of the Protected Cash Bonus sub-funds increased by 3.22% (Sterling), 0.45% (US dollars) and 2.10% (Euro) over the period. The annual rate of return on the Protected Cash Feeder sub-funds over the period was 4.44% (Sterling), 1.29% (US dollars) and 3.39% (Euro).

Comparative performance – overview

The four quarterly periods considered in this report, up to the period ending 13 March 2009, will be regarded as one of the most turbulent times in financial market history. The period started with a slight recovery to the end of June 2008 and then as the full force of the financial crisis took hold, the indices fell for three consecutive quarters, with the third quarter posting significant falls in all the related markets.

With markets negative in three out of the four quarters, the downside protection offered by the sub-funds, was clearly demonstrated. Markets were slightly depressed in quarters two and four, and the Protected With Bonus sub-funds demonstrated their ability to pay partial bonuses, to mitigate some of the falls. In the first quarter, during the market bear rally, the Protected Index sub-funds had their only opportunity to show the circumstances when they perform best, providing the comfort of a defined level of protection and also the ability to capture some market growth, as it happens.

Interest rates reduced dramatically during the 12-month period. The UK saw the base rate fall from 5.25% at the end of March 2008 to 0.50% in March 2009. The Federal Reserve reduced rates to the benchmark range of 0% - 0.25% and despite a surprise 25 point rise during the review period, the Eurozone rates reduced from 4.25% to 1.50% by the end of the period.

Investment outlook

Throughout the first three months of 2009 data pointed towards the global economy being in its worst crisis since the 1930s with GDP falling rapidly. However, with governments launching massive stimulus programmes combined with quantitative easing, economies are expected to find some support in the second half of 2009 starting in the US and Asia, and leading to a gradual improvement in the global economy.

The outlook for the US market remains difficult in the short term. Earnings estimates have to be brought down to reflect the worsening economic climate, however on the bright side governments and central banks are focusing on stimulating a recovery and interest rates have fallen to record levels around the globe. The budgets for the varying rescue packages continue to grow and this should at least ensure that the private sector money supply contraction is offset by public funds.

The UK economy is receiving an extraordinary stimulus through a combination of lower interest rates, a lower exchange rate and direct government intervention. Although there are variable lag effects, there is hope for an improvement in economic news towards the end of the year.

The scale of government intervention in Europe and the billions pumped into saving the global banking structure are staggering and previously unseen. The market is in totally uncharted territory as to the economic consequences of these efforts. The lack of transparency and confidence among banks means that they are not lending to each other. Thus there is a huge blockage in the interbank market which means that banks are struggling to find funding necessary to operate. The consequences of this are massive for the whole economy as corporates struggle to finance their operations.

Japan's economic growth expectations continue to be revised downwards, on the back of weak economic data. A slowdown in the US will also likely affect exports, which would further weaken the economic environment. Japanese equities have recovered somewhat but remain near historically cheap levels, where it seems likely that they offer good value for a long-term investor, it is still very difficult to predict the depth and duration of this economic downturn.

At some stage, markets will start to look forward to less negative economic developments. Given the negligible return available from holding assets in cash, money should gradually shift into risk assets. With such uncertainty, alongside historic low markets levels, many are predicting a significant recovery at some point in the future. The capital protected sub-funds are in prime position to show how suitable they can be to benefit from an upturn in markets, whilst shielding investors from feeling the full force of short-term financial market storms, which have been all too apparent in the last 12 months.

Investment performance

Fund performance details (Sterling sub-funds)

