



Annual Report

Standard Life Investment Company

Annual Report & Financial Statements
for the year ended 28 February 2017

Standard Life
Investments

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* These items comprise the Manager's Report for the purposes of the rules contained in the Collective Investment Schemes sourcebook ("the Sourcebook").

Company Information

I am pleased to enclose your copy of the Report and Accounts for Standard Life Investment Company. These reports cover the 12-month period from 1 March 2016 to 28 February 2017.

Market background

It was an eventful 12 months for investors. The health of the world's major economies, as well as a number of political shocks, were the prime focus for investors during the period under review.

After a slowdown in early-2016, investors took some comfort at the start of the period from data that suggested economic conditions in China, the world's growth engine, were not as bad as first feared. Markets took heart and staged a recovery. However, in June, this sense of relief was replaced with surprise, following the 'leave' result of the UK's referendum on EU membership. Equity markets initially tumbled on the news, before reassurance from central bankers and hopes of further stimulus measures helped them recover. Perhaps the biggest shock, though, came near the end of the period when Donald Trump won the US presidential election. Markets were volatile, before embarking on a sustained rally on hopes that President Trump's agenda will boost growth and lift inflation.

For a more in-depth look at markets, please refer to the enclosed global overview.

A volatile backdrop

Against this volatile market backdrop, all our Funds delivered positive absolute returns, although the majority underperformed their benchmarks.

The UK Equity Recovery Fund, however, bucked this trend and significantly outperformed its benchmark. It was also ranked first in its peer group of 267 Funds for performance over the 12 months. The Global Smaller Companies, Asian Pacific Growth, Global Emerging Market Equities, UK Opportunities, Global Advantage and Corporate Bond Funds also outperformed over the period. Indeed, both the Global Smaller Companies and Corporate Bond Funds delivered top-quartile performance (top 25% of Funds within their peer group) over the 12 months.

We have provided more details on the performance of the Funds in the individual reports.

Source: Morningstar and Factset bid-to-bid, for the 12-month period to 28/02/17.

Proud partner of The British & Irish Lions

For sports fans, it will be a summer of action for the 'best of the best' in English, Irish, Scottish and Welsh rugby. Head Coach Warren Gatland has taken his British & Irish Lions squad to New Zealand, where they face one of the most daunting challenges in sport: defeating the reigning rugby world champions on their home turf.

At Standard Life Investments, we are immensely proud to be the Principal Partner of The British & Irish Lions and jersey sponsor of the 2017 tour to New Zealand. We believe our partnership with the Lions is a perfect match in terms of heritage, exceptional team culture, performance and analysis. Aligning our brand with partners who share our values and ambition helps us to strengthen and build our business around the world.

Company Information (continued)**Keeping you informed**

You can keep up to date with the performance of your investments by visiting www.myaccountonline.co.uk/sli.

Alternatively, if you would rather speak to us, please call us on 0345 113 6966 (or +44 (0)1268 44 5488 from outwith the UK) between 9am and 5:30pm, Monday to Friday. You can also visit our website www.standardlifeinvestments.com.

I hope you find these report and accounts informative. Thank you for continuing to invest with Standard Life Investments.

Yours sincerely,

Jacqueline Lowe

Head of UK Wholesale, Standard Life Investments

Head Office	Authorised Corporate Director (ACD)	Board of Directors of the ACD	Secretary of the Manager
1 George Street Edinburgh EH2 2LL	Standard Life Investments (Mutual Funds) Limited 1 George Street Edinburgh EH2 2LL	A S Acheson S Campbell S A Fitzgerald J Lowe L Scott D E Thomas S Wemyss	H.S. Kidd

Director

The Authorised Corporate Director (ACD) is Standard Life Investments (Mutual Funds) Limited which is the sole director and is authorised and regulated by the Financial Conduct Authority for investment business.

Depository	Independent Auditors*	Registrar	Investment Adviser
Citibank Europe plc UK Branch 1 North Wall Quay Dublin 1	KPMG 15 Canada Square Canary Wharf London E14 5GL	Standard Life Investments (Mutual Funds) Limited 1 George Street Edinburgh EH2 2LL	Standard Life Investments Limited 1 George Street Edinburgh EH2 2LL

*Prior to 1 January 2017 the Independent Auditors were PricewaterhouseCoopers LLP.

Statement of Authorised Corporate Director's Responsibilities

The Open-Ended Investment Companies Regulations 2001 and the rules contained in the Collective Investment Schemes Sourcebook require the Authorised Corporate Director (ACD) to prepare financial statements for each annual and half-yearly accounting period which give a true and fair view of the financial position of the Company and of its net revenue/expenses and net gains/losses on the property of the Company for the period. In preparing the financial statements the ACD is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates which are reasonable and prudent;
- ▶ comply with the disclosure requirements of the Statement of Recommended Practice for Financial Statements of Authorised Funds issued by the Investment Management Association* in May 2014;
- ▶ follow generally accepted United Kingdom accounting principles and standards and applicable United Kingdom laws;
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the scheme will continue in operation;
- ▶ keep proper accounting records which enable it to demonstrate that the financial statements, as prepared, comply with the above requirements; and
- ▶ take reasonable steps for the detection and prevention of fraud and non-compliance with laws or regulations.

The ACD is responsible for the management of the Company in accordance with the Instrument of Incorporation, Prospectus, Sourcebook and the Regulations.

*The Investment Management Association changed to the Investment Association (IA) in January 2015.

Authorised Corporate Director's Report

The ACD is Standard Life Investments (Mutual Funds) Limited which is the sole director, authorised and regulated by the Financial Conduct Authority, for investment business.

Standard Life Investment Company ("the Company") is an Open- Ended Investment Company with variable capital under Regulation 12 (Authorisation) of the Open-Ended Investment Companies Regulations 2001 ("the Regulations"). The shareholders are not liable for the debts of the Company.

Standard Life Investment Company is structured as an umbrella company. Each Fund has the investment powers equivalent to those of a securities company.

Standard Life Investment Company is a protected cell company. As such the assets and liabilities of individual Funds are ring-fenced, with assets of a particular Fund not to be used to discharge the liabilities of, or claims against, the Umbrella company or any other Fund.

The following items within each sub-fund report form part of the Authorised Corporate Director's report: Investment Report, Comparative Tables, Ongoing Charges Figure, Portfolio Statement, and Treatment by Corporate Shareholders.

Distributions are made from positive net revenue where gross revenue exceeds expenses and tax. The total return consists of investment and currency gains and losses in addition to net revenue. In situations where Funds have a negative total return but a positive net revenue position, there will be a distribution.


Material differences may arise between a Fund's net revenue after tax and its distribution if the ACD's periodic charge and transaction costs are borne by the capital property of the Fund for distribution purposes. The expenses in the Statement of Total Return includes these expenses even if they are met from the capital property of the Fund. In such cases, the amount a Fund has to distribute will exceed its net revenue and this is detailed in the notes to the financial statements where it occurs.

Names and addresses of the ACD, Independent Auditors, Registrar and Investment Advisor are contained on page 4 of the Annual Report and Financial Statements. The investment objectives of each Fund, how they were achieved and investment activities during the period are disclosed within the individual Funds' reports.

The Prospectus for the Company is available online at standardlifeinvestments.com.

The ACD has elected to dispense with the holding of an Annual General Meeting for the Company for this and all future years. Shareholders have been given sixty days' written notice of this election in accordance with The Open-Ended Investment Companies (Amendment) Regulations 2005. In the future, the Company may launch other Funds.

I hereby certify the Annual Report and Financial Statements on behalf of the Directors of Standard Life Investments (Mutual Funds) Limited.

Director

Standard Life Investments (Mutual Funds) Limited, Edinburgh
30 June 2017

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the Standard Life Investment Company ("the Company") for the year ended 28 February 2017

The Depositary is responsible for the safekeeping of all the property of the Company (other than tangible moveable property) which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income arising from all such scheme property.

It is the duty of the Depositary to take reasonable care to ensure that the Company is managed and operated by the Authorised Corporate Director in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("the Sourcebook"), the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), the Company's Instrument of Incorporation, and the Prospectus, as appropriate, concerning: the pricing of and dealing in Shares in the Company; the application of income of the Company; and the investment portfolio and borrowing activities of the Company.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Depositary of the Company, based on information and explanations provided to us, we believe that, in all material respects, the Company, acting through the Authorised Corporate Director:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Sourcebook, and where applicable, the OEIC regulations, the Company's Instrument of Incorporation, and the Prospectus;
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company; and
- (iii) has, otherwise, ensured the proper operation of the Company.



Citibank Europe plc
UK Branch, London
30 June 2017

Independent auditor's report to the shareholders of Standard Life Investment Company ('the Company')

We have audited the financial statements of the Company for the year ended 28 February 2017 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's sub-funds listed on the Contents page and the accounting policies set out on pages 14 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Authorised Corporate Director ('the ACD') Standard Life Investments (Mutual Funds) Limited and auditor

As explained more fully in the Statement of ACD's Responsibilities set out on page 5, the ACD is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial position of each of the sub-funds as at 28 February 2017 and of the net revenue of revenue and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Opinion on other matters prescribed by the COLL Rules

In our opinion the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

We have received all the information and explanations which we consider necessary for the purposes of our audit.

Independent auditor's report (continued)

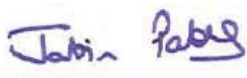
Emphasis of Matter – non-going concern basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements which explains that the financial statements have been prepared on the going concern basis, with the exception of the Global Emerging Markets Equity Unconstrained Fund which has been prepared on a basis other than going concern.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the Company have not been kept; or
- the financial statements are not in agreement with the accounting records.



Jatin Patel

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

Canary Wharf

London

E14 5GL

30 June 2017

Investment Report

1 March 2016 - 28 February 2017

Global Overview

It was a positive, if eventful, 12 months for investors. The tentatively improving global economy, diverging interest rate policy and fluctuating commodity prices dictated sentiment. Politics also played a huge role, notably the UK's EU referendum and Donald Trump's surprise US presidential win.

The review period started on a note of relief, as economic conditions in China proved not as bad as feared after an early-2016 slump. Markets staged a recovery, helped by further stimulus measures from central banks in Japan, Europe and China. Calming statements from the US Federal Reserve (Fed) also lifted sentiment. In June, the UK's vote to leave the EU took investors and pollsters by surprise. Equity markets initially tumbled before largely recovering lost ground thanks to reassuring announcements from central bankers and hopes of further stimulus measures.

As 2016 closed, Donald Trump beat Hillary Clinton to the US presidential nomination. At first, markets fell on the news, before recovering strongly on expectations that the Trump administration's agenda will boost growth and lift inflation. Meanwhile, the price of oil and energy stocks rebounded strongly after OPEC agreed a much-vaunted deal to cut production (although oil has since retreated). Meanwhile, the Fed finally raised US interest rates in December, citing improving US economic data.

Individual market overviews

Despite much political upheaval, **UK equities** enjoyed a positive 12 months. The EU referendum remained very much front and centre of newsflow. When it arrived, the 'leave' vote came as a shock and ushered in a period of intense upheaval. Equities and the pound tumbled in response. Despite ongoing uncertainty, UK equities subsequently stabilised and delivered strong performance. The Bank of England announced measures aimed at stimulating the economy, including a cut in interest rates to 0.25% and a new quantitative easing (QE) programme. Economic data also proved better than initially feared, helping lift UK equities.

US equity markets were strong over the year. After an uncertain start to the review period, fears over a potential recession waned and US equities were resurgent. Economic data was also largely supportive. As the year progressed, the US presidential election dominated newsflow. While Donald Trump's victory came as something of a surprise, US equities rallied strongly after initial caution, as investors focused on his business-friendly, fiscally expansive agenda. In 2017, anticipation shifted to reality as Donald Trump was inaugurated. His policy agenda immediately faced challenges and obstacles but economic data continued to provide market support.

European equities were fairly resilient over the last 12 months. This was against an uncertain political backdrop that included the UK's shock decision to leave the EU and the Italian constitutional referendum (which the government lost). However, ongoing policy measures from the European Central Bank (ECB) and a subsequent improvement in macroeconomic data provided market support.

The **Japanese equity market** had a turbulent 12 months. Central bank policy was a key driver, with the Bank of Japan proving increasingly aggressive in its efforts to lift inflation and economic activity. The election of Donald Trump in the US caused the yen to weaken significantly (helping exporters) as investors focused on the prospect of higher US interest rates and increased infrastructure spending. Lastly, the corporate reporting season closed in February, with 60% of companies reporting positive results and many increasing their earnings expectations thanks to the weaker yen.

Investment Report (continued)

The health of China's economy drove sentiment in **Asian equities**. After a bumpy ride for investors, recent economic data from China improved. GDP grew 6.7% year-on-year in the fourth quarter of 2016. However, concerns about the country's property market led authorities to introduce a number of tightening measures. Combined with restriction on capital outflows, these led investors to buy equities and lifted markets. Elsewhere, India's fortunes were mixed. The government's new bankruptcy bill was well received by investors. However, its decision to remove 500 and 1,000-rupee notes from circulation overnight caused the market to tumble. Indian equities have since rebounded thanks to strong overseas inflows.

Bond markets

It was a volatile 12 months for corporate bonds given geopolitical tensions, fluctuating commodity prices and central bank intervention. The UK's EU referendum result and Donald Trump's election victory were political shocks that produced considerable volatility in bond markets. The commitment of central banks to stimulate economic growth, alongside increased geopolitical risks, provided support for government bonds. However, the surprise outcome of the US election caused a dramatic shift towards the period end, as government bond yields rose sharply.

Outlook for equities

Global equity investors face a conundrum. On the one hand, the global economy is improving, with growth and trade picking up. The risk of deflation has fallen and central banks generally remain supportive, setting a positive scene for equity markets. On the other hand, policy and politics are creating uncertainty, with a lack of clarity on the outlook for US trade and tax, and upcoming European elections. As such, a modicum of caution is warranted when making investment decisions.

Outlook for bonds

While we expect bond yields to gradually increase (and bond prices to fall), challenges remain. Away from President Trump's policy challenges, the US economic backdrop remains favourable and the Fed seems prepared to respond with higher rates. Meanwhile, the European Central Bank is shifting towards reducing monetary support and unwinding negative interest rates. In the UK, higher inflation is proving awkward for the Bank of England if it wants to maintain interest rates at low levels. This very fluid environment for bonds requires us to take a pragmatic approach to new information.

Ethical Funds Advisory Group Report

Standard Life Investments is responsible for managing several ethical Funds. The Funds are managed according to clearly defined investment mandates and the range of available investments is underpinned by established policies and independent research data on their ethical credentials.

The Standard Life Ethical Funds Advisory Group

The Standard Life Ethical Funds Advisory Group is chaired by the Group Chief Operating Officer of Standard Life. It comprises of investors in Standard Life's Ethical Funds and senior Standard Life group managers with involvement in managing and marketing the Funds and their associated products. The Committee generally meets twice a year and is responsible for ensuring that Standard Life's Ethical Policy for these Funds is applied correctly, that the Policy continues to reflect the concerns of investors in the Ethical Funds and that the processes supporting the application of the Policy are robust.

This involves:

- ▶ considering current ethical issues and trends and the implications for the Funds;
- ▶ reviewing investment and marketing reports;
- ▶ ensuring that Standard Life Investments' process for ethical investment is observed;
- ▶ reviewing and addressing customer queries; and
- ▶ commissioning market and customer research on ethical issues.

Funds' criteria

The ethical Funds are invested according to the positive and negative criteria set out in the Ethical Policy. The Funds do not invest in companies that fail the negative criteria and favour investment in companies that meet the positive criteria.

Issues arising

The Group discussed a number of issues during the period relating to companies' individual approaches to corporate responsibility. The Group assessed the feedback from its annual client survey. In addition, due consideration was given to reviewing the most recent changes to the policy and the Group's Terms of Reference. Topics discussed by the Group included animal testing, animal welfare and intensive farming, human rights and labour issues such as zero-hour contracts. In addition, the Group discussed environmental issues including deforestation, fossil fuel disinvestment and carbon footprinting. Standard Life Investments actively participated and sponsored Good Money Week during 2016, which promotes ethical and values based investment options.

Ethical Funds Advisory Group Report (continued)

Voting record – Standard Life Investments UK Ethical Fund

We voted against remuneration resolutions at the AGMs of NMC Health, Restaurant, Servolec, Shire and Telecom Plus. We also voted against remuneration resolutions at a later SGM of NMC Health. We also abstained on remuneration resolutions at Boohoo.com, Fevertree Drinks, NMC Health and Prudential over remuneration concerns. In the case of Prudential, in light of our long standing concerns we also abstained on the re-election of members of the remuneration committee. In the case of Fevertree we abstained on the re-election of the remuneration committee Chairman as this AIM-listed company did not provide either a remuneration report or a remuneration policy resolution for shareholders to vote on as previously requested by us.

A director who is also Chairman of Standard Life Group was standing for election to the Barclays board. While we believed his appointment to the board to be positive we felt it most appropriate to abstain on this resolution in recognition of our conflict of interest.

At AGMs of Accesso Technology Group and Gamma Communications, we abstained on an authority to issue shares on a non-pre-emptive basis, as the amount sought did not reflect best practice.

At the AGM of Mitchells & Butlers we voted against the re-election of four non-executive directors to reflect concerns that they were the representatives of major shareholders who appeared to be increasing their representation and influence over the board.

At the AGM of TUI we voted against the discharge of the chairman of the supervisory board as the company had not addressed our previously expressed expectation that consisted with the UK Governance Code they would provide shareholders with a remuneration report resolution to vote on. This was compounded by concerns about remuneration practices during the year.

Investor opinion

Investors in the Ethical Funds continue to make a valuable contribution to the Committee's understanding of ethical concerns, in particular through participation of investors on the Advisory Group and the annual survey of investors' views.

Further information

If you would like to find out more about the Standard Life Investments Ethical Funds Advisory Group please visit www.standardlifeinvestments.com/ethical_investing/our_ethical_committee/index.html. For any additional information, please write to Amanda Young, Secretary to the Ethical Funds Advisory Group, Standard Life Investments, 1 George Street, Edinburgh, EH2 2LL or e-mail esg_investment@standardlife.com.

Amanda Young

Secretary to the Ethical Funds Advisory Group

Accounting Policies for all sub-Funds

(a) Basis of Preparation

- (i) The financial statements have been prepared on a going concern basis in accordance with the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in May 2014. All of the sub-funds are presented on a going concern basis with the exception of the Global Emerging Markets Equity Unconstrained Fund ("the Terminating Fund") which the Authorised Corporate Director intends to terminate once all its residual assets and liabilities are settled (see Going Concern sub-heading below for details).
- (ii) Standard Life Investment Company has early adopted the March 2016 amendments to FRS 102 in relation to fair value hierarchy disclosures. This has resulted in the fair value disclosures being shown with three levels as opposed to four under the SORP.
- (iii) The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook.
- (iv) In certain circumstances the ACD may apply a dilution adjustment on subscriptions and redemptions of shares. If applied, the dilution adjustment is paid to the fund. See Prospectus for full details.
- (v) From 6 April 2017 a change in the law means Funds will pay all interest distributions gross, that is without deduction of tax. As a result the Fund is no longer required to withhold income tax due on future distributions on behalf of shareholders.

Going Concern

The Global Emerging Markets Equity Unconstrained Fund ("the Terminating Fund") closed on 14 January 2016. It is the intention of the ACD to terminate this Fund at a later date once the residual assets and liabilities are settled. As a result the financial statements of this Fund have been prepared on a basis other than going concern. In applying this basis of preparation, the assets and liabilities of the Terminating Fund continue to be stated at their fair values which materially equate to their residual values. No further adjustments were necessary in the Terminating Fund's financial statements to reduce assets to their realisable values, to provide for liabilities arising from the termination and to reclassify fixed assets and long-term liabilities as current assets and liabilities. No liabilities have been recorded for costs of the termination of the Fund as the intention is that the ACD will bear any such costs which may arise.

The principal accounting policies, which have been applied consistently throughout the year, are set out below and, where necessary, have been updated to include any policies to reflect the presentation of the Terminating Fund's financial statements as at 28 February 2017 on a basis other than going concern.

Accounting Policies for all sub-Funds (continued)

(b) Revenue

- i. Dividend revenue is recognised when the securities are first quoted on an ex-dividend basis.
- ii. Interest from fixed interest securities, interest rate swaps and short-term deposits is recognised on a daily accruals basis.
- iii. Underwriting commission is recognised as part of the income property of the Funds unless it has been necessary to take up all or part of the shares underwritten in which case an appropriate proportion is deducted from the cost of those shares.
- iv. Where stocks are received in lieu of cash dividends the value of that dividend is recognised in the gross revenue of the Fund. Where enhanced scrip dividends are received the value of the enhancement is not recognised as revenue within the Funds but is recognised in capital. Any ordinary element of scrip dividends received is treated as revenue and will form part of the distribution.
- v. Revenue from debt securities is accounted for on an effective yield basis in accordance with the policy detailed below (see note (i)).
- vi. Special dividends are treated as either revenue or capital depending on the nature of each individual case.
- vii. Bank interest is recognised on a receipts basis.
- viii. Equalisation from collective investment scheme distributions is treated as a return of capital, within the Funds.

(c) Treatment of management expenses

- i. The ACD's periodic charges are charged to the income property of the Funds (with the exception of the UK Equity High Alpha Fund (capital), the UK Equity High Income Fund (capital), the Global Emerging Markets Equity Income Fund (income in respect of accumulation shares and capital in respect of income shares), Global Equity Income Fund (income in respect of accumulation shares and capital in respect of income shares), the UK Smaller Companies Fund (income in respect of accumulation shares and capital in respect of income shares) and the European Equity Income Fund (income in respect of accumulation shares and capital in respect of income shares)).
- ii. Handling charges are borne by the capital property of the Fund for distribution purposes.

(d) Distribution policy

- i. All of the net revenue available for distribution at the end of both the interim (where applicable) and final distribution periods will be distributed to shareholders or reinvested in the Fund.
- ii. Where the ACD has discretion about the extent to which income and expenses are recognised within the distributable income property of the Fund, the approach adopted, at all times, will be governed by the aim of maximising the total return to shareholders through limiting avoidable taxation costs.

(e) Basis of valuation of investments

- i. The listed investments of the Fund have been valued at bid price at the close of business on the reporting date. Unquoted investments are valued based on the Manager's opinion of fair value, the intention of which is to estimate market value.
- ii. Any open positions in derivative contracts or forward foreign currency transactions at the year-end are included in the Balance Sheet at their mark to market value.

Accounting Policies for all sub-Funds (continued)

(f) Exchange rates

- i. Assets and liabilities denominated in foreign currencies are translated into Sterling at the prevailing exchange rates on the reporting date.
- ii. Income receipts denominated in foreign currencies are translated into Sterling at the prevailing exchange rates when the income is received.

(g) Taxation

- i. Tax is calculated using the marginal basis i.e. the tax effect of income and expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates.
- ii. Deferred tax is provided for on all timing differences that have originated but not reversed by the balance sheet date. Deferred tax is not recognised on permanent differences. Deferred tax assets are only recognised where it is more likely than not that there will be suitable taxable profits against which the future reversal of underlying timing differences can be deducted.
- iii. Withholding tax on accrued overseas dividends is netted off against accrued revenue in the debtors note. The tax charge relating to the movement in withholding tax on accrued overseas dividends is disclosed as current tax.

(h) Derivatives

The Funds may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where the transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the statement of total return. Where the transactions are undertaken to protect or enhance investments, the gains/losses are treated as capital and included within gains/losses on investments in the statement of total return.

(i) Effective yield

- i. The Funds apply the concept of effective yield in daily pricing and for the periodic distribution of revenue, in accordance with the IMA SORP May 2014.
- ii. Effective yield as defined by the IMA SORP, is an income calculation that takes into account amortisation of any discount or premium on the purchase price over the remaining life of the security.
- iii. Applying effective yield to the income calculation may result in either higher or lower revenue than would be recognised on a coupon basis.
- iv. Where the Funds holds more bonds purchased at a discount to their par value, revenue is likely to be higher. Where the Fund holds more bonds purchased at a premium, revenue is likely to be lower. This will affect the distributions of the Funds.

Accounting Policies for all sub-Funds (continued)

(j) Equalisation

In order that each shareholder in the same share class shall receive the same rate of distribution per share the buying price of each share contains an amount called equalisation. This is equivalent to the net of distributable income less expenses accrued in the Fund at the time of purchase. As part of the distribution payment the average amount of this equalisation is returned to Group 2 shareholders. The equalisation element of the distribution to Group 2 shareholders is treated as a repayment of capital and is therefore not liable to income tax. This amount should, however, be deducted from the cost of the shares for capital gains tax purposes.

(k) Hedged share classes

The Japanese Equity Growth Fund offers hedged share classes. Hedged share classes in this Fund use a range of financial instruments with the intention of mitigating the risk of sterling-yen exchange rate volatility.

AAA Income Fund Investment Report

Fund Manager

Daniel McKernan and Ross Hutchison

Benchmark

iBoxx GBP Non-Gilts AAA rated Index

Launch Date

6 April 1999

Objective

The objective of the Fund is to provide a competitive level of income. Capital appreciation is of secondary importance.

Policy

The investment policy of the Fund is to invest in a portfolio consisting mostly of sterling fixed interest securities. Investment will predominantly be made in securities with a credit rating of “AAA” from major rating agencies such as Standard & Poor’s, Moody’s and Fitch. Up to 20% of the Fund may be invested in UK government bonds which are excluded from the rating criteria. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The Fund tends to have quite a concentrated number of holdings, however the high credit quality nature of the portfolio affords investors a high degree of protection from the risk of default. Whilst the level of income provision is likely to be relatively stable, the investor must be able to accept temporary capital losses due to the volatile nature of the investments, and should therefore have an investment time horizon of 3 to 5 years.

Performance

The AAA Income Fund returned 4.97% during the year, in comparison with the benchmark index (iBoxx Sterling Non-Gilts AAA rated Index) which returned 4.53%. Please note Fund returns are net of fees, while benchmark returns are gross. (Source: Morningstar, basic rate taxpayer, bid to bid basis. Benchmark source: Factset).

Early in the period, our exposure to some UK financial institutions (Lloyds, Coventry Building Society) was hit hard in the immediate aftermath of the EU referendum when even secured AAA rated bonds saw spreads widen sharply. Our off-benchmark holding in Navient underperformed as the move from fixed to floating rate coupons meant the bonds’ duration fell dramatically at a time when government bond yields were falling. Having a significantly underweight position in a number of German government-owned issuers (FMS Wertmanagement, KfW) was positive for performance. Meanwhile, an overweight position in AAA rated corporate issuer Johnson & Johnson made a positive contribution.

Later in the period, off-benchmark exposure to non-AAA rated bonds was positive for performance, as was the consequent underweight position in AAA rated bonds. From an individual security perspective, off-benchmark positions in Microsoft and Navient performed strongly. An underweight position in European Investment Bank also proved beneficial. Elsewhere, securitised issuance from Trafford Centre and Meadowhall outperformed. However, an underweight position in the Singapore sovereign wealth fund Temasek was a drag on performance, as was an underweight position in the European Bank for Reconstruction and Development.

AAA Income Fund Investment Report (continued)

Investment activity

The first half of the period was relatively quiet for trading activity. With little in the way of new issuance in the AAA rated part of the market, portfolio weightings remained broadly similar. However, we did use cash flow to add to our position in KFW, the German state-owned development bank. This allowed us to reduce the overall risk profile of the Fund. We also chose to open a new position in Sweden at the expense of our exposure to Finland as we believed there was greater scope for yields to fall in the former. Finally, we invested in two Johnson & Johnson bonds: a 2024 5.5% issue and a 2026 2.45% bond.

Later in the period, we purchased British Land Superstore Finance, Johnson & Johnson, Commonwealth Bank of Australia, and government agency and supranational issuers Nederlandse Waterschapsbank, Temasek and European Investment Bank. The latter purchases marginally reduced our underweight exposure to the agency sector.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £39,888,000 and the total proceeds from sales were £18,983,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 **3** 4 5 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

AAA Income Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	91.08	90.36	83.16
Return before operating charges*	5.01	2.06	8.52
Operating charges**	(0.98)	(1.01)	(0.96)
Return after operating charges*	4.03	1.05	7.56
Distributions	(1.38)	(1.63)	(1.77)
Retained distributions on accumulation share	1.16	1.30	1.41
Closing net asset value per share	94.89	91.08	90.36
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	4.42%	1.16%	9.09%
Other information			
Closing net asset value (£'000)	15,178	17,559	26,198
Closing number of shares	15,996,508	19,279,060	28,993,143
Operating charges****	1.04%	1.13%	1.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	98.46	91.98	92.69
Lowest share price	90.28	87.81	82.88

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	97.32	96.17	88.15
Return before operating charges*	5.35	2.20	9.05
Operating charges**	(0.62)	(0.60)	(0.56)
Return after operating charges*	4.73	1.60	8.49
Distributions	(1.90)	(2.22)	(2.34)
Retained distributions on accumulation share	1.61	1.77	1.87
Closing net asset value per share	101.76	97.32	96.17
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	4.86%	1.66%	9.63%
Other information			
Closing net asset value (£'000)	17,399	16,779	19,068
Closing number of shares	17,098,285	17,240,634	19,828,354
Operating charges****	0.62%	0.63%	0.61%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	105.40	97.99	98.62
Lowest share price	96.49	93.58	87.86

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	55.95	56.31	52.67
Return before operating charges*	3.06	1.28	5.35
Operating charges**	(0.60)	(0.63)	(0.60)
Return after operating charges*	2.46	0.65	4.75
Distributions	(0.84)	(1.01)	(1.11)
Closing net asset value per share	57.57	55.95	56.31
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	4.40%	1.15%	9.02%
Other information			
Closing net asset value (£'000)	3,126	4,036	6,252
Closing number of shares	5,429,353	7,214,343	11,101,433
Operating charges****	1.04%	1.13%	1.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	60.28	57.38	58.00
Lowest share price	55.46	54.38	52.50

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	56.32	56.69	53.02
Return before operating charges*	3.10	1.28	5.40
Operating charges**	(0.36)	(0.35)	(0.33)
Return after operating charges*	2.74	0.93	5.07
Distributions	(1.10)	(1.30)	(1.40)
Closing net asset value per share	57.96	56.32	56.69
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	4.87%	1.64%	9.56%
Other information			
Closing net asset value (£'000)	50,801	36,798	46,689
Closing number of shares	87,654,799	65,336,120	82,357,157
Operating charges****	0.62%	0.63%	0.61%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	60.72	57.78	58.42
Lowest share price	55.84	54.79	52.85

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail CAT accumulation			
Change in net assets per share			
Opening net asset value per share	91.79	90.97	83.65
Return before operating charges*	5.04	2.07	8.57
Operating charges**	(0.95)	(0.90)	(0.87)
Return after operating charges*	4.09	1.17	7.70
Distributions	(1.43)	(1.75)	(1.88)
Retained distributions on accumulation share	1.20	1.40	1.50
Closing net asset value per share	95.65	91.79	90.97
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	4.46%	1.29%	9.21%
Other information			
Closing net asset value (£'000)	30,408	31,307	34,363
Closing number of shares	31,789,183	34,108,812	37,772,228
Operating charges****	1.00%	1.00%	1.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	99.24	92.61	93.31
Lowest share price	90.99	88.44	83.38

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	52.77	53.07	49.61
Return before operating charges*	2.86	1.21	5.39
Operating charges**	(0.02)	(0.03)	(0.02)
Return after operating charges*	2.84	1.18	5.37
Distributions	(1.31)	(1.48)	(1.91)
Closing net asset value per share	54.30	52.77	53.07
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	5.38%	2.22%	10.82%
Other information			
Closing net asset value (£'000)	1	1	0
Closing number of shares	2,000	2,000	500
Operating charges****	0.04%	0.05%	0.03%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	56.95	54.12	54.77
Lowest share price	52.33	51.38	49.46

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail CAT income			
Change in net assets per share			
Opening net asset value per share	56.31	56.70	53.03
Return before operating charges*	3.08	1.26	5.40
Operating charges**	(0.58)	(0.56)	(0.55)
Return after operating charges*	2.50	0.70	4.85
Distributions	(0.87)	(1.09)	(1.18)
Closing net asset value per share	57.94	56.31	56.70
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	4.44%	1.23%	9.15%
Other information			
Closing net asset value (£'000)	6,037	7,283	10,772
Closing number of shares	10,419,027	12,934,255	18,997,910
Operating charges****	1.00%	1.00%	1.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	60.67	57.78	58.40
Lowest share price	55.82	54.74	52.86

^ An in-specie transfer to the value of £11,609,000 took place on 23 October 2015.

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	70.49	69.38	63.35
Return before operating charges*	3.89	1.59	6.51
Operating charges**	(0.09)	(0.09)	(0.07)
Return after operating charges*	3.80	1.50	6.44
Distributions	(1.75)	(1.95)	(2.02)
Retained distributions on accumulation share	1.48	1.56	1.61
Closing net asset value per share	74.02	70.49	69.38
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	5.39%	2.16%	10.17%
Other information			
Closing net asset value (£'000)	181	66	52
Closing number of shares	244,273	93,019	74,438
Operating charges****	0.12%	0.13%	0.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	76.46	70.96	71.13
Lowest share price	69.90	67.60	63.10

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	70.73	69.78	63.83
Return before operating charges*	3.90	1.60	6.59
Operating charges**	(0.31)	(0.30)	(0.27)
Return after operating charges*	3.59	1.30	6.32
Distributions	(1.53)	(1.75)	(1.83)
Retained distributions on accumulation share	1.29	1.40	1.46
Closing net asset value per share	74.08	70.73	69.78
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	5.08%	1.86%	9.90%
Other information			
Closing net asset value (£'000)	5,092	8,002	9,575
Closing number of shares	6,873,651	11,314,077	13,722,438
Operating charges****	0.42%	0.43%	0.41%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	76.64	71.21	71.55
Lowest share price	70.12	67.93	63.65

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life B accumulation			
Change in net assets per share			
Opening net asset value per share	72.29	71.04	64.79
Return before operating charges*	3.99	1.67	6.68
Operating charges**	0.00	0.00	0.00
Return after operating charges*	3.99	1.67	6.68
Distributions	(1.88)	(2.10)	(2.16)
Retained distributions on accumulation share	1.59	1.68	1.73
Closing net asset value per share	75.99	72.29	71.04
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	5.52%	2.35%	10.31%
Other information			
Closing net asset value (£'000)	3	3	2
Closing number of shares	4,000	4,000	3,000
Operating charges****	0.00%	0.00%	0.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	78.45	72.76	72.82
Lowest share price	71.68	69.25	64.59

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	57.52	56.87	52.15
Return before operating charges*	3.15	1.29	5.36
Operating charges**	(0.40)	(0.38)	(0.36)
Return after operating charges*	2.75	0.91	5.00
Distributions	(1.09)	(1.28)	(1.36)
Retained distributions on accumulation share	0.93	1.02	1.08
Closing net asset value per share	60.11	57.52	56.87
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	4.78%	1.60%	9.59%
Other information			
Closing net asset value (£'000)	8,228	7,458	7,059
Closing number of shares	13,688,218	12,965,885	12,413,080
Operating charges****	0.67%	0.68%	0.66%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	62.26	57.91	58.31
Lowest share price	57.02	55.32	51.98

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	53.32	53.66	50.18
Return before operating charges*	2.92	1.22	5.12
Operating charges**	(0.37)	(0.36)	(0.34)
Return after operating charges*	2.55	0.86	4.78
Distributions	(1.01)	(1.20)	(1.30)
Closing net asset value per share	54.86	53.32	53.66
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	4.78%	1.60%	9.53%
Other information			
Closing net asset value (£'000)	12,609	8,072	4,968
Closing number of shares	22,982,935	15,139,280	9,257,781
Operating charges****	0.67%	0.68%	0.66%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	57.48	54.69	55.30
Lowest share price	52.86	51.86	50.02

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017	29 February 2016
	pence per share	pence per share
Institutional S accumulation ++		
Change in net assets per share		
Opening net asset value per share	51.40	50.00
Return before operating charges*	2.79	1.55
Operating charges**	(0.21)	(0.07)
Return after operating charges*	2.58	1.48
Distributions	(1.09)	(0.42)
Retained distributions on accumulation share	0.92	0.34
Closing net asset value per share	53.81	51.40
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	5.02%	2.96%
Other information		
Closing net asset value (£'000)	1	12
Closing number of shares	2,200	23,795
Operating charges****	0.40%	0.41%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	55.69	51.74
Lowest share price	50.96	49.52

++ Share class launched on 3 November 2015.

AAA Income Fund**Comparative Tables (continued)**

	28 February 2017	29 February 2016
	pence per share	pence per share
Institutional S income ++		
Change in net assets per share		
Opening net asset value per share	51.05	50.00
Return before operating charges*	2.80	1.54
Operating charges**	(0.21)	(0.07)
Return after operating charges*	2.59	1.47
Distributions	(1.11)	(0.42)
Closing net asset value per share	52.53	51.05
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	5.07%	2.94%
Other information		
Closing net asset value (£'000)	44,842	20,797
Closing number of shares	85,358,318	40,736,005
Operating charges****	0.40%	0.41%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	55.06	51.65
Lowest share price	50.62	49.52

++ Share class launched on 3 November 2015.

AAA Income Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating for the current year is lower than comparative year because Registrar fees of 0.08% ceased to be charged effective 1 April 2016 for the Retail accumulation and Retail income share classes.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

AAA Income Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		4,468		(1,060)
Revenue	4	4,864		4,796	
Expenses	5	(1,559)		(1,497)	
Interest and similar charges		(1)		(2)	
Net revenue before taxation		<u>3,304</u>		<u>3,297</u>	
Taxation	6	0		0	
Net revenue after taxation			<u>3,304</u>		<u>3,297</u>
Total return before distributions			<u>7,772</u>		<u>2,237</u>
Distributions	7		<u>(3,304)</u>		<u>(3,297)</u>
Change in net assets attributable to shareholders from investment activities			<u>4,468</u>		<u>(1,060)</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			158,173		164,997
Amounts receivable on issue of shares		58,023		42,833	
Amounts payable on cancellation of shares		<u>(27,924)</u>		<u>(50,012)</u>	
			30,099		(7,179)
Dilution adjustment			65		29
Change in net assets attributable to shareholders from investment activities (see above)			4,468		(1,060)
Retained distribution on accumulation shares			1,101		1,384
Unclaimed distributions returned to the Fund			0		2
Closing net assets attributable to shareholders			<u>193,906</u>		<u>158,173</u>

AAA Income Fund**Financial Statements (continued)****Balance Sheet****as at 28 February 2017**

	Note	£'000	2017 £'000	2016 £'000
Assets				
Fixed assets:				
Investment assets			192,101	158,193
Current assets:				
Debtors	8	3,281		3,332
Cash and bank balances	9	2,212		168
			<u>5,493</u>	<u>3,500</u>
Total assets			<u>197,594</u>	<u>161,693</u>
Liabilities				
Investment liabilities			(2,516)	(2,594)
Creditors	10	(547)		(322)
Distribution payable on income shares		(625)		(604)
			<u>(1,172)</u>	<u>(926)</u>
Total liabilities			<u>(3,688)</u>	<u>(3,520)</u>
Net assets attributable to shareholders			<u>193,906</u>	<u>158,173</u>

AAA Income Fund
Portfolio Statement
as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Bonds (98.37%)	181,526	93.60
Corporate Bonds (71.08%)	134,982	69.61
2,500,000 Aareal Bank 1.875% 2019	2,003	1.03
4,900,000 Abbey National 5.75% 2026	6,534	3.37
2,800,000 Arkle Master 3.986% fixed to floating 2060	2,839	1.46
7,571,000 Bank Nederlandse Gemeenten 5.375% 2021	9,022	4.65
4,000,000 Bank Nederlandse Gemeentien 1% 2022	4,019	2.07
700,000 Bank of Scotland 4.875% 2024	872	0.45
4,000,000 Barclays 4.25% 2022	4,626	2.38
1,289,201 BL Superstores 4.482% 2030	1,483	0.76
3,467,213 Broadgate 4.949% 2031	4,187	2.16
610,000 Broadgate Finance 4.821% 2036	798	0.41
50,000 Broadgate Finance 4.851% 2033	64	0.03
401,437 Canary Wharf Finance 6.455% 2033	595	0.31
3,100,000 Clydesdale Bank 4.625% 2026	3,833	1.98
5,048,000 Commonwealth Bank of Australia 3% 2026	5,614	2.89
4,100,000 Coventry Building Society 4.625% 2018	4,286	2.21
1,000,000 Coventry Building Society FRN 2020	1,001	0.52
2,320,000 Credit Foncier 5.5% 2027	3,057	1.58
627,000 Holmes Master Issuer FRN 2054	639	0.33
1,200,000 International Bank Reconstruction & Development 1.375% 2020	1,239	0.64
1,300,000 Johnson & Johnson 2.45% 2026	1,005	0.52
1,000,000 Johnson & Johnson 5.500% 2024	1,302	0.67
3,250,000 Johnson & Johnson 5.95% 2037	3,449	1.78
1,500,000 KFW 1.125% 2019	1,527	0.79
1,265,000 KFW 5.5% 2025	1,699	0.88
2,600,000 KFW 5.55% 2021	3,135	1.62
1,760,000 KFW 5.75% 2032	2,723	1.40
1,700,000 KFW 6% 2028	2,526	1.30
940,000 Lloyds Bank 1.75% 2022	971	0.50
750,000 Lloyds Bank FRN 2019	752	0.39
1,174,000 Lloyds TSB Bank 4.875% 2027	1,494	0.77
2,000,000 Lloyds TSB Bank 5.125% 2025	2,536	1.31
2,380,000 Lloyds TSB Bank 6% 2029	3,411	1.76
3,304,033 Meadowhall Finance 4.986% 2032	4,125	2.13
1,650,000 Microsoft 3.125% 2028	1,730	0.89
2,680,000 Microsoft 3.5% 2035	2,084	1.07
2,000,000 National Australia Bank 3% 2026	2,233	1.15

AAA Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Corporate Bonds (continued)		
4,400,000 Nationwide 5.625% 206	5,871	3.03
2,000,000 Ned Waterschaft 5.375% 2032	2,882	1.49
1,000,000 Penar FRN 2022	1,000	0.52
750,000 Royal Bank of Canada 1.125% 2021	757	0.39
3,477,000 Royal Bank of Scotland 5.125% 2024	4,323	2.23
2,650,000 SLM Student Loan Fund 5.15% 2039	2,329	1.20
64,000,000 Stadshypotek 1.5% 2021	5,966	3.08
1,000,000 Swedbank Hypotek FRN 2018	1,001	0.52
1,233,609 Taurus FRN 2020	1,057	0.55
900,000 Temasek Financial 5.125% 2040	1,335	0.69
1,750,000 Tenn Valley Authority 5.625% 2032	2,476	1.28
892,362 Trafford Centre 6.5% 2033	1,231	0.63
3,000,000 Trafford Centre FRN 2038	2,528	1.30
680,000 University of Cambridge 3.75% 2052	958	0.49
630,000 Wellcome Fund 4% 2059	970	0.50
1,300,000 Wellcome Fund 4.625% 2036	1,821	0.94
4,332,000 Wellcome Fund 4.75% 2021	5,064	2.61
Government Bonds (26.68%)	46,544	23.99
2,000,000 European Investment Bank 1% 2026	1,906	0.98
800,000 European Investment Bank 2.25% 2020	840	0.43
3,210,000 European Investment Bank 3.875% 2037	4,200	2.17
1,000,000 European Investment Bank 4.125% 2017	1,029	0.53
2,800,000 European Investment Bank 4.25% 2021	3,245	1.67
2,250,000 European Investment Bank 4.5% 2029	2,951	1.52
2,000,000 European Investment Bank 4.5% 2044	2,994	1.54
1,700,000 European Investment Bank 4.625% fixed to floating 2054	2,895	1.49
3,000,000 European Investment Bank 5% 2039	4,571	2.36
1,240,000 European Investment Bank 5.375% 2019	1,362	0.70
4,741,000 European Investment Bank 5.5% 2025	6,266	3.23
750,000 European Investment Bank 5.625% 2028	1,069	0.55
2,900,000 European Investment Bank 5.625% fixed to floating 2032	4,347	2.24
1,200,000 European Investment Bank 6% 2028	1,757	0.91
600,000 European Investment Bank 8.75% variable 2017	624	0.32
2,220,000 UK (Govt of) 2.75% 2024	2,538	1.31
1,000,000 UK (Govt of) 3.25% 2044	1,310	0.68
1,000,000 UK (Govt of) 4.75% 2020	1,140	0.59

AAA Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Government Bonds (continued)		
980,000 UK (Govt of) 6% 2028	1,500	0.77
Index Linked Bonds (0.61%)		
	-	-
Collective Investment Schemes (1.33%)		
	9,865	5.09
181 Standard Life CNAV Euro Liquidity Fund	0	0.00
9,864,670 Standard Life CNAV Sterling Liquidity Fund	9,865	5.09
Derivatives (-1.33%)		
(1,806) (0.92)		
Forward Currency Contracts		
Buy AUD 9,886 Sell GBP 5,997 09/05/2017	0	0.00
Buy AUD 3,199,604 Sell GBP 1,947,016 09/05/2017	23	0.01
Buy GBP 1,931,334 Sell AUD 3,209,436 09/05/2017	(46)	(0.02)
Buy GBP 2,776,106 Sell EUR 3,253,019 09/05/2017	(6)	0.00
Buy GBP 6,075,372 Sell SEK 66,978,987 09/05/2017	86	0.04
Buy GBP 8,572,355 Sell USD 10,908,588 09/05/2017	(181)	(0.09)
Buy USD 216,356 Sell GBP 170,674 09/05/2017	3	0.00
Futures		
62 Long Australian 10 Year Bond Future 15/03/2017	(10)	(0.01)
101 Long Australian 3 Year Bond Future 15/03/2017	12	0.01
86 Long Long Gilt Bond Future 28/06/2017	144	0.07
(13) Short Euro Bond Future 08/03/2017	(46)	(0.02)
(9) Short Euro Buxl 30 Year Bond Future 08/03/2017	(48)	(0.02)
(47) Short US 10 Year Note Bond Future 21/06/2017	(6)	0.00
(47) Short US Long Bond Future (CBT) 21/06/2017	(42)	(0.02)

AAA Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Derivatives (continued)		
Interest Rate Futures		
GBP 18,100,000 Pay fixed 2.718% receive floating GBP-LIBOR 27/08/2023	(2,131)	(1.10)
GBP 4,000,000 Pay floating GBP-LIBOR receive fixed 2.6% 25/10/2023	442	0.23
Total investment assets and liabilities	189,585	97.77
Net other assets	4,321	2.23
Total Net Assets	193,906	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

	Bid-market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	192,101
Investment liabilities	(2,516)
Net investment assets	189,585
Net other assets	4,321
Total Net Assets	193,906

AAA Income Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)	2017	2016
	£'000	£'000
Non-derivative securities	6,427	579
Derivative contracts	626	(785)
Forward currency contracts	(2,692)	(813)
Non-derivative securities currency gains/(losses)	112	(29)
Derivative contracts currency losses	0	(3)
Handling charges taken from the capital account	(5)	(9)
Net capital gains/(losses)	<u>4,468</u>	<u>(1,060)</u>

3 Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Bonds	39,888	17,784
Sales		
Bonds	18,983	24,513

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.58% (29 February 2016: 0.63%). This is indicative for the year.

AAA Income Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016
	£'000	£'000
Interest on debt securities	4,833	4,787
Bank interest	31	9
Total revenue	<u>4,864</u>	<u>4,796</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,084	1,067
Dealing charge	21	7
Registration fees	102	91
	<u>1,207</u>	<u>1,165</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	26	23
Safe custody fees	14	12
	<u>40</u>	<u>35</u>
Other:		
Audit fee	11	9
Net interest paid on interest rate swaps	301	288
	<u>312</u>	<u>297</u>
Total expenses	<u>1,559</u>	<u>1,497</u>
6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Total taxation	<u>0</u>	<u>0</u>
(b) Factors affecting current tax charge for year		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	3,304	3,297
Corporation tax at 20% (2016: 20%)	<u>661</u>	<u>659</u>
Effects of:		
Interest distributions	(661)	(659)
Current tax charge (Note 6(a))	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

AAA Income Fund**Notes to the financial statements (continued)**

7 Distributions	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
First interim distribution	854	863
Second interim distribution	887	806
Third interim distribution	821	793
Final distribution	793	818
	<hr/>	<hr/>
	3,355	3,280
Add: Income deducted on cancellation of shares	67	98
Deduct: Income received on issue of shares	(118)	(81)
	<hr/>	<hr/>
Net distribution for the year	3,304	3,297
	<hr/>	<hr/>

Details of the distribution per share are set out in this Fund's distribution tables.

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	112	417
Accrued revenue	3,133	2,772
Accrued interest receivable on interest rate swap contracts	36	26
Collateral cash	0	117
Total debtors	<hr/>	<hr/>
	3,281	3,332
	<hr/>	<hr/>

9 Cash and Bank Balances	2017	2016
	£'000	£'000
Amounts held at futures clearing houses and brokers	642	128
Cash and bank balances	1,570	40
Total cash and bank balances	<hr/>	<hr/>
	2,212	168
	<hr/>	<hr/>

10 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	393	219
Accrued expenses payable to the ACD	102	90
Accrued expenses payable to the Depositary	5	4
Other accrued expenses	11	9
Collateral cash	26	0
Accrued interest payable on interest rate swap contracts	9	0
Dilution levy payable to the ACD	1	0
Total creditors	<hr/>	<hr/>
	547	322
	<hr/>	<hr/>

AAA Income Fund**Notes to the financial statements (continued)****11 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 10.

The Fund holds €181 shares (2016: € nil) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €1,696,000 (2016: € nil), the total sales proceeds were €1,696,000 (2016: € nil) and distributions reinvested were € nil (2016: € nil).

The Fund holds 9,864,670 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £58,327,000 (2016: £ nil), the total sales proceeds were £48,491,000 (2016: £ nil) and distributions reinvested were £29,000 (2016: £ nil).

The Fund holds nil shares (2016: 2,107,809) in SLI Seabury GBP VNAV Liquidity Fund, the total purchase cost of these investments during the year was £1,781,000 (2016: £43,165,000), the total sales proceeds were £3,890,000 (2016: £42,409,000) and distributions reinvested were £1,000 (2016: £7,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	1,584	1,703
Purchase of shares by Fund	4,740	3,426
Distributions made by Fund	95	153

The percentage value of the Fund held by Standard Life group companies

is:	2.6%	5.1%
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AAA Income Fund**Notes to the financial statements (continued)****12 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	72,226	109,300	0	40,319	115,268	0
Collective Investment Schemes	0	9,865	0	0	2,108	0
Derivatives	156	554	0	50	448	0
Total investment assets	72,382	119,719	0	40,369	117,824	0
Fair value of investment liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives	(152)	(2,364)	0	(29)	(2,565)	0
Total investment liabilities	(152)	(2,364)	0	(29)	(2,565)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Shares in issue reconciliation

	Opening units 2016	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2017
Retail accumulation	19,279,060	223,375	(2,258,227)	(1,247,700)	15,996,508
Institutional accumulation	17,240,634	3,255,378	(3,396,733)	(994)	17,098,285
Retail income	7,214,343	162,797	(941,362)	(1,006,425)	5,429,353
Institutional income	65,336,120	32,628,085	(10,052,114)	(257,292)	87,654,799
Retail CAT accumulation	34,108,812	399,257	(2,566,530)	(152,356)	31,789,183
Standard Life income	2,000	0	0	0	2,000
Retail CAT income	12,934,255	190,758	(2,360,902)	(345,084)	10,419,027
Standard Life accumulation	93,019	165,857	(14,603)	0	244,273
Institutional regulated accumulation	11,314,077	2,092,941	(6,533,367)	0	6,873,651
Standard Life B accumulation	4,000	0	0	0	4,000
Platform 1 accumulation	12,965,885	1,101,230	(2,634,624)	2,255,727	13,688,218
Platform 1 income	15,139,280	7,656,111	(1,182,001)	1,369,545	22,982,935
Institutional S accumulation	23,795	0	(21,595)	0	2,200
Institutional S income	40,736,005	50,065,153	(5,739,560)	296,720	85,358,318

AAA Income Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures**

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2017	Minimum	Maximum	Average
VaR 99% 1 Month	2.53%	3.13%	2.86%
2016	Minimum	Maximum	Average
VaR 99% 1 Month	2.65%	2.94%	2.79%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 2.99%, £5,669,000 (2016: 2.71%, £4,286,000) in one month period. This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

AAA Income Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk**

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2017	2016
	£'000	£'000
Australian Dollar	0	379
Euro	(47)	30
Swedish Krona	58	0
US Dollar	(30)	169

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

AAA Income Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Fixed rate financial assets	Financial assets/ (liabilities) not carrying interest	Total
	£'000	£'000	£'000	£'000
2017				
Currency				
Sterling	10,356	164,232	17,376	191,964
Euro	32	2,787	(2,877)	(58)
Swedish Krona	0	5,966	(5,989)	(23)
US Dollar	0	8,542	(8,628)	(86)
2016				
Currency				
Sterling	497	142,598	12,197	155,292
Australian Dollar	0	5,495	(5,200)	295
Euro	7	2,535	(2,522)	20
US Dollar	31	4,959	(4,830)	160

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid-market value 2017	Bid-market value 2016
	£'000	£'000
Credit Rating Analysis		
Investment Grade Bonds	181,526	155,587
Total Value of Bonds	181,526	155,587

AAA Income Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(d) Credit risk (continued)**

This Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Any counterparties to derivative positions and term deposits as well as the collateral amount and type held by the Fund as at 28 February 2017 are detailed in the table below.

Counterparty	Collateral classification	2017 £'000	2016 £'000
BNP Paribas	-	-	-
CGBL	Stock	-	(41)
Goldman Sachs	Cash	130	-
HSBC	Cash	-	180
HSBC	Stock	101	-
Merrill Lynch	-	-	-
Morgan Stanley	Cash	-	(370)
Morgan Stanley	Stock	413	-
Royal Bank of Canada	-	-	-
Société Générale	Cash	-	-
UBS	Cash	(104)	307
UBS	Stock	(2,119)	(1,970)
Total		(1,579)	(1,894)

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

AAA Income Fund
Distribution Tables
for the three months ended 31 May 2016
Interest distribution

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 May 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	0.3848	0.0769	0.3079	-	0.3079 *	0.3383
Group 2	0.2177	0.0435	0.1742	0.1337	0.3079 *	0.3383
Institutional accumulation						
Group 1	0.5215	0.1043	0.4172	-	0.4172 *	0.4574
Group 2	0.3756	0.0751	0.3005	0.1167	0.4172 *	0.4574
Retail income						
Group 1	0.2367	0.0473	0.1894	-	0.1894 **	0.2109
Group 2	0.1428	0.0285	0.1143	0.0751	0.1894 **	0.2109
Institutional income						
Group 1	0.3021	0.0604	0.2417	-	0.2417 **	0.2698
Group 2	0.1717	0.0343	0.1374	0.1043	0.2417 **	0.2698
Retail CAT accumulation						
Group 1	0.4021	0.0804	0.3217	-	0.3217 *	0.3655
Group 2	0.1936	0.0387	0.1549	0.1668	0.3217 *	0.3655
Standard Life income						
Group 1	0.3645	0.0729	0.2916	-	0.2916 **	0.3088
Group 2	-	-	-	-	-	-
Retail CAT income						
Group 1	0.2467	0.0493	0.1974	-	0.1974 **	0.2279
Group 2	0.1586	0.0317	0.1269	0.0705	0.1974 **	0.2279
Standard Life accumulation						
Group 1	0.4668	0.0933	0.3735	-	0.3735 *	0.4001
Group 2	0.3508	0.0701	0.2807	0.0928	0.3735 *	0.4001

AAA Income Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Institutional regulated accumulation						
Group 1	0.4147	0.0829	0.3318	-	0.3318 *	0.3602
Group 2	0.2093	0.0418	0.1675	0.1643	0.3318 *	0.3602
Standard Life B accumulation						
Group 1	0.5030	0.1006	0.4024	-	0.4024 *	0.4280
Group 2	-	-	-	-	-	-
Platform 1 accumulation						
Group 1	0.3008	0.0601	0.2407	-	0.2407 *	0.2649
Group 2	0.1411	0.0282	0.1129	0.1278	0.2407 *	0.2649
Platform 1 income						
Group 1	0.2793	0.0558	0.2235	-	0.2235 **	0.2500
Group 2	0.1347	0.0269	0.1078	0.1157	0.2235 **	0.2500
Institutional S accumulation						
Group 1	0.3080	0.0616	0.2464	-	0.2464 *	-
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.3025	0.0605	0.2420	-	0.2420 **	-
Group 2	0.1780	0.0356	0.1424	0.0996	0.2420 **	-

* Distribution accumulated on 31 May 2016

** Distribution paid on 31 July 2016

AAA Income Fund**Distribution Tables (continued)****for the three months ended 31 August 2016****Interest distribution**

Group 1 - shares purchased prior to 1 June 2016

Group 2 - shares purchased between 1 June 2016 and 31 August 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	0.3660	0.0732	0.2928	-	0.2928 *	0.3287
Group 2	0.2796	0.0559	0.2237	0.0691	0.2928 *	0.3287
Institutional accumulation						
Group 1	0.4991	0.0998	0.3993	-	0.3993 *	0.4465
Group 2	0.1646	0.0329	0.1317	0.2676	0.3993 *	0.4465
Retail income						
Group 1	0.2236	0.0447	0.1789	-	0.1789 **	0.2044
Group 2	0.0621	0.0124	0.0497	0.1292	0.1789 **	0.2044
Institutional income						
Group 1	0.2877	0.0575	0.2302	-	0.2302 **	0.2623
Group 2	0.0905	0.0181	0.0724	0.1578	0.2302 **	0.2623
Retail CAT accumulation						
Group 1	0.3757	0.0751	0.3006	-	0.3006 *	0.3555
Group 2	0.1996	0.0399	0.1597	0.1409	0.3006 *	0.3555
Standard Life income						
Group 1	0.3460	0.0692	0.2768	-	0.2768 **	0.2984
Group 2	-	-	-	-	-	-
Retail CAT income						
Group 1	0.2302	0.0460	0.1842	-	0.1842 **	0.2209
Group 2	0.1503	0.0300	0.1203	0.0639	0.1842 **	0.2209
Standard Life accumulation						
Group 1	0.4567	0.0913	0.3654	-	0.3654 *	0.3932
Group 2	0.1267	0.0253	0.1014	0.2640	0.3654 *	0.3932

AAA Income Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Institutional regulated accumulation						
Group 1	0.4000	0.0800	0.3200	-	0.3200 *	0.3519
Group 2	0.2345	0.0469	0.1876	0.1324	0.3200 *	0.3519
Standard Life B accumulation						
Group 1	0.4890	0.0978	0.3912	-	0.3912 *	0.4212
Group 2	-	-	-	-	-	-
Platform 1 accumulation						
Group 1	0.2872	0.0574	0.2298	-	0.2298 *	0.2544
Group 2	0.1066	0.0213	0.0853	0.1445	0.2298 *	0.2544
Platform 1 income						
Group 1	0.2650	0.0530	0.2120	-	0.2120 **	0.2436
Group 2	0.1475	0.0295	0.1180	0.0940	0.2120 **	0.2436
Institutional S accumulation						
Group 1	0.2800	0.0560	0.2240	-	0.2240 *	-
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.2902	0.0580	0.2322	-	0.2322 **	-
Group 2	0.1311	0.0262	0.1049	0.1273	0.2322 **	-

* Distribution accumulated on 31 August 2016

** Distribution paid on 31 October 2016

AAA Income Fund**Distribution Tables (continued)****for the three months ended 30 November 2016****Interest distribution**

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 30 November 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	0.3221	0.0644	0.2577	-	0.2577 *	0.3225
Group 2	0.1285	0.0257	0.1028	0.1549	0.2577 *	0.3225
Institutional accumulation						
Group 1	0.4521	0.0904	0.3617	-	0.3617 *	0.4388
Group 2	0.0740	0.0148	0.0592	0.3025	0.3617 *	0.4388
Retail income						
Group 1	0.1976	0.0395	0.1581	-	0.1581 **	0.1997
Group 2	0.0987	0.0197	0.0790	0.0791	0.1581 **	0.1997
Institutional income						
Group 1	0.2607	0.0521	0.2086	-	0.2086 **	0.2567
Group 2	0.1576	0.0315	0.1261	0.0825	0.2086 **	0.2567
Retail CAT accumulation						
Group 1	0.3317	0.0663	0.2654	-	0.2654 *	0.3435
Group 2	0.1778	0.0355	0.1423	0.1231	0.2654 *	0.3435
Standard Life income						
Group 1	0.3065	0.0613	0.2452	-	0.2452 **	0.2916
Group 2	-	-	-	-	-	-
Retail CAT income						
Group 1	0.2021	0.0404	0.1617	-	0.1617 **	0.2120
Group 2	0.1235	0.0247	0.0988	0.0629	0.1617 **	0.2120
Standard Life accumulation						
Group 1	0.4213	0.0842	0.3371	-	0.3371 *	0.3866
Group 2	0.2373	0.0474	0.1899	0.1472	0.3371 *	0.3866

AAA Income Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Institutional regulated accumulation						
Group 1	0.3663	0.0732	0.2931	-	0.2931 *	0.3466
Group 2	0.1322	0.0264	0.1058	0.1873	0.2931 *	0.3466
Standard Life B accumulation						
Group 1	0.4550	0.0910	0.3640	-	0.3640 *	0.4208
Group 2	-	-	-	-	-	-
Platform 1 accumulation						
Group 1	0.2600	0.0520	0.2080	-	0.2080 *	0.2520
Group 2	0.1425	0.0285	0.1140	0.0940	0.2080 *	0.2520
Platform 1 income						
Group 1	0.2378	0.0475	0.1903	-	0.1903 **	0.2372
Group 2	0.1397	0.0279	0.1118	0.0785	0.1903 **	0.2372
Institutional S accumulation						
Group 1	0.2550	0.0510	0.2040	-	0.2040 *	0.0861
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.2636	0.0527	0.2109	-	0.2109 **	0.0861
Group 2	0.1677	0.0335	0.1342	0.0767	0.2109 **	-

* Distribution accumulated on 30 November 2016

** Distribution paid on 31 January 2017

AAA Income Fund**Distribution Tables (continued)****for the three months ended 28 February 2017****Interest distribution**

Group 1 - shares purchased prior to 1 December 2016

Group 2 - shares purchased between 1 December 2016 and 28 February 2017

	Gross income	Income tax	Net income	Equalisation	Distribution payable	Distribution paid
	2017	2017	2017	2017	2017	2016
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	0.3054	0.0000	0.3054	-	0.3054 *	0.3138
Group 2	0.1066	0.0000	0.1066	0.1988	0.3054 *	0.3138
Institutional accumulation						
Group 1	0.4309	0.0000	0.4309	-	0.4309 *	0.4307
Group 2	0.1274	0.0000	0.1274	0.3035	0.4309 *	0.4307
Retail income						
Group 1	0.1863	0.0000	0.1863	-	0.1863 **	0.1933
Group 2	0.0908	0.0000	0.0908	0.0955	0.1863 **	0.1933
Institutional income						
Group 1	0.2462	0.0000	0.2462	-	0.2462 **	0.2500
Group 2	0.1273	0.0000	0.1273	0.1189	0.2462 **	0.2500
Retail CAT accumulation						
Group 1	0.3158	0.0000	0.3158	-	0.3158 *	0.3363
Group 2	0.1951	0.0000	0.1951	0.1207	0.3158 *	0.3363
Standard Life income						
Group 1	0.2920	0.0000	0.2920	-	0.2920 **	0.2844
Group 2	-	-	-	-	-	-
Retail CAT income						
Group 1	0.1929	0.0000	0.1929	-	0.1929 **	0.2076
Group 2	0.1771	0.0000	0.1771	0.0158	0.1929 **	0.2076
Standard Life accumulation						
Group 1	0.4030	0.0000	0.4030	-	0.4030 *	0.3810
Group 2	0.2464	0.0000	0.2464	0.1566	0.4030 *	0.3810

AAA Income Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	Distribution payable	Distribution paid
	2017	2017	2017	2017	2017	2016
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Institutional regulated accumulation						
Group 1	0.3492	0.0000	0.3492	-	0.3492 *	0.3404
Group 2	-	-	-	-	-	0.3404
Standard Life B accumulation						
Group 1	0.4350	0.0000	0.4350	-	0.4350 *	0.4128
Group 2	-	-	-	-	-	-
Platform 1 accumulation						
Group 1	0.2467	0.0000	0.2467	-	0.2467 *	0.2488
Group 2	0.0575	0.0000	0.0575	0.1892	0.2467 *	0.2488
Platform 1 income						
Group 1	0.2254	0.0000	0.2254	-	0.2254 **	0.2317
Group 2	0.1334	0.0000	0.1334	0.0920	0.2254 **	0.2317
Institutional S accumulation						
Group 1	0.2450	0.0000	0.2450	-	0.2450 *	0.2499
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.2500	0.0000	0.2500	-	0.2500 **	0.2485
Group 2	0.1303	0.0000	0.1303	0.1197	0.2500 **	0.2485

* Distribution accumulated on 28 February 2017

** Distribution payable on 28 April 2017

American Equity Income Fund Investment Report

Fund Manager	Benchmark	Launch Date
Scott Eun	S&P 500 Index	15 June 2016

Objective

The objective of the Fund is to generate a combination of income and capital appreciation over the longer term.

Policy

The investment policy of the Fund is to invest mainly in equities and equity type investments of companies incorporated or domiciled in the US or which, in the opinion of the ACD, derive a significant proportion of their revenue or profits from US operations or have a significant proportion of their assets there. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. Additionally, the Fund may also invest in equities and equity type investments of companies listed in the US or incorporated, domiciled or listed in Canada or Latin America. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives (for the purpose of efficient portfolio management (including hedging)) and collective investment schemes

Risk Profile

The Fund is intended for investors who wish to participate in the potential for income and capital growth opportunities afforded by the main US markets. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance

The Fund launched on 15 June 2016; performance will cover that specific period.

For the period under review, the Fund returned 28.08% (platform 1, accumulation shares), compared to the S&P 500 Index total return of 32.09% (source: Morningstar, basic rate taxpayer, bid to bid basis).

Holdings in a number of US banks, including JP Morgan Chase, First Republic and Wells Fargo, lifted the Fund's returns as the wider sector climbed strongly after President Trump's election win. Markets had hoped that the new administration's pro-growth, pro-business agenda would lead to stronger economic growth and higher interest rates, both of which are good for banks. The prospects of a looser regulatory environment further lifted share prices. Meanwhile, our position in Broadcom Limited added value, with investor enthusiasm driven by the potential for attractive free cashflow and dividend growth. This was supported by a robust earnings report and an assured outlook.

American Equity Income Fund Investment Report (continued)

By contrast, the holding in pharmaceuticals firm Bristol-Myers Squibb weighed on Fund returns. The company's shares fell after it announced that the first line of its 'non-small cell lung-cancer monotherapy' trial failed, thereby reducing the company's lead position in the immuno-oncology space (we have since sold the stock). Elsewhere, CMS Energy's shares sold off as traders exited so-called 'bond proxies' after President Trump's election win. Further disappointments included Occidental Petroleum, Kimberly-Clark Corporation and Newell Brands.

Investment activity

We purchased shares in Devon Energy Corporation. The company is delivering improved results in its two key fields – STACKS and Delaware Basin. Devon has also overhauled its corporate culture, which has led to an increased focus on successful execution strategies. We also added Invesco to the portfolio, as we believe the stock is attractively valued given the breadth and growth potential of its asset management products. Its elevated dividend yield is an added bonus. Further purchases included Gilead, C.R. Baird and Allison Transmission Holdings.

By contrast, we closed the position in clothing manufacturer Hanesbrands. We had expected to see organic growth driven by new product launches; however, consumers' ongoing migration to online shopping has made us re-evaluate that view. We also exited Citigroup as many of the key catalysts for outperformance – repeated passage of CCAR (comprehensive capital analysis and review), stepped-up capital returns, and a material reduction in non-core holdings – has occurred, meaning there is now limited upside. We also sold Ingersoll-Rand to lock-in profits after a strong run, while raw material costs are swinging from a tailwind to a headwind.

The following table highlights the material (greater than 5% of opening Net Asset Value) purchases made to the portfolio in the year to 28 February 2017. During the year the Fund had total sales proceeds of £30,895,000.

Purchases	Cost (£'000)
Apple	2,022
Other purchases	69,479
Total purchases	71,501

**American Equity Income Fund
Investment Report (continued)**

Synthetic Risk & Reward Indicator

Lower risk Higher risk

Typically lower rewards Typically higher rewards

1 2 3 4 **5** 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future. Where the share class does not have a history of five years, an alternative share class or a representative benchmark has been used to show how the Fund price may have behaved over the period.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

American Equity Income Fund**Comparative Tables****28 February 2017****pence per share****Retail accumulation****Change in net assets per share**

Opening net asset value per share+ +	50.00
Return before operating charges*	14.52
Operating charges**	(0.78)
Return after operating charges*	13.74
Distributions	(0.24)
Retained distributions on accumulation share	0.24
Closing net asset value per share	63.74
* after direct transaction costs of:***	0.01

Performance+

Return after charges	27.48%
----------------------	--------

Other information

Closing net asset value (£'000)	4
Closing number of shares	6,171
Operating charges****	1.34%
Direct transaction costs***	0.02%

Prices

Highest share price	63.84
Lowest share price	48.37

American Equity Income Fund
Comparative Tables (continued)

28 February 2017
pence per share

Institutional accumulation

Change in net assets per share

Opening net asset value per share+ +	50.00
Return before operating charges*	14.46
Operating charges**	(0.51)
Return after operating charges*	13.95
Distributions	(0.43)
Retained distributions on accumulation share	0.43
Closing net asset value per share	63.95
* after direct transaction costs of:***	0.01

Performance+

Return after charges	27.90%
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Other information

Closing net asset value (£'000)	28,999
Closing number of shares	45,345,254
Operating charges****	0.87%
Direct transaction costs***	0.02%

Prices

Highest share price	64.05
Lowest share price	48.38

American Equity Income Fund
Comparative Tables (continued)

28 February 2017
pence per share

Retail income

Change in net assets per share

Opening net asset value per share+ +	50.00
Return before operating charges*	14.49
Operating charges**	(0.77)
Return after operating charges*	13.72
Distributions	(0.78)
Closing net asset value per share	62.94
* after direct transaction costs of:***	0.01

Performance+

Return after charges	27.44%
----------------------	--------

Other information

Closing net asset value (£'000)	1
Closing number of shares	2,200
Operating charges****	1.34%
Direct transaction costs***	0.02%

Prices

Highest share price	63.29
Lowest share price	48.37

American Equity Income Fund
Comparative Tables (continued)

28 February 2017
pence per share

Institutional income

Change in net assets per share

Opening net asset value per share+ +	50.00
Return before operating charges*	14.40
Operating charges**	(0.50)
Return after operating charges*	13.90
Distributions	(0.77)
Closing net asset value per share	63.13
* after direct transaction costs of:***	0.01

Performance+

Return after charges	27.80%
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Other information

Closing net asset value (£'000)	24,836
Closing number of shares	39,342,021
Operating charges****	0.87%
Direct transaction costs***	0.02%

Prices

Highest share price	63.48
Lowest share price	48.38

American Equity Income Fund
Comparative Tables (continued)

28 February 2017
pence per share

Standard Life accumulation

Change in net assets per share

Opening net asset value per share+ +	50.00
Return before operating charges*	14.38
Operating charges**	(0.07)
Return after operating charges*	14.31
Distributions	(0.96)
Retained distributions on accumulation share	0.96
Closing net asset value per share	64.31
* after direct transaction costs of:***	0.01

Performance+

Return after charges	28.64%
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Other information

Closing net asset value (£'000)	28
Closing number of shares	43,243
Operating charges****	0.12%
Direct transaction costs***	0.02%

Prices

Highest share price	64.41
Lowest share price	48.38

American Equity Income Fund
Comparative Tables (continued)

28 February 2017
pence per share

Platform 1 accumulation

Change in net assets per share

Opening net asset value per share+ +	50.00
Return before operating charges*	14.47
Operating charges**	(0.53)
Return after operating charges*	13.94
Distributions	(0.43)
Retained distributions on accumulation share	0.43
Closing net asset value per share	63.94
* after direct transaction costs of:***	0.01

Performance+

Return after charges	27.88%
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Other information

Closing net asset value (£'000)	11
Closing number of shares	16,816
Operating charges****	0.92%
Direct transaction costs***	0.02%

Prices

Highest share price	64.04
Lowest share price	48.38

American Equity Income Fund
Comparative Tables (continued)

28 February 2017
pence per share

Platform 1 income

Change in net assets per share

Opening net asset value per share+ +	50.00
Return before operating charges*	14.46
Operating charges**	(0.53)
Return after operating charges*	13.93
Distributions	(0.79)
Closing net asset value per share	63.14
* after direct transaction costs of:***	0.01

Performance+

Return after charges	27.86%
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Other information

Closing net asset value (£'000)	2
Closing number of shares	3,562
Operating charges****	0.92%
Direct transaction costs***	0.02%

Prices

Highest share price	63.50
Lowest share price	48.38

American Equity Income Fund
Comparative Tables (continued)

28 February 2017
pence per share

Institutional S accumulation

Change in net assets per share

Opening net asset value per share+ +	50.00
Return before operating charges*	8.65
Operating charges**	(0.41)
Return after operating charges*	8.24
Distributions	(0.30)
Retained distributions on accumulation share	0.30
Closing net asset value per share	58.24
* after direct transaction costs of:***	0.01

Performance+

Return after charges	16.48%
----------------------	--------

Other information

Closing net asset value (£'000)	1
Closing number of shares	2,200
Operating charges****	0.75%
Direct transaction costs***	0.02%

Prices

Highest share price	58.32
Lowest share price	50.00

American Equity Income Fund
Comparative Tables (continued)

28 February 2017
pence per share

Institutional S income

Change in net assets per share

Opening net asset value per share+ + +	50.00
Return before operating charges*	8.63
Operating charges**	(0.41)
Return after operating charges*	8.22
Distributions	(0.46)
Closing net asset value per share	57.76
* after direct transaction costs of:***	0.01

Performance+

Return after charges	16.44%
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Other information

Closing net asset value (£'000)	1
Closing number of shares	2,200
Operating charges****	0.75%
Direct transaction costs***	0.02%

Prices

Highest share price	58.08
Lowest share price	50.00

American Equity Income Fund
Comparative Tables (continued)

** The operating charges include all costs borne by the fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++Share class launched on 16 June 2016.

+++ Share class launched on 19 September 2016.

American Equity Income Fund**Financial Statements****Statement of Total Return****for the period 16 June 2016 to 28 February 2017**

	Note	£'000	2017 £'000
Income:			
Net capital gains	2		11,483
Revenue	4	809	
Expenses	5	(313)	
Interest and similar charges		(1)	
Net revenue before taxation		<u>495</u>	
Taxation	6	(115)	
Net revenue after taxation			<u>380</u>
Total return before distributions			<u>11,863</u>
Distributions	7		(502)
Change in net assets attributable to shareholders from investment activities			<u>11,361</u>

Statement of Change in Net Assets Attributable to Shareholders**for the period 16 June 2016 to 28 February 2017**

	£'000	2017 £'000
Opening net assets attributable to shareholders		0
Amounts receivable on issue of shares	50,753	
Amounts payable on cancellation of shares	(8,469)	
		<u>42,284</u>
Dilution adjustment		27
Change in net assets attributable to shareholders from investment activities (see above)		11,361
Retained distribution on accumulation shares		211
Closing net assets attributable to shareholders		<u>53,883</u>

American Equity Income Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000
Assets			
Investment assets			53,592
Current assets:			
Debtors	8	2,738	
Cash and bank balances		32	
		<hr/>	2,770
Total assets			<hr/> 56,362
Liabilities			
Creditors	9	(2,377)	
Distribution payable on income shares		(102)	
		<hr/>	(2,479)
Total liabilities			<hr/> (2,479)
Net assets attributable to shareholders			<hr/> <hr/> 53,883

American Equity Income Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
North American Equities	52,173	96.83
Consumer Discretionary	6,881	12.77
49,678 Comcast	1,493	2.77
75,142 Ford	757	1.41
19,493 Goodyear Tire & Rubber	549	1.02
10,243 Home Depot	1,193	2.21
9,260 McDonald's	950	1.76
20,337 Newell Rubbermaid	801	1.49
7,321 Time Warner	578	1.07
8,880 TJX	560	1.04
Consumer Staples	5,855	10.87
19,984 Altria	1,203	2.23
12,104 Colgate Palmolive	710	1.32
15,919 Kraft Heinz	1,170	2.17
17,818 Mondelez	629	1.17
15,986 Pepsi	1,418	2.63
8,241 Philip Morris	725	1.35
Energy	3,838	7.13
16,307 Chevron	1,474	2.74
16,959 ConocoPhillips	648	1.20
19,014 Devon Energy	662	1.23
16,846 Halliburton	723	1.34
8,007 Hess	331	0.62
Financials	8,977	16.65
13,055 Allstate Corp	862	1.60
13,787 American International Group Inc	708	1.31
39,090 Bank of America	775	1.44
72,054 Element Financial	615	1.14
12,606 First Republic Bank	950	1.76
12,409 Gallagher A.J.	568	1.05
25,165 Invesco	651	1.21

American Equity Income Fund
Portfolio Statement
as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Financials (continued)		
23,849 JP Morgan Chase	1,737	3.22
19,524 Schwab (Charles)	634	1.18
31,742 Wells Fargo	1,477	2.74
Health Care	7,720	14.32
11,950 Abbvie	594	1.10
4,034 Allergan PLC	793	1.47
5,306 Amgen	753	1.40
16,348 Eli Lilly	1,088	2.02
10,886 Medtronic PLC	708	1.31
19,630 Merck	1,039	1.93
53,145 Pfizer	1,457	2.70
9,692 United Health	1,288	2.39
Industrials	5,209	9.67
3,191 Acuity Brands	542	1.01
12,134 Allegion	708	1.31
20,321 Allison Transmission	588	1.09
13,394 Fortune Brands Home & Security	622	1.16
5,555 General Dynamics	847	1.57
3,068 Lockheed Martin	657	1.22
7,238 Norfolk Southern Corp	704	1.31
4,369 Raytheon	541	1.00
Information Technology	7,921	14.70
14,611 Activision Blizzard	530	0.98
21,435 Apple	2,360	4.38
5,941 Broadcom Ltd	1,007	1.87
55,146 Cisco Systems Inc	1,514	2.81
7,686 MasterCard	682	1.27
35,557 Microsoft	1,828	3.39

American Equity Income Fund
Portfolio Statement
as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Materials	683	1.27
2,602 Martin Marietta Materials	451	0.84
7,872 Steel Dynamics	232	0.43
Real Estate	1,721	3.20
12,424 American Tower	1,146	2.13
1,903 Equinix	575	1.07
Telecommunication Services	1,817	3.37
34,154 AT&T	1,147	2.13
16,781 Verizon Communications	670	1.24
Utilities	1,551	2.88
29,459 CMS Energy	1,054	1.96
9,273 PG&E Corp	497	0.92
Collective Investment Scheme	1,419	2.63
1,419,460 Standard Life CNAV Sterling Liquidity Fund	1,419	2.63
Total investment assets	53,592	99.46
Net other assets	291	0.54
Total Net Assets	53,883	100.00

All investments are listed on recognised stock exchanges and are approved securities or collective investment schemes within the meaning of the FCA rules unless otherwise stated.

American Equity Income Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains**2017*****£'000**

Non-derivative securities	11,591
Forward currency contracts	(989)
Non-derivative securities currency gains	887
Handling charges taken from the capital account	(6)
Net capital gains	<u>11,483</u>

3 Transaction Costs**2017*****£'000****Equity Purchases, Sales and Transaction Costs**

Purchases in year before transaction costs	71,479
Commissions	22
Total purchase transaction costs	22
Purchases including transaction costs	<u>71,501</u>
Gross sales before transaction costs	30,910
Commissions	(14)
Taxes & Other Fees	(1)
Total sale transaction costs	(15)
Total sales net of transaction costs	<u>30,895</u>

Equity Transaction Cost as a % of total Purchases & Sales**2017*****% Transaction****Purchases**

Commissions	0.03%
-------------	-------

Sales

Commissions	0.05%
-------------	-------

Equity Purchases, Sales Analysis to Average NAV**2017*****% Average NAV****Purchases**

Commissions	0.04%
-------------	-------

Sales

Commissions	0.03%
-------------	-------

American Equity Income Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)**

There are no transaction costs associated with the purchases or sales of collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017*
	£'000
Purchases	
Equities	71,501
Sales	
Equities	30,895

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.30%. This is indicative for the year.

	2017*
	£'000
Overseas dividends	803
Bank interest	6
Total revenue	<u>809</u>

American Equity Income Fund**Notes to the financial statements (continued)**

5 Expenses	2017*
	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:	
Authorised Corporate Director's periodic charge	159
Authorised Corporate Director's periodic charge taken from the capital account	110
Registration fees	17
Registration fees taken from the capital account	12
	<u>298</u>
Payable to the Depository, associates of the Depository and agents of either of them:	
Depository's fees	6
Safe custody fees	1
	<u>7</u>
Other:	
Audit fee	8
Total expenses	<u>313</u>

6 Taxation	2017*
	£'000
(a) Analysis of charge in the year	
Overseas withholding tax	115
Total taxation	<u>115</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	495
Corporation tax at 20%	<u>99</u>
Effects of:	
Non taxable overseas dividends	(156)
Overseas withholding tax	115
Overseas withholding tax claimed as a deduction	(1)
Excess management expenses	59
Revenue taxable in different periods	(1)
Current tax charge (Note 6(a))	<u>115</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

American Equity Income Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £59,000 due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year.

7 Distributions**2017*****£'000****(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:**

First interim distribution	137
Second interim distribution	194
Final distribution	163
	494
Add: Income deducted on cancellation of shares	18
Deduct: Income received on issue of shares	(10)
Net distribution for the year	502

Details of the distribution per share are set out in this Fund's distribution table.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	380
Add: ACD periodic charge taken from the capital account	110
Add: Registration fees taken from the capital account	12
Net distribution for the year	502

*For the period from 16 June 2016 to 28 February 2017

8 Debtors**2017****£'000**

Amounts receivable from the ACD for issue of shares	1
Sales awaiting settlement	2,645
Accrued revenue	92
Total debtors	2,738

American Equity Income Fund**Notes to the financial statements (continued)**

9 Creditors	2017
	£'000
Amounts payable to the ACD for cancellation of shares	32
Purchases awaiting settlement	2,302
Accrued expenses payable to the ACD	33
Accrued expenses payable to the Depository	2
Other accrued expenses	8
Total creditors	<u>2,377</u>

10 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund holds 1,419,460 shares in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £10,207,000, the total sales proceeds were £8,792,000 and distributions reinvested were £4,000.

	2017
	£'000
Transactions during the year with Standard Life group companies are as follows:	
Sale of shares by the Fund	51,076
Purchase of shares by Fund	8,819
Distributions made by Fund	331
 The percentage value of the Fund held by Standard Life group companies is:	 99.9%

American Equity Income Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017
	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3
Equities	52,173	0	0
Collective Investment Schemes	0	1,419	0
Total investment assets	<u>52,173</u>	<u>1,419</u>	<u>0</u>

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	0	9,728	(3,557)	0	6,171
Institutional accumulation	0	58,473,621	(13,128,367)	0	45,345,254
Retail income	0	2,200	0	0	2,200
Institutional income	0	40,676,695	(1,334,674)	0	39,342,021
Standard Life accumulation	0	43,702	(459)	0	43,243
Platform 1 accumulation	0	16,816	0	0	16,816
Platform 1 income	0	9,057	(5,495)	0	3,562
Institutional S accumulation	0	2,200	0	0	2,200
Institutional S income	0	2,200	0	0	2,200

American Equity Income Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

American Equity Income Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets
	2017
	£'000
Canadian Dollar	615
Bermudan Dollar	6
Euro	2
US Dollar	51,655

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

American Equity Income Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Financial assets not carrying interest	Total
2017	£'000	£'000	£'000
Currency			
Sterling	1,427	351	1,778
Canadian Dollar	0	615	615
US Dollar	24	51,207	51,231

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

American Equity Income Fund**Distribution Tables****for the period ended 31 August 2016****Dividend distribution**

Group 1 - shares purchased prior to 16 June 2016

Group 2 - shares purchased between 16 June 2016 and 31 August 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share
Retail accumulation			
Group 1	0.0640	-	0.0640 *
Group 2	0.0382	0.0258	0.0640 *
Institutional accumulation			
Group 1	0.1144	-	0.1144 *
Group 2	0.1136	0.0008	0.1144 *
Retail income			
Group 1	0.2151	-	0.2151 **
Group 2	-	-	-
Institutional income			
Group 1	0.2101	-	0.2101 **
Group 2	0.2007	0.0094	0.2101 **
Standard Life accumulation			
Group 1	0.2105	-	0.2105 *
Group 2	-	-	-
Platform 1 accumulation			
Group 1	0.1175	-	0.1175 *
Group 2	-	-	-
Platform 1 income			
Group 1	0.2151	-	0.2151 **
Group 2	-	-	-

* Distribution accumulated on 31 August 2016

** Distribution payable on 31 October 2016

American Equity Income Fund
Distribution Tables (continued)

for the three months ended 30 November 2016

Dividend distribution

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September and 30 November 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share
Retail accumulation			
Group 1	0.1013	-	0.1013 *
Group 2	-	-	-
Institutional accumulation			
Group 1	0.1818	-	0.1818 *
Group 2	-	-	-
Retail income			
Group 1	0.3071	-	0.3071 **
Group 2	-	-	-
Institutional income			
Group 1	0.3034	-	0.3034 **
Group 2	0.2036	0.0998	0.3034 **
Standard Life accumulation			
Group 1	0.4819	-	0.4819 *
Group 2	0.0979	0.3840	0.4819 *
Platform 1 accumulation			
Group 1	0.1833	-	0.1833 *
Group 2	0.0816	0.1017	0.1833 *
Platform 1 income			
Group 1	0.3115	-	0.3115 **
Group 2	0.0530	0.2585	0.3115 **

**American Equity Income Fund
Distribution Tables (continued)**

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share
Institutional S accumulation			
Group 1	0.1527	-	0.1527 *
Group 2	-	-	-
Institutional S income			
Group 1	0.2227	-	0.2227 **
Group 2	-	-	-

* Distribution accumulated on 30 November 2016

** Distribution paid on 30 January 2017

for the three months ended 28 February 2017**Dividend distribution**

Group 1 - shares purchased prior to 1 December 2016

Group 2 - shares purchased between 1 December 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share
Retail accumulation			
Group 1	0.0763	-	0.0763 *
Group 2	0.0160	0.0603	0.0763 *
Institutional accumulation			
Group 1	0.1336	-	0.1336 *
Group 2	-	-	-
Retail income			
Group 1	0.2593	-	0.2593 **
Group 2	-	-	-
Institutional income			
Group 1	0.2589	-	0.2589 **
Group 2	0.1631	0.0958	0.2589 **
Standard Life accumulation			
Group 1	0.2656	-	0.2656 *
Group 2	0.1614	0.1042	0.2656 *

**American Equity Income Fund
Distribution Tables (continued)**

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share
Platform 1 accumulation			
Group 1	0.1272	-	0.1272 *
Group 2	0.0357	0.0915	0.1272 *
Platform 1 income			
Group 1	0.2630	-	0.2630 **
Group 2	0.0882	0.1748	0.2630 **
Institutional S accumulation			
Group 1	0.1478	-	0.1478 *
Group 2	-	-	-
Institutional S income			
Group 1	0.2355	-	0.2355 **
Group 2	-	-	-

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	2nd interim Dividend Distribution	3rd interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend*	100.00%	100.00%	100.00%
Treat as annual payment net of income tax at 20%	0.00%	0.00%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

American Equity Unconstrained Fund Investment Report

Fund Manager

Jeff Morris

Benchmark

IA North America Sector

Launch Date

16 November 1998

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on a US or Canadian stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the USA or Canada. Additionally, up to 20% of the Fund may from time-to-time be invested in equities and equity type investments of companies which in the opinion of the ACD carry on a significant part of their operations in Latin America (including Central America). "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund will not be restricted by index weightings, sector constraints or company size. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

Up to 100% of the scheme property of the Fund may be invested in transferable securities which are warrants. If more than 5% of the scheme property of the Fund is invested in warrants the net asset value of the Fund may, at times, be highly volatile.

Performance

For the year under review, the Fund returned 37.04% (platform 1 accumulation shares), compared to the IA North America Sector return of 37.25% (source: Morningstar, basic rate taxpayer, bid to bid basis).

A position in US semiconductor company Broadcom boosted Fund returns. The company makes components for next generation phones, a market in which it has a strong competitive position. It has also used its capital well through M&A transactions, resulting in better-than-expected cashflows and dividend growth. The market has responded favourably to these developments, with a re-rating likely. First Republic Bank also performed well, after reporting continued strong loan and deposit growth and stable margins. President Trump's surprise election win further lifted the stock, thanks to rapidly rising bond yields and hopes that financial regulations would be rolled back. We believe the bank can also drive loan growth above consensus expectation as it expands into new markets. Also positive was Boston Scientific, which was boosted by upbeat earnings results and a favourable growth outlook.

American Equity Unconstrained Fund Investment Report (continued)

The principal negative performer was apparel firm manufacturer Hanesbrands. We had expected to see organic growth driven by new product launches; however, consumers' ongoing migration to online shopping has taken its toll. We have since sold the holding. Fortune Brands Home & Security also had a challenging year. The rise in interest rates made many investors concerned about top-line growth as the move puts pressure on home prices, which in turn tends to be a key driver in home repair and remodel demand. Lastly, a position in low-cost retailer Dollar Tree hurt Fund returns as adverse sales trends weighed on recent results. However, the integration of Family Dollar acquisitions should improve these trends and indications are that cost synergies associated with the merger will be higher than expected. We therefore continue to hold the stock.

Investment activity

We purchased US-listed lighting company Acuity Brands. It has a market-leading position in LED lighting in the US and we see continued uptake of LED in commercial properties as the costs come down and the payback period drops below 12 months. We bought communications infrastructure firm American Tower Corporation, which should continue to benefit from the dramatic increase in data usage and the need for mobile carriers to improve their networks. Shares were purchased in pharmaceuticals giant Merck, given the potential for further earnings upside from its lung cancer treatment.

Sales included Alliance Data Services, reflecting our concerns over regulatory pressure. Meanwhile, we sold Mexico railroad network operator Kansas City Southern. Not only had volume trends been uneven but the company was likely to be negatively impacted by President Trump's pledged curbs on Mexican migrants. The holding in Salesforce was also removed. The company's CEO seems intent on making significant acquisitions, which in the context of the company's slowing fundamentals has reduced our overall conviction in the original buy case. Other sales included Hewlett Packard Enterprises where the investment thesis had played out and Cardinal Health which faces headwinds from generic and branded drug pricing and sell-side contract pressure.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £89,898,000 and the total proceeds from sales were £87,702,000.

**American Equity Unconstrained Fund
Investment Report (continued)**

Synthetic Risk & Reward Indicator

Lower risk Higher risk

Typically lower rewards Typically higher rewards

1 2 3 4 **5** 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

American Equity Unconstrained Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation[^]			
Change in net assets per share			
Opening net asset value per share	103.12	101.81	84.04
Return before operating charges*	40.95	2.98	19.24
Operating charges**	(1.65)	(1.67)	(1.47)
Return after operating charges*	39.30	1.31	17.77
Distributions	0.00	0.00	0.00
Retained distributions on accumulation share	0.00	0.00	0.00
Closing net asset value per share	142.42	103.12	101.81
* after direct transaction costs of:***	0.06	0.04	0.03
Performance +			
Return after charges	38.11%	1.29%	21.14%
Other information			
Closing net asset value (£'000)	36,665	29,672	47,898
Closing number of shares	25,744,063	28,775,542	47,049,209
Operating charges****	1.33%	1.62%	1.62%
Direct transaction costs***	0.05%	0.04%	0.03%
Prices			
Highest share price	143.0	108.0	103.1
Lowest share price	103.1	92.08	80.23

[^]An in specie transfer to the value of £20,021,000 took place on 23 October 2015.

American Equity Unconstrained Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	119.53	117.09	95.94
Return before operating charges*	47.62	3.47	22.06
Operating charges**	(1.24)	(1.03)	(0.91)
Return after operating charges*	46.38	2.44	21.15
Distributions	(0.30)	(0.24)	(0.13)
Retained distributions on accumulation share	0.30	0.24	0.13
Closing net asset value per share	165.91	119.53	117.09
* after direct transaction costs of:***	0.07	0.05	0.04
Performance +			
Return after charges	38.80%	2.08%	22.05%
Other information			
Closing net asset value (£'000)	113,245	71,138	7,129
Closing number of shares	68,255,146	59,515,101	6,088,076
Operating charges****	0.86%	0.87%	0.87%
Direct transaction costs***	0.05%	0.04%	0.04%
Prices			
Highest share price	166.6	124.9	118.5
Lowest share price	119.5	106.7	91.67

American Equity Unconstrained Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Retail income^{#^}		
Change in net assets per share		
Opening net asset value per share	51.05	50.00
Return before operating charges*	20.27	1.46
Operating charges**	(0.82)	(0.41)
Return after operating charges*	19.45	1.05
Distributions	0.00	0.00
Closing net asset value per share	70.50	51.05
* after direct transaction costs of:***	0.03	0.00
Performance +		
Return after charges	38.10%	2.10%
Other information		
Closing net asset value (£'000)	1,171	1,131
Closing number of shares	1,661,470	2,215,965
Operating charges****	1.33%	1.62%
Direct transaction costs***	0.05%	0.00% ^^
Prices		
Highest share price	70.80	53.47
Lowest share price	51.05	45.58

^ An in specie transfer to the value of £21,919,000 took place on 23 October 2015.

^^ This share class launched during the year and as a result the transaction cost suffered do not amount to 0.01% and are shown in the table as 0.00%.

Share class launched on 4 September 2015.

American Equity Unconstrained Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	106.09	104.16	85.37
Return before operating charges*	42.47	3.08	19.73
Operating charges**	(0.04)	(0.04)	(0.04)
Return after operating charges*	42.43	3.04	19.69
Distributions	(1.35)	(1.11)	(0.90)
Closing net asset value per share	147.17	106.09	104.16
* after direct transaction costs of:***	0.07	0.04	0.04
Performance +			
Return after charges	39.99%	2.92%	23.06%
Other information			
Closing net asset value (£'000)	3	2	1
Closing number of shares	2,000	2,000	500
Operating charges****	0.03%	0.04%	0.04%
Direct transaction costs***	0.05%	0.04%	0.04%
Prices			
Highest share price	149.1	111.8	106.3
Lowest share price	106.0	95.66	81.64

American Equity Unconstrained Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	103.88	101.04	82.16
Return before operating charges*	41.55	2.96	18.99
Operating charges**	(0.14)	(0.12)	(0.11)
Return after operating charges*	41.41	2.84	18.88
Distributions	(1.21)	(0.98)	(0.78)
Retained distributions on accumulation share	1.21	0.98	0.78
Closing net asset value per share	145.29	103.88	101.04
* after direct transaction costs of:***	0.07	0.04	0.03
Performance +			
Return after charges	39.86%	2.81%	22.98%
Other information			
Closing net asset value (£'000)	1,668	511	341
Closing number of shares	1,148,155	491,552	337,404
Operating charges****	0.11%	0.12%	0.12%
Direct transaction costs***	0.06%	0.04%	0.03%
Prices			
Highest share price	145.9	108.4	102.3
Lowest share price	103.9	92.70	78.58

American Equity Unconstrained Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	88.43	86.70	71.07
Return before operating charges*	35.22	2.54	16.34
Operating charges**	(0.97)	(0.81)	(0.71)
Return after operating charges*	34.25	1.73	15.63
Distributions	(0.17)	(0.13)	(0.07)
Retained distributions on accumulation share	0.17	0.13	0.07
Closing net asset value per share	122.68	88.43	86.70
* after direct transaction costs of:***	0.05	0.04	0.03
Performance +			
Return after charges	38.73%	2.00%	21.99%
Other information			
Closing net asset value (£'000)	42,714	29,617	11,331
Closing number of shares	34,817,781	33,492,877	13,069,157
Operating charges****	0.91%	0.92%	0.92%
Direct transaction costs***	0.05%	0.05%	4.00%
Prices			
Highest share price	123.2	92.43	87.77
Lowest share price	88.43	78.94	67.90

^ An in specie transfer to the value of £15,560,000 took place on 23 October 2015.

American Equity Unconstrained Fund
Comparative Tables (continued)

28 February 2017
pence per share

Institutional S accumulation[#]

Change in net assets per share

Opening net asset value per share	50.00
Return before operating charges*	16.68
Operating charges**	(0.39)
Return after operating charges*	16.29
Distributions	(0.18)
Retained distributions on accumulation share	0.18
Closing net asset value per share	66.29
* after direct transaction costs of:***	0.03

Performance +

Return after charges	32.58%
----------------------	--------

Other information

Closing net asset value (£'000)	1
Closing number of shares	2,200
Operating charges****	0.79%
Direct transaction costs***	0.05%

Prices

Highest share price	66.56
Lowest share price	49.60

[#] Share class launched on 26 April 2016.

American Equity Unconstrained Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

American Equity Unconstrained Fund Financial Statements

Statement of Total Return for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains	2		51,934		1,174
Revenue	4	2,012		1,114	
Expenses	5	(1,567)		(1,171)	
Interest and similar charges		(1)		0	
Net revenue/(expenses) before taxation		444		(57)	
Taxation	6	(275)		(145)	
Net revenue/(expenses) after taxation			169		(202)
Total return before distributions			52,103		972
Distributions	7		(263)		(99)
Change in net assets attributable to shareholders from investment activities			51,840		873

Statement of Change in Net Assets Attributable to Shareholders for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			132,071		66,700
Amounts receivable on issue of shares		49,045		170,554	
Amounts payable on cancellation of shares		(37,778)		(106,230)	
			11,267		64,324
Dilution adjustment			7		(17)
Change in net assets attributable to shareholders from investment activities (see above)			51,840		873
Retained distribution on accumulation shares			282		191
Closing net assets attributable to shareholders			195,467		132,071

American Equity Unconstrained Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Assets					
Investment assets			191,616		133,955
Current assets:					
Debtors	8	4,472		1,982	
Cash and bank balances		1,911		355	
			<u>6,383</u>	<u>2,337</u>	
Total assets			<u>197,999</u>		<u>136,292</u>
Liabilities					
Creditors	9	(2,514)		(4,221)	
Bank overdrafts		(18)		0	
			<u>(2,532)</u>	<u>(4,221)</u>	
Total liabilities			<u>(2,532)</u>	<u>(4,221)</u>	
Net assets attributable to shareholders			<u>195,467</u>		<u>132,071</u>

American Equity Unconstrained Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
North American Equities (100.61%)	187,219	95.78
Consumer Discretionary (10.26%)	24,306	12.43
243,886 Comcast	7,332	3.75
102,996 Dollar Tree	6,346	3.25
29,390 McDonald's	3,015	1.54
154,396 Newell Rubbermaid	6,083	3.11
19,384 Time Warner	1,530	0.78
Consumer Staples (6.96%)	17,046	8.72
26,901 Alimentation Couche-Tard 'B'	964	0.49
39,208 Altria	2,360	1.21
47,921 Colgate Palmolive	2,810	1.44
102,659 Kraft Heinz	7,548	3.86
42,726 Mondelez	1,508	0.77
20,927 Pepsi	1,856	0.95
Energy (2.10%)	10,394	5.32
17,000 Concho Resources	1,809	0.93
103,055 Devon Energy	3,590	1.84
82,963 Halliburton	3,563	1.82
34,655 Hess	1,432	0.73
Financials (21.90%)	33,356	17.07
117,251 Allstate	7,741	3.96
95,562 American International	4,908	2.51
712,910 Element Financial	6,082	3.11
96,722 First Republic Bank	7,293	3.73
28,374 JP Morgan Chase	2,066	1.06
63,506 Schwab (Charles)	2,062	1.06
41,001 The Hartford	1,611	0.82
34,244 Wells Fargo	1,593	0.82

American Equity Unconstrained Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Health Care (9.94%)	26,374	13.49
8,299 Bard	1,635	0.84
381,329 Boston Scientific	7,523	3.85
40,457 Celgene	4,015	2.05
19,354 Eli Lilly	1,288	0.66
52,332 Merck	2,771	1.42
8,959 Thermo Fisher Scientific	1,135	0.58
54,887 United Health	7,296	3.73
9,761 Vertex Pharmaceuticals	711	0.36
Industrials (13.47%)	24,727	12.65
7,697 Acuity Brands	1,307	0.67
128,933 Allegion	7,521	3.85
40,467 CSX	1,579	0.81
30,769 Delta Airlines	1,235	0.63
12,224 Equifax	1,288	0.66
104,885 Fortune Brands Home & Security	4,874	2.49
12,705 General Dynamics	1,938	0.99
23,848 Raytheon	2,954	1.51
26,439 Rockwell Collins	2,031	1.04
Information Technology (29.20%)	38,663	19.78
45,217 Activision Blizzard	1,640	0.84
7,179 Alphabet	4,748	2.43
32,925 Apple	3,624	1.85
48,666 Blackhawk Network Holdings	1,425	0.73
41,716 Broadcom	7,071	3.62
28,602 Cavium	1,506	0.77
25,415 Electronic Arts	1,767	0.90
47,668 Facebook	5,192	2.66
164,686 First Data	2,128	1.09
47,397 Fleetcor Technologies	6,475	3.31
63,731 Flir Systems	1,879	0.96
64,245 Micron Technology	1,208	0.62

American Equity Unconstrained Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Materials (3.70%)	1,322	0.68
7,619 Martin Marietta Materials	1,322	0.68
Real Estate (0.00%)	7,883	4.03
75,469 American Tower	6,962	3.56
3,048 Equinix	921	0.47
Telecommunication Services (1.02%)	-	-
Utilities (2.06%)	3,148	1.61
87,961 CMS Energy	3,148	1.61
Collective Investment Scheme (0.82%)	4,397	2.25
4,396,799 Standard Life CNAV Sterling Liquidity Fund	4,397	2.25
Total investment assets	191,616	98.03
Net other assets	3,851	1.97
Total Net Assets	195,467	100.00

All investments are listed on recognised stock exchanges and are approved securities or collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

American Equity Unconstrained Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains

	2017	2016
	£'000	£'000
Non-derivative securities	52,148	1,204
Forward currency contracts	63	63
Non-derivative securities currency losses	(266)	(83)
Handling charges taken from the capital account	(11)	(10)
Net capital gains	<u>51,934</u>	<u>1,174</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	89,860	131,269
Commissions	38	34
Total purchase transaction costs	<u>38</u>	<u>34</u>
Purchases including transaction costs	<u>89,898</u>	<u>131,303</u>
Gross sales before transaction costs	87,755	65,636
Commissions	(51)	(37)
Taxes & Other Fees	(2)	(1)
Total sale transaction costs	<u>(53)</u>	<u>(38)</u>
Total sales net of transaction costs	<u>87,702</u>	<u>65,598</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.04%	0.03%
Sales		
Commissions	0.06%	0.06%

Equity Purchases, Sales Analysis to Average NAV

	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.02%	0.04%
Sales		
Commissions	0.03%	0.04%

American Equity Unconstrained Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)**

There are no transaction costs associated with the purchases or sales of collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	89,898	131,303
Sales		
Equities	87,702	65,598

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.31% (29 February 2016: 0.30%). This is indicative for the year.

	2017	2016
	£'000	£'000
4 Revenue		
Overseas dividends	1,992	1,103
Bank interest	20	11
Total revenue	<u>2,012</u>	<u>1,114</u>

American Equity Unconstrained Fund**Notes to the financial statements (continued)**

5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,407	1,068
Dealing charge	16	9
Registration fees	106	71
	<u>1,529</u>	<u>1,148</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	22	13
Safe custody fees	7	4
	<u>29</u>	<u>17</u>
Other:		
Audit fee	7	6
Legal expenses	2	0
	<u>9</u>	<u>6</u>
Total expenses	<u>1,567</u>	<u>1,171</u>
6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	275	145
Total taxation	<u>275</u>	<u>145</u>
(b) Factors affecting current tax charge for year		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	444	(57)
Corporation tax at 20% (2016: 20%)	<u>89</u>	<u>(11)</u>
Effects of:		
Non taxable overseas dividends	(349)	(208)
Overseas withholding tax	275	145
Overseas withholding tax claimed as a deduction	(7)	(2)
Excess management expenses	268	221
Revenue taxable in different periods	(1)	0
Current tax charge (Note 6(a))	<u>275</u>	<u>145</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

American Equity Unconstrained Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,156,000 (2016: £889,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Distribution	282	191
Add: Income deducted on cancellation of shares	26	18
Deduct: Income received on issue of shares	(45)	(110)
Net distribution for the year	263	99

Details of the distribution per share are set out in this Fund's distribution table.

8 Debtors

	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	295	104
Sales awaiting settlement	4,027	1,775
Accrued revenue	149	103
Dilution levy receivable from the ACD	1	0
Total debtors	4,472	1,982

9 Creditors

	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	12	3,967
Purchases awaiting settlement	2,353	134
Accrued expenses payable to the ACD	136	104
Accrued expenses payable to the Depositary	5	4
Other accrued expenses	8	7
Dilution levy payable to the ACD	0	5
Total creditors	2,514	4,221

American Equity Unconstrained Fund
Notes to the financial statements (continued)

10 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund holds nil shares in SLI Seabury GBP VNAV Liquidity Fund (2016: 1,081,097). The total purchase cost of these investments during the year was £6,460,000 (2016: £44,814,000), the total sales proceeds were £7,543,000 (2016: £45,454,000) and distributions reinvested were £2,000 (2016: £11,000).

The Fund holds 4,396,799 shares in Standard Life CNAV Sterling Liquidity Fund (2016: nil). The total purchase cost of these investments during the year was £59,139,000 (2016: £nil), the total sales proceeds were £54,757,000 (2016: £nil) and distributions reinvested were £15,000 (2016: £nil).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	39,736	98,391
Purchase of shares by Fund	24,187	91,879
Distributions made by Fund	157	120

The percentage value of the Fund held by Standard Life group companies

is:	55.6%	48.7%
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American Equity Unconstrained Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	187,219	0	0	132,874	0	0
Collective Investment Schemes	0	4,397	0	0	1,081	0
Total investment assets	187,219	4,397	0	132,874	1,081	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	28,775,542	2,410,992	(3,328,916)	(2,113,555)	25,744,063
Institutional accumulation	59,515,101	22,939,211	(14,329,615)	130,449	68,255,146
Retail income	2,215,965	840,206	(629,232)	(765,469)	1,661,470
Standard Life income	2,000	89,418	(89,418)	0	2,000
Standard Life accumulation	491,552	859,629	(208,385)	5,359	1,148,155
Platform 1 accumulation	33,492,877	8,837,572	(10,234,901)	2,722,233	34,817,781
Institutional S accumulation	0	2,200	0	0	2,200

American Equity Unconstrained Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

American Equity Unconstrained Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Canadian Dollar	7,046	1,357
Euro	4	3
US Dollar	179,739	133,636

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets/ (liabilities)	Financial assets not carrying interest	Total
2017	£'000	£'000	£'000
Currency			
Sterling	6,302	2,242	8,544
Canadian Dollar	0	7,045	7,045
Euro	4	0	4
US Dollar	(18)	177,934	177,916

American Equity Unconstrained Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)**

	Floating rate financial assets	Financial assets/ (liabilities) not carrying interest	Total
	£'000	£'000	£'000
2016			
Currency			
Sterling	1,178	(121)	1,057
Canadian Dollar	0	1,357	1,357
Euro	3	0	3
US Dollar	255	131,638	131,893

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

American Equity Unconstrained Fund**Distribution Table****for the year ended 28 February 2017****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.0000	-	0.0000	0.0000
Group 2	-	-	-	-
Institutional accumulation				
Group 1	0.3047	-	0.3047 *	0.2378
Group 2	0.1744	0.1303	0.3047 *	0.2378
Retail income				
Group 1	0.0000	-	0.0000	0.0000
Group 2	-	-	-	-
Standard Life income				
Group 1	1.3468	-	1.3468 **	1.1115
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	1.2090	-	1.2090 *	0.9800
Group 2	0.4849	0.7241	1.2090 *	0.9800
Platform 1 accumulation				
Group 1	0.1723	-	0.1723 *	1.3200
Group 2	0.0718	0.1005	0.1723 *	1.3200
Institutional S accumulation				
Group 1	0.1828	-	0.1828 *	-
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2017

** Distribution payable on 28 April 2017

**American Equity Unconstrained Fund
Distribution Table (continued)**

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Dividend Distribution
Treat as a UK corporate dividend*	100.00%
Treat as annual payment net of income tax at 20%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

Asian Pacific Growth Fund Investment Report

Fund Manager

William Malcolm

Benchmark

IA Asia Pacific Ex Japan Sector

Launch Date

16 November 1998

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies other than Japanese companies listed on any stock exchange in the Asia/Pacific Basin Area or which, in the opinion of the ACD, carry on a significant part of their operations in the Asia/Pacific Basin Area. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The nature of the portfolio affords investors a focused investment approach, whilst affording proper diversification of mainly Asian Pacific equity exposure. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance

For the year under review, the Fund returned 42.4% (platform 1 accumulation), compared to the MSCI AC Pacific Free ex Japan return of 39.4% (source: Morningstar, basic rate taxpayer, bid to bid basis).

Chinese auto parts maker Minth continued to perform well, with the company diversifying into higher value-added segments such as automobile sensors. Elsewhere, Samsung Electronic had a fruitful year thanks to better-than-expected sales and margins from its LED and OLED manufacturing operations. A holding in Chinese yarn manufacturer Texhong Textiles had a good review period. The company demonstrated a strong operational turnaround after a challenging 2014/15 linked to the abrupt changes in the Chinese cotton pricing policy, with margins fully recovering and demand for its product proving higher than expected.

By contrast, shares in Australian graphite miner Syrah Resources fell after its CEO resigned. However, the move was expected by those who closely follow the stock and, in our view, represents a positive change in the company's direction. Meanwhile, Himax continued to struggle as a cut in earnings led market participants to downgrade the company's outlook. Chinese drugs company Dawnrays Pharmaceuticals weakened after the unexpected removal of the primary distributor of its Hep-B drug, resulting in some inventory destocking and lower sales guidance.

Asian Pacific Growth Fund Investment Report (continued)

Activity

We purchased shares in China's Ctrip.com, the online travel agent. We think industry consolidation will lead to margin improvement which, when combined with accelerating growth, should result in positive earnings surprises. Meanwhile, a focus on profitability rather than loan growth led us to buy Korea's Shinhan Financial, with consensus-beating margin improvements now likely. Lastly, we switched out of Fortescue after a strong performance relating to faster debt repayments and used the proceeds to buy Rio Tinto.

Meanwhile, we sold the holding in Australian facility manager Spotless as weaker revenue growth was hitting earnings numbers. Elsewhere, we re-evaluated the holding in Taiwanese e-commerce firm PC Home after delays to the IPO of its online mall due to a hacking incident. This, combined with slower-than-expected sales and disappointing margins, led us to sell the holding. Earlier in the period, we closed the position in Macau casino operator Sands China. Valuations have rebounded nicely as the decline in gross gaming revenues bottomed out; however, we are still awaiting evidence of strong growth returning and so have exited the holding.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £33,897,000 (2016: £62,419,000) and the total proceeds from sales were £32,246,000 (2016: £41,919,000).

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 5 **6** 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Asian Pacific Growth Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation[^]			
Change in net assets per share			
Opening net asset value per share	215.70	245.99	221.29
Return before operating charges*	96.86	(26.03)	29.19
Operating charges**	(3.77)	(4.26)	(4.49)
Return after operating charges*	93.09	(30.29)	24.70
Distributions	(3.17)	(2.62)	(2.51)
Retained distributions on accumulation share	3.17	2.62	2.51
Closing net asset value per share	308.79	215.70	245.99
* after direct transaction costs of:***	0.93	0.93	0.67
Performance +			
Return after charges	43.16%	-12.31%	11.16%
Other information			
Closing net asset value (£'000)	13,919	11,456	11,543
Closing number of shares	4,507,554	5,310,930	4,692,285
Operating charges****	1.40%	1.82%	1.90%
Direct transaction costs***	0.35%	0.40%	0.28%
Prices			
Highest share price	311.4	278.1	254.2
Lowest share price	215.7	198.7	219.9

[^] An in specie transfer to the value of £9,460,000 took place on 23 October 2015.

Asian Pacific Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	244.50	276.78	247.15
Return before operating charges*	110.40	(29.45)	32.68
Operating charges**	(3.15)	(2.83)	(3.05)
Return after operating charges*	107.25	(32.28)	29.63
Distributions	(5.10)	(4.93)	(4.79)
Retained distributions on accumulation share	5.10	4.93	4.79
Closing net asset value per share	351.75	244.50	276.78
* after direct transaction costs of:***	1.07	1.05	0.76
Performance +			
Return after charges	43.87%	-11.66%	11.99%
Other information			
Closing net asset value (£'000)	27,062	14,449	3,878
Closing number of shares	7,693,532	5,909,351	1,401,052
Operating charges****	1.03%	1.07%	1.15%
Direct transaction costs***	0.35%	0.40%	0.29%
Prices			
Highest share price	354.7	313.2	285.0
Lowest share price	244.5	224.4	245.7

Asian Pacific Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Retail income⁺⁺^		
Change in net assets per share		
Opening net asset value per share	51.69	50.00
Return before operating charges*	23.19	2.26
Operating charges**	(0.90)	(0.46)
Return after operating charges*	22.29	1.80
Distributions	(0.75)	(0.11)
Closing net asset value per share	73.23	51.69
* after direct transaction costs of:***	0.22	0.10
Performance +		
Return after charges	43.12%	3.60%
Other information		
Closing net asset value (£'000)	1,345	1,799
Closing number of shares	1,837,054	3,481,442
Operating charges****	1.40%	1.82%
Direct transaction costs***	0.34%	0.19%
Prices		
Highest share price	74.60	55.28
Lowest share price	51.69	48.22

^ An in specie transfer to the value of £6,722,000 took place on 23 October 2015.

++ Share class launched on 7 September 2015.

Asian Pacific Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	90.98	105.16	95.45
Return before operating charges*	41.29	(11.20)	12.82
Operating charges**	(0.23)	(0.24)	(0.33)
Return after operating charges*	41.06	(11.44)	12.49
Distributions	(2.92)	(2.75)	(2.78)
Closing net asset value per share	129.12	90.97	105.16
* after direct transaction costs of:***	0.40	0.40	0.29
Performance +			
Return after charges	45.13%	-10.88%	13.09%
Other information			
Closing net asset value (£'000)	3	2	1
Closing number of shares	2,115	2,115	615
Operating charges****	0.20%	0.24%	0.32%
Direct transaction costs***	0.35%	0.40%	0.28%
Prices			
Highest share price	133.1	119.1	110.6
Lowest share price	90.98	85.64	94.95

Asian Pacific Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	87.89	98.74	87.51
Return before operating charges*	39.81	(10.55)	11.61
Operating charges**	(0.31)	(0.30)	(0.38)
Return after operating charges*	39.50	(10.85)	11.23
Distributions	(2.67)	(2.47)	(2.40)
Retained distributions on accumulation share	2.67	2.47	2.40
Closing net asset value per share	127.39	87.89	98.74
* after direct transaction costs of:***	0.39	0.38	0.27
Performance +			
Return after charges	44.94%	-10.99%	12.83%
Other information			
Closing net asset value (£'000)	528	312	334
Closing number of shares	414,670	354,986	337,992
Operating charges****	0.28%	0.32%	0.40%
Direct transaction costs***	0.35%	0.40%	0.29%
Prices			
Highest share price	128.4	111.8	101.3
Lowest share price	87.89	80.35	87.05

Asian Pacific Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation[^]			
Change in net assets per share			
Opening net asset value per share	64.30	72.83	65.06
Return before operating charges*	29.03	(7.75)	8.61
Operating charges**	(0.87)	(0.78)	(0.84)
Return after operating charges*	28.16	(8.53)	7.77
Distributions	(1.30)	(1.26)	(1.23)
Retained distributions on accumulation share	1.30	1.26	1.23
Closing net asset value per share	92.46	64.30	72.83
* after direct transaction costs of:***	0.28	0.28	0.20
Performance +			
Return after charges	43.79%	-11.71%	11.94%
Other information			
Closing net asset value (£'000)	10,325	8,546	6,172
Closing number of shares	11,166,191	13,289,835	8,474,960
Operating charges****	1.08%	1.12%	1.20%
Direct transaction costs***	0.35%	0.40%	0.29%
Prices			
Highest share price	93.23	82.41	75.00
Lowest share price	64.30	59.03	64.69

[^] An in specie transfer to the value of £1,978,000 took place on 23 October 2015.

Asian Pacific Growth Fund
Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Asian Pacific Growth Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		13,933		(6,657)
Revenue	4	1,170		1,031	
Expenses	5	(463)		(487)	
Interest and similar charges		(2)		(2)	
Net revenue before taxation		<u>705</u>		<u>542</u>	
Taxation	6	(64)		(65)	
Net revenue after taxation			<u>641</u>		<u>477</u>
Total return before distributions			<u>14,574</u>		<u>(6,180)</u>
Distributions	7		(641)		(476)
Change in net assets attributable to shareholders from investment activities			<u>13,933</u>		<u>(6,656)</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			36,564		21,927
Amounts receivable on issue of shares		12,494		55,951	
Amounts payable on cancellation of shares		<u>(10,569)</u>		<u>(35,373)</u>	
			1,925		20,578
Dilution adjustment			68		120
Stamp duty reserve tax			0		(12)
Change in net assets attributable to shareholders from investment activities (see above)			13,933		(6,656)
Retained distribution on accumulation shares			<u>692</u>		<u>607</u>
Closing net assets attributable to shareholders			<u>53,182</u>		<u>36,564</u>

Asian Pacific Growth Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Assets					
Investment assets			52,275		35,413
Current assets:					
Debtors	8	673		393	
Cash and bank balances		497		1,061	
			<u>1,170</u>		<u>1,454</u>
Total assets			<u>53,445</u>		<u>36,867</u>
Liabilities					
Creditors	9	(249)		(299)	
Bank overdrafts		(14)		(4)	
			<u>(263)</u>		<u>(303)</u>
Total liabilities			<u>(263)</u>		<u>(303)</u>
Net assets attributable to shareholders			<u>53,182</u>		<u>36,564</u>

Asian Pacific Growth Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Pacific Basin Equities (96.82%)	50,975	95.85
Australia (18.78%)	11,440	21.50
61,306 Aristocrat	628	1.18
64,835 BHP Billiton	841	1.58
106,453 Challenger	752	1.41
6,975 CSL	506	0.95
85,240 Dexus Property	495	0.93
367,760 Karoon Gas Australia	373	0.70
292,607 Metals X	146	0.27
113,127 National Australia Bank	2,235	4.20
9,584 Rio Tinto	316	0.59
311,740 Spark Infrastructure	443	0.83
174,880 Stockland Fund	508	0.96
277,889 Syrah Resources	498	0.94
100,385 Treasury Wine Estates	738	1.39
113,026 Westgold Resources	168	0.32
93,992 Westpac Banking	1,957	3.68
52,545 Woolworths	836	1.57
Canada (0.49%)	-	-
China (19.81%)	12,221	22.98
19,193 Alibaba	1,586	2.98
214,784 Anta Sports	523	0.98
6,081 Baidu	851	1.60
1,982,552 China Construction Bank	1,309	2.46
424,000 China High Precision Automation*	0	0.00
210,319 China Mengniu Dairy	333	0.63
357,015 China Merchants Bank	763	1.43
147,000 China Metal Recycling*	0	0.00
801,155 China Petroleum	498	0.94
177,943 Citic Securities	306	0.58
14,063 Ctrip.com	536	1.01
9,730 Huazhu Hotels	453	0.85
30,470 JD.com ADR	748	1.41

Asian Pacific Growth Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
China (continued)		
245,846 Minth	629	1.18
455,268 PetroChina 'H'	279	0.52
205,761 Ping An Insurance	882	1.66
1,150,525 Shanghai Electric	476	0.90
78,445 Tencent	1,681	3.16
4,752,000 Tianhe Chemicals*	0	0.00
35,222 Vipshop	368	0.69
Hong Kong (15.93%)		8,345
178,013 AIA	904	1.70
194,123 Bank of China Hong Kong	617	1.16
106,404 Cheung Kong Property	582	1.09
87,504 China Mobile	775	1.46
241,093 China Resources Land	528	0.99
553,756 China State Construction	728	1.37
27,830 CK Hutchison	276	0.52
931,901 Dali Foods	424	0.80
1,343,001 Dawnrays Pharmaceutical	608	1.14
266,500 Haitian International	450	0.85
184,307 Hang Lung Properties	374	0.70
57,694 Orient Overseas	271	0.51
10,224,925 Rexlot	149	0.28
1,976,642 Shun Tak	557	1.05
764,451 SITC	392	0.74
603,694 Texhong Textile	710	1.34
India (6.51%)		4,275
53,796 Axis Bank	328	0.62
14,836 Bajaj	371	0.70
188,749 Bharat Heavy Electric	368	0.69
47,098 Bharat Petrol	380	0.71
103,381 Coal India	400	0.75
198,800 ITC	626	1.18
39,788 Larsen & Toubro	704	1.32
16,083 Tata Consultancy Services	476	0.89
138,431 Voltas	622	1.17

Asian Pacific Growth Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Indonesia (0.00%)	812	1.53
1,154,766 AKR Corporindo	442	0.83
3,720,015 Media Nusantara Citra	370	0.70
Malaysia (2.17%)	-	-
New Zealand (3.04%)	343	0.64
204,704 Infratil	343	0.64
Philippines (1.71%)	-	-
Singapore (2.84%)	1,492	2.81
352,136 Capitaland	734	1.38
61,422 United Overseas Bank	758	1.43
South Korea (14.23%)	7,124	13.40
9,141 Hyundai Motor (Preference)	663	1.25
11,929 KT	258	0.49
25,158 KT Corporation	323	0.61
53,363 Nexen Tire	535	1.01
487 Samsung Electronics	665	1.25
2,082 Samsung Electronics (Preference)	2,214	4.16
6,928 Samsung SDI	633	1.19
24,473 Shinhan Finance	811	1.52
17,360 SK Hynix	576	1.08
26,952 Woory Industrial	446	0.84
Taiwan (10.68%)	4,393	8.26
522,852 Cathay Financial	660	1.24
58,651 Ginko International	461	0.87
286,760 Hon Hai Precision	671	1.26
526,101 Taiwan Semiconductor Manufacturing	2,601	4.89
Thailand (0.63%)	530	1.00
120,577 Kasikornbank	530	1.00

Asian Pacific Growth Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Collective Investment Scheme (0.03%)	1,300	2.44
1,299,768 Standard Life CNAV Sterling Liquidity Fund	1,300	2.44
Total investment assets	52,275	98.29
Net other assets	907	1.71
Total Net Assets	53,182	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

*delisted

Asian Pacific Growth Fund
Notes to the financial statements

1 Accounting policies

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)	2017	2016
	£'000	£'000
Non-derivative securities	13,899	(6,627)
Derivative contracts	0	(11)
Forward currency contracts	(4)	(90)
Non-derivative securities currency gains	74	120
Handling charges taken from the capital account	(36)	(49)
Net capital gains/(losses)	<u>13,933</u>	<u>(6,657)</u>

3 Transaction Costs	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	33,830	62,351
Commissions	48	47
Taxes & Other Fees	19	21
Total purchase transaction costs	67	68
Purchases including transaction costs	<u>33,897</u>	<u>62,419</u>
Gross sales before transaction costs	32,342	42,010
Commissions	(56)	(48)
Taxes & Other Fees	(40)	(44)
Total sale transaction costs	(96)	(92)
Total sales net of transaction costs	<u>32,246</u>	<u>41,918</u>

Equity Transaction Cost as a % of total Purchases & Sales	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.14%	0.08%
Taxes & Other Fees	0.06%	0.03%
Sales		
Commissions	0.17%	0.11%
Taxes & Other Fees	0.12%	0.10%

Asian Pacific Growth Fund**Notes to the financial statements****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.11%	0.14%
Taxes & Other Fees	0.04%	0.06%
Sales		
Commissions	0.13%	0.14%
Taxes & Other Fees	0.09%	0.13%

There are no transaction costs associated with the purchases or sales of collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	33,897	62,419
Sales		
Equities	32,246	41,918

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.84% (29 February 2016: 0.89%). This is indicative for the year.

4 Revenue	2017	2016
	£'000	£'000
UK dividends	25	0
Overseas dividends	1,143	1,025
Dividend reinvestments	1	4
Bank interest	1	2
Total revenue	1,170	1,031

Asian Pacific Growth Fund**Notes to the financial statements (continued)**

5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	396	422
Dealing charge	5	3
Registration fees	23	27
	<u>424</u>	<u>452</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	6
Safe custody fees	17	15
	<u>24</u>	<u>21</u>
Other:		
Audit fee	7	8
Expenses reimbursed from Ignis fund merger	(9)	0
Legal expenses	17	6
	<u>15</u>	<u>14</u>
Total expenses	<u>463</u>	<u>487</u>

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	64	65
Total taxation	<u>64</u>	<u>65</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	705	542
Corporation tax at 20% (2016: 20%)	141	108
Effects of:		
UK dividends	(5)	0
Non taxable overseas dividends	(223)	(198)
Overseas withholding tax	64	65
Overseas withholding tax claimed as a deduction	0	(1)
Overseas tax expense relief	(1)	0
Excess management expenses	88	92
Non Taxable Dividend Reinvestments	0	(1)
Current tax charge (Note 6(a))	<u>64</u>	<u>65</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

Asian Pacific Growth Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £407,000 (2016: £319,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Distribution	706	611
Add: Income deducted on cancellation of shares	86	350
Deduct: Income received on issue of shares	(151)	(485)
Net distribution for the year	641	476

Details of the distribution per share are set out in this Fund's distribution table.

8 Debtors

	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	24	23
Sales awaiting settlement	515	249
Accrued revenue	134	117
Dilution levy receivable from the ACD	0	2
Outstanding balance from Fund Merger	0	2
Total debtors	673	393

9 Creditors

	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	19	22
Purchases awaiting settlement	175	225
Accrued expenses payable to the ACD	38	34
Accrued expenses payable to the Depositary	9	9
Other accrued expenses	8	9
Total creditors	249	299

Asian Pacific Growth Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund holds nil shares (2016: 12,375 shares) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was £12,984,000 (2016: £15,328,000) and the total sales proceeds were £11,684,000 (2016: £15,319,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	10,156	33,652
Purchase of shares by Fund	2,545	28,119
Distributions made by Fund	304	218
 The percentage value of the Fund held by Standard Life group companies is:	 43.1%	 29.6%

Asian Pacific Growth Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	50,975	0	0	35,137	0	264
Collective Investment Schemes	0	1,300	0	0	12	0
Total investment assets	50,975	1,300	0	35,137	12	264

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	5,310,930	78,197	(633,546)	(248,027)	4,507,554
Institutional accumulation	5,909,351	3,122,035	(1,417,565)	79,711	7,693,532
Retail income	3,481,442	21,917	(344,863)	(1,321,442)	1,837,054
Standard Life income	2,115	0	0	0	2,115
Standard Life accumulation	354,986	69,888	(14,254)	4,050	414,670
Platform 1 accumulation	13,289,835	531,606	(4,240,234)	1,584,984	11,166,191

Asian Pacific Growth Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Asian Pacific Growth Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Australian Dollar	10,294	6,611
Hong Kong Dollar	16,024	11,476
Indian Rupee	4,256	2,380
Indonesian Rupiah	812	0
Korean Won	7,159	4,775
Malaysian Ringgit	0	792
New Zealand Dollar	343	1,111
Philippines Peso	0	934
Singapore Dollar	1,493	1,037
Taiwan Dollar	4,696	3,962
Thai Baht	530	231
US Dollar	4,740	3,017

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Asian Pacific Growth Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2017			
Currency			
Sterling	1,300	1,453	2,753
Australian Dollar	24	10,341	10,365
Hong Kong Dollar	0	16,052	16,052
Indian Rupee	35	4,275	4,310
Indonesian Rupiah	0	812	812
Korean Won	0	6,800	6,800
New Zealand Dollar	0	343	343
Singapore Dollar	0	1,493	1,493
Taiwan Dollar	303	4,393	4,696
Thai Baht	0	530	530
US Dollar	135	4,483	4,618
2016			
Currency			
Sterling	14	275	289
Australian Dollar	11	6,483	6,494
Hong Kong Dollar	0	11,461	11,461
Indian Rupee	0	2,380	2,380
Korean Won	0	4,691	4,691
Malaysian Ringgit	0	792	792
New Zealand Dollar	0	1,111	1,111
Philippines Peso	308	626	934
Singapore Dollar	0	1,037	1,037
Taiwan Dollar	617	3,314	3,931
Thai Baht	0	231	231
US Dollar	123	3,000	3,123

Asian Pacific Growth Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures (continued)

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Asian Pacific Growth Fund**Distribution Table****for the year ended 28 February 2017****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	3.1669	-	3.1669 *	2.6231
Group 2	0.9666	2.2003	3.1669 *	2.6231
Institutional accumulation				
Group 1	5.1038	-	5.1038 *	4.9315
Group 2	0.6526	4.4512	5.1038 *	4.9315
Retail income				
Group 1	0.7525	-	0.7525 **	0.1074
Group 2	0.0619	0.6906	0.7525 **	0.1074
Standard Life income				
Group 1	2.9151	-	2.9151 **	2.7527
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	2.6724	-	2.6724 *	2.4708
Group 2	0.7194	1.9530	2.6724 *	2.4708
Platform 1 accumulation				
Group 1	1.3016	-	1.3016 *	1.2628
Group 2	0.6135	0.6881	1.3016 *	1.2628

* Distribution accumulated on 28 February 2017

** Distribution payable on 28 April 2017

**Asian Pacific Growth Fund
Distribution Table (continued)**

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Dividend Distribution
Treat as a UK corporate dividend*	100.00%
Treat as annual payment net of income tax at 20%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

Corporate Bond Fund Investment Report

Fund Manager

Adam Walker

Benchmark

IA £ Corporate Bond Sector

Launch Date

23 October 2015

Objective

The objective of the Fund is to provide a return from income and capital appreciation.

Policy

The investment policy of the Fund is to invest mostly in sterling fixed interest securities issued by corporations. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives (for the purpose of efficient portfolio management (including hedging)) and collective investment schemes.

Risk Profile

The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of mainly corporate bond exposure, which provides a degree of protection from default risk, and who do not desire a high degree of stock specific risk. Whilst the income generated should remain relatively stable, the investor must be able to accept some fluctuations in the income due to the higher risk nature of some of the securities held in the Fund. The investor must also be able to accept temporary capital losses due to the volatile nature of the markets in which the Fund invests, and should therefore have an investment time horizon of at least 5 years.

Performance

The Corporate Bond Fund returned 13.12% during the year, in comparison with the IA Corporate Bond Sector return of 11.06% (source: Morningstar, basic rate taxpayer, bid to bid basis. Please note the Fund return is net of fees, whereas the benchmark return is gross).

Early in the period, overweight positions in a number of commodity-related issuers made a positive contribution to performance; E.on, Glencore and Kinder Morgan all benefited from the sharp recovery in commodity prices that started just before the reporting period began. An overweight position in Tesco also performed well. However, overweight exposure to some RBS bonds detracted from returns as many UK financials struggled in the wake of the EU referendum. Holding underweight positions in long-dated A and AA rated debt also proved detrimental given this part of the rating structure performed well as gilt yields declined.

The election of Donald Trump as US president in early November had a positive impact on our financial holdings. Trump's campaign promises of tax cuts and increased fiscal spending increased inflation expectations and steeper yield curves, considered to be beneficial for bank margins and revenues. As a result, overweight holdings in Barclays, HSBC and Prudential all performed well. However, one financial holding that proved a drag on performance was an overweight position in a Standard Chartered preferred bond. Investors had expected this bond to be called on its first call date, so it came as a considerable surprise when the Bank declined to do so. As the period drew to a close, our overweight holding in the UK supermarket Tesco boosted performance when it announced it was to acquire Booker. The deal was considered positive for Tesco's credit metrics. However, an overweight holding in long-dated AT&T bonds detracted from returns as rising gilt yields took their toll.

Corporate Bond Fund Investment Report (continued)

Investment activity

Early in the period, we participated in a euro-denominated deal from the French motorway operator Societe des Autoroutes. This was attractively priced and was also eligible for the ECB's CSPP programme. We also took part in a deal from Ford in sterling that fitted our preference for shorter-dated issuance with a reasonable spread above government bonds. Other new issues we participated in included Teva, Intesa Sanpaolo, Vodafone, BMW and Heathrow.

As the period progressed, we reduced the spread duration in the Fund, selling some long-dated telecommunications bonds. We also took profits on Co-op Wholesale bonds, which have performed very strongly in the last two years. We felt that the wholesale group's bonds had been unfairly affected by issues at the banking arm of the company.

As the period drew to a close, we used the strength of the market to reduce our exposure to credit. Within financials, we reduced our weighting in additional tier one debt, the most junior part of the bank debt structure we invest in. We also sold long-dated subordinated insurance bonds from Prudential and Aviva. Within non-financials, we reduced our exposure to BBB rated issuers, such as First Group, which have performed very strongly since the announcement of the BoE Corporate Bond Purchase Scheme. We also raised our cash holdings in order to hedge the against spread and interest-rate volatility.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £100,263,000 and the total proceeds from sales were £104,978,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 **4** 5 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Corporate Bond Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share
Retail accumulation ^{++^}		
Change in net assets per share		
Opening net asset value per share	295.25	301.89
Return before operating charges*	43.32	(4.50)
Operating charges**	(3.30)	(1.23)
Return after operating charges*	40.02	(5.73)
Distributions	(12.48)	(4.54)
Retained distributions on accumulation share	10.60	3.63
Closing net asset value per share	333.39	295.25
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	13.55%	-1.90%
Other information		
Closing net asset value (£'000)	57,174	55,927
Closing number of shares	17,149,234	18,942,025
Operating charges****	1.02%	1.22%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	341.2	306.4
Lowest share price	297.9	294.5

^ An in-specie transfer of value of £141,079,000 took place on 23 October 2015.

Corporate Bond Fund**Comparative Tables (continued)**

	28 February 2017	29 February 2016
	pence per share	pence per share
Institutional accumulation ⁺⁺		
Change in net assets per share		
Opening net asset value per share	48.91	50.00
Return before operating charges*	7.20	(0.88)
Operating charges**	(0.32)	(0.10)
Return after operating charges*	6.88	(0.98)
Distributions	(2.07)	(0.54)
Retained distributions on accumulation share	1.76	0.43
Closing net asset value per share	55.48	48.91
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	14.07%	-1.96%
Other information		
Closing net asset value (£'000)	120,701	100,650
Closing number of shares	217,540,007	205,774,920
Operating charges****	0.60%	0.62%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	56.66	50.69
Lowest share price	49.35	48.78

Corporate Bond Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share
Retail income ⁺⁺,[^]		
Change in net assets per share		
Opening net asset value per share	96.05	99.42
Return before operating charges*	14.01	(1.47)
Operating charges**	(1.06)	(0.40)
Return after operating charges*	12.95	(1.87)
Distributions	(4.01)	(1.50)
Closing net asset value per share	104.99	96.05
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	13.48%	-1.88%
Other information		
Closing net asset value (£'000)	43,138	48,269
Closing number of shares	41,087,437	50,252,895
Operating charges****	1.02%	1.22%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	110.1	100.6
Lowest share price	96.92	96.66

[^] An in specie transfer to the value of £62,354,000 took place on 23 October 2015.

Corporate Bond Fund**Comparative Tables (continued)**

	28 February 2017	29 February 2016
	pence per share	pence per share
Institutional income ⁺⁺		
Change in net assets per share		
Opening net asset value per share	48.32	50.00
Return before operating charges*	7.07	(0.82)
Operating charges**	(0.32)	(0.10)
Return after operating charges*	6.75	(0.92)
Distributions	(2.02)	(0.76)
Closing net asset value per share	53.05	48.32
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	13.97%	-1.84%
Other information		
Closing net asset value (£'000)	13,923	10,053
Closing number of shares	26,243,677	20,804,811
Operating charges****	0.60%	0.62%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	55.52	50.51
Lowest share price	48.77	48.62

Corporate Bond Fund**Comparative Tables (continued)**

	28 February 2017	29 February 2016
	pence per share	pence per share
Standard Life income ⁺⁺		
Change in net assets per share		
Opening net asset value per share	48.41	50.00
Return before operating charges*	7.14	(0.81)
Operating charges**	(0.05)	(0.02)
Return after operating charges*	7.09	(0.83)
Distributions	(2.05)	(0.76)
Closing net asset value per share	53.45	48.41
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	14.65%	-1.66%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	0.10%	0.12%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	55.76	50.54
Lowest share price	48.85	48.71

Corporate Bond Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share
Standard Life accumulation ⁺⁺		
Change in net assets per share		
Opening net asset value per share	49.01	50.00
Return before operating charges*	7.27	(0.82)
Operating charges**	(0.05)	(0.02)
Return after operating charges*	7.22	(0.84)
Distributions	(2.13)	(0.76)
Retained distributions on accumulation share	1.80	0.61
Closing net asset value per share	55.90	49.01
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	14.73%	-1.68%
Other information		
Closing net asset value (£'000)	6	1
Closing number of shares	10,695	2,200
Operating charges****	0.10%	0.12%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	56.89	50.72
Lowest share price	49.45	48.87

Corporate Bond Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share
Platform 1 accumulation ⁺⁺^		
Change in net assets per share		
Opening net asset value per share	127.41	130.02
Return before operating charges*	18.73	(1.93)
Operating charges**	(0.91)	(0.29)
Return after operating charges*	17.82	(2.22)
Distributions	(5.39)	(1.97)
Retained distributions on accumulation share	4.58	1.58
Closing net asset value per share	144.42	127.41
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	13.99%	-1.71%
Other information		
Closing net asset value (£'000)	15,359	15,191
Closing number of shares	10,634,850	11,923,027
Operating charges****	0.65%	0.67%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	147.5	132.0
Lowest share price	128.6	127.1

^ An in-specie transfer to the value of £11,609,000 took place on 23 October 2015.

Corporate Bond Fund**Comparative Tables (continued)**

	28 February 2017	29 February 2016
	pence per share	pence per share
Platform 1 income ++		
Change in net assets per share		
Opening net asset value per share	106.17	109.69
Return before operating charges*	15.54	(1.62)
Operating charges**	(0.75)	(0.24)
Return after operating charges*	14.79	(1.86)
Distributions	(4.45)	(1.66)
Closing net asset value per share	116.51	106.17
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	13.93%	-1.70%
Other information		
Closing net asset value (£'000)	15,583	11,750
Closing number of shares	13,374,729	11,067,320
Operating charges****	0.65%	0.67%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	122.0	111.0
Lowest share price	107.1	106.8

^ An in-specie transfer to the value of £14,878,000 took place on 23 October 2015.

Corporate Bond Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflects a lower ACD periodic charge of 1.00% which became effective on 1 April 2016; the previous ACD periodic charge was 1.10%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

** From the launch of the Fund on 23 October 2015.

Corporate Bond Fund**Financial Statements****Statement of Total Return****for the year ended 28 February 2017**

			for the period 23 October	
		2017	2015 to 29 February 2016	
	Note	£'000	£'000	£'000
Income:				
Net capital gains/(losses)	2		26,290	(7,644)
Revenue	4	10,606		3,615
Expenses	5	(2,094)		(920)
Interest and similar charges		(4)		(2)
Net revenue before taxation		<u>8,508</u>		<u>2,693</u>
Taxation	6	0		0
Net revenue after taxation			<u>8,508</u>	<u>2,693</u>
Total return before distributions			<u>34,798</u>	<u>(4,951)</u>
Distributions	7		<u>(10,549)</u>	<u>(3,585)</u>
Change in net assets attributable to shareholders from investment activities			<u>24,249</u>	<u>(8,536)</u>

Statement of Change in Net Assets Attributable to Shareholders**for the year ended 28 February 2017**

			for the period 23 October	
		2017	2015 to 29 February 2016	
		£'000	£'000	£'000
Opening net assets attributable to shareholders			241,842	0
Amounts receivable on issue of shares		36,047		375,146
Amounts payable on cancellation of shares		<u>(42,780)</u>		<u>(126,878)</u>
			(6,733)	248,268
Dilution adjustment			96	31
Change in net assets attributable to shareholders from investment activities (see above)			24,249	(8,536)
Retained distribution on accumulation shares			6,431	2,079
Closing net assets attributable to shareholders			<u>265,885</u>	<u>241,842</u>

Corporate Bond Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			262,860		239,887
Current assets:					
Debtors	8	4,368		10,667	
Cash and bank balances	9	324		69	
			<u>4,692</u>		<u>10,736</u>
Total assets			<u>267,552</u>		<u>250,623</u>
Liabilities					
Investment liabilities			(33)		(118)
Creditors	10	(593)		(7,392)	
Bank overdrafts		0		(11)	
Distribution payable on income shares		(1,041)		(1,260)	
			<u>(1,634)</u>		<u>(8,663)</u>
Total liabilities			<u>(1,667)</u>		<u>(8,781)</u>
Net assets attributable to shareholders			<u>265,885</u>		<u>241,842</u>

Corporate Bond Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Corporate Bonds (97.06%)	256,233	96.36
Euro Denominated Bonds (6.58%)	6,068	2.29
1,220,000 Arion Banki 2.5% 2019	1,078	0.41
1,030,000 Bank of America 2.3% 2025	1,034	0.39
1,500,000 Deutsche Bank 5% 2020	1,391	0.52
1,060,000 Islandsbanki 1.75% 2020	931	0.35
800,000 Landsbankinn 3% 2018	712	0.27
1,080,000 NN 4.5% Perpetual	922	0.35
Sterling Denominated Bonds (87.97%)	232,517	87.40
3,468,000 AA 2.875% 2043	3,514	1.32
3,000,000 AA 4.2487% 2043	3,208	1.21
1,082,000 AA Bond Company 4.7201% 2018	1,132	0.43
1,350,000 Abbey National 3.875% 2029	1,545	0.58
2,300,000 America Movil 4.948% 2033	2,777	1.04
1,785,000 Anglian Water 5% 2023	1,894	0.71
1,360,000 Annington Repackaging 5.3236% 2023	1,565	0.59
1,700,000 Arqiva 4.882% 2032	1,930	0.73
1,700,000 Asciano Finance 5% 2023	1,895	0.71
2,000,000 AT&T 4.875% 2044	2,348	0.88
3,000,000 AT&T 5.2% 2033	3,647	1.37
1,620,000 Aviva 5.125% 2050	1,675	0.63
1,510,000 Aviva 6.125% 2036	1,705	0.64
2,000,000 Aviva 6.125% fixed to floating Perpetual	2,145	0.81
430,000 Babcock International 1.875% 2026	415	0.16
2,530,000 Bank of America 5.5% 2019	2,831	1.06
1,550,000 Barclays 10% 2021	2,009	0.76
960,000 Barclays 3.125% 2024	988	0.37
2,000,000 Barclays 3.25% 2027	2,021	0.76
1,420,000 Barclays Bank 7.75% 2075	1,486	0.56
750,000 Barclays 6.75% fixed to floating 2023	779	0.29
1,500,000 BAT International Finance 2.25% 2052	1,233	0.46
1,360,000 BMW Finance 0.875% 2022	1,329	0.50
1,250,000 BP Capital Markets 2.03% 2025	1,265	0.48
490,000 British American Tobacco 1.75% 2021	497	0.19
1,926,668 Broadgate Finance 5.098% 2035	2,288	0.86
370,000 Brown-Forman 2.6% 2028	384	0.14

Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)		
1,450,000 Western Power 5.75% 2032	2,024	0.76
1,932,000 Centrica 5.25% 2025	2,052	0.77
1,500,000 Citigroup 7.625% 2018	1,611	0.61
1,350,000 Citigroup 6.8% 2038	2,143	0.81
2,476,045 Connect M77/GSO 5.404% 2034	2,351	0.88
750,000 Co-operative 6.25% 2026	889	0.33
720,000 CPUK Finance 2.666% 2020	748	0.28
1,700,000 CPUK Finance 3.588% 2025	1,828	0.69
2,000,000 CPUK Finance 7.239% 2024	2,631	0.99
500,000 CRH Finance 4.125% 2029	582	0.22
1,200,000 CYBG 5% 2026	1,188	0.45
1,010,000 Daimler 1.50% 2022	1,020	0.38
2,162,120 Delamare 5.5457% 2029	2,304	0.87
1,100,000 Deutsche Bank 1.875% 2020	1,099	0.41
1,450,000 Direct Line Insurance 9.25% 2042	1,808	0.68
500,000 DONG Energy 4.875% 2032	633	0.24
2,000,000 Dresdner Funding Fund 8.151% 2031	1,892	0.71
1,000,000 E.ON Finance 5.875% 2037	1,415	0.53
1,500,000 E.ON Finance 6.375% 2032	2,124	0.80
2,500,000 E.ON Finance 6.75% 2039	3,876	1.46
1,000,000 EDF 5.125% 2050	1,232	0.46
1,500,000 EDF 5.875% Perpetual	1,386	0.52
1,200,000 EDF 6% 2114	1,607	0.60
2,000,000 EDF 6% Perpetual	1,948	0.73
2,400,000 Enel 5.625% 2024	2,933	1.10
600,000 Enterprise Inns 6.875% 2025	636	0.24
3,000,000 European Investment Bank 1.5% 2019	3,061	1.15
680,000 FCE Bank 2.727% 2022	711	0.27
1,020,000 Firstgroup 5.25% 2022	1,194	0.45
2,000,000 Gatwick Funding 5.75% 2037	2,845	1.07
1,750,000 Glencore Finance 6% 2022	2,033	0.76
1,000,000 HBOS 7.881% Perp	1,335	0.50
450,000 Heathrow Funding 2.75% 2049	431	0.16
2,000,000 Heathrow Funding 6.00% 2020	2,277	0.86
1,600,000 Heathrow Funding 6.25% 2018	1,723	0.65
2,000,000 Heathrow Funding 7.125% 2024	2,610	0.98

Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)		
1,546,292 Highbury Finance 7.017% 2023	1,793	0.67
2,000,000 HSBC 2.625% 2028	1,966	0.74
1,700,000 HSBC Bank 5.375% 2030	1,979	0.74
1,300,000 HSBC 5.844% fixed to floating Perpetual	1,515	0.57
1,500,000 HSBC Holdings PLC 6.75% 2028	1,932	0.73
2,000,000 Imperial Tobacco 5.5% 2026	2,520	0.95
1,750,000 Intu (SGS) Finance 4.125% 2023	1,960	0.74
2,250,000 JP Morgan Chase 1.875% 2020	2,315	0.87
2,000,000 Kelda Finance 5.75% 2020	2,200	0.83
1,750,000 Koninklijke KPN 5% 2026	2,075	0.78
580,000 Land Securities CM 2.399% 2029	607	0.23
1,500,000 Lloyds Banking 7% fixed to floating Perpetual	1,558	0.59
1,087,000 Lloyds TSB Bank 5.75% fixed to floating 2025	1,201	0.45
1,217,000 Lloyds TSB 9.625% 2023	1,672	0.63
1,500,000 Lloyds TSB Bank 7.625% 2025	1,995	0.75
500,000 London & Quadrant 2.625% 2026	533	0.20
3,700,000 Longstone Finance 4.896% 2031	4,129	1.55
1,738,032 Longstone Finance Plc 4.791% 19-Apr-2036	2,029	0.76
2,000,000 Merrill Lynch 5.5% 2021	2,321	0.87
570,000 Motability 3.625% 2036	662	0.25
1,500,000 Muenchener Rueckversicherungs 7.625% 2028	1,617	0.61
1,110,000 National Grid Gas 2.125% 2028	1,098	0.41
2,040,000 Nationwide Building Society 2.25% 2022	2,133	0.80
1,040,000 Nationwide Building Society 3.25% 2028	1,126	0.42
2,000,000 NatWest 6.5% 2021	2,315	0.87
2,000,000 NGG 5.625% fixed to floating 2073	2,204	0.83
2,439,350 Premiartel 6.175% 2032	2,742	1.03
1,500,000 Provident Financial 8% 2019	1,729	0.65
990,000 Province of Alberta 1.0% 2021	995	0.37
2,000,000 Prudential 5% 2055	2,000	0.75
1,250,000 Prudential 5.7% fixed to floating 2063	1,309	0.49
1,500,000 Rabobank 4.625% 2029	1,662	0.63
1,500,000 Rabobank Nederland 5.25% 2027	1,742	0.66
2,500,000 RL Finance 6.125% fixed to floating 2043	2,714	1.02
1,218,285 RMPA Services 5.337% 2038	1,513	0.57
2,000,000 Royal Bank of Scotland 6.625% 2018	2,171	0.82
2,350,000 RSA Insurance 6.701% fixed to floating Perpetual	2,376	0.89
1,200,000 RWE 7% fixed to floating Perpetual	1,274	0.48

Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)		
1,000,000 RWE 6.125% 2039	1,444	0.54
1,710,000 Santander 3.625% 2026	1,790	0.67
1,210,000 Severn Trent Water Utilities 2.75% 2031	1,274	0.48
528,507 Shaftesbury 2.487% 2031	519	0.20
2,000,000 Society of Lloyds 7.421% Perp	2,031	0.76
3,000,000 Southern Water 4.5% 2038	3,313	1.25
460,000 Stagecoach 4% 2025	505	0.19
1,000,000 Statoil 6.125% 2028	1,394	0.52
2,220,000 Talisman Energy 6.625% 2017	2,309	0.87
1,500,000 Telefonica Emisiones 5.289% 2022	1,755	0.66
2,542,700 Telereal Securitit 6.1645% 2031	3,039	1.14
1,025,000 Telereal Securitit FRN 2031	931	0.35
3,000,000 Tesco 6.125% 2022	3,467	1.30
1,956,861 Tesco 5.744% 2040	2,018	0.76
1,500,000 Thames Water 5.75% 2030	1,759	0.66
560,000 Thames Water Finance 3.5% 2028	635	0.24
1,500,000 Thames Water Kemble Finance 7.75% 2019	1,681	0.63
1,550,000 Vattenfall 6.875% 2039	2,487	0.94
1,400,000 Verizon Communications 4.75% 2034	1,668	0.63
490,000 Vicinity Centres 3.375% 2026	537	0.20
1,400,000 Vodafone Group 3% 2056	1,180	0.44
2,000,000 Volkswagen 1.75% 2020	2,027	0.76
700,000 Wells Fargo & Company 2.0% 28/07/2025	692	0.26
2,500,000 Wells Fargo 2.125% 2022	2,571	0.97
1,500,000 Wells Fargo 5.25% 2023	1,788	0.67
2,000,000 Morrison (WM) 3.5% 2026	2,133	0.80
1,400,000 Yorkshire Building Society 4.125% 2024	1,439	0.54
2,000,000 Yorkshire Power 7.25% 2028	2,964	1.11
610,000 Yorkshire Water 6.5876% 2022	783	0.29
1,250,000 Yorkshire Water 6.375% 2039	2,017	0.76

Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
US Dollar Denominated Bonds (2.51%)	9,620	3.64
400,000 Aeropuertos Dominicanos 6.75% 2029	336	0.13
1,290,000 Anheuser-Busch InBev Worldwide 3.65% 2026	1,055	0.40
1,000,000 Barclays 7.875% 2049	843	0.32
1,100,000 Credit Suisse Group 7.125% Perp	920	0.35
1,390,000 HSBC Holdings 6.875% PERP	1,197	0.45
887,000 Kinder Morgan 5.3% 2034	734	0.28
600,000 Lloyds Banking Group PLC 3.1% 2021	488	0.18
2,000,000 Royal Bank of Scotland 7.64% Perp	1,531	0.58
350,000 Standard Chartered 7.5% PERP	290	0.11
828,000 Teva Pharmaceutical Finance Ne 3.15% 2026	616	0.23
1,970,000 UBS Group Funding Jersey 4.125% 2026	1,610	0.61
Government Bonds (0.00%)	8,028	3.03
2,000,000 European Investment Bank 5.625% fixed to floating 2032	2,998	1.13
1,500,000 European Investment Bank 6% 2028	2,196	0.83
3,000,000 UK (Govt of) 1.5% 2047	2,834	1.07
Collective Investment Scheme (2.11%)	6,627	2.50
6,627,447 Standard Life CNAV Sterling Liquidity Fund	6,627	2.50

Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Derivatives (-0.03%)	(33)	(0.01)
Forward Currency Contracts (-0.02%)	(33)	(0.01)
Buy GBP 104,662 Sell EUR 122,503 30/05/2017	0	0.00
Buy GBP 5,040,424 Sell EUR 5,903,809 30/05/2017	(13)	0.00
Buy GBP 233,810 Sell USD 291,709 30/05/2017	0	0.00
Buy GBP 11,560,760 Sell USD 14,439,227 30/05/2017	(20)	(0.01)
Buy USD 79,998 Sell GBP 64,065 30/05/2017	0	0.00
Buy USD 239,781 Sell GBP 192,744 30/05/2017	0	0.00
Futures (-0.01%)	-	-
Total investment assets and liabilities	262,827	98.85
Net other assets	3,058	1.15
Total Net Assets	265,885	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

	Bid-market value £'000
Reconciliation of assets and liabilities to the balance sheet	£'000
Investment assets as per the Balance Sheet	262,860
Investment liabilities	(33)
Net investment assets	262,827
Net other assets	3,058
Total Net Assets	265,885

Corporate Bond Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)	2017	2016*
	£'000	£'000
Non-derivative securities	28,292	(6,096)
Derivative contracts	31	130
Forward currency contracts	(2,139)	(1,686)
Non-derivative securities currency gains	111	11
Derivative contracts currency losses	0	(1)
Handling charges taken from the capital account	(5)	(2)
Net capital gains/(losses)	26,290	(7,644)

3 Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016*
	£'000	£'000
Purchases		
Bonds	100,263	254,209
Sales		
Bonds	104,978	12,779

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.86% (29 February 2016: 0.75%). This is indicative for the year.