Sub-fund type & protection level	Base currency	Dealing date and price*				Performance since inception	Performance over period
		20/06/08	12/09/08	12/12/08	13/03/09		
Protected Deposit Bonus 95%	GBP	2.36842	2.25000	2.13750	2.03062	45.95%	-8.20%
Protected Deposit Bonus 97.5%	GBP	2.01963	1.96914	1.91992	1.87192	49.11%	-2.91%
Protected Deposit Bonus 100%	GBP	1.68772	1.68772	1.68772	1.68772	49.41%	2.43%
Protected UK Index 95%	GBP	1.00580	0.95551	0.90774	0.86235	-13.77%	-9.80%
Protected UK Index 97.5%	GBP	1.19179	1.16199	1.13294	1.10462	10.46%	-3.95%
Protected UK Index 100%	GBP	1.38493	1.38493	1.38493	1.38493	38.49%	2.05%
Protected US Index 95%	GBP	0.85975	0.81676	0.77593	0.73713	-26.29%	-11.99%
Protected US Index 97.5%	GBP	1.08826	1.06106	1.03454	1.00867	0.86%	-5.37%
Protected US Index 100%	GBP	1.35022	1.35022	1.35022	1.35022	35.02%	1.54%
Protected Japan Index 95%	GBP	1.52868	1.45225	1.37964	1.31066	31.06%	-4.62%
Protected Japan Index 97.5%	GBP	1.53396	1.49561	1.45822	1.42177	42.17%	-0.58%
Protected Japan Index 100%	GBP	1.46574	1.46574	1.46574	1.46574	46.57%	3.27%
Protected Europe Index 95%	GBP	1.44753	1.37515	1.30639	1.24107	24.10%	-15.31%
Protected Europe Index 97.5%	GBP	1.44186	1.40582	1.37067	1.33641	33.64%	-7.53%
Protected Europe Index 100%	GBP	1.40112	1.40112	1.40112	1.40112	40.11%	0.76%
Protected Multi Index 95%	GBP	1.08420	1.02999	0.97849	0.92957	-14.21%	-10.72%
Protected Multi Index 97.5%	GBP	1.26918	1.23745	1.20651	1.17635	6.67%	-4.55%
Protected Multi Index 100%	GBP	1.46456	1.46456	1.46456	1.46456	30.53%	1.83%
<i>protected.com</i> 95%	GBP	0.88272	0.83858	0.79665	0.75682	-24.32%	-4.34%
<i>protected.com</i> 100%	GBP	1.21493	1.21493	1.21493	1.21493	21.49%	3.34%
Protected UK With Bonus 95%	GBP	1.23197	1.17037	1.11185	1.05626	5.62%	-9.78%
Protected UK With Bonus 100%	GBP	1.24543	1.24543	1.24543	1.24543	24.54%	2.06%
Protected US With Bonus 95%	GBP	1.37717	1.30831	1.24290	1.18075	18.07%	-10.22%
Protected US With Bonus 100%	GBP	1.25197	1.25197	1.25197	1.25197	25.19%	1.95%
Protected Japan With Bonus 95%	GBP	1.04471	0.99247	0.94285	0.89571	-10.43%	-9.54%
Protected Japan With Bonus 100%	GBP	1.21893	1.21893	1.21893	1.21893	21.89%	2.11%
Protected Europe With Bonus 95%	GBP	1.35878	1.29289	1.22824	1.16683	16.68%	-8.97%
Protected Europe With Bonus 100%	GBP	1.25967	1.26000	1.26000	1.26000	26.00%	2.24%
<i>protected.com</i> With Bonus 95%	GBP	1.24091	1.17887	1.11992	1.13606	13.60%	-4.35%
<i>protected.com</i> With Bonus 100%	GBP	1.23944	1.23944	1.23944	1.24554	24.55%	2.41%
Protected Multi Index With Bonus 95%	GBP	1.32258	1.25674	1.19391	1.13421	13.42%	-9.90%
Protected Multi Index With Bonus 100%	GBP	1.24830	1.24835	1.24835	1.24835	24.83%	2.03%
Protected Worldwide With Bonus 95%	GBP	1.25255	1.19030	1.13078	1.08881	8.88%	-8.56%
Protected Worldwide With Bonus 100%	GBP	1.24313	1.24320	1.24320	1.24442	24.44%	2.15%

* Price in pounds

Sub-fund type	Base currency	Dealing date and price*						Performance since inception	Performance over year
		01/04/08	20/06/08	12/09/08	12/12/08	13/03/09	31/03/09		
Protected Cash Bonus	GBP	1.56838	1.58319	1.59929	1.61438	1.61857	1.61864	53.38%	3.22%
Protected Cash Feeder	GBP	1.75030	1.77163	1.79491	1.81578	1.82614	1.82774	73.61%	4.44%

* Price in pounds

Investment performance

Fund performance details (US dollar sub-funds)