Corporate Bond Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016*
	£'000	£'000
Interest on debt securities	10,571	3,607
Bank interest	35	8
Total revenue	<u>10,606</u>	<u>3,615</u>

5 Expenses	2017	2016*
	£'000	£'000

Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:

Authorised Corporate Director's periodic charge taken from the capital account	1,880	823
Dealing charge taken from the capital account	16	4
Registration fees taken from the capital account	143	67
	<u>2,039</u>	<u>894</u>

Payable to the Depositary, associates of the Depositary and agents of either of them:

Depositary's fees	27	9
Safe custody fees	17	6
	<u>44</u>	<u>15</u>

Other:

Audit fee	11	11
Total expenses	<u>2,094</u>	<u>920</u>

6 Taxation	2017	2016*
	£'000	£'000

(a) Analysis of charge in the year

Total taxation	0	0
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(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	8,508	2,693
Corporation tax at 20% (2016: 20%)	1,702	539
Effects of:		
Interest distributions	(1,702)	(539)
Current tax charge (Note 6(a))	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

Corporate Bond Fund**Notes to the financial statements (continued)**

7 Distributions	2017	2016*
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
First interim distribution	2,709	0
Second interim distribution	2,657	1,038
Third interim distribution	2,603	0
Final distribution	2,455	2,444
	<hr/>	<hr/>
	10,424	3,482
Add: Income deducted on cancellation of shares	196	966
Deduct: Income received on issue of shares	(71)	(863)
	<hr/>	<hr/>
Net distribution for the year	10,549	3,585
	<hr/>	<hr/>

Details of the distribution per share are set out in this Fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	8,508	2,693
Add: ACD periodic charge taken from the capital account	1,880	823
Add: Registration fees taken from the capital account	143	67
Add: Dealing charges taken from the capital account	16	4
Add: Undistributed revenue brought forward	2	0
Deduct: Undistributed revenue carried forward	0	(2)
	<hr/>	<hr/>
Net distribution for the year	10,549	3,585
	<hr/>	<hr/>

*For the period 23 October 2015 to 29 February 2016.

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	4	5,551
Accrued revenue	4,364	4,806
Dilution levy receivable from the ACD	0	20
Collateral cash	0	290
	<hr/>	<hr/>
Total debtors	4,368	10,667
	<hr/>	<hr/>

9 Cash and Bank Balances	2017	2016
	£'000	£'000
Amounts held at futures clearing houses and brokers	103	69
Cash and bank balances	221	0
	<hr/>	<hr/>
Total cash and bank balances	324	69
	<hr/>	<hr/>

Corporate Bond Fund**Notes to the financial statements (continued)**

10 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	201	1,020
Purchases awaiting settlement	0	6,160
Accrued expenses payable to the ACD	153	180
Accrued expenses payable to the Depositary	8	17
Other accrued expenses	11	11
Collateral cash	220	0
Dilution levy payable to the ACD	0	4
Total creditors	593	7,392

11 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 10.

The Fund holds 6,627,447 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £99,706,000 (2016: £ nil), the total sales proceeds were £98,213,000 (2016: £ nil) and distributions reinvested were £34,000 (2016: £ nil).

The Fund holds nil shares (2016: 5,100,246) in SLI Seabury GBP VNAV Liquidity Fund, the total purchase cost of these investments during the year was £ nil (2016: £129,535,000), the total sales proceeds were £ nil (2016: £123,640,000) and distributions reinvested were £ nil (2016: £15,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	22,197	123,071
Purchase of shares by Fund	18,758	87,270
Distributions made by Fund	3,951	1,056

The percentage value of the Fund held by Standard Life group companies

is:	44.3%	39.8%
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Corporate Bond Fund**Notes to the financial statements (continued)****12 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	11,089	245,144	0	0	234,749	0
Collective Investment Schemes	0	6,627	0	0	5,100	0
Derivatives	0	0	0	0	38	0
Total investment assets	11,089	251,771	0	0	239,887	0
Fair value of investment liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives	0	(33)	0	(34)	(84)	0
Total investment liabilities	0	(33)	0	(34)	(84)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Shares in issue reconciliation

	Opening units 2016	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2017
Retail accumulation	18,942,025	142,705	(1,559,629)	(375,867)	17,149,234
Institutional accumulation	205,774,920	47,799,713	(36,034,626)	0	217,540,007
Retail income	50,252,895	308,501	(3,781,964)	(5,691,995)	41,087,437
Institutional income	20,804,811	6,517,184	(1,229,855)	151,537	26,243,677
Standard Life income	2,200	0	0	0	2,200
Standard Life accumulation	2,200	50,937	(42,442)	0	10,695
Platform 1 accumulation	11,923,027	547,228	(2,729,984)	894,579	10,634,850
Platform 1 income	11,067,320	257,279	(2,999,125)	5,049,255	13,374,729

Corporate Bond Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures**

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2017	Minimum	Maximum	Average
VaR 99% 1 Month	2.78%	3.42%	3.09%
2016	Minimum	Maximum	Average
VaR 99% 1 Month	2.76%	3.04%	2.90%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 3.19%, £8,384,000 (2016: 2.76%, £6,675,000) in one month period. This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Corporate Bond Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk**

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2017	2016
	£'000	£'000
Euro	(17)	(25)
US Dollar	124	155

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Corporate Bond Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Fixed rate financial assets	Financial assets/ (liabilities) not carrying interest	Total
	£'000	£'000	£'000	£'000
2017				
Currency				
Sterling	6,951	239,690	16,683	263,324
Euro	0	5,034	(5,158)	(124)
US Dollar	0	11,510	(11,559)	(49)
2016				
Currency				
Sterling	5171	213,636	19,775	238,582
Euro	887	14,149	(13,827)	1,209
US Dollar	0	6,077	(6,041)	36

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid-market value 2017	Bid-market value 2016
Credit Rating Analysis	£'000	£'000
Investment Grade Bonds	214,328	39,288
Below Investment Grade Bonds	39,035	192,095
Unrated Bonds	2,871	3,366
Total Value of Bonds	256,233	234,749

Corporate Bond Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(d) Credit risk (continued)**

This Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Any counterparties to derivative positions and term deposits as well as the collateral amount and type held by the Fund as at 28 February 2017 are detailed in the table below.

Counterparty	Collateral classification	2017 £'000	2016 £'000
Barclays	-	-	-
BNP Paribas	-	-	-
Lloyds	-	-	-
Merrill Lynch	Cash	-	(290)
Royal Bank of Canada	Cash	220	-
Societe Generale	-	-	-
Total		220	(290)

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Corporate Bond Fund**Distribution Tables****for the three months ended 31 May 2016****Interest distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 May 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	3.1451	0.6290	2.5161	-	2.5161 *	-
Group 2	1.6148	0.3229	1.2919	1.2242	2.5161 *	-
Institutional accumulation						
Group 1	0.5222	0.1044	0.4178	-	0.4178 *	-
Group 2	0.4280	0.0856	0.3424	0.0754	0.4178 *	-
Retail income						
Group 1	1.0232	0.2046	0.8186	-	0.8186 **	-
Group 2	0.3365	0.0673	0.2692	0.5494	0.8186 **	-
Institutional income						
Group 1	0.5155	0.1031	0.4124	-	0.4124 **	-
Group 2	0.3480	0.0696	0.2784	0.1340	0.4124 **	-
Standard Life income						
Group 1	0.5245	0.1049	0.4196	-	0.4196 **	-
Group 2	-	-	-	-	-	-
Standard Life accumulation						
Group 1	0.5241	0.1048	0.4193	-	0.4193 *	-
Group 2	0.0002	0.0000	0.0002	0.4191	0.4193 *	-
Platform 1 accumulation						
Group 1	1.3580	0.2716	1.0864	-	1.0864 *	-
Group 2	0.6823	0.1364	0.5459	0.5405	1.0864 *	-
Platform 1 income						
Group 1	1.1317	0.2263	0.9054	-	0.9054 **	-
Group 2	0.5380	0.1076	0.4304	0.4750	0.9054 **	-

* Distribution accumulated on 31 May 2016

** Distribution paid on 31 July 2016

Corporate Bond Fund
Distribution Tables (continued)

for the three months ended 31 August 2016

Interest distribution

Group 1 - shares purchased prior to 1 June 2016

Group 2 - shares purchased between 1 June 2016 and 31 August 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	3.1485	0.6297	2.5188	-	2.5188 *	-
Group 2	1.5008	0.3001	1.2007	1.3181	2.5188 *	-
Institutional accumulation						
Group 1	0.5226	0.1045	0.4181	-	0.4181 *	-
Group 2	0.3507	0.0701	0.2806	0.1375	0.4181 *	-
Retail income						
Group 1	1.0162	0.2032	0.8130	-	0.8130 **	-
Group 2	0.3508	0.0701	0.2807	0.5323	0.8130 **	-
Institutional income						
Group 1	0.5122	0.1024	0.4098	-	0.4098 **	-
Group 2	0.3313	0.0662	0.2651	0.1447	0.4098 **	-
Standard Life income						
Group 1	0.5150	0.1030	0.4120	-	0.4120 **	-
Group 2	-	-	-	-	-	-
Standard Life accumulation						
Group 1	0.5540	0.1108	0.4432	-	0.4432 *	-
Group 2	0.0000	0.0000	0.0000	0.4432	0.4432 *	-
Platform 1 accumulation						
Group 1	1.3605	0.2721	1.0884	-	1.0884 *	-
Group 2	0.3080	0.0616	0.2464	0.8420	1.0884 *	-
Platform 1 income						
Group 1	1.1250	0.2250	0.9000	-	0.9000 **	-
Group 2	0.3456	0.0691	0.2765	0.6235	0.9000 **	-

* Distribution accumulated on 31 August 2016

** Distribution paid on 31 October 2016

Corporate Bond Fund
Distribution Tables (continued)

for the three months ended 30 November 2016

Interest distribution

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 30 November 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	3.1128	0.6225	2.4903	-	2.4903 *	1.0813
Group 2	1.4927	0.2985	1.1942	1.2961	2.4903 *	1.0813
Institutional accumulation						
Group 1	0.5173	0.1034	0.4139	-	0.4139 *	0.0000
Group 2	0.2955	0.0591	0.2364	0.1775	0.4139 *	-
Retail income						
Group 1	0.9972	0.1994	0.7978	-	0.7978 **	0.3561
Group 2	0.3635	0.0727	0.2908	0.5070	0.7978 **	0.3561
Institutional income						
Group 1	0.5032	0.1006	0.4026	-	0.4026 **	0.1789
Group 2	0.0528	0.0105	0.0423	0.3603	0.4026 **	-
Standard Life income						
Group 1	0.5100	0.1020	0.4080	-	0.4080 **	0.1800
Group 2	-	-	-	-	-	-
Standard Life accumulation						
Group 1	0.5358	0.1071	0.4287	-	0.4287 *	0.1800
Group 2	0.3252	0.0650	0.2602	0.1685	0.4287 *	-
Platform 1 accumulation						
Group 1	1.3467	0.2693	1.0774	-	1.0774 *	0.4657
Group 2	0.7862	0.1572	0.6290	0.4484	1.0774 *	0.4657
Platform 1 income						
Group 1	1.1048	0.2209	0.8839	-	0.8839 **	0.3929
Group 2	0.3781	0.0756	0.3025	0.5814	0.8839 **	0.3929

* Distribution accumulated on 30 November 2016

** Distribution paid on 31 January 2017

Corporate Bond Fund
Distribution Tables (continued)

for the three months ended 28 February 2017

Interest distribution

Group 1 - shares purchased prior to 1 December 2016

Group 2 - shares purchased between 1 December 2016 and 28 February 2017

	Gross income	Income tax	Net income	Equalisation	Distribution payable	Distribution paid
	2017	2017	2017	2017	2017	2016
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	3.0700	0.0000	3.0700	-	3.0700 *	2.5516
Group 2	1.5052	0.0000	1.5052	1.5648	3.0700 *	2.5516
Institutional accumulation						
Group 1	0.5106	0.0000	0.5106	-	0.5106 *	0.4318
Group 2	0.1894	0.0000	0.1894	0.3212	0.5106 *	0.4318
Retail income						
Group 1	0.9772	0.0000	0.9772	-	0.9772 **	0.8452
Group 2	0.5544	0.0000	0.5544	0.4228	0.9772 **	0.8452
Institutional income						
Group 1	0.4930	0.0000	0.4930	-	0.4930 **	0.4269
Group 2	-	-	-	-	-	0.4269
Standard Life income						
Group 1	0.5000	0.0000	0.5000	-	0.5000 **	0.4280
Group 2	-	-	-	-	-	-
Standard Life accumulation						
Group 1	0.5122	0.0000	0.5122	-	0.5122 *	0.4280
Group 2	0.2874	0.0000	0.2874	0.2248	0.5122 *	-
Platform 1 accumulation						
Group 1	1.3290	0.0000	1.3290	-	1.3290 *	1.1123
Group 2	0.6557	0.0000	0.6557	0.6733	1.3290 *	1.1123
Platform 1 income						
Group 1	1.0889	0.0000	1.0889	-	1.0889 **	0.9359
Group 2	0.5781	0.0000	0.5781	0.5108	1.0889 **	0.9359

* Distribution accumulated on 28 February 2017

** Distribution payable on 28 April 2017

Emerging Market Debt Fund Investment Report

Fund Manager

Richard House

Benchmark

JP Morgan EMBI Global Diversified Index

Launch Date

24 October 2012

Objective

The objective of the Fund is to provide a return from both capital appreciation and income.

Policy

The investment policy of the Fund is to invest primarily in bonds issued by Emerging Market countries and companies listed on an emerging market stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in emerging market countries. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives (including currency forwards, interest rate and credit default swaps) and collective investment schemes.

Risk Profile

The nature of the portfolio makes it suitable for investors who are seeking exposure primarily from emerging market bonds. The investor must be able to accept temporary capital losses due to the volatile nature of the emerging market bond markets, and should therefore have an investment time horizon of at least 5 years.

Performance

The Emerging Market Debt Fund returned 24.80% over the year compared with a 25.49% return from the JP Morgan EMBI Global Diversified Index. (Fund return source: Morningstar, basic rate taxpayer, bid-to-bid basis, net of fees and index return source: Factset, gross.)

Early in the period holding zero exposure to Argentina proved detrimental. The country issued a multi-tranche deal in April and benefited from the improved appetite for risk among investors. While we recognised the country was an improving credit (from a very low base), we did not share the view that reform and economic rebalancing will proceed seamlessly, which was being reflected in the country's asset prices. We also held an overweight position in Hungary that detracted from relative performance. The country lagged the broader emerging market (EM) rally, with data suggesting it was already well-owned by the EM investor commsharey (we exited Hungary later in June). More positive was our overweight exposure to Venezuela, as expectations of a 'recall' referendum on President Maduro continued to grow. The continued stability of the oil price was also beneficial.

As the period progressed, holding zero exposure to lower-quality credits such as El Salvador and Sri Lanka proved detrimental. Not owning positions in Zambia also detracted from performance, as incumbent president Edgar Lungu emerged victorious in the presidential election. Despite accusations of widespread fraud and sporadic episodes of violence, the election passed more smoothly than had been feared. An overweight position in Egypt was positive for performance however, following the government's indication of willingness to engage with the IMF on a funded program to repair its damaged economy. An overweight exposure to Kazakhstan also performed well.

Emerging Market Debt Fund Investment Report (continued)

As the reporting period drew to a close, underweight positions in US Treasury-sensitive countries such as the Philippines and Peru added to returns, as US government bonds weakened. An underweight position in Turkey also added to returns, given that it has a heavy reliance on foreign capital. However, the Dominican Republic and Indonesia detracted from returns, largely for technical reasons. While fundamentals remain sound, long-end positions came under pressure as investors reduced exposure to these issuers. Meanwhile, overweight exposures to Egypt, Jamaica and India were positive, while Kazakhstan, our underweight exposure to Mexico and holding no exposure to Turkey detracted from performance.

Investment activity

Key trades early in the period included a number of lower-quality African issuers. This included Ghana and Kenya, both of which we expected to issue new debt to meet budget financing requirements. Staying on the African continent, we took profits in Morocco and reinvested the proceeds in Egypt. Meanwhile, we took profits in some high yielding issuers, including El Salvador and Sri Lanka. Proceeds were recycled into issuers that had been underperforming without any obvious justification, such as Ukraine and Kenya.

As the period progressed, we opened a new position in Lebanon, as the government finally took steps to tender licences to exploit its vast offshore gas resources. This could prove transformative for the economy in the medium-to-longer term. We also added exposure in Senegal and a new position in Trinidad and Tobago via the primary market. We later reduced the position in Trinidad and Tobago, following strong performance.

We were defensively positioned in the run-up to the US election, with a large cash position and an underweight duration position. We had added some risk in Brazil and Colombia, and reduced our exposure to US Treasury-sensitive assets, including Malaysia, China and Morocco. Immediately after the election result was announced, we reduced positions in the long end of credit curves in Indonesia and Hungary, prior to credit spreads widening. After the market sold off, we reinvested in Hungary and instigated a new position in Romania. In our view, positions in both countries had been oversold given their limited links to the US. Finally, in the last weeks of the period, we increased exposure to Kazakhstan, which we view as attractively valued versus Russia. We also added new positions in Sri Lanka and Panama after these bonds had underperformed their respective peers.

Emerging Market Debt Fund Investment Report (continued)

The following tables highlight the top 10 changes made to the portfolio in the year to 28 February 2017:

Purchases	Cost (£'000)
US Treasury 1.625% 2026	16,183
US Treasury 2% 2026	15,436
Hungary (Rep of) 7.625% 2041	11,093
Colombia (Rep of) 6.125% 2041	9,758
US Treasury 1.625% 2026	9,650
US Treasury 0% 2017	7,646
Peru (Rep of) 6.35% 2028	7,590
South Africa (Govt of) 4.30% 2028	6,662
Serbia (Rep of) 7.25% 2021	6,441
Romania (Republic of) 6.125% 2044	6,418
Other purchases	230,420
Total purchases	327,297

Sales	Proceeds (£'000)
US Treasury 1.625% 2026	17,169
US Treasury 2% 2026	15,091
Hungary (Rep of) 7.625% 2041	11,324
Colombia (Rep of) 6.125% 2041	10,173
US Treasury 1.625% 2026	9,757
Serbia (Rep of) 7.25% 2021	8,338
Peru (Rep of) 6.35% 2028	7,814
US Treasury 0% 2017	7,470
Kazakhstan (Republic of) 5.125% 2025	6,525
Romania (Republic of) 6.125% 2044	6,506
Other sales	206,874
Total sales	307,041

**Emerging Market Debt Fund
Investment Report (continued)**

Synthetic Risk & Reward Indicator

Lower risk Higher risk

Typically lower rewards Typically higher rewards

1 2 3 **4** 5 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Emerging Market Debt Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	57.34	54.08	47.29
Return before operating charges*	15.26	4.48	7.93
Operating charges**	(0.81)	(0.80)	(0.78)
Return after operating charges*	14.45	3.68	7.15
Distributions	(2.50)	(2.12)	(1.79)
Retained distributions on accumulation share	2.25	1.70	1.43
Closing net asset value per share	71.54	57.34	54.08
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	25.20%	6.80%	15.12%
Other information			
Closing net asset value (£'000)	1,976	873	786
Closing number of shares	2,762,034	1,522,540	1,453,054
Operating charges****	1.24%	1.48%	1.52%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	73.60	58.10	55.50
Lowest share price	56.99	50.70	47.40

Emerging Market Debt Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	58.53	54.52	47.39
Return before operating charges*	15.63	4.92	7.96
Operating charges**	(0.52)	(0.40)	(0.40)
Return after operating charges*	15.11	4.52	7.56
Distributions	(2.89)	(2.57)	(2.18)
Retained distributions on accumulation share	2.61	2.06	1.75
Closing net asset value per share	73.36	58.53	54.52
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	25.82%	8.29%	15.95%
Other information			
Closing net asset value (£'000)	1,099	544	633
Closing number of shares	1,498,809	928,762	1,161,144
Operating charges****	0.77%	0.73%	0.77%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	75.32	59.03	55.93
Lowest share price	58.18	51.58	47.78

Emerging Market Debt Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	52.34	50.82	45.60
Return before operating charges*	8.49	3.16	7.68
Operating charges**	(0.73)	(0.75)	(0.75)
Return after operating charges*	7.76	2.41	6.93
Distributions	0.00	(0.89)	(1.71)
Closing net asset value per share	60.10	52.34	50.82
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	14.83%	4.74%	15.20%
Other information			
Closing net asset value (£'000)	1	1	35
Closing number of shares	2,000	2,000	69,805
Operating charges****	1.24%	1.48%	1.52%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	65.01	54.61	52.86
Lowest share price	52.00	47.72	45.94

Emerging Market Debt Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	52.28	50.75	45.58
Return before operating charges*	13.90	4.26	7.63
Operating charges**	(0.46)	(0.37)	(0.38)
Return after operating charges*	13.44	3.89	7.25
Distributions	(2.55)	(2.36)	(2.08)
Closing net asset value per share	63.17	52.28	50.75
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	25.71%	7.67%	15.91%
Other information			
Closing net asset value (£'000)	25,226	9,403	16,882
Closing number of shares	39,933,727	17,987,082	33,264,774
Operating charges****	0.77%	0.73%	0.77%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	66.17	54.57	52.92
Lowest share price	51.96	47.80	45.81

Emerging Market Debt Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	52.30	50.75	45.58
Return before operating charges*	13.94	4.28	7.63
Operating charges**	(0.02)	0.00	(0.02)
Return after operating charges*	13.92	4.28	7.61
Distributions	(3.01)	(2.73)	(2.44)
Closing net asset value per share	63.21	52.30	50.75
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	26.62%	8.43%	16.70%
Other information			
Closing net asset value (£'000)	3,365	2,785	2,190
Closing number of shares	5,323,927	5,323,927	4,315,469
Operating charges****	0.04%	0.00%	0.04%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	66.29	54.61	53.05
Lowest share price	52.00	47.96	45.81

Emerging Market Debt Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	59.45	55.32	47.82
Return before operating charges*	15.92	4.77	8.07
Operating charges**	(0.08)	(0.04)	(0.06)
Return after operating charges*	15.84	4.73	8.01
Distributions	(3.40)	(2.97)	(2.55)
Retained distributions on accumulation share	3.06	2.37	2.04
Closing net asset value per share	74.95	59.45	55.32
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	26.64%	8.55%	16.75%
Other information			
Closing net asset value (£'000)	133,697	93,971	145,681
Closing number of shares	178,378,134	158,065,008	263,349,706
Operating charges****	0.12%	0.08%	0.12%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	76.77	59.96	56.73
Lowest share price	59.11	52.26	48.07

Emerging Market Debt Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	58.46	54.69	47.53
Return before operating charges*	15.59	4.71	8.02
Operating charges**	(0.55)	(0.43)	(0.42)
Return after operating charges*	15.04	4.28	7.60
Distributions	(2.84)	(2.54)	(2.17)
Retained distributions on accumulation share	2.56	2.03	1.73
Closing net asset value per share	73.22	58.46	54.69
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	25.73%	7.83%	15.99%
Other information			
Closing net asset value (£'000)	9,314	2,652	3,768
Closing number of shares	12,721,665	4,536,840	6,890,232
Operating charges****	0.82%	0.78%	0.82%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	75.20	58.94	56.10
Lowest share price	58.10	51.52	47.78

Emerging Market Debt Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	52.43	50.77	45.60
Return before operating charges*	13.81	4.40	7.62
Operating charges**	(0.49)	(0.39)	(0.40)
Return after operating charges*	13.32	4.01	7.22
Distributions	(2.54)	(2.35)	(2.05)
Closing net asset value per share	63.21	52.43	50.77
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	25.41%	7.90%	15.83%
Other information			
Closing net asset value (£'000)	3,250	1,119	6,079
Closing number of shares	5,140,846	2,133,722	11,973,938
Operating charges****	0.82%	0.78%	0.82%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	66.22	54.58	52.92
Lowest share price	52.00	47.83	45.82

Emerging Market Debt Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	57.45	53.66	46.59
Return before operating charges*	15.39	4.64	7.85
Operating charges**	(0.43)	(0.33)	(0.33)
Return after operating charges*	14.96	4.31	7.52
Distributions	(2.94)	(2.60)	(2.21)
Retained distributions on accumulation share	2.64	2.08	1.76
Closing net asset value per share	72.11	57.45	53.66
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	26.04%	8.03%	16.14%
Other information			
Closing net asset value (£'000)	2	1	1
Closing number of shares	2,200	2,200	1,200
Operating charges****	0.65%	0.61%	0.65%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	73.99	57.94	55.05
Lowest share price	57.11	50.60	46.44

Emerging Market Debt Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S income			
Change in net assets per share			
Opening net asset value per share	52.33	50.76	45.60
Return before operating charges*	13.92	4.34	7.63
Operating charges**	(0.39)	(0.31)	(0.32)
Return after operating charges*	13.53	4.03	7.31
Distributions	(2.62)	(2.46)	(2.15)
Closing net asset value per share	63.24	52.33	50.76
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	25.86%	7.94%	16.03%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	1,200
Operating charges****	0.65%	0.61%	0.65%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	66.25	54.59	52.96
Lowest share price	52.01	47.88	44.41

Emerging Market Debt Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Emerging Market Debt Fund

Financial Statements

Statement of Total Return for the year ended 28 February 2017

			2017		2016
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains	2		29,044		1,616
Revenue	4	8,291		7,186	
Expenses	5	(411)		(268)	
Interest and similar charges		(87)		(50)	
Net revenue before taxation		<u>7,793</u>		<u>6,868</u>	
Taxation	6	0		0	
Net revenue after taxation			<u>7,793</u>		<u>6,868</u>
Total return before distributions			<u>36,837</u>		<u>8,484</u>
Distributions	7		<u>(7,793)</u>		<u>(6,868)</u>
Change in net assets attributable to shareholders from investment activities			<u>29,044</u>		<u>1,616</u>

Statement of Change in Net Assets Attributable to Shareholders for the year ended 28 February 2017

		2017		2016
		£'000	£'000	£'000
Opening net assets attributable to shareholders			111,350	176,056
Amounts receivable on issue of shares		62,067		13,378
Amounts payable on cancellation of shares		<u>(30,505)</u>		<u>(83,681)</u>
			31,562	(70,303)
Dilution adjustment			132	93
Change in net assets attributable to shareholders from investment activities (see above)			29,044	1,616
Retained distribution on accumulation shares			5,843	3,888
Closing net assets attributable to shareholders			<u>177,931</u>	<u>111,350</u>

Emerging Market Debt Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			147,118		100,748
Current assets:					
Debtors	8	6,984		1,973	
Cash and bank balances		28,543		12,170	
			<u>35,527</u>		<u>14,143</u>
Total assets			<u>182,645</u>		<u>114,891</u>
Liabilities					
Investment liabilities			0		(436)
Creditors	9	(4,058)		(2,241)	
Distribution payable on income shares		(656)		(864)	
			<u>(4,714)</u>		<u>(3,105)</u>
Total liabilities			<u>(4,714)</u>		<u>(3,541)</u>
Net assets attributable to shareholders			<u>177,931</u>		<u>111,350</u>

Emerging Market Debt Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Europe, Middle East & Africa (41.63%)	69,476	39.05
US Dollar Denominated Bonds (41.63%)	69,476	39.05
4,299,000 Azerbaijan (Rep of) 4.75% 2024	3,510	1.97
2,436,000 Bahrain (Govt of) 6% 2044	1,698	0.95
3,307,500 Cote D'Ivoire 2.5% fixed to floating 2032	2,499	1.40
3,862,000 Croatia (Govt of) 6% 2024	3,426	1.93
1,882,000 Croatia (Govt Of) 6.375% 2021	1,660	0.92
2,759,000 Egypt (Arab Republic of) 5.875% 2025	2,177	1.22
4,870,000 Egypt (Govt of) 8.5% 2047	4,246	2.39
615,000 Ivory Coast (Govt of) 5.375% 2024	478	0.27
7,029,000 Jordan (Govt of) 6.125% 2026	5,785	3.25
5,740,000 Kazakhstan (Rep of) 4.875% 2044	4,440	2.50
3,819,000 Kazakhstan (Republic of) 5.125% 2025	3,322	1.87
4,360,000 Lebanon (Govt of) 6.599% 2026	3,501	1.97
2,389,000 Lebanon (Rep of) 5.15% 2018	1,934	1.09
1,083,000 Morocco (Kingdom of) 5.5% 2042	914	0.51
4,454,000 Morocco (Kingdom of) 4.25% 2022	3,717	2.09
4,278,000 Nigeria (Govt of) 7.875% 2032	3,622	2.04
1,692,000 Pakistan (Rep of) 8.25% 2024	1,517	0.85
3,280,000 Senegal (Govt of) 8.75% 2021	2,983	1.68
1,972,000 Serbia (Rep of) 4.875% 2020	1,637	0.92
1,904,000 Serbia (Rep of) 7.25% 2021	1,736	0.98
4,512,000 South Africa (Govt of) 4.30% 2028	3,490	1.96
4,286,000 Ukraine (Govt of) 7.75% 2019	3,461	1.95
1,138,000 Ukraine (Govt of) 7.75% 2023	876	0.49
2,255,000 Uktaine (Govt of) 7.75% 2026	1,680	0.94
3,230,000 Vietnam (Socialist Rep of) 4.8% 2024	2,646	1.49
2,867,000 Vietnam (Socialist Rep of) 6.75% 2020	2,521	1.42
Latin America (34.57%)	59,814	33.61
Peruvian Nuevo Sol Demoniated Bonds (1.87%)	-	-

Emerging Market Debt Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
US Dollar Denominated Bonds (32.70%)	59,814	33.61
6,359,000 Argentina (Govt of) 6.875% 2021	5,453	3.06
2,620,000 Argentine (Govt of) 6.875% 2027	2,105	1.18
981,000 Bermuda (Govt of) 3.717% 2027	757	0.43
5,249,000 Brasil (Fed Rep of) 4.25% 2025	4,144	2.33
4,018,000 Brazil (Fed Rep of) 5% 2045	2,817	1.58
3,957,000 Brazil (Govt Of) 6% 2026	3,442	1.93
3,304,000 Colombia (Govt of) 4.5% 2026	2,801	1.57
4,113,000 Colombia (Rep of) 6.125% 2041	3,731	2.10
2,900,000 Dominican Republic (Govt of) 5.95% 2027	2,400	1.35
3,518,000 Dominican Republic (Govt of) 6.875% 2026	3,104	1.74
1,250,000 Honduras (Govt of) 6.25% 2027	1,016	0.57
4,709,000 Honduras (Republic of) 7.5% 2024	4,166	2.34
1,766,000 Jamaica (Govt of) 7.875% 2045	1,625	0.91
5,399,000 Jamaica (Govt of) 8% 2039	5,011	2.82
4,591,000 Mexico (United Mexican States) 3.6% 2025	3,660	2.06
959,000 Petroleos Mexicanos 2022	812	0.46
1,975,000 Petroleos Mexicanos 6.875% 2026	1,737	0.98
1,523,000 Panama (Govt of) 8.875% 2027	1,723	0.97
1,481,000 Panama (Govt of) 9.375% 2029	1,742	0.98
3,708,000 Paraguay (Rep of) 4.625% 2023	3,069	1.72
2,837,000 Paraguay (Rep of) 6.1% 2044	2,360	1.33
1,764,000 Peruvian (Govt of) 8.75% 2033	2,139	1.20
Pacific Basin (9.15%)	13,901	7.81
US Dollar Denominated Bonds (9.15%)	13,901	7.81
3,185,000 Govt of (SRI Lanka) 6.85% 2025	2,662	1.50
4,287,000 Indonesia (Govt of) 4.125% 2025	3,531	1.98
4,551,000 Indonesia (Govt of) 4.55% 2026	3,790	2.13
4,592,000 Indonesia (Rep of) 5.25% 2042	3,918	2.20
Supranational (4.77%)	3,926	2.21
Indian Rupee Denominated Bond (1.82%)	-	-
US Dollar Denominated Bonds (2.95%)	3,926	2.21
5,078,000 Export-Import Bank of India 3.375% 2026	3,926	2.21

Emerging Market Debt Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Collective Investment Scheme (0.11%)	0	0.00
63 Standard Life CNAV Sterling Liquidity Fund	0	0.00
Derivatives (-0.14%)	1	0.00
Forward Currency Contracts (-0.14%)	1	0.00
Buy INR 2,261,612 Sell USD 32,860 26/04/2017	1	0.00
Total investment assets and liabilities	147,118	82.68
Net other assets	30,813	17.32
Total Net Assets	177,931	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

Emerging Market Debt Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains

	2017	2016
	£'000	£'000
Non-derivative securities	26,630	(686)
Forward currency contracts	364	791
Non-derivative securities currency gains	2,064	1,526
Handling charges taken from the capital account	(14)	(15)
Net capital gains	29,044	1,616

3 Transaction Costs

	2017	2016
	£'000	£'000

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Bonds	327,297	136,975
Sales		
Bonds	307,041	186,938

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.61% (29 February 2016: 0.50%). This is indicative for the year.

Emerging Market Debt Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016
	£'000	£'000
Interest on debt securities	8,154	7,158
Bank interest	137	28
Total revenue	<u>8,291</u>	<u>7,186</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	271	118
Dealing charge	4	3
Registration fees	127	105
	<u>402</u>	<u>226</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	25	21
Safe custody fees	8	8
	<u>33</u>	<u>29</u>
Other:		
Audit fee	11	13
Sundry expenses refund	(35)	0
	<u>(24)</u>	<u>13</u>
Total expenses	<u>411</u>	<u>268</u>
6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Total taxation	<u>0</u>	<u>0</u>
(b) Factors affecting current tax charge for year		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	7,793	6,868
Corporation tax at 20% (2016: 20%)	<u>1,559</u>	<u>1,374</u>
Effects of:		
Interest distributions	(1,559)	(1,374)
Current tax charge (Note 6(a))	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

Emerging Market Debt Fund**Notes to the financial statements (continued)**

7 Distributions	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	4,016	2,490
Final distribution	3,990	2,936
	<hr/>	<hr/>
	8,006	5,426
Add: Income deducted on cancellation of shares	369	1,579
Deduct: Income received on issue of shares	(582)	(137)
	<hr/>	<hr/>
Net distribution for the year	7,793	6,868
	<hr/>	<hr/>

Details of the distribution per share are set out in this Fund's distribution tables.

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	552	327
Sales awaiting settlement	4,405	0
Accrued revenue	1,987	1,646
Dilution levy receivable from the ACD	1	0
Payment recoverable for income tax	39	0
	<hr/>	<hr/>
Total debtors	6,984	1,973
	<hr/>	<hr/>

9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	2	3
Purchases awaiting settlement	4,008	2,087
Accrued expenses payable to the ACD	32	16
Accrued expenses payable to the Depositary	5	5
Other accrued expenses	11	13
Collateral cash	0	117
	<hr/>	<hr/>
Total creditors	4,058	2,241
	<hr/>	<hr/>

Emerging Market Debt Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund holds 63 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £240,000 (2016: £ nil), the total sales proceeds were £240,000 (2016: £ nil) and distributions reinvested were £ nil (2016: £ nil).

The Fund holds nil shares (2016: 150,000) in SLI Seabury EUR VNAV Liquidity Fund, the total purchase cost of these investments during the year was € nil (2016: €1,611,000), the total sales proceeds were €150,000 (2016: €1,461,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	14,096	823
Purchase of shares by Fund	1,342	57,273
Distributions made by Fund	5,550	3,885
 The percentage value of the Fund held by Standard Life group companies is:	 77.7%	 87.5%

Emerging Market Debt Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	0	147,117	0	0	100,349	0
Equities	0	0	0	0	117	0
Collective Investment Schemes	0	0	0	0	282	0
Derivatives	0	1	0	0	0	0
Total investment assets	0	147,118	0	0	100,748	0
Fair value of investment liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives	0	0	0	0	(436)	0
Total investment liabilities	0	0	0	0	(436)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	1,522,540	2,061,102	(818,439)	(3,169)	2,762,034
Institutional accumulation	928,762	1,392,428	(822,381)	0	1,498,809
Retail income	2,000	0	0	0	2,000
Institutional income	17,987,082	67,953,699	(46,007,054)	0	39,933,727
Standard Life income	5,323,927	0	0	0	5,323,927
Standard Life accumulation	158,065,008	21,520,379	(1,207,253)	0	178,378,134
Platform 1 accumulation	4,536,840	8,711,874	(530,156)	3,107	12,721,665
Platform 1 income	2,133,722	4,056,766	(1,049,642)	0	5,140,846
Institutional S accumulation	2200	0	0	0	2200
Institutional S income	2200	0	0	0	2200

Emerging Market Debt Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures**

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2017	Minimum	Maximum	Average
VaR 99% 1 Month	5.91%	8.89%	7.73%
2016	Minimum	Maximum	Average
VaR 99% 1 Month	5.39%	5.88%	5.59%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 8.36%, £12,299,000 (2016: 5.64%, £6,280,000) in one month period. This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Emerging Market Debt Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk**

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Euro	0	(2,147)
Indian Rupee	34	1,243
Mexican Peso	1	77
Peruvian Nuevo Sol	0	(631)
Philippines Peso	0	3,337
US Dollar	150,023	98,223

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Emerging Market Debt Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
2017				
Currency				
Sterling	28,538	0	(552)	27,986
Australian Dollar	0	0	34	34
Hong Kong Dollar	1	0	0	1
Indian Rupee	4	147,117	519	147,640
2016				
Currency				
Sterling	12,145	0	(324)	11,821
Euro	141	0	(2,218)	(2,077)
Indian Rupee	0	0	1,206	1,206
Mexican Peso	0	0	77	77
Peruvian Nuevo Sol	0	0	1,448	1,448
Philippines Peso	0	0	3,337	3,337
US Dollar	3	100,348	(3,681)	96,670

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid-market value 2017	Bid-market value 2016
Credit Rating Analysis	£'000	£'000
Investment Grade Bonds	38,911	31,162
Below Investment Grade Bonds	108,206	66,501
Unrated Bonds	0	2,685
Total Value of Bonds	147,117	100,348

Emerging Market Debt Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(d) Credit risk (continued)**

This Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Any counterparties to derivative positions and term deposits as well as the collateral amount and type held by the Fund as at 28 February 2017 are detailed in the table below.

Counterparty	Collateral classification	2017	2016
		£'000	£'000
Abbey National	-	-	-
BNP Paribas	-	-	-
Credit Agricole	-	-	-
Danske Bank	-	-	-
Deutsche Bank	-	-	-
HSBC	-	-	-
ING Bank	-	-	-
Rabobank	-	-	-
Royal Bank of Canada	-	-	-
Royal Bank of Scotland	-	-	-
Societe Generale	Cash	-	117
State Street	-	-	-
Total		-	117

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Emerging Market Debt Fund**Distribution Tables****for the six months ended 31 August 2016****Interest distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 August 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	1.2366	0.2473	0.9893	-	0.9893 *	0.7586
Group 2	0.5177	0.1035	0.4142	0.5751	0.9893 *	0.7586
Institutional accumulation						
Group 1	1.4260	0.2852	1.1408	-	1.1408 *	0.9339
Group 2	0.2090	0.0418	0.1672	0.9736	1.1408 *	0.9339
Retail income						
Group 1	0.0000	0.0000	0.0000	-	0.0000	0.7133
Group 2	-	-	-	-	-	0.7133
Institutional income						
Group 1	1.2735	0.2547	1.0188	-	1.0188 **	0.8673
Group 2	0.5375	0.1075	0.4300	0.5888	1.0188 **	0.8673
Standard Life income						
Group 1	1.4830	0.2966	1.1864	-	1.1864 **	1.0197
Group 2	-	-	-	-	-	1.0197
Standard Life accumulation						
Group 1	1.6598	0.3319	1.3279	-	1.3279 *	1.0930
Group 2	0.8792	0.1758	0.7034	0.6245	1.3279 *	1.0930
Platform 1 accumulation						
Group 1	1.4075	0.2815	1.1260	-	1.1260 *	0.9250
Group 2	0.6466	0.1293	0.5173	0.6087	1.1260 *	0.9250
Platform 1 income						
Group 1	1.2596	0.2519	1.0077	-	1.0077 **	0.8585
Group 2	0.7038	0.1407	0.5631	0.4446	1.0077 **	0.8585

Emerging Market Debt Fund
Distribution Tables (continued)

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Institutional S accumulation						
Group 1	1.4550	0.2910	1.1640	-	1.1640 *	0.9480
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	1.3000	0.2600	1.0400	-	1.0400 **	0.8960
Group 2	-	-	-	-	-	-

* Distribution accumulated on 31 August 2016

** Distribution paid on 31 October 2016

for the six months ended 28 February 2017**Interest distribution**

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 28 February 2017

	Gross income	Income tax	Net income	Equalisation	Distirbution payable	Distribution paid
	2017	2017	2017	2017	2017	2016
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	1.2623	0.0000	1.2623	-	1.2623 *	0.9401
Group 2	0.6535	0.0000	0.6535	0.6088	1.2623 *	0.9401
Institutional accumulation						
Group 1	1.4687	0.0000	1.4687	-	1.4687 *	1.1212
Group 2	0.7687	0.0000	0.7687	0.7000	1.4687 *	1.1212
Retail income						
Group 1	0.0000	0.0000	0.0000	-	0.0000	0.0000
Group 2	-	-	-	-	-	-
Institutional income						
Group 1	1.2741	0.0000	1.2741	-	1.2741 **	1.0216
Group 2	0.8110	0.0000	0.8110	0.4631	1.2741 **	1.0216

Emerging Market Debt Fund
Distribution Tables (continued)

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Standard Life income						
Group 1	1.5248	0.0000	1.5248	-	1.5248 **	1.1681
Group 2	-	-	-	-	-	-
Standard Life accumulation						
Group 1	1.7352	0.0000	1.7352	-	1.7352 *	1.2813
Group 2	0.0881	0.0000	0.0881	1.6471	1.7352 *	1.2813
Platform 1 accumulation						
Group 1	1.4319	0.0000	1.4319	-	1.4319 *	1.1097
Group 2	0.8023	0.0000	0.8023	0.6296	1.4319 *	1.1097
Platform 1 income						
Group 1	1.2767	0.0000	1.2767	-	1.2767 **	1.0226
Group 2	0.7074	0.0000	0.7074	0.5693	1.2767 **	1.0226
Institutional S accumulation						
Group 1	1.4800	0.0000	1.4800	-	1.4800 *	1.1280
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	1.3150	0.0000	1.3150	-	1.3150 **	1.0680
Group 2	-	-	-	-	-	-

* Distribution accumulated on 28 February 2017

** Distribution paid on 28 April 2017

Europe Ex UK Smaller Companies Fund

Investment Report

Fund Manager

Andrew Paisley

Benchmark

Euromoney Smaller Europe
excluding UK Index

Launch Date

23 October 2007

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest primarily in equities and equity type investments of smaller companies listed on European markets (which might include emerging markets of Europe), excluding the UK, or companies that derive a significant proportion of their revenues or profits from European operations or have a significant proportion of their assets there. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives (for the purpose of efficient portfolio management (including hedging)) and collective investment schemes.

Risk Profile

It is intended for investors who wish to participate in the potential capital growth opportunities afforded by investing in an actively managed portfolio of primarily smaller companies from European equity markets (which might include emerging markets of Europe), excluding the UK. The focused nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of this area of European equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

For the year under review, the Fund returned 23.55% (platform 1, accumulation shares), compared to the IA European Smaller Companies Sector return of 24.54% (source: Morningstar, basic rate taxpayer, bid to bid basis).

Our holding in manufacturing company Bulten performed relatively well after it delivered a strong set of results, driven by a high volume of orders. The business has substantially ramped up its activity levels and has a strong pipeline of potential deals. Swedish company Troax was also a positive contributor to performance. The company announced robust results, which indicated better-than-expected growth and margin performance. The business is seeing healthy demand from the robotised machinery market and continues to take market share from smaller competitors. Additional highlights included Borregaard, Teleperformance and Porr.

Europe Ex UK Smaller Companies Fund

Investment Report (continued)

By contrast, Technicolor struggled on news that customer delays had negatively impacted growth within its set-top box division. We consequently reviewed our investment case and decided to sell. The holding in Patrizia contributed negatively to the Fund's performance. The company issued strong third-quarter results and increased profit guidance for the current year; however, Patrizia's 2017 guidance disappointed investors and lowered its share price. Looking at the guidance in more detail, we think that management have been unduly conservative and we are confident that the business will grow in excess of the stated numbers. Further disappointments included Hibernia, Grenke and Norma Group.

Investment Activity

Looking at recent activity, we started a position in Italian art supplies business Fila. The business is one of the global leaders in this market, with a focus on colours for children. The group has a track record of strong organic growth, value accretive acquisitions and a strong management team. The consensus is factoring in top-line growth in line with the market, which seems conservative given the historic performance of the business. In addition, it is not fully taking into account synergies from recent acquisitions. Elsewhere, we purchased Borregaard as we believe investors are missing the growth potential from lignin. The business will deploy a strong capacity development programme over the next couple of years, which will increase earnings significantly and has the potential to improve the margin beyond the current consensus. Further additions included Wessanen, Interpump and DiaSorin.

We sold shares in biobased ingredients specialist Corbion following the announcement of a joint venture with Total in relation to the company's polylactic acid (PLA) product. We believe that the growth opportunities for PLA remain substantial as an environmentally friendly alternative to oil-based plastics; however, the share price is partly discounting this. Elsewhere, we sold our holding in Bygghem following a fall in the Matrix score (our proprietary quant research tool) into negative territory made us re-evaluate our investment thesis. We also sold specialist packaging firm Huhtamaki as we have better ideas elsewhere.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £12,575,000 and the total proceeds from sales were £10,650,000.

**Europe Ex UK Smaller Companies Fund
Investment Report (continued)**

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 5 **6** 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Europe Ex UK Smaller Companies Fund**Comparative Tables**

	28 February 2017	29 February 2016 ⁺⁺
	pence per share	pence per share
Retail accumulation[^]		
Change in net assets per share		
Opening net asset value per share	196.36	186.75
Return before operating charges*	50.84	10.65
Operating charges**	(3.09)	(1.04)
Return after operating charges*	47.75	9.61
Distributions	(2.39)	0.00
Retained distributions on accumulation share	2.39	0.00
Closing net asset value per share	244.11	196.36
* after direct transaction costs of:***	0.17	(0.01)
Performance +		
Return after charges	24.32%	5.15%
Other information		
Closing net asset value (£'000)	5,791	4,860
Closing number of shares	2,372,248	2,474,999
Operating charges****	1.37%	1.62%
Direct transaction costs***	0.08%	-0.01%
Prices		
Highest share price	250.6	203.6
Lowest share price	195.4	181.3

[^] An in-specie transfer to the value of £5,556,000 took place on 23 October 2015.

Europe Ex UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 ⁺⁺ pence per share
Institutional accumulation		
Change in net assets per share		
Opening net asset value per share	53.14	50.00
Return before operating charges*	13.79	3.29
Operating charges**	(0.55)	(0.15)
Return after operating charges*	13.24	3.14
Distributions	(0.80)	0.00
Retained distributions on accumulation share	0.80	0.00
Closing net asset value per share	66.38	53.14
* after direct transaction costs of:***	0.05	0.00 ^{^^}
Performance +		
Return after charges	24.92%	6.28%
Other information		
Closing net asset value (£'000)	11,197	13,289
Closing number of shares	16,866,638	25,008,088
Operating charges****	0.90%	0.87%
Direct transaction costs***	0.08%	-0.01%
Prices		
Highest share price	68.03	55.04
Lowest share price	52.90	49.04

^{^^}This share class launched during the year and as a result the transaction costs suffered do not amount to 0.01% and are shown in the table above as 0.00%.

Europe Ex UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 ⁺⁺ pence per share
Standard Life accumulation		
Change in net assets per share		
Opening net asset value per share	53.30	50.00
Return before operating charges*	13.88	3.32
Operating charges**	(0.09)	(0.02)
Return after operating charges*	13.79	3.30
Distributions	(1.05)	(0.04)
Retained distributions on accumulation share	1.05	0.04
Closing net asset value per share	67.09	53.30
* after direct transaction costs of:***	0.05	0.00 ^{^^}
Performance +		
Return after charges	25.87%	6.60%
Other information		
Closing net asset value (£'000)	389	1
Closing number of shares	579,447	2,200
Operating charges****	0.15%	0.12%
Direct transaction costs***	0.08%	-0.01%
Prices		
Highest share price	68.55	55.14
Lowest share price	53.07	49.17

^{^^}This share class launched during the year and as a result the transaction costs suffered do not amount to 0.01% and are shown in the table above as 0.00%.

Europe Ex UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 ⁺⁺ pence per share
Platform 1 accumulation[^]		
Change in net assets per share		
Opening net asset value per share	208.84	198.16
Return before operating charges*	54.21	11.31
Operating charges**	(2.28)	(0.63)
Return after operating charges*	51.93	10.68
Distributions	(3.08)	0.00
Retained distributions on accumulation share	3.08	0.00
Closing net asset value per share	260.77	208.84
* after direct transaction costs of:***	0.19	(0.01)
Performance +		
Return after charges	24.87%	5.39%
Other information		
Closing net asset value (£'000)	28,419	16,937
Closing number of shares	10,898,444	8,110,113
Operating charges****	0.95%	0.92%
Direct transaction costs***	0.08%	-0.01%
Prices		
Highest share price	267.3	216.3
Lowest share price	207.9	192.7

[^] An in-specie transfer to the value of £17,412,000 took place on 23 October 2015.

Europe Ex UK Smaller Companies Fund

Comparative Tables (continued)

++ From the launch of the Fund on 23 October 2015.

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation share class reflects a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Europe Ex UK Smaller Companies Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

			for the period 23 October	
		2017	2015 to 29 February 2016	
	Note	£'000	£'000	£'000
Income:				
Net capital gains	2		8,694	1,730
Revenue	4	880		26
Expenses	5	(413)		(112)
Interest and similar charges		(1)		0
Net revenue/(expense) before taxation		<u>466</u>		<u>(86)</u>
Taxation	6	(64)		(1)
Net revenue/(expense) after taxation			<u>402</u>	<u>(87)</u>
Total return before distributions			<u>9,096</u>	<u>1,643</u>
Distributions	7		(570)	0
Change in net assets attributable to shareholders from investment activities			<u>8,526</u>	<u>1,643</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

			for the period 23 October	
		2017	2015 to 29 February 2016	
		£'000	£'000	£'000
Opening net assets attributable to shareholders			35,087	0
Amounts receivable on issue of shares		16,529		47,639
Amounts payable on cancellation of shares		<u>(14,931)</u>		<u>(14,229)</u>
			1,598	33,410
Dilution adjustment			57	34
Change in net assets attributable to shareholders			8,526	1,643
Retained distribution on accumulation shares			528	0
Closing net assets attributable to shareholders			<u>45,796</u>	<u>35,087</u>

Europe Ex UK Smaller Companies Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			46,108		34,843
Current assets:					
Debtors	8	85		53	
Cash and bank balances		31		341	
			<u>116</u>		<u>394</u>
Total assets			<u>46,224</u>		<u>35,237</u>
Liabilities:					
Creditors	9	(428)		(150)	
			<u>(428)</u>		<u>(150)</u>
Total liabilities			<u>(428)</u>		<u>(150)</u>
Net assets attributable to shareholders			<u>45,796</u>		<u>35,087</u>

Europe Ex UK Smaller Companies Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
European Equities (ex UK) (94.75%)	43,803	95.65
Austria (2.50%)	1,597	3.49
21,916 Bauen und Wohnen	439	0.96
35,369 Porr	1,158	2.53
Belguim (0.62%)	-	-
Denmark (1.00%)	-	-
Finland (2.95%)	2,889	6.31
30,916 Huhtamaki	898	1.96
53,871 Kesko 'B'	1,991	4.35
France (17.04%)	8,060	17.60
9,635 Eurazeo	479	1.05
20,358 LISI	599	1.31
34,701 Nexity	1,349	2.95
22,792 Orpea	1,595	3.48
58,587 Plastic Omnium	1,595	3.48
27,401 Teleperformance	2,443	5.33
Germany (35.22%)	12,713	27.75
3,069 Cewe Stiftung & Co	208	0.45
13,265 CTS Eventim	387	0.85
3,679 Grenkeleasing	517	1.13
58,703 Jungheinrich	1,429	3.12
36,549 Nemetschek	1,596	3.49
33,906 NORMA	1,176	2.57
30,289 OHB	513	1.12
73,070 Patrizia Immobilien	1,097	2.40
3,114 Rational	1,150	2.51
10,377 Sixt	427	0.93

Europe Ex UK Smaller Companies Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Germany (continued)		
18,654 Stabilus	860	1.88
79,501 TAKKT	1,436	3.13
63,012 Vib Vermoegen	1,076	2.34
5,136 XING	841	1.83
Ireland (7.03%)		2,808
1,929,320 Hibernia REIT	1,992	4.35
121,281 Irish Continental Group	525	1.15
53,858 Origin Enterprises	291	0.64
Italy (2.98%)		2,336
7,428 Banca Generali	145	0.32
13,744 Diasorin	701	1.53
38,700 Fila	505	1.10
15,985 Interpump	262	0.57
155,703 OVS	723	1.58
Netherlands (6.79%)		2,918
53,729 Corbion	1,115	2.43
99,808 Koninklijke Wessanen	1,071	2.34
45,120 MARR	732	1.60
Norway (0.66%)		1,552
172,594 Borregaard	1,552	3.39
Spain (1.95%)		1,180
66,112 Gamesa	1,180	2.58

Europe Ex UK Smaller Companies Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Sweden (9.94%)	4,489	9.80
144,117 Bulten AB	1,476	3.22
78,433 Byggmax	437	0.95
169,296 Cloetta	523	1.14
37,864 Intrum Justitia	1,102	2.41
43,600 Troax Group	951	2.08
Switzerland (6.07%)	3,261	7.12
19,758 Implenla	1,187	2.59
9,892 Komax	2,074	4.53
Collective Investment Schemes (4.55%)	2,305	5.03
419,122 Standard Life CNAV Euro Liquidity Fund	358	0.78
1,946,777 Standard Life CNAV Sterling Liquidity Fund	1,947	4.25
Total investment assets and liabilities	46,108	100.68
Net other liabilities	(312)	(0.68)
Total Net Assets	45,796	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

Europe Ex UK Smaller Companies Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains

	2017	2016*
	£'000	£'000
Non-derivative securities	8,630	1,730
Non-derivative securities currency gains	74	2
Handling charges taken from the capital account	(10)	(2)
Net capital gains	<u>8,694</u>	<u>1,730</u>

3 Transaction Costs

	2017	2016*
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	12,544	33,282
Commissions	15	21
Taxes & Other Fees	16	12
Total purchase transaction costs	<u>31</u>	<u>33</u>
Purchases including transaction costs	<u>12,575</u>	<u>33,315</u>
Gross sales before transaction costs	10,669	1,800
Commissions	(19)	(3)
Total sale transaction costs	<u>(19)</u>	<u>(3)</u>
Total sales net of transaction costs	<u>10,650</u>	<u>1,797</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016*
	% Transaction	% Transaction
Purchases		
Commissions	0.12%	0.06%
Taxes & Other Fees	0.13%	0.04%
Sales		
Commissions	0.18%	0.17%

Europe Ex UK Smaller Companies Fund**Notes to the financial statements****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016*
	% Average NAV	% Average NAV
Purchases		
Commissions	0.03%	0.08%
Taxes & Other Fees	0.04%	0.05%
Sales		
Commissions	0.04%	0.01%

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016*
	£'000	£'000
Purchases		
Equities	12,575	33,315
Sales		
Equities	10,650	1,797

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.77% (29 February 2016: 0.78%). This is indicative for the year.

4 Revenue	2017	2016*
	£'000	£'000
Overseas dividends	871	19
Scrip dividends	0	6
Bank interest	8	1
Other	1	0
Total revenue	880	26

Europe Ex UK Smaller Companies Fund**Notes to the financial statements (continued)**

5 Expenses	2017	2016*
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	351	92
Dealing charge	13	3
Registration fees	30	7
	<u>394</u>	<u>102</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	7	1
Safe custody fees	3	1
	<u>10</u>	<u>2</u>
Other:		
Audit fee	8	8
Legal expenses	1	0
	<u>9</u>	<u>8</u>
Total expenses	<u>413</u>	<u>112</u>

6 Taxation	2017	2016*
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	64	1
Total taxation	<u>64</u>	<u>1</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue/(expense) before taxation	466	(86)
Corporation tax at 20% (2016: 20%)	93	(17)
Effects of:		
Scrip dividends	0	(1)
Non taxable overseas dividends	(174)	(4)
Overseas withholding tax	64	1
Excess management expenses	81	22
Current tax charge (Note 6(a))	<u>64</u>	<u>1</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

Europe Ex UK Smaller Companies Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £103,000 (2016: £22,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

2017 **2016***
£'000 **£'000**

(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:

Interim distribution	462	0
Final distribution	66	0
	<hr/> 528	<hr/> 0
Add: Income deducted on cancellation of shares	122	0
Deduct: Income received on issue of shares	(80)	0
Net distribution for the year	<hr/> 570	<hr/> 0

Details of the distribution per share are set out in this Fund's distribution table.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	402	(87)
Add: Share class deficit	168	87
Net distribution for the year	<hr/> 570	<hr/> 0

*For the period from 23 October 2015 to 29 February 2016.

8 Debtors

2017 **2016**
£'000 **£'000**

Amounts receivable from the ACD for issue of shares	9	26
Accrued revenue	0	1
Withholding tax recoverable	76	26
Total debtors	<hr/> 85	<hr/> 53

Europe Ex UK Smaller Companies Fund**Notes to the financial statements (continued)**

9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	383	111
Accrued expenses payable to the ACD	32	27
Accrued expenses payable to the Depositary	3	4
Other accrued expenses	8	8
Dilution levy payable to the ACD	2	0
Total creditors	<u>428</u>	<u>150</u>

10 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 8.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the period end in note 8.

The Fund holds 419,122 shares (2016: nil) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €3,255,000 (2016: €nil), the total sales proceeds were €2,836,000 (2016: €nil) and distributions reinvested were €nil (2016: €nil).

The Fund holds 1,947,000 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £15,196,000 (2016: £nil), the total sales proceeds were £14,854,000 (2016: £nil) and distributions reinvested were £9,000 (2016: £nil).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	1,071	22,194
Purchase of shares by Fund	5,770	12,347
Distributions made by Fund	121	105

The percentage value of the Fund held by Standard Life group companies

is:	23.7%	37.5%
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Europe Ex UK Smaller Companies Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	43,803	0	0	33,247	0	0
Collective Investment Schemes	0	2,305	0	0	1,596	0
Total investment assets	43,803	2,305	0	33,247	1,596	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	2,474,999	661,237	(616,922)	(147,066)	2,372,248
Institutional accumulation	25,008,088	1,868,032	(10,013,619)	4,137	16,866,638
Standard Life accumulation	2,200	689,990	(120,067)	7,324	579,447
Platform 1 accumulation	8,110,113	5,746,990	(3,093,947)	135,288	10,898,444

Europe Ex UK Smaller Companies Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Europe Ex UK Smaller Companies Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Danish Krone	1	350
Euro	34,921	27,414
Norwegian Krone	1,553	231
Swedish Krona	4,506	3,489
Swiss Franc	3,286	2,129

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate	Financial	
	financial assets	assets not	
	£'000	carrying interest	Total
2017	£'000	£'000	£'000
Currency			
Sterling	1,949	0	1,949
Euro	359	34,502	34,861
Norwegian Krone	0	1,552	1,552
Swedish Krona	17	4,489	4,506
Swiss Franc	11	3,260	3,271

Europe Ex UK Smaller Companies Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)**

	Floating rate financial assets	Financial assets not carrying interest	Total
2016	£'000	£'000	£'000
Currency			
Sterling	1,597	0	1,597
Danish Krone	0	350	350
Euro	340	27,048	27,388
Norwegian Krone	0	231	231
Swedish Krona	0	3,489	3,489
Swiss Franc	0	2,129	2,129

Floating rate interest was earned at rates based on LIBOR, with the exception of the SLI Seabury Liquidity Funds which earn interest from investment in an underlying portfolio of money market instruments.

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Europe Ex UK Smaller Companies Fund**Distribution Tables****for the six months ended 31 August 2016****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 August 2016

	Net income	Equalisation	Distribution paid
	2016	2016	2016
	pence per share	pence per share	pence per share
Retail accumulation			
Group 1	2.0346	-	2.0346 *
Group 2	0.0000	2.0346	2.0346 *
Institutional accumulation			
Group 1	0.7024	-	0.7024 *
Group 2	0.5451	0.1573	0.7024 *
Standard Life accumulation			
Group 1	0.9265	-	0.9265 *
Group 2	0.4688	0.4577	0.9265 *
Platform 1 accumulation			
Group 1	2.7033	-	2.7033 *
Group 2	0.7755	1.9278	2.7033 *

* Distribution accumulated on 31 August 2016

Europe Ex UK Smaller Companies Fund**Distribution Table (continued)**

for the six months ended 28 February 2017

Dividend distribution

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.3515	-	0.3515 *	0.0000
Group 2	0.3515	0.0000	0.3515 *	0.0000
Institutional accumulation				
Group 1	0.0955	-	0.0955 *	0.0000
Group 2	0.0955	0.0000	0.0955 *	0.0000
Standard Life accumulation				
Group 1	0.1247	-	0.1247 *	0.0352
Group 2	0.1019	0.0228	0.1247 *	0.0352
Platform 1 accumulation				
Group 1	0.3754	-	0.3754 *	0.0000
Group 2	0.3754	0.0000	0.3754 *	0.0000

* Distribution accumulated on 28 February 2017

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend*	100.00%	100.00%
Treat as annual payment net of income tax at 20%	0.00%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

European Equity Growth Fund Investment Report

Fund Manager

Jonathan Fearon

Benchmark

IA Europe Excluding UK Sector

Launch Date

16 November 1998

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on the main European markets or which, in the opinion of the ACD, carry on a significant part of their operations in Europe (including the UK). Up to 10% of the Fund may be invested in smaller emerging European markets, as included in the MSCI Emerging Markets Index from time-to-time. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The nature of the portfolio affords investors a focused investment approach, with an emphasis on stock selection whilst affording proper diversification of mainly European Equity exposure. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance

For the year under review, the Fund returned 23.7%, mirroring the IMA Europe (ex UK) sector which also returned 23.7% (source: Morningstar, basic rate taxpayer, bid to bid basis, retail accumulation share class).

Covestro is a German-listed chemicals firm that focuses on speciality plastics for autos, industrials, construction and other end market constituents. Positive supply/demand dynamics in a number of its products have boosted margins, while its cost-cutting measures have also been a positive. The stock has performed exceptionally well as a result, meaning we have progressively reduced the holding and banked the profits. Meanwhile, Danske Bank benefited from the steepening yield curve and the prospect of looser regulation after US President Trump's election win. Hopes that Trump would launch a compressive infrastructure programme also lifted shares in construction supplies firm CRH.

On the downside, Novo-Nordisk continued to suffer due to concerns over the US pricing environment; Q3 results included a downgrade to long-term guidance. However, the market was quick to re-price the stock, and the firm is now trading at a discount. Nokia's shares fell after Erickson delivered weak numbers, highlighting the challenging sales environment. Nonetheless, Nokia's results were subsequently better than expected and we, therefore, think the sell-off was overdone. Finally, Ryanair fell on concerns about consumer spending in the wake of the Brexit vote.

European Equity Growth Fund Investment Report (continued)

Investment Activity

Philips Lighting was purchased, as we believe the market is overly concerned about the company's growth trajectory, while its valuation and dividend are attractive. We also bought Pandora, a Danish-listed global manufacturer and retailer of jewellery. In particular, we are more positive on its ability to diversify its consumer appeal away from charms by extending its branded jewellery range. In the US, Signet is also looking at this opportunity, although not directly competing with Pandora as it has a 'store within a store' offering. This creates scope for a Pandora re-rating.

By contrast, we sold KPN due to ongoing revenue pressures. Elsewhere, concerns that various headwinds would continue to affect revenue growth adversely meant we divested the holding in Veolia. Rounding off, we disposed of shares in AXA to lock-in profits after a good run.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £37,536,000 and the total proceeds from sales were £63,889,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 5 **6** 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

European Equity Growth Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	141.84	148.35	144.65
Return before operating charges*	37.73	(4.08)	6.04
Operating charges**	(2.21)	(2.43)	(2.34)
Return after operating charges*	35.52	(6.51)	3.70
Distributions	(2.98)	(1.22)	(0.88)
Retained distributions on accumulation share	2.98	1.22	0.88
Closing net asset value per share	177.36	141.84	148.35
* after direct transaction costs of:***	0.21	0.16	0.31
Performance +			
Return after charges	25.04%	-4.39%	2.56%
Other information			
Closing net asset value (£'000)	37,016	32,481	59,550
Closing number of shares	20,870,914	22,898,934	40,140,683
Operating charges****	1.38%	1.65%	1.66%
Direct transaction costs***	0.13%	0.11%	0.22%
Prices			
Highest share price	180.2	159.1	148.8
Lowest share price	140.9	131.7	126.7

European Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	163.89	170.11	164.62
Return before operating charges*	43.72	(4.69)	6.96
Operating charges**	(1.68)	(1.53)	(1.47)
Return after operating charges*	42.04	(6.22)	5.49
Distributions	(4.36)	(2.66)	(2.20)
Retained distributions on accumulation share	4.36	2.66	2.20
Closing net asset value per share	205.93	163.89	170.11
* after direct transaction costs of:***	0.24	0.18	0.36
Performance +			
Return after charges	25.65%	-3.66%	3.33%
Other information			
Closing net asset value (£'000)	49,460	63,173	14,543
Closing number of shares	24,018,034	38,546,640	8,549,032
Operating charges****	0.91%	0.90%	0.91%
Direct transaction costs***	0.13%	0.11%	0.22%
Prices			
Highest share price	209.2	182.5	170.4
Lowest share price	163.0	152.2	144.9

European Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Retail income ⁺⁺,[^]		
Change in net assets per share		
Opening net asset value per share	49.76	50.00
Return before operating charges*	13.23	0.59
Operating charges**	(0.77)	(0.83)
Return after operating charges*	12.46	(0.24)
Distributions	(1.05)	0.00
Closing net asset value per share	61.17	49.76
* after direct transaction costs of:***	0.07	0.06
Performance +		
Return after charges	25.04%	-0.48%
Other information		
Closing net asset value (£'000)	1,485	1,253
Closing number of shares	2,427,006	2,517,734
Operating charges****	1.38%	1.65%
Direct transaction costs***	0.12%	0.12%
Prices		
Highest share price	63.22	52.77
Lowest share price	49.42	46.21

[^] An in specie transfer to the value of £8,599,000 took place on 23 October 2015.

⁺⁺ Share class launched on 4 September 2015.

European Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	78.16	82.48	80.78
Return before operating charges*	20.97	(2.26)	3.54
Operating charges**	(0.07)	(0.06)	(0.07)
Return after operating charges*	20.90	(2.32)	3.47
Distributions	(2.83)	(2.00)	(1.77)
Closing net asset value per share	96.23	78.16	82.48
* after direct transaction costs of:***	0.12	0.09	0.18
Performance +			
Return after charges	26.74%	-2.81%	4.30%
Other information			
Closing net asset value (£'000)	2	2	1
Closing number of shares	2,156	2,156	656
Operating charges****	0.08%	0.07%	0.08%
Direct transaction costs***	0.14%	0.11%	0.23%
Prices			
Highest share price	100.5	88.58	84.40
Lowest share price	77.90	74.40	71.50

European Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	118.02	121.59	116.80
Return before operating charges*	31.61	(3.39)	4.98
Operating charges**	(0.21)	(0.18)	(0.19)
Return after operating charges*	31.40	(3.57)	4.79
Distributions	(4.15)	(2.81)	(2.42)
Retained distributions on accumulation share	4.15	2.81	2.42
Closing net asset value per share	149.42	118.02	121.59
* after direct transaction costs of:***	0.18	0.13	0.25
Performance +			
Return after charges	26.61%	-2.94%	4.10%
Other information			
Closing net asset value (£'000)	845	515	249
Closing number of shares	565,287	436,533	205,354
Operating charges****	0.16%	0.15%	0.16%
Direct transaction costs***	0.13%	0.11%	22.00%
Prices			
Highest share price	151.6	130.6	121.8
Lowest share price	117.6	109.5	103.3

European Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation ^			
Change in net assets per share			
Opening net asset value per share	73.48	76.32	73.89
Return before operating charges*	19.61	(2.12)	3.13
Operating charges**	(0.80)	(0.72)	(0.70)
Return after operating charges*	18.81	(2.84)	2.43
Distributions	(1.91)	(1.15)	(0.95)
Retained distributions on accumulation share	1.91	1.15	0.95
Closing net asset value per share	92.29	73.48	76.32
* after direct transaction costs of:***	0.11	0.08	0.16
Performance +			
Return after charges	25.60%	-3.72%	3.29%
Other information			
Closing net asset value (£'000)	8,604	7,723	4,186
Closing number of shares	9,322,855	10,510,109	5,485,051
Operating charges****	0.96%	0.95%	0.96%
Direct transaction costs***	0.13%	0.11%	0.22%
Prices			
Highest share price	93.74	81.89	76.46
Lowest share price	73.07	68.23	65.03

^ An in specie transfer to the value of £756,000 took place on 23 October 2015.

European Equity Growth Fund
Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

European Equity Growth Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		20,291		(3,654)
Revenue	4	3,398		2,076	
Expenses	5	(1,072)		(1,221)	
Interest and similar charges		(3)		0	
Net revenue before taxation		<u>2,328</u>		<u>855</u>	
Taxation	6	158		(106)	
Net revenue after taxation			<u>2,481</u>		<u>749</u>
Total return before distributions			<u>22,772</u>		<u>(2,905)</u>
Distributions	7		(2,481)		(759)
Change in net assets attributable to shareholders from investment activities			<u>20,291</u>		<u>(3,664)</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			105,146		78,529
Amounts receivable on issue of shares		6,695		96,305	
Amounts payable on cancellation of shares		<u>(36,656)</u>		<u>(67,535)</u>	
			(29,961)		28,770
Dilution adjustment			64		75
Change in net assets attributable to shareholders from investment activities (see above)			20,291		(3,664)
Retained distribution on accumulation shares			1,872		1,436
Closing net assets attributable to shareholders			<u>97,412</u>		<u>105,146</u>

European Equity Growth Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Assets					
Investment assets			96,671		104,833
Current assets:					
Debtors	8	1,212		1,385	
Cash and bank balances		37		262	
			<u>1,249</u>	<u>1,647</u>	
Total assets			<u>97,920</u>		<u>106,480</u>
Liabilities					
Creditors	9	(483)		(1,334)	
Bank overdrafts		(25)		0	
			<u>(508)</u>	<u>(1,334)</u>	
Total liabilities			<u>(508)</u>	<u>(1,334)</u>	
Net assets attributable to shareholders			<u>97,412</u>		<u>105,146</u>

European Equity Growth Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
European Equities (ex UK) (96.75%)	96,671	99.24
Belgium (3.13%)	2,859	2.93
21,787 Anheuser-Busch InBev	1,920	1.97
22,132 Umicore	939	0.96
Denmark (7.25%)	10,588	10.87
882 A.P. Moller-Maersk	1,160	1.19
124,470 Danske Bank	3,349	3.44
75,783 Novo Nordisk 'B'	2,173	2.23
12,425 Pandora	1,139	1.17
102,989 Scandinavian Tobacco Group	1,448	1.49
22,126 Vestas	1,319	1.35
Finland (2.15%)	1,939	1.99
470,801 Nokia	1,939	1.99
France (18.56%)	18,236	18.72
32,341 Airbus	1,913	1.96
27,602 Amundi	1,290	1.32
155,287 AXA	2,951	3.03
28,585 Euronext	995	1.02
32,376 Klepierre	969	1.00
146,032 Orange	1,778	1.83
24,987 Orpea	1,748	1.79
8,088 Kering	1,587	1.63
20,468 Renault	1,463	1.50
42,420 TechnipFMC	1,103	1.13
15,085 Thales	1,197	1.23
30,908 Total	1,242	1.28

European Equity Growth Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Germany (14.79%)	14,775	15.17
15,798 Covestro	959	0.98
59,490 Deutsche Post	1,646	1.69
143,940 Deutsche Telekom	2,007	2.06
25,543 Fresenius	1,638	1.68
70,198 Infineon Technology	1,008	1.04
13,995 Merck	1,234	1.27
34,035 SAP	2,557	2.63
45,356 Scout24	1,285	1.32
62,789 ThyssenKrupp	1,268	1.30
31,510 Wirecard	1,173	1.20
Ireland (7.89%)	6,554	6.73
55,564 CRH	1,511	1.55
940,511 Hibernia REIT	971	1.00
31,413 Kerry Group	1,951	2.00
174,179 Ryanair	2,121	2.18
Italy (6.00%)	3,680	3.78
510,629 Enel	1,767	1.81
351,161 Intesa Sanpaolo	660	0.68
194,323 Mediobanca	1,253	1.29
Netherlands (9.73%)	6,773	6.95
94,334 Ahold	1,616	1.66
18,256 ASML	1,784	1.83
21,874 Flow Traders	610	0.63
183,663 ING	2,040	2.09
32,441 Philips Lighting	723	0.74
Portugal (1.34%)	1,628	1.67
137,386 Galp Energia	1,628	1.67

European Equity Growth Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Spain (4.20%)	5,600	5.75
186,861 Bankinter	1,161	1.19
41,608 Grupo ACS	1,053	1.08
73,011 Inditex	1,890	1.94
339,924 Santander	1,496	1.54
Sweden (5.97%)	8,133	8.35
79,557 Assa Abloy	1,246	1.28
55,111 Investor	1,760	1.81
111,987 Securitas	1,376	1.41
77,821 Svenska Cellulosa	1,926	1.98
91,743 Swedbank	1,825	1.87
Switzerland (15.74%)	14,906	15.30
24,397 Adecco	1,413	1.45
31,647 LafargeHolcim	1,450	1.49
58,629 Nestle	3,491	3.58
2,511 Partners	1,058	1.09
22,191 Roche	4,356	4.47
2,925 Syngenta	1,015	1.04
9,544 Zurich	2,123	2.18
Collective Investment Scheme (2.95%)	1,000	1.03
999,642 Standard Life CNAV Sterling Liquidity Fund	1,000	1.03
Total investment assets	96,671	99.24
Net other assets	741	0.76
Total Net Assets	97,412	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

European Equity Growth Fund

Notes to the financial statements

1 Accounting policies

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)	2017	2016
	£'000	£'000
Non-derivative securities	20,295	(3,596)
Forward currency contracts	(6)	0
Non-derivative securities currency gains/(losses)	23	(30)
Handling charges taken from the capital account	(21)	(28)
Net capital gains/(losses)	20,291	(3,654)

3 Transaction Costs	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	37,444	73,098
Commissions	47	48
Taxes & Other Fees	45	43
Total purchase transaction costs	92	91
Purchases including transaction costs	37,536	73,189
Gross sales before transaction costs	63,943	43,864
Commissions	(54)	(57)
Total sale transaction costs	(54)	(57)
Total sales net of transaction costs	63,889	43,807

Equity Transaction Cost as a % of total Purchases & Sales	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.13%	0.07%
Taxes & Other Fees	0.12%	0.06%
Sales		
Commissions	0.08%	0.13%

European Equity Growth Fund
Notes to the financial statements

3 Transaction Costs (continued)

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.05%	0.06%
Taxes & Other Fees	0.04%	0.05%
Sales		
Commissions	0.05%	0.07%

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	37,536	73,189
Sales		
Equities	63,889	43,807

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.70% (29 February 2016: 0.68%). This is indicative for the year.

4 Revenue	2017	2016
	£'000	£'000
Overseas dividends	3,277	1,856
Scrip dividends	25	209
Bank interest	96	8
Other	0	3
Total revenue	3,398	2,076

European Equity Growth Fund**Notes to the financial statements (continued)**

5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	955	1,115
Dealing charge	4	3
Registration fees	54	69
	<u>1,013</u>	<u>1,187</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	18	15
Safe custody fees	11	9
	<u>29</u>	<u>24</u>
Other:		
Audit fee	8	9
Sundry expenses	5	0
Legal expenses	17	1
	<u>30</u>	<u>10</u>
Total expenses	<u>1,072</u>	<u>1,221</u>

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	(158)	106
Total taxation	<u>(158)</u>	<u>106</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	2,323	855
Corporation tax at 20% (2016: 20%)	465	171
Effects of:		
Scrip dividends	(5)	(41)
Non taxable overseas dividends	(644)	(364)
Overseas withholding tax	(158)	106
Overseas withholding tax claimed as a deduction	(2)	(1)
Excess management expenses	186	235
Current tax charge (Note 6(a))	<u>(158)</u>	<u>106</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

European Equity Growth Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,180,000 (2016: £994,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions	2017	2016
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Distribution	1,897	1,436
Add: Income deducted on cancellation of shares	711	594
Deduct: Income received on issue of shares	(127)	(1,271)
Net distribution for the year	2,481	759

Details of the distribution per share are set out in this Fund's distribution table.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	2,481	749
Add: Share class deficit	0	10
Net distribution for the year	2,481	759

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	22	21
Sales awaiting settlement	881	1,120
Accrued revenue	0	1
Withholding tax recoverable	309	243
Total debtors	1,212	1,385

9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	73	175
Purchases awaiting settlement	321	1,051
Accrued expenses payable to the ACD	76	95
Accrued expenses payable to the Depository	5	4
Other accrued expenses	8	9
Total creditors	483	1,334

European Equity Growth Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 7 and 8.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the period end in note 8.

The Fund holds 999,642 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was £34,460,000 (2016: £ nil), the total sales proceeds were £33,465,000 (2016: £ nil) and the distributions reinvested were £5,000 (2016: £ nil).

The Fund holds nil shares (2016: 3,104,000) in SLI Seabury GBP VNAV Liquidity Fund, the total purchase cost of these investments during the year was £1,241,000 (2016: £34,625,000), the total sales proceeds were £4,346,000 (2016: £32,962,000) and distributions reinvested were £1,000 (2016: £8,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	4,684	68,164
Purchase of shares by Fund	21,898	57,533
Distributions made by Fund	1,117	820
 The percentage value of the Fund held by Standard Life group companies is:		
	45.0%	48.6%

European Equity Growth Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	95,671	0	0	101,729	0	0
Collective Investment Schemes	0	1,000	0	0	3,104	0
Total investment assets	95,671	1,000	0	101,729	3,104	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	22,898,934	392,962	(1,895,233)	(525,749)	20,870,914
Institutional accumulation	38,546,640	2,329,956	(16,909,913)	51,351	24,018,034
Retail income	2,517,734	74,391	(148,018)	(17,101)	2,427,006
Standard Life income	2,156	0	0	0	2,156
Standard Life accumulation	436,533	214,460	(87,984)	2,278	565,287
Platform 1 accumulation	10,510,109	630,365	(2,725,104)	907,485	9,322,855

European Equity Growth Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

European Equity Growth Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Danish Krone	10,637	7,638
Euro	62,161	70,587
Norwegian Krone	11	0
Swedish Krona	8,134	6,204
Swiss Franc	15,311	17,605

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

2017	Floating rate	Financial	Total
	financial assets	assets not	
Currency	£'000	carrying interest	£'000
Sterling	1,001	318	1,319
Danish Krone	0	10,726	10,726
Euro	36	61,588	61,624
Swedish Krona	0	8,134	8,134
Swiss Franc	0	14,905	14,905

European Equity Growth Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)**

	Floating rate financial assets	Financial assets not carrying interest	Total
2016	£'000	£'000	£'000
Currency			
Sterling	3,130	70	3,200
Danish Krone	0	7,626	7,626
Euro	235	70,324	70,559
Swedish Krona	0	6,204	6,204
Swiss Franc	0	17,506	17,506

Floating rate interest was earned at rates based on LIBOR, with the exception of the Standard Life CNAV Sterling Liquidity Fund which earns interest from investment in an underlying portfolio of money market instruments.

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

European Equity Growth Fund**Distribution Table****for the year ended 28 February 2017****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	2.9817	-	2.9817 *	1.2169
Group 2	0.6464	2.3353	2.9817 *	1.2169
Institutional accumulation				
Group 1	4.3617	-	4.3617 *	2.6565
Group 2	0.0304	4.3313	4.3617 *	2.6565
Retail income				
Group 1	1.0459	-	1.0459 **	1.9965
Group 2	0.7597	0.2862	1.0459 **	1.9965
Standard Life income				
Group 1	2.8305	-	2.8305 **	2.8073
Group 2	-	-	-	2.8073
Standard Life accumulation				
Group 1	4.1541	-	4.1541 *	2.4198
Group 2	1.1032	3.0509	4.1541 *	2.4198
Platform 1 accumulation				
Group 1	1.9140	-	1.9140 *	0.9515
Group 2	0.8517	1.0623	1.9140 *	0.9515

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

**European Equity Growth Fund
Distribution Table (continued)**

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Dividend Distribution
Treat as a UK corporate dividend*	100.00%
Treat as annual payment net of income tax at 20%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

European Equity Income Fund Investment Report

Fund Manager

Neil Slater

Benchmark

IA Europe (ex UK) Sector

Launch Date

16 November 1998

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on the main European markets or which, in the opinion of the ACD, carry on a significant part of their operations in Europe (including the UK). Up to 10% of the Fund may be invested in smaller emerging European markets, as included in the MSCI Emerging Markets Index from time-to-time. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The nature of the portfolio affords investors a focused investment approach, with an emphasis on stock selection whilst affording proper diversification of mainly European Equity exposure. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance

For the year under review, the Fund returned 23.7%, mirroring the IMA Europe (ex UK) sector which also returned 23.4% (source: Morningstar, basic rate taxpayer, bid to bid basis, retail accumulation share class).

Covestro is a German-listed chemicals firm that focuses on speciality plastics for autos, industrials, construction and other end market constituents. Positive supply/demand dynamics in a number of its products have boosted margins, while its cost-cutting measures have also been a positive. The stock has performed exceptionally well as a result, meaning we have progressively reduced the holding and banked the profits. Meanwhile, Danske Bank benefited from the steepening yield curve and the prospect of looser regulation after US President Trump's election win. Hopes that Trump would launch a compressive infrastructure programme also lifted shares in construction supplies firm CRH.

On the downside, Novo-Nordisk continued to suffer due to concerns over the US pricing environment; Q3 results included a downgrade to long-term guidance. However, the market was quick to re-price the stock, and the firm is now trading at a discount. Nokia's shares fell after Erickson delivered weak numbers, highlighting the challenging sales environment. Nonetheless, Nokia's results were subsequently better than expected and we, therefore, think the sell-off was overdone. Finally, Ryanair fell on concerns about consumer spending in the wake of the Brexit vote.

**European Equity Income Fund
Investment Report (continued)**

Investment Activity

Philips Lighting was purchased, as we believe the market is overly concerned about the company’s growth trajectory, while its valuation and dividend are attractive. We also bought Pandora, a Danish-listed global manufacturer and retailer of jewellery. In particular, we are more positive on its ability to diversify its consumer appeal away from charms by extending its branded jewellery range. In the US, Signet is also looking at this opportunity, although not directly competing with Pandora as it has a ‘store within a store’ offering. This creates scope for a Pandora re-rating.

By contrast, we sold Hitachi Metals due to concerns about the widespread damage claim from Mitsubishi Heavy Industries relating to its projects in South Africa, which could disrupt both companies’ operations. Meanwhile, worries that TDK will lose market share of the mobile battery sector due to a change in procurement strategies by several large client manufacturers led us to sell the holding. Lastly, we divested the holding in Fuji Heavy Industries on concerns about trade policies and cost pressures in the US.

By contrast, we sold KPN due to ongoing revenue pressures. Elsewhere, concerns that various headwinds would continue to affect revenue growth adversely meant we divested the holding in Veolia. Rounding off, we disposed of shares in AXA to lock-in profits after a good run.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £654,622,000 and the total proceeds from sales were £2,271,699,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 **5** 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all unit classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

European Equity Income Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	96.88	98.88	94.27
Return before operating charges*	22.99	(0.42)	6.12
Operating charges**	(1.45)	(1.58)	(1.51)
Return after operating charges*	21.54	(2.00)	4.61
Distributions	(3.06)	(2.08)	(2.38)
Retained distributions on accumulation share	3.06	2.08	2.38
Closing net asset value per share	118.42	96.88	98.88
* after direct transaction costs of:***	0.21	0.15	0.13
Performance +			
Return after charges	22.23%	-2.02%	4.89%
Other information			
Closing net asset value (£'000)	12,272	12,658	84,505
Closing number of shares	10,363,333	13,065,708	85,462,020
Operating charges****	1.32%	1.60%	1.60%
Direct transaction costs***	0.19%	0.15%	0.14%
Prices			
Highest share price	120.80	106.40	99.41
Lowest share price	96.88	90.98	86.21

European Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	101.49	102.82	97.29
Return before operating charges*	24.17	(0.46)	6.36
Operating charges**	(0.98)	(0.87)	(0.83)
Return after operating charges*	23.19	(1.33)	5.53
Distributions	(3.78)	(2.83)	(3.09)
Retained distributions on accumulation share	3.78	2.83	3.09
Closing net asset value per share	124.68	101.49	102.82
* after direct transaction costs of:***	0.22	0.16	0.13
Performance +			
Return after charges	22.85%	-1.29%	5.68%
Other information			
Closing net asset value (£'000)	235,219	222,818	73,252
Closing number of shares	188,662,761	219,536,428	71,245,767
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.19%	0.16%	0.13%
Prices			
Highest share price	127.20	110.80	103.30
Lowest share price	101.49	95.28	89.40

European Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	72.90	77.10	76.45
Return before operating charges*	16.88	(0.26)	4.84
Operating charges**	(1.06)	(1.20)	(1.19)
Return after operating charges*	15.82	(1.46)	3.65
Distributions	(3.36)	(2.74)	(3.00)
Closing net asset value per share	85.36	72.90	77.10
* after direct transaction costs of:***	0.16	0.12	0.10
Performance +			
Return after charges	21.70%	-1.89%	4.77%
Other information			
Closing net asset value (£'000)	3,598	4,347	19,607
Closing number of shares	4,215,305	5,962,312	25,429,784
Operating charges****	1.32%	1.60%	1.60%
Direct transaction costs***	0.20%	0.16%	0.13%
Prices			
Highest share price	87.44	82.97	78.41
Lowest share price	70.98	68.78	67.67

European Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	76.64	80.44	79.17
Return before operating charges*	17.80	(0.29)	5.05
Operating charges**	(0.72)	(0.67)	(0.66)
Return after operating charges*	17.08	(0.96)	4.39
Distributions	(3.54)	(2.84)	(3.12)
Closing net asset value per share	90.18	76.64	80.44
* after direct transaction costs of:***	0.16	0.12	0.10
Performance +			
Return after charges	22.29%	-1.19%	5.55%
Other information			
Closing net asset value (£'000)	503,374	574,099	522,979
Closing number of shares	558,175,031	749,124,351	650,107,961
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.19%	0.15%	0.13%
Prices			
Highest share price	92.33	86.67	81.35
Lowest share price	74.75	72.29	70.41

European Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	80.46	83.76	81.75
Return before operating charges*	18.65	(0.38)	5.24
Operating charges**	(0.02)	(0.01)	(0.01)
Return after operating charges*	18.63	(0.39)	5.23
Distributions	(2.80)	(2.91)	(3.22)
Closing net asset value per share	96.29	80.46	83.76
* after direct transaction costs of:***	0.16	0.13	0.11
Performance +			
Return after charges	23.15%	-0.47%	6.40%
Other information			
Closing net asset value (£'000)	4	3	2
Closing number of shares	4,000	4,000	2,500
Operating charges****	0.02%	0.02%	0.02%
Direct transaction costs***	0.18%	0.16%	0.14%
Prices			
Highest share price	98.44	90.34	84.47
Lowest share price	55.52	75.85	73.12

European Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	106.12	106.78	100.32
Return before operating charges*	25.56	(0.55)	6.56
Operating charges**	(0.12)	(0.11)	(0.10)
Return after operating charges*	25.44	(0.66)	6.46
Distributions	(4.97)	(3.65)	(3.91)
Retained distributions on accumulation share	4.97	3.65	3.91
Closing net asset value per share	131.56	106.12	106.78
* after direct transaction costs of:***	0.21	0.17	0.14
Performance +			
Return after charges	23.97%	-0.62%	6.44%
Other information			
Closing net asset value (£'000)	22,157	1,385,435	1,562,898
Closing number of shares	16,842,286	1,305,474,768	1,463,679,108
Operating charges****	0.10%	0.10%	0.10%
Direct transaction costs***	0.17%	0.16%	0.14%
Prices			
Highest share price	134.00	115.20	107.30
Lowest share price	106.12	99.66	92.61

European Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	75.78	76.81	72.72
Return before operating charges*	18.04	(0.34)	4.75
Operating charges**	(0.77)	(0.69)	(0.66)
Return after operating charges*	17.27	(1.03)	4.09
Distributions	(2.78)	(2.07)	(2.28)
Retained distributions on accumulation share	2.78	2.07	2.28
Closing net asset value per share	93.05	75.78	76.81
* after direct transaction costs of:***	0.17	0.12	0.10
Performance +			
Return after charges	22.79%	-1.34%	5.62%
Other information			
Closing net asset value (£'000)	66,618	77,061	58,186
Closing number of shares	71,595,346	101,685,261	75,753,022
Operating charges****	0.90%	0.90%	0.90%
Direct transaction costs***	0.20%	0.16%	0.14%
Prices			
Highest share price	94.90	82.74	77.18
Lowest share price	75.78	71.14	66.80

European Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	66.28	69.61	68.53
Return before operating charges*	15.39	(0.26)	4.38
Operating charges**	(0.66)	(0.61)	(0.60)
Return after operating charges*	14.73	(0.87)	3.78
Distributions	(3.06)	(2.46)	(2.70)
Closing net asset value per share	77.95	66.28	69.61
* after direct transaction costs of:***	0.14	0.10	0.09
Performance +			
Return after charges	22.22%	-1.25%	5.52%
Other information			
Closing net asset value (£'000)	67,972	63,329	50,694
Closing number of shares	87,195,532	95,552,791	72,830,963
Operating charges****	0.90%	0.90%	0.90%
Direct transaction costs***	0.19%	0.15%	0.13%
Prices			
Highest share price	79.81	74.99	70.41
Lowest share price	64.63	62.52	60.93

European Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	55.44	56.07	53.00
Return before operating charges*	13.24	(0.22)	3.46
Operating charges**	(0.46)	(0.41)	(0.39)
Return after operating charges*	12.78	(0.63)	3.07
Distributions	(2.17)	(1.62)	(1.73)
Retained distributions on accumulation share	2.17	1.62	1.73
Closing net asset value per share	68.22	55.44	56.07
* after direct transaction costs of:***	0.12	0.09	0.07
Performance +			
Return after charges	23.05%	-1.12%	5.79%
Other information			
Closing net asset value (£'000)	2	1	1
Closing number of shares	2,200	2,200	1,200
Operating charges****	0.73%	0.73%	0.73%
Direct transaction costs***	0.19%	0.16%	0.13%
Prices			
Highest share price	69.59	60.43	56.35
Lowest share price	55.42	52.04	48.74

European Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional A income ⁺⁺			
Change in net assets per share			
Opening net asset value per share	51.03	53.51	52.60
Return before operating charges*	11.91	(0.20)	3.34
Operating charges**	(0.41)	(0.38)	(0.38)
Return after operating charges*	11.50	(0.58)	2.96
Distributions	(2.37)	(1.90)	(2.05)
Closing net asset value per share	60.16	51.03	53.51
* after direct transaction costs of:***	0.11	0.08	0.07
Performance +			
Return after charges	22.54%	-1.08%	5.63%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	1,200
Operating charges****	0.73%	0.73%	0.73%
Direct transaction costs***	0.19%	0.15%	0.14%
Prices			
Highest share price	61.58	57.68	54.06
Lowest share price	49.81	48.14	46.81

⁺⁺ Share class launched on 25 January 2016

European Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Institutional S income		
Change in net assets per share		
Opening net asset value per share	49.94	50.00
Return before operating charges*	11.61	0.12
Operating charges**	(0.88)	(0.07)
Return after operating charges*	10.73	0.05
Distributions	(2.30)	(0.11)
Closing net asset value per share	58.37	49.94
* after direct transaction costs of:***	0.11	0.01
Performance +		
Return after charges	21.49%	0.10%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	1.60%	1.60%
Direct transaction costs***	0.20%	0.01%
Prices		
Highest share price	59.79	51.45
Lowest share price	48.59	47.01

European Equity Income Fund
Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflects a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

European Equity Income Fund**Financial Statements****Statement of Total Return****for the year ended 28 February 2017**

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		203,827		(88,313)
Revenue	4	57,143		86,626	
Expenses	5	(8,161)		(9,890)	
Interest and similar charges		(12)		(17)	
Net revenue before taxation		<u>48,970</u>		<u>76,719</u>	
Taxation	6	(1,923)		(4,106)	
Net revenue after taxation			<u>47,047</u>		<u>72,613</u>
Total return before distributions			<u>250,874</u>		<u>(15,700)</u>
Distributions	7		(52,294)		(78,116)
Change in net assets attributable to shareholders from investment activities			<u>198,580</u>		<u>(93,816)</u>

Statement of Change in Net Assets Attributable to Shareholders**for the year ended 28 February 2017**

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			2,339,753		2,372,125
Amounts receivable on issue of shares		156,738		376,378	
Amounts payable on cancellation of shares		(1,795,116)		(369,708)	
			<u>(1,638,378)</u>		<u>6,670</u>
Dilution adjustment			11		692
Change in net assets attributable to shareholders from investment activities (see above)			198,580		(93,816)
Retained distribution on accumulation shares			11,252		54,082
Closing net assets attributable to shareholders			<u>911,218</u>		<u>2,339,753</u>

European Equity Income Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			908,888		2,337,523
Current assets:					
Debtors	8	11,429		7,189	
Cash and bank balances		3		63	
			<u>11,432</u>	<u>7,252</u>	
Total assets			<u>920,320</u>		<u>2,344,775</u>
Liabilities					
Creditors		(6,914)		(2,007)	
Distribution payable on income shares	9	(2,188)		(3,015)	
			<u>(9,102)</u>	<u>(5,022)</u>	
Total liabilities			<u>(9,102)</u>		<u>(5,022)</u>
Net assets attributable to shareholders			<u>911,218</u>		<u>2,339,753</u>

European Equity Income Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Euro Denominated Bond (1.64%)	14,446	1.59
15,000,000 Bayer 5.625% 2019	14,446	1.59
European Equities (ex UK) (97.24%)	893,958	98.10
Austrian Equities (0.99%)	-	-
Belgian Equities (4.42%)	37,822	4.15
259,947 Anheuser-Busch InBev	22,907	2.51
351,403 Umicore	14,915	1.64
Danish Equities (10.96%)	100,815	11.06
256,091 Coloplast	14,545	1.60
1,174,213 Danske Bank	31,593	3.46
534,162 Novo Nordisk 'B'	15,317	1.68
160,374 Pandora	14,702	1.61
775,918 Scandinavian Tobacco Group	10,911	1.20
230,559 Vestas	13,747	1.51
Finnish Equities (11.95%)	86,919	9.54
491,496 Kesko 'B'	18,168	1.99
283,219 Kone	10,208	1.12
5,855,070 Nokia	24,118	2.65
345,909 Sampo 'A'	12,686	1.39
524,814 Wartsila	21,739	2.39
French Equities (18.02%)	129,761	14.24
226,364 Amundi	10,577	1.16
811,590 AXA	15,423	1.69
172,634 BIC	17,210	1.89
1,300,723 Orange	15,839	1.74
68,544 LVMH	11,086	1.22
106,460 Schneider Electric	5,808	0.64
249,105 Technip	6,476	0.71

European Equity Income Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
French Equities (continued)		
89,149 Thales	7,075	0.78
768,991 Total	30,889	3.38
161,483 Vinci	9,378	1.03
German Equities (8.25%)		
298,417 BASF	22,419	2.46
218,602 Covestro	13,272	1.46
949,985 Deutsche Telekom	13,247	1.45
287,906 Siemens	30,177	3.30
1,174,368 TUI	13,357	1.47
Irish Equities (0.00%)		
502,036 CRH	13,654	1.50
192,705 Paddy Power	16,908	1.86
Italian Equities (5.62%)		
756,305 Atlantia	14,266	1.57
6,154,685 Enel	21,295	2.34
866,293 MARR	14,048	1.54
1,308,850 Mediobanca	8,438	0.93
Netherlands Equities (9.85%)		
809,553 Ahold	13,864	1.52
186,251 Airbus	11,018	1.21
213,838 ASML	20,898	2.29
256,165 Euronext	8,919	0.98
223,267 Flow Traders	6,229	0.68
1,197,251 ING	13,301	1.46
431,042 Philips Lighting	9,605	1.05
Portuguese Equities (3.25%)		
1,160,778 Galp Energia	13,758	1.51
667,013 Jeronimo Martins	8,635	0.95

European Equity Income Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Spanish Equities (4.32%)	56,823	6.23
2,234,978 Bankinter	13,890	1.52
641,023 Inditex	16,596	1.82
850,567 Repsol	10,168	1.12
3,673,990 Santander	16,169	1.77
Swedish Equities (7.56%)	110,672	12.15
1,211,564 Svenska Handelsbanken	13,578	1.49
2,338,575 Nordea Bank	22,077	2.42
1,050,855 Securitas	12,911	1.42
920,491 Svenska Cellulosa	22,784	2.50
1,472,489 Swedbank	29,299	3.22
398,888 Swedish Match	10,023	1.10
Swiss Equities (12.05%)	83,838	9.20
234,207 Holcim	10,731	1.18
54,335 Partners	22,890	2.51
141,200 Roche	27,713	3.04
101,171 Zurich	22,504	2.47
Collective Investment Schemes (1.02%)	484	0.05
196,436 Standard Life EUR CNAV Liquidity Fund	168	0.02
315,578 Standard Life GBP CNAV Liquidity Fund	316	0.03
Total investment assets	908,888	99.74
Net other assets	2,330	0.26
Total Net Assets	911,218	100.00

All investments are listed on recognised stock exchanges and are approved securities and regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

European Equity Income Fund
Notes to the financial statements

1 Accounting policies

Please refer to pages 14-17 for notes on accounting policies.

2 Net capital Gains/(Losses)	2017	2016
	£'000	£'000
Non-derivative securities	211,803	(89,220)
Forward currency contracts	19	(36)
Non-derivative securities currency (losses)/gains	(7,958)	987
Handling charges taken from the capital account	(37)	(44)
Net capital gains/(losses)	203,827	(88,313)

3 Transaction Costs	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	638,760	1,271,728
Commissions	823	1,550
Taxes & Other Fees	434	966
Total purchase transaction costs	1,257	2,516
Purchases including transaction costs	640,017	1,274,244
Gross sales before transaction costs	2,234,401	1,178,572
Commissions	(844)	(1,323)
Total sale transaction costs	(844)	(1,323)
Total sales net of transaction costs	2,233,557	1,177,249

Equity Transaction Cost as a % of total Purchases & Sales	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.13%	0.12%
Taxes & Other Fees	0.07%	0.08%
Sales		
Commissions	0.04%	0.11%

European Equity Income Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.07%	0.07%
Taxes & Other Fees	0.03%	0.04%
Sales		
Commissions	0.07%	0.06%

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Bonds	14,605	6,325
Equities	640,017	1,274,244
Sales		
Bonds	38,142	58,920
Equities	2,233,557	1,177,249

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.61% (29 February 2016: 1.15%). This is indicative for the year.

European Equity Income Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016
	£'000	£'000
Overseas dividends	53,619	78,708
Scrip dividends	2,981	4,666
Interest on debt securities	358	3,145
Bank interest	185	107
Total revenue	<u>57,143</u>	<u>86,626</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,309	2737
Authorised Corporate Director's periodic charge taken from the capital account	4,714	4853
Dealing charge	36	34
Dealing charge taken from the capital account	33	29
Registration fees	346	1,354
Registration fees taken from the capital account	498	506
	<u>7,936</u>	<u>9,513</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	63	57
Safe custody fees	149	303
	<u>212</u>	<u>360</u>
Other:		
Audit fee	8	9
Legal expenses	5	8
	<u>13</u>	<u>17</u>
Total expenses	<u>8,161</u>	<u>9,890</u>
6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Adjustment in respect of prior year	3	0
Overseas withholding tax	1,920	4,106
Total taxation	<u>1,923</u>	<u>4,106</u>

European Equity Income Fund**Notes to the financial statements (continued)**

6 Taxation (continued)	2017	2016
	£'000	£'000
(b) Factors affecting current tax charge for year		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	48,970	76,719
Corporation tax at 20% (2016: 20%)	9,794	15,344
Effects of:		
Scrip dividends	(596)	(933)
Non taxable overseas dividends	(10,470)	(15,244)
Overseas withholding tax	1,920	4,106
Overseas withholding tax claimed as a deduction	(38)	(75)
Excess management expenses	1,310	908
Current tax charge (Note 6(a))	1,923	4,106

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £4,218,000 (2016: £2,908,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions	2017	2016
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
First interim distribution	29,392	54,461
Second interim distribution	3,822	7,432
Third interim distribution	3,073	5,567
Final distribution	2,808	9,254
	39,095	76,714
Add: Income deducted on cancellation of shares	13,872	2,562
Deduct: Income received on issue of shares	(673)	(1,160)
Net distribution for the year	52,294	78,116

Details of the distribution per share are set out in this Fund's distribution table.

European Equity Income Fund**Notes to the financial statements (continued)**

7 Distributions (continued)	2017	2016
	£'000	£'000
(b) Difference between net revenue and distribution		
Net revenue after taxation for the year	47,047	72,613
Add: ACD periodic charge taken from the capital account	4,714	4,853
Add: Registration fees taken from the capital account	498	506
Add: Dealing charges taken from the capital account	33	29
Add: Undistributed revenue brought forward	2	2
Add: Share class deficit	1	115
Deduct: Undistributed revenue carried forward	(1)	(2)
Net distribution for the year	<u>52,294</u>	<u>78,116</u>
8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	940	3,299
Sales awaiting settlement	5,571	0
Accrued revenue	193	591
Withholding tax recoverable	4,721	3,289
Dilution levy receivable from the ACD	4	10
Total debtors	<u>11,429</u>	<u>7,189</u>
9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	1,516	1,211
Purchases awaiting settlement	4,758	0
Accrued expenses payable to the ACD	581	712
Accrued expenses payable to the Depositary	34	61
Other accrued expenses	8	9
Dilution levy payable to the ACD	3	4
Corporation tax payable	14	10
Total creditors	<u>6,914</u>	<u>2,007</u>

European Equity Income Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund held shares in the SLI Seabury EUR VNAV Liquidity Funds. The total purchase cost of these investments during the year was €nil (2016: €nil) and the total sales proceeds were €26,204,000 (2016: €nil).

The Fund held shares in the SLI Seabury GBP VNAV Liquidity Fund. The total purchase cost of these investments during the year were £1,749,000 (2016: £763,699,000), total sales proceeds were £5,164,000 (2016: £750,853,000) and distribution reinvestments was £4,000 (2016: £99,000).

The Fund holds 196,436 shares (2016: nil) in the Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was €512,947,000 (2016: €nil) and the total sales proceeds were €512,751,000 (2016: €nil).

The Fund holds 315,578 shares (2016: nil) in the Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was £148,121,000 (2016: £nil), total sales proceeds were £147,820,000 (2016: £nil) and distribution reinvestments was £15,000 (2016: £nil).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	112,649	214,903
Purchase of shares by Fund	1,542,727	306,010
Distributions made by Fund	6,448	50,151

The percentage value of the Fund held by Standard Life group companies is:

21.7%	59.1%
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European Equity Income Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	0	0	0	0	38,279	0
Equities	893,959	14,446	0	2,275,402	0	0
Collective Investment Schemes	0	483	0	0	23,842	0
Total investment assets	893,959	14,929	0	2,275,402	62,121	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Units in issue reconciliation

	Opening units 2016	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2017
Retail accumulation	13,065,708	1,109,735	(2,995,457)	(816,653)	10,363,333
Institutional accumulation	219,536,428	70,541,193	(101,613,948)	199,088	188,662,761
Retail income	5,962,312	419,880	(1,651,955)	(514,932)	4,215,305
Institutional income	749,124,351	37,654,228	(228,396,472)	(207,076)	558,175,031
Standard Life income	4,000	8,500,754	(8,500,754)	0	4,000
Standard Life accumulation	1,305,474,768	16,370,972	(1,305,003,454)	0	16,842,286
Platform 1 accumulation	101,685,261	5,307,952	(36,343,990)	946,123	71,595,346
Platform 1 income	95,552,791	8,331,021	(17,292,032)	603,752	87,195,532
Institutional S accumulation	2,200	0	0	0	2,200
Institutional S income	2,200	0	0	0	2,200
Institutional A income	2,200	0	0	0	2,200

European Equity Income Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

European Equity Income Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Danish Krone	100,815	256,288
Euro	613,249	1,618,942
Polish Zloty	0	60
Swedish Krona	110,671	176,935
Swiss Franc	83,840	281,949

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

European Equity Income Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000	£'000
2017				
Currency				
Sterling	318	0	0	318
Danish Krone	0	0	100,815	100,815
Euro	169	14,446	598,632	613,247
Swedish Krona	0	0	110,671	110,671
Swiss Franc	0	0	83,840	83,840
2016				
Currency				
Sterling	3412	0	0	3,412
Danish Krone	0	0	256,288	256,288
Euro	20433	38,279	1,560,230	1,618,942
Polish Zloty	60	0	0	60
Swedish Krona	0	0	176,935	176,935
Swiss Franc	0	0	281,949	281,949

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

European Equity Income Fund**Distribution Tables****for the three months ended 31 May 2016****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 May 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	2.6917	-	2.6917 *	2.0446
Group 2	1.5564	1.1353	2.6917 *	2.0446
Institutional accumulation				
Group 1	2.9715	-	2.9715 *	2.3279
Group 2	1.3679	1.6036	2.9715 *	2.3279
Retail income				
Group 1	2.2908	-	2.2908 **	1.8918
Group 2	0.9875	1.3033	2.2908 **	1.8918
Institutional income				
Group 1	2.4102	-	2.4102 **	1.9761
Group 2	1.5733	0.8369	2.4102 **	1.9761
Standard Life income				
Group 1	2.5111	-	2.5111 **	2.0412
Group 2	1.0738	1.4373	2.5111 **	2.0412
Standard Life accumulation				
Group 1	3.3224	-	3.3224 *	2.5846
Group 2	1.8789	1.4435	3.3224 *	2.5846
Platform 1 accumulation				
Group 1	2.2087	-	2.2087 *	1.7290
Group 2	1.3769	0.8318	2.2087 *	1.729
Platform 1 income				
Group 1	2.0842	-	2.0842 **	1.7098
Group 2	1.3266	0.7576	2.0842 **	1.7098

European Equity Income Fund
Distribution Tables (continued)

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Institutional S accumulation				
Group 1	1.6510	-	1.6510 *	1.3157
Group 2	-	-	-	-
Institutional S income				
Group 1	1.6060	-	1.6060 **	1.3167
Group 2	-	-	-	-
Institutional A income				
Group 1	1.5668	-	1.5668 *	0.0000
Group 2	-	-	-	-

* Distribution accumulated on 31 May 2016

** Distribution paid on 31 July 2016

for the three months ended 31 August 2016**Dividend distribution**

Group 1 - shares purchased prior to 1 June 2016

Group 2 - shares purchased between 1 June 2016 and 31 August 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	0.2048	-	0.2048 *	0.0000
Group 2	0.0000	0.2048	0.2048 *	0.0000
Institutional accumulation				
Group 1	0.3478	-	0.3478 *	0.1721
Group 2	0.1428	0.2050	0.3478 *	0.1721
Retail income				
Group 1	0.4054	-	0.4054 **	0.2667
Group 2	0.1646	0.2408	0.4054 **	0.2667
Institutional income				
Group 1	0.4273	-	0.4273 **	0.2901
Group 2	0.1510	0.2763	0.4273 **	0.2901

**European Equity Income Fund
Distribution Tables (continued)**

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Standard Life income				
Group 1	0.1676	-	0.1676 **	0.2975
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.7136	-	0.7136 *	0.3679
Group 2	0.1586	0.5550	0.7136 *	0.3679
Platform 1 accumulation				
Group 1	0.2503	-	0.2503 *	0.1215
Group 2	0.0741	0.1762	0.2503 *	0.1215
Platform 1 income				
Group 1	0.3694	-	0.3694 **	0.2525
Group 2	0.1497	0.2197	0.3694 **	0.2525
Institutional S accumulation				
Group 1	0.2288	-	0.2288 *	0.1196
Group 2	-	-	-	-
Institutional S income				
Group 1	0.2877	-	0.2877 **	0.1937
Group 2	-	-	-	-
Institutional A income				
Group 1	0.2804	-	0.2804 *	-
Group 2	-	-	-	-

* Distribution accumulated on 31 August 2016

** Distribution paid on 31 October 2016

European Equity Income Fund
Distribution Tables (continued)

for the three months ended 30 November 2016

Dividend distribution

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 30 November 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	0.0919	-	0.0919 *	0.0000
Group 2	0.0590	0.0329	0.0919 *	-
Institutional accumulation				
Group 1	0.2390	-	0.2900 *	0.0772
Group 2	0.0967	0.1423	0.2390 *	0.0772
Retail income				
Group 1	0.3371	-	0.3371 **	0.1956
Group 2	0.1505	0.1866	0.3371 **	0.1956
Institutional income				
Group 1	0.3559	-	0.3559 **	0.2163
Group 2	0.2112	0.1447	0.3559 **	0.2163
Standard Life income				
Group 1	0.1248	-	0.1248 **	0.2293
Group 2	-	-	- **	-
Standard Life accumulation				
Group 1	0.4426	-	0.4426 *	0.2798
Group 2	0.2584	0.1842	0.4426 *	0.2798
Platform 1 accumulation				
Group 1	0.1667	-	0.1667 *	0.0527
Group 2	0.0966	0.0701	0.1667 *	0.0527
Platform 1 income				
Group 1	0.3077	-	0.3077 **	0.1874
Group 2	0.1696	0.1381	0.3077 **	0.1874

**European Equity Income Fund
Distribution Tables (continued)**

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Institutional S accumulation				
Group 1	0.1575	-	0.1575 *	0.0280
Group 2	-	-	-	.
Institutional S income				
Group 1	0.2392	-	0.2392 **	0.1459
Group 2	-	-	-	-
Institutional A income				
Group 1	0.2226	-	0.2226 *	-
Group 2	-	-	-	-

* Distribution accumulated on 30 November 2016

** Distribution paid on 31 January 2017

for the three months ended 28 February 2017**Dividend distribution**

Group 1 - shares purchased prior to 1 December 2016

Group 2 - shares purchased between 1 December 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.0745	-	0.0745 *	0.0388
Group 2	0.0225	0.0520	0.0745 *	0.0000
Institutional accumulation				
Group 1	0.2216	-	0.2216 *	0.2520
Group 2	0.1709	0.0507	0.2216 *	0.2520
Retail income				
Group 1	0.3255	-	0.3255 **	0.3853
Group 2	0.1835	0.1420	0.3255 **	0.3853

**European Equity Income Fund
Distribution Tables (continued)**

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Institutional income				
Group 1	0.3432	-	0.3432 **	0.3599
Group 2	0.1586	0.1846	0.3432 **	0.3599
Standard Life income				
Group 1	0.0000	-	0.0000	0.3372
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.4960	-	0.4960 *	0.4223
Group 2	0.2117	0.2843	0.4960 *	0.4223
Platform 1 accumulation				
Group 1	0.1538	-	0.1538 *	0.1647
Group 2	0.0730	0.0808	0.1538 *	0.1647
Platform 1 income				
Group 1	0.2971	-	0.2971 **	0.3102
Group 2	0.1411	0.1560	0.2971 **	0.3102
Institutional S accumulation				
Group 1	0.1330	-	0.1330 *	0.1583
Group 2	-	-	-	-
Institutional S income				
Group 1	0.2329	-	0.2329 **	0.2408
Group 2	-	-	-	-
Institutional A income				
Group 1	0.2273	-	0.2273 *	0.1080
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2017

** Distribution payable on 28 April 2017

European Equity Income Fund
Distribution Tables (continued)

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend*	100.00%	100.00%	100.00%	100.00%
Treat as annual payment net of income tax	0%	0%	0%	0%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

Global Advantage Fund Investment Report

Fund Manager

Multi Asset Investment Team

Benchmark

IA Mixed Investment 40-85% Shares Sector

Launch Date

26 September 1990

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in global equities, equity type investments and fixed interest securities. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of equity and fixed interest exposure, and who do not desire a high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of equity, bond and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the year under review, the Fund returned 21.3% (net of retail fees), compared with the IA Mixed Investment 40-85% Shares Sector return of 19.0% (source: Morningstar, basic rate taxpayer, bid-to-bid basis).

In the UK, energy giant Glencore was the top performer, benefiting from a rebound in commodity prices, strong cashflows and balance sheet restructuring. Also positive was retailer Boohoo, boosted by the ongoing structural shift from high street to online shopping. Performance detractors included BT Group as concerns resurfaced over its pension fund deficit, and Dixons Carphone which was hurt by worries about UK consumer confidence and online rivals like Amazon.

In the European equity portfolio, improving prices led to upgrades in earnings forecasts for chemical firm Covestro, while asset management firm Amundi was lifted by strong results and news of an acquisition. Among the negative contributors was Danish pharmaceuticals company Novo-Nordisk after slashing its long-term target for profit growth, citing price pressure in the US. Ryanair was hampered by deteriorating prices and fears over the possible impact of Brexit.

In the US, communications semiconductor firm Broadcom was buoyed by continued strong demand for its communications chips, and management's focus on pricing and profitability. Also positive was First Republic Bank, which reported continued strong loan and deposit growth and stable margins. The principal negative performers were apparel firm Hanesbrands where growth again disappointed, and discount store Dollar Tree, where execution issues persisted in its Family Dollar business.

Global Advantage Fund Investment Report (continued)

Turning to the bond portfolio, bond markets gyrated substantially following the UK's Brexit vote. Our overweight positioning in UK government bonds, both outright and relative to Europe, benefited from news of monetary support from the Bank of England. Our strategic overweight position in Australian government bonds versus the US was also rewarded, as the future path of interest rates in these countries seems increasingly likely to diverge going forward. Meanwhile, our strategic position in US inflation was boosted by the election of Donald Trump as US president under expectations of greater fiscal stimulus. However, we suffered slightly through the election result itself. Our cautious view on the market reaction to a possible Trump election proved unfounded, as risk markets rallied strongly and government bonds underperformed globally. The portfolio made a positive start to 2017, being positioned for continued modest sell-off in global yields. Through tactical trading decisions, we continue to seek to mitigate overall risk in an environment dominated by political events.

Investment Activity

In the UK, we materially added to our position in mining company Anglo American, encouraged by their restructuring efforts and cost advantages relative to competitors. New positions included BAE which is likely to benefit from higher US defence spending, and global cruise operator Carnival on grounds of its improving yields, scope for share buy backs and attractive valuation. We sold Burberry, on concerns about the structural challenges in the Asian luxury market and discounting in the US. We exited chemicals firm Elementis after strong performance, fearing competitive pressures in its chromium business.

Among our European purchases, container shipping firm Maersk is benefiting from restructuring and higher freight rates, while concerns over the impact of a Trump presidency on Danish wind turbine company Vestas are overdone, we believe. We bought industrial firm STG Group, whose restructuring efforts should fuel profitability gains, with additional upside potential from merger and acquisition opportunities. We sold UBS stock on account of continued regulatory pressure, and clothing retailer H&M, which is struggling with the structural shift to online shopping.

In the US, we added Acuity Brands – we believe long-term growth potential for LED lighting, controls and the 'internet of things' is not reflected in the share price. Similarly, we bought Micron Technology, as its valuation overlooks potential efficiency gains and better supply/demand dynamics over time. Other purchases included financial services provider Wells Fargo, which should benefit from rising interest rates, improving economic growth and lighter regulation. Sales included Alliance Data Systems where lingering credit concerns and full valuations will likely hamper further upside, and Gilead Sciences owing to the lack of any positive catalyst regarding cash redeployment.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £248,797,000 and the total proceeds from sales were £221,071,000.

**Global Advantage Fund
Investment Report (continued)**

Synthetic Risk & Reward Indicator

Lower risk Higher risk

Typically lower rewards Typically higher rewards

1 2 3 **4** 5 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Global Advantage Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	132.74	139.14	130.30
Return before operating charges*	29.89	(4.54)	10.62
Operating charges**	(1.51)	(1.86)	(1.78)
Return after operating charges*	28.38	(6.40)	8.84
Distributions	(1.98)	(0.19)	(1.34)
Retained distributions on accumulation share	1.98	0.19	1.34
Closing net asset value per share	161.12	132.74	139.14
* after direct transaction costs of:***	0.17	0.15	0.19
Performance +			
Return after charges	21.38%	-4.60%	6.78%
Other information			
Closing net asset value (£'000)	342,826	302,145	327,218
Closing number of shares	212,772,079	227,630,696	235,171,249
Operating charges****	1.03%	1.36%	1.36%
Direct transaction costs***	0.12%	0.11%	0.15%
Prices			
Highest share price	161.1	145.6	139.2
Lowest share price	132.4	122.3	124.0

Global Advantage Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	146.94	152.88	142.11
Return before operating charges*	33.22	(5.02)	11.64
Operating charges**	(0.99)	(0.92)	(0.87)
Return after operating charges*	32.23	(5.94)	10.77
Distributions	(2.93)	(0.77)	(2.54)
Retained distributions on accumulation share	2.93	0.77	2.54
Closing net asset value per share	179.17	146.94	152.88
* after direct transaction costs of:***	0.19	0.16	0.21
Performance +			
Return after charges	21.93%	-3.89%	7.58%
Other information			
Closing net asset value (£'000)	28,232	24,881	25,326
Closing number of shares	15,756,745	16,931,991	16,565,865
Operating charges****	0.61%	0.61%	0.61%
Direct transaction costs***	0.12%	0.11%	0.15%
Prices			
Highest share price	179.2	160.1	152.9
Lowest share price	146.6	135.3	135.9

Global Advantage Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	90.10	95.28	90.12
Return before operating charges*	20.23	(3.78)	7.31
Operating charges**	(1.02)	(1.27)	(1.23)
Return after operating charges*	19.21	(5.05)	6.08
Distributions	(1.34)	(0.13)	(0.92)
Closing net asset value per share	107.97	90.10	95.28
* after direct transaction costs of:***	0.12	0.10	0.13
Performance +			
Return after charges	21.32%	-5.30%	6.75%
Other information			
Closing net asset value (£'000)	1,575	1,209	1,478
Closing number of shares	1,458,283	1,342,427	1,550,934
Operating charges****	1.03%	1.36%	1.36%
Direct transaction costs***	0.12%	0.11%	0.14%
Prices			
Highest share price	108.0	99.71	95.54
Lowest share price	89.92	83.11	85.15

Global Advantage Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	88.77	93.90	88.80
Return before operating charges*	19.98	(4.10)	7.23
Operating charges**	(0.59)	(0.56)	(0.54)
Return after operating charges*	19.39	(4.66)	6.69
Distributions	(1.76)	(0.47)	(1.59)
Closing net asset value per share	106.40	88.77	93.90
* after direct transaction costs of:***	0.12	0.10	0.13
Performance +			
Return after charges	21.84%	-4.96%	7.53%
Other information			
Closing net asset value (£'000)	390	364	462
Closing number of shares	366,257	409,844	492,260
Operating charges****	0.61%	0.61%	0.61%
Direct transaction costs***	0.12%	0.11%	0.15%
Prices			
Highest share price	106.8	98.36	94.50
Lowest share price	88.62	82.17	83.99

Global Advantage Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail CAT accumulation			
Change in net assets per share			
Opening net asset value per share	100.30	104.77	97.77
Return before operating charges*	22.62	(3.43)	7.99
Operating charges**	(1.11)	(1.04)	(0.99)
Return after operating charges*	21.51	(4.47)	7.00
Distributions	(1.55)	(0.32)	(1.35)
Retained distributions on accumulation share	1.55	0.32	1.35
Closing net asset value per share	121.81	100.30	104.77
* after direct transaction costs of:***	0.13	0.11	0.14
Performance +			
Return after charges	21.45%	-4.27%	7.16%
Other information			
Closing net asset value (£'000)	192,167	167,660	184,757
Closing number of shares	157,756,768	167,159,023	176,351,080
Operating charges****	1.01%	1.01%	1.01%
Direct transaction costs***	0.12%	0.11%	0.14%
Prices			
Highest share price	121.8	109.7	104.8
Lowest share price	100.1	92.38	93.27

Global Advantage Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	60.68	62.87	58.21
Return before operating charges*	13.75	(2.12)	4.72
Operating charges**	(0.07)	(0.07)	(0.06)
Return after operating charges*	13.68	(2.19)	4.66
Distributions	(1.55)	(0.44)	(1.28)
Retained distributions on accumulation share	1.55	0.44	1.28
Closing net asset value per share	74.36	60.68	62.87
* after direct transaction costs of:***	0.08	0.07	0.08
Performance +			
Return after charges	22.54%	-3.48%	8.01%
Other information			
Closing net asset value (£'000)	2,222	1,647	1,671
Closing number of shares	2,987,920	2,714,536	2,658,015
Operating charges****	0.11%	0.11%	0.11%
Direct transaction costs***	0.12%	0.11%	0.14%
Prices			
Highest share price	74.36	65.87	62.87
Lowest share price	60.58	55.88	55.80

Global Advantage Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	69.52	72.36	67.30
Return before operating charges*	15.71	(2.37)	5.51
Operating charges**	(0.51)	(0.47)	(0.45)
Return after operating charges*	15.20	(2.84)	5.06
Distributions	(1.35)	(0.35)	(1.18)
Retained distributions on accumulation share	1.35	0.35	1.18
Closing net asset value per share	84.72	69.52	72.36
* after direct transaction costs of:***	0.09	0.08	0.10
Performance +			
Return after charges	21.86%	-3.92%	7.52%
Other information			
Closing net asset value (£'000)	12,142	9,701	5,730
Closing number of shares	14,331,917	13,953,992	7,917,901
Operating charges****	0.66%	0.66%	0.66%
Direct transaction costs***	0.12%	0.11%	0.15%
Prices			
Highest share price	84.72	75.79	72.38
Lowest share price	69.37	64.02	64.34

Global Advantage Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	65.09	68.85	65.11
Return before operating charges*	14.66	(2.99)	5.30
Operating charges**	(0.47)	(0.45)	(0.43)
Return after operating charges*	14.19	(3.44)	4.87
Distributions	(1.26)	(0.32)	(1.13)
Closing net asset value per share	78.02	65.09	68.85
* after direct transaction costs of:***	0.09	0.07	0.10
Performance +			
Return after charges	21.80%	-5.00%	7.48%
Other information			
Closing net asset value (£'000)	1,121	837	580
Closing number of shares	1,436,941	1,285,616	842,531
Operating charges****	0.66%	0.66%	0.66%
Direct transaction costs***	0.13%	0.10%	0.15%
Prices			
Highest share price	78.32	72.12	69.27
Lowest share price	64.98	60.23	61.58

Global Advantage Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Global Advantage Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		98,125		(29,807)
Revenue	4	13,141		12,148	
Expenses	5	(5,412)		(6,312)	
Interest and similar charges		(3)		(1)	
Net revenue before taxation		<u>7,726</u>		<u>5,835</u>	
Taxation	6	(81)		(305)	
Net revenue after taxation			<u>7,645</u>		<u>5,530</u>
Total return before distributions			<u>105,770</u>		<u>(24,277)</u>
Distributions	7		(7,645)		(5,529)
Change in net assets attributable to shareholders from investment activities			<u>98,125</u>		<u>(29,806)</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			508,444		547,222
Amounts receivable on issue of shares		6,777		24,041	
Amounts payable on cancellation of shares		<u>(40,254)</u>		<u>(38,539)</u>	
			<u>(33,477)</u>		<u>(14,498)</u>
Dilution adjustment			83		65
Change in net assets attributable to shareholders from investment activities (see above)			98,125		(29,806)
Retained distribution on accumulation shares			7,500		5,461
Closing net assets attributable to shareholders			<u>580,675</u>		<u>508,444</u>

Global Advantage Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investment assets			573,895		447,027
Current assets:					
Debtors	8	11,916		4,359	
Cash and bank balances	9	5,163		63,202	
			<u>17,079</u>		<u>67,561</u>
Total assets			<u>590,974</u>		<u>514,588</u>
Liabilities					
Investment liabilities			(1,006)		(3,101)
Creditors	10	(9,275)		(3,035)	
Distribution payable on income shares		(18)		(8)	
			<u>(9,293)</u>		<u>(3,043)</u>
Total liabilities			<u>(10,299)</u>		<u>(6,144)</u>
Net assets attributable to shareholders			<u>580,675</u>		<u>508,444</u>

Global Advantage Fund
Portfolio Statement
as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Bonds (9.09%)	61,453	10.55
European Denominated Bonds (0.12%)	658	0.10
Corporate Bonds (0.12%)	658	0.10
100,000 Arion Banki 2.5% 2019	88	0.01
200,000 Credit Logement FRN Perpetual	139	0.02
100,000 EDF 4.125% Perpetual	85	0.01
100,000 UBS 4.75% 2026	94	0.02
100,000 Volkswagen International Finance 3.5% Perpetual	79	0.01
200,000 Zuercher Kantonal 2.625% 2027	173	0.03
Sterling Denominated Bonds (8.58%)	59,019	10.14
Corporate Bonds (4.11%)	35,194	6.01
less than 5 years to maturity		
100,000 AA Bond 4.249% 2020	107	0.02
100,000 AA Bond Company 4.7201% 2018	105	0.02
100,000 Abbey National 1.875% 2020	102	0.02
250,000 Bank of America 6.125% 2021	300	0.05
121,000 Barclays 10% 2021	157	0.03
200,000 Barclays 4.25% 2022	231	0.04
200,000 British American Tobacco 1.75% 2021	203	0.03
100,000 British Sky Broadcasting 2.875% 2020	107	0.02
100,000 BUPA 3.375% 2021	108	0.02
150,000 Citigroup 7.625% 2018	161	0.03
100,000 Close Brothers 3.875% 2021	110	0.02
100,000 Commerzbank 6.625% 2019	109	0.02
150,000 Co-operative Bank 4.75% 2021	169	0.03
200,000 CPMK Finance 2.666% 2020	208	0.03
200,000 Daimler 6.875% 2021	212	0.04
100,000 Deutsche Bank 1.875% 2020	100	0.02
130,000 Enel 6.25% 2019	145	0.02
352,000 European Investment Bank 1.5% 2019	359	0.06

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)		
100,000 First Hydro 9% 2021	131	0.02
300,000 FMS Wertmanagement 1.125% 2019	305	0.05
254,000 General Electric 6.25% 2020	302	0.05
261,000 Heathrow Funding 6.25% 2018	281	0.05
120,000 Imperial Tobacco 9% fixed to floating 2022	162	0.03
75,000 John Lewis 8.375% 2019	86	0.01
100,000 JP Morgan Chase 1.875% 2020	103	0.02
376,000 Kreditanstalt fuer Wiederaufbau 1.375% 2021	387	0.07
150,000 Lend Lease Europe 6.125% 2021	174	0.03
75,000 London Stock Exchange 9.125% 2019	91	0.01
200,000 Provident Financial 8% 2019	231	0.04
80,000 RCI Banque 3% 2019	83	0.01
250,000 Royal Bank of Scotland 6.625% 2018	271	0.05
100,000 SPI Australia Assets 5.125% 2021	114	0.02
122,000 Xstrata 7.375% 2020	143	0.02
between 5 and 10 years to maturity		
100,000 Abbey National 5.75% 2026	133	0.02
150,000 ABP 6.25% 2026	193	0.03
200,000 Anheuser-Busch InBev 4% 2025	233	0.04
120,000 Annington Repackaging 5.3236% 2023	138	0.02
100,000 APT Pipelines 4.25% 2024	112	0.02
65,000 Atlantia 6.25% 2022	80	0.01
200,000 Babcock International 1.875% 2026	193	0.03
150,000 Barclays 3.125% 2024	154	0.03
280,000 Barclays 3.25% 2027	283	0.05
165,000 Barclays 5.75% fixed to floating 2026	199	0.03
190,000 BP Capital Markets 2.03% 2025	192	0.03
100,000 Citigroup 5.15% 2026	123	0.02
150,000 Citigroup 5.875% 2024	182	0.03
100,000 Close Brothers Finance 2.75% 2026	103	0.02
100,000 Clydesdale Bank 4.625% 2026	124	0.02
166,000 Coventry 5.875% 2022	203	0.03
200,000 CPUK Finance 7.239% 2024	263	0.04
200,000 Credit Agricole 7.375% 2023	257	0.04
200,000 Credit Suisse 3% 2022	209	0.04
300,000 Enel 5.625% 2024	367	0.06

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)		
182,000 Eversholt 6.359% 2025	241	0.04
100,000 FCE Bank 2.727% 2022	105	0.02
150,000 Firstgroup 6.875% 2024	195	0.03
100,000 Friends Life 8.25% 2022	128	0.02
200,000 Global Switch 4.375% 2022	223	0.04
100,000 Hammerson 6% fixed to floating 2026	127	0.02
220,000 Heathrow Funding 6.75% 2026	305	0.05
100,000 Heathrow Funding 7.125% 2024	131	0.02
100,000 Iberdrola 7.375% 2024	134	0.02
300,000 Intu (SGS) Finance 4.125% 2023	336	0.06
100,000 JPMorgan Chase 3.5% 2026	113	0.02
153,000 Lloyds TSB Bank 5.125% 2025	194	0.03
170,000 Lloyds TSB Bank 7.625% 2025	226	0.04
100,000 London & Quadrant 2.625% 2026	107	0.02
200,000 Metropolitan Life 2.875% 2023	217	0.04
200,000 Metropolitan Life 3.5% 2026	229	0.04
200,000 Nationwide Building Society 2.25% 2022	209	0.04
100,000 Northern Powergrid 7.25% 2022	130	0.02
100,000 Orange 5.25% 2025	125	0.02
119,000 Petróleos Mexicanos 8.25% 2022	143	0.02
250,000 Royal Bank of Scotland 5.125% 2024	311	0.05
200,000 RWE 5.5% 2022	237	0.04
310,000 Santander 3.625% 2026	325	0.06
200,000 Scentre management 3.875% 2026	229	0.04
117,000 Southern Gas Networks 4.875% 2023	141	0.02
200,000 Stagecoach 4% 2025	220	0.04
116,000 Thames Water 5.375% 2025	118	0.02
200,000 Vodafone 5.625% fixed to floating 2025	250	0.04
150,000 Wells Fargo 5.25% 2023	179	0.03
150,000 Western Power 5.25% 2023	180	0.03
100,000 Western Power Distribution 3.625% 2023	109	0.02
200,000 Yorkshire Building Society 4.125% 2024	206	0.03
100,000 Yorkshire Water 6% 2025	101	0.02

Global Advantage Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)		
between 10 and 15 years to maturity		
100,000 APT Pipelines 3.5% 2030	104	0.02
250,000 AT&T 4.375% 2029	283	0.05
100,000 AT&T 5.5% 2027	123	0.02
200,000 Bank of America 7% 2028	283	0.05
200,000 BPCE 5.25% 2029	221	0.04
100,000 Brown-Forman 2.6% 2028	104	0.02
250,000 Centrica 4.375% 2029	301	0.05
200,000 CRH Finance 4.125% 2029	233	0.04
160,000 DONG Energy 4.875% 2032	202	0.03
200,000 Gatwick Funding 6.125% 2028	262	0.04
94,000 Great Rolling Stock 6.5% 2031	125	0.02
100,000 HSBC 2.625% 2028	98	0.02
300,000 HSBC Bank 5.375% 2030	349	0.06
140,000 Land Securities Capital Markets 5.391% 2027	179	0.03
100,000 Land Securities CM 2.399% 2029	105	0.02
100,000 Lloyds TSB Bank 4.875% 2027	127	0.02
100,000 National Grid Gas 2.125% 2028	99	0.02
200,000 Nationwide Building Society 3.25% 2028	217	0.04
100,000 Rabobank 4.625% 2029	111	0.02
100,000 Rio Tinto 4% 2029	118	0.02
120,000 RWE 6.25% 2030	164	0.03
180,000 Severn Trent Water Utilities 2.75% 2031	189	0.03
100,000 Shaftesbury 2.487% 2031	98	0.02
137,000 Southern Gas Networks 4.875% 2029	176	0.03
150,000 Telefonica Emission 5.445% 2029	188	0.03
100,000 Telereal Securitit FRN 2031	91	0.02
250,000 Thames Water 5.75% 2030	293	0.05
200,000 Thames Water Finance 3.5% 2028	227	0.04
150,000 Time Warner Cable 5.75% 2031	184	0.03
200,000 United Utilities 5.625% 2027	268	0.05
100,000 Yorkshire Power 7.25% 2028	148	0.03

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)		
between 15 and 25 years to maturity		
220,000 Arqiva 4.04% 2035	236	0.04
100,000 Arqiva 4.882% 2032	114	0.02
106,470 Aspire Defence 4.674% 2040 'A'	131	0.02
152,511 Aspire Defence 4.674% 2040 'B'	188	0.03
150,000 AT&T 7% 2040	223	0.04
200,000 Aviva 6.625% fixed to floating 2041	227	0.04
200,000 BAT Intl Finance 6% 2034	281	0.05
150,000 Broadgate Finance 4.851% 2033	192	0.03
13,843 Canary Wharf Finance 6.455% 2033	21	0.00
50,000 Citigroup 6.8% 2038	79	0.01
100,000 CNP Assurances 7.375% 2041	113	0.02
150,000 E.ON Finance 5.875% 2037	212	0.04
210,000 E.ON Finance 6.375% 2032	297	0.05
300,000 EDF 5.5% 2037	372	0.06
120,000 Enel 5.75% 2040	160	0.03
120,000 Eversholt 6.697% 2035	166	0.03
100,000 Gatwick Funding 5.75% 2037	142	0.02
170,000 GE Capital 5.375% 2040	256	0.04
150,000 GlaxoSmithKline 5.25% 2033	209	0.04
70,000 Greene King 5.702% fixed to floating 2034	65	0.01
188,824 Greene King FRN 2033	184	0.03
269,000 HSBC 6% 2040	344	0.06
100,000 HSBC 5.375% 2033	128	0.02
110,000 Imperial Tobacco 4.875% 2032	136	0.02
100,000 John Lewis 4.25% 2034	109	0.02
125,000 Land Securities FRN 2036	171	0.03
215,000 Lloyds TSB Bank 6.5% 2040	347	0.06
140,000 McDonald 5.875% 2032	191	0.03
100,000 Motability 3.625% 2036	116	0.02
100,000 National Grid Gas 2.625% 2038	97	0.02
138,000 Northumbrian Water 5.125% 2042	197	0.03
163,837 Octagon Healthcare 5.333% 2035	206	0.04
200,000 Orange 5.625% 2034	266	0.05
135,835 Peel 8.375% 2040	199	0.03
47,919 RMPA Services 5.337% 2038	59	0.01
42,000 RSA Insurance 9.375% fixed to floating 2039	49	0.01
100,000 RWE Finance BV 4.75% 2034	121	0.02

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)		
between 15 and 25 years to maturity (continued)		
150,000 Scottish & Southern Energy 6.25% 2038	231	0.04
84,576 Telereal Securitit 4.01% 2033	90	0.02
150,000 Telereal Securitit 4.0902% fixed to floating 2033	157	0.03
100,000 Vattenfall 6.875% 2039	160	0.03
between 15 and 25 years to maturity (continued)		
200,000 Veolia Environment 6.125% 2037	293	0.05
50,000 Wells Fargo 4.625% 2035	62	0.01
240,000 Western Power 5.75% 2032	335	0.06
100,000 Western Power 5.75% 2040	149	0.03
greater than 25 years to maturity		
100,000 Affinity Sutton 4.25% 2042	127	0.02
100,000 Affordable Housing Finance 2.893% 2043	116	0.02
100,000 AT&T 4.875% 2044	117	0.02
100,000 Aviva 5.125% 2050	103	0.02
100,000 AXA 5.625% 2054	105	0.02
100,000 BAT International Finance 2.25% 2052	82	0.01
100,000 BHP Billiton 4.3% 2042	127	0.02
100,000 BPHA 4.816% 2044	132	0.02
100,000 Centrica 4.25% 2044	122	0.02
84,241 Channel Link 6.341% 2046	121	0.02
220,000 Direct Line Insurance 9.25% 2042	274	0.05
350,000 EDF 5.125% 2050	431	0.07
100,000 EDF 6% 2114	134	0.02
100,000 GlaxoSmithKline 5.25% 2042	147	0.03
100,000 Heathrow Funding 2.75% 2051	96	0.02
100,000 Heathrow Funding 4.625% 2048	131	0.02
100,000 Legal & General 5.5% 2064	102	0.02
200,000 Munchener Ruckvers 6.625% fixed to floating 2042	237	0.04
100,000 NGG 5.625% fixed to floating 2073	110	0.02
100,000 Paragon 3.625% 2047	109	0.02
100,000 Peabody Capital 4.625% 2053	141	0.02
100,000 Prudential 5.7% fixed to floating 2063	105	0.02
229,000 QBE Insurance 6.115% 2042	251	0.04
210,000 RL Finance 6.125% fixed to floating 2043	228	0.04
100,000 Vodafone Group 3% 2056	84	0.01
100,000 Wheatley 4.375% 2044	124	0.02

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)		
Perpetual		
200,000 Assic Generali 6.416% fixed to floating Perpetual	205	0.04
155,000 Aviva 5.9021% fixed to floating Perpetual	165	0.03
111,000 Axa 5.453% Perpetual	115	0.02
250,000 Dignity Finance 4.6956% Perpetual	309	0.05
140,000 DNB Bank 6.0116% fixed to floating Perpetual	140	0.02
100,000 EDF 5.875% Perpetual	92	0.02
47,000 Legal & General 5.875% fixed to floating Perpetual	50	0.01
200,000 Orange 5.75% Perpetual	211	0.04
210,000 Pennon 6.75% Perpetual	219	0.04
150,000 Rabobank 5.556% fixed to floating Perpetual	158	0.03
100,000 SSE 3.875% Perpetual	101	0.02
Government Bonds (4.47%)	23,825	4.13
302,000 UK (Govt of) 0.5% 2022	301	0.05
508,137 UK (Govt of) 1.25% 2018	516	0.09
147,000 UK (Govt of) 1.5% 2021	154	0.03
431,000 UK (Govt of) 1.5% 2026	448	0.08
411,927 UK (Govt of) 1.5% 2047	389	0.07
786,000 UK (Govt of) 1.75% 2019	817	0.14
526,000 UK (Govt of) 1.75% 2022	562	0.10
88,228 UK (Govt of) 1.75% 2057	91	0.02
586,000 UK (Govt of) 2% 2020	621	0.11
452,000 UK (Govt of) 2% 2025	492	0.08
483,000 UK (Govt of) 2.25% 2023	533	0.09
311,263 UK (Govt of) 2.5% 2065	404	0.07
473,000 UK (Govt of) 2.75% 2024	541	0.09
525,797 UK (Govt of) 3.25% 2044	689	0.12
485,065 UK (Govt of) 3.5% 2045	667	0.11
442,016 UK (Govt of) 3.5% 2068	733	0.13
507,000 UK (Govt of) 3.75% 2019	554	0.10
632,000 UK (Govt of) 3.75% 2020	711	0.12
144,000 UK (Govt of) 3.75% 2021	166	0.03
321,610 UK (Govt of) 3.75% 2052	499	0.09
670,000 UK (Govt of) 4% 2022	791	0.14
235,032 UK (Govt of) 4% 2060	409	0.07
601,000 UK (Govt of) 4.25% 2027	790	0.14
652,434 UK (Govt of) 4.25% 2032	897	0.15

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Government Bonds (continued)		
539,000 UK (Govt of) 4.25% 2036	765	0.13
362,000 UK (Govt of) 4.25% 2039	530	0.09
441,152 UK (Govt of) 4.25% 2040	655	0.11
437,577 UK (Govt of) 4.25% 2046	688	0.12
290,024 UK (Govt of) 4.25% 2055	508	0.09
642,000 UK (Govt of) 4.5% 2019	700	0.12
750,000 UK (Govt of) 4.5% 2034	1,081	0.19
467,613 UK (Govt of) 4.5% 2042	733	0.13
841,000 UK (Govt of) 4.75% 2020	958	0.16
643,773 UK (Govt of) 4.75% 2030	916	0.16
590,781 UK (Govt of) 4.75% 2038	916	0.16
359,949 UK (Govt of) 5% 2018	378	0.07
619,000 UK (Govt of) 5% 2025	819	0.14
335,000 UK (Govt of) 6% 2028	513	0.09
234,468 UK (Govt of) 8% 2021	312	0.05
Perpetual		
353,678 UK (Govt of) 4.25% Perpetual	578	0.10
US Dollar Denominated Bonds (0.39%)		1,776
Corporate Bonds (0.24%)		1,483
130,000 Anheuser-Busch InBev Worldwide 3.65% 2026	106	0.02
150,000 CVS Health 4.875% 2035	131	0.02
310,000 Charter Communications Operating 4.908% 2025	262	0.05
200,000 HSBC Holdings 6.875% 2021	172	0.03
161,000 Kinder Morgan 5.3% 2034	133	0.02
400,000 Swedbank AB 6% 2022	332	0.06
247,000 Teva Pharmaceuticals Finance Ne 3.15% 2026	184	0.03
200,000 UBS Group Funding Jersey 4.125% 2026	163	0.03
Government Bonds (0.15%)		293
314,400 US Treasury 1.375% Index-Linked 2044	293	0.05

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
European Equities (ex UK) (13.91%)	86,642	14.91
Belgium (0.39%)	3,531	0.60
18,602 Anheuser-Busch InBev	1,639	0.28
21,483 KBC	1,059	0.18
19,622 Umicore	833	0.14
Denmark (1.00%)	8,968	1.54
1,034 A.P. Moller-Maersk	1,360	0.23
100,050 Danske Bank	2,692	0.46
60,834 Novo Nordisk 'B'	1,744	0.30
11,246 Pandora	1,031	0.18
78,378 Scandinavian Tobacco Group	1,102	0.19
17,427 Vestas	1,039	0.18
Finland (0.37%)	1,187	0.20
288,171 Nokia	1,187	0.20
France (2.63%)	16,336	2.82
27,867 Airbus	1,649	0.28
27,989 Amundi	1,308	0.23
127,247 AXA	2,418	0.42
23,603 Euronext	822	0.14
26,916 Klepierre	805	0.14
111,334 Orange	1,356	0.23
21,457 Orpea	1,501	0.26
7,119 PPR	1,397	0.24
17,407 Renault	1,244	0.21
10,522 Rocket Internet	159	0.03
9,114 Sanofi	633	0.11
38,381 Technip	998	0.17
10,012 Thales	795	0.14
31,141 Total	1,251	0.22