Sub-fund type & protection level	Base currency	Dealing date and price*				Performance since inception	Performance over period
		20/06/08	12/09/08	12/12/08	13/03/09		
Protected Deposit Bonus 95%	USD	1.96660	1.86827	1.77485	1.68611	25.58%	-9.61%
Protected Deposit Bonus 97.5%	USD	1.67829	1.63633	1.59542	1.55554	28.05%	-4.45%
Protected Deposit Bonus 100%	USD	1.41145	1.41145	1.41145	1.41145	28.76%	0.77%
Protected UK Index 95%	USD	0.88523	0.84097	0.79892	0.75897	-24.11%	-11.07%
Protected UK Index 97.5%	USD	1.05760	1.03116	1.00538	0.98025	-1.98%	-5.29%
Protected UK Index 100%	USD	1.24285	1.24285	1.24285	1.24285	24.28%	0.64%
Protected US Index 95%	USD	0.79353	0.75385	0.71616	0.68035	-31.97%	-12.86%
Protected US Index 97.5%	USD	0.99408	0.96923	0.94500	0.92137	-7.87%	-6.33%
Protected US Index 100%	USD	1.22449	1.22449	1.22449	1.22449	22.44%	0.49%
Protected Japan Index 95%	USD	1.35149	1.28392	1.21972	1.15874	15.87%	-6.53%
Protected Japan Index 97.5%	USD	1.34687	1.31320	1.28037	1.24836	24.83%	-2.65%
Protected Japan Index 100%	USD	1.28526	1.28526	1.28526	1.28526	28.52%	1.03%
Protected Europe Index 95%	USD	1.32875	1.26231	1.19919	1.13923	13.92%	-15.75%
Protected Europe Index 97.5%	USD	1.32081	1.28779	1.25560	1.22421	22.42%	-8.01%
Protected Europe Index 100%	USD	1.28412	1.28412	1.28412	1.28412	28.41%	0.24%
Protected Multi Index 95%	USD	0.97374	0.92505	0.87880	0.83486	-21.37%	-11.78%
Protected Multi Index 97.5%	USD	1.13192	1.10362	1.07603	1.04913	-2.65%	-5.71%
Protected Multi Index 100%	USD	1.30202	1.30202	1.30202	1.30202	19.06%	0.58%
<i>protected.com</i> 95%	USD	0.80076	0.76072	0.72269	0.68655	-31.35%	-6.13%
<i>protected.com</i> 100%	USD	1.11538	1.11538	1.11538	1.11538	11.53%	1.07%
Protected UK With Bonus 95%	USD	1.09076	1.03623	0.98441	0.93519	-6.49%	-11.02%
Protected UK With Bonus 100%	USD	1.12685	1.12685	1.12685	1.12685	12.68%	0.65%
Protected US With Bonus 95%	USD	1.22704	1.16569	1.10740	1.05203	5.20%	-11.33%
Protected US With Bonus 100%	USD	1.13517	1.13517	1.13517	1.13517	13.51%	0.62%
Protected Japan With Bonus 95%	USD	0.95604	0.90823	0.86282	0.81968	-18.04%	-10.76%
Protected Japan With Bonus 100%	USD	1.12951	1.12951	1.12951	1.12951	12.95%	0.67%
Protected Europe With Bonus 95%	USD	1.19159	1.13361	1.07693	1.02308	2.30%	-10.28%
Protected Europe With Bonus 100%	USD	1.13610	1.13620	1.13620	1.13620	13.62%	0.71%
<i>protected.com</i> With Bonus 95%	USD	1.11645	1.06062	1.00759	1.02144	2.14%	-5.35%
<i>protected.com</i> With Bonus 100%	USD	1.12479	1.12479	1.12479	1.12820	12.82%	0.93%
Protected Multi Index With Bonus 95%	USD	1.17834	1.11965	1.06367	1.01048	1.04%	-11.07%
Protected Multi Index With Bonus 100%	USD	1.13364	1.13365	1.13365	1.13365	13.36%	0.64%
Protected Worldwide With Bonus 95%	USD	1.11814	1.06253	1.00941	0.97181	-2.82%	-9.74%
Protected Worldwide With Bonus 100%	USD	1.13052	1.13054	1.13054	1.13123	13.12%	0.71%

* Price in dollars

Sub-fund type	Base currency	Dealing date and price*						Performance since inception	Performance over year
		01/04/08	20/06/08	12/09/08	12/12/08	13/03/09	31/03/09		
Protected Cash Bonus	USD	1.32625	1.32907	1.33114	1.33214	1.33215	1.33216	29.91%	0.45%
Protected Cash Feeder	USD	1.46586	1.47144	1.47717	1.48209	1.48459	1.48467	44.60%	1.29%

* Price in dollars

Investment performance

Fund performance details (Euro sub-funds)