Global Advantage Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Germany (2.46%)	13,679	2.35
8,051 Allianz	1,130	0.19
14,277 Covestro	867	0.15
50,528 Deutsche Post	1,398	0.24
137,270 Deutsche Telekom	1,914	0.33
19,262 Fresenius	1,235	0.21
63,090 Infineon Technology	906	0.16
14,145 Merck	1,247	0.21
29,018 SAP	2,180	0.38
29,117 Scout24	825	0.14
52,333 ThyssenKrupp	1,056	0.18
24,764 Wirecard	921	0.16
Ireland (0.99%)	5,592	0.96
49,218 CRH	1,339	0.23
806,800 Hibernia REIT	833	0.14
24,801 Kerry	1,541	0.27
154,326 Ryanair	1,879	0.32
Italy (0.71%)	3,726	0.64
36,868 Atlantia	695	0.12
458,425 Enel	1,586	0.27
317,136 Intesa Sanpaolo	596	0.10
131,711 Mediobanca	849	0.15
Netherlands (1.38%)	6,097	1.05
72,860 Ahold	1,248	0.21
16,505 ASML	1,613	0.28
16,483 Flow Traders	460	0.08
155,338 ING	1,726	0.30
17,589 Philips Electronics	428	0.07
27,916 Philips Lighting	622	0.11

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Portugal (0.15%)	1,168	0.20
98,555 Galp Energia	1,168	0.20
Spain (0.57%)	4,941	0.85
175,524 Bankinter	1,091	0.19
36,328 Grupo ACS	919	0.16
60,962 Inditex	1,578	0.27
307,365 Santander	1,353	0.23
Sweden (0.90%)	7,757	1.34
137,900 Africa Oil	208	0.04
64,411 Assa Abloy	1,009	0.17
49,135 Investor B	1,570	0.27
90,477 Nordea Bank	854	0.15
84,848 Securitas	1,042	0.18
65,124 Svenska Cellulosa	1,612	0.28
73,492 Swedbank	1,462	0.25
Switzerland (2.36%)	13,660	2.36
24,248 Adecco	1,404	0.24
28,835 Holcim	1,321	0.23
53,001 Nestle	3,156	0.54
9,853 Novartis	620	0.11
1,998 Partners	842	0.15
19,245 Roche	3,777	0.65
2,500 Syngenta	868	0.15
7,517 Zurich	1,672	0.29

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
North American Equities (16.41%)	103,879	17.91
21,070 Activision Blizzard	764	0.13
4,728 Acuity Brands	803	0.14
12,271 Alimentation Couche-Tard 'B'	440	0.08
28,595 Allegion	1,668	0.29
31,338 Allstate	2,069	0.36
6,307 Alphabet	4,282	0.74
30,154 Altria	1,815	0.31
2,749 Amazon.com	1,866	0.32
26,877 American International	1,380	0.24
27,689 American Tower	2,554	0.44
39,501 Apple	4,348	0.75
67,480 Bank of America	1,338	0.23
5,396 Bard	1,063	0.18
20,062 Blackhawk Network Holdings	588	0.10
123,465 Boston Scientific	2,436	0.42
18,966 Broadcom	3,215	0.55
20,252 Cavium	1,066	0.18
18,714 Celgene	1,857	0.32
49,778 CMS Energy	1,781	0.31
103,346 Comcast	3,107	0.54
10,903 Concho Resources	1,160	0.20
26,665 CSX	1,040	0.18
25,929 Delta Airlines	1,040	0.18
45,067 Devon Energy	1,570	0.27
27,023 Dollar Tree	1,665	0.29
14,063 Electronic Arts	978	0.17
168,774 Element Financial	1,440	0.25
21,112 Eli Lilly	1,405	0.24
11,303 EOG Resources	881	0.15
2,108 Equinix	637	0.11
33,563 Facebook	3,656	0.63
122,003 First Data	1,577	0.27
36,942 First Republic Bank	2,785	0.48
13,666 Fleetcor Technologies	1,867	0.32
30,391 Fortune Brands Home & Security	1,412	0.24
15,558 General Dynamics	2,373	0.41
41,827 Halliburton	1,797	0.31
42,782 Hanesbrands	688	0.12

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
North American Equities (continued)		
20,421 Hess	844	0.15
22,984 Home Depot	2,676	0.46
32,660 Kraft Heinz	2,401	0.41
7,504 Martin Marietta Materials	1,302	0.22
19,519 McDonald's	2,002	0.34
24,412 Medtronic	1,587	0.27
34,693 Merck	1,837	0.32
42,263 Micron Technology	795	0.14
34,860 Microsoft	1,792	0.31
44,854 Mondelez	1,583	0.27
51,555 Newell Rubbermaid	2,031	0.35
24,404 Pepsi	2,165	0.37
70,201 Pfizer	1,924	0.33
22,886 Rockwell Collins	1,758	0.30
16,502 Salesforce.com	1,079	0.19
52,299 Schwab (Charles)	1,698	0.29
36,398 The Hartford	1,430	0.25
7,576 Thermo Fisher Scientific	960	0.17
12,158 Time Warner	960	0.17
12,878 TJX	812	0.14
21,682 United Health	2,882	0.50
7,843 Vertex Pharmaceuticals	571	0.10
51,143 Wells Fargo	2,379	0.41
UK Equities (30.07%)	170,397	29.36
Basic Materials (2.65%)	18,197	3.14
216,697 Anglo American	2,752	0.47
79,412 BHP Billiton	1,030	0.18
1,598,065 Glencore	5,146	0.89
55,719 Mondi	1,046	0.18
783,256 Petra Diamonds	1,075	0.19
133,325 Rio Tinto	4,395	0.76
58,947 Johnson Matthey	1,806	0.31
212,071 Synthomer	947	0.16

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Consumer Goods (4.51%)	32,074	5.53
64,328 Bellway	1,676	0.29
1,337,889 Boohoo.com	2,040	0.35
110,686 British American Tobacco	5,622	0.97
776,268 Carphone Warehouse	2,351	0.40
275,781 Crest Nicholson	1,493	0.26
449,718 GKN	1,618	0.28
626,574 Greencore	1,626	0.28
105,914 Imperial Tobacco	4,017	0.69
415,739 Inchcape	3,118	0.54
178,092 JD Sports Fashion	626	0.11
740,998 Jimmy Choo	1,173	0.20
25,257 Next	966	0.17
19,315 Reckitt Benckiser	1,412	0.24
464,843 Sports Direct	1,380	0.24
200,251 SuperGroup	2,956	0.51
Consumer Services (4.44%)	15,086	2.59
35,682 Carnival	1,569	0.27
540,621 Enterprise Inns	728	0.12
440,132 GVC	3,057	0.53
479,984 International Consolidated Airlines	2,575	0.44
1,026,032 ITV	2,077	0.36
534,676 Mitchells & Butlers	1,319	0.23
1,943,474 Thomas Cook	1,700	0.29
181,297 Tui	2,061	0.35
Financials (5.73%)	37,011	6.37
691,285 Aviva	3,442	0.59
1,507,177 Barclays	3,413	0.59
125,663 Close Brothers	1,894	0.33
43,268 CLS	729	0.12
289,229 Grainger	732	0.13
110,840 Hargreaves Lansdown	1,479	0.25
1,563,640 HSBC	10,107	1.74
444,403 Legal & General	1,103	0.19
4,311,063 Lloyds Banking	2,960	0.51

Global Advantage Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Financials (continued)		
224,399 Phoenix	1,722	0.30
321,283 Prudential	5,163	0.89
266,981 Standard Chartered	1,928	0.33
216,903 Tullett Prebon	1,060	0.18
391,118 Virgin Money	1,279	0.22
Health Care (1.33%)		
75,989 AstraZeneca	3,529	0.61
92,545 Clinigen	768	0.13
274,373 GlaxoSmithKline	4,520	0.78
39,061 Hutchison China MediTech	817	0.14
127,124 NMC Healthcare	2,217	0.38
115,984 Shire	5,629	0.97
122,973 Smith & Nephew	1,488	0.26
Industrials (5.63%)		
53,577 Ashtead	887	0.15
48,971 Atkins WS	712	0.12
270,588 Babcock International	2,564	0.44
294,814 BAE Systems	1,856	0.32
145,790 Bodycote	1,151	0.20
153,887 Capita	866	0.15
78,290 CRH	2,129	0.37
73,685 Keller	633	0.11
351,000 McCarthy & Stone	673	0.12
449,383 Polypipe	1,521	0.26
152,426 RPC	1,391	0.24
669,688 Senior	1,224	0.21
402,603 Smith (DS)	1,794	0.31
686,974 Worldpay Group	1,864	0.32

Global Advantage Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Oil & Gas (2.99%)	18,617	3.21
1,647,167 BP	7,470	1.29
143,577 Nostrum Oil & Gas	718	0.12
135,581 Petrofac	1,208	0.21
424,343 Royal Dutch Shell 'B'	9,221	1.59
Technology (0.67%)	1,913	0.33
296,337 Sage	1,913	0.33
Telecommunications (2.12%)	6,936	1.20
652,995 BT	2,136	0.37
2,378,123 Vodafone	4,800	0.83
Utilities (0.00%)	2,330	0.40
238,401 National Grid	2,330	0.40
Collective Investment Schemes (17.76%)	146,577	25.24
246,796 SLI Emerging Market Local Currency Debt SICAV	2,945	0.51
5,857,265 SLI Global Bond SICAV	52,830	9.10
225,860 SLI Global Corporate Bond SICAV	3,108	0.53
626,334 SLI Global High Yield Bond SICAV	8,227	1.42
1,131,800 SLI Global REIT SP EUR "Z" SICAV	12,459	2.14
80,486,938 SLI Japan Fund	33,136	5.71
25,053,463 SLI Pacific Basin Fund	33,872	5.83
Exchange Traded Fund (0.51%)	3,881	0.67
1,310,182 SLI European Private Equity Fund	3,881	0.67
Derivatives (-0.44%)	60	0.02
Credit Default Swaps (-0.01%)	(145)	(0.02)
USD 3,678,216 Sell CDX EM Series 26 20/12/2021 1%	(145)	(0.02)

Global Advantage Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Forward Currency Contracts (-0.01%)	(40)	0.00
Buy AUD 330,928 Sell GBP 200,971 02/05/2017	3	0.00
Buy GBP 1,090 Sell AUD 1,787 02/05/2017	0	0.00
Buy GBP 195,552 Sell AUD 329,155 02/05/2017	(7)	0.00
Buy GBP 288,530 Sell USD 365,399 02/05/2017	(5)	0.00
Buy GBP 654,001 Sell EUR 769,078 02/05/2017	(4)	0.00
Buy GBP 1,798,630 Sell USD 2,277,809 02/05/2017	(29)	0.00
Buy USD 10,637 Sell GBP 8,514 02/05/2017	0	0.00
Buy USD 202,275 Sell GBP 160,804 02/05/2017	2	0.00
Buy USD 207,428 Sell GBP 166,606 02/05/2017	0	0.00
Futures (-0.42%)	245	0.04
Long Australia 3 Year Bond Future 15/03/2017	0	0.00
Long E-mini Msci Emerging Market Index Future 17/03/2017	1,048	0.18
Short Euro Bond Future 08/03/2017	(7)	0.00
Short Euro Schatz Future 08/03/2017	1	0.00
Short FTSE 100 Future 17/03/2017	(622)	(0.11)
Short Long Gilt Future 28/06/2017	(71)	(0.01)
Short S&P 500 Index E-mini Future 17/03/2017	12	0.00
Short SX5E Euro Stoxx 50 Index Future 17/03/2017	(96)	(0.02)
Short US 10 Year Note 21/06/2017	(12)	0.00
Short US Long Bond Future (CBT) 21/06/2017	(3)	0.00
Short US Ultra Bond (CBT) 21/06/2017	(5)	0.00
Total investment assets and liabilities	572,889	98.66
Net other assets	7,786	1.34
Total Net Assets	580,675	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated. Exchange Traded Funds are listed on recognised stock exchanges.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

Global Advantage Fund
Portfolio Statement (continued)

	Bid-market value
Reconciliation of assets and liabilities to the balance sheet	
	£'000
Investment assets as per the Balance Sheet	573,895
Investment liabilities	(1,006)
Net investment assets	572,889
Net other assets	7,786
Total Net Assets	580,675

Global Advantage Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)

	2017	2016
	£'000	£'000
Non-derivative securities	99,687	(22,627)
Derivative contracts	(977)	(7,163)
Forward currency contracts	(335)	(211)
Non-derivative securities currency (losses)/gains	(204)	122
Derivative contracts currency (losses)/gains	(16)	105
Handling charges taken from the capital account	(30)	(33)
Net capital gains/(losses)	<u>98,125</u>	<u>(29,807)</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	153,063	163,670
Commissions	134	137
Taxes & Other Fees	381	291
Total purchase transaction costs	<u>515</u>	<u>428</u>
Purchases including transaction costs	<u>153,578</u>	<u>164,098</u>
Gross sales before transaction costs	171,756	190,099
Commissions	(143)	(166)
Taxes & Other Fees	(2)	(2)
Total sale transaction costs	<u>(145)</u>	<u>(168)</u>
Total sales net of transaction costs	<u>171,611</u>	<u>189,931</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.09%	0.08%
Taxes & Other Fees	0.25%	0.18%
Sales		
Commissions	0.08%	0.09%
Taxes & Other Fees	0.00%	0.00%

Global Advantage Fund**Notes to the financial statements****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.02%	0.03%
Taxes & Other Fees	0.07%	0.05%
Sales		
Commissions	0.03%	0.03%
Taxes & Other Fees	0.00%	0.00%

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Bonds	42,972	21,438
Equities	153,578	164,098
Collective Investment Schemes	52,247	14,329
Sales		
Bonds	30,060	21,244
Equities	171,611	189,931
Collective Investment Schemes	19,400	14,631

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.71% (29 February 2016: 0.70%). This is indicative for the year.

Global Advantage Fund**Notes to the financial statements**

4 Revenue	2017	2016
	£'000	£'000
UK dividends	5,576	5,138
Overseas dividends	4,096	3,722
Scrip dividends	0	342
Interest on debt securities	1,690	1,489
Franked component of dividend distributions from collective investment schemes	781	614
Interest distributions from collective investment schemes	381	167
Bank interest	186	245
Other	0	2
Rebate of Management fee on underlying investments	431	429
Total revenue	13,141	12,148
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	5,272	5,946
Dealing charge	6	4
Registration fees	54	287
	5,332	6,237
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	50	45
Safe custody fees	19	18
	69	63
Other:		
Audit fee	11	11
Legal expenses	0	1
	11	12
Total expenses	5,412	6,312

Global Advantage Fund**Notes to the financial statements**

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	81	305
Total taxation	<u>81</u>	<u>305</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	7,726	5,835
Corporation tax at 20% (2016: 20%)	<u>1,545</u>	<u>1,167</u>
Effects of:		
UK dividends	(1,115)	(1,028)
Scrip dividends	0	(68)
Franked component of dividend distributions from collective investment schemes	(156)	(123)
Non taxable overseas dividends	(796)	(713)
Overseas withholding tax	81	305
Excess management expenses	523	766
Revenue taxable in different periods	(1)	0
Current tax charge (Note 6(a))	<u>81</u>	<u>306</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

(c) Provision for deferred taxation

Double tax relief	1	0
Provision at end of the year	<u>1</u>	<u>0</u>

(d) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £3,699,000 (2016: £3,177,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

Global Advantage Fund**Notes to the financial statements**

7 Distributions	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	4,585	4,315
Final distribution	2,958	1,176
	<hr/> 7,543	<hr/> 5,491
Add: Income deducted on cancellation of shares	121	93
Deduct: Income received on issue of shares	(19)	(55)
Net distribution for the year	<hr/> 7,645	<hr/> 5,529

Details of the distribution per share are set out in this Fund's distribution tables.

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	67	33
Sales awaiting settlement	9,602	2,704
Accrued revenue	2,043	1,405
Accrued rebate of Management fees on underlying investments	31	32
Withholding tax recoverable	172	185
Dilution levy receivable from the ACD	1	0
Total debtors	<hr/> 11,916	<hr/> 4,359

9 Cash and Bank Balances	2017	2016
	£'000	£'000
Amounts held at futures clearing houses and brokers	1,793	5,717
Cash and bank balances	3,370	57,485
Total cash and bank balances	<hr/> 5,163	<hr/> 63,202

10 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	406	446
Purchases awaiting settlement	8,144	2,113
Payable on swap CDX	276	0
Accrued expenses payable to the ACD	425	453
Accrued expenses payable to the Depository	13	11
Other accrued expenses	11	12
Total creditors	<hr/> 9,275	<hr/> 3,035

Global Advantage Fund

Notes to the financial statements

11 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 10.

The Fund holds investments in Standard Life Investments collective investment schemes; these are disclosed in the portfolio statement.

SLTM Limited, as a member of the Standard Life group, is a related party. Investments in SLTM Limited Funds are disclosed in the portfolio statement.

A portion of the management fee rebate received by the Fund is from other Standard Life Group companies related to investments in funds managed by those Standard Life Group companies. During the period £431,000 (2016: £429,000) has been recognised and is included in the total rebate amounts in notes 1 and 3. The balance due to the Fund at the period end in respect of this amounted to £31,000 (2016: £32,000) and is included in the total rebate amount disclosed in note 8.

Global Advantage Fund**Notes to the financial statements (continued)****12 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	25,169	36,284	0	21,240	63,133	0
Equities	360,918	0	0	361,796	0	0
Collective Investment Schemes	0	150,458	0	0	0	0
Derivatives	1,061	5	0	855	3	0
Total investment assets	387,148	186,747	0	383,891	63,136	0
Fair value of investment liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives	(816)	(190)	0	(2,992)	(109)	0
Total investment liabilities	(816)	(190)	0	(2,992)	(109)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	227,630,696	(4,475)	(14,253,143)	(600,999)	212,772,079
Institutional accumulation	16,931,991	337,322	(1,609,279)	96,711	15,756,745
Retail income	1,342,427	3,958	(93,474)	205,372	1,458,283
Institutional income	409,844	7,419	(51,006)	0	366,257
Retail CAT accumulation	167,159,023	2,998,436	(12,157,965)	(242,726)	157,756,768
Standard Life accumulation	2,714,536	331,644	(131,468)	73,208	2,987,920
Platform 1 accumulation	13,953,992	1,490,113	(2,071,562)	959,374	14,331,917
Platform 1 income	1,285,616	397,904	(251,499)	4,920	1,436,941

Global Advantage Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures**

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2017	Minimum	Maximum	Average
VaR 99% 1 Month	5.78%	6.90%	6.40%
2016	Minimum	Maximum	Average
VaR 99% 1 Month	6.27%	7.50%	6.66%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 6.72%, £38,507,000 (2016: 7.50%, £33,294,000) in one month period. This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Global Advantage Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk**

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Australian Dollar	0	10
Canadian Dollar	1,879	0
Danish Krone	9,004	5,097
Euro	69,599	49,163
Swedish Krona	7,757	4,562
Swiss Franc	13,722	12,093
US Dollar	164,502	119,386

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Global Advantage Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Fixed rate financial assets	Financial assets not carrying interest	Total
2017	£'000	£'000	£'000	£'000
Currency				
Sterling	4,223	58,571	247,904	310,698
Canadian Dollar	0	0	1,879	1,879
Danish Krone	0	0	9,094	9,094
Euro	953	519	62,565	64,037
Swedish Krona	0	0	7,757	7,757
Swiss Franc	5	0	13,659	13,664
US Dollar	879	1,484	168,560	170,923
2016				
Currency				
Sterling	62,696	47,836	207,299	317,831
Danish Krone	0	0	5,426	5,426
Euro	139	621	48,036	48,796
Swedish Krona	0	0	4,588	4,588
Swiss Franc	0	0	11,952	11,952
US Dollar	368	37,201	80,966	118,535

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid-market value 2017	Bid-market value 2016
Credit Rating Analysis	£'000	£'000
Investment Grade Bonds	60,170	45,233
Below Investment Grade Bonds	442	390
Unrated Bonds	841	628
Total Value of Bonds	61,453	46,251

Global Advantage Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(d) Credit risk (continued)**

This Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Any counterparties to derivative positions and term deposits as well as the collateral amount and type held by the Fund as at 28 February 2017 are detailed in the table below.

Counterparty	Collateral classification	2017	2016
		£'000	£'000
Barclays	Stock	-	(150)
BNP Paribas	Stock	(515)	-
Credit Agricole	-	-	-
HSBC	-	-	-
Morgan Stanley	-	-	-
Royal Bank of Canada	-	-	-
State Street	-	-	-
UBS	-	-	-
Total		(515)	(150)

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Global Advantage Fund**Distribution Tables****for the six months ended 31 August 2016****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 August 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	1.1913	-	1.1913 *	0.9825
Group 2	0.5925	0.5988	1.1913 *	0.9825
Institutional accumulation				
Group 1	1.6900	-	1.6900 *	1.6656
Group 2	0.9855	0.7045	1.6900 *	1.6656
Retail income				
Group 1	0.8085	-	0.8085 **	0.6724
Group 2	0.3286	0.4799	0.8085 **	0.6724
Institutional income				
Group 1	1.0209	-	1.0209 **	1.0224
Group 2	0.8831	0.1378	1.0209 **	1.0224
Retail CAT accumulation				
Group 1	0.9416	-	0.9416 *	0.9323
Group 2	0.5071	0.4345	0.9416 *	0.9323
Standard Life accumulation				
Group 1	0.8399	-	0.8399 *	0.8164
Group 2	0.2694	0.5705	0.8399 *	0.8164
Platform 1 accumulation				
Group 1	0.7810	-	0.7810 *	0.7698
Group 2	0.4099	0.3711	0.7810 *	0.7698
Platform 1 income				
Group 1	0.7311	-	0.7311 **	0.7318
Group 2	0.2455	0.4856	0.7311 **	0.7318

* Distribution accumulated on 31 August 2016

** Distribution paid on 31 October 2016

Global Advantage Fund
Distribution Tables (continued)

for the six months ended 28 February 2017

Dividend distribution

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.7901	-	0.7901 *	0.1930
Group 2	0.6251	0.1650	0.7901 *	0.1930
Institutional accumulation				
Group 1	1.2359	-	1.2359 *	0.7666
Group 2	0.8315	0.4044	1.2359 *	0.7666
Retail income				
Group 1	0.5321	-	0.5321 **	0.1282
Group 2	0.4128	0.1193	0.5321 **	0.1282
Institutional income				
Group 1	0.7383	-	0.7383 **	0.4650
Group 2	0.2009	0.5374	0.7383 **	0.4650
Retail CAT accumulation				
Group 1	0.6101	-	0.6101 *	0.3219
Group 2	0.4776	0.1325	0.6101 *	0.3219
Standard Life accumulation				
Group 1	0.7074	-	0.7074 *	0.4447
Group 2	0.5511	0.1563	0.7074 *	0.4447
Platform 1 accumulation				
Group 1	0.5650	-	0.5650 *	0.3495
Group 2	0.4047	0.1603	0.5650 *	0.3495
Platform 1 income				
Group 1	0.5270	-	0.5270 **	0.3228
Group 2	0.4694	0.0576	0.5270 **	0.3228

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

Global Advantage Fund
Distribution Tables (continued)

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend*	100.00%	100.00%
Treat as annual payment net of income tax at 20%	0.00%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

Global Emerging Markets Equity Fund Investment Report

Fund Manager

Alistair Way

Benchmark

IA Global Emerging Markets Sector

Launch Date

28 May 2012

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mainly in equities and equity type investments of companies listed on an emerging market stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in emerging market countries. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depository Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The Fund is intended for investors who wish to participate in the potential capital growth opportunities afforded by investing in an actively managed portfolio of companies mainly from global emerging market countries. The investor must be able to accept significant temporary losses due to the volatile nature of this area of global equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

For the year under review, the Fund returned 45.1% (platform 1, accumulation shares), compared with the return of 43.5% from the IA Global Emerging Markets benchmark (source: Morningstar, basic rate taxpayer, bid-to-bid basis).

Chinese auto parts maker Minth continued to perform well, with the company diversifying into higher value-added segments such as automobile sensors. Elsewhere, e-commerce firm MercadoLibre also delivered another excellent set of results and is establishing clear market leadership in Brazil and Argentina, both of which should offer plenty more growth potential given the relatively low online penetration. Lastly, a number of the Fund's Brazilian stocks – CVC Brasil, Banco Bradesco, T4F and Copa Holdings – lifted returns as the political and economic backdrop improved after a challenging few years. Lastly, a holding in First Quantum boosted the Fund's returns as its share price dramatically outperformed the recovery in the copper price.

By contrast, electric vehicle (EV) suppliers Syrah Resources and S&T Motiv fell on worries that environmental legislation will be rolled back in the wake of President Trump's US election win. However, we remain confident that the shift to EVs will be in theme in 2017 and continue to hold the stocks. Himax Technologies also suffered due to the lukewarm customer reception for its augmented reality products, which translated into a much tougher bargaining situation with its core clients. We have since sold the stock.

Global Emerging Markets Equity Fund Investment Report (continued)

Investment Activity

We bought Karoon Gas, an Australian oil and gas E&P company with the bulk of its assets in Brazil. It has scope to expand its existing oil fields, and its share price does not recognise its A\$450 million cash pile. Karoon is also on the cusp of purchasing some very attractively valued assets from Petrobras, and if these deals can be completed this would be significantly accretive for the business. In China, we purchased Dali Foods. It has a good market position in bakery goods, crisps, biscuits and beverages. The key to its competitive advantage is a superior lower-tier distribution network, and we think that this, coupled with a promising product pipeline, will translate into better growth than its peers despite the lower valuation. In the short term, the launch of a new soybean milk drink will be worth watching given the underpenetrated product category. Finally, Nexen Tire is a small Korean tyre producer. Global tyre pricing power is rising, as we have seen from European and US makers, thanks to sector consolidation (notably in China), and seems more than sufficient to pass on rising rubber costs. At the same time, Nexen is starting its transformation into a higher value-added producer, with scope to raise margins for several years to come.

On the sell side, we exited Malaysian outsourcing specialist My EG Services on valuation grounds, with consensus earnings expectations now looking pretty full and some residual political risk associated with the investment case. Following our analyst's trip to Korea, we reduced exposure to carmaker Hyundai Motor and affiliated auto parts firm Hyundai Mobis. Although the potential for group restructuring and better shareholder attitudes remains, it appears that competitive conditions are worsening in all of their end markets, and the increased mix of SUVs is not enough to offset margin pressure. Finally, the position in South African retailer Woolworths was divested. Our main change angle here was for a turnaround at its Australian acquisition David Jones; however, it now appears that it will take several years to come to fruition.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £95,867,000 and the total proceeds from sales were £107,849,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 5 **6** 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Global Emerging Markets Equity Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	51.65	60.20	56.64
Return before operating charges*	24.05	(7.58)	4.58
Operating charges**	(0.92)	(0.97)	(1.02)
Return after operating charges*	23.13	(8.55)	3.56
Distributions	(0.47)	(0.26)	(0.26)
Retained distributions on accumulation share	0.47	0.26	0.26
Closing net asset value per share	74.78	51.65	60.20
* after direct transaction costs of:***	0.19	0.14	0.18
Performance +			
Return after charges	44.78%	-14.20%	6.29%
Other information			
Closing net asset value (£'000)	27,491	16,288	88,695
Closing number of shares	36,760,921	31,538,374	147,332,938
Operating charges****	1.41%	1.72%	1.69%
Direct transaction costs***	0.29%	0.25%	0.30%
Prices			
Highest share price	75.92	67.42	66.45
Lowest share price	51.65	47.79	55.80

Global Emerging Markets Equity Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	53.17	61.47	57.41
Return before operating charges*	24.80	(7.74)	4.64
Operating charges**	(0.63)	(0.56)	(0.58)
Return after operating charges*	24.17	(8.30)	4.06
Distributions	(0.82)	(0.75)	(0.81)
Retained distributions on accumulation share	0.82	0.75	0.81
Closing net asset value per share	77.34	53.17	61.47
* after direct transaction costs of:***	0.19	0.13	0.19
Performance +			
Return after charges	45.46%	-13.50%	7.07%
Other information			
Closing net asset value (£'000)	65,832	56,433	7,343
Closing number of shares	85,117,250	106,144,058	11,945,628
Operating charges****	0.94%	0.97%	0.94%
Direct transaction costs***	0.28%	0.22%	0.31%
Prices			
Highest share price	78.46	68.90	67.61
Lowest share price	53.17	48.98	56.60

Global Emerging Markets Equity Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	46.43	53.35	49.49
Return before operating charges*	21.74	(6.81)	3.96
Operating charges**	(0.11)	(0.11)	(0.10)
Return after operating charges*	21.63	(6.92)	3.86
Distributions	(1.16)	(1.00)	(0.93)
Retained distributions on accumulation share	1.16	1.00	0.93
Closing net asset value per share	68.06	46.43	53.35
* after direct transaction costs of:***	0.17	0.12	0.16
Performance +			
Return after charges	46.59%	-12.97%	7.80%
Other information			
Closing net asset value (£'000)	820	381	3,650
Closing number of shares	1,204,527	821,317	6,841,197
Operating charges****	0.19%	0.22%	0.19%
Direct transaction costs***	0.29%	0.24%	0.30%
Prices			
Highest share price	69.06	59.90	58.51
Lowest share price	46.43	42.66	48.82

Global Emerging Markets Equity Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life B accumulation			
Change in net assets per share			
Opening net asset value per share	54.74	62.76	58.14
Return before operating charges*	25.63	(7.98)	4.64
Operating charges**	(0.02)	(0.04)	(0.02)
Return after operating charges*	25.61	(8.02)	4.62
Distributions	(1.47)	(1.25)	(1.24)
Retained distributions on accumulation share	1.47	1.25	1.24
Closing net asset value per share	80.35	54.74	62.76
* after direct transaction costs of:***	0.20	0.14	0.19
Performance +			
Return after charges	46.78%	-12.78%	7.95%
Other information			
Closing net asset value (£'000)	75,794	51,872	56,017
Closing number of shares	94,324,663	94,768,458	89,250,058
Operating charges****	0.02%	0.06%	0.03%
Direct transaction costs***	0.29%	0.24%	0.30%
Prices			
Highest share price	81.53	70.47	68.77
Lowest share price	54.74	50.21	57.36

Global Emerging Markets Equity Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	52.86	61.15	57.13
Return before operating charges*	24.65	(7.70)	4.63
Operating charges**	(0.66)	(0.59)	(0.61)
Return after operating charges*	23.99	(8.29)	4.02
Distributions	(0.78)	(0.71)	(0.68)
Retained distributions on accumulation share	0.78	0.71	0.68
Closing net asset value per share	76.85	52.86	61.15
* after direct transaction costs of:***	0.19	0.14	0.19
Performance +			
Return after charges	45.38%	-13.56%	7.04%
Other information			
Closing net asset value (£'000)	2,125	1,165	853
Closing number of shares	2,765,540	2,203,471	1,395,644
Operating charges****	0.99%	1.02%	0.99%
Direct transaction costs***	0.28%	0.24%	0.31%
Prices			
Highest share price	77.97	68.54	67.27
Lowest share price	52.86	48.71	56.32

Global Emerging Markets Equity Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation share class reflects a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Global Emerging Markets Equity Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		54,606		(25,131)
Revenue	4	3,599		3,613	
Expenses	5	(924)		(1,437)	
Interest and similar charges		(5)		(17)	
Net revenue before taxation		<u>2,670</u>		<u>2,159</u>	
Taxation	6	(401)		(302)	
Net revenue after taxation			<u>2,269</u>		<u>1,857</u>
Total return before distributions			<u>56,875</u>		<u>(23,274)</u>
Distributions	7		(2,353)		(1,857)
Change in net assets attributable to shareholders from investment activities			<u>54,522</u>		<u>(25,131)</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			126,139		156,558
Amounts receivable on issue of shares		20,648		79,664	
Amounts payable on cancellation of shares		(31,711)		(87,295)	
			<u>(11,063)</u>		<u>(7,631)</u>
Dilution adjustment			168		259
Change in net assets attributable to shareholders from investment activities (see above)			54,522		(25,131)
Retained distribution on accumulation shares			2,296		2,084
Closing net assets attributable to shareholders			<u>172,062</u>		<u>126,139</u>

Global Emerging Markets Equity Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Assets					
Investment assets			170,655		126,022
Current assets:					
Debtors	8	846		2,862	
Cash and bank balances		1,105		189	
			<u>1,951</u>	<u>189</u>	<u>3,051</u>
Total assets			<u>172,606</u>		<u>129,073</u>
Liabilities					
Investment liabilities			0		(3)
Creditors	9	(132)		(2,931)	
Bank overdrafts		(412)		0	
			<u>(544)</u>	<u>0</u>	<u>(2,931)</u>
Total liabilities			<u>(544)</u>		<u>(2,934)</u>
Net assets attributable to shareholders			<u>172,062</u>		<u>126,139</u>

Global Emerging Markets Equity Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Europe, Middle East & Africa (15.79%)	19,464	11.32
Egypt (2.32%)	313	0.18
911,245 Credit Suisse participatory note (Juhayna Food Industries)	313	0.18
Georgia (0.81%)	-	-
Hungary (1.57%)	1,784	1.04
76,255 OTP Bank	1,784	1.04
Nigeria (0.83%)	463	0.27
622,344 Seplat Petroleum Development	463	0.27
Russia (2.04%)	8,781	5.11
26,034,352 Inter Rao	1,420	0.83
47,626 Lukoil	2,028	1.18
122,088 Mail.Ru	2,149	1.25
73,285 MMC Norilsk Nickel	939	0.55
256,090 Sberbank of Russia	2,245	1.30
South Africa (5.57%)	5,811	3.38
660,229 FirstRand	2,017	1.17
15,179 Naspers	1,956	1.14
80,221 Sasol	1,838	1.07
Turkey (2.65%)	1,367	0.79
72,474 Tupras	1,367	0.79

Global Emerging Markets Equity Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
United Kingdom (0.00%)	945	0.55
33,708 Bank of Georgia	945	0.55
Latin America (14.96%)	29,253	17.01
Argentina (0.91%)	1,388	0.81
8,199 Mercadolibre	1,388	0.81
Brazil (7.03%)	15,139	8.80
414,618 Banco Bradesco	3,579	2.08
127,581 CVC Brasil Operadora	940	0.55
166,331 Itaú Unibanco	1,720	1.00
412,476 JBS	1,247	0.72
96,411 Smiles S.A.	1,532	0.89
928,600 T4F Entretenimento	1,698	0.99
157,153 Telefonica	1,860	1.08
201,090 Vale	1,700	0.99
129,664 Valid Solucoes e Servicos	863	0.50
Chile (2.32%)	1,949	1.13
12,507,350 Enersis	1,949	1.13
Mexico (3.46%)	6,622	3.86
330,194 FEMSA	2,146	1.25
750,161 Grupo México	1,835	1.07
1,281,836 PLA Administradora Industrial	1,530	0.89
608,012 UNIFIN	1,111	0.65
Panama (0.00%)	1,945	1.13
22,737 Copa	1,945	1.13
Peru (1.24%)	2,210	1.28
16,705 Credicorp	2,210	1.28

Global Emerging Markets Equity Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
North America (1.42%)	-	-
Canada (1.42%)	-	-
Pacific Basin (67.53%)	119,457	69.41
Australia (1.42%)	2,315	1.35
915,372 Karoon Gas Australia	928	0.54
774,009 Syrah Resources	1,387	0.81
China (21.59%)	41,569	24.15
70,131 Alibaba	5,794	3.37
724,835 Anta Sports	1,763	1.02
27,744 Baidu	3,882	2.26
3,887,448 China Construction Bank	2,568	1.49
583,656 China Life Insurance	1,426	0.83
911,494 China Mengniu Dairy	1,444	0.84
909,017 China Merchants Bank	1,943	1.13
649,777 China Metal Recycling*	0	0.00
284,394 China Mobile	2,520	1.46
711,235 Citic Securities	1,222	0.71
74,114 Ctrip.com	2,825	1.64
44,910 Huazhu Hotels	2,092	1.22
102,972 JD.com ADR	2,529	1.47
813,759 Minth	2,081	1.21
342,780 Ping An Insurance	1,469	0.85
218,954 Sunny Optical	1,129	0.66
198,494 Tencent	4,254	2.47
6,850,000 Tianhe Chemicals*	0	0.00
140,375 Vipshop	1,467	0.85
268,202 Zhuzhou CSR Times Electric	1,161	0.67
Hong Kong (6.05%)	9,619	5.59
717,783 China Resources Enterprise	1,309	0.76
753,121 China Resources Land	1,649	0.96
1,470,411 China State Construction	1,933	1.12
3,358,964 Dali Foods	1,530	0.89
880,374 Haitian International	1,487	0.86
317,616 Orient Overseas	1,491	0.87
15,055,020 Rexlot	220	0.13

Global Emerging Markets Equity Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
India (7.46%)	12,448	7.24
204,842 Bharat Petrol	1,651	0.96
517,801 Bharat Heavy Electric	1,010	0.59
429,982 Coal India	1,665	0.97
327,645 IRB Infrastructure Developers	914	0.53
629,437 ITC	1,981	1.15
105,557 Larsen & Toubro	1,868	1.09
221,286 Tech Mahindra	1,309	0.76
456,340 Voltas	2,050	1.19
Indonesia (1.29%)	3,793	2.20
4,805,034 AKR Corporindo	1,839	1.07
1,484,471 Indofood CBP Sukses	743	0.43
12,179,406 Media Nusantara Citra	1,211	0.70
Malaysia (2.19%)	814	0.47
1,671,549 AirAsia	814	0.47
Philippines (1.47%)	1,545	0.90
52,937 Globe Telecom	1,545	0.90
South Korea (13.46%)	30,957	17.99
30,901 Hyundai Motor (Preference)	2,240	1.30
27,873 Innocean Worldwide	1,208	0.70
96,430 KT	2,083	1.21
26,872 Korea Electric Power	832	0.48
7,091 LG Chemical Preference KRW 5000	894	0.52
161,944 Nexen Tire	1,623	0.94
9,842 Posco	1,983	1.15
23,553 S&T Motiv	803	0.47
67,209 SK Hynix	2,231	1.30
4,953 Samsung Electronics	6,765	3.93
2,770 Samsung Electronics (Preference Shares)	2,945	1.71

Global Emerging Markets Equity Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
South Korea (continued)		
5,284 Samsung Fire & Marine Insurance	956	0.56
18,684 Samsung SDI	1,706	0.99
83,298 Shinhan Finance	2,762	1.61
116,326 Woory Industrial	1,926	1.12
Taiwan (11.78%)	14,980	8.70
708,845 Chicony Electronics	1,342	0.78
196,680 Ginko International	1,546	0.90
598,139 Hon Hai Precision	1,400	0.81
826,578 Pegatron	1,745	1.01
1,580,963 Taiwan Semiconductor Manufacturing	7,815	4.54
482,593 Wistron NeWeb	1,132	0.66
Thailand (0.82%)	1,417	0.82
1,414,834 Total Access Communications	1,417	0.82
Collective Investment Scheme (0.20%)	2,481	1.44
2,480,770 Standard Life CNAV Sterling Liquidity Fund	2,481	1.44
Derivatives (0.00%)	0	0.00
Forward Currency Contracts (0.00%)	0	0.00
Buy GBP 26,478 Sell USD 33,005 02/03/2017	0	0.00
Buy GBP 27,022 Sell USD 33,882 03/03/2017	0	0.00
Total investment assets	170,655	99.18
Net other assets	1,407	0.82
Total Net Assets	172,062	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

* delisted

Global Emerging Markets Equity Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)	2017	2016
	£'000	£'000
Non-derivative securities	54,381	(25,095)
Forward currency contracts	1	74
Non-derivative securities currency gains/(losses)	261	(64)
Handling charges taken from the capital account	(37)	(46)
Net capital gains/(losses)	54,606	(25,131)

3 Transaction Costs	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	95,656	99,653
Commissions	173	190
Taxes & Other Fees	38	41
Total purchase transaction costs	211	231
Purchases including transaction costs	95,867	99,884
Gross sales before transaction costs	108,140	100,298
Commissions	(173)	(149)
Taxes & Other Fees	(118)	(119)
Total sale transaction costs	(291)	(268)
Total sales net of transaction costs	107,849	100,030

Equity Transaction Cost as a % of total Purchases & Sales	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.18%	0.19%
Taxes & Other Fees	0.04%	0.04%
Sales		
Commissions	0.16%	0.15%
Taxes & Other Fees	0.11%	0.12%

Global Emerging Markets Equity Fund**Notes to the financial statements****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.11%	0.13%
Taxes & Other Fees	0.02%	0.03%
Sales		
Commissions	0.11%	0.10%
Taxes & Other Fees	0.08%	0.08%

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	95,867	99,884
Sales		
Equities	107,849	100,030

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.93% (29 February 2016: 0.98%). This is indicative for the year.

Global Emerging Markets Equity Fund**Notes to the financial statements**

4 Revenue	2017	2016
	£'000	£'000
UK dividends	41	37
Overseas dividends	3,544	3,547
Dividend reinvestments	6	21
Bank interest	8	8
Total revenue	<u>3,599</u>	<u>3,613</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	795	1,288
Dealing charge	1	0
Registration fees	53	74
	<u>849</u>	<u>1,362</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	13	12
Safe custody fees	52	53
	<u>65</u>	<u>65</u>
Other:		
FCA fee	0	(2)
Audit fee	3	6
Legal expenses	7	6
	<u>10</u>	<u>10</u>
Total expenses	<u>924</u>	<u>1,437</u>

Global Emerging Markets Equity Fund**Notes to the financial statements**

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
UK corporation tax taken from the capital account	84	0
Overseas withholding tax	317	302
Deferred tax:		
Origination and reversal of timing differences	1	0
Total deferred tax (Note 6(c))	<u>1</u>	<u>0</u>
Total taxation	<u>402</u>	<u>302</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	2,670	2,159
Corporation tax at 20% (2016: 20%)	<u>534</u>	<u>432</u>
Effects of:		
UK dividends	(8)	(7)
Non taxable overseas dividends	(642)	(641)
Tax on realised offshore gains taken from the capital account	84	0
Overseas withholding tax	317	302
Overseas tax expense relief	(3)	(5)
Excess management expenses	136	225
Revenue taxable in different periods	(15)	0
Non Taxable Dividend Reinvestments	(1)	(4)
Current tax charge (Note 6(a))	<u>402</u>	<u>302</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

(c) Provision for deferred taxation

Double tax relief	1	0
Provision at end of the year	<u>1</u>	<u>0</u>

(d) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £654,000 (2016: £518,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

Global Emerging Markets Equity Fund**Notes to the financial statements**

7 Distributions	2017	2016
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Distribution	2,297	2,084
Add: Income deducted on cancellation of shares	199	608
Deduct: Income received on issue of shares	(143)	(835)
Net distribution for the year	<u>2,353</u>	<u>1,857</u>

Details of the distribution per share are set out in this Fund's distribution table.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	2,269	1,857
Add: Taxation on offshore income gains taken from the capital account	84	0
Net distribution for the year	<u>2,353</u>	<u>1,857</u>

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	36	22
Sales awaiting settlement	53	2,494
Accrued revenue	734	335
Expenses reimbursement receivable from the ACD	23	11
Total debtors	<u>846</u>	<u>2,862</u>

9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	30	467
Purchases awaiting settlement	0	2,365
Accrued expenses payable to the ACD	70	67
Accrued expenses payable to the Depositary	24	21
Other accrued expenses	8	9
Dilution levy payable to the ACD	0	2
Total creditors	<u>132</u>	<u>2,931</u>

Global Emerging Markets Equity Fund**Notes to the financial statements****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund held shares in SLI Seabury GBP VNAV Liquidity Fund. The total purchase cost of these investments during the year was £5,615,000 (2016: £49,776,000), the total sales proceeds were £5,864,000 (2016: £49,556,000) and distributions were £1,000 (2016: £nil).

The Fund holds 2,480,770 shares (2016: nil) in the Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was £278,882,000 (2016: £nil), the total sales proceeds were £262,248,000 (2016: £nil) and distributions were £59,000 (2016: £nil).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	25,716	80,443
Purchase of shares by Fund	20,117	87,145
Distributions made by Fund	2,233	1,976

The percentage value of the Fund held by Standard Life group companies

is:	97.2%	93.3%
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Global Emerging Markets Equity Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	168,174	0	0	125,426	0	348
Collective Investment Schemes	0	2,481	0	0	248	0
Total investment assets	168,174	2,481	0	125,426	248	348
Fair value of investment liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives	0	0	0	0	(3)	0
Total investment liabilities	0	0	0	0	(3)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	31,538,374	18,221,919	(12,932,828)	(66,544)	36,760,921
Institutional accumulation	106,144,058	10,895,737	(31,967,110)	44,565	85,117,250
Standard Life accumulation	821,317	447,113	(86,811)	22,908	1,204,527
Standard Life B accumulation	94,768,458	374,185	(817,980)	0	94,324,663
Platform 1 accumulation	2,203,471	992,747	(430,678)	0	2,765,540

Global Emerging Markets Equity Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Global Emerging Markets Equity Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Australian Dollar	2,314	1,786
Brazilian Real	15,333	7,785
Canadian Dollar	0	931
Chilean Peso	1,949	2,934
Euro	81	1,260
Hong Kong Dollar	32,599	24,705
Hungarian Forint	1,784	1,975
Indian Rupee	12,496	8,173
Indonesian Rupiah	3,792	1,621
Korean Won	31,473	17,061
Malaysian Ringgit	814	2,761
Mexican Peso	6,707	4,390
Philippines Peso	1,559	1,853
Russia	1,420	0
South African Rand	5,811	7,038
Taiwan Dollar	15,518	12,727
Thai Baht	1,417	1,052
Turkish Lira	1,367	3,344
US Dollar	32,168	22,624

Global Emerging Markets Equity Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk**

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2017			
Currency			
Sterling	2,481	1,050	3,531
Australian Dollar	0	2,315	2,315
Brazilian Real	408	14,731	15,139
Chilean Peso	0	1,949	1,949
Euro	81	0	81
Hong Kong Dollar	0	32,599	32,599
Hungarian Forint	0	1,784	1,784
Indian Rupee	0	12,448	12,448
Indonesian Rupiah	0	3,792	3,792
Korean Won	0	30,958	30,958
Malaysian Ringgit	0	814	814
Mexican Peso	77	6,622	6,699
Philippines Peso	0	1,545	1,545
Russia	0	1,420	1,420
South African Rand	0	5,811	5,811
Taiwan Dollar	538	14,981	15,519
Thai Baht	0	1,417	1,417
Turkish Lira	0	1,367	1,367
US Dollar	(411)	32,571	32,160

Global Emerging Markets Equity Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)**

2016	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Currency			
Sterling	250	2,665	2,915
Australian Dollar	0	1,786	1,786
Brazilian Real	0	6,879	6,879
Canadian Dollar	0	931	931
Chilean Peso	0	2,934	2,934
Euro	0	1,260	1,260
Hong Kong Dollar	0	24,705	24,705
Hungarian Forint	0	1,976	1,976
Indian Rupee	0	8,173	8,173
Indonesian Rupiah	0	1,621	1,621
Korean Won	0	16,987	16,987
Malaysian Ringgit	0	2,761	2,761
Mexican Peso	19	4,682	4,701
Philippines Peso	0	1,853	1,853
South African Rand	0	7,337	7,337
Taiwan Dollar	5	12,708	12,713
Thai Baht	0	1,037	1,037
Turkish Lira	0	3,344	3,344
US Dollar	160	22,135	22,295

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Global Emerging Markets Equity Fund**Distribution Table****for the year ended 28 February 2017****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.4740	-	0.4740 *	0.2618
Group 2	0.1148	0.3592	0.4740 *	0.2618
Institutional accumulation				
Group 1	0.8176	-	0.8176 *	0.7459
Group 2	0.2291	0.5885	0.8176 *	0.7459
Standard Life accumulation				
Group 1	1.1561	-	1.1561 *	0.9999
Group 2	0.2936	0.8625	1.1561 *	0.9999
Standard Life B accumulation				
Group 1	1.4749	-	1.4749 *	1.2511
Group 2	0.2848	1.1901	1.4749 *	1.2511
Platform 1 accumulation				
Group 1	0.7793	-	0.7793 *	0.7068
Group 2	0.3994	0.3799	0.7793 *	0.7068

* Distribution accumulated on 28 February 2017

Global Emerging Markets Equity Fund

Distribution Table (continued)

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Dividend Distribution
Treat as a UK corporate dividend*	100.00%
Treat as annual payment net of income tax at 20%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

Global Emerging Markets Equity Income Fund Investment Report

Fund Manager

Mark Vincent

Benchmark

IA Global Emerging Markets Sector

Launch Date

13 December 2012

Objective

The objective of the Fund is to provide a high level of income with some capital appreciation over the longer term.

Policy

The investment policy of the Fund is to invest mainly in high yielding equities, equity type investments and fixed interest securities of companies listed on an emerging market stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in emerging market countries. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The Fund is intended for investors who wish to participate in the opportunity to achieve a high level of income with some capital appreciation over the longer term afforded by investing in an actively managed portfolio of mainly global emerging market equities. The investor must be able to accept significant temporary losses due to the volatile nature of this area of global equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

Over the year under review, the Fund returned 41.4% (platform 1, accumulation shares), compared with the 43.5% return from the IA Global Emerging Markets sector benchmark (source: Morningstar, basic rate taxpayer, bid-to-bid basis).

A position in Brazil's Banco Bradesco boosted the Fund's returns. The lender has de-risked its loan book, with loan growth now primed to accelerate. Bradesco's investment in digitisation is also helping it control costs, while the company's high 4.5% dividend is attracting investors. Chinese auto parts maker Minth continued to perform well, with the company diversifying into higher value-added segments such as automobile sensors. Meanwhile, Sunny Optical, a Hong Kong lenses manufacturer for smartphones and autos, saw its shares in demand after an analyst upgrade raised earnings estimates.

By contrast, electric vehicle (EV) suppliers Syrah Resources fell on worries that environmental legislation will be rolled back in the wake of Donald Trump's US election win. However, we remain confident that the shift to EVs remain a theme in 2017 and continue to hold the stock. Kenyan bank KCB Group tumbled after the government introduced a cap on lending rates, thereby hitting profitability. Finally, Makalot, a Taiwanese garment assembler, struggled due to weak US retail sales.

Global Emerging Markets Equity Income Fund Investment Report (continued)

Investment Activity

Turning to recent activity, we bought Alibaba, China's biggest e-commerce player. Underlying e-commerce marketplace growth remains robust, while Alibaba is improving its take-rates thanks to enhanced advertising sophistication. The group's cloud and financial operations offer additional potential for value to be unlocked. In China, we bought Dali Foods. It has a good market position in bakery goods, crisps, biscuits and beverages. The key to its competitive advantage is a superior lower-tier distribution network, and we think that this, coupled with a promising product pipeline, will translate into better growth than its peers despite the lower valuation. In the short term, the launch of a new soybean milk drink will be worth watching given the underpenetrated product category.

On the sell side, we exited Himax Technologies. The investment case for the company has disappeared for now, with lukewarm customer reception for its augmented reality products translating into a much tougher bargaining situation with its core clients. Malaysian outsourcing specialist My EG Services was also sold on valuation grounds, with consensus earnings expectations now looking relatively full and some residual political risk associated with the investment case. Finally, we closed the position in Macau casino operator Sands China. Valuations have rebounded nicely as the decline in gross gaming revenues bottomed out; however, we are still awaiting evidence of strong growth returning and so have exited the holding.

The following table highlights the material purchases (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total proceeds from sales were £271,285,000.

Purchases	Cost (£'000)
Alibaba	19,472
Other purchases	305,329
Total purchases	324,801

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 5 **6** 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all unit classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Global Emerging Markets Equity Income Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	48.21	55.16	51.03
Return before operating charges*	20.69	(6.05)	5.06
Operating charges**	(0.84)	(0.90)	(0.93)
Return after operating charges*	19.85	(6.95)	4.13
Distributions	(1.02)	(1.05)	(0.91)
Retained distributions on accumulation share	1.02	1.05	0.91
Closing net asset value per share	68.06	48.21	55.16
* after direct transaction costs of:***	0.18	0.18	0.20
Performance +			
Return after charges	41.17%	-12.60%	8.09%
Other information			
Closing net asset value (£'000)	1,508	699	38,980
Closing number of shares	2,215,097	1,450,249	70,664,904
Operating charges****	1.40%	1.68%	1.69%
Direct transaction costs***	0.30%	0.34%	0.36%
Prices			
Highest share price	70.10	61.48	60.32
Lowest share price	48.60	44.99	50.22

Global Emerging Markets Equity Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	49.44	56.03	51.52
Return before operating charges*	21.28	(6.09)	5.03
Operating charges**	(0.57)	(0.50)	(0.52)
Return after operating charges*	20.71	(6.59)	4.51
Distributions	(1.33)	(1.38)	(1.25)
Retained distributions on accumulation share	1.33	1.38	1.25
Closing net asset value per share	70.15	49.44	56.03
* after direct transaction costs of:***	0.19	0.18	0.20
Performance +			
Return after charges	41.89%	-11.76%	8.75%
Other information			
Closing net asset value (£'000)	119,826	57,049	2,284
Closing number of shares	170,813,671	115,388,940	4,077,124
Operating charges****	0.93%	0.93%	0.94%
Direct transaction costs***	0.31%	0.33%	0.36%
Prices			
Highest share price	72.13	62.49	61.09
Lowest share price	49.84	45.82	50.72

Global Emerging Markets Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	43.84	51.81	49.47
Return before operating charges*	18.59	(5.58)	4.94
Operating charges**	(0.75)	(0.83)	(0.89)
Return after operating charges*	17.84	(6.41)	4.05
Distributions	(1.61)	(1.56)	(1.71)
Closing net asset value per share	60.07	43.84	51.81
* after direct transaction costs of:***	0.16	0.17	0.19
Performance +			
Return after charges	40.69%	-12.37%	8.19%
Other information			
Closing net asset value (£'000)	37	26	4,041
Closing number of shares	60,922	57,878	7,800,036
Operating charges****	1.40%	1.68%	1.69%
Direct transaction costs***	0.30%	0.34%	0.36%
Prices			
Highest share price	62.43	57.69	57.35
Lowest share price	44.22	41.76	48.54

Global Emerging Markets Equity Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	44.93	52.68	49.88
Return before operating charges*	19.09	(5.65)	4.88
Operating charges**	(0.51)	(0.47)	(0.50)
Return after operating charges*	18.58	(6.12)	4.38
Distributions	(1.65)	(1.63)	(1.58)
Closing net asset value per share	61.86	44.93	52.68
* after direct transaction costs of:***	0.17	0.17	0.19
Performance +			
Return after charges	41.35%	-11.62%	8.78%
Other information			
Closing net asset value (£'000)	14,482	9,108	11,569
Closing number of shares	23,408,331	20,271,944	21,958,193
Operating charges****	0.93%	0.93%	0.94%
Direct transaction costs***	0.31%	0.34%	0.36%
Prices			
Highest share price	64.19	58.72	58.01
Lowest share price	45.32	42.62	49.11

Global Emerging Markets Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	46.06	53.58	50.32
Return before operating charges*	19.61	(5.80)	4.94
Operating charges**	(0.06)	(0.05)	(0.06)
Return after operating charges*	19.55	(5.85)	4.88
Distributions	(1.66)	(1.67)	(1.62)
Closing net asset value per share	63.95	46.06	53.58
* after direct transaction costs of:***	0.17	0.18	0.19
Performance +			
Return after charges	42.44%	-10.92%	9.70%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	1,200
Operating charges****	0.10%	0.10%	0.11%
Direct transaction costs***	0.30%	0.35%	0.35%
Prices			
Highest share price	66.20	59.79	58.76
Lowest share price	46.46	43.51	49.54

Global Emerging Markets Equity Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	50.41	56.74	51.85
Return before operating charges*	21.71	(6.23)	5.00
Operating charges**	(0.11)	(0.10)	(0.11)
Return after operating charges*	21.60	(6.33)	4.89
Distributions	(1.78)	(1.75)	(1.61)
Retained distributions on accumulation share	1.78	1.75	1.61
Closing net asset value per share	72.01	50.41	56.74
* after direct transaction costs of:***	0.19	0.19	0.20
Performance +			
Return after charges	42.85%	-11.16%	9.43%
Other information			
Closing net asset value (£'000)	343,786	240,645	270,879
Closing number of shares	477,401,155	477,350,532	477,365,613
Operating charges****	0.18%	0.18%	0.19%
Direct transaction costs***	0.30%	0.34%	0.36%
Prices			
Highest share price	73.88	63.32	61.68
Lowest share price	50.82	46.53	51.05

Global Emerging Markets Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	49.32	55.92	51.42
Return before operating charges*	21.23	(6.07)	5.05
Operating charges**	(0.60)	(0.53)	(0.55)
Return after operating charges*	20.63	(6.60)	4.50
Distributions	(1.30)	(1.33)	(1.23)
Retained distributions on accumulation share	1.30	1.33	1.23
Closing net asset value per share	69.95	49.32	55.92
* after direct transaction costs of:***	0.19	0.18	0.20
Performance +			
Return after charges	41.83%	-11.80%	8.75%
Other information			
Closing net asset value (£'000)	8,218	5,924	4,823
Closing number of shares	11,748,944	12,010,606	8,623,496
Operating charges****	0.98%	0.98%	0.99%
Direct transaction costs***	0.31%	0.33%	0.36%
Prices			
Highest share price	71.95	62.38	60.99
Lowest share price	49.72	45.72	50.64

Global Emerging Markets Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	44.85	52.62	49.87
Return before operating charges*	19.07	(5.65)	4.88
Operating charges**	(0.54)	(0.49)	(0.53)
Return after operating charges*	18.53	(6.14)	4.35
Distributions	(1.66)	(1.63)	(1.60)
Closing net asset value per share	61.72	44.85	52.62
* after direct transaction costs of:***	0.17	0.17	0.19
Performance +			
Return after charges	41.32%	-11.67%	8.72%
Other information			
Closing net asset value (£'000)	5,325	1,788	2,459
Closing number of shares	8,627,680	3,987,310	4,673,590
Operating charges****	0.98%	0.98%	0.99%
Direct transaction costs***	0.31%	0.34%	0.36%
Prices			
Highest share price	64.06	58.64	57.98
Lowest share price	45.24	42.56	49.08

Global Emerging Markets Equity Income Fund
Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Global Emerging Markets Equity Income Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		129,089		(54,006)
Revenue	4	13,647		12,643	
Expenses	5	(1,610)		(1,594)	
Interest and similar charges		(32)		(18)	
Net revenue before taxation		<u>12,005</u>		<u>11,031</u>	
Taxation	6	(1,147)		(1,032)	
Net revenue after taxation			<u>10,858</u>		<u>9,999</u>
Total return before distributions			<u>139,947</u>		<u>(44,007)</u>
Distributions	7		(10,993)		(10,146)
Change in net assets attributable to shareholders from investment activities			<u>128,954</u>		<u>(54,153)</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			315,240		335,035
Amounts receivable on issue of shares		72,418		116,998	
Amounts payable on cancellation of shares		<u>(34,587)</u>		<u>(92,959)</u>	
			37,831		24,039
Dilution adjustment			287		369
Change in net assets attributable to shareholders from investment activities (see above)			128,954		(54,153)
Retained distribution on accumulation shares			10,871		9,950
Closing net assets attributable to shareholders			<u>493,183</u>		<u>315,240</u>

Global Emerging Markets Equity Income Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Assets					
Investment assets			488,238		309,254
Current assets:					
Debtors	8	2,653		6,846	
Cash and bank balances		2,724		3,250	
			<u>5,377</u>	<u>3,250</u>	<u>10,096</u>
Total assets			<u>493,615</u>		<u>319,350</u>
Liabilities					
Creditors	9	(335)		(4,054)	
Bank overdrafts		(1)		0	
Distribution payable on income shares		(96)		(56)	
			<u>(432)</u>	<u>(56)</u>	<u>(4,110)</u>
Total liabilities			<u>(432)</u>		<u>(4,110)</u>
Net assets attributable to shareholders			<u>493,183</u>		<u>315,240</u>

Global Emerging Markets Equity Income Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Europe, Middle East & Africa (24.35%)	87,000	17.62
Curacao (0.00%)	3,705	0.75
29,181,660 P Note Safaricom Ltd	3,705	0.75
Cyprus (0.00%)	3,514	0.71
730,049 Globaltrans	3,514	0.71
Czech Republic (0.80%)	-	-
Egypt (0.32%)	628	0.13
1,827,831 P Note - Juhayna Food Industries	628	0.13
Georgia (1.82%)	3,235	0.66
115,378 Bank of Georgia	3,235	0.66
Hungary (2.62%)	8,509	1.72
1,961,439 Magyar Telekom	2,672	0.54
249,491 OTP Bank	5,837	1.18
Jersey (0.53%)	2,358	0.48
1,349,789 Centamin	2,358	0.48
Kenya (1.60%)	-	-
Nigeria (0.69%)	1,158	0.24
1,557,195 Seplat Petroleum Development	1,158	0.24
Oman (0.57%)	-	-
Romania (0.53%)	3,307	0.67
382,757 Fondul Proprietatea	3,307	0.67

Global Emerging Markets Equity Income Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Russia (4.12%)	30,073	6.09
117,777,875 Inter Rao	6,424	1.30
110,462 Lukoil	4,705	0.95
295,442 MMC Norilsk Nickel	3,787	0.77
648,535 Rosneft Oil	2,969	0.60
209,931,830 RusHydro	2,776	0.56
3,689,228 Sberbank of Russia	6,042	1.23
293,687 Severstal	3,370	0.68
Saudi Arabia (1.23%)	-	-
South Africa (6.28%)	25,663	5.19
1,215,738 FirstRand	3,714	0.75
2,260,375 MMI	3,402	0.69
65,609 Naspers	8,455	1.71
166,299 Sasol	3,811	0.77
281,676 Vodacom	2,563	0.52
864,568 Woolworths	3,718	0.75
Turkey (3.24%)	4,850	0.98
167,613 Tupras	3,162	0.64
98,252 Turk Traktor	1,688	0.34
Latin America (11.00%)	68,813	13.95
Brazil (4.69%)	40,386	8.19
883,305 Banco Bradesco	7,625	1.55
444,390 CVC Brasil Operadora	3,275	0.66
2,563,587 Itaúsa	6,648	1.35
42,007 Itausa - Investimentos Itau	41	0.01
1,290,937 JBS	3,901	0.79
1,092,896 Petrol Brasileiros Preference	4,283	0.87
1,001,429 TAESA	5,694	1.16
293,133 Telefonica	3,469	0.70
293,039 Vale	2,477	0.50
446,687 Valid Solucoes e Servicos	2,973	0.60

Global Emerging Markets Equity Income Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Chile (0.98%)	-	-
Mexico (4.05%)	18,157	3.68
913,661 FEMSA	5,937	1.20
2,393,313 Grupo México	5,856	1.19
3,235,898 PLA Administradora Industrial	3,863	0.78
1,368,520 UNIFIN	2,501	0.51
Panama (0.00%)	2,717	0.55
31,766 Copa Holdings	2,717	0.55
Peru (1.28%)	7,553	1.53
57,084 Credicorp	7,553	1.53
Pacific Basin Equities (61.10%)	330,022	66.94
Australia (1.04%)	2,273	0.46
1,268,642 Syrah Resources	2,273	0.46
China (18.25%)	109,374	22.18
158,770 Alibaba Group	13,116	2.66
2,542,435 Anta Sports	6,185	1.25
22,573 Baidu	3,158	0.64
18,649,488 China Construction Bank	12,318	2.50
2,596,903 China Life Insurance	6,345	1.29
4,479,687 China Merchants Bank	9,577	1.94
1,159,965 China Mobile	10,279	2.08
3,885,322 China Petroleum	2,417	0.49
100,000 Huazhu Hotels	4,658	0.95
2,272,662 Minth	5,811	1.18
1,834,516 Ping An Insurance	7,863	1.60
6,828,943 Shanghai Electric	2,828	0.57
1,605,129 Sunny Optical	8,275	1.68
772,000 Tencent	16,544	3.35
14,664,682 Tianhe Chemicals*	0	0.00

Global Emerging Markets Equity Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Hong Kong (7.48%)	26,333	5.35
22,038,000 China Lumena New Materials*	0	0.00
88,800 China Metal Recycling**	0	0.00
1,547,853 China Resources Land	3,389	0.69
4,128,067 China State Construction	5,427	1.10
5,580,085 Dali Foods	2,542	0.52
2,828,000 Dawnrays Pharmaceutical	1,279	0.26
3,204,217 Haitian International	5,414	1.10
3,763,233 NagaCorp	1,652	0.33
9,592,789 SITC	4,916	1.00
1,457,776 Texhong Textile	1,714	0.35
India (5.52%)	42,038	8.53
247,655 Bajaj	6,189	1.26
1,633,095 Bharat Heavy Electric	3,186	0.65
559,257 Bharat Petrol	4,507	0.91
1,790,311 Coal India	6,934	1.41
554,143 IRB Infrastructure Developers	1,546	0.31
1,332,381 ITC	4,192	0.85
192,079 Larsen & Toubro	3,399	0.69
1,684,703 Power Finance	2,759	0.56
1,204,671 Voltas	5,412	1.10
223,929 Yes Bank	3,914	0.79
Indonesia (0.81%)	11,960	2.43
14,326,032 AKR Corporindo	5,482	1.11
17,678,343 Media Nusantara Citra	1,758	0.36
7,424,478 Telekomunikasi Indonesia 'B'	1,723	0.35
2,017,614 United Tractors	2,997	0.61

Global Emerging Markets Equity Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
South Korea (12.83%)	67,119	13.61
70,485 Hyundai Motor (Preference)	5,109	1.04
51,728 Innocean Worldwide	2,242	0.45
169,161 KT	3,655	0.74
47,549 KT&G	3,447	0.70
24,357 Samsung Electronics (Preference)	25,896	5.25
29,040 Samsung Fire & Marine Insurance	5,252	1.07
36,700 Samsung SDI	3,352	0.68
263,416 Shinhan Finance	8,733	1.77
236,773 SK Hynix	7,858	1.59
95,089 Woory Industrial	1,575	0.32
Malaysia (1.20%)	2,751	0.56
6,128,862 UOA Development	2,751	0.56
Philippines (1.46%)	4,641	0.94
159,009 Globe Telecom	4,641	0.94
Taiwan (10.67%)	54,342	11.02
3,127,396 Cathay Financial	3,947	0.80
1,352,601 Chicony Electronics	2,561	0.52
278,000 Cub Elecparts	1,843	0.37
1,071,209 FLEXium Interconnect	2,648	0.54
2,676,417 Hon Hai Precision	6,265	1.27
2,043,112 Pegatron	4,313	0.87
905,000 Realtek Semicond	2,698	0.55
4,989,860 Taiwan Semiconductor Manufacturing	24,667	5.00
211,509 Tung Thih Electronic	1,762	0.36
1,550,795 Wistron NeWeb	3,638	0.74
Thailand (1.84%)	9,191	1.86
16,624,216 Star Petroleum Refining	4,899	0.99
7,486,616 Supalai	4,292	0.87

Global Emerging Markets Equity Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Collective Investment Scheme (1.65%)	2,403	0.49
2,403,372 Standard Life CNAV Sterling Liquidity Fund	2,403	0.49
Derivatives (0.00%)	-	-
Forward Currency Contracts (0.00%)	-	-
Total investment assets	488,238	99.00
Net other assets	4,945	1.00
Total Net Assets	493,183	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

* suspended

** delisted

Global Emerging Markets Equity Income Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)	2017	2016
	£'000	£'000
Non-derivative securities	128,276	(53,719)
Forward currency contracts	(335)	(68)
Non-derivative securities currency gains/(losses)	1,215	(150)
Handling charges taken from the capital account	(67)	(69)
Net capital gains/(losses)	<u>129,089</u>	<u>(54,006)</u>

3 Transaction Costs	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	324,109	292,811
Commissions	<u>522</u>	<u>497</u>
Taxes & Other Fees	<u>170</u>	<u>144</u>
Total purchase transaction costs	<u>692</u>	<u>641</u>
Purchases including transaction costs	<u>324,801</u>	<u>293,452</u>
Gross sales before transaction costs	271,989	266,571
Commissions	<u>(424)</u>	<u>(438)</u>
Taxes & Other Fees	<u>(280)</u>	<u>(303)</u>
Total sale transaction costs	<u>(704)</u>	<u>(741)</u>
Total sales net of transaction costs	<u>271,285</u>	<u>265,830</u>

Equity Transaction Cost as a % of total Purchases & Sales	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.16%	0.17%
Taxes & Other Fees	0.05%	0.05%
Sales		
Commissions	0.16%	0.16%
Taxes & Other Fees	0.10%	0.11%

Global Emerging Markets Equity Income Fund
Notes to the financial statements (continued)

3 Transaction Costs (continued)

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.12%	0.15%
Taxes & Other Fees	0.04%	0.04%
Sales		
Commissions	0.10%	0.13%
Taxes & Other Fees	0.07%	0.09%

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	324,801	293,452
Sales		
Equities	271,285	265,830

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.00% (29 February 2016: 1.04%). This is indicative for the year.

Global Emerging Markets Equity Income Fund
Notes to the financial statements (continued)

4 Revenue	2017	2016
	£'000	£'000
UK dividends	159	190
Overseas dividends	13,472	12,434
Bank interest	16	19
Total revenue	<u>13,647</u>	<u>12,643</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	804	924
Authorised Corporate Director's periodic charge taken from the capital account	120	135
Dealing charge	3	3
Dealing charge taken from the capital account	2	1
Registration fees	325	259
Registration fees taken from the capital account	13	12
	<u>1,267</u>	<u>1,334</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	40	31
Safe custody fees	277	215
	<u>317</u>	<u>246</u>
Other:		
Audit fee	7	9
Legal expenses	19	5
	<u>26</u>	<u>14</u>
Total expenses	<u>1,610</u>	<u>1,594</u>

Global Emerging Markets Equity Income Fund
Notes to the financial statements (continued)

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	1,147	1,038
Deferred tax:		
Origination and reversal of timing differences	0	(6)
Total deferred tax (Note 6(c))	0	(6)
Total taxation	1,147	1,032

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	12,005	11,031
Corporation tax at 20% (2016: 20%)	2,401	2,206
Effects of:		
UK dividends	(32)	(38)
Non taxable overseas dividends	(2,353)	(2,209)
Overseas withholding tax	1,147	1,038
Indexation Relief (UK Gilts only) / Overseas tax expense relief	(20)	(12)
Excess management expenses	92	79
Revenue taxable in different periods	(88)	(26)
Current tax charge (Note 6(a))	1,147	1,038

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

(c) Provision for deferred taxation

Provision at start of the year	0	6
Deferred tax charge in Statement of Total Return for the year (Note 6(a))	0	(6)
Provision at end of the year	0	0

(d) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £171,000 (2016: £79,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

Global Emerging Markets Equity Income Fund
Notes to the financial statements (continued)

7 Distributions	2017	2016
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
First interim distribution	3,143	3,677
Second interim distribution	4,530	4,196
Third interim distribution	1,637	898
Final distribution	2,066	1,676
	<hr/>	<hr/>
	11,376	10,447
Add: Income deducted on cancellation of shares	68	192
Deduct: Income received on issue of shares	(451)	(493)
	<hr/>	<hr/>
Net distribution for the year	10,993	10,146
	<hr/>	<hr/>
Details of the distribution per share are set out in this Fund's distribution tables.		
(b) Difference between net revenue and distribution		
Net revenue after taxation for the year	10,858	9,999
Add: ACD periodic charge taken from the capital account	120	135
Add: Registration fees taken from the capital account	13	12
Add: Dealing charges taken from the capital account	2	1
Add: Undistributed revenue brought forward	1	0
Deduct: Undistributed revenue carried forward	(1)	(1)
	<hr/>	<hr/>
Net distribution for the year	10,993	10,146
	<hr/>	<hr/>
8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	246	64
Sales awaiting settlement	375	5,745
Accrued revenue	2,031	1,037
Dilution levy receivable from the ACD	1	0
	<hr/>	<hr/>
Total debtors	2,653	6,846
	<hr/>	<hr/>
9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	38	641
Dilution levy payable to the ACD	0	3
Purchases awaiting settlement	67	3,249
Accrued expenses payable to the ACD	117	75
Accrued expenses payable to the Depositary	71	42
Other accrued expenses	9	11
Sundry	33	33
	<hr/>	<hr/>
Total creditors	335	4,054
	<hr/>	<hr/>

Global Emerging Markets Equity Income Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund held shares in SLI Seabury GBP VNAV Liquidity Fund. The total purchase cost of these investments during the year was £17,460,000 (2016: £120,527,000), the total sales proceeds were £22,676,000 (2016: £120,953,000) and distribution reinvestments was £4,000 (2016: £20,000).

The Fund holds 2,403,372 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund. The total purchase cost of these investments during the year was £117,227,000 (2016: £nil), the total sales proceeds were £114,837,000 (2016: £nil) and distributions reinvested were £14,000 (2016: £nil).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	61,943	112,502
Purchase of shares by Fund	22,806	86,973
Distributions made by Fund	10,781	9,824
 The percentage value of the Fund held by Standard Life group companies is:	 94.7%	 94.1%

Global Emerging Markets Equity Income Fund
Notes to the financial statements (continued)

11 Fair Value Hierarchy

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	485,835	0	0	303,180	0	862
Collective Investment Schemes	0	2,403	0	0	5,212	0
Total investment assets	485,835	2,403	0	303,180	5,212	862

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Pricing was suspended on Rexlot and Tianhe Chemicals and they were valued using an internal Fair Value Pricing Committee modelled price. As this is not based on observable market data they have been classified as Level 3.

12 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	1,450,249	957,614	(215,300)	22,534	2,215,097
Institutional accumulation	115,388,940	91,765,620	(36,312,281)	(28,608)	170,813,671
Retail income	57,878	65,892	(62,848)	0	60,922
Institutional income	20,271,944	15,846,434	(12,710,047)	0	23,408,331
Standard Life income	2,200	0	0	0	2,200
Standard Life accumulation	477,350,532	72,020	(21,397)	0	477,401,155
Platform 1 accumulation	12,010,606	4,254,813	(4,522,482)	6,007	11,748,944
Platform 1 income	3,987,310	5,958,584	(1,318,943)	729	8,627,680

Global Emerging Markets Equity Income Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Global Emerging Markets Equity Income Fund
Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures (continued)

(b) Foreign currency risk (continued)

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Australian Dollar	2,273	3,290
Brazilian Real	40,965	14,058
Chilean Peso	0	3,101
Czech Koruna	0	2,509
Hong Kong Dollar	114,775	74,334
Hungarian Forint	8,509	8,272
Indian Rupee	42,170	17,411
Indonesian Rupiah	12,544	2,550
Korean Won	68,317	41,151
Malaysian Ringgit	2,751	3,783
Mexican Peso	18,181	12,802
Philippines Peso	4,611	4,601
Russian Ruble	21,581	4,498
South African Rand	25,664	19,898
Taiwan Dollar	54,345	32,898
Thai Baht	9,191	5,822
Turkish Lira	4,850	10,228
US Dollar	53,422	42,722

Global Emerging Markets Equity Income Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk**

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2017			
Currency			
Sterling	2,402	6,751	9,153
Australian Dollar	0	2,273	2,273
Brazilian Real	0	40,386	40,386
Hong Kong Dollar	1	114,774	114,775
Hungarian Forint	0	8,509	8,509
Indian Rupee	0	42,039	42,039
Indonesian Rupiah	209	11,959	12,168
Korean Won	0	67,119	67,119
Malaysian Ringgit	0	2,751	2,751
Mexican Peso	0	18,156	18,156
Philippines Peso	0	4,641	4,641
Russian Ruble	0	21,581	21,581
South African Rand	0	25,664	25,664
Taiwan Dollar	2	54,343	54,345
Thai Baht	0	9,191	9,191
Turkish Lira	0	4,850	4,850
US Dollar	2,512	50,848	53,360

Global Emerging Markets Equity Income Fund
Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures (continued)

(c) Interest rate risk (continued)

2016	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Currency			
Sterling	5,254	6,854	12,108
Australian Dollar	0	3,290	3,290
Brazilian Real	82	13,545	13,627
Chilean Peso	0	3,101	3,101
Czech Koruna	0	2,509	2,509
Hong Kong Dollar	1	69,772	69,773
Hungarian Forint	0	8,272	8,272
Indian Rupee	0	17,411	17,411
Indonesian Rupiah	0	2,550	2,550
Korean Won	0	40,413	40,413
Malaysian Ringgit	0	3,783	3,783
Mexican Peso	0	12,770	12,770
Philippines Peso	0	4,601	4,601
Russian Ruble	0	4,498	4,498
South African Rand	0	19,845	19,845
Taiwan Dollar	2,480	30,966	33,446
Thai Baht	0	5,804	5,804
Turkish Lira	0	10,228	10,228
US Dollar	654	43,821	44,475

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Global Emerging Markets Equity Income Fund**Distribution Tables****for the three months ended 31 May 2016****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 May 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	0.3427	-	0.3427 *	0.4128
Group 2	0.2055	0.1372	0.3427 *	0.4128
Institutional accumulation				
Group 1	0.4263	-	0.4263 *	0.4993
Group 2	0.3048	0.1215	0.4263 *	0.4993
Retail income				
Group 1	0.4736	-	0.4736 **	0.5769
Group 2	0.1797	0.2939	0.4736 **	0.5769
Institutional income				
Group 1	0.4869	-	0.4869 **	0.5755
Group 2	0.1951	0.2918	0.4869 **	0.5755
Standard Life income				
Group 1	0.4853	-	0.4853 **	0.5905
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.5196	-	0.5196 *	0.6212
Group 2	0.2250	0.2946	0.5196 *	0.6212
Platform 1 accumulation				
Group 1	0.4099	-	0.4099 *	0.4948
Group 2	0.2292	0.1807	0.4099 *	0.4948
Platform 1 income				
Group 1	0.4864	-	0.4864 **	0.5815
Group 2	0.2508	0.2356	0.4864 **	0.5815

* Distribution accumulated on 31 May 2016

** Distribution paid on 31 July 2016

Global Emerging Markets Equity Income Fund
Distribution Tables (continued)

for the three months ended 31 August 2016

Dividend distribution

Group 1 - shares purchased prior to 1 June 2016

Group 2 - shares purchased between 1 June 2016 and 31 August 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	0.5194	-	0.5194 *	0.5055
Group 2	0.1954	0.3240	0.5194 *	0.5055
Institutional accumulation				
Group 1	0.5602	-	0.5602 *	0.5914
Group 2	0.1358	0.4244	0.5602 *	0.5914
Retail income				
Group 1	0.5962	-	0.5962 **	0.6600
Group 2	0.3189	0.2773	0.5962 **	0.6600
Institutional income				
Group 1	0.6117	-	0.6117 **	0.6420
Group 2	0.2048	0.4069	0.6117 **	0.6420
Standard Life income				
Group 1	0.6065	-	0.6065 **	0.6321
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.6575	-	0.6575 *	0.6588
Group 2	-	-	-	-
Platform 1 accumulation				
Group 1	0.5461	-	0.5461 *	0.5838
Group 2	0.1814	0.3647	0.5461 *	0.5838
Platform 1 income				
Group 1	0.6128	-	0.6128 **	0.6351
Group 2	0.2226	0.3902	0.6128 **	0.6351

* Distribution accumulated on 31 August 2016

** Distribution paid on 31 October 2016

Global Emerging Markets Equity Income Fund
Distribution Tables (continued)

for the three months ended 30 November 2016

Dividend distribution

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 30 November 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	0.0752	-	0.0752 *	0.0000
Group 2	0.0000	0.0752	0.0752 *	0.0000
Institutional accumulation				
Group 1	0.1487	-	0.1487 *	0.0958
Group 2	0.0095	0.1392	0.1487 *	0.0958
Retail income				
Group 1	0.2494	-	0.2494 **	0.1259
Group 2	0.0330	0.2164	0.2494 **	0.1259
Institutional income				
Group 1	0.2541	-	0.2541 **	0.1822
Group 2	0.0528	0.2013	0.2541 **	0.1822
Standard Life income				
Group 1	0.2524	-	0.2524 **	0.1736
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.2649	-	0.2649 *	0.1763
Group 2	0.0189	0.2460	0.2649 *	-
Platform 1 accumulation				
Group 1	0.1443	-	0.1443 *	0.0850
Group 2	0.0000	0.1443	0.1443 *	0.0850
Platform 1 income				
Group 1	0.2593	-	0.2593 **	0.1769
Group 2	0.0674	0.1919	0.2593 **	0.1769

* Distribution accumulated on 30 November 2016

** Distribution paid on 31 January 2017

Global Emerging Markets Equity Income Fund
Distribution Tables (continued)

for the three months ended 28 February 2017

Dividend distribution

Group 1 - shares purchased prior to 1 December 2016

Group 2 - shares purchased between 1 December 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.0777	-	0.0777 *	0.1364
Group 2	0.0462	0.0315	0.0777 *	0.1364
Institutional accumulation				
Group 1	0.1903	-	0.1903 *	0.1887
Group 2	0.1330	0.0573	0.1903 *	0.1887
Retail income				
Group 1	0.2876	-	0.2876 **	0.1953
Group 2	-	-	-	-
Institutional income				
Group 1	0.2959	-	0.2959 **	0.2276
Group 2	0.1220	0.1739	0.2959 **	0.2276
Standard Life income				
Group 1	0.3198	-	0.3198 **	0.2716
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.3394	-	0.3394 *	0.2893
Group 2	0.1040	0.2354	0.3394 *	-
Platform 1 accumulation				
Group 1	0.1961	-	0.1961 *	0.1676
Group 2	0.0920	0.1041	0.1961 *	0.1676
Platform 1 income				
Group 1	0.3047	-	0.3047 **	0.2331
Group 2	0.1051	0.1996	0.3047 **	0.2331

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

Global Emerging Markets Equity Income Fund
Distribution Tables (continued)

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend*	100.00%	96.81%	91.77%	97.09%
Treat as annual payment net of income tax at 20%	0.00%	3.19%	8.23%	2.91%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

**Global Emerging Markets Equity Unconstrained Fund
Investment Report**

Launch Date 21 October 2014

Closure Date 14 January 2016

All shares in the Fund were redeemed and cancelled. The Fund will formally terminate at a later date after all residual assets and liabilities are settled. The Fund is not open to new investors.

Global Emerging Markets Equity Unconstrained Fund**Comparative Tables**

	Closure 2016⁺⁺⁺	28 February 2015⁺⁺
	pence per share	pence per share
Retail accumulation		
Change in net assets per share		
Opening net asset value per share	49.17	50.00
Return before operating charges*	(8.18)	0.17
Operating charges**	(0.91)	(1.00)
Return after operating charges*	(9.09)	(0.83)
Redemption Value of units at 14 January	40.08	0.00
Closing net asset value per share	0.00	49.17
Retained distributions on accumulation share	0.00	0.00
* after direct transaction costs of:***	0.20	0.11
Performance +		
Return after charges	-18.49%	-1.66%
Other information		
Closing net asset value (£'000)	0	1
Closing number of shares	0	2,200
Operating charges****	1.98%	1.99%
Direct transaction costs***	0.43%	0.22%
Prices		
Highest share price	54.64	52.03
Lowest share price	38.50	46.73

Global Emerging Markets Equity Unconstrained Fund
Comparative Tables (continued)

	Closure 2016 ⁺⁺⁺ pence per share	28 February 2015 ⁺⁺ pence per share
Institutional accumulation		
Change in net assets per share		
Opening net asset value per share	49.32	50.00
Return before operating charges*	(8.37)	(0.18)
Operating charges**	(0.45)	(0.50)
Return after operating charges*	(8.82)	(0.68)
Redemption Value of units at 14 January	(40.50)	0.00
Closing net asset value per share	0.00	49.32
Retained distributions on accumulation share	0.00	0.03
* after direct transaction costs of:***	0.00	0.11
Performance +		
Return after charges	-17.88%	-1.36%
Other information		
Closing net asset value (£'000)	0	20,685
Closing number of shares	0	41,943,230
Operating charges****	0.98%	0.99%
Direct transaction costs***	0.45%	0.22%
Prices		
Highest share price	54.84	52.07
Lowest share price	38.77	46.79

Global Emerging Markets Equity Unconstrained Fund
Comparative Tables (continued)

	Closure 2016 ⁺⁺⁺ pence per share	28 February 2015 ⁺⁺ pence per share
Standard Life accumulation		
Change in net assets per share		
Opening net asset value per share	49.46	50.00
Return before operating charges*	(8.48)	(0.44)
Operating charges**	(0.08)	(0.10)
Return after operating charges*	(8.56)	(0.54)
Redemption Value of units at 14 January	(40.90)	0.00
Closing net asset value per share	0.00	49.46
Retained distributions on accumulation share	0.00	0.18
* after direct transaction costs of:***	0.20	0.11
Performance +		
Return after charges	-17.31%	-1.08%
Other information		
Closing net asset value (£'000)	0	18
Closing number of shares	0	35,982
Operating charges****	0.18%	0.19%
Direct transaction costs***	0.43%	0.22%
Prices		
Highest share price	55.05	52.12
Lowest share price	39.04	46.85

Global Emerging Markets Equity Unconstrained Fund
Comparative Tables (continued)

	Closure 2016 ⁺⁺⁺ pence per share	28 February 2015 ⁺⁺ pence per share
Platform 1 accumulation		
Change in net assets per share		
Opening net asset value per share	49.29	50.00
Return before operating charges*	(8.33)	(0.09)
Operating charges**	(0.57)	(0.62)
Return after operating charges*	(8.90)	(0.71)
Redemption Value of units at 14 January	(40.39)	0.00
Closing net asset value per share	0.00	49.29
* after direct transaction costs of:***	0.20	0.11
Performance +		
Return after charges	-18.06%	-1.42%
Other information		
Closing net asset value (£'000)	0	41
Closing number of shares	0	83,855
Operating charges****	1.23%	1.24%
Direct transaction costs***	0.43%	0.22%
Prices		
Highest share price	54.80	52.07
Lowest share price	38.71	46.78

**Global Emerging Markets Equity Unconstrained Fund
Comparative Tables (continued)**

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++ From launch of the Fund on 21 October 2014.

+++ To closure of the Fund on 14 January 2016.

Global Emerging Markets Equity Unconstrained Fund Financial Statements

Statement of Total Return for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital losses	2		(7)		(4,420)
Revenue	4	18		357	
Expenses	5	(10)		(189)	
Interest and similar charges		0		(1)	
Net revenue before taxation		<u>8</u>		<u>167</u>	
Taxation	6	(5)		(26)	
Net revenue after taxation			<u>3</u>		<u>141</u>
Total return before distributions			<u>(4)</u>		<u>(4,279)</u>
Distributions	7		<u>0</u>		<u>0</u>
Change in net assets attributable to shareholders from investment activities			<u>(4)</u>		<u>(4,279)</u>

Statement of Change in Net Assets Attributable to Shareholders for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			0		20,745
Amounts receivable on issue of shares		0		4,449	
Amounts payable on cancellation of shares		<u>0</u>		<u>(20,938)</u>	
			0		(16,489)
Dilution adjustment			0		23
Change in net assets attributable to shareholders from investment activities (see above)			(4)		(4,279)
Change in provision for Fund closure			<u>4</u>		<u>0</u>
Closing net assets attributable to shareholders			<u>0</u>		<u>0</u>

Global Emerging Markets Equity Unconstrained Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Current assets:					
Debtors	8	0		6	
Cash and bank balances		9		7	
			<u>9</u>	<u>7</u>	
Total assets			<u>9</u>		<u>13</u>
Liabilities					
Creditors	9	(9)		(13)	
			<u>(9)</u>	<u>(13)</u>	
Total liabilities			<u>(9)</u>		<u>(13)</u>
Net assets attributable to shareholders			<u>0</u>		<u>0</u>

Global Emerging Markets Equity Unconstrained Fund
Portfolio Statement
as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
China (0.00%)	0	0.00
5,196,000 Tianhe Chemicals*	0	0.00
Total investment assets	0	0.00
Net other assets	0	0.00
Total Net Assets	0	0.00

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

* Suspended

Global Emerging Markets Equity Unconstrained Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Losses

	2017	2016
	£'000	£'000
Non-derivative securities	(6)	(4,429)
Forward currency contracts	0	(22)
Non-derivative securities currency gains	0	54
Handling charges taken from the capital account	(1)	(23)
Net capital losses	<u>(7)</u>	<u>(4,420)</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	0	21,804
Commissions	<u>0</u>	<u>30</u>
Taxes & Other Fees	<u>0</u>	<u>5</u>
Total purchase transaction costs	<u>0</u>	<u>35</u>
Purchases including transaction costs	<u>0</u>	<u>21,839</u>
Gross sales before transaction costs	0	38,432
Commissions	<u>0</u>	<u>(36)</u>
Taxes & Other Fees	<u>0</u>	<u>(27)</u>
Total sale transaction costs	<u>0</u>	<u>(63)</u>
Total sales net of transaction costs	<u>0</u>	<u>38,369</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.00%	0.14%
Taxes & Other Fees	0.00%	0.02%
Sales		
Commissions	0.00%	0.09%
Taxes & Other Fees	0.00%	0.07%

Global Equity Income Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)****Equity Purchases, Sales Analysis to Average NAV**

	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.00%	0.06%
Taxes & Other Fees	0.00%	0.01%
Sales		
Commissions	0.00%	0.08%
Taxes & Other Fees	0.00%	0.06%

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	0	17,173
Sales		
Equities	0	38,370

4 Revenue

	2017	2016
	£'000	£'000
UK dividends	0	28
Overseas dividends	17	327
Bank interest	0	2
Other	1	0
Total revenue	<u>18</u>	<u>357</u>

Global Equity Income Fund**Notes to the financial statements (continued)**

5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	0	152
Registration fees	0	15
	<u>0</u>	<u>167</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	0	4
Safe custody fees	0	8
	<u>0</u>	<u>12</u>
Other:		
Audit fee	8	9
Legal expenses	2	1
	<u>10</u>	<u>10</u>
Total expenses	<u>10</u>	<u>189</u>

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	5	26
Total taxation	<u>5</u>	<u>26</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	8	167
Corporation tax at 20% (2016: 20%)	<u>1</u>	<u>33</u>
Effects of:		
UK dividends	0	(6)
Non taxable overseas dividends	(3)	(61)
Overseas withholding tax	5	27
Excess management expenses	2	33
Current tax charge (Note 5(a))	<u>5</u>	<u>26</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

Global Equity Income Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £51,000 (2016: £49,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

	2017	2016
	£'000	£'000

(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:

Net distribution for the year	0	0
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Details of the distribution per share are set out in this Fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	3	141
Add: Revenue transferred to capital	(3)	(141)
Net distribution for the year	0	0

8 Debtors

	2017	2016
	£'000	£'000

Accrued revenue	0	6
Total debtors	0	6

9 Creditors

	2017	2016
	£'000	£'000

Accrued expenses payable to the Depositary	0	2
Other accrued expenses	8	11
Residual payment due in respect of ongoing Fund closure	1	0
Total creditors	9	13

Global Emerging Markets Equity Unconstrained Fund**Notes to the financial statements (continued)****10 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	0	0	0	0	0	0
Total investment assets	0	0	0	0	0	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

11 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	0	0	0	0	0
Institutional accumulation	0	0	0	0	0
Standard Life accumulation	0	0	0	0	0
Platform 1 accumulation	0	0	0	0	0

Global Equity Income Fund Investment Report

Fund Manager

Kevin Troup

Benchmark

IA Global Equity Income Sector

Launch Date

1 May 1986

Objective

The objective of the Fund is to provide income with some capital appreciation over the longer term.

Policy

The investment policy of the Fund is to invest mostly in a focused portfolio of high yielding global equities, equity type investments and fixed interest securities. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of equity exposure at a country and sector level. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets and should therefore have an investment time horizon of at least 5 years.

Performance

During the year under review, the Fund returned 24.0% (platform 1, accumulation shares), compared with the IA Global Equity Income benchmark return of 28.3% (source: Morningstar, basic rate taxpayer, bid-to-bid basis).

The Fund's holding in Australian annuities firm Challenger performed well. The company's strong quarterly numbers confirmed that our investment thesis was coming to fruition, namely good long-term growth as pensioners seek a 'safer' element to their income. Challenger has also won access to several distribution platforms, which will increase awareness of its products and drive growth. Meanwhile, Covestro is a German-listed chemicals firm that focuses on speciality plastics for autos, industrials, construction and other end market constituents. Positive supply/demand dynamics in a number of its products have boosted margins, while its cost-cutting measures have also been a positive. The stock has performed exceptionally well as a result, meaning we have progressively reduced the holding and banked the profits. Additional names to highlight include First Republic Bank, Broadcom and Galp Energia.

By contrast, BT disappointed. The market is dubious about the company's cashflow potential, which has been exacerbated by the rise in its pension deficit. Recent commentary that regulator Ofcom's investigation may continue into 2017 further weighed on sentiment. Despite this, BT's cost-cutting measures continue to yield good results, and we believe this will again become a focus for investors. However, a profit warning from its global services division was a surprise and diluted the positive performance from its mobile and broadband divisions. As such, we sold the position. Novo-Nordisk struggled as the challenging pricing dynamics in the US adversely affected profits. The company's recent surprise change of CEO also unsettled the market (we no longer hold the stock). Positions in McCarthy & Stone, Hanesbrands (also sold) and Nokia also disappointed.

Global Equity Income Fund Investment Report (continued)

Investment Activity

Turning to recent activity, we purchased shares in Apple. We see scope for a significant phone replacement cycle with the launch of the iPhone 8 in the autumn. This latest model promises many new exciting features, including an OLED screen, while there is pent-up consumer demand in the market due to lower sales of previous iPhone models. We also expect the company to deliver double-digit dividend growth to 2% yield. Elsewhere, Banco Bradesco is Brazil's third-largest bank. The level of non-performing loans is close to its peak, and we expect to see significant improvement in this area from 2018 onwards. The lender has also de-risked its loan book, with loan growth now primed to accelerate. Bradesco's investment in digitisation is also helping it control costs, while the company offers a high 4.5% dividend. Meanwhile, a position was started in mining firm Glencore as its share price does not reflect the resilience of its margins at the bottom of the cycle, while growth in many areas is more measured than in the past. This year's dividend upgrade also looks more stable thanks to the excellent performance from its marketing division. Unlike the wider market, we therefore think this kind of upgrade will be repeated in the future.

In other activity, we exited UK housebuilder Bellway. The stock had sold-off dramatically in the wake of the EU referendum result. At the time, however, we thought the share price slump discounted far too much in the way of volume declines and price drops, and so held onto the position. After that, the price fully recovered and, given the ongoing uncertainty about Brexit and jobs, we took this as an opportunity to exit the holding. Elsewhere, shares in First Republic Bank were sold in order to take profits after a strong run. We believe the bank will continue to drive loan growth above consensus forecasts as it expands into new markets in the US, as well as into wealth management, and so continue to hold the stock. Finally, Umicore is a Belgian-listed industrials firm. The stock had a strong run over 2016, as commodity prices rebounded and investors grew increasingly positive on Umicore's battery materials business. We consequently thought it was appropriate to sell the stock as most of the good structural news was in the price.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £105,326,000 and the total proceeds from sales were £104,137,000.

**Global Equity Income Fund
Investment Report (continued)**

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 **5** 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Global Equity Income Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation - Founder			
Change in net assets per share			
Opening net asset value per share	206.34	203.13	184.28
Return before operating charges*	55.16	5.43	20.89
Operating charges**	(2.52)	(2.22)	(2.04)
Return after operating charges*	52.64	3.21	18.85
Distributions	(4.91)	(4.03)	(4.29)
Retained distributions on accumulation share	4.91	4.03	4.29
Closing net asset value per share	258.98	206.34	203.13
* after direct transaction costs of:***	0.36	0.24	0.28
Performance +			
Return after charges	25.51%	1.58%	10.23%
Other information			
Closing net asset value (£'000)	95,292	83,119	88,991
Closing number of shares	36,794,983	40,282,194	43,809,065
Operating charges****	1.08%	1.08%	1.08%
Direct transaction costs***	0.15%	0.12%	0.15%
Prices			
Highest share price	258.8	216.9	203.4
Lowest share price	207.1	189.6	179.1

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation - Founder			
Change in net assets per share			
Opening net asset value per share	223.29	218.83	197.62
Return before operating charges*	59.77	5.86	22.49
Operating charges**	(1.59)	(1.40)	(1.28)
Return after operating charges*	58.18	4.46	21.21
Distributions	(6.42)	(5.35)	(5.52)
Retained distributions on accumulation share	6.42	5.35	5.52
Closing net asset value per share	281.47	223.29	218.83
* after direct transaction costs of:***	0.39	0.26	0.30
Performance +			
Return after charges	26.06%	2.04%	10.73%
Other information			
Closing net asset value (£'000)	8,176	6,541	6,477
Closing number of shares	2,904,760	2,929,398	2,959,711
Operating charges****	0.63%	0.63%	0.63%
Direct transaction costs***	0.15%	0.12%	0.15%
Prices			
Highest share price	281.5	233.7	219.1
Lowest share price	224.1	204.6	192.2

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income - Founder			
Change in net assets per share			
Opening net asset value per share	69.03	70.02	65.62
Return before operating charges*	18.18	1.86	7.32
Operating charges**	(0.83)	(0.75)	(0.72)
Return after operating charges*	17.35	1.11	6.60
Distributions	(2.41)	(2.10)	(2.20)
Closing net asset value per share	83.97	69.03	70.02
* after direct transaction costs of:***	0.12	0.08	0.10
Performance +			
Return after charges	25.13%	1.59%	10.06%
Other information			
Closing net asset value (£'000)	811	620	482
Closing number of shares	965,803	898,658	688,449
Operating charges****	1.08%	1.08%	1.08%
Direct transaction costs***	0.16%	0.11%	0.15%
Prices			
Highest share price	84.36	74.76	70.51
Lowest share price	69.33	64.10	62.78

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income - Founder			
Change in net assets per share			
Opening net asset value per share	70.38	71.06	66.31
Return before operating charges*	18.55	1.91	7.39
Operating charges**	(0.49)	(0.45)	(0.42)
Return after operating charges*	18.06	1.46	6.97
Distributions	(2.46)	(2.14)	(2.22)
Closing net asset value per share	85.98	70.38	71.06
* after direct transaction costs of:***	0.12	0.08	0.10
Performance +			
Return after charges	25.66%	2.05%	10.51%
Other information			
Closing net asset value (£'000)	624	662	436
Closing number of shares	726,255	940,629	613,691
Operating charges****	0.63%	0.63%	0.63%
Direct transaction costs***	0.15%	0.11%	0.15%
Prices			
Highest share price	86.37	75.92	71.56
Lowest share price	70.68	65.35	63.62

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	69.57	69.84	64.78
Return before operating charges*	18.36	1.85	7.27
Operating charges**	(0.04)	(0.03)	(0.03)
Return after operating charges*	18.32	1.82	7.24
Distributions	(2.40)	(2.09)	(2.18)
Closing net asset value per share	85.49	69.57	69.84
* after direct transaction costs of:***	0.12	0.08	0.10
Performance +			
Return after charges	26.33%	2.61%	11.18%
Other information			
Closing net asset value (£'000)	14,756	12,007	5,849
Closing number of shares	17,260,431	17,260,431	8,375,387
Operating charges****	0.05%	0.05%	0.05%
Direct transaction costs***	0.15%	0.11%	0.15%
Prices			
Highest share price	85.89	74.66	70.33
Lowest share price	69.87	64.56	62.39

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	66.72	65.06	58.46
Return before operating charges*	16.97	1.75	6.68
Operating charges**	(0.10)	(0.09)	(0.08)
Return after operating charges*	16.87	1.66	6.60
Distributions	(1.85)	(1.92)	(1.94)
Retained distributions on accumulation share	1.85	1.92	1.94
Closing net asset value per share	83.59	66.72	65.06
* after direct transaction costs of:***	0.12	0.08	0.09
Performance +			
Return after charges	25.28%	2.55%	11.29%
Other information			
Closing net asset value (£'000)	379	242	143
Closing number of shares	453,131	362,224	220,426
Operating charges****	0.13%	0.13%	0.13%
Direct transaction costs***	0.16%	0.12%	0.15%
Prices			
Highest share price	84.46	69.53	65.13
Lowest share price	66.97	60.99	56.90

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	77.19	76.41	69.70
Return before operating charges*	20.57	2.04	7.87
Operating charges**	(1.18)	(1.26)	(1.16)
Return after operating charges*	19.39	0.78	6.71
Distributions	(1.57)	(1.09)	(1.22)
Retained distributions on accumulation share	1.57	1.09	1.22
Closing net asset value per share	96.58	77.19	76.41
* after direct transaction costs of:***	0.13	0.09	0.11
Performance +			
Return after charges	25.12%	1.02%	9.63%
Other information			
Closing net asset value (£'000)	10,461	7,730	6,464
Closing number of shares	10,831,093	10,014,192	8,459,965
Operating charges****	1.35%	1.63%	1.63%
Direct transaction costs***	0.15%	0.12%	0.15%
Prices			
Highest share price	96.51	81.52	76.51
Lowest share price	77.48	71.11	67.71

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	79.75	78.35	70.94
Return before operating charges*	21.32	2.10	8.05
Operating charges**	(0.79)	(0.70)	(0.64)
Return after operating charges*	20.53	1.40	7.41
Distributions	(2.07)	(1.71)	(1.80)
Retained distributions on accumulation share	2.07	1.71	1.80
Closing net asset value per share	100.28	79.75	78.35
* after direct transaction costs of:***	0.14	0.09	0.11
Performance +			
Return after charges	25.74%	1.79%	10.45%
Other information			
Closing net asset value (£'000)	5,080	2,614	1,452
Closing number of shares	5,065,519	3,277,574	1,853,057
Operating charges****	0.88%	0.88%	0.88%
Direct transaction costs***	0.15%	0.11%	0.15%
Prices			
Highest share price	100.2	83.67	78.45
Lowest share price	80.05	73.19	68.98

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	67.50	68.85	64.89
Return before operating charges*	17.73	1.83	7.20
Operating charges**	(1.01)	(1.12)	(1.07)
Return after operating charges*	16.72	0.71	6.13
Distributions	(2.35)	(2.06)	(2.17)
Closing net asset value per share	81.87	67.50	68.85
* after direct transaction costs of:***	0.12	0.08	0.10
Performance +			
Return after charges	24.77%	1.03%	9.45%
Other information			
Closing net asset value (£'000)	719	567	474
Closing number of shares	878,112	839,443	687,760
Operating charges****	1.35%	1.63%	1.63%
Direct transaction costs***	0.16%	0.12%	0.15%
Prices			
Highest share price	82.24	73.47	69.35
Lowest share price	67.79	62.70	61.86

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	69.68	70.53	65.97
Return before operating charges*	18.36	1.88	7.36
Operating charges**	(0.68)	(0.62)	(0.59)
Return after operating charges*	17.68	1.26	6.77
Distributions	(2.43)	(2.11)	(2.21)
Closing net asset value per share	84.93	69.68	70.53
* after direct transaction costs of:***	0.12	0.08	0.10
Performance +			
Return after charges	25.37%	1.79%	10.26%
Other information			
Closing net asset value (£'000)	1,376	765	517
Closing number of shares	1,619,975	1,098,556	732,600
Operating charges****	0.88%	0.88%	0.88%
Direct transaction costs***	0.15%	0.11%	0.15%
Prices			
Highest share price	85.32	75.33	71.02
Lowest share price	69.98	64.70	63.25

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	78.10	76.78	69.55
Return before operating charges*	20.88	2.04	7.89
Operating charges**	(0.82)	(0.72)	(0.66)
Return after operating charges*	20.06	1.32	7.23
Distributions	(1.98)	(1.64)	(1.73)
Retained distributions on accumulation share	1.98	1.64	1.73
Closing net asset value per share	98.16	78.10	76.78
* after direct transaction costs of:***	0.14	0.09	0.11
Performance +			
Return after charges	25.69%	1.72%	10.40%
Other information			
Closing net asset value (£'000)	23,869	13,826	5,838
Closing number of shares	24,315,599	17,701,367	7,604,130
Operating charges****	0.93%	0.93%	0.93%
Direct transaction costs***	0.16%	0.12%	0.15%
Prices			
Highest share price	98.09	81.98	76.87
Lowest share price	78.40	71.70	67.62

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	69.45	70.33	65.82
Return before operating charges*	18.31	1.88	7.34
Operating charges**	(0.72)	(0.65)	(0.62)
Return after operating charges*	17.59	1.23	6.72
Distributions	(2.43)	(2.11)	(2.21)
Closing net asset value per share	84.61	69.45	70.33
* after direct transaction costs of:***	0.12	0.08	0.10
Performance +			
Return after charges	25.33%	1.75%	10.21%
Other information			
Closing net asset value (£'000)	7,356	4,575	1,278
Closing number of shares	8,694,031	6,587,762	1,817,165
Operating charges****	0.93%	0.93%	0.93%
Direct transaction costs***	0.15%	0.11%	0.15%
Prices			
Highest share price	85.00	75.12	70.82
Lowest share price	69.75	64.49	63.03

Global Equity Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Institutional A accumulation ⁺⁺		
Change in net assets per share		
Opening net asset value per share	50.61	50.00
Return before operating charges*	13.54	0.68
Operating charges**	(0.93)	(0.07)
Return after operating charges*	12.61	0.61
Distributions	(0.89)	(0.06)
Retained distributions on accumulation share	0.89	0.06
Closing net asset value per share	63.22	50.61
* after direct transaction costs of:***	0.09	0.01
Performance +		
Return after charges	24.92%	1.22%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	1.63%	1.63%
Direct transaction costs***	0.16%	0.02%
Prices		
Highest share price	63.18	51.29
Lowest share price	50.80	46.76

⁺⁺ Share class launched on 27 January 2016.

Global Equity Income Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflects a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Global Equity Income Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		33,170		(472)
Revenue	4	5,466		3,973	
Expenses	5	(1,428)		(1,216)	
Interest and similar charges		(2)		(2)	
Net revenue before taxation		4,036		2,755	
Taxation	6	(326)		(274)	
Net revenue after taxation			3,710		2,481
Total return before distributions			36,880		2,009
Distributions	7		(3,795)		(2,524)
Change in net assets attributable to shareholders from investment activities			33,085		(515)

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			133,269		118,400
Amounts receivable on issue of shares		35,326		23,425	
Amounts payable on cancellation of shares		(35,993)		(10,251)	
			(667)		13,174
Dilution adjustment			100		34
Change in net assets attributable to shareholders from investment activities (see above)			33,085		(515)
Retained distribution on accumulation shares			3,113		2,176
Closing net assets attributable to shareholders			168,900		133,269

Global Equity Income Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investment assets			165,602		131,388
Current assets:					
Debtors	8	3,146		902	
Cash and bank balances		1,417		1,337	
			<u>4,563</u>		<u>2,239</u>
Total assets			<u>170,165</u>		<u>133,627</u>
Liabilities					
Creditors	9	(1,131)		(257)	
Distribution payable on income shares		(134)		(101)	
			<u>(1,265)</u>		<u>(358)</u>
Total liabilities			<u>(1,265)</u>		<u>(358)</u>
Net assets attributable to shareholders			<u>168,900</u>		<u>133,269</u>

Global Equity Income Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Emerging Market (0.00%)	857	0.51
101,833 Banco Bradesco	857	0.51
European Equities (ex UK) (29.23%)	36,239	21.45
71,749 Ahold	1,229	0.73
117,207 AXA	2,227	1.32
145,033 Danske Bank	3,902	2.31
233,210 Deutsche Telekom	3,252	1.93
637,116 Enel	2,204	1.30
319,333 Galp Energia	3,785	2.24
105,425 ING	1,171	0.69
39,952 Kesko 'B'	1,477	0.87
515,625 Nokia	2,124	1.26
29,500 Pandora	2,704	1.60
15,611 Roche	3,064	1.81
239,009 Securitas	2,936	1.74
137,585 Swedbank	2,738	1.62
114,877 Veolia Environment	1,515	0.90
8,591 Zurich	1,911	1.13
Japanese Equities (5.41%)	9,110	5.39
2,107 GLP J-REIT	1,937	1.15
541,400 Mitsubishi UFJ Financial	2,871	1.70
140,530 Orix	1,763	1.04
89,375 ResortFund	1,322	0.78
38,543 Seven & I	1,217	0.72
North American Equities (43.99%)	91,006	53.88
41,736 Abbvie	2,074	1.23
79,245 Activision Blizzard	2,874	1.70
15,565 Allegion	908	0.54
3,464 Alphabet	2,352	1.39
75,399 Altria	4,539	2.69
39,210 American International	2,014	1.19
28,772 American Tower	2,654	1.57

Global Equity Income Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
North American Equities (continued)		
38,537 Apple	4,242	2.51
15,073 Broadcom	2,555	1.51
67,767 Carnival	3,047	1.80
27,733 Chevron	2,507	1.48
89,956 CMS Energy	3,219	1.91
31,276 Comcast	940	0.56
23,311 Dominion Resources	1,454	0.86
41,766 Eli Lilly	2,779	1.65
5,773 Equinix	1,744	1.03
32,398 First Republic Bank	2,443	1.45
53,585 Fortune Brands Home & Security	2,490	1.47
68,785 Gallagher A.J.	3,148	1.86
86,197 General Electric	2,064	1.22
28,932 Home Depot	3,369	1.99
68,173 JP Morgan Chase	4,965	2.94
53,158 Kraft Heinz	3,909	2.31
32,192 McDonald's	3,302	1.96
30,421 Medtronic	1,978	1.17
40,038 Merck	2,120	1.26
90,193 Newell Rubbermaid	3,554	2.10
37,679 Pepsi	3,342	1.98
92,983 Pfizer	2,549	1.51
55,031 Philip Morris	4,841	2.87
58,720 The Hartford	2,307	1.37
21,800 United Health	2,898	1.72
39,227 Wells Fargo	1,825	1.08
Pacific Basin Equities (4.14%)		
514,514 Anta Sports	1,252	0.74
503,234 Challenger	3,554	2.10
108,196 KT Corporation	1,390	0.82
415,497 Pegatron	877	0.52
415,457 Taiwan Semiconductor Manufacturing	2,054	1.22

Global Equity Income Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
UK Equities (15.82%)	19,263	11.42
322,200 Babcock International	3,053	1.81
463,914 BP	2,104	1.25
397,702 BT	1,301	0.77
176,268 Essentra	957	0.57
619,993 Glencore	1,996	1.18
834,764 Greencore	2,166	1.28
973,856 McCarthy & Stone	1,868	1.11
265,344 National Grid	2,593	1.54
140,649 TUI	1,599	0.95
805,399 Vodafone	1,626	0.96
Total investment assets	165,602	98.05
Net other assets	3,298	1.95
Total Net Assets	168,900	100.00

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

Global Equity Income Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)

	2017	2016
	£'000	£'000
Non-derivative securities	33,104	(402)
Forward currency contracts	(14)	(1)
Non-derivative securities currency gains/(losses)	101	(52)
Handling charges taken from the capital account	(21)	(17)
Net capital gains/(losses)	<u>33,170</u>	<u>(472)</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	105,127	63,968
Commissions	101	62
Taxes & Other Fees	98	52
Total purchase transaction costs	<u>199</u>	<u>114</u>
Purchases including transaction costs	<u>105,326</u>	<u>64,082</u>
Gross sales before transaction costs	104,255	49,298
Commissions	(105)	(45)
Taxes & Other Fees	(13)	(11)
Total sale transaction costs	<u>(118)</u>	<u>(56)</u>
Total sales net of transaction costs	<u>104,137</u>	<u>49,242</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.10%	0.10%
Taxes & Other Fees	0.09%	0.08%
Sales		
Commissions	0.10%	0.09%
Taxes & Other Fees	0.01%	0.02%

Global Equity Income Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.06%	0.05%
Taxes & Other Fees	0.06%	0.04%
Sales		
Commissions	0.06%	0.04%
Taxes & Other Fees	0.01%	0.01%

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	105,326	64,082
Sales		
Equities	104,137	49,242

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.50% (29 February 2016: 0.57%). This is indicative for the year.

Global Equity Income Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016
	£'000	£'000
UK dividends	846	902
Overseas dividends	4,591	3,002
Scrip dividends	0	37
Interest on debt securities	0	26
Bank interest	29	6
Total revenue	<u>5,466</u>	<u>3,973</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,212	1,037
Authorised Corporate Director's periodic charge taken from the capital account	73	39
Dealing charge	10	4
Dealing charge taken from the capital account	3	1
Registration fees	70	89
Registration fees taken from the capital account	7	4
	<u>1,375</u>	<u>1,174</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	22	18
Safe custody fees	16	12
	<u>38</u>	<u>30</u>
Other:		
Audit fee	9	9
Legal expenses	6	3
	<u>15</u>	<u>12</u>
Total expenses	<u>1,428</u>	<u>1,216</u>

Global Equity Income Fund**Notes to the financial statements (continued)**

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	326	274
Total taxation	<u>326</u>	<u>274</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	4,036	2,755
Corporation tax at 20% (2016: 20%)	<u>807</u>	<u>551</u>
Effects of:		
UK dividends	(169)	(180)
Scrip dividends	0	(7)
Non taxable overseas dividends	(841)	(558)
Overseas withholding tax	326	274
Overseas withholding tax claimed as a deduction	(11)	(6)
Excess management expenses	218	199
Revenue taxable in different periods	(4)	1
Current tax charge (Note 6(a))	<u>326</u>	<u>274</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,634,000 (2016: £1,419,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

Global Equity Income Fund**Notes to the financial statements (continued)**

7 Distributions	2017	2016
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
First interim distribution	1,672	1,206
Second interim distribution	962	521
Third interim distribution	619	428
Final distribution	566	403
	<hr/>	<hr/>
	3,819	2,558
Add: Income deducted on cancellation of shares	121	30
Deduct: Income received on issue of shares	(145)	(64)
	<hr/>	<hr/>
Net distribution for the year	3,795	2,524
	<hr/>	<hr/>

Details of the distribution per share are set out in this Fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	3,710	2,481
Add: ACD periodic charge taken from the capital account	73	39
Add: Registration fees taken from the capital account	7	4
Add: Dealing charges taken from the capital account	3	1
Add: Share class deficit	2	0
	<hr/>	<hr/>
Net distribution for the year	3,795	2,525
	<hr/>	<hr/>

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	160	420
Sales awaiting settlement	2,423	106
Accrued revenue	462	278
Withholding tax recoverable	101	98
	<hr/>	<hr/>
Total debtors	3,146	902
	<hr/>	<hr/>

9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	352	147
Purchases awaiting settlement	649	0
Accrued expenses payable to the ACD	112	94
Accrued expenses payable to the Depositary	9	6
Other accrued expenses	8	10
Dilution levy payable to the ACD	1	0
	<hr/>	<hr/>
Total creditors	1,131	257
	<hr/>	<hr/>

Global Equity Income Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	20,732	8,093
Purchase of shares by Fund	22,230	539
Distributions made by Fund	901	331
 The percentage value of the Fund held by Standard Life group companies is:	 14.6%	 14.4%

Global Equity Income Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	165,602	0	0	130,924	0	464
Total investment assets	165,602	0	0	130,924	0	464

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Shares in issue reconciliation

	Opening units 2016	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2017
Retail accumulation - Founder	40,282,194	113,363	(2,937,994)	(662,580)	36,794,983
Institutional accumulation - Founder	2,929,398	162,280	(406,825)	219,907	2,904,760
Retail income - Founder	898,658	0	0	67,145	965,803
Institutional income - Founder	940,629	1,219,738	(1,455,417)	21,305	726,255
Standard Life income	17,260,431	0	0	0	17,260,431
Standard Life accumulation	362,224	26,499,016	(26,430,474)	22,365	453,131
Retail accumulation	10,014,192	2,392,690	(1,541,017)	(34,772)	10,831,093
Institutional accumulation	3,277,574	2,151,564	(489,044)	125,425	5,065,519
Retail income	839,443	96,752	(53,187)	(4,896)	878,112
Institutional income	1,098,556	721,876	(349,492)	149,035	1,619,975
Platform 1 accumulation	17,701,367	6,885,115	(1,164,793)	893,910	24,315,599
Platform 1 income	6,587,762	3,574,180	(1,365,403)	(102,508)	8,694,031
Institutional A accumulation	2,200	0	0	0	2,200

Global Equity Income Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Global Equity Income Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Australian Dollar	3,650	2,125
Brazilian Real	1,253	0
Danish Krone	6,636	4,607
Euro	19,320	22,615
Hong Kong Dollar	1,252	2,118
Japanese Yen	9,156	7,248
Korean Won	10	0
Swedish Krona	5,674	4,243
Swiss Franc	4,998	7,604
Taiwan Dollar	3,782	0
US Dollar	90,602	60,005

Global Equity Income Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk**

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2017			
Currency			
Sterling	116	22,882	22,998
Australian Dollar	0	3,554	3,554
Brazilian Real	0	1,082	1,082
Danish Krone	0	6,607	6,607
Euro	210	18,985	19,195
Hong Kong Dollar	0	1,252	1,252
Japanese Yen	0	9,110	9,110
Swedish Krona	0	5,674	5,674
Swiss Franc	0	4,975	4,975
Taiwan Dollar	852	2,931	3,783
US Dollar	239	88,550	88,789

Global Equity Income Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)**

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2016			
Currency			
Sterling	1,315	21,195	22,510
Australian Dollar	0	2,080	2,080
Danish Krone	0	4,601	4,601
Euro	22	22,545	22,567
Hong Kong Dollar	0	2,118	2,118
Japanese Yen	0	7,215	7,215
Swedish Krona	0	4,243	4,243
Swiss Franc	0	7,560	7,560
US Dollar	0	59,831	59,831

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Global Equity Income Fund**Distribution Tables****for the three months ended 31 May 2016****Dividend distribution**

Group 1 - shares purchased prior to 01 March 2016

Group 2 - shares purchased between 01 March 2015 and 31 May 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation - Founder				
Group 1	2.2080	-	2.2080 *	2.0443
Group 2	1.3663	0.8417	2.2080 *	2.0443
Institutional accumulation - Founder				
Group 1	2.6391	-	2.6391 *	2.4579
Group 2	1.7461	0.8930	2.6391 *	2.4579
Retail income - Founder				
Group 1	0.9208	-	0.9208 **	0.8910
Group 2	-	-	-	0.8910
Institutional income - Founder				
Group 1	0.9384	-	0.9384 **	0.9048
Group 2	0.6518	0.2866	0.9384 **	0.9048
Standard Life income				
Group 1	0.9075	-	0.9075 **	0.8739
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.8619	-	0.8619 *	0.8070
Group 2	0.5281	0.3338	0.8619 *	0.8070
Retail accumulation				
Group 1	0.7486	-	0.7486 *	0.6600
Group 2	0.4673	0.2813	0.7486 *	0.6600
Institutional income				
Group 1	0.8898	-	0.8898 *	0.8978
Group 2	0.4286	0.4612	0.8898 *	0.8978

Global Equity Income Fund
Distribution Tables (continued)

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Platform 1 accumulation				
Group 1	0.8614	-	0.8614 *	0.8025
Group 2	0.5344	0.3270	0.8614 *	0.8025
Platform 1 income				
Group 1	0.9255	-	0.9255 **	0.8952
Group 2	0.5251	0.4004	0.9255 **	0.8952
Retail income				
Group 1	0.9001	-	0.9001 *	0.8756
Group 2	0.3688	0.5313	0.9001 *	0.8756
Institutional accumulation				
Group 1	0.8898	-	0.8898 **	0.8292
Group 2	0.4286	0.4612	0.8898 **	0.8292
Institutional A accumulation				
Group 1	0.4654	-	0.4654 *	-
Group 2	-	-	-	-

* Distribution accumulated on 31 May 2016

** Distribution payable on 31 July 2016

Global Equity Income Fund
Distribution Tables (continued)

for the three months ended 31 August 2016

Dividend distribution

Group 1 - shares purchased prior to 1 June 2016

Group 2 - shares purchased between 1 June 2016 and 30 August 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation - Founder				
Group 1	1.1720	-	1.1720 *	0.8223
Group 2	0.5976	0.5744	1.1720 *	0.8223
Institutional accumulation - Founder				
Group 1	1.5672	-	1.5672 *	1.1376
Group 2	0.7724	0.7948	1.5672 *	1.1376
Retail income - Founder				
Group 1	0.5880	-	0.5880 **	0.4610
Group 2	-	-	-	0.4610
Institutional income - Founder				
Group 1	0.6014	-	0.6014 **	0.4688
Group 2	0.0000	0.6014	0.6014 **	0.4688
Standard Life income				
Group 1	0.5886	-	0.5886 **	0.4614
Group 2	-	-	-	0.4614
Standard Life accumulation				
Group 1	0.5650	-	0.5650 *	0.4206
Group 2	0.1333	0.4317	0.5650 *	0.4206
Retail accumulation				
Group 1	0.3837	-	0.3837 *	0.2015
Group 2	0.1304	0.2533	0.3837 *	0.2015
Institutional income				
Group 1	0.5962	-	0.5962 **	0.4634
Group 2	0.3490	0.2472	0.5962 **	0.4634

Global Equity Income Fund
Distribution Tables (continued)

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Platform 1 accumulation				
Group 1	0.4826	-	0.4826 *	0.3397
Group 2	0.1835	0.2991	0.4826 *	0.3397
Platform 1 income				
Group 1	0.5933	-	0.5933 **	0.4630
Group 2	0.2963	0.2970	0.5933 **	0.4630
Retail income				
Group 1	0.5742	-	0.5742 **	0.4522
Group 2	0.4161	0.1581	0.5742 **	0.4522
Institutional accumulation				
Group 1	0.5043	-	0.5043 *	0.3568
Group 2	0.2232	0.2811	0.5043 *	0.3568
Institutional A accumulation				
Group 1	0.2213	-	0.2213 *	-
Group 2	-	-	-	-

* Distribution accumulated on 31 August 2016

** Distribution payable on 31 October 2016

Global Equity Income Fund
Distribution Tables (continued)

for the three months ended 30 November 2016

Dividend distribution

Group 1 - shares purchased prior to 1 August 2016

Group 2 - shares purchased between 1 August 2016 and 30 November 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation - Founder				
Group 1	0.7621	-	0.7621 *	0.6266
Group 2	0.4701	0.2920	0.7621 *	0.6266
Institutional accumulation - Founder				
Group 1	1.1039	-	1.1039 *	0.9224
Group 2	0.5620	0.5419	1.1039 *	0.9224
Retail income - Founder				
Group 1	0.4480	-	0.4480 **	0.3877
Group 2	-	-	-	0.3877
Institutional income - Founder				
Group 1	0.4560	-	0.4560 **	0.3944
Group 2	0.2084	0.2476	0.4560 **	0.3944
Standard Life income				
Group 1	0.4652	-	0.4652 **	0.3859
Group 2	-	-	-	0.3859
Standard Life accumulation				
Group 1	0.4261	-	0.4261 *	0.3574
Group 2	0.1526	0.2735	0.4261 *	0.3574
Retail accumulation				
Group 1	0.2168	-	0.2168 *	0.1307
Group 2	0.1328	0.0840	0.2168 *	0.1307
Institutional income				
Group 1	0.4540	-	0.4540 *	0.3908
Group 2	0.3897	0.0643	0.4540 *	0.3908

Global Equity Income Fund
Distribution Tables (continued)

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Platform 1 accumulation				
Group 1	0.3171	-	0.3171 *	0.2662
Group 2	0.1903	0.1268	0.3171 *	0.2662
Platform 1 income				
Group 1	0.4509	-	0.4509 **	0.3895
Group 2	0.1998	0.2511	0.4509 **	0.3895
Retail income				
Group 1	0.4374	-	0.4374 *	0.3801
Group 2	0.3840	0.0534	0.4374 *	0.3801
Institutional accumulation				
Group 1	0.3357	-	0.3357 **	0.2810
Group 2	0.2206	0.1151	0.3357 **	0.2810
Institutional A accumulation				
Group 1	0.1063	-	0.1063 *	-
Group 2	-	-	-	-

* Distribution accumulated on 30 November 2015

** Distribution paid on 31 January 2016

Global Equity Income Fund
Distribution Tables (continued)

for the three months year ended 28 Feb 2017

Dividend distribution

Group 1 - shares purchased prior to 1 December 2016

Group 2 - shares purchased between 1 December 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation - Founder				
Group 1	0.7638	-	0.7638 *	0.5387
Group 2	0.4003	0.3635	0.7638 *	0.5387
Institutional accumulation - Founder				
Group 1	1.1111	-	1.1111 *	0.8300
Group 2	0.5878	0.5233	1.1111 *	0.8300
Retail income - Founder				
Group 1	0.4502	-	0.4502 **	0.3573
Group 2	-	-	-	-
Institutional income - Founder				
Group 1	0.4612	-	0.4612 **	0.3675
Group 2	0.3030	0.1582	0.4612 **	0.3675
Standard Life income				
Group 1	0.4350	-	0.4350 **	0.3704
Group 2	-	-	-	0.3704
Standard Life accumulation				
Group 1	0.0000	0.0000	0.0000 **	0.3379
Group 2	0.0000	0.0000	0.0000	0.2141
Retail accumulation				
Group 1	0.2170	-	0.2170 *	0.0969
Group 2	0.1285	0.0885	0.2170 *	0.0969
Institutional income				
Group 1	0.4546	-	0.4546 **	0.3608
Group 2	0.1853	0.2693	0.4546 **	0.3608

Global Equity Income Fund
Distribution Tables (continued)

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Platform 1 accumulation				
Group 1	0.3207	-	0.3207 *	0.2325
Group 2	0.1946	0.1261	0.3207 *	0.2325
Platform 1 income				
Group 1	0.4557	-	0.4557 **	0.3603
Group 2	0.2639	0.1918	0.4557 **	0.3603
Retail income				
Group 1	0.4403	-	0.4403 *	0.3496
Group 2	0.3169	0.1234	0.4403 *	0.3496
Institutional accumulation				
Group 1	0.3383	-	0.3383 **	0.2477
Group 2	0.1663	0.1720	0.3383 **	0.2477
Institutional A accumulation				
Group 1	0.1008	-	0.1008 *	0.0646
Group 2	-	-	-	0.0646

* Distribution accumulated on 28 February 2017

** Distribution payable on 28 April 2017

Global Equity Income Fund
Distribution Tables (continued)

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend*	100.00%	100.00%	100.00%	100.00%
Treat as annual payment net of income tax at 20%	0.00%	0.00%	0.00%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

Global Equity Unconstrained Fund Investment Report

Fund Manager

Mikhail Zverev

Benchmark

IA Global Sector

Launch Date

16 November 1998

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in global equities and equity type investments. “Equity type investments” will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company’s ordinary shares. The Fund will not be restricted by index weightings, sector constraints or company size. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The nature of the portfolio affords investors a focused investment approach, with an emphasis on stock selection whilst affording proper diversification of mainly global equity exposure. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the year under review, the Fund returned 22.5% (platform 1, accumulation shares), compared with the IA Global Sector return of 31.8% (source: Morningstar, basic rate taxpayer, bid-to-bid basis).

While the Fund delivered a positive return, relative performance lagged the benchmark. This was because much of the year was dominated by macro drivers rather than underlying fundamentals, which created clear headwinds for our bottom-up investment approach. With inter-stock correlations tending to cluster at times of market stress, such as around Brexit and President Trump’s election, the intrinsic details of individual investments can temporarily be discarded by the market. But we must also acknowledge that stock picking – an area in which we were historically very strong – also let us down in 2016. However, experience indicates these periods are typically relatively short-lived, and at the time of writing evidence suggests that correlation levels are now normalising, providing the context for fundamentals to come to the fore once again in the year ahead.

Looking at the positives first, Citigroup and First Republic Bank performed well on the back of rapidly rising bond yields and the prospect of looser financial regulation in the wake of President Trump’s election win. Staying in the US, shares in auto parts firm Visteon climbed after Samsung bought one of its rivals, highlighting the important role Visteon has to play in the growing car infotainment segment. Meanwhile, Covestro is a German-listed chemicals firm that focuses on speciality plastics for autos, industrials, construction and other end market constituents. Positive supply/demand dynamics in a number of its products have boosted margins, while its cost-cutting measures have also been a positive. The stock has performed exceptionally well as a result, meaning we have progressively reduced the holding and banked the profits.

Global Equity Unconstrained Fund Investment Report (continued)

By contrast, BT disappointed. The market is dubious about the company's cashflow potential, which has been exacerbated by the rise in its pension deficit. Recent commentary that regulator Ofcom's investigation may continue into 2017 further weighed on sentiment. Despite this, BT's cost-cutting measures continue to yield good results, and we believe this will again become a focus for investors. However, a profit warning from its global services division was a surprise and diluted the positive performance from its mobile and broadband divisions. As such, we sold the position. Clothing firm Hanesbrands sold-off due to concerns that changes to the corporate tax regime would adversely affect its business model. Shares in UK-listed public sector support services firm Babcock tumbled after recovering from its post-Brexit slump, in part spurred by a profit-warning from one of its peers. We no longer hold the stock.

Investment Activity

We added US-listed lighting company Acuity Brands to the Fund. It has a market-leading position in LED lighting in the US, and we see continued uptake of LED in commercial properties as the costs come down and the payback period drops below 12 months. Elsewhere, FleetCor Technologies is a US payment firm. Its shares fell heavily after it delivered disappointing third-quarter numbers; however, we now expect to see a rebound in organic growth given that fuel costs are no longer a headwind. Synergies from its recent Brazilian acquisition and good earnings momentum should also see the stock re-rate higher.

By contrast, we sold Hartford Financial Services as our investment thesis has partly played out, while the current share price does not reflect the headwinds the company faces. Elsewhere, we exited Japanese timeshare resort operator ResortFund. The company recently reversed its sales strategy, which reduced our conviction in the investment case. Staying in Japan, we reduced construction firm Kumagai Gumi as the industry is reaching saturation point, while pricing discipline is starting to be competed away. We also trimmed Glanbia, the Irish-listed dairy and nutritional products company. Our non-consensus case was based around the growth outlook for its Global Performance Nutrition division. However, recent trading here was inconsistent in terms of volumes and pricing.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £191,604,000 and the total proceeds from sales were £190,637,000.

**Global Equity Unconstrained Fund
Investment Report (continued)**

Synthetic Risk & Reward Indicator

Lower risk Higher risk

Typically lower rewards Typically higher rewards

1 2 3 4 **5** 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Global Equity Unconstrained Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation[^]			
Change in net assets per share			
Opening net asset value per share	101.19	101.81	91.98
Return before operating charges*	25.98	1.14	11.46
Operating charges**	(1.57)	(1.76)	(1.63)
Return after operating charges*	24.41	(0.62)	9.83
Distributions	(0.02)	0.00	0.00
Retained distributions on accumulation share	0.02	0.00	0.00
Closing net asset value per share	125.60	101.19	101.81
* after direct transaction costs of:***	0.21	0.21	0.11
Performance +			
Return after charges	24.12%	-0.61%	10.69%
Other information			
Closing net asset value (£'000)	26,232	21,469	23,664
Closing number of shares	20,885,808	21,216,138	23,243,382
Operating charges****	1.38%	1.72%	1.72%
Direct transaction costs***	0.18%	0.21%	0.12%
Prices			
Highest share price	125.5	108.9	102.8
Lowest share price	101.3	91.48	88.75

[^] An in-specie transfer to the value of £5,048,000 took place on 23 October 2015.

Global Equity Unconstrained Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	113.36	113.14	101.39
Return before operating charges*	29.21	1.27	12.72
Operating charges**	(1.17)	(1.05)	(0.97)
Return after operating charges*	28.04	0.22	11.75
Distributions	(0.51)	(0.45)	(0.43)
Retained distributions on accumulation share	0.51	0.45	0.43
Closing net asset value per share	141.40	113.36	113.14
* after direct transaction costs of:***	0.23	0.23	0.24
Performance +			
Return after charges	24.74%	0.19%	11.59%
Other information			
Closing net asset value (£'000)	43,192	38,100	32,507
Closing number of shares	30,546,058	33,610,097	28,730,286
Operating charges****	0.91%	0.92%	0.92%
Direct transaction costs***	0.18%	0.20%	0.11%
Prices			
Highest share price	141.4	121.5	114.2
Lowest share price	113.5	102.4	98.32

Global Equity Unconstrained Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Retail Income ^		
Change in net assets per share		
Opening net asset value per share	50.92	50.00
Return before operating charges*	13.08	1.36
Operating charges**	(0.79)	(0.44)
Return after operating charges*	12.29	0.92
Distributions	(0.01)	0.00
Closing net asset value per share	63.20	50.92
* after direct transaction costs of:***	0.11	0.05
Performance +		
Return after charges	24.14%	1.84%
Other information		
Closing net asset value (£'000)	998	522
Closing number of shares	1,578,522	1,025,620
Operating charges****	1.38%	1.72%
Direct transaction costs***	0.19%	0.10%
Prices		
Highest share price	63.20	54.64
Lowest share price	50.95	46.03

^ An in-specie transfer to the value of £453,000 took place on 23 October 2015.

Global Equity Unconstrained Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	95.62	94.67	84.16
Return before operating charges*	24.73	1.06	10.62
Operating charges**	(0.12)	(0.11)	(0.11)
Return after operating charges*	24.61	0.95	10.51
Distributions	(1.29)	(1.14)	(1.06)
Retained distributions on accumulation share	1.29	1.14	1.06
Closing net asset value per share	120.23	95.62	94.67
* after direct transaction costs of:***	0.20	0.19	0.10
Performance +			
Return after charges	25.74%	1.00%	12.49%
Other information			
Closing net asset value (£'000)	4,598	2,775	2,254
Closing number of shares	3,824,593	2,902,285	2,380,930
Operating charges****	0.11%	0.12%	0.12%
Direct transaction costs***	0.18%	0.20%	0.11%
Prices			
Highest share price	120.2	102.3	95.58
Lowest share price	95.71	86.19	82.01

Global Equity Unconstrained Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	100.39	99.80	89.07
Return before operating charges*	25.92	1.11	11.21
Operating charges**	(0.58)	(0.52)	(0.48)
Return after operating charges*	25.34	0.59	10.73
Distributions	(0.90)	(0.80)	(0.75)
Retained distributions on accumulation share	0.90	0.80	0.75
Closing net asset value per share	125.73	100.39	99.80
* after direct transaction costs of:***	0.21	0.20	0.11
Performance +			
Return after charges	25.24%	0.59%	12.05%
Other information			
Closing net asset value (£'000)	107,010	74,092	71,779
Closing number of shares	85,108,939	73,803,761	71,923,509
Operating charges****	0.51%	0.52%	0.52%
Direct transaction costs***	0.19%	0.20%	0.12%
Prices			
Highest share price	125.7	107.5	100.8
Lowest share price	100.5	90.68	86.59

Global Equity Unconstrained Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation[^]			
Change in net assets per share			
Opening net asset value per share	82.47	82.39	73.90
Return before operating charges*	21.23	0.92	9.27
Operating charges**	(0.94)	(0.84)	(0.78)
Return after operating charges*	20.29	0.08	8.49
Distributions	(0.28)	(0.24)	(0.24)
Retained distributions on accumulation share	0.28	0.24	0.24
Closing net asset value per share	102.76	82.47	82.39
* after direct transaction costs of:***	0.17	0.17	0.09
Performance +			
Return after charges	24.60%	0.10%	11.49%
Other information			
Closing net asset value (£'000)	68,168	63,244	51,852
Closing number of shares	66,333,207	76,691,451	62,935,813
Operating charges****	1.01%	1.02%	1.02%
Direct transaction costs***	0.18%	0.20%	0.12%
Prices			
Highest share price	102.8	88.38	83.19
Lowest share price	82.53	74.52	71.62

[^] An in-specie transfer to the value of £656,000 took place on 23 October 2015.

Global Equity Unconstrained Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Institutional S accumulation ^^		
Change in net assets per share		
Opening net asset value per share	50.45	50.00
Return before operating charges*	13.00	0.89
Operating charges**	(0.49)	(0.44)
Return after operating charges*	12.51	0.45
Distributions	(0.25)	0.00
Retained distributions on accumulation share	0.25	0.00
Closing net asset value per share	62.96	50.45
* after direct transaction costs of:***	0.11	0.10
Performance +		
Return after charges	24.80%	0.90%
Other information		
Closing net asset value (£'000)	14,012	7,111
Closing number of shares	22,256,548	14,095,434
Operating charges****	0.86%	0.87%
Direct transaction costs***	0.19%	0.20%
Prices		
Highest share price	62.96	54.05
Lowest share price	50.49	45.58

^^ From launch of the shareclass on 11 March 2015.

Global Equity Unconstrained Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Institutional A accumulation ++		
Change in net assets per share		
Opening net asset value per share	50.09	50.00
Return before operating charges*	12.87	0.16
Operating charges**	(0.96)	(0.07)
Return after operating charges*	11.91	0.09
Distributions	(0.01)	0.00
Retained distributions on accumulation share	0.01	0.00
Closing net asset value per share	62.00	50.09
* after direct transaction costs of:***	0.10	0.01
Performance +		
Return after charges	23.78%	0.18%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	1.71%	1.72%
Direct transaction costs***	0.18%	0.02%
Prices		
Highest share price	62.00	50.84
Lowest share price	50.12	45.28

++ From launch of the shareclass on 25 January 2016.

Global Equity Unconstrained Fund
Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.35% which became effective on 1 April 2016; the previous ACD periodic charge was 1.60%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Global Equity Unconstrained Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		54,017		(665)
Revenue	4	3,569		2,674	
Expenses	5	(2,024)		(1,658)	
Interest and similar charges		(5)		(1)	
Net revenue before taxation		1,540		1,015	
Taxation	6	(277)		(185)	
Net revenue after taxation			1,263		830
Total return before distributions			55,280		165
Distributions	7		(1,291)		(918)
Change in net assets attributable to shareholders from investment activities			53,989		(753)

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			207,314		182,057
Amounts receivable on issue of shares		51,313		59,837	
Amounts payable on cancellation of shares		(49,686)		(34,883)	
			1,627		24,954
Dilution adjustment			63		78
Change in net assets attributable to shareholders from investment activities (see above)			53,989		(753)
Retained distribution on accumulation shares			1,218		978
Closing net assets attributable to shareholders			264,211		207,314

Global Equity Unconstrained Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Assets					
Investment assets			265,781		206,450
Current assets:					
Debtors	8	1,778		917	
Cash and bank balances		479		279	
			<u>2,257</u>	<u>279</u>	<u>1,196</u>
Total assets			<u>268,038</u>		<u>207,646</u>
Liabilities					
Creditors	9	<u>(3,827)</u>		<u>(332)</u>	
			<u>(3,827)</u>		<u>(332)</u>
Total liabilities			<u>(3,827)</u>		<u>(332)</u>
Net assets attributable to shareholders			<u>264,211</u>		<u>207,314</u>

Global Equity Unconstrained Fund
Portfolio Statement
as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
South American Equities (0.00%)	5,801	2.20
Brazil (0.00%)	5,801	2.20
689,483 Banco Bradesco	5,801	2.20
European Equities (ex UK) (32.55%)	60,311	22.82
Denmark (2.08%)	17,585	6.65
3,715 A.P. Moller-Maersk	4,887	1.85
241,755 Danske Bank	6,504	2.46
67,569 Pandora	6,194	2.34
Finland (1.76%)	-	-
France (2.76%)	6,769	2.56
96,742 Orpea	6,769	2.56
Germany (6.77%)	10,607	4.02
484,887 Deutsche Telekom	6,761	2.56
135,724 Scout24	3,846	1.46
Ireland (5.63%)	12,496	4.73
377,552 Glanbia	5,971	2.26
535,832 Ryanair	6,525	2.47
Italy (4.33%)	1,580	0.60
786,109 Banco BPM	1,580	0.60
Portugal (2.18%)	5,237	1.98
441,818 Galp Energia	5,237	1.98
Sweden (2.16%)	6,037	2.28
491,390 Securitas	6,037	2.28

Global Equity Unconstrained Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Switzerland (4.88%)	-	-
Japanese Equities (4.78%)	5,755	2.18
273,920 Yamaha	5,755	2.18
North American Equities (43.49%)	141,513	53.56
181,631 Activision Blizzard	6,587	2.49
37,502 Acuity Brands	6,366	2.41
136,986 Alimentation Couche-Tard 'B'	4,908	1.86
89,568 Allegion	5,225	1.98
9,906 Alphabet	6,551	2.48
57,473 American Tower	5,302	2.01
27,166 Bard	5,354	2.03
324,484 Boston Scientific	6,402	2.42
39,782 Broadcom	6,743	2.55
88,617 Cavium	4,665	1.77
69,801 Celgene	6,927	2.62
121,710 Citigroup	5,851	2.21
52,418 Concho Resources	5,579	2.11
744,976 Element Financial	6,355	2.41
48,810 Facebook	5,316	2.01
82,143 First Republic Bank	6,194	2.34
43,125 Fleetcor Technologies	5,891	2.23
145,720 Fortune Brands Home & Security	6,772	2.56
114,176 Hess	4,720	1.79
89,960 Kraft Heinz	6,615	2.50
171,034 Newell Rubbermaid	6,739	2.55
89,160 Salesforce.com	5,830	2.21
40,064 United Health	5,325	2.02
71,118 Visteon	5,296	2.00
Pacific Basin Equities (6.75%)	29,064	11.00
Australia (0.00%)	5,675	2.15
803,616 Challenger	5,675	2.15

Global Equity Unconstrained Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
China (6.75%)	23,389	8.85
2,040,678 Anta Sports	4,965	1.88
170,510 Ctrip.com	6,499	2.46
406,864 KT Corporation	5,228	1.98
4,903 Samsung Electronics	6,697	2.53
UK Equities (11.60%)	18,098	6.85
681,164 Babcock International	6,454	2.44
132,064 Shire	6,410	2.43
1,929,192 Worldpay Group	5,234	1.98
Collective Investment Schemes (0.41%)	5,239	1.98
5,239,025 Standard Life CNAV Sterling Liquidity Fund	5,239	1.98
Total investment assets	265,781	100.59
Net other liabilities	(1,570)	(0.59)
Total Net Assets	264,211	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

Global Equity Unconstrained Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)

	2017	2016
	£'000	£'000
Non-derivative securities	54,027	(617)
Forward currency contracts	(83)	137
Non-derivative securities currency gains/(losses)	98	(163)
Rebate of Management fee on underlying investments taken to capital	0	(22)
Handling charges taken from the capital account	(25)	0
Net capital gains/(losses)	<u>54,017</u>	<u>(665)</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	191,313	152,013
Commissions	208	151
Taxes & Other Fees	83	165
Total purchase transaction costs	<u>291</u>	<u>316</u>
Purchases including transaction costs	<u>191,604</u>	<u>152,329</u>
Gross sales before transaction costs	190,844	123,445
Commissions	(190)	(111)
Taxes & Other Fees	(18)	(31)
Total sale transaction costs	<u>(208)</u>	<u>(142)</u>
Total sales net of transaction costs	<u>190,636</u>	<u>123,303</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.11%	0.10%
Taxes & Other Fees	0.04%	0.11%
Sales		
Commissions	0.10%	0.09%
Taxes & Other Fees	0.01%	0.03%

Global Equity Unconstrained Fund**Notes to the financial statements****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.08%	0.08%
Taxes & Other Fees	0.03%	0.09%
Sales		
Commissions	0.08%	0.06%
Taxes & Other Fees	0.01%	0.02%

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	191,604	152,329
Sales		
Equities	190,637	123,303

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.59% (29 February 2016: 0.61%). This is indicative for the year.

Global Equity Unconstrained Fund**Notes to the financial statements**

4 Revenue	2017	2016
	£'000	£'000
UK dividends	255	416
Overseas dividends	3,293	2,059
Scrip dividends	0	137
Dividend reinvestments	0	47
Bank interest	21	15
Total revenue	<u>3,569</u>	<u>2,674</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,741	1,424
Dealing charge	37	32
Registration fees	184	154
	<u>1,962</u>	<u>1,610</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	30	23
Safe custody fees	23	17
	<u>53</u>	<u>40</u>
Other:		
Audit fee	7	8
Legal expenses	2	0
	<u>9</u>	<u>8</u>
Total expenses	<u>2,024</u>	<u>1,658</u>

Global Equity Unconstrained Fund**Notes to the financial statements**

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	277	185
Total taxation	<u>277</u>	<u>185</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	1,540	1,015
Corporation tax at 20% (2016: 20%)	<u>308</u>	<u>203</u>
Effects of:		
UK dividends	(51)	(83)
Scrip dividends	0	(27)
Non taxable overseas dividends	(610)	(398)
Overseas withholding tax	277	185
Overseas withholding tax claimed as a deduction	(7)	(2)
Excess management expenses	360	317
Non Taxable Dividend Reinvestments	0	(10)
Current tax charge (Note 6(a))	<u>277</u>	<u>185</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,216,000 (2016: £855,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

Global Equity Unconstrained Fund**Notes to the financial statements**

7 Distributions	2017	2016
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Distribution	1,218	978
Add: Income deducted on cancellation of shares	203	87
Deduct: Income received on issue of shares	(130)	(147)
Net distribution for the year	<u>1,291</u>	<u>918</u>

Details of the distribution per share are set out in this Fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	1,263	830
Add: Share class deficit	28	88
Net distribution for the year	<u>1,291</u>	<u>918</u>

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	157	419
Sales awaiting settlement	1,251	222
Accrued revenue	267	184
Withholding tax recoverable	102	92
Dilution levy receivable from the ACD	1	0
Total debtors	<u>1,778</u>	<u>917</u>

9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	286	184
Purchases awaiting settlement	3,362	0
Accrued expenses payable to the ACD	157	132
Accrued expenses payable to the Depositary	13	7
Other accrued expenses	8	9
Total creditors	<u>3,826</u>	<u>332</u>

Global Equity Unconstrained Fund**Notes to the financial statements****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund holds 5,239,025 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £109,442,000 (2016: £ nil), the total sales proceeds were £104,223,000 (2016: £ nil) and distributions reinvested were £20,000 (2016: £ nil).

The Fund holds nil shares (2016: 847,681) in SLI Seabury GBP VNAV Liquidity Fund, the total purchase cost of these investments during the year was £843,000 (2016: £82,294,000), the total sales proceeds were £1,691,000 (2016: £86,623,000) and distributions reinvested were £1,000 (2016: £19,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	25,811	8,219
Purchase of shares by Fund	15,538	10,010
Distributions made by Fund	493	978

The percentage value of the Fund held by Standard Life group companies

is:	40.5%	35.8%
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Global Equity Unconstrained Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	260,542	0	0	204,961	0	641
Collective Investment Schemes	0	5,239	0	0	848	0
Total investment assets	260,542	5,239	0	204,961	848	641

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	21,216,138	3,919,031	(3,371,939)	(877,422)	20,885,808
Institutional accumulation	33,610,097	6,722,406	(7,836,910)	(1,949,535)	30,546,058
Retail Income	1,025,620	561,983	(21,724)	12,643	1,578,522
Standard Life accumulation	2,902,285	1,319,148	(396,932)	92	3,824,593
Institutional regulated accumulation	73,803,761	24,107,848	(12,802,670)	0	85,108,939
Platform 1 accumulation	76,691,451	5,408,183	(16,768,147)	1,001,720	66,333,207
Institutional S accumulation	14,095,434	4,678,878	(1,005,821)	4,488,057	22,256,548
Institutional A accumulation	2,200	0	0	0	2,200

Global Equity Unconstrained Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Global Equity Unconstrained Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Australian Dollar	5,760	0
Brazilian Real	5,803	0
Canadian Dollar	11,263	0
Danish Krone	17,621	4,303
Euro	35,888	48,586
Hong Kong Dollar	4,965	4,177
Japanese Yen	5,755	9,903
Korean Won	6,816	0
Swedish Krona	6,037	4,486
Swiss Franc	42	10,108
Taiwan Dollar	336	277
US Dollar	142,080	100,059

Global Equity Unconstrained Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk**

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2017			
Currency			
Sterling	5,342	16,804	22,146
Australian Dollar	0	5,675	5,675
Brazilian Real	0	5,801	5,801
Canadian Dollar	0	11,263	11,263
Danish Krone	0	17,586	17,586
Euro	0	37,433	37,433
Hong Kong Dollar	0	4,965	4,965
Japanese Yen	0	5,755	5,755
Korean Won	0	6,697	6,697
Swedish Krona	0	5,802	5,802
Taiwan Dollar	336	0	336
US Dollar	41	142,760	142,801
2016			
Currency			
Sterling	849	24,164	25,013
Danish Krone	0	4,303	4,303
Euro	0	48,586	48,586
Hong Kong Dollar	0	4,177	4,177
Japanese Yen	0	9,903	9,903
Swedish Krona	0	4,486	4,486
Swiss Franc	0	10,108	10,108
Taiwan Dollar	277	0	277
US Dollar	0	99,876	99,876

Global Equity Unconstrained Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures (continued)

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Global Equity Unconstrained Fund**Distribution Table****for the year ended 28 February 2017****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.0180	-	0.0180 *	0.0000
Group 2	0.0000	0.0180	0.0180 *	-
Institutional accumulation				
Group 1	0.5089	-	0.5089 *	0.4479
Group 2	0.0729	0.4360	0.5089 *	0.4479
Standard Life accumulation				
Group 1	1.2932	-	1.2932 *	1.1412
Group 2	0.3719	0.9213	1.2932 *	1.1412
Institutional regulated accumulation				
Group 1	0.9033	-	0.9033 *	0.7982
Group 2	0.6789	0.2244	0.9033 *	0.7982
Platform 1 accumulation				
Group 1	0.2775	-	0.2775 *	0.2375
Group 2	0.0192	0.2583	0.2775 *	0.2375
Institutional S accumulation				
Group 1	0.2548	-	0.2548 *	0.1673
Group 2	0.0421	0.2127	0.2548 *	0.1673

* Distribution accumulated on 28 February 2017

Global Equity Unconstrained Fund

Distribution Table (continued)

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	Dividend Distribution
Treat as a UK corporate dividend*	100.00%
Treat as annual payment net of income tax at 20%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

Global Smaller Companies Fund Investment Report

Fund Manager

Alan Rowsell

Benchmark

IA Global Sector

Launch Date

19 January 2012

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mainly in global smaller company equities (excluding Investment Funds) and equity type investments. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The focused nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of this area of global equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the year under review, the Fund returned 35.7% (platform 1, accumulation shares), compared to the IA Global sector return of 31.8% (source: Morningstar, basic rate taxpayer, bid-to-bid basis).