Sub-fund type & protection level	Base currency	Dealing date and price*				Performance since inception	Performance over period
		20/06/08	12/09/08	12/12/08	13/03/09		
Protected Deposit Bonus 95%	Eur	1.32763	1.26125	1.19818	1.13828	13.82%	-8.79%
Protected Deposit Bonus 97.5%	Eur	1.24026	1.20925	1.17902	1.14955	14.95%	-3.52%
Protected Deposit Bonus 100%	Eur	1.14325	1.14325	1.14325	1.14325	14.32%	1.79%
Protected UK Index 95%	Eur	0.86767	0.82429	0.78307	0.74392	-25.61%	-10.31%
Protected UK Index 97.5%	Eur	0.98595	0.96130	0.93727	0.91384	-8.62%	-4.48%
Protected UK Index 100%	Eur	1.10405	1.10405	1.10405	1.10405	10.40%	1.51%
Protected US Index 95%	Eur	0.79556	0.75578	0.71799	0.68209	-31.80%	-12.36%
Protected US Index 97.5%	Eur	0.94781	0.92411	0.90101	0.87849	-12.16%	-5.76%
Protected US Index 100%	Eur	1.11138	1.11138	1.11138	1.11138	11.13%	1.14%
Protected Japan Index 95%	Eur	1.29117	1.22661	1.16528	1.10701	10.70%	-5.30%
Protected Japan Index 97.5%	Eur	1.23857	1.20761	1.17741	1.14798	14.79%	-1.34%
Protected Japan Index 100%	Eur	1.13636	1.13636	1.13636	1.13636	13.63%	2.43%
Protected Europe Index 95%	Eur	1.10187	1.04678	0.99444	0.94472	-5.53%	-15.45%
Protected Europe Index 97.5%	Eur	1.12715	1.09897	1.07150	1.04471	4.47%	-7.69%
Protected Europe Index 100%	Eur	1.13221	1.13221	1.13221	1.13221	13.22%	0.57%
Protected Multi Index 95%	Eur	0.90051	0.85549	0.81271	0.77208	-22.80%	-11.15%
Protected Multi Index 97.5%	Eur	1.00905	0.98383	0.95923	0.93525	-6.48%	-5.00%
Protected Multi Index 100%	Eur	1.11590	1.11590	1.11590	1.11590	11.59%	1.36%
<i>protected.com</i> 95%	Eur	0.89867	0.85373	0.81105	0.77049	-22.96%	-5.03%
<i>protected.com</i> 100%	Eur	1.10314	1.10314	1.10314	1.10314	10.31%	2.48%
Protected UK With Bonus 95%	Eur	1.07633	1.02251	0.97139	0.92282	-7.72%	-10.26%
Protected UK With Bonus 100%	Eur	1.10413	1.10413	1.10413	1.10413	10.41%	1.52%
Protected US With Bonus 95%	Eur	1.23976	1.17777	1.11888	1.06294	6.29%	-10.63%
Protected US With Bonus 100%	Eur	1.10791	1.10791	1.10791	1.10791	10.79%	1.45%
Protected Japan With Bonus 95%	Eur	0.98262	0.93349	0.88682	0.84248	-15.76%	-9.98%
Protected Japan With Bonus 100%	Eur	1.09901	1.09901	1.09901	1.09901	9.90%	1.57%
Protected Europe With Bonus 95%	Eur	1.21222	1.15338	1.09572	1.04093	4.09%	-9.44%
Protected Europe With Bonus 100%	Eur	1.11041	1.11064	1.11064	1.11064	11.06%	1.67%
<i>protected.com</i> With Bonus 95%	Eur	1.11805	1.06215	1.00904	1.02447	2.44%	-4.69%
<i>protected.com</i> With Bonus 100%	Eur	1.10990	1.10990	1.10990	1.11639	11.63%	2.01%
Protected Multi Index With Bonus 95%	Eur	1.18851	1.12934	1.07287	1.01923	1.92%	-10.33%
Protected Multi Index With Bonus 100%	Eur	1.10678	1.10681	1.10681	1.10681	10.68%	1.51%
Protected Worldwide With Bonus 95%	Eur	1.12791	1.07185	1.01826	0.98064	-1.94%	-8.99%
Protected Worldwide With Bonus 100%	Eur	1.10629	1.10633	1.10633	1.10763	10.76%	1.65%

* Price in euros

Sub-fund type	Base currency	Dealing date and price*						Performance since inception	Performance over year
		01/04/08	20/06/08	12/09/08	12/12/08	13/03/09	31/03/09		
Protected Cash Bonus	Eur	1.13371	1.14041	1.14789	1.15493	1.15730	1.15749	15.07%	2.10%
Protected Cash Feeder	Eur	1.24268	1.25361	1.26548	1.27710	1.28373	1.28464	27.35%	3.39%

* Price in euros

Investment performance

Strike level and final level of the stock market indices

For the quarterly period 17 March 2008 to 20 June 2008

Index	Strike level	Final level ¹	Change	Final five day average level ²	Change
FTSE 100	5,414.40	5,712.60	5.51%	5,766.88	6.51%
S&P 500	1,261.02	1,342.83	6.49%	1,350.35	7.08%
Nikkei 225	11,919.30	13,942.08	16.97%	14,245.56	19.52%
Euro Stoxx 50	3,440.00	3,485.70	1.33%	3,513.76	2.14%
Nasdaq-100	1,676.13	1,982.69	18.29%	1,971.48	17.62%