Shares in Cognex rose 10% in February 2017 after it reported that sales were up 32% and earnings were up 95%. The company, which makes vision systems, software and sensors used in automated manufacturing, also delivered strong guidance for the coming year. Elsewhere, UK premium drinks mixers maker Fever-Tree continued to go from strength to strength, with the company recently releasing another strong trading statement thanks to the ongoing uptake of its products. Meanwhile, we purchased VCA September, after which this leading operator of vet practices in the US was the subject to a takeover by Mars for a 31% premium. The holding therefore boosted the Fund's returns. Sunny Optical is the Hong Kong camera lenses maker for smartphones and autos. The shares were strong over the latter stages of the review period due to an analyst upgrade that raised earnings estimates.

The biggest negative contributor was Patrizia Immobilien, a German real estate management company, which has suffered due to rising bond yields. In addition, Patrizia issued disappointing guidance. In the UK, shares in Ted Baker fell despite its growing international presence. The company is seen as a UK-centric retailer and therefore sold-off with the sector on fears about the outlook for consumer spending. This has been a strong performer for the Fund but, given the uncertain Brexit-related outlook for the UK high street, we decided to close the holding. Further disappointments included Grenke, Stamps.com and Ryohin Keikaku.

Global Smaller Companies Fund Investment Report (continued)

Investment Activity

Turning to recent activity, we bought Chunghwa Precision Test Tech, a Taiwanese company that is the leading supplier of advanced probe cards and test components for wafer and chip level testing. We believe growth is well supported in light of demand for smaller chips with increasing functionality and complexity. Elsewhere, Asos is the UK online apparel retailer that we think is a structural winner due to its private label products, multi-brand strategy, editorial content and focus on fashion-conscious 20-somethings. Forum Energy Technologies is an equipment company for the oil & gas industry, and we believe it is well placed to benefit from the rebound in US shale drilling. Finally, we bought Alarm.com. This is a US home security firm that offers interactive security, energy management and video monitoring products with remote control via a smartphone app. It is the market leader in this sector, and we expect to see steady growth as adoption of its products and services increases.

We sold Ryohin Keikaku, a Japanese retailer under the Muji brand. Consistently disappointing results has led to waning conviction and caused us to seek better opportunities elsewhere. Staying in Japan, we exited retail pharmacy chain Tsuruha where our confidence declined after we reviewed the investment case. The stock also fell out of our small-cap universe, and we have higher conviction places to invest our money. Lastly, Rent-a-Center is a US rent-to-own business for low-end consumers who need furniture and electrical items but don't have access to credit. Proposed tax reforms in the US look like they could have a meaningfully negative impact on the business, so we decided to sell.

The following table highlights the material (greater than 5% of opening Net Asset Value) sales made to the portfolio in the year to 28 February 2017. The total value of purchases in the year were £264,773,000.

Sales	Proceeds (£'000)
Align Technology	14,107
Other sales	139,600
Total sales	153,707

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 **5** 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Global Smaller Companies Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	79.45	75.07	74.63
Return before operating charges*	29.48	5.79	1.70
Operating charges**	(1.39)	(1.41)	(1.26)
Return after operating charges*	28.09	4.38	0.44
Distributions	0.00	0.00	0.00
Retained distributions on accumulation share	0.00	0.00	0.00
Closing net asset value per share	107.54	79.45	75.07
* after direct transaction costs of:***	0.09	0.14	0.12
Performance +			
Return after charges	35.36%	5.83%	0.59%
Other information			
Closing net asset value (£'000)	105,843	77,633	87,543
Closing number of shares	98,418,296	97,709,121	116,619,742
Operating charges****	1.48%	1.81%	1.81%
Direct transaction costs***	0.10%	0.18%	0.17%
Prices			
Highest share price	108.2	82.53	76.64
Lowest share price	79.45	71.91	64.50

Global Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	82.30	77.10	76.01
Return before operating charges*	30.65	5.98	1.78
Operating charges**	(0.93)	(0.78)	(0.69)
Return after operating charges*	29.72	5.20	1.09
Distributions	(0.13)	(0.03)	0.00
Retained distributions on accumulation share	0.13	0.03	0.00
Closing net asset value per share	112.02	82.30	77.10
* after direct transaction costs of:***	0.10	0.14	0.13
Performance +			
Return after charges	36.11%	6.74%	1.43%
Other information			
Closing net asset value (£'000)	96,400	54,817	54,200
Closing number of shares	86,059,286	66,603,122	70,296,317
Operating charges****	0.96%	0.96%	0.96%
Direct transaction costs***	0.10%	0.17%	0.18%
Prices			
Highest share price	112.7	84.86	78.09
Lowest share price	82.30	74.16	66.03

Global Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	85.34	79.27	77.48
Return before operating charges*	31.91	6.16	1.87
Operating charges**	(0.11)	(0.09)	(0.08)
Return after operating charges*	31.80	6.07	1.79
Distributions	(1.00)	(0.74)	(0.60)
Retained distributions on accumulation share	1.00	0.74	0.60
Closing net asset value per share	117.14	85.34	79.27
* after direct transaction costs of:***	0.10	0.15	0.13
Performance +			
Return after charges	37.26%	7.66%	2.31%
Other information			
Closing net asset value (£'000)	23,863	10,305	6,606
Closing number of shares	20,371,898	12,075,210	8,333,881
Operating charges****	0.11%	0.11%	0.11%
Direct transaction costs***	0.10%	0.18%	0.18%
Prices			
Highest share price	117.8	87.33	79.64
Lowest share price	85.34	76.56	67.67

Global Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	79.31	74.37	73.39
Return before operating charges*	29.52	5.77	1.71
Operating charges**	(0.99)	(0.83)	(0.73)
Return after operating charges*	28.53	4.94	0.98
Distributions	(0.03)	0.00	0.00
Retained distributions on accumulation share	0.03	0.00	0.00
Closing net asset value per share	107.84	79.31	74.37
* after direct transaction costs of:***	0.09	0.14	0.12
Performance +			
Return after charges	35.97%	6.64%	1.34%
Other information			
Closing net asset value (£'000)	88,789	35,368	35,114
Closing number of shares	82,337,004	44,591,353	47,212,293
Operating charges****	1.06%	1.06%	1.06%
Direct transaction costs***	0.10%	0.18%	0.17%
Prices			
Highest share price	108.5	81.84	75.40
Lowest share price	79.31	71.50	63.72

Global Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	60.27	56.36	55.47
Return before operating charges*	22.45	4.38	1.30
Operating charges**	(0.56)	(0.47)	(0.41)
Return after operating charges*	21.89	3.91	0.89
Distributions	(0.22)	(0.13)	(0.07)
Retained distributions on accumulation share	0.22	0.13	0.07
Closing net asset value per share	82.16	60.27	56.36
* after direct transaction costs of:***	0.07	0.10	0.09
Performance +			
Return after charges	36.32%	6.94%	1.60%
Other information			
Closing net asset value (£'000)	159,682	77,384	56,401
Closing number of shares	194,358,447	128,406,109	100,075,626
Operating charges****	0.79%	0.79%	0.79%
Direct transaction costs***	0.10%	0.17%	0.17%
Prices			
Highest share price	82.63	62.04	56.99
Lowest share price	60.27	54.26	48.24

Global Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Institutional A accumulation		
Change in net assets per share		
Opening net asset value per share	52.27	50.00
Return before operating charges*	19.38	2.35
Operating charges**	(1.11)	(0.08)
Return after operating charges*	18.27	2.27
Distributions	0.00	0.00
Retained distributions on accumulation share	0.00	0.00
Closing net asset value per share	70.54	52.27
* after direct transaction costs of:***	0.06	0.01
Performance +		
Return after charges	34.95%	4.54%
Other information		
Closing net asset value (£'000)	2	1
Closing number of shares	2,200	2,200
Operating charges****	1.81%	1.81%
Direct transaction costs***	0.10%	0.01%
Prices		
Highest share price	70.97	52.74
Lowest share price	52.27	48.02

Global Smaller Companies Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation share class reflects a lower ACD periodic charge of 1.45% which became effective on 1 April 2016; the previous ACD periodic charge was 1.70%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Global Smaller Companies Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains	2		104,692		16,004
Revenue	4	3,901		2,555	
Expenses	5	(3,577)		(2,871)	
Interest and similar charges		(3)		(6)	
Net revenue/(expense) before taxation		321		(322)	
Taxation	6	(204)		(126)	
Net revenue/(expense) after taxation			117		(448)
Total return before distributions			104,809		15,556
Distributions	7		(486)		(225)
Change in net assets attributable to shareholders from investment activities			104,323		15,331

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			255,508		239,864
Amounts receivable on issue of shares		139,275		40,350	
Amounts payable on cancellation of shares		(25,712)		(40,327)	
			113,563		23
Dilution adjustment			414		17
Change in net assets attributable to shareholders from investment activities (see above)			104,323		15,331
Retained distribution on accumulation shares			771		273
Closing net assets attributable to shareholders			474,579		255,508

Global Smaller Companies Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Assets					
Investment assets			471,150		253,815
Current assets:					
Debtors	8	4,029		698	
Cash and bank balances		414		1,424	
			<u>4,443</u>	<u>1,424</u>	<u>2,122</u>
Total assets			<u>475,593</u>		<u>255,937</u>
Liabilities					
Creditors	9	<u>(1,014)</u>		<u>(429)</u>	
			<u>(1,014)</u>		<u>(429)</u>
Total liabilities			<u>(1,014)</u>		<u>(429)</u>
Net assets attributable to shareholders			<u><u>474,579</u></u>		<u><u>255,508</u></u>

Global Smaller Companies Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Emerging Market Equities (4.84%)	6,282	1.32
Mexico (2.15%)	6,282	1.32
1,505,470 Banregio	6,282	1.32
India (2.69%)	-	-
European Equities (ex UK) (17.24%)	80,557	16.99
Austria (0.00%)	3,595	0.76
179,548 Bauen und Wohnen	3,595	0.76
France (3.14%)	12,882	2.71
144,507 Teleperformance	12,882	2.71
Germany (9.00%)	26,838	5.66
55,832 Grenkeleasing	7,850	1.65
455,844 Jungheinrich	11,096	2.34
117,094 Nemetschek	5,114	1.08
74,660 Wirecard	2,778	0.59
Ireland (3.40%)	7,910	1.67
7,661,541 Hibernia REIT	7,910	1.67
Italy (1.70%)	17,411	3.67
1,328,388 Banco	2,670	0.56
775,507 Cerved Information Solutions	5,582	1.18
179,507 DiaSorin	9,159	1.93
Netherlands (0.00%)	7,243	1.53
674,836 Wessanen	7,243	1.53

Global Smaller Companies Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sweden (0.00%)	4,678	0.99
160,670 Intrum Justitia	4,678	0.99
Japanese Equities (9.42%)	53,343	11.23
130,932 Ain Holdings	7,580	1.60
90,059 Disco	10,925	2.30
212,858 GMO Payment Gateway	9,800	2.06
405,000 Pigeon	9,599	2.02
396,905 Pressance	3,900	0.82
685,372 Start Today	11,539	2.43
North American Equities (41.58%)	210,065	44.28
256,320 Alarm.com	5,875	1.24
111,703 Align Technology	9,222	1.94
186,270 Balchem	13,039	2.75
379,846 Blackhawk Network Holdings	11,126	2.34
231,122 Cognex	14,266	3.01
406,225 Forum Energy Technologies	7,084	1.49
176,272 Hain Celestial	5,012	1.06
185,956 HEICO	12,276	2.59
599,975 HMS	8,977	1.89
380,152 LKQ	9,647	2.03
84,918 MarketAxess	13,322	2.81
199,538 Maximus	9,565	2.02
101,619 Middleby	11,320	2.39
432,685 Service Corporation International	10,685	2.25
111,098 Steris	6,265	1.32
611,970 Superior Energy	8,114	1.71
98,655 Texas Capital	7,064	1.49
162,976 Visteon	12,137	2.56
165,075 Wabtec	10,630	2.24
190,013 WageWorks	11,750	2.48
214,248 WinFund	12,689	2.67

Global Smaller Companies Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Pacific Basin Equities (9.24%)	56,401	11.88
Australia (1.74%)	17,324	3.65
1,788,797 ALS	6,664	1.40
644,988 JB Hi-Fi	10,660	2.25
China (2.80%)	23,391	4.93
1,949,000 Shenzhou	9,362	1.97
2,721,225 Sunny Optical	14,029	2.96
Taiwan (4.70%)	15,686	3.30
140,650 Chunghwa Precision Test Tech	5,113	1.08
388,658 Poya International	3,624	0.76
592,373 Voltronic Power Technology	6,949	1.46
UK Equities (13.74%)	54,303	11.43
177,510 Asos	9,641	2.03
205,090 Cranswick	4,779	1.01
1,646,634 Domino's Pizza	6,321	1.33
987,785 Fever Tree Drinks	13,878	2.92
2,350,244 GB Group	7,045	1.48
724,709 NMC Healthcare	12,639	2.66
Collective Investment Scheme (3.28%)	10,199	2.15
10,199,100 Standard Life CNAV Sterling Liquidity Fund	10,199	2.15
Total investment assets	471,150	99.28
Net other assets	3,429	0.72
Total Net Assets	474,579	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

Global Smaller Companies Fund
Notes to the financial statements

1 Accounting policies

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains

	2017	2016
	£'000	£'000
Non-derivative securities	104,455	15,823
Forward currency contracts	130	(11)
Non-derivative securities currency gains	119	216
Handling charges taken from the capital account	(12)	(24)
Net capital gains	<u>104,692</u>	<u>16,004</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	264,372	143,782
Commissions	296	151
Taxes & Other Fees	105	144
Total purchase transaction costs	<u>401</u>	<u>295</u>
Purchases including transaction costs	<u>264,773</u>	<u>144,077</u>
Gross sales before transaction costs	153,832	154,509
Commissions	(107)	(111)
Taxes & Other Fees	(18)	(26)
Total sale transaction costs	<u>(125)</u>	<u>(137)</u>
Total sales net of transaction costs	<u>153,707</u>	<u>154,372</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.11%	0.11%
Taxes & Other Fees	0.04%	0.10%
Sales		
Commissions	0.07%	0.07%
Taxes & Other Fees	0.01%	0.02%

Global Smaller Companies Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.08%	0.06%
Taxes & Other Fees	0.03%	0.06%
Sales		
Commissions	0.03%	0.05%
Taxes & Other Fees	0.01%	0.01%

There are no transaction costs associated with the purchases or sales of collective investment schemes during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	264,773	144,077
Sales		
Equities	153,707	154,372

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.68% (29 February 2016: 0.73%). This is indicative for the year.

Global Smaller Companies Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016
	£'000	£'000
UK dividends	731	430
Overseas dividends	3,107	2,058
Dividend reinvestments	23	9
Property income distributions	0	29
Bank interest	40	29
Total revenue	<u>3,901</u>	<u>2,555</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	3,212	2,583
Dealing charge	64	34
Registration fees	213	195
	<u>3,489</u>	<u>2,812</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	36	26
Safe custody fees	39	25
	<u>75</u>	<u>51</u>
Other:		
Audit fee	9	8
Legal expenses	4	0
	<u>13</u>	<u>8</u>
Total expenses	<u>3,577</u>	<u>2,871</u>

Global Smaller Companies Fund**Notes to the financial statements (continued)**

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	204	126
Total taxation	<u>204</u>	<u>126</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	320	(322)
Corporation tax at 20% (2016: 20%)	<u>64</u>	<u>(64)</u>
Effects of:		
UK dividends	(146)	(86)
Non taxable overseas dividends	(613)	(392)
Overseas withholding tax	204	126
Excess management expenses	700	542
Revenue taxable in different periods	0	2
Non Taxable Dividend Reinvestments	(5)	(2)
Current tax charge (Note 6(a))	<u>204</u>	<u>126</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,499,000 (2016: £1,799,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

Global Smaller Companies Fund**Notes to the financial statements (continued)**

7 Distributions	2017	2016
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Distribution	770	272
Add: Income deducted on cancellation of shares	44	34
Deduct: Income received on issue of shares	(328)	(81)
Net distribution for the year	486	225
Details of the distribution per share are set out in this Fund's distribution tables.		
(b) Difference between net revenue and distribution		
Net revenue after taxation for the year	116	(448)
Add: Share class deficit	370	673
Net distribution for the year	486	225
8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	3,536	396
Accrued revenue	379	217
Withholding tax recoverable	101	85
Dilution levy receivable from the ACD	13	0
Total debtors	4,029	698
9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	69	190
Purchases awaiting settlement	581	0
Accrued expenses payable to the ACD	341	216
Accrued expenses payable to the Depositary	15	14
Other accrued expenses	8	9
Total creditors	1,014	429

Global Smaller Companies Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund held shares in SLI Seabury GBP VNAV Liquidity Fund. The total purchase cost of these investments during the year was £5,577,000 (2016: £107,166,000), the total sales proceeds was £13,971,000 (2016: £106,236,000) and distribution reinvestments was £7,000 (2016: £27,000).

The Fund holds 10,199,100 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was £146,303,000 (2016: £nil), the total sales proceeds was £136,134,000 (2016: £nil) and distribution reinvestments was £31,000 (2016: £nil).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	6,864	7,534
Purchase of shares by Fund	19,370	3,300
Distributions made by Fund	0	78

The percentage value of the Fund held by Standard Life group companies

is:	9.5%	9.1%
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Global Smaller Companies Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	460,951	0	0	245,429	0	0
Collective Investment Schemes	0	10,199	0	0	8,386	0
Total investment assets	460,951	10,199	0	245,429	8,386	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Shares in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	97,709,121	8,915,573	(4,848,169)	(3,358,229)	98,418,296
Institutional accumulation	66,603,122	28,259,639	(8,735,744)	(67,731)	86,059,286
Standard Life accumulation	12,075,210	13,446,961	(5,150,273)	0	20,371,898
Platform 1 accumulation	44,591,353	39,738,794	(3,572,796)	1,579,653	82,337,004
Institutional S accumulation	128,406,109	65,440,460	(1,919,867)	2,431,745	194,358,447
Institutional A accumulation	2,200	0	0	0	2,200

Global Smaller Companies Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Global Smaller Companies Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Australian Dollar	17,611	4,553
Chinese Yuan	0	7,140
Euro	76,061	44,125
Hong Kong Dollar	23,391	0
Japanese Yen	53,120	24,145
Mexican Peso	6,282	0
Norwegian Krone	24	21
Swedish Krona	4,678	0
Taiwan Dollar	15,964	13,435
US Dollar	210,114	118,659

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

2017	Floating rate	Financial	Total
	financial assets	assets not	
Currency	£'000	carrying interest	£'000
Sterling	10,205	54,010	64,215
Australian Dollar	0	17,324	17,324
Euro	106	75,879	75,985
Hong Kong Dollar	0	23,391	23,391
Japanese Yen	0	53,636	53,636
Mexican Peso	0	6,282	6,282
Swedish Krona	0	4,677	4,677
Taiwan Dollar	278	15,687	15,965
US Dollar	24	210,065	210,089

Global Smaller Companies Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)**

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2016			
Currency			
Sterling	8,392	35,069	43,461
Australian Dollar	0	4,451	4,451
Chinese Yuan	0	7,140	7,140
Euro	0	44,061	44,061
Japanese Yen	0	24,065	24,065
Taiwan Dollar	1,417	12,019	13,436
US Dollar	1	118,624	118,625

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Global Smaller Companies Fund**Distribution Table****for the year ended 28 February 2017****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.0000	-	0.0000	0.0000
Group 2	0.0000	0.0000	0.0000	0.0000
Institutional accumulation				
Group 1	0.1329	-	0.1329 *	0.0324
Group 2	0.0000	0.1329	0.1329 *	0.0324
Standard Life accumulation				
Group 1	0.9972	-	0.9972 *	0.7406
Group 2	0.3458	0.6514	0.9972 *	0.7406
Platform 1 accumulation				
Group 1	0.0348	-	0.0348 *	0.0000
Group 2	0.0000	0.0348	0.0348 *	0.0000
Institutional S accumulation				
Group 1	0.2183	-	0.2183 *	0.1258
Group 2	0.0227	0.1956	0.2183 *	0.1258
Institutional A accumulation				
Group 1	0.0000	-	0.0000	0.0000
Group 2	0.0000	0.0000	0.0000	0.0000

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

Global Smaller Companies Fund
Distribution Table (continued)

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	Dividend Distribution
Treat as a UK corporate dividend*	100.00%
Treat as annual payment net of income tax at 20%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

Higher Income Fund Investment Report

Fund Manager

Fraser Duff

Benchmark

BofA ML Eur/GBP Fixed & Floating Non Fin
High Yd 3% Const Index (hedged to GBP)

Launch Date

7 February 2000

Objective

The objective of the Fund is to provide a high level of income. Capital appreciation is of secondary importance.

Policy

The investment policy of the Fund is to invest mostly in Sterling and Euro denominated high yielding corporate bonds to give a significantly higher income than that generally available on UK Government bonds. The Fund may also invest in Government and public securities and other interest bearing securities anywhere in the world as well as other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

Due to the volatile nature of the assets held and the corresponding risk of default, the investor must be able to accept significant temporary losses to their capital and the possibility of fluctuations in the income level, and should therefore have an investment time horizon of at least 5 years.

Performance

The Higher Income Fund returned 13.22% during the year, in comparison with the Bank of America Merrill Lynch EUR/GBP Fixed & Floating Non Fin High Yield 3% Const Index (hedged to GBP) return of 15.25%. (Fund return source: Morningstar, basic rate taxpayer, bid-to-bid basis, net of fees. Benchmark Return Source: Merrill Lynch, gross).

At the beginning of the period, the continued marked recovery of the oil price was a rising tide that lifted all boats, and as such, our underweight exposure to Petrobras detracted from returns. We reduced our holdings in the issuer further as it tendered for some of its short-maturity debt, funded by what appeared to us to be uneconomic new issuance. Similarly, an underweight holding in ArcelorMittal detracted from returns as commodity prices continued to recover. The majority of positive contributors to performance were also linked to commodities. Overweight holdings in Anglo American, Burford, Origin, First Quantum Minerals and BHP Billiton were all beneficial for relative returns.

As the period progressed, our overweight position in the specialty chemicals manufacturer, Rain Carbon, made a positive contribution to the Fund. Gains also resulted from our overweight position in Enterprise Inns and in the Scandinavian debt collector Lindorff which was subject to a takeover bid. A substantial underweight exposure to some large 'fallen-angel' issuers such as Telecom Italia, Tesco, Thyssenkrupp, Gazprom, Peugeot and Casino made a positive contribution to relative returns. This was due to BB rated companies generally underperforming as a result of a combination of weakness in longer-duration bonds following a sell-off in government bond markets, and a strong rally in the more volatile section of the market in December. However, our holding of a legacy additional tier one bond issued by Standard Chartered proved costly as the bond sold off sharply when management surprisingly announced that it would not be calling the bond as our analyst had expected.

Higher Income Fund Investment Report (continued)

Investment activity

At the start of the period, we used the rally induced by the ECB's Corporate Sector Purchase Programme to lower the Fund's risk positioning versus the benchmark and to increase our cash levels going into the EU referendum vote. In the primary market, we increased our exposure to packaging company Ardagh and to German tissue paper producer Wepa. We also opened positions in two debut high yield issuers in the auto sector, Volvo and LKQ. Meanwhile, we increased our holding of Anglo American through purchasing its Australian dollar-denominated bonds, which were significantly lagging the rally seen in other denominations of its debt. Travel operator Thomas Cook had been a key overweight holding of ours since the company's near collapse in late 2011. However, the company announced a buyback programme for some of its debt at attractive levels and so we used this opportunity to reduce our position. We also reduced risk through selling telecommunications operators Wind and Altice.

Later in the period, we took advantage of the surprisingly strong market that followed the UK's Brexit vote and the election of Donald Trump to reduce the risk profile of the Fund. We did this by lowering our exposure to CCC rated bonds, and by reducing duration both actively, through switching into shorter-maturity bonds, and passively, by not participating in a number of long-dated new issues. We opened a new overweight position in drug manufacturer Catalent and added smaller holdings in Italian gaming company SNAI and in Codere, a gaming company domiciled in Spain. The latter also has significant operations in Latin America. In the secondary market, we increased our holdings in the German oil and gas exploration business DEA and in the UK retailer Tesco. Enterprise Inns issued a tender for £250 million of its 2018 bonds at a premium to the market price, issuing a new five-year bond to finance the transaction. We sold bonds into the tender and used the proceeds to purchase the new issuance.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £216,693,000 and the total proceeds from sales were £263,519,000.

**Higher Income Fund
Investment Report (continued)**

Synthetic Risk & Reward Indicator

Lower risk Higher risk

Typically lower rewards Typically higher rewards

1 2 3 **4** 5 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Higher Income Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation[^]			
Change in net assets per share			
Opening net asset value per share	113.23	117.03	113.10
Return before operating charges*	17.00	(1.44)	6.31
Operating charges**	(1.25)	(1.30)	(1.27)
Return after operating charges*	15.75	(2.74)	5.04
Distributions	(5.19)	(5.28)	(5.56)
Retained distributions on accumulation share	4.38	4.22	4.45
Closing net asset value per share	128.17	113.23	117.03
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	13.91%	-2.34%	4.46%
Other information			
Closing net asset value (£'000)	111,071	112,174	191,774
Closing number of shares	86,659,908	99,064,656	163,870,809
Operating charges****	1.02%	1.11%	1.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	128.1	118.5	116.6
Lowest share price	113.6	116.1	113.2

[^]An in-specie transfer to the value of £7,156,000 took place on 23 October 2015.

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	119.37	122.97	118.46
Return before operating charges*	17.95	(1.51)	6.61
Operating charges**	(0.91)	(0.88)	(0.84)
Return after operating charges*	17.04	(2.39)	5.77
Distributions	(5.90)	(6.05)	(6.33)
Retained distributions on accumulation share	4.98	4.84	5.07
Closing net asset value per share	135.49	119.37	122.97
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	14.27%	-1.94%	4.87%
Other information			
Closing net asset value (£'000)	23,587	22,445	27,740
Closing number of shares	17,409,176	18,803,026	22,559,379
Operating charges****	0.70%	0.71%	0.70%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	135.4	124.5	122.2
Lowest share price	119.7	122.2	118.6

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income[^]			
Change in net assets per share			
Opening net asset value per share	44.61	47.82	48.03
Return before operating charges*	6.65	(0.55)	2.65
Operating charges**	(0.49)	(0.53)	(0.53)
Return after operating charges*	6.16	(1.08)	2.12
Distributions	(2.02)	(2.13)	(2.33)
Closing net asset value per share	48.75	44.61	47.82
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	13.81%	-2.26%	4.41%
Other information			
Closing net asset value (£'000)	71,985	74,966	111,680
Closing number of shares	147,664,768	168,028,922	233,562,414
Operating charges****	1.02%	1.11%	1.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	49.05	48.41	49.08
Lowest share price	44.75	46.81	47.78

[^] An in-specie transfer to the value of £9,749,000 took place on 23 October 2015.

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	44.63	47.83	48.04
Return before operating charges*	6.62	(0.54)	2.66
Operating charges**	(0.33)	(0.34)	(0.34)
Return after operating charges*	6.29	(0.88)	2.32
Distributions	(2.16)	(2.32)	(2.53)
Closing net asset value per share	48.76	44.63	47.83
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	14.09%	-1.84%	4.83%
Other information			
Closing net asset value (£'000)	36,352	29,872	34,044
Closing number of shares	74,550,707	66,938,974	71,183,887
Operating charges****	0.70%	0.71%	0.70%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	49.10	48.44	49.13
Lowest share price	44.76	46.83	47.79

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	45.56	48.83	49.04
Return before operating charges*	6.80	(0.56)	2.72
Operating charges**	(0.01)	(0.01)	(0.01)
Return after operating charges*	6.79	(0.57)	2.71
Distributions	(2.56)	(2.70)	(2.92)
Closing net asset value per share	49.79	45.56	48.83
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	14.90%	-1.17%	5.53%
Other information			
Closing net asset value (£'000)	42,647	39,026	29,278
Closing number of shares	85,660,288	85,660,288	59,959,184
Operating charges****	0.02%	0.03%	0.02%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	50.20	49.49	50.23
Lowest share price	45.70	47.81	48.80

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	95.31	97.71	93.67
Return before operating charges*	14.35	(1.21)	5.25
Operating charges**	(0.10)	(0.11)	(0.10)
Return after operating charges*	14.25	(1.32)	5.15
Distributions	(5.35)	(5.41)	(5.58)
Retained distributions on accumulation share	4.52	4.33	4.47
Closing net asset value per share	108.73	95.31	97.71
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	14.95%	-1.35%	5.50%
Other information			
Closing net asset value (£'000)	66,236	40,076	25,128
Closing number of shares	60,918,174	42,048,753	25,716,937
Operating charges****	0.10%	0.11%	0.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	108.7	99.01	96.81
Lowest share price	95.59	97.34	93.80

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	172.90	177.68	170.76
Return before operating charges*	26.01	(2.20)	9.55
Operating charges**	(0.75)	(0.73)	(0.70)
Return after operating charges*	25.26	(2.93)	8.85
Distributions	(9.12)	(9.28)	(9.65)
Retained distributions on accumulation share	7.71	7.43	7.72
Closing net asset value per share	196.75	172.90	177.68
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	14.61%	-1.65%	5.18%
Other information			
Closing net asset value (£'000)	43,244	44,441	52,490
Closing number of shares	21,979,079	25,703,639	29,541,565
Operating charges****	0.40%	0.41%	0.40%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	196.7	180.0	176.3
Lowest share price	173.4	176.8	171.0

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life B accumulation			
Change in net assets per share			
Opening net asset value per share	80.68	82.64	79.15
Return before operating charges*	12.14	(1.02)	4.46
Operating charges**	0.00	(0.01)	0.00
Return after operating charges*	12.14	(1.03)	4.46
Distributions	(4.61)	(4.66)	(4.83)
Retained distributions on accumulation share	3.90	3.73	3.86
Closing net asset value per share	92.11	80.68	82.64
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	15.05%	-1.25%	5.63%
Other information			
Closing net asset value (£'000)	4	3	2
Closing number of shares	4,000	4,000	3,000
Operating charges****	0.00%	0.01%	0.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	92.08	83.74	81.82
Lowest share price	80.91	82.36	79.26

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation^			
Change in net assets per share			
Opening net asset value per share	62.82	64.74	62.37
Return before operating charges*	9.44	(0.80)	3.51
Operating charges**	(0.51)	(0.49)	(0.48)
Return after operating charges*	8.93	(1.29)	3.03
Distributions	(3.07)	(3.15)	(3.31)
Retained distributions on accumulation share	2.59	2.52	2.65
Closing net asset value per share	71.27	62.82	64.74
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	14.22%	-1.99%	4.86%
Other information			
Closing net asset value (£'000)	34,401	28,482	12,773
Closing number of shares	48,267,563	45,341,576	19,729,110
Operating charges****	0.75%	0.76%	0.75%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	71.24	65.55	64.38
Lowest share price	63.00	64.33	62.47

^An in-specie transfer to the value of £5,570,000 took place on 23 October 2015

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income[^]			
Change in net assets per share			
Opening net asset value per share	52.67	56.45	56.70
Return before operating charges*	7.84	(0.64)	3.13
Operating charges**	(0.42)	(0.43)	(0.43)
Return after operating charges*	7.42	(1.07)	2.70
Distributions	(2.54)	(2.71)	(2.95)
Closing net asset value per share	57.55	52.67	56.45
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	14.09%	-1.90%	4.76%
Other information			
Closing net asset value (£'000)	49,111	41,905	17,718
Closing number of shares	85,335,487	79,564,734	31,389,279
Operating charges****	0.75%	0.76%	0.75%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	57.95	57.17	57.98
Lowest share price	52.83	55.27	56.41

[^]An in-specie transfer to the value of £3,975,000 took place on 23 October 2015.

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	53.97	55.52	53.40
Return before operating charges*	8.09	(0.65)	3.02
Operating charges**	(0.34)	(0.33)	(0.32)
Return after operating charges*	7.75	(0.98)	2.70
Distributions	(2.74)	(2.82)	(2.90)
Retained distributions on accumulation share	2.32	2.25	2.32
Closing net asset value per share	61.30	53.97	55.52
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	14.36%	-1.77%	5.06%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	1,200
Operating charges****	0.58%	0.59%	0.58%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	61.28	56.24	55.16
Lowest share price	54.13	55.22	53.47

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S income			
Change in net assets per share			
Opening net asset value per share	48.30	51.78	51.99
Return before operating charges*	7.20	(0.58)	2.88
Operating charges**	(0.30)	(0.31)	(0.31)
Return after operating charges*	6.90	(0.89)	2.57
Distributions	(2.41)	(2.59)	(2.78)
Closing net asset value per share	52.79	48.30	51.78
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	14.29%	-1.72%	4.94%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	1,200
Operating charges****	0.58%	0.59%	0.58%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	53.16	52.46	53.20
Lowest share price	48.44	50.70	51.75

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017	29 February 2016
	pence per share	pence per share
Institutional A accumulation ⁺⁺		
Change in net assets per share		
Opening net asset value per share	49.63	50.00
Return before operating charges*	7.68	(0.27)
Operating charges**	(0.59)	(0.05)
Return after operating charges*	7.09	(0.32)
Distributions	(2.24)	(0.26)
Retained distributions on accumulation share	1.89	0.21
Closing net asset value per share	56.37	49.63
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	14.29%	-0.64%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	1.10%	1.11%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	56.00	50.21
Lowest share price	49.78	49.01

⁺⁺ Share class launched on 25 January 2016.

Higher Income Fund**Comparative Tables (continued)**

	28 February 2017	29 February 2016
	pence per share	pence per share
Institutional A income ⁺⁺		
Change in net assets per share		
Opening net asset value per share	49.43	50.00
Return before operating charges*	7.42	(0.26)
Operating charges**	(0.58)	(0.05)
Return after operating charges*	6.84	(0.31)
Distributions	(2.22)	(0.26)
Closing net asset value per share	54.05	49.43
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	13.84%	-0.62%
Other information		
Closing net asset value (£'000)	13	1
Closing number of shares	24,766	2,200
Operating charges****	1.10%	1.11%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	54.48	50.21
Lowest share price	49.58	49.01

⁺⁺ Share class launched on 25 January 2016.

Higher Income Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The Registrar fees of 0.08% ceased to be charged effective 1 April 2016 for the Retail accumulation and Retail income share classes.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Higher Income Fund

Financial Statements

Statement of Total Return for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		39,796		(30,743)
Revenue	4	24,371		25,026	
Expenses	5	(3,144)		(3,466)	
Interest and similar charges		(16)		(27)	
Net revenue before taxation		<u>21,211</u>		<u>21,533</u>	
Taxation	6	(22)		(20)	
Net revenue after taxation			<u>21,189</u>		<u>21,513</u>
Total return before distributions			<u>60,985</u>		<u>(9,230)</u>
Distributions	7		(21,189)		(21,513)
Change in net assets attributable to shareholders from investment activities			<u>39,796</u>		<u>(30,743)</u>

Statement of Change in Net Assets Attributable to Shareholders for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			433,395		502,629
Amounts receivable on issue of shares		50,042		111,080	
Amounts payable on cancellation of shares		(55,164)		(159,759)	
			<u>(5,122)</u>		<u>(48,679)</u>
Dilution adjustment			124		261
Change in net assets attributable to shareholders from investment activities (see above)			39,796		(30,743)
Retained distribution on accumulation shares			10,460		9,924
Unclaimed distributions returned to the Fund			2		3
Closing net assets attributable to shareholders			<u>478,655</u>		<u>433,395</u>

Higher Income Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Assets					
Investment assets			477,208		425,608
Current assets:					
Debtors	8	10,332		18,695	
Cash and bank balances	9	9,011		7,316	
			<u>19,343</u>	<u>26,011</u>	
Total assets			<u>496,551</u>	<u>451,619</u>	
Liabilities					
Investment liabilities			(2,032)		(3,493)
Creditors	10	(13,125)		(3,596)	
Bank overdrafts		0		(7,087)	
Distribution payable on income shares		(2,739)		(4,048)	
			<u>(15,864)</u>	<u>(14,731)</u>	
Total liabilities			<u>(17,896)</u>	<u>(18,224)</u>	
Net assets attributable to shareholders			<u>478,655</u>	<u>433,395</u>	

Higher Income Fund
Portfolio Statement
as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Corporate Bonds (94.95%)	443,616	92.67
Australian Dollar Denominated Bond (1.44%)	9,688	2.02
15,250,000 Anglo American Capital 5.75% 2018	9,688	2.02
Euro Denominated Bonds (54.13%)	266,808	55.71
2,000,000 Aareal Bank 7.625% Perpetual	1,736	0.36
1,550,000 Adient Global Holdings 3.5% 2024	1,355	0.28
5,530,000 Akelius Residential Property 3.375% 2020	5,137	1.07
1,550,000 Altice 5.25% 2023	1,414	0.29
3,870,000 Altice 6.25% 2025	3,504	0.73
2,510,000 Altice 7.25% 2022	2,272	0.47
3,685,000 Ardagh Packaging 4.25% 2022	3,246	0.68
6,925,000 Ardagh Packaging Finance 2.75% 2024	5,917	1.24
1,140,000 Ardagh Packaging Finance 4.125% 2023	1,034	0.22
2,600,000 Areva 3.25% 2020	2,177	0.45
1,870,000 Arion Banki HF 1.625% 2021	1,634	0.34
1,250,000 Arrow Global Finance FRN 2021	1,117	0.23
2,175,000 Autostrada Brescia 2.375% 2020	1,944	0.41
1,580,000 Ball 4.375% 2023	1,518	0.32
1,405,000 Ball Corp 3.5% 2020	1,327	0.28
1,300,000 Banco Popular Espanol Perpetual	1,120	0.23
2,999,784 Bilbao Luxembourg 10.5% 2018	2,638	0.55
180,000 British Airways Jersey 6.75% Perpetual	3,996	0.83
4,700,000 Catalent Pharma Solutions 4.75% 2024	4,223	0.88
3,800,000 CNH Industrial 2.75% 2019	3,381	0.71
500,000 CNH Industrial Finance Europe 2.875% 2021	455	0.09
5,000,000 Credit Logement FRN Perpetual	3,480	0.73
2,390,000 Crown Euro Holdings 3.375% 2025	2,111	0.44
4,260,000 DEA Finance 7.5% 2022	3,962	0.83
2,750,000 Dufry 4.5% 2022	2,454	0.51
4,075,000 eDreams Odigeo 8.5% 2021	3,723	0.78
3,700,000 Enel 6.5% 2074	3,411	0.71
2,350,000 Fiat 4.75% 2022	2,214	0.46
1,250,000 Fiat 6.25% 2018	1,131	0.24
3,550,000 Fiat 6.625% 2018	3,217	0.67
1,900,000 FMC Finance VIII 5.25% 2019	1,814	0.38
3,340,000 FMC Finance VIII 6.5% 2018	3,127	0.65

Higher Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Euro Denominated Bonds (continued)		
2,075,000 Garfunkelux Holdco 7.5% 2022	1,868	0.39
700,000 Guala Closures 4.443667% 2021	617	0.13
1,580,000 Hanesbrands 3.5% 2024	1,396	0.29
5,220,000 HP Pelzer 7.5% 2021	4,726	0.99
5,700,000 IHO Verwaltungs 2.75% 2021	5,027	1.05
2,920,000 IMS Health 3.5% 2024	2,564	0.54
2,300,000 Ineos 5.75% 2019	1,992	0.42
900,000 Inovyn Finance 6.25% 2021	816	0.17
2,000,000 International Game Technology 4.125% 2020	1,828	0.38
1,650,000 Interxion 6% 2020	1,473	0.31
700,000 Jaguar Land Rover Automotive 2.2% 2024	597	0.12
2,200,000 JH Holding Finance PIK 8.25% 2022	2,035	0.42
1,000,000 Landsbankinn 3% 2018	890	0.19
1,595,000 Levi Strauss 3.375% 2027	1,388	0.29
7,350,000 LGE 7.125% 2024	7,155	1.49
3,850,000 LKG Italia Bondco 3.875% 2024	3,508	0.73
4,235,000 Lock 7% 2021	3,833	0.80
1,050,000 Lock Lower 9.5% 2022	1,027	0.21
4,560,000 Médi-Partenaires 7% 2020	4,084	0.85
6,140,000 Merlin Entertainment 2.75% 2022	5,480	1.14
2,878,000 MPT Operating Partnership 4% 2022	2,680	0.56
3,200,000 MPT Operating Partnership 5.75% 2020	2,850	0.60
4,130,000 Nat West FRN Perpetual	3,248	0.68
1,175,000 NH Hotel Group 3.75% 2023	1,051	0.22
1,500,000 Numericable 5.375% 2022	1,335	0.28
2,010,000 O-I 6.75% 2020	2,066	0.43
3,000,000 Origin Energy 4% fixed to floating 2074	2,612	0.55
1,500,000 Origin Energy 7.875% fixed to floating 2071	1,370	0.29
3,340,000 Paprec 5.25% 2022	3,015	0.63
3,525,000 Progroup 5.125% 2022	3,200	0.67
3,580,000 Quintiles 3.25% 2025	3,062	0.64
3,660,000 Rain CII 8.5% 2021	3,238	0.68
2,080,000 RWE 3.5% 2075	1,685	0.35
8,750,000 SAMA 4.125% 2021	7,663	1.60
5,160,000 Santos 8.25% fixed to floating 2070	4,556	0.95
2,240,000 Schaeffler 2.5% 2020	1,943	0.41
3,000,000 Schaeffler Verwaltung Zwei 3.25% 2023	2,657	0.55
1,915,000 Schaeffler Verwaltung Zwei GmbH 3.75% 2026	1,666	0.35

Higher Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Euro Denominated Bonds (continued)		
4,290,000 Silgan Holdings 3.25% 2025	3,718	0.78
1,930,000 Silk Bidco 7.5% 2022	1,770	0.37
1,795,000 Smurfit Kappa 2.75% 2025	1,583	0.33
775,000 Smurfit Kappa Acquisitions 2.375% 2024	676	0.14
1,800,000 Smurfit Kappa Acquisitions 4.125% 2020	1,690	0.35
700,000 Snai Spa 6.375% 2021	622	0.13
2,050,000 Softbank 4.625% 2020	1,946	0.41
1,400,000 Solvay 5.869% 2049	1,350	0.28
1,100,000 Solvay Finance 5.118% 2021	1,029	0.21
4,470,000 SPCM 2.875% 2023	3,906	0.82
1,000,000 Tesco 1.375% 2019	872	0.18
4,000,000 Tesco 2.125% 2020	3,579	0.75
1,400,000 Teva Pharmaceutical 1.625% 2028	1,086	0.23
1,545,000 Thyssenkrupp 1.375% 2022	1,313	0.27
2,460,000 Trionista 5% 2020	2,143	0.45
1,000,000 Trionista 6.875% 2021	892	0.19
700,000 TUI 2.125% 2021	618	0.13
900,000 UniCredit 6.95% 2022	892	0.19
2,230,000 Unitymedia 3.5% 2027	1,940	0.40
8,255,000 Unitymedia 4% 2025	7,427	1.55
1,725,300 Unitymedia 5.5% 2022	1,545	0.32
1,344,600 Unitymedia 5.75% 2023	1,223	0.26
4,800,000 Unitymedia Kabel 3.75% 2027	4,071	0.85
2,850,000 UPC 6.375% 2022	2,574	0.54
2,000,000 UPC 6.75% 2023	1,853	0.39
1,020,000 Virgin Media 4.5% 2025	916	0.19
5,000,000 Volvo Car 3.25% 2021	4,591	0.96
4,363,000 VRX Escrow 4.5% 2023	2,912	0.61
3,400,000 WEPA Hygieneprodukte 3.75% 2024	3,044	0.64
6,057,000 Wind Acquisition 4% 2020	5,266	1.10
1,125,000 WMG Acquisition 4.125% 2024	1,015	0.21
3,800,000 XPO Logistics 5.75% 2021	3,418	0.71
6,000,000 ZF North American Capital 2.25% 2019	5,314	1.11
6,000,000 ZF North American Capital 2.75% 2023	5,428	1.13
670,000 Ziggo 3.75% 2025	596	0.12

Higher Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (30.85%)	127,479	26.63
2,250,000 Allied Irish Banks 12.5% 2019	1,620	0.34
1,415,000 Anglian Water 5% 2023	1,501	0.31
1,000,000 Anglian Water 7% 2018	1,053	0.22
2,350,000 Anglo American Capital 6.875% 2018	2,497	0.52
9,332,000 Arqiva 9.5% 2020	9,860	2.06
1,950,000 Arrow Global Finance 5.125% 2024	1,994	0.42
1,715,000 B&M European Value Retail 4.125% 2022	1,786	0.37
1,500,000 Bank of Scotland 12% Perpetual	1,950	0.41
1,220,000 Barclays Bank 7.75% 2075	1,276	0.27
3,243,000 BHP Billiton Finance 6.5% Perp	3,698	0.77
753,000 Bibby Offshore 7.5% 2021	448	0.09
875,000 Care UK Health FRN 2019	851	0.18
1,200,000 Co-operative 6.25% 2026	1,422	0.30
400,000 Co-operative Group 6.875% 2020	450	0.09
10,845,000 CPUK Finance 7% 2020	11,442	2.39
2,010,000 CYBG 5% 2026	1,990	0.42
1,350,000 Enel 6.625% fixed to floating 2076	1,448	0.30
1,261,000 Enterprise Inns 6.375% 2022	1,343	0.28
2,775,000 Entertainment One 6.875% 2022	3,028	0.63
840,000 Garfunkelux Holdco 8.5% 2022	878	0.18
4,375,000 Grainger 5% 2020	4,830	1.01
3,500,000 Heathrow Funding 5.375% 2019	3,816	0.80
500,000 Heathrow Funding 7.125% 2017	500	0.10
612,000 HSS Financing 6.75% 2019	620	0.13
750,000 Jaguar Land Rover 3.875% 2023	774	0.16
5,150,000 Jaguar Land Rover 5% 2022	5,632	1.18
430,000 Jaguar Land Rover Automotive 2.75% 2021	434	0.09
1,300,000 Koninklijke KPN 6.875% 2073	1,417	0.30
773,000 Lloyds Bank 13% Perpetual	1,067	0.22
1,700,000 Lloyds TSB Bank FRN Perpetual	3,047	0.64
2,566,370 Mizzen Bondco 7% 2021	2,701	0.56
1,700,000 Nationwide Building Society 6.875% Perpetual	1,752	0.37
2,000,000 Petrobras 6.25% 2026	2,015	0.42
1,000,000 Punch Taverns 7.274% 2026	1,283	0.27
4,200,000 RWE 7% fixed to floating Perpetual	4,458	0.93
925,000 Societe Generale 8.875% fixed to floating Perpetual	985	0.21
2,788,000 Spirit 5.86% 2036	2,804	0.59
1,105,264 Spirit Issuer FRN 2021	1,078	0.22

Higher Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)		
1,166,000 Spirit Issuer FRN 2027	1,266	0.26
2,479,000 Spirit Issuer FRN 2036	2,430	0.51
1,200,000 TalkTalk Telecom 5.375% 2022	1,238	0.26
6,400,000 Telefonica 6.75% Perpetual	6,879	1.44
2,000,000 Tesco 5% 2023	2,218	0.46
805,374 Tesco 6.0517% 2039	883	0.18
4,500,000 Tesco 6.125% 2022	5,201	1.09
1,437,040 Unique Pub Finance 6.452% 2021	1,566	0.33
7,580,000 Virgin Media 5.5% 2021	8,719	1.82
3,771,000 Virgin Media 5.5% 2025	3,988	0.83
3,080,000 Virgin Media 6.25% 2029	3,343	0.70
US Dollar Denominated Bonds (8.53%)		
4,150,000 Anglo American Capital 2.625% 2017	3,335	0.70
980,000 Barclays 7.875% 2049	826	0.17
1,460,000 Barclays Bank 7.625% 2022	1,260	0.26
3,350,000 BHP Billiton Finance 6.25% Perp	2,951	0.62
1,362,000 Centene 4.75% 2022	1,134	0.24
330,000 Credit Suisse Group 7.125% Perpetual	276	0.06
1,500,000 Dresdner Funding Fund 8.151% 2031	1,419	0.30
2,000,000 First Quantum Minerals 7.25% 2019	1,657	0.35
2,300,000 Fresenius Medical Care US Finance 4.125% 2020	1,895	0.40
1,850,000 Frontier Communications 10.5% 2022	1,546	0.32
1,320,000 HSBC Holdings 6.875% Perpetual	1,136	0.24
1,520,000 ING Groep 6.875% Perpetual	1,249	0.26
2,600,000 Jaguar Land Rover 4.25% 2019	2,139	0.45
500,000 Jaguar Land Rover Automotive 4.125% 2018	410	0.09
1,900,000 Lloyds Bank 12% 2024	2,051	0.43
4,250,000 Mercer International 7% 2019	3,535	0.74
2,000,000 Royal Bank of Scotland 7.64% Perpetual	1,531	0.32
2,775,000 Societe Generale 8.25% Perpetual	2,324	0.49
3,400,000 SPCM 6% 2022	2,828	0.59
600,000 Sprint Spectrum Co 3.36% 2021	484	0.10
655,000 Tecnoglass 8.2% January 2022	543	0.11
1,360,000 Teva Pharmaceutical 2.8% 2023	1,037	0.22
945,000 Tullow Oil 6% 2020	716	0.15
2,500,000 Tullow Oil 6.25% 2022	1,873	0.39
1,800,000 UniCredit 6.375% 2023	1,486	0.31

Higher Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Government Bond (1.78%)	5,171	1.08
Australian Dollar Denominated Bond (1.78%)	5,171	1.08
8,000,000 Australia (Govt of) 3.25% 2025	5,171	1.08
Equities (1.42%)	-	-
Collective Investments Schemes (0.00%)	28,414	5.93
3,728,763 Standard Life CNAV Euro Liquidity Fund	3,184	0.66
25,230,365 Standard Life CNAV Sterling Liquidity Fund	25,230	5.27
Derivatives (-0.75%)	(2,025)	(0.41)
Credit Default Swaps (-0.10%)	(1,091)	(0.23)
USD 2,000,000 Buy Ford Motor Company (2018) 20/12/2021 5%	(292)	(0.06)
USD 2,000,000 Buy General Motors Co (2018) 20/12/2021 5%	(287)	(0.06)
EUR 6,000,000 Buy iTraxx Europe Series 26 20/12/2021 5%	(512)	(0.11)
Forward Currency Contracts (-0.62%)	(745)	(0.14)
Buy GBP 14,707,319 Sell AUD 23,929,838 28/03/2017	(65)	(0.01)
Buy GBP 251,923 Sell EUR 295,444 28/03/2017	(1)	0.00
Buy GBP 459,378 Sell EUR 538,914 28/03/2017	(1)	0.00
Buy GBP 1,077,742 Sell EUR 1,276,803 28/03/2017	(13)	0.00
Buy GBP 258,699,226 Sell EUR 303,393,130 28/03/2017	(593)	(0.12)
Buy GBP 45,156,880 Sell USD 56,300,062 28/03/2017	(66)	(0.01)
Buy USD 410,380 Sell GBP 329,229 28/03/2017	0	0.00
Buy USD 559,788 Sell GBP 449,090 28/03/2017	0	0.00
Buy USD 783,811 Sell GBP 630,177 28/03/2017	(1)	0.00
Buy USD 1,040,366 Sell GBP 834,348 28/03/2017	1	0.00
Buy USD 1,118,978 Sell GBP 901,076 28/03/2017	(3)	0.00
Buy USD 1,252,666 Sell GBP 1,005,181 28/03/2017	1	0.00
Buy USD 1,744,700 Sell GBP 1,404,509 28/03/2017	(4)	0.00

Higher Income Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Futures (-0.03%)	(189)	(0.04)
(10) Short Euro-BTP Bond Future 08/03/2017	5	0.00
(50) Short Euro Bond Future 08/03/2017	(194)	(0.04)
Total investment assets and liabilities	475,176	99.27
Net other assets	3,479	0.73
Total Net Assets	478,655	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

	Bid-market value £'000
Reconciliation of assets and liabilities to the balance sheet	£'000
Investment assets as per the Balance Sheet	477,208
Investment liabilities	(2,032)
Net investment assets	475,176
Net other assets	3,479
Total Net Assets	478,655

Higher Income Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)	2017	2016
	£'000	£'000
Non-derivative securities	69,729	(10,978)
Derivative contracts	(909)	(589)
Forward currency contracts	(29,953)	(19,751)
Non-derivative securities currency gains	942	599
Derivative contracts currency gains	9	0
Handling charges taken from the capital account	(22)	(24)
Net capital gains/(losses)	<u>39,796</u>	<u>(30,743)</u>

3 Transaction Costs	2017	2016
	£'000	£'000

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Bonds	215,048	226,949
Equities	1,645	2,000
Sales		
Bonds	255,695	281,388
Equities	7,824	0

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.76% (29 February 2016: 0.66%). This is indicative for the year.

Higher Income Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016
	£'000	£'000
Overseas dividends	257	284
Interest on debt securities	23,978	24,670
Bank interest	136	72
Total revenue	<u>24,371</u>	<u>25,026</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,809	3,024
Dealing charge	40	22
Registration fees	202	330
	<u>3,051</u>	<u>3,376</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	48	44
Safe custody fees	34	33
	<u>82</u>	<u>77</u>
Other:		
Audit fee	11	13
Total expenses	<u>3,144</u>	<u>3,466</u>
6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
UK corporation tax	4	4
Double tax relief	(4)	(4)
Overseas withholding tax	22	20
Total taxation	<u>22</u>	<u>20</u>

Higher Income Fund**Notes to the financial statements (continued)**

6 Taxation (continued)	2017	2016
	£'000	£'000
(b) Factors affecting current tax charge for year		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	21,211	21,533
Corporation tax at 20% (2016: 20%)	4,242	4,307
Effects of:		
Non taxable overseas dividends	(31)	(39)
Overseas withholding tax	18	16
Interest distributions	(4,207)	(4,264)
Current tax charge (Note 6(a))	22	20

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

7 Distributions	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
First interim distribution	5,573	5,100
Second interim distribution	5,987	5,022
Third interim distribution	4,977	5,332
Final distribution	4,682	5,927
	21,219	21,381
Add: Income deducted on cancellation of shares	271	825
Deduct: Income received on issue of shares	(301)	(693)
Net distribution for the year	21,189	21,513

Details of the distribution per share are set out in this Fund's distribution tables.

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	333	988
Sales awaiting settlement	3,518	0
Accrued revenue	6,479	7,731
Dilution levy receivable from the ACD	2	6
Collateral cash	0	9,970
Total debtors	10,332	18,695

Higher Income Fund**Notes to the financial statements (continued)**

9 Cash and Bank Balances	2017	2016
	£'000	£'000
Amounts held at futures clearing houses and brokers	290	471
Cash and bank balances	8,721	6,845
Total cash and bank balances	9,011	7,316
10 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	611	1,727
Purchases awaiting settlement	9,120	1,588
Accrued expenses payable to the ACD	236	251
Accrued expenses payable to the Depository	14	13
Other accrued expenses	11	14
Collateral cash	3,132	0
Dilution levy payable to the ACD	1	3
Total creditors	13,125	3,596

Higher Income Fund**Notes to the financial statements (continued)****11 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 10.

The Fund holds €3,728,763 shares (2016: € nil) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €43,403,000 (2016: € nil), the total sales proceeds were €39,675,000 (2016: € nil) and distributions reinvested were € nil (2016: € nil).

The Fund holds 25,230,365 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £167,101,000 (2016: £ nil), the total sales proceeds were £141,964,000 (2016: £ nil) and distributions reinvested were £100,000 (2016: £ nil).

The Fund holds nil shares (2016: 46) in SLI Seabury EUR VNAV Liquidity Fund, the total purchase cost of these investments during the year was €2,287,000 (2016: €9,766,000), the total sales proceeds were €2,287,000 (2016: €21,751,000) and distributions reinvested were € nil (2016: € nil).

The Fund holds nil shares (2016: 580) in SLI Seabury GBP VNAV Liquidity Fund, the total purchase cost of these investments during the year was £11,974,000 (2016: £287,346,000), the total sales proceeds were £11,980,000 (2016: £277,716,000) and distributions reinvested were £5,000 (2016: £62,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	21,813	32,842
Purchase of shares by Fund	13,310	70,578
Distributions made by Fund	7,039	5,790
 The percentage value of the Fund held by Standard Life group companies is:		
	37.4%	34.9%

Higher Income Fund**Notes to the financial statements (continued)****12 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	0	448,787	0	0	425,266	0
Collective Investment Schemes	0	28,414	0	0	0	0
Derivatives	5	2	0	0	342	0
Total investment assets	5	477,203	0	0	425,608	0
Fair value of investment liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives	(194)	(1,838)	0	0	(3,493)	0
Total investment liabilities	(194)	(1,838)	0	0	(3,493)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Shares in issue reconciliation

	Opening units 2016	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2017
Retail accumulation	99,064,656	906,429	(10,254,298)	(3,056,879)	86,659,908
Institutional accumulation	18,803,026	944,314	(2,555,797)	217,633	17,409,176
Retail income	168,028,922	1,341,026	(13,898,731)	(7,806,449)	147,664,768
Institutional income	66,938,974	20,084,890	(13,143,488)	670,331	74,550,707
Standard Life income	85,660,288	0	0	0	85,660,288
Standard Life accumulation	42,048,753	18,951,185	(81,764)	0	60,918,174
Institutional regulated accumulation	25,703,639	1,088,253	(4,812,813)	0	21,979,079
Standard Life B accumulation	4,000	0	0	0	4,000
Platform 1 accumulation	45,341,577	5,152,702	(7,181,395)	4,954,679	48,267,563
Platform 1 income	79,564,734	8,347,386	(8,773,224)	6,196,591	85,335,487
Institutional S accumulation	2,200	0	0	0	2,200
Institutional S income	2,200	0	0	0	2,200
Institutional A accumulation	2,200	0	0	0	2,200
Institutional A income	2,200	0	0	22,566	24,766

Higher Income Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures**

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2017	Minimum	Maximum	Average
VaR 99% 1 Month	0.90%	1.24%	1.08%
2016	Minimum	Maximum	Average
VaR 99% 1 Month	1.17%	1.44%	1.32%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 0.90%, £4,277,000 (2016: 1.31%, £5,677,000) in one month period. This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Higher Income Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk**

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Australian Dollar	283	660
Euro	9,103	(299)
US Dollar	(348)	1,081

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Higher Income Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Fixed rate financial assets	Financial assets/ (liabilities) not carrying interest	Total
	£'000	£'000	£'000	£'000
2017				
Currency				
Sterling	36,782	118,807	314,118	469,707
Australian Dollar	0	14,859	(14,773)	86
Euro	17,156	258,962	(260,484)	15,634
US Dollar	0	39,643	(40,883)	(1,240)
2016				
Currency				
Sterling	5,047	122,094	296,990	424,131
Australian Dollar	0	13,951	(11,913)	2,038
Euro	12,586	227,197	(243,881)	(4,098)
US Dollar	1,515	36,962	(38,204)	273

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid-market value 2017	Bid-market value 2016
Credit Rating Analysis	£'000	£'000
Investment Grade Bonds	41,387	49,840
Below Investment Grade Bonds	404,600	367,949
Unrated Bonds	2,800	1,340
Total Value of Bonds	448,787	419,129

Higher Income Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(d) Credit risk (continued)**

This Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Any counterparties to derivative positions and term deposits as well as the collateral amount and type held by the Fund as at 28 February 2017 are detailed in the table below.

Counterparty	Collateral classification	2017 £'000	2016 £'000
BNP Paribas	Cash	(420)	(1,220)
Credit Agricole	-	-	-
Deutsche Bank	-	-	-
Goldman Sachs	Cash	-	(4,900)
HSBC	Cash	3,183	(3,340)
JPM Securities	Cash	(560)	-
Morgan Stanley	Cash	-	(510)
Royal Bank of Canada	Cash	1,140	-
State Street	-	-	-
UBS	Cash	(210)	-
Total		3,133	(9,970)

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Higher Income Fund**Distribution Tables****for the three months ended 31 May 2016****Interest distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 May 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	1.3770	0.2754	1.1016	-	1.1016 *	1.0241
Group 2	0.6607	0.1321	0.5286	0.5730	1.1016 *	1.0241
Institutional accumulation						
Group 1	1.5615	0.3123	1.2492	-	1.2492 *	1.1765
Group 2	0.9205	0.1841	0.7364	0.5128	1.2492 *	1.1765
Retail income						
Group 1	0.5426	0.1085	0.4341	-	0.4341 **	0.4186
Group 2	0.2398	0.0479	0.1919	0.2422	0.4341 **	0.4186
Institutional income						
Group 1	0.5838	0.1167	0.4671	-	0.4671 **	0.4577
Group 2	0.3698	0.0739	0.2959	0.1712	0.4671 **	0.4577
Standard Life income						
Group 1	0.6783	0.1356	0.5427	-	0.5427 **	0.5351
Group 2	-	-	-	-	-	-
Standard Life accumulation						
Group 1	1.3987	0.2797	1.1190	-	1.1190 *	1.0546
Group 2	0.0523	0.0104	0.0419	1.0771	1.1190 *	1.0546
Institutional regulated accumulation						
Group 1	2.3995	0.4799	1.9196	-	1.9196 *	1.8089
Group 2	2.0241	0.4048	1.6193	0.3003	1.9196 *	1.8089
Standard Life B accumulation						
Group 1	1.2032	0.2406	0.9626	-	0.9626 *	0.9084
Group 2	-	-	-	-	-	-

Higher Income Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Platform 1 accumulation						
Group 1	0.8135	0.1627	0.6508	-	0.6508 *	0.6128
Group 2	0.3833	0.0766	0.3067	0.3441	0.6508 *	0.6128
Platform 1 income						
Group 1	0.6821	0.1364	0.5457	-	0.5457 **	0.5344
Group 2	0.3023	0.0604	0.2419	0.3038	0.5457 **	0.5344
Institutional S accumulation						
Group 1	0.7250	0.1450	0.5800	-	0.5800 *	0.5480
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.6726	0.1345	0.5381	-	0.5381 **	0.5280
Group 2	-	-	-	-	-	-
Institutional A accumulation						
Group 1	0.6080	0.1216	0.4864	-	0.4864 *	-
Group 2	-	-	-	-	-	-
Institutional A income						
Group 1	0.6035	0.1207	0.4828	-	0.4828 *	-
Group 2	-	-	-	-	-	-

* Distribution accumulated on 31 May 2016

** Distribution paid on 31 July 2016

Higher Income Fund
Distribution Tables (continued)

for the three months ended 31 August 2016

Interest distribution

Group 1 - shares purchased prior to 1 June 2016

Group 2 - shares purchased between 1 June 2016 and 31 August 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	1.4601	0.2920	1.1681	-	1.1681 *	1.0157
Group 2	0.6441	0.1288	0.5153	0.6528	1.1681 *	1.0157
Institutional accumulation						
Group 1	1.6446	0.3289	1.3157	-	1.3157 *	1.1693
Group 2	0.6766	0.1353	0.5413	0.7744	1.3157 *	1.1693
Retail income						
Group 1	0.5702	0.1140	0.4562	-	0.4562 **	0.4115
Group 2	0.2537	0.0507	0.2030	0.2532	0.4562 **	0.4115
Institutional income						
Group 1	0.6093	0.1218	0.4875	-	0.4875 **	0.4506
Group 2	0.2762	0.0552	0.2210	0.2665	0.4875 **	0.4506
Standard Life income						
Group 1	0.7057	0.1411	0.5646	-	0.5646 **	0.5276
Group 2	-	-	-	-	-	0.5276
Standard Life accumulation						
Group 1	1.4746	0.2949	1.1797	-	1.1797 *	1.0520
Group 2	0.3157	0.0631	0.2526	0.9271	1.1797 *	1.0520
Institutional regulated accumulation						
Group 1	2.5253	0.5050	2.0203	-	2.0203 *	1.7979
Group 2	0.8900	0.1780	0.7120	1.3083	2.0203 *	1.7979
Standard Life B accumulation						
Group 1	1.2637	0.2527	1.0110	-	1.0110 *	0.9084
Group 2	-	-	-	-	-	-

Higher Income Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Platform 1 accumulation						
Group 1	0.8566	0.1713	0.6853	-	0.6853 *	0.6094
Group 2	0.3781	0.0756	0.3025	0.3828	0.6853 *	0.6094
Platform 1 income						
Group 1	0.7117	0.1423	0.5694	-	0.5694 **	0.5271
Group 2	0.3158	0.0631	0.2527	0.3167	0.5694 **	0.5271
Institutional S accumulation						
Group 1	0.7600	0.1520	0.6080	-	0.6080 *	0.5400
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.6486	0.1297	0.5189	-	0.5189 **	0.5160
Group 2	-	-	-	-	-	-
Institutional A accumulation						
Group 1	0.6350	0.1270	0.5080	-	0.5080 *	-
Group 2	-	-	-	-	-	-
Institutional A income						
Group 1	0.6250	0.1250	0.5000	-	0.5000 *	-
Group 2	-	-	-	-	-	-

* Distribution accumulated on 31 August 2016

** Distribution paid on 31 October 2016

Higher Income Fund
Distribution Tables (continued)

for the three months ended 30 November 2016

Interest distribution

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 30 November 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	1.2111	0.2422	0.9689	-	0.9689 *	1.0260
Group 2	0.4752	0.0950	0.3802	0.5887	0.9689 *	1.0260
Institutional accumulation						
Group 1	1.3842	0.2768	1.1074	-	1.1074 *	1.1778
Group 2	0.6700	0.1340	0.5360	0.5714	1.1074 *	1.1778
Retail income						
Group 1	0.4687	0.0937	0.3750	-	0.3750 **	0.4120
Group 2	0.2606	0.0521	0.2085	0.1665	0.3750 **	0.4120
Institutional income						
Group 1	0.5081	0.1016	0.4065	-	0.4065 **	0.4495
Group 2	0.3050	0.0610	0.2440	0.1625	0.4065 **	0.4495
Standard Life income						
Group 1	0.6017	0.1203	0.4814	-	0.4814 **	0.5239
Group 2	-	-	-	-	-	0.5239
Standard Life accumulation						
Group 1	1.2668	0.2533	1.0135	-	1.0135 *	1.0556
Group 2	0.3145	0.0629	0.2516	0.7619	1.0135 *	1.0556
Institutional regulated accumulation						
Group 1	2.1513	0.4302	1.7211	-	1.7211 *	1.8108
Group 2	1.2065	0.2413	0.9652	0.7559	1.7211 *	1.8108
Standard Life B accumulation						
Group 1	1.0930	0.2186	0.8744	-	0.8744 *	0.9100
Group 2	-	-	-	-	-	-

Higher Income Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Platform 1 accumulation						
Group 1	0.7197	0.1439	0.5758	-	0.5758 *	0.6115
Group 2	0.3511	0.0702	0.2809	0.2949	0.5758 *	0.6115
Platform 1 income						
Group 1	0.5912	0.1182	0.4730	-	0.4730 **	0.5235
Group 2	0.3253	0.0650	0.2603	0.2127	0.4730 **	0.5235
Institutional S accumulation						
Group 1	0.6200	0.1240	0.4960	-	0.4960 *	0.5548
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.5750	0.1150	0.4600	-	0.4600 **	0.4720
Group 2	-	-	-	-	-	-
Institutional A accumulation						
Group 1	0.5200	0.1040	0.4160	-	0.4160 *	-
Group 2	-	-	-	-	-	-
Institutional A income						
Group 1	0.5100	0.1020	0.4080	-	0.4080 *	-
Group 2	-	-	-	-	-	-

* Distribution accumulated on 30 November 2016

** Distribution paid on 31 January 2017

Higher Income Fund
Distribution Tables (continued)

for the three months ended 28 February 2017

Interest distribution

Group 1 - shares purchased prior to 1 December 2016

Group 2 - shares purchased between 1 December 2016 and 28 February 2017

	Gross income	Income tax	Net income	Equalisation	Distribution payable	Distribution paid
	2017	2017	2017	2017	2017	2016
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	1.1397	0.0000	1.1397	-	1.1397 *	1.1556
Group 2	0.5004	0.0000	0.5004	0.6393	1.1397 *	1.1556
Institutional accumulation						
Group 1	1.3101	0.0000	1.3101	-	1.3101 *	1.3137
Group 2	0.6789	0.0000	0.6789	0.6312	1.3101 *	1.3137
Retail income						
Group 1	0.4383	0.0000	0.4383	-	0.4383 **	0.4600
Group 2	0.2841	0.0000	0.2841	0.1542	0.4383 **	0.4600
Institutional income						
Group 1	0.4589	0.0000	0.4589	-	0.4589 **	0.4967
Group 2	0.2697	0.0000	0.2697	0.1892	0.4589 **	0.4967
Standard Life income						
Group 1	0.5694	0.0000	0.5694	-	0.5694 **	0.5717
Group 2	-	-	-	-	-	0.5717
Standard Life accumulation						
Group 1	1.2098	0.0000	1.2098	-	1.2098 *	1.1648
Group 2	0.5109	0.0000	0.5109	0.6989	1.2098 *	1.1648
Institutional regulated accumulation						
Group 1	2.0447	0.0000	2.0447	-	2.0447 *	2.0085
Group 2	1.4260	0.0000	1.4260	0.6187	2.0447 *	2.0085
Standard Life B accumulation						
Group 1	1.0475	0.0000	1.0475	-	1.0475 *	1.0032
Group 2	-	-	-	-	-	-

Higher Income Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	Distribution payable	Distribution paid
	2017	2017	2017	2017	2017	2016
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Platform 1 accumulation						
Group 1	0.6806	0.0000	0.6806	-	0.6806 *	0.6858
Group 2	0.3010	0.0000	0.3010	0.3796	0.6806 *	0.6858
Platform 1 income						
Group 1	0.5554	0.0000	0.5554	-	0.5554 **	0.5815
Group 2	0.3246	0.0000	0.3246	0.2308	0.5554 **	0.5815
Institutional S accumulation						
Group 1	0.6350	0.0000	0.6350	-	0.6350 *	0.6120
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.5150	0.0000	0.5150	-	0.5150 **	0.5520
Group 2	-	-	-	-	-	-
Institutional A accumulation						
Group 1	0.4750	0.0000	0.4750	-	0.4750 *	0.2087
Group 2	-	-	-	-	-	-
Institutional A income						
Group 1	0.4793	0.0000	0.4793	-	0.4793 **	0.2087
Group 2	-	-	-	-	-	-

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

Investment Grade Corporate Bond Fund

Investment Report

Fund Manager

Daniel McKernan and Mark Munro

Benchmark

iBoxx Sterling Corporate and
Collateralised Index

Launch Date

20 September 1998

Objective

The objective of the Fund is to provide a high level of income which is compatible with maintaining the security of capital.

Policy

The investment policy of the Fund is to invest mostly in sterling fixed interest securities issued by corporations. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The nature of the portfolio affords investors a focused investment approach, whilst diversification across mainly investment grade corporate bond exposure provides a degree of protection from the risk of default. Whilst the level of income provision is likely to be relatively stable, the investor must be able to accept temporary capital losses due to the volatile nature of the bond markets, and should therefore have an investment time horizon of at least 5 years.

Performance

The Corporate Bond Fund returned 12.09% during the year, in comparison with the IA Corporate Bond Sector return of 11.06% (source: Morningstar, basic rate taxpayer, bid to bid basis. Please note the Fund return is net of fees, whereas the benchmark return is gross).

There was a strong contribution to returns from our holdings in commodity-related issuers Kinder Morgan and Glencore. Both benefited from the rebound in commodity prices that began in mid-February. Dong Energy was another beneficiary of the improved backdrop for this part of the market. In a difficult period for a number of financial issuers, an underweight exposure to Rabobank made a positive contribution. However, holding an underweight position in British American Tobacco underperformed, while having no exposure to Engie, the French electrical company, suffered due to the commodity price recovery.