¹ The final level is the closing level of the S&P 500 and Nasdaq-100 on 19 June 2008, the closing level of the Nikkei 225 on 20 June 2008 and the level of the FTSE 100 and EURO Stoxx 50 at 11am (UK time) on 20 June 2008

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 23 June 2008 to 12 September 2008

Index	Strike level	Final level ¹	Change	Final five day average level ²	Change
FTSE 100	5,667.20	5,381.70	-5.04%	5,385.64	-4.97%
S&P 500	1,317.54	1,249.05	-5.20%	1,243.14	-5.65%
Nikkei 225	13,806.19	12,214.76	-11.53%	12,337.80	-10.64%
Euro Stoxx 50	3,430.42	3,261.90	-4.91%	3,254.24	-5.14%
Nasdaq-100	1,916.76	1,773.65	-7.47%	1,752.89	-8.55%

¹ The final level is the closing level of the S&P 500 and Nasdaq-100 on 11 September 2008, the closing level of the Nikkei 225 on 12 September 2008 and the level of the FTSE 100 and EURO Stoxx 50 at 11am (UK time) on 12 September 2008.

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 September 2008 to 12 December 2008

Index	Strike level	Final level ¹	Change	Final five day average level ²	Change
FTSE 100	5,204.20	4,230.27	-18.71%	4,333.51	-16.73%
S&P 500	1,224.55	873.59	-28.66%	889.45	-27.36%
Nikkei 225	11,636.70	8,235.87	-29.23%	8,468.32	-27.23%
Euro Stoxx 50	3,145.20	2,364.47	-24.82%	2,455.10	-21.94%
Nasdaq-100	1,740.17	1,180.46	-32.16%	1,203.64	-30.83%

¹ The final level is the closing level of the S&P 500 and Nasdaq-100 on 11 December 2008, the closing level of the Nikkei 225 on 12 December 2008 and the level of the FTSE 100 and EURO Stoxx 50 at 11am (UK time) on 12 December 2008.

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 December 2008 to 13 March 2009

Index	Strike level	Final level ¹	Change	Final five day average level ²	Change
FTSE 100	4,277.56	3,797.00	-11.23%	3,692.10	-13.69%
S&P 500	868.54	750.74	-13.56%	710.32	-18.22%
Nikkei 225	8,510.66	7,569.28	-11.06%	7,256.93	-14.73%
Euro Stoxx 50	2,407.47	2,003.76	-16.77%	1,925.74	-20.01%
Nasdaq-100	1,177.87	1,164.71	-1.12%	1,102.33	-6.41%

¹ The final level is the closing level of the S&P 500 and Nasdaq-100 on 12 March 2009, the closing level of the Nikkei 225 on 13 March 2009 and the level of the FTSE 100 and EURO Stoxx 50 at 11am (UK time) on 13 March 2009.

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 March 2009

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 March 2009.

Principal activity

The principal activity of the company is that of an investment company. It is an international collective investment scheme for the purposes of the Isle of Man Financial Supervision Act 1988.

Results and transfers to reserves

The results and transfers to reserves for the year are set out on pages 17 and 18.

Dividend

The directors do not propose the payment of a dividend (2008 £nil).

Directors

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

G F Karran
C Shopland
M P B Kennett
P N Horsthuis
S D Dening
J A Melia (appointed 19 March 2009)

Auditors

PricewaterhouseCoopers have indicated their 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

23 June 2009

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. Under that law 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 which 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

23 June 2009

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Independent auditors' report to the shareholders of The Scottish Capital Protected Fund plc

We have audited the financial statements of The Scottish Capital Protected Fund plc for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable Isle of Man law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Isle of Man Companies Acts 1931-2004. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' fees and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Overview, the Investment Report, the Fund Performance Details and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the shareholders of The Scottish Capital Protected Fund plc (*continued*)

Opinion

In our opinion the financial statements:

- ◆ give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended; and
- ◆ have been properly prepared in accordance with the Isle of Man Companies Acts 1931-2004.

PricewaterhouseCoopers

Chartered Accountants

23 June 2009

The Isle of Man firm of PricewaterhouseCoopers is a member of PricewaterhouseCoopers International Limited, a company limited by guarantee registered in England and Wales. The principal place of business of the Isle of Man firm of PricewaterhouseCoopers is at the above address where a list of the Partners names is available for inspection.

Profit and loss account

for the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Income			
Bank interest		7,896	11,665
Foreign exchange loss		(2)	-
Less: expenses			
Investment management fee	3	(2,240)	(2,489)
Profit for the year before and after taxation transferred to reserves	6, 7	5,654	9,176

The notes on pages 20 to 28 form part of these financial statements.

Statement of total recognised gains and losses

for the year ended 31 March 2009

	2009	2008
	£'000	£'000
Profit for the year	5,654	9,176
Realised net (losses) on investments	(10,208)	(6,081)
Movement in unrealised (losses)/gains on revaluation of investments	(1,443)	1,141
Currency adjustment reserve movement	11,609	567
Total recognised gains and losses relating to the year	5,612	4,803

The notes on pages 20 to 28 form part of these financial statements.

Balance sheet

as at 31 March 2009

	Note	2009 £'000	2008 £'000
Assets			
Investments	2	178,507	190,090
Accrued interest		1	31
Other debtors and prepayments		399	439
Total assets		178,907	190,560
Equity			
Management shares (100 shares of £1 each)	4	-	-
Liabilities			
Accruals		12	14
Total liabilities (excluding net assets attributable to holders of unclassified shares)		12	14
Net assets attributable to holders of unclassified shares			
Share capital	4	145	158
Share premium	5	138,559	155,821
Capital redemption reserve fund	5	295	284
Capital account	5	(52,055)	(40,404)
Profit and loss account	5	99,290	93,636
Currency adjustment reserve	5	(7,339)	(18,949)
Total net assets attributable to holders of unclassified shares	6,10	178,895	190,546
Total liabilities and equity		178,907	190,560

The notes on pages 20 to 28 form part of these financial statements.

The financial statements were approved by the Board of Directors on 23 June 2009 and were signed on their behalf by:



J A Melia
Director



P N Horsthuis
Director

Notes to the financial statements

for the year ended 31 March 2009

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 March 2009 (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

	2009 £'000	2008 £'000
Bank deposits (Note 9c)	175,192	183,055
Option contracts	3,315	7,035
	178,507	190,090

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 Manager is responsible for the payment of the fees of the Investment Advisor, Fiduciary Custodian, Directors and Auditors from these charges.

Notes to the financial statements

for the year ended 31 March 2009 (continued)

4 Share capital

	2009 £	2008 £
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

	2009 Number of shares	2009 £	2008 Number of shares	2008 £
Management shares of £1 each, fully paid				
At 1 April 2008 and 31 March 2009	100	100	100	100
Nominal shares of 0.1p each, fully paid				
At 1 April 2008 and 31 March 2009	-	-	-	-

	2009 Number of shares	2009 £'000	2008 Number of shares	2008 £'000
Unclassified shares 0.1p each, fully paid				
At 31 March 2008	158,132,530	158	175,272,500	175
Issued during the year	49,731,161	50	77,291,437	77
Redeemed during the year	(62,951,292)	(63)	(94,431,407)	(94)
At 31 March 2009	144,912,399	145	158,132,530	158

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 March 2009 (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 March 2008	93,636	(40,404)	155,821	284	(18,949)	190,388
Profit for the year	5,654	-	-	-	-	5,654
Realised net loss on investments	-	(10,208)	-	-	-	(10,208)
Movement in unrealised gain/(losses) on investments	-	(1,443)	-	-	-	(1,443)
Currency adjustment on aggregation	-	-	-	-	11,610	11,610
On share issue/(redemption)	-	-	(17,262)	11	-	(17,251)
As at 31 March 2009	99,290	(52,055)	138,559	295	(7,339)	178,750

Notes to the financial statements

for the year ended 31 March 2009 (continued)

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

	2009 £'000	2008 £'000
Net assets brought forward	190,546	209,436
Profit for the year	5,654	9,176
Other recognised gains and losses on investments	(11,651)	(4,940)
Currency adjustment reserve movement	11,610	567
	196,159	214,239
On share redemption	(17,264)	(23,693)
	178,895	190,546

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

Three of the Directors are also directors of the Manager (see Note 3) 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 £148,833,291 (2008: £159,660,507).

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 stockmarket volatility.

Notes to the financial statements

for the year ended 31 March 2009 (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 March was:

	31 March 2009			31 March 2008		
	Fixed rate £'000	Floating rate £'000	Total £'000	Fixed rate £'000	Floating rate £'000	Total £'000
Sterling	108,943	26,433	135,796	130,048	19,430	149,478
US Dollars	27,893	5,948	33,391	21,653	4,956	26,609
Euro	5,793	630	6,423	6,693	275	6,968
	142,629	32,563	175,191	158,394	24,661	183,055

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.

	31 March 2009		31 March 2008	
	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	4.70	3	6.11	3
US Dollars	2.49	3	4.84	3
Euro	4.01	3	4.42	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 March 2009 (continued)

10 Sub-fund net assets and net assets per share

Sterling sub-funds

	Base currency	2009 £'000 Net asset value	Net assets per share*	2008 £'000 Net asset value	Net assets per share*
Protected Deposit Bonus 95%	GBP	15,743	203.221	21,874	224.734
Protected Deposit Bonus 97.5%	GBP	629	187.042	865	194.586
Protected Deposit Bonus 100%	GBP	33,218	168.371	36,430	165.181
Protected UK Index 95%	GBP	2,990	86.167	4,740	98.670
Protected UK Index 97.5%	GBP	234	110.285	265	117.179
Protected UK Index 100%	GBP	16,796	138.159	18,808	136.485
Protected US Index 95%	GBP	455	74.796	506	85.591
Protected US Index 97.5%	GBP	5	101.506	5	107.959
Protected US Index 100%	GBP	1,343	134.746	1,861	133.467
Protected Japan Index 95%	GBP	414	132.473	644	140.192
Protected Japan Index 97.5%	GBP	11	142.789	59	144.704
Protected Japan Index 100%	GBP	929	146.261	1,019	142.408
Protected Europe Index 95%	GBP	1,074	123.836	1,588	151.835
Protected Europe Index 97.5%	GBP	-	-	-	-
Protected Europe Index 100%	GBP	2,375	139.769	3,504	139.970
Protected Multi Index 95%	GBP	2,230	93.949	3,235	106.628
Protected Multi Index 97.5%	GBP	130	118.137	137	124.979
Protected Multi Index 100%	GBP	4,305	146.143	5,378	144.409
<i>protected.com</i> 95%	GBP	173	76.327	235	81.392
<i>protected.com</i> 100%	GBP	69	121.227	83	118.167
Protected UK With Bonus 95%	GBP	1,354	105.351	2,030	118.851
Protected UK With Bonus 100%	GBP	5,388	124.237	6,144	122.317
Protected US With Bonus 95%	GBP	546	118.163	551	133.010
Protected US With Bonus 100%	GBP	887	124.900	482	122.990
Protected Japan With Bonus 95%	GBP	104	89.523	208	100.344
Protected Japan With Bonus 100%	GBP	387	121.599	605	119.605
Protected Europe With Bonus 95%	GBP	408	116.659	630	130.266
Protected Europe With Bonus 100%	GBP	1,159	125.697	1,510	123.553
<i>protected.com</i> With Bonus 95%	GBP	1,068	113.427	113	119.840
<i>protected.com</i> With Bonus 100%	GBP	2,070	124.536	82	121.757
Protected Multi Index With Bonus 95%	GBP	85	113.594	2,948	127.470
Protected Multi Index With Bonus 100%	GBP	71	124.255	737	122.580
Protected Worldwide With Bonus 95%	GBP	13,129	108.822	17,245	120.631
Protected Worldwide With Bonus 100%	GBP	1,740	124.142	1,706	122.049
Protected Cash Bonus	GBP	26,335	161.864	19,250	156.819
Protected Cash Feeder	GBP	82	182.774	151	175.004
Total		137,936		155,628	

* Net assets per share in pence

Notes to the financial statements

for the year ended 31 March 2009 (continued)

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

US dollar sub-funds

	Base currency	2009 US \$'000 Net asset value	Net assets per share*	2008 US \$'000 Net asset value	Net assets per share*
Protected Deposit Bonus 95%	USD	1,440	168.722	5,560	188.913
Protected Deposit Bonus 97.5%	USD	332	155.406	143	163.739
Protected Deposit Bonus 100%	USD	6,961	140.785	7,513	139.924
Protected UK Index 95%	USD	129	75.794	197	87.585
Protected UK Index 97.5%	USD	15	97.832	44	104.857
Protected UK Index 100%	USD	422	123.965	408	123.487
Protected US Index 95%	USD	392	69.167	477	79.474
Protected US Index 97.5%	USD	32	92.792	34	99.212
Protected US Index 100%	USD	1,030	122.152	973	121.774
Protected Japan Index 95%	USD	228	117.280	303	125.938
Protected Japan Index 97.5%	USD	48	125.439	50	129.208
Protected Japan Index 100%	USD	328	128.210	388	127.108
Protected Europe Index 95%	USD	1,289	113.725	1,745	139.291
Protected Europe Index 97.5%	USD	5	122.157	35	135.097
Protected Europe Index 100%	USD	346	128.082	496	128.139
Protected Multi Index 95%	USD	1,047	84.488	1,096	96.49
Protected Multi Index 97.5%	USD	52	105.414	56	112.32
Protected Multi Index 100%	USD	1,960	129.881	2,964	129.382
<i>protected.com</i> 95%	USD	70	69.504	109	74.934
<i>protected.com</i> 100%	USD	107	111.264	95	110.341
Protected UK With Bonus 95%	USD	639	93.239	609	106.333
Protected UK With Bonus 100%	USD	241	112.394	238	111.836
Protected US With Bonus 95%	USD	1,297	105.450	1,592	119.619
Protected US With Bonus 100%	USD	1,043	113.228	229	112.663
Protected Japan With Bonus 95%	USD	302	81.972	361	92.803
Protected Japan With Bonus 100%	USD	156	112.662	171	112.065
Protected Europe With Bonus 95%	USD	580	102.253	586	115.488
Protected Europe With Bonus 100%	USD	255	113.329	236	112.704
<i>Protected.com</i> With Bonus 95%	USD	3,128	101.153	171	108.839
<i>Protected.com</i> With Bonus 100%	USD	466	113.076	8	111.633
Protected Multi Index With Bonus 95%	USD	186	102.290	2,798	114.715
Protected Multi Index With Bonus 100%	USD	69	112.533	351	112.499
Protected Worldwide With Bonus 95%	USD	15,000	97.186	13,829	108.783
Protected Worldwide With Bonus 100%	USD	1,546	112.833	1,460	112.184
Protected Cash Bonus	USD	7,445	133.216	9,562	132.622
Protected Cash Feeder	USD	377	148.467	304	146.579
Total		48,962		55,191	
Converted into Sterling		£34,464		£27,782	

* Net assets per share in cents

Notes to the financial statements

for the year ended 31 March 2009 (continued)

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

Euro sub-funds

	Base currency	2009 EUR'000 Net asset value	Net assets per share*	2008 EUR'000 Net asset value	Net assets per share*
Protected Deposit Bonus 95%	EUR	106	113.893	468	126.602
Protected Deposit Bonus 97.5%	EUR	152	114.847	159	120.084
Protected Deposit Bonus 100%	EUR	2,230	114.044	2,942	112.438
Protected UK Index 95%	EUR	31	74.322	39	85.407
Protected UK Index 97.5%	EUR	-	-	-	-
Protected UK Index 100%	EUR	122	110.130	130	109.143
Protected US Index 95%	EUR	15	69.298	29	79.404
Protected US Index 97.5%	EUR	-	85.652	-	-
Protected US Index 100%	EUR	123	110.893	98	110.113
Protected Japan Index 95%	EUR	12	111.944	19	119.08
Protected Japan Index 97.5%	EUR	-	-	-	-
Protected Japan Index 100%	EUR	83	113.377	123	111.133
Protected Europe Index 95%	EUR	94	94.333	184	115.561
Protected Europe Index 97.5%	EUR	11	104.264	30	115.356
Protected Europe Index 100%	EUR	208	112.939	338	113.061
Protected Multi Index 95%	EUR	3	78.104	119	88.831
Protected Multi Index 97.5%	EUR	-	-	-	-
Protected Multi Index 100%	EUR	418	111.337	563	110.354
Protected.com 95%	EUR	6	77.698	19	83.339
Protected.com 100%	EUR	12	110.057	21	107.978
Protected UK With Bonus 95%	EUR	22	92.018	19	104.257
Protected UK With Bonus 100%	EUR	99	110.135	85	108.869
Protected US With Bonus 95%	EUR	61	106.398	87	120.116
Protected US With Bonus 100%	EUR	286	110.519	236	109.248
Protected Japan With Bonus 95%	EUR	3	84.206	23	94.754
Protected Japan With Bonus 100%	EUR	431	109.629	695	108.286
Protected Europe With Bonus 95%	EUR	35	104.109	112	116.676
Protected Europe With Bonus 100%	EUR	1,075	110.790	1,457	109.374
Protected.com With Bonus 95%	EUR	405	101.944	3	108.378
Protected.com With Bonus 100%	EUR	83	110.408	-	-
Protected Multi Index With Bonus 95%	EUR	3	102.430	476	114.973
Protected Multi Index With Bonus 100%	EUR	-	-	10	109.108
Protected Worldwide With Bonus 95%	EUR	133	98.017	132	109.037
Protected Worldwide With Bonus 100%	EUR	65	110.488	80	109.048
Protected Cash Bonus	EUR	618	115.749	294	113.363
Protected Cash Feeder	EUR	63	128.464	10	124.255
Total		7,008		9,000	
Converted into Sterling		£6,495		£7,136	

* 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 23 July 2009 at 10am to transact the following ordinary business.

- 1 To receive and consider the Annual Report and Accounts for the year ended 31 March 2009.
- 2 To reappoint PricewaterhouseCoopers 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

23 June 2009

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 your financial adviser or 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, brochure, sub-fund guides and Key Features of The Scottish Capital Protected Fund plc.

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