As the period progressed, subordinated financial debt was beneficial for relative returns, particularly Svenska, UBS and Direct Line. Off-benchmark US issuers Kinder Morgan and Altria also made a positive contribution to performance. Meanwhile, the ongoing recovery of Glencore's bonds meant our overweight holding in the commodities company added to performance. Elsewhere, an underweight exposure to British American Tobacco was positive as the issuer suffered a rating downgrade after it completed the acquisition of Reynolds. However, holding an underweight exposure to RWE has been hugely beneficial for performance over the past 18 months but as the bonds have started to recover the position has underperformed. The Trump-effect had a negative impact on our zero weighting in Goldman Sachs as investors viewed the post-election landscape as more profitable for banks. Similarly, holding no exposure to Pfizer proved detrimental. While our negative view of the pharmaceutical giant has proved positive in previous months, the company's decision to abandon its \$160 billion merger with Allergan prompted a recovery in its spreads.

Investment Grade Corporate Bond Fund

Investment Report (continued)

As the period drew to a close, French political risk moved into view, given the upcoming presidential elections. This weighed on French assets and meant our zero exposure to Engie was positive for performance; however, an overweight position in Veolia was a drag on returns.

Investment activity

At the start of the period, in the primary market, we participated in a new 12-year deal from Brown-Forman (US brewer) and a 5-year deal from British American Tobacco. We also bought a rare issue from UK retailer Next. In the secondary market, we purchased AAA rated debt from Meadowhall. Meanwhile, we initiated a holding in Vodafone bonds that mature in 2032 as we have become more positive on the issuer at current valuations: M&A has become less likely and management are keen to maintain credit ratings. We then established a position in US media firm Charter Communications. Against these purchases, we sold tier two euro-denominated Swiss Re bonds as well as sterling-denominated Prudential and Aviva subordinated debt. We also sold America Movil corporate hybrid bonds.

The volatility that followed the US election led to some dislocations in the market and a number of opportunities. In the new issue market, we participated in deals from Close Brothers (10-year senior bond) and National Express. Meanwhile, in the secondary market, we increased our exposure to financials, reflecting our more bullish view on the near-term sentiment towards the sector. Purchases included bonds from Aviva and Santander UK. In the euro market, we added to French utility company EDF through an off-benchmark subordinated bond. This appeared particularly well-priced after a period of volatility and has since performed strongly. Elsewhere, we reduced exposure to UK retailers by selling both Next and Marks & Spencer. The UK economy has been surprisingly healthy since the EU referendum but we believe there are tougher times ahead as UK consumer confidence and disposable income comes under pressure. We also sold out of British Telecom after it had rallied very strongly; we believe the company will experience increased competitive pressures in 2017 and that it has now passed peak performance.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year were £138,093,000 and the total proceeds from sales were £136,922,000.

**Investment Grade Corporate Bond Fund
Investment Report (continued)**

Synthetic Risk & Reward Indicator

Lower risk Higher risk

Typically lower rewards Typically higher rewards

1 2 3 **4** 5 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Investment Grade Corporate Bond Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	134.29	138.90	127.14
Return before operating charges*	17.65	(2.26)	14.09
Operating charges**	(1.47)	(1.50)	(1.46)
Return after operating charges*	16.18	(3.76)	12.63
Distributions	(4.23)	(4.27)	(4.35)
Retained distributions on accumulation share	3.59	3.42	3.48
Closing net asset value per share	149.83	134.29	138.90
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	12.05%	-2.71%	9.93%
Other information			
Closing net asset value (£'000)	123,395	130,231	444,006
Closing number of shares	82,358,563	96,979,685	319,650,577
Operating charges****	1.02%	1.10%	1.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	154.4	142.1	143.3
Lowest share price	134.1	133.0	127.5

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	143.29	147.64	134.60
Return before operating charges*	18.86	(2.43)	14.95
Operating charges**	(0.92)	(0.87)	(0.85)
Return after operating charges*	17.94	(3.30)	14.10
Distributions	(5.18)	(5.29)	(5.31)
Retained distributions on accumulation share	4.40	4.24	4.25
Closing net asset value per share	160.45	143.29	147.64
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	12.52%	-2.24%	10.48%
Other information			
Closing net asset value (£'000)	356,671	322,644	38,022
Closing number of shares	222,287,009	225,161,925	25,752,604
Operating charges****	0.60%	0.60%	0.60%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	165.0	151.0	152.3
Lowest share price	143.1	141.9	135.0

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	58.23	61.78	58.03
Return before operating charges*	7.63	(1.00)	6.37
Operating charges**	(0.63)	(0.66)	(0.66)
Return after operating charges*	7.00	(1.66)	5.71
Distributions	(1.82)	(1.89)	(1.96)
Closing net asset value per share	63.41	58.23	61.78
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	12.02%	-2.69%	9.84%
Other information			
Closing net asset value (£'000)	36,053	38,104	63,428
Closing number of shares	56,861,501	65,437,393	102,670,454
Operating charges****	1.02%	1.10%	1.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	66.54	63.19	64.14
Lowest share price	58.17	58.04	58.18

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	58.00	61.53	57.80
Return before operating charges*	7.60	(0.99)	6.35
Operating charges**	(0.37)	(0.36)	(0.36)
Return after operating charges*	7.23	(1.35)	5.99
Distributions	(2.07)	(2.18)	(2.26)
Closing net asset value per share	63.16	58.00	61.53
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	12.47%	-2.19%	10.36%
Other information			
Closing net asset value (£'000)	124,272	97,190	70,146
Closing number of shares	196,750,215	167,562,223	113,997,438
Operating charges****	0.60%	0.60%	0.60%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	66.33	62.96	63.93
Lowest share price	57.94	57.87	57.97

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	47.24	50.13	47.08
Return before operating charges*	6.21	(0.82)	5.18
Operating charges**	(0.01)	(0.01)	(0.01)
Return after operating charges*	6.20	(0.83)	5.17
Distributions	(1.99)	(2.06)	(2.12)
Closing net asset value per share	51.45	47.24	50.13
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	13.12%	-1.66%	10.98%
Other information			
Closing net asset value (£'000)	41,009	37,657	39,953
Closing number of shares	79,707,426	79,707,426	79,705,926
Operating charges****	0.02%	0.02%	0.02%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	54.08	51.30	52.12
Lowest share price	47.20	47.18	47.24

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	77.11	79.14	71.86
Return before operating charges*	10.17	(1.31)	8.01
Operating charges**	(0.08)	(0.08)	(0.08)
Return after operating charges*	10.09	(1.39)	7.93
Distributions	(3.21)	(3.23)	(3.22)
Retained distributions on accumulation share	2.73	2.59	2.57
Closing net asset value per share	86.72	77.11	79.14
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	13.09%	-1.76%	11.04%
Other information			
Closing net asset value (£'000)	223	256	226
Closing number of shares	257,452	331,864	285,547
Operating charges****	0.10%	0.10%	0.10%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	88.96	80.98	81.61
Lowest share price	77.03	76.35	72.09

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	133.04	136.87	124.58
Return before operating charges*	17.54	(2.27)	13.84
Operating charges**	(0.57)	(0.53)	(0.52)
Return after operating charges*	16.97	(2.80)	13.32
Distributions	(5.11)	(5.17)	(5.18)
Retained distributions on accumulation share	4.33	4.14	4.15
Closing net asset value per share	149.23	133.04	136.87
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	12.76%	-2.05%	10.69%
Other information			
Closing net asset value (£'000)	1,428	1,351	1,836
Closing number of shares	956,484	1,015,129	1,341,325
Operating charges****	0.40%	0.40%	0.40%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	153.3	140.0	141.2
Lowest share price	132.9	131.7	125.0

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life B accumulation			
Change in net assets per share			
Opening net asset value per share	76.99	78.96	71.77
Return before operating charges*	10.14	(1.31)	7.85
Operating charges**	0.00	0.00	0.00
Return after operating charges*	10.14	(1.31)	7.85
Distributions	(3.29)	(3.30)	(3.30)
Retained distributions on accumulation share	2.80	2.64	2.64
Closing net asset value per share	86.64	76.99	78.96
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	13.17%	-1.66%	10.94%
Other information			
Closing net asset value (£'000)	2,882	5,558	4,426
Closing number of shares	3,326,293	7,219,727	5,605,484
Operating charges****	0.00%	0.00%	0.00%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	88.84	80.76	81.38
Lowest share price	76.88	76.20	71.87

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	60.35	62.21	56.74
Return before operating charges*	7.95	(1.02)	6.30
Operating charges**	(0.42)	(0.40)	(0.39)
Return after operating charges*	7.53	(1.42)	5.91
Distributions	(2.15)	(2.20)	(2.21)
Retained distributions on accumulation share	1.82	1.76	1.77
Closing net asset value per share	67.55	60.35	62.21
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	12.48%	-2.28%	10.42%
Other information			
Closing net asset value (£'000)	25,648	20,966	11,920
Closing number of shares	37,968,755	34,740,466	19,159,351
Operating charges****	0.65%	0.65%	0.65%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	69.48	63.64	64.18
Lowest share price	60.28	59.76	56.90

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	53.82	57.10	53.64
Return before operating charges*	7.06	(0.92)	5.89
Operating charges**	(0.37)	(0.36)	(0.36)
Return after operating charges*	6.69	(1.28)	5.53
Distributions	(1.90)	(2.00)	(2.07)
Closing net asset value per share	58.61	53.82	57.10
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	12.43%	-2.24%	10.31%
Other information			
Closing net asset value (£'000)	17,096	17,339	9,152
Closing number of shares	29,168,512	32,214,215	16,026,197
Operating charges****	0.65%	0.65%	0.65%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	61.54	58.42	59.32
Lowest share price	53.77	53.69	53.79

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	54.74	56.28	51.24
Return before operating charges*	7.22	(0.87)	5.70
Operating charges**	(0.25)	(0.24)	(0.23)
Return after operating charges*	6.97	(1.11)	5.47
Distributions	(2.10)	(2.17)	(2.14)
Retained distributions on accumulation share	1.78	1.74	1.71
Closing net asset value per share	61.39	54.74	56.28
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	12.73%	-1.97%	10.68%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	1,200
Operating charges****	0.43%	0.43%	0.43%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	63.07	57.56	58.03
Lowest share price	54.66	54.18	51.39

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S income			
Change in net assets per share			
Opening net asset value per share	50.46	53.52	50.26
Return before operating charges*	6.63	(0.82)	5.54
Operating charges**	(0.23)	(0.22)	(0.22)
Return after operating charges*	6.40	(1.04)	5.32
Distributions	(1.91)	(2.02)	(2.06)
Closing net asset value per share	54.95	50.46	53.52
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	12.68%	-1.94%	10.58%
Other information			
Closing net asset value (£'000)	1	1	1
Closing number of shares	2,200	2,200	1,200
Operating charges****	0.43%	0.43%	0.43%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	57.71	54.76	55.62
Lowest share price	50.41	50.36	50.44

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Institutional A accumulation ⁺⁺		
Change in net assets per share		
Opening net asset value per share	49.77	50.00
Return before operating charges*	6.61	(0.15)
Operating charges**	(0.59)	(0.05)
Return after operating charges*	6.02	(0.20)
Distributions	(1.25)	(0.17)
Retained distributions on accumulation share	1.01	0.14
Closing net asset value per share	55.55	49.77
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	12.10%	-0.40%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	1.10%	1.10%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	57.18	50.16
Lowest share price	49.67	49.25

⁺⁺ Share class launched on 25 January 2016.

Investment Grade Corporate Bond Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Institutional A income ⁺⁺		
Change in net assets per share		
Opening net asset value per share	49.60	50.00
Return before operating charges*	6.23	(0.18)
Operating charges**	(0.58)	(0.05)
Return after operating charges*	5.65	(0.23)
Distributions	(1.24)	(0.17)
Closing net asset value per share	54.01	49.60
* after direct transaction costs of:***	0.00	0.00
Performance +		
Return after charges	11.39%	-0.46%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	1.10%	1.10%
Direct transaction costs***	0.00%	0.00%
Prices		
Highest share price	56.68	50.16
Lowest share price	49.55	49.25

⁺⁺ Share class launched on 25 January 2016.

Investment Grade Corporate Bond Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The Registrar fees of 0.08% ceased to be charged effective 1 April 2016 for the Retail accumulation and Retail income share classes.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++ Share class launched on 28 January 2016.

Investment Grade Corporate Bond Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		58,927		(40,885)
Revenue	4	28,358		29,100	
Expenses	5	(4,751)		(6,252)	
Interest and similar charges		(2)		(8)	
Net revenue before taxation		<u>23,605</u>		<u>22,840</u>	
Taxation	6	(31)		(27)	
Net revenue after taxation			<u>23,574</u>		<u>22,813</u>
Total return before distributions			<u>82,501</u>		<u>(18,072)</u>
Distributions	7		(23,575)		(22,812)
Change in net assets attributable to shareholders from investment activities			<u>58,926</u>		<u>(40,884)</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			671,300		683,117
Amounts receivable on issue of shares		58,558		400,797	
Amounts payable on cancellation of shares		(74,161)		(384,429)	
			<u>(15,603)</u>		<u>16,368</u>
Dilution adjustment			93		(89)
Change in net assets attributable to shareholders from investment activities (see above)			58,926		(40,884)
Retained distribution on accumulation shares			13,962		12,786
Unclaimed distributions returned to the Fund			3		2
Closing net assets attributable to shareholders			<u>728,681</u>		<u>671,300</u>

Investment Grade Corporate Bond Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			720,614		661,771
Current assets:					
Debtors	8	12,862		14,736	
Cash and bank balances	9	2,299		2,773	
			<u>15,161</u>	<u>17,509</u>	
Total assets			<u>735,775</u>	<u>679,280</u>	
Liabilities					
Investment liabilities			(832)		(1,959)
Creditors	10	(3,561)		(2,571)	
Distribution payable on income shares		(2,701)		(3,450)	
			<u>(6,262)</u>	<u>(6,021)</u>	
Total liabilities			<u>(7,094)</u>	<u>(7,980)</u>	
Net assets attributable to shareholders			<u>728,681</u>	<u>671,300</u>	

Investment Grade Corporate Bond Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Corporate Bonds (94.62%)	696,865	95.64
Less than 5 years to maturity (11.97%)	108,553	14.90
192,000 AA Bond Company 4.7201% 2018	201	0.03
2,070,000 Abbey National 1.875% 2020	2,114	0.29
2,290,000 Arion Banki 2.5% 2019	2,024	0.28
2,020,000 Arqiva 4.04% 2020	2,164	0.30
2,900,000 Bank of America 6.125% 2021	3,477	0.48
4,298,000 Barclays 10% 2021	5,570	0.76
2,170,000 Barclays 4.25% 2022	2,509	0.34
1,300,000 British American Tobacco 1.75% 2021	1,319	0.18
2,270,000 BUPA 3.375% 2021	2,458	0.34
2,481,000 Citigroup 7.625% 2018	2,664	0.37
2,610,000 Close Brothers 3.875% 2021	2,861	0.39
2,800,000 Commerzbank 6.625% 2019	3,052	0.42
1,900,000 Co-operative Bank 4.75% 2021	2,134	0.29
3,460,000 CPMK Finance 2.666% 2020	3,595	0.49
2,000,000 Daimler 6.875% 2021	2,115	0.29
960,000 Danske Bank 5.375% fixed to floating 2021	1,016	0.14
3,100,000 Deutsche Bank 1.875% 2020	3,096	0.42
773,000 Eastern Power Networks 4.75% 2021	894	0.12
2,200,000 EDP 6.625% 2017	2,248	0.31
2,656,000 Enel 6.25% 2019	2,957	0.41
1,807,000 ENW Finance 6.125% 2021	2,186	0.30
2,770,000 First Hydro 9% 2021	3,628	0.50
1,200,000 G4S 7.75% fixed to floating 2019	1,358	0.19
4,000,000 General Electric 5.5% 2021	4,750	0.65
2,469,000 Heathrow Funding 6.25% 2018	2,659	0.36
2,540,000 Imperial Tobacco 9% fixed to floating 2022	3,431	0.47
2,420,000 JP Morgan Chase 1.875% 2020	2,490	0.34
1,600,000 JP Morgan Chase FRN 2017	1,599	0.22
2,791,000 Lend Lease Europe 6.125% 2021	3,244	0.45
800,000 London Stock Exchange 4.75% 2021	906	0.12
1,300,000 London Stock Exchange 9.125% 2019	1,569	0.22
1,920,000 Merrill Lynch 5.5% 2021	2,228	0.31
2,700,000 Metlife 5.25% 2020	3,098	0.43
1,902,000 Motability Operations 6.625% 2019	2,219	0.30
2,000,000 National Express 6.625% 2020	2,336	0.32
2,000,000 National Grid 1.875% 2018	2,027	0.28

Investment Grade Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Less than 5 years to maturity (continued)		
1,069,000 Nationwide 5.625% 2019	1,195	0.16
1,046,000 Northern Gas Networks 5.875% 2019	1,169	0.16
3,000,000 Provident Financial 8% 2019	3,458	0.47
1,190,000 RCI Banque 3% 2019	1,235	0.17
4,541,000 Royal Bank of Scotland 6.625% 2018	4,929	0.68
1,360,000 SPI Australia Assets 5.125% 2021	1,550	0.21
2,200,000 Telefonica Emisiones 5.597% 2020	2,465	0.34
2,500,000 Volkswagen 1.75% 2020	2,534	0.35
1,620,000 Wessex Water Services 4% 2021	1,822	0.25
Between 5 and 10 years to maturity (29.32%)		202,625
		27.81
3,520,000 ABP 6.25% 2026	4,534	0.62
831,000 America Movil 5% 2026	1,003	0.14
1,250,000 American International 5% 2023	1,450	0.20
1,380,000 Anheuser-Busch InBev 9.75% 2024	2,134	0.29
3,700,000 Anheuser-Busch InBev Worldwide 3.65% 2026	3,025	0.41
39,790 Annington Finance 6.568% 2023	40	0.01
2,900,000 Annington Repackaging 5.3236% 2023	3,336	0.46
570,000 APT Pipelines 4.25% 2024	639	0.09
1,426,000 Atlantia 6.25% 2022	1,744	0.24
1,140,000 Babcock International 1.875% 2026	1,099	0.15
1,500,000 Bank of Scotland 4.875% 2024	1,869	0.26
2,570,000 Barclays 3.125% 2024	2,646	0.36
5,290,000 Barclays 3.25% 2027	5,345	0.73
745,000 Barclays 5.75% fixed to floating 2026	898	0.12
3,350,000 BP Capital Markets 2.03% 2025	3,390	0.47
1,650,000 British American Tobacco 7.25% 2024	2,204	0.30
2,900,000 Charter Communications Operating 4.908% 2025	2,455	0.34
2,013,000 Citigroup 5.875% 2024	2,447	0.34
2,010,000 Close Brothers Finance 2.75% 2026	2,067	0.28
3,135,000 Commonwealth Bank of Australia 3% 2026	3,486	0.48
3,259,000 Coventry 5.875% 2022	3,991	0.55
1,650,000 CPUK Finance 7.239% 2024	2,171	0.30
3,550,000 Credit Agricole 7.375% 2023	4,569	0.63
3,300,000 Credit Suisse 3% 2022	3,441	0.47
2,211,000 CVS Health 3.875% 2025	1,835	0.25
2,468,000 Deutsche Telekom 6.5% 2022	3,095	0.42

Investment Grade Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Between 5 and 10 years to maturity (continued)		
840,000 EDP 8.625% 2024	1,115	0.15
5,140,000 Enel 5.625% 2024	6,282	0.86
3,528,000 Eversholt 6.359% 2025	4,669	0.64
1,780,000 FCE Bank 2.727% 2022	1,861	0.26
3,220,000 Firstgroup 6.875% 2024	4,186	0.57
2,464,000 Glencore 4.125% 2023	2,050	0.28
1,680,000 Glencore Finance 6% 2022	1,952	0.27
3,180,000 Global Switch 4.375% 2022	3,548	0.49
1,598,000 Hammerson 6% fixed to floating 2026	2,029	0.28
6,038,000 Heathrow Funding 6.75% 2026	8,361	1.15
2,650,000 HSBC 6.375% fixed to floating 2022	2,722	0.37
1,550,000 Iberdrola 7.375% 2024	2,084	0.29
2,170,000 Intu (SGS) Finance 4.125% 2023	2,431	0.33
1,600,000 John Lewis 6.125% 2025	1,992	0.27
2,147,000 Lloyds TSB Bank 5.125% 2025	2,722	0.37
1,920,000 Lloyds TSB Bank 5.75% fixed to floating 2025	2,121	0.29
3,300,000 Lloyds TSB Bank 7.625% 2025	4,390	0.60
1,300,000 London & Quadrant 2.625% 2026	1,385	0.19
930,000 Marks & Spencer 4.75% 2025	1,048	0.14
2,010,000 Met Life Global Funding 2.625% 2022	2,167	0.30
1,300,000 Metropolitan Life 2.875% 2023	1,409	0.19
1,160,000 Metropolitan Life 3.5% 2026	1,325	0.18
1,920,000 National Express Group 2.5% 2023	1,960	0.27
1,990,000 Nationwide Building Society 2.25% 2022	2,081	0.29
1,210,000 Northern Powergrid 2.5 % 2025	1,286	0.18
1,600,000 Petróleos Mexicanos 8.25% 2022	1,916	0.26
2,440,000 Reynolds American 4.45% 2025	2,073	0.28
4,246,000 Royal Bank of Scotland 5.125% 2024	5,279	0.72
4,600,000 RWE 5.5% 2022	5,459	0.75
4,600,000 Santander 3.625% 2026	4,816	0.66
564,000 Santander UK 9.625% 2023	635	0.09
2,000,000 Scentre management 3.875% 2026	2,291	0.31
1,524,000 Segro 6.75% 2024	2,012	0.28
1,260,000 Severn Trent 3.625% 2026	1,422	0.20
3,623,000 Southern Gas Networks 4.875% 2023	4,356	0.60
2,100,000 Stagecoach 4% 2025	2,305	0.32
182,000 TDC 5.625% 2023	211	0.03
2,000,000 Telefonica Emisiones 5.289% 2022	2,340	0.32

Investment Grade Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Between 5 and 10 years to maturity (continued)		
2,183,000 Teva Pharmaceutical Finance Netherlands 3.15% 2026	1,624	0.22
2,834,000 Thames Water 5.375% 2025	2,877	0.39
1,120,000 Thames Water Utilities Cayman Finance 1.875% 2024	1,130	0.16
689,504 THPA Finance 7.127% 2024	783	0.11
2,210,000 UBS 4.75% 2026	2,070	0.28
3,440,000 UBS Group Funding Jersey 4.125% 2026	2,812	0.39
1,290,000 Vicinity Centres 3.375% 2026	1,413	0.19
1,620,000 Wells Fargo 2.125% 2022	1,666	0.23
2,500,000 Wells Fargo 5.25% 2023	2,980	0.41
5,960,000 Western Power 5.25% 2023	7,141	0.98
2,190,000 Western Power Distribution 3.625% 2023	2,381	0.33
2,630,000 Westpac Banking Corp 2.625% 2022	2,817	0.39
3,516,000 Yorkshire Building Society 4.125% 2024	3,613	0.50
2,100,000 Yorkshire Water 6% 2025	2,114	0.29
Between 10 and 15 years to maturity (13.15%)		
3,020,000 Abbey National 3.875% 2029	3,456	0.47
672,000 Anglian Water 4.5% 2027	831	0.11
1,000,000 Anglian Water 6.625% 2029	1,483	0.20
2,370,000 APT Pipelines 3.5% 2030	2,476	0.34
2,130,000 Arqiva Financing 5.34% 2030	2,503	0.34
1,430,000 AT&T 4.375% 2029	1,618	0.22
3,650,000 AT&T 5.5% 2027	4,485	0.62
2,650,000 Bank of America 7% 2028	3,756	0.52
1,700,000 BPCE 5.25% 2029	1,881	0.26
960,000 Brown-Forman 2.6% 2028	997	0.14
307,055 Canary Wharf Finance 6.455% 2030	455	0.06
1,100,000 Centrica 4.375% 2029	1,327	0.18
1,450,000 CRH Finance 4.125% 2029	1,689	0.23
3,112,000 DONG Energy 4.875% 2032	3,937	0.54
1,475,000 Dŵr Cymru Financing 6.015% 2028	2,072	0.29
800,000 Gatwick Funding 6.125% 2028	1,048	0.14
4,560,000 HSBC 2.625% 2028	4,483	0.62
3,800,000 HSBC Bank 5.375% 2030	4,424	0.61
2,864,160 Intu Debenture 5.562% 2027	3,408	0.47
2,575,000 Koninklijke KPN 5.75% 2029	3,308	0.45
800,000 Land Securities Capital Markets 5.391% 2027	1,024	0.14

Investment Grade Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Between 10 and 15 years to maturity (continued)		
1,560,000 Land Securities CM 2.399% 2029	1,633	0.22
100,000 Lloyds TSB Bank 6% 2029	143	0.02
1,600,016 Meadowhall Finance 4.986% 2032	1,998	0.27
937,669 Mitchells & Butlers 5.574% 2030	1,089	0.15
191,934 Mitchells & Butlers 6.013% 2028	227	0.03
2,000,000 National Grid Gas 2.125% 2028	1,978	0.27
2,970,000 Nationwide Building Society 3.25% 2028	3,217	0.44
1,070,000 Porterbrook Rail 4.625% 2029	1,302	0.18
1,520,000 Rabobank 4.625% 2029	1,684	0.23
990,000 Rio Tinto 4% 2029	1,168	0.16
1,190,000 RWE 6.25% 2030	1,623	0.22
1,280,000 Severn Trent 6.25% 2029	1,840	0.25
3,210,000 Severn Trent Water Utilities 2.75% 2031	3,379	0.46
1,901,537 Shaftesbury 2.487% 2031	1,868	0.26
2,546,000 Southern Gas Networks 4.875% 2029	3,277	0.45
910,000 SP Manweb 4.875% 2027	1,127	0.16
120,000 SSE 8.375% 2028	194	0.03
2,550,000 Telefonica Emision 5.445% 2029	3,200	0.44
1,202,460 Telereal Securitit 4.9741% 2027	1,369	0.19
2,740,249 Telereal Securitit 5.5534% 2031	3,301	0.45
2,800,000 Telereal Securitit FRN 2031	2,544	0.35
171,372 Telereal Securitisation 5.9478% 2031	211	0.03
200,000 Telereal Securitisation FRN 2031	180	0.03
640,000 Thames Water 5.75% 2030	750	0.10
1,600,000 Thames Water Finance 3.5% 2028	1,814	0.25
2,300,000 Time Warner Cable 5.75% 2031	2,817	0.39
3,500,000 United Utilities 5.625% 2027	4,697	0.65
570,000 Yorkshire Water 3.625% 2029	665	0.09
Between 15 and 25 years to maturity (22.94%)	164,332	22.55
1,370,000 Arqiva 4.882% 2032	1,556	0.21
4,371,988 Aspire Defence 4.674% 2040 'A'	5,385	0.74
3,050,224 Aspire Defence 4.674% 2040 'B'	3,757	0.52
4,500,000 AT&T 7% 2040	6,689	0.92
1,500,000 Aviva 6.125% 2036	1,694	0.23
3,240,000 Aviva 6.625% fixed to floating 2041	3,673	0.50
1,100,000 BAT Intl Finance 6% 2034	1,547	0.21

Investment Grade Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Between 15 and 25 years to maturity (continued)		
1,725,000 Broadgate Finance 4.821% 2036	2,256	0.31
3,853,336 Broadgate Finance 5.098% 2035	4,576	0.63
400,000 Canary Wharf Finance 5.952% 2037	503	0.07
3,001,000 Citigroup 6.8% 2038	4,764	0.65
2,250,000 DONG Energy 5.75% 2040	3,292	0.45
3,639,000 E.ON Finance 6.375% 2032	5,153	0.71
2,400,000 E.ON Finance 6.75% 2039	3,721	0.51
2,400,000 EDF 5.5% 2037	2,973	0.41
3,350,000 EDF 6.125% 2034	4,376	0.60
2,500,000 Enel Societa 5.75% 2037	3,288	0.45
1,500,000 Gatwick Funding 5.75% 2037	2,134	0.29
5,582,000 General Electric 8% 2039	10,629	1.46
5,875,000 GlaxoSmithKline 5.25% 2033	8,189	1.12
100,000 GlaxoSmithKline 6.375% 2039	161	0.02
741,914 Greater Gabbard 4.137% 2032	863	0.12
500,000 Greene King 5.106% 2034	588	0.08
2,490,000 Greene King 5.702% fixed to floating 2034	2,303	0.32
2,345,995 Greene King FRN 2033	2,282	0.31
963,847 Gwynt y Môr 2.778% 2034	1,012	0.14
200,000 Heathrow Funding 5.875% 2041	298	0.04
5,047,000 HSBC 6% 2040	6,458	0.89
900,000 HSBC Bank 5.375% 2033	1,148	0.16
2,630,000 Imperial Tobacco 4.875% 2032	3,243	0.45
1,230,000 John Lewis 4.25% 2034	1,340	0.18
2,362,000 Kinder Morgan 5.3% 2034	1,956	0.27
3,677,000 Lloyds TSB Bank 6.5% 2040	5,943	0.82
1,000,000 London & Quadrant 4.625% 2033	1,309	0.18
1,276,000 McDonald 5.875% 2032	1,740	0.24
1,580,000 Motability 3.625% 2036	1,835	0.25
2,120,000 National Grid Gas 2.625% 2038	2,060	0.28
1,810,000 Northumbrian Water 5.125% 2042	2,583	0.35
1,440,000 Notting Hill Housing 3.75% 2032	1,646	0.23
4,103,749 Octagon Healthcare 5.333% 2035	5,159	0.71
2,096,000 Orange 5.625% 2034	2,786	0.38
4,001,165 Peel 8.375% 2040	5,860	0.80
2,517,789 RMPA Services 5.337% 2038	3,126	0.43
1,010,000 RSA Insurance 9.375% fixed to floating 2039	1,179	0.16
1,902,000 Scottish & Southern Energy 6.25% 2038	2,925	0.40

Investment Grade Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Between 15 and 25 years to maturity (continued)		
2,270,000 Southern Water 4.5% 2038	2,507	0.34
1,513,910 Telereal Securitit 4.01% 2033	1,612	0.22
1,180,000 Telereal Securitit 4.0902% fixed to floating 2033	1,234	0.17
790,000 Thames Water 4.375% 2034	986	0.14
2,000,000 Thames Water 5.5% 2041	2,965	0.41
180,275 Trafford Centre 6.5% 2033	249	0.03
2,255,000 Vattenfall 6.875% 2039	3,619	0.50
2,500,000 Veolia Environment 6.125% 2037	3,665	0.50
2,791,000 Walmart 5.625% 2034	4,048	0.56
2,500,000 Western Power 5.75% 2032	3,489	0.48
Over 25 years to maturity (11.19%)	76,936	10.56
3,652,000 AA Bond 2.875% 2043	3,700	0.51
1,000,000 Affinity Sutton 4.25% 2042	1,274	0.18
2,170,000 Affinity Water 3.278% 2042	2,368	0.32
1,560,000 Altria 4.25% 2042	1,245	0.17
2,100,000 AT&T 4.25% 2043	2,254	0.31
1,810,000 Aviva 5.125% 2050	1,871	0.26
1,000,000 AXA 5.625% 2054	1,050	0.14
2,600,000 BAT International Finance 2.25% 2052	2,137	0.29
1,900,000 BHP Billiton 4.3% 2042	2,404	0.33
1,680,000 BPHA 4.816% 2044	2,216	0.30
3,660,000 Centrica 4.25% 2044	4,467	0.61
2,097,606 Channel Link 6.341% 2046	3,007	0.41
1,450,000 Circle Anglia 5.2% 2044	2,058	0.28
3,430,000 Direct Line Insurance 9.25% 2042	4,278	0.59
2,100,000 EDF 5.125% 2050	2,588	0.36
3,200,000 EDF 6% 2114	4,285	0.59
2,710,000 Heathrow Funding 4.625% 2048	3,554	0.49
1,480,000 Legal & General 5.5% 2064	1,511	0.21
1,390,000 Legal & General Group 5.375% 2045	1,496	0.21
1,100,000 Mellon Capital III 6.369% 2066	1,098	0.15
3,600,000 Munchener Ruckvers 6.625% fixed to floating 2042	4,266	0.59
2,430,000 NGG 5.625% fixed to floating 2073	2,678	0.37
1,240,000 Notting Hill Housing Fund 4.375% 2054	1,675	0.23
1,870,000 Peabody Capital 4.625% 2053	2,632	0.36
2,224,000 Prudential 5% 2055	2,224	0.31

Investment Grade Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Over 25 years to maturity (continued)		
2,361,000 QBE Insurance 6.115% 2042	2,590	0.36
2,500,000 RL Finance 6.125% fixed to floating 2043	2,714	0.37
1,720,000 Transport for London 3.875% 2042	2,209	0.30
2,100,000 Vodafone 3.375% 2049	1,929	0.26
2,370,000 Vodafone Group 3% 2056	1,997	0.27
2,540,000 Wheatley 4.375% 2044	3,161	0.43
Perpetual (6.05%)		44,463
6.10		
2,000,000 Assic Generali 6.269% fixed to floating Perpetual	1,997	0.27
1,934,000 Aviva 5.9021% fixed to floating Perpetual	2,054	0.28
3,360,000 Aviva 6.125% fixed to floating Perpetual	3,604	0.49
2,989,000 Axa 5.453% Perpetual	3,105	0.43
1,600,000 Cooperative Rabobank 6.625% Perpetual	1,475	0.20
4,150,000 Credit Logement FRN Perpetual	2,888	0.40
4,274,000 Dignity Finance 4.6956% Perpetual	5,281	0.72
3,234,000 DNB Bank 6.0116% fixed to floating Perpetual	3,245	0.45
1,700,000 EDF 4.125% Perpetual	1,444	0.20
3,300,000 EDF 6% Perpetual	3,215	0.44
2,870,000 HSBC Holdings 6.875% Perpetual	2,471	0.34
1,515,000 Legal & General 5.875% fixed to floating Perpetual	1,603	0.22
3,645,000 Pennon 6.75% Perpetual	3,795	0.52
3,810,000 Skandinaviska 5.75% Perpetual	3,115	0.43
2,170,000 SSE 3.875% Perpetual	2,187	0.30
3,600,000 Swedbank 6% Perpetual	2,984	0.41
Government Bonds (3.23%)		20,675
2.84		
5,268,000 UK (Govt of) 4.25% 2032	7,245	1.00
1,300,000 UK (Govt of) 4.5% 2042	2,037	0.28
8,608,000 UK (Govt of) 5% 2025	11,393	1.56
Collective Investment Scheme (0.72%)		2,651
0.36		
541 Standard Life CNAV Euro Liquidity Fund	0	0.00
2,650,896 Standard Life CNAV Sterling Liquidity Fund	2,651	0.36

Investment Grade Corporate Bond Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Derivatives (-0.28%)	(409)	(0.06)
Credit Default Swap (0.00%)	-	-
Forward Currency Contracts (-0.19%)	(638)	(0.09)
Buy GBP 158,238 Sell USD 197,103 09/05/2017	0	0.00
Buy GBP 9,960,024 Sell EUR 11,671,076 09/05/2017	(24)	0.00
Buy GBP 30,041,643 Sell USD 38,228,922 09/05/2017	(634)	(0.09)
Buy USD 1,555,960 Sell GBP 1,236,822 09/05/2017	11	0.00
Buy USD 2,361,245 Sell GBP 1,884,922 09/05/2017	9	0.00
Futures (-0.02%)	229	0.03
240 Long Long Gilt Future 28/06/2017	403	0.05
(37) Short Euro Bond Future 08/03/2017	(132)	(0.02)
(84) Short US 10 Year Note Future 21/06/2017	(10)	0.00
(35) Short US Long Bond Future (CBT) 21/06/2017	(32)	0.00
Total investment assets and liabilities	719,782	98.78
Net other assets	8,899	1.22
Total Net Assets	728,681	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

	Bid-market value £'000
Reconciliation of assets and liabilities to the balance sheet	£'000
Investment assets as per the Balance Sheet	720,614
Investment liabilities	(832)
Net investment assets	719,782
Net other assets	8,899
Total Net Assets	728,681

Investment Grade Corporate Bond Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)	2017	2016
	£'000	£'000
Non-derivative securities	62,881	(34,509)
Derivative contracts	1,795	(1,748)
Forward currency contracts	(5,834)	(4,644)
Non-derivative securities currency gains	96	38
Derivative contracts currency losses	(3)	(10)
Handling charges taken from the capital account	(8)	(12)
Net capital gains/(losses)	<u>58,927</u>	<u>(40,885)</u>

3 Transaction Costs	2017	2016
	£'000	£'000

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Bonds	138,093	180,649
Sales		
Bonds	136,922	157,015

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.91% (29 February 2016: 0.74%). This is indicative for the year.

Investment Grade Corporate Bond Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016
	£'000	£'000
Overseas dividends	209	182
Interest on debt securities	28,124	28,891
Bank interest	18	27
Net interest received from interest rate swaps	7	0
Total revenue	28,358	29,100
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	4,188	5,607
Dealing charge	22	13
Registration fees	421	514
	4,631	6,134
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	56	51
Safe custody fees	53	50
	109	101
Other:		
Audit fee	11	11
Net interest paid on interest rate swaps	0	6
	11	17
Total expenses	4,751	6,252
6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
UK corporation tax	0	7
Double tax relief	0	(7)
Overseas withholding tax	31	27
Total taxation	31	27

Investment Grade Corporate Bond Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(b) Factors affecting current tax charge for year**

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	23,605	22,840
Corporation tax at 20% (2016: 20%)	4,721	4,568
Effects of:		
Overseas withholding tax	31	20
Overseas tax expense relief	(6)	0
Interest distributions	(4,715)	(4,561)
Current tax charge (Note 6(a))	31	27

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

7 Distributions**2017****2016****£'000****£'000****(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:**

First interim distribution	5,958	5,672
Second interim distribution	6,002	5,754
Third interim distribution	5,797	5,553
Final distribution	5,641	5,597
	23,398	22,576
Add: Income deducted on cancellation of shares	328	2,407
Deduct: Income received on issue of shares	(151)	(2,171)
Net distribution for the year	23,575	22,812

Details of the distribution per share are set out in this Fund's distribution tables.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	23,574	22,813
Add: Undistributed revenue brought forward	1	0
Deduct: Undistributed revenue carried forward	0	(1)
Net distribution for the year	23,575	22,812

Investment Grade Corporate Bond Fund**Notes to the financial statements (continued)**

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	238	1,769
Dilution levy receivable from the ACD	12	1
Accrued revenue	12,612	12,966
Total debtors	<u>12,862</u>	<u>14,736</u>
9 Cash and Bank Balances	2017	2016
	£'000	£'000
Amounts held at futures clearing houses and brokers	654	419
Cash and bank balances	1,645	2,354
Total cash and bank balances	<u>2,299</u>	<u>2,773</u>
10 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	3,176	259
Dilution levy payable to the ACD	1	6
Purchases awaiting settlement	0	1,867
Accrued expenses payable to the ACD	357	408
Accrued expenses payable to the Depositary	16	13
Other accrued expenses	11	11
Accrued interest payable on interest rate swap contracts	0	7
Total creditors	<u>3,561</u>	<u>2,571</u>

Investment Grade Corporate Bond Fund**Notes to the financial statements (continued)****11 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 10.

The Fund holds nil shares (2016: 4,826,000) in SLI Seabury GBP VNAV Liquidity Fund. The total purchase cost of these investments during the year was £27,845,000 (2016: £69,702,000), the total sales proceeds were £87,845,000 (2016: £73,375,000) and distributions reinvested were £8,000 (2016: £13,000).

The Fund holds 2,650,896 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £114,181,000 (2016: £ nil), the total sales proceeds were £111,543,000 (2016: £ nil) and distributions reinvested were £14,000 (2016: £ nil).

The Fund holds 541 shares (2016: nil) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €9,424,000 (2016: € nil), the total sales proceeds were €9,424,000 (2016: € nil) and distributions reinvested were € nil (2016: € nil).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	11,478	353,509
Purchase of shares by Fund	23,880	339,433
Distributions made by Fund	11,306	9,305
 The percentage value of the Fund held by Standard Life group companies is:	 54.6%	 54.6%

Investment Grade Corporate Bond Fund**Notes to the financial statements (continued)****12 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	20,675	696,865	0	21,654	635,183	0
Collective Investment Schemes	0	2,651	0	0	4,826	0
Derivatives	403	20	0	57	51	0
Total investment assets	21,078	699,536	0	21,711	640,060	0
Fair value of investment liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives	(174)	(658)	0	(195)	(1,764)	0
Total investment liabilities	(174)	(658)	0	(195)	(1,764)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Shares in issue reconciliation

	Opening units 2016	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2017
Retail accumulation	96,979,685	316,493	(11,647,414)	(3,290,201)	82,358,563
Institutional accumulation	225,161,925	9,320,584	(11,942,078)	(253,422)	222,287,009
Retail income	65,437,393	(18,988)	(6,087,006)	(2,469,898)	56,861,501
Institutional income	167,562,223	50,748,831	(22,998,421)	1,437,582	196,750,215
Standard Life income	79,707,426	0	0	0	79,707,426
Standard Life accumulation	331,864	57,773	(132,185)	0	257,452
Institutional regulated accumulation	1,015,129	46,419	(105,064)	0	956,484
Standard Life B accumulation	7,219,727	2,519,390	(6,412,824)	0	3,326,293
Platform 1 accumulation	34,740,466	3,412,798	(6,903,560)	6,719,051	37,968,755
Platform 1 income	32,214,215	1,604,893	(7,128,671)	2,478,075	29,168,512
Institutional S accumulation	2,200	0	0	0	2,200
Institutional S income	2,200	0	0	0	2,200
Institutional A accumulation	2,200	0	0	0	2,200
Institutional A income	2,200	0	0	0	2,200

Investment Grade Corporate Bond Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures**

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2017	Minimum	Maximum	Average
VaR 99% 1 Month	3.08%	3.97%	3.60%
2016	Minimum	Maximum	Average
VaR 99% 1 Month	3.00%	3.37%	3.18%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 3.86%, £27,784,000 (2016: 3.00%, £19,794,000) in one month period. This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Investment Grade Corporate Bond Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk**

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2017	2016
	£'000	£'000
Euro	(142)	204
US Dollar	1,844	1,181

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Investment Grade Corporate Bond Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Fixed rate financial assets	Financial assets/ (liabilities) not carrying interest	Total
	£'000	£'000	£'000	£'000
2017				
Currency				
Sterling	9,912	673,389	37,441	720,742
Euro	2,889	7,013	(10,116)	(214)
US Dollar	1,642	27,645	(27,734)	1,553
2016				
Currency				
Sterling	11,619	602,561	47,754	661,934
Euro	3,641	10,988	(14,692)	(63)
US Dollar	0	35,176	(34,462)	714

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid-market value 2017	Bid-market value 2016
Credit Rating Analysis	£'000	£'000
Investment Grade Bonds	682,502	623,572
Below Investment Grade Bonds	13,145	13,075
Unrated Bonds	21,893	20,190
Total Value of Bonds	717,540	656,838

Investment Grade Corporate Bond Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(d) Credit risk (continued)**

This Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Any counterparties to derivative positions and term deposits as well as the collateral amount and type held by the Fund as at 28 February 2017 are detailed in the table below.

Counterparty	Collateral classification	2017 £'000	2016 £'000
Citibank	Stock	-	(350)
Credit Agricole	-	-	-
HSBC	Stock	(414)	-
State Street	-	-	-
UBS	Stock	-	(398)
Total		(414)	(748)

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Investment Grade Corporate Bond Fund**Distribution Tables****for the three months ended 31 May 2016****Interest distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 May 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	1.0697	0.2139	0.8558	-	0.8558 *	0.8474
Group 2	0.4165	0.0833	0.3332	0.5226	0.8558 *	0.8474
Institutional accumulation						
Group 1	1.3092	0.2618	1.0474	-	1.0474 *	1.0502
Group 2	0.7030	0.1406	0.5624	0.4850	1.0474 *	1.0502
Retail income						
Group 1	0.4641	0.0928	0.3713	-	0.3713 **	0.3770
Group 2	0.1815	0.0363	0.1452	0.2261	0.3713 **	0.3770
Institutional income						
Group 1	0.5300	0.1060	0.4240	-	0.4240 **	0.4378
Group 2	0.3198	0.0639	0.2559	0.1681	0.4240 **	0.4378
Standard Life income						
Group 1	0.5032	0.1006	0.4026	-	0.4026 **	0.4155
Group 2	-	-	-	-	-	-
Standard Life accumulation						
Group 1	0.8053	0.1610	0.6443	-	0.6443 *	0.6431
Group 2	0.6716	0.1343	0.5373	0.1070	0.6443 *	0.6431
Institutional regulated accumulation						
Group 1	1.2848	0.2569	1.0279	-	1.0279 *	1.0290
Group 2	-	-	-	-	-	-
Standard Life B accumulation						
Group 1	0.8230	0.1646	0.6584	-	0.6584 *	0.6540
Group 2	0.7146	0.1429	0.5717	0.0867	0.6584 *	0.6540

Investment Grade Corporate Bond Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Platform 1 accumulation						
Group 1	0.5435	0.1087	0.4348	-	0.4348 *	0.4363
Group 2	0.2452	0.0490	0.1962	0.2386	0.4348 *	0.4363
Platform 1 income						
Group 1	0.4848	0.0969	0.3879	-	0.3879 **	0.4004
Group 2	0.2028	0.0405	0.1623	0.2256	0.3879 **	0.4004
Institutional S accumulation						
Group 1	0.5150	0.1030	0.4120	-	0.4120 *	0.4280
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.4850	0.0970	0.3880	-	0.3880 **	0.4080
Group 2	-	-	-	-	-	-
Institutional A accumulation						
Group 1	0.4000	0.0800	0.3200	-	0.3200 *	-
Group 2	-	-	-	-	-	-
Institutional A income						
Group 1	0.3995	0.0799	0.3196	-	0.3196 *	-
Group 2	-	-	-	-	-	-

* Distribution accumulated on 31 May 2016

** Distribution paid on 31 July 2016

Investment Grade Corporate Bond Fund**Distribution Tables (continued)**

for the three months ended 31 August 2016

Interest distribution

Group 1 - shares purchased prior to 1 June 2016

Group 2 - shares purchased between 1 June 2016 and 31 August 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	1.0870	0.2174	0.8696	-	0.8696 *	0.8826
Group 2	0.5575	0.1115	0.4460	0.4236	0.8696 *	0.8826
Institutional accumulation						
Group 1	1.3281	0.2656	1.0625	-	1.0625 *	1.0845
Group 2	0.7873	0.1574	0.6299	0.4326	1.0625 *	1.0845
Retail income						
Group 1	0.4682	0.0936	0.3746	-	0.3746 **	0.3900
Group 2	0.3402	0.0680	0.2722	0.1024	0.3746 **	0.3900
Institutional income						
Group 1	0.5337	0.1067	0.4270	-	0.4270 **	0.4493
Group 2	0.2410	0.0482	0.1928	0.2342	0.4270 **	0.4493
Standard Life income						
Group 1	0.5107	0.1021	0.4086	-	0.4086 **	0.4235
Group 2	-	-	-	-	-	-
Standard Life accumulation						
Group 1	0.8232	0.1646	0.6586	-	0.6586 *	0.6624
Group 2	0.2816	0.0563	0.2253	0.4333	0.6586 *	0.6624
Institutional regulated accumulation						
Group 1	1.3085	0.2617	1.0468	-	1.0468 *	1.0586
Group 2	1.2101	0.2420	0.9681	0.0787	1.0468 *	-
Standard Life B accumulation						
Group 1	0.8443	0.1688	0.6755	-	0.6755 *	0.6778
Group 2	0.2051	0.0410	0.1641	0.5114	0.6755 *	0.6778

Investment Grade Corporate Bond Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Platform 1 accumulation						
Group 1	0.5508	0.1101	0.4407	-	0.4407 *	0.4517
Group 2	0.3302	0.0660	0.2642	0.1765	0.4407 *	0.4517
Platform 1 income						
Group 1	0.4878	0.0975	0.3903	-	0.3903 **	0.4132
Group 2	0.2221	0.0444	0.1777	0.2126	0.3903 **	0.4132
Institutional S accumulation						
Group 1	0.5536	0.1107	0.4429	-	0.4429 *	0.4511
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.4995	0.0999	0.3996	-	0.3996 **	0.4200
Group 2	-	-	-	-	-	-
Institutional A accumulation						
Group 1	0.3962	0.0792	0.3170	-	0.3170 *	-
Group 2	-	-	-	-	-	-
Institutional A income						
Group 1	0.3908	0.0781	0.3127	-	0.3127 **	-
Group 2	-	-	-	-	-	-

* Distribution accumulated on 31 August 2016

** Distribution paid on 31 October 2016

Investment Grade Corporate Bond Fund**Distribution Tables (continued)**

for the three months ended 30 November 2016

Interest distribution

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 30 November 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	1.0426	0.2085	0.8341	-	0.8341 *	0.8384
Group 2	0.4883	0.0976	0.3907	0.4434	0.8341 *	0.8384
Institutional accumulation						
Group 1	1.2825	0.2565	1.0260	-	1.0260 *	1.0366
Group 2	0.5503	0.1100	0.4403	0.5857	1.0260 *	1.0366
Retail income						
Group 1	0.4477	0.0895	0.3582	-	0.3582 **	0.3680
Group 2	0.2635	0.0527	0.2108	0.1474	0.3582 **	0.3680
Institutional income						
Group 1	0.5105	0.1021	0.4084	-	0.4084 **	0.4258
Group 2	0.4103	0.0820	0.3283	0.0801	0.4084 **	0.4258
Standard Life income						
Group 1	0.4921	0.0984	0.3937	-	0.3937 **	0.4028
Group 2	-	-	-	-	-	-
Standard Life accumulation						
Group 1	0.7995	0.1599	0.6396	-	0.6396 *	0.6342
Group 2	0.3416	0.0683	0.2733	0.3663	0.6396 *	0.6342
Institutional regulated accumulation						
Group 1	1.2658	0.2531	1.0127	-	1.0127 *	1.0151
Group 2	-	-	-	-	-	-
Standard Life B accumulation						
Group 1	0.8188	0.1637	0.6551	-	0.6551 *	0.6491
Group 2	0.4455	0.0891	0.3564	0.2987	0.6551 *	0.6491

Investment Grade Corporate Bond Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Platform 1 accumulation						
Group 1	0.5316	0.1063	0.4253	-	0.4253 *	0.4297
Group 2	0.2653	0.0530	0.2123	0.2130	0.4253 *	0.4297
Platform 1 income						
Group 1	0.4690	0.0938	0.3752	-	0.3752 **	0.3888
Group 2	0.3371	0.0674	0.2697	0.1055	0.3752 **	0.3888
Institutional S accumulation						
Group 1	0.5350	0.1070	0.4280	-	0.4280 *	0.4040
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.4600	0.0920	0.3680	-	0.3680 **	0.3800
Group 2	-	-	-	-	-	-
Institutional A accumulation						
Group 1	0.3950	0.0790	0.3160	-	0.3160 *	-
Group 2	-	-	-	-	-	-
Institutional A income						
Group 1	0.3800	0.0760	0.3040	-	0.3040 *	-
Group 2	-	-	-	-	-	-

* Distribution accumulated on 30 November 2016

** Distribution paid on 31 January 2017

Investment Grade Corporate Bond Fund**Distribution Tables (continued)****for the three months ended 28 February 2017****Interest distribution**

Group 1 - shares purchased prior to 1 December 2016

Group 2 - shares purchased between 1 December 2016 and 28 February 2017

	Gross income	Income tax	Net income	Equalisation	Distribution payable	Distribution paid
	2017	2017	2017	2017	2017	2016
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	1.0276	0.0000	1.0276	-	1.0276 *	0.8469
Group 2	0.3796	0.0000	0.3796	0.6480	1.0276 *	0.8469
Institutional accumulation						
Group 1	1.2624	0.0000	1.2624	-	1.2624 *	1.0642
Group 2	0.5801	0.0000	0.5801	0.6823	1.2624 *	1.0642
Retail income						
Group 1	0.4383	0.0000	0.4383	-	0.4383 **	0.3738
Group 2	0.3154	0.0000	0.3154	0.1229	0.4383 **	0.3738
Institutional income						
Group 1	0.4995	0.0000	0.4995	-	0.4995 **	0.4320
Group 2	0.3018	0.0000	0.3018	0.1977	0.4995 **	0.4320
Standard Life income						
Group 1	0.4807	0.0000	0.4807	-	0.4807 **	0.4074
Group 2	-	-	-	-	-	-
Standard Life accumulation						
Group 1	0.7860	0.0000	0.7860	-	0.7860 *	0.6470
Group 2	0.3959	0.0000	0.3959	0.3901	0.7860 *	0.6470
Institutional regulated accumulation						
Group 1	1.2460	0.0000	1.2460	-	1.2460 *	1.0360
Group 2	-	-	-	-	-	-
Standard Life B accumulation						
Group 1	0.8076	0.0000	0.8076	-	0.8076 *	0.6610
Group 2	-	-	-	-	-	0.6610

Investment Grade Corporate Bond Fund**Distribution Tables (continued)**

	Gross income	Income tax	Net income	Equalisation	payable	Distribution paid
	2017	2017	2017	2017	2017	2016
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Platform 1 accumulation						
Group 1	0.5234	0.0000	0.5234	-	0.5234 *	0.4403
Group 2	0.2893	0.0000	0.2893	0.2341	0.5234 *	0.4403
Platform 1 income						
Group 1	0.4580	0.0000	0.4580	-	0.4580 **	0.3955
Group 2	0.2955	0.0000	0.2955	0.1625	0.4580 **	0.3955
Institutional S accumulation						
Group 1	0.5000	0.0000	0.5000	-	0.5000 *	0.4520
Group 2	-	-	-	-	-	-
Institutional S income						
Group 1	0.4700	0.0000	0.4700	-	0.4700 **	0.4080
Group 2	-	-	-	-	-	-
Institutional A accumulation						
Group 1	0.0576	0.0000	0.0576	-	0.0576 *	0.0000
Group 2	-	-	-	-	-	-
Institutional A income						
Group 1	0.0726	0.0000	0.0726	-	0.0726 **	0.0000
Group 2	-	-	-	-	-	-

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

Japanese Equity Growth Fund Investment Report

Fund Manager

Will James

Benchmark

IA Japan Sector

Launch Date

16 November 1998

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on a Japanese stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in Japan. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The nature of the portfolio affords investors a focused investment approach, whilst affording proper diversification of mainly Japanese Equity exposure. The investor must be able to accept significant temporary losses due to the volatile nature of equity and currency markets, and should therefore have an investment time horizon of at least 5 years.

Investment background

For the year under review, the Fund returned 26.0% (platform 1, accumulation), compared to a return of 35.3% from the IA Japan sector benchmark (source: Morningstar, basic rate taxpayer, bid to bid basis).

Ajinomoto disappointed after it downgraded guidance due to the larger-than-expected negative impact of forex moves on earnings, while a fall in the price of animal feed further weighted on the stock. A holding in GMO Payment Gateway hurt Fund returns, as investors sold stable domestic stocks in the wake of Donald Trump's election win and instead moved into cyclicals. Meanwhile, shares Hitachi Capital fell as investors worried about credit risk and the potential for a slowdown in its UK operations. The decline in the pound relative to the yen after the UK's EU referendum further hurt returns. We no longer hold GMO and Hitachi.

By contrast, Mitsubishi UFJ Financial performed well thanks to increasing US Treasury and JGB yields, the general rise in the Japanese equity market and expectations that the scrapping of the Dodd-Frank Act in the US will lead to looser financial regulation. It was a mixed year for Nintendo: the runaway success of mobile game Pokemon GO caused investors to re-evaluate the company's intellectual properties and raise future earnings outlook over Q3. However, the stock has recently fallen due disappointing download numbers for its Super Mario Run title. Lastly, MISUMI Group had a good review period thanks to better-than-expected earnings, driven by the expanding capabilities of its factory automation-related parts and metal mould distribution in China, and the strong performance of its e-commerce distribution platform.

**Japanese Equity Growth Fund
Investment Report (continued)**

Activity

Turning to recent activity, DMG Mori, the machine tool and measurement device manufacturer was added to the Fund as we expect to see improved profitability at the company due to a change in direct sales to the US and a restructuring of its business portfolio; a more shareholder-friendly approach has also been well received by investors. Elsewhere, we purchased Yamato Holdings. Margins are recovering thanks to a reduction in outsourcing costs, while a change in its pricing structure should raise the market value of its domestic logistics capabilities. We also bought shares in Recruit Holdings. The earnings growth of its overseas online job-matching subsidiary is improving, and the expansion of its domestic operations, including business promotion, job recruitment and staffing services are also bearing fruit.

By contrast, we sold Hitachi Metals due to concerns about the widespread damage claim from Mitsubishi Heavy Industries relating to its projects in South Africa, which could disrupt both companies' operations. Meanwhile, worries that TDK will lose market share of the mobile battery sector due to a change in procurement strategies by several large client manufacturers led us to sell the holding. Lastly, we divested the holding in Fuji Heavy Industries on concerns about trade policies and cost pressures in the US.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £308,143,000 and the total proceeds from sales were £287,263,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 **5** 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please refer to the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Japanese Equity Growth Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	71.22	69.51	64.21
Return before operating charges*	20.47	2.88	6.35
Operating charges**	(1.10)	(1.17)	(1.05)
Return after operating charges*	19.37	1.71	5.30
Distributions	(0.05)	0.00	0.00
Retained distributions on accumulation share	0.05	0.00	0.00
Closing net asset value per share	90.59	71.22	69.51
* after direct transaction costs of:***	0.09	0.08	0.06
Performance +			
Return after charges	27.20%	2.46%	8.25%
Other information			
Closing net asset value (£'000)	3,694	2,958	125,386
Closing number of shares	4,078,189	4,152,483	180,384,715
Operating charges****	1.34%	1.62%	1.62%
Direct transaction costs***	0.11%	0.11%	0.09%
Prices			
Highest share price	92.55	76.92	69.62
Lowest share price	71.11	64.12	58.73

Japanese Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	82.60	80.01	73.34
Return before operating charges*	23.78	3.32	7.32
Operating charges**	(0.83)	(0.73)	(0.65)
Return after operating charges*	22.95	2.59	6.67
Distributions	(0.52)	(0.38)	(0.30)
Retained distributions on accumulation share	0.52	0.38	0.30
Closing net asset value per share	105.55	82.60	80.01
* after direct transaction costs of:***	0.11	0.09	0.07
Performance +			
Return after charges	27.78%	3.24%	9.09%
Other information			
Closing net asset value (£'000)	141,051	96,213	8,978
Closing number of shares	133,630,422	116,481,947	11,220,385
Operating charges****	0.87%	0.87%	0.87%
Direct transaction costs***	0.12%	0.11%	0.09%
Prices			
Highest share price	107.70	88.62	80.11
Lowest share price	82.52	74.33	67.20

Japanese Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	49.76	48.41	44.53
Return before operating charges*	14.40	2.03	4.46
Operating charges**	(0.02)	(0.02)	(0.02)
Return after operating charges*	14.38	2.01	4.44
Distributions	(0.81)	(0.66)	(0.56)
Closing net asset value per share	63.33	49.76	48.41
* after direct transaction costs of:***	0.07	0.06	0.04
Performance +			
Return after charges	28.90%	4.15%	9.97%
Other information			
Closing net asset value (£'000)	1	1	0
Closing number of shares	2,286	2,286	786
Operating charges****	0.04%	0.04%	0.04%
Direct transaction costs***	0.12%	0.12%	0.09%
Prices			
Highest share price	65.24	53.68	49.03
Lowest share price	49.75	42.25	40.87

Japanese Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	52.80	50.76	46.19
Return before operating charges*	15.25	2.10	4.63
Operating charges**	(0.07)	(0.06)	(0.06)
Return after operating charges*	15.18	2.04	4.57
Distributions	(0.80)	(0.63)	(0.54)
Retained distributions on accumulation share	0.80	0.63	0.54
Closing net asset value per share	67.98	52.80	50.76
* after direct transaction costs of:***	0.07	0.06	0.05
Performance +			
Return after charges	28.75%	4.02%	9.89%
Other information			
Closing net asset value (£'000)	159,708	123,169	123,081
Closing number of shares	234,944,925	233,269,640	242,461,943
Operating charges****	0.12%	0.12%	0.12%
Direct transaction costs***	0.11%	0.11%	0.11%
Prices			
Highest share price	69.17	56.27	50.82
Lowest share price	52.79	47.42	42.39

Japanese Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	75.41	73.09	67.02
Return before operating charges*	21.72	3.02	6.69
Operating charges**	(0.80)	(0.70)	(0.62)
Return after operating charges*	20.92	2.32	6.07
Distributions	(0.44)	(0.30)	(0.26)
Retained distributions on accumulation share	0.44	0.30	0.26
Closing net asset value per share	96.33	75.41	73.09
* after direct transaction costs of:***	0.10	0.09	0.07
Performance +			
Return after charges	27.74%	3.17%	9.06%
Other information			
Closing net asset value (£'000)	6,674	5,283	2,176
Closing number of shares	6,928,080	7,005,365	2,976,925
Operating charges****	0.92%	0.92%	0.92%
Direct transaction costs***	0.11%	0.12%	0.10%
Prices			
Highest share price	98.29	80.95	73.18
Lowest share price	75.34	67.87	61.40

Japanese Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
JEG GBP Retail A Hedged			
Change in net assets per share			
Opening net asset value per share	56.49	62.81	50.00
Return before operating charges*	6.59	(5.26)	13.72
Operating charges**	(0.78)	(1.06)	(0.91)
Return after operating charges*	5.81	(6.32)	12.81
Closing net asset value per share	62.30	56.49	62.81
* after direct transaction costs of:***	0.07	0.07	0.06
Performance +			
Return after charges	10.29%	-10.06%	25.62%
Other information			
Closing net asset value (£'000)	6	11	3
Closing number of shares	9,817	19,279	4,214
Operating charges****	1.34%	1.62%	1.62%
Direct transaction costs***	0.12%	0.11%	0.11%
Prices			
Highest share price	63.60	70.92	62.61
Lowest share price	51.68	52.34	49.50

Japanese Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
JEG GBP Institutional A Hedged			
Change in net assets per share			
Opening net asset value per share	57.31	63.11	50.00
Return before operating charges*	6.60	(5.22)	13.60
Operating charges**	(0.52)	(0.58)	(0.49)
Return after operating charges*	6.08	(5.80)	13.11
Distributions	(0.29)	(0.24)	(0.26)
Retained distributions on accumulation share	0.29	0.24	0.26
Closing net asset value per share	63.39	57.31	63.11
* after direct transaction costs of:***	0.07	0.07	0.06
Performance +			
Return after charges	10.61%	-9.19%	26.22%
Other information			
Closing net asset value (£'000)	24	65	287
Closing number of shares	38,646	113,943	455,053
Operating charges****	0.87%	0.87%	0.87%
Direct transaction costs***	0.12%	0.11%	0.11%
Prices			
Highest share price	64.70	71.59	62.90
Lowest share price	52.57	53.07	49.43

Japanese Equity Growth Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
JEG GBP Retail Platform A Hedged			
Change in net assets per share			
Opening net asset value per share	58.60	63.46	50.00
Return before operating charges*	6.68	(4.25)	13.98
Operating charges**	(0.56)	(0.61)	(0.52)
Return after operating charges*	6.12	(4.86)	13.46
Distributions	(0.29)	(0.12)	(0.26)
Retained distributions on accumulation share	0.29	0.12	0.26
Closing net asset value per share	64.72	58.60	63.46
* after direct transaction costs of:***	0.07	0.08	0.06
Performance +			
Return after charges	10.44%	-7.66%	26.92%
Other information			
Closing net asset value (£'000)	113	46	107
Closing number of shares	175,088	78,521	168,428
Operating charges****	0.92%	0.92%	0.92%
Direct transaction costs***	0.12%	0.12%	0.11%
Prices			
Highest share price	66.06	72.80	63.24
Lowest share price	53.60	54.18	49.52

Japanese Equity Growth Fund Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation share class reflects a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Japanese Equity Growth Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains	2		56,799		6,996
Revenue	4	3,786		3,836	
Expenses	5	(1,079)		(2,220)	
Interest and similar charges		(2)		(2)	
Net revenue before taxation		<u>2,705</u>		<u>1,614</u>	
Taxation	6	(370)		(395)	
Net revenue after taxation			<u>2,335</u>		<u>1,219</u>
Total return before distributions			<u>59,134</u>		<u>8,215</u>
Distributions	7		(2,335)		(1,543)
Change in net assets attributable to shareholders from investment activities			<u>56,799</u>		<u>6,672</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			227,746		260,018
Amounts receivable on issue of shares		79,296		125,626	
Amounts payable on cancellation of shares		(55,237)		(166,544)	
			<u>24,059</u>		<u>(40,918)</u>
Dilution adjustment			65		34
Change in net assets attributable to shareholders from investment activities (see above)			56,799		6,672
Retained distribution on accumulation shares			2,602		1,940
Closing net assets attributable to shareholders			<u>311,271</u>		<u>227,746</u>

Japanese Equity Growth Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			303,852		226,297
Current assets:					
Debtors	8	5,895		1,818	
Cash and bank balances		7,333		6,037	
			<u>13,228</u>	<u>7,855</u>	
Total assets			<u>317,080</u>	<u>234,152</u>	
Liabilities					
Investment liabilities			(2)		(1)
Creditors	9	(5,807)		(6,405)	
			<u>(5,807)</u>	<u>(6,405)</u>	
Total liabilities			<u>(5,809)</u>	<u>(6,406)</u>	
Net assets attributable to shareholders			<u>311,271</u>	<u>227,746</u>	

Japanese Equity Growth Fund
Portfolio Statement
as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Japanese Equities (99.36%)	303,852	97.62
Banks (4.11%)	25,529	8.20
3,496,700 Mitsubishi UFJ Financial	18,542	5.96
1,551,800 Resona	6,987	2.24
Chemicals (6.66%)	17,365	5.58
60,100 Pola Orbis	4,619	1.48
117,000 Shin-Etsu Chemical	7,985	2.57
991,000 Sumitomo Bakelite	4,761	1.53
Construction (8.04%)	12,305	3.95
237,100 Daiwa House Industry	5,245	1.68
487,800 JGC	7,060	2.27
Electric Appliances (13.16%)	46,555	14.96
58,900 Dainippon Screen	3,202	1.03
54,000 Fanuc	8,565	2.75
114,300 Mabuchi Motors	4,975	1.60
73,300 Murata Manufacturing	8,500	2.73
70,700 Nidec	5,322	1.71
116,300 ROHM Semiconductor	6,056	1.95
397,700 Sony	9,935	3.19
Foods (6.41%)	24,288	7.80
423,700 Ajinomoto	6,913	2.22
288,300 Asahi	8,206	2.63
187,000 Asahi Intecc	5,943	1.91
128,700 Harmonic Drive Systems	3,226	1.04
Information & Communication (8.48%)	13,860	4.45
230,800 Softbank	13,860	4.45

Japanese Equity Growth Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Insurance (1.27%)	10,341	3.32
681,900 Dai-ichi Life Insurance	10,341	3.32
Land Transport (3.96%)	9,175	2.95
340,300 Seibu	4,698	1.51
254,300 Yamato	4,477	1.44
Machinery (5.75%)	23,292	7.48
50,200 Daikin Industries	3,840	1.23
32,200 Disco	3,906	1.25
436,100 DMG Mori Seiki	5,566	1.79
355,900 Komatsu	6,928	2.23
112,700 Shima Seiki	3,052	0.98
Miscellaneous Finance (2.21%)	-	-
Metal Products (0.00%)	2,932	0.94
385,500 Sanwa	2,932	0.94
Nonferrous Metals (1.75%)	10,947	3.52
2,594,000 Mitsui Mining & Smelting	6,912	2.22
1,818,000 UACJ	4,035	1.30
Oil & Coal Products (0.00%)	5,362	1.72
1,395,100 JX	5,362	1.72
Other Products (3.98%)	14,594	4.69
49,600 Nintendo	8,365	2.69
296,500 Yamaha	6,229	2.00
Pharmaceutical (3.20%)	18,801	6.04
214,700 Chugai Pharmaceutical	5,760	1.85
412,700 Kyowa Hakko Kirin	4,980	1.60
204,400 Shionogi	8,061	2.59

Japanese Equity Growth Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Precision Instruments (0.84%)	-	-
Real Estate (3.95%)	8,279	2.66
246,000 Mitsui Fudosan	4,491	1.44
511,000 NTT Urban Development	3,788	1.22
Retail (8.15%)	22,877	7.35
78,500 Ain Pharmaciez	4,544	1.46
117,400 Don Quijote	3,356	1.08
19,600 Fast Retailing	4,991	1.60
368,600 Marui	4,106	1.32
34,500 Ryohin Keikaku	5,880	1.89
Services (6.11%)	5,691	1.83
143,800 Recruit	5,691	1.83
Steel Products (0.00%)	5,328	1.71
464,200 Hitachi Metals	5,328	1.71
Textiles & Apparel (2.42%)	2,136	0.69
296,000 Toray Industries	2,136	0.69
Transport Equipment (6.31%)	12,001	3.86
237,600 Fuji Heavy Industries	7,179	2.31
426,100 Mazda Motor	4,822	1.55
Wholesale (2.60%)	12,194	3.92
331,200 Mitsubishi	6,028	1.94
499,700 Mitsui	6,166	1.98

Japanese Equity Growth Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Derivatives (0.00%)	(2)	0.00
Forward Currency Contract (0.00%)	0	0.00
Buy GBP 4,500 Sell JPY 640,449 15/03/2017	0	0.00
Forward Currency Contracts - Capital Hedging (0.00%)	(2)	0.00
Buy GBP 6,222 Sell JPY 876,142 31/03/2017	0	0.00
Buy GBP 24,695 Sell JPY 3,477,574 31/03/2017	0	0.00
Buy GBP 115,138 Sell JPY 16,213,968 31/03/2017	(2)	0.00
Buy JPY 29,345 Sell GBP 210 31/03/2017	0	0.00
Buy JPY 524,028 Sell GBP 3,753 31/03/2017	0	0.00
Total investment assets and liabilities	303,850	97.62
Net other assets	7,421	2.38
Total Net Assets	311,271	100.00

All investments are listed on recognised stock exchanges and are approved securities, or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

	Bid-market value £'000
Reconciliation of assets and liabilities to the balance sheet	£'000
Investment assets as per the Balance Sheet	303,852
Investment liabilities	(2)
Net investment assets	303,850
Net other assets	7,421
Total Net Assets	311,271

Japanese Equity Growth Fund
Notes to the financial statements

1 Accounting policies

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains	2017	2016
	£'000	£'000
Non-derivative securities	56,676	6,947
Forward currency contracts	(28)	(87)
Non-derivative securities currency gains	176	180
Handling charges taken from the capital account	(25)	(44)
Net capital gains	<u>56,799</u>	<u>6,996</u>

3 Transaction Costs	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	307,991	283,148
Commissions	<u>152</u>	<u>138</u>
Total purchase transaction costs	<u>152</u>	<u>138</u>
Purchases including transaction costs	<u>308,143</u>	<u>283,286</u>
Gross sales before transaction costs	287,407	321,220
Commissions	<u>(144)</u>	<u>(158)</u>
Total sale transaction costs	<u>(144)</u>	<u>(158)</u>
Total sales net of transaction costs	<u>287,263</u>	<u>321,062</u>

Equity Transaction Cost as a % of total Purchases & Sales	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.05%	0.05%
Sales		
Commissions	0.05%	0.05%

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.06%	0.05%
Sales		
Commissions	0.06%	0.06%

Japanese Equity Growth Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)**

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	308,143	283,286
Sales		
Equities	287,263	321,062

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.30% (29 February 2016: 0.30%). This is indicative for the year.

4 Revenue	2017	2016
	£'000	£'000
Overseas dividends	3,786	3,836
Total revenue	<u>3,786</u>	<u>3,836</u>

Japanese Equity Growth Fund**Notes to the financial statements (continued)**

5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	821	1,942
Dealing charge	3	2
Registration fees	190	210
	<u>1,014</u>	<u>2,154</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	26	27
Safe custody fees	26	29
	<u>52</u>	<u>56</u>
Other:		
Audit fee	7	6
Legal expenses	6	4
	<u>13</u>	<u>10</u>
Total expenses	<u>1,079</u>	<u>2,220</u>

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	370	395
Total taxation	<u>370</u>	<u>395</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	2,705	1,614
Corporation tax at 20% (2016: 20%)	541	323
Effects of:		
Non taxable overseas dividends	(757)	(767)
Overseas withholding tax	370	395
Excess management expenses	216	444
Current tax charge (Note 6(a))	<u>370</u>	<u>395</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

Japanese Equity Growth Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £1,102,000 (2016: £886,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions	2017	2016
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Distribution	2,602	1,940
Add: Income deducted on cancellation of shares	316	228
Deduct: Income received on issue of shares	(583)	(625)
Net distribution for the year	2,335	1,543

Details of the distribution per share are set out in this Fund's distribution table.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	2,335	1,219
Add: Share class deficit	0	324
Net distribution for the year	2,335	1,543

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	15	48
Sales awaiting settlement	5,606	1,443
Accrued revenue	274	327
Total debtors	5,895	1,818

9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	135	4,519
Purchases awaiting settlement	5,546	1,769
Accrued expenses payable to the ACD	104	97
Accrued expenses payable to the Depositary	13	13
Other accrued expenses	9	7
Total creditors	5,807	6,405

Japanese Equity Growth Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	75,513	118,037
Purchase of shares by Fund	44,539	162,531
Distributions made by Fund	2,470	1,867
 The percentage value of the Fund held by Standard Life group companies is:		
	94.9%	92.4%

Japanese Equity Growth Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	303,852	0	0	226,297	0	0
Total investment assets	303,852	0	0	226,297	0	0
Fair value of investment liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives	0	(2)	0	0	(1)	0
Total investment liabilities	0	(2)	0	0	(1)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Units in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	4,152,483	2,420,688	(2,438,885)	(56,097)	4,078,189
Institutional accumulation	116,481,947	54,699,654	(37,810,451)	259,272	133,630,422
Standard Life income	2,286	0	0	0	2,286
Standard Life accumulation	233,269,640	31,964,069	(30,288,784)	0	234,944,925
Platform 1 accumulation	7,005,365	1,570,975	(1,417,142)	(231,118)	6,928,080
JEG GBP Retail A Hedged	19,279	2,146	(11,608)	0	9,817
JEG GBP Institutional A Hedged	113,943	835	(76,132)	0	38,646
JEG GBP Retail Platform A Hedged	78,521	182,094	(85,527)	0	175,088

Japanese Equity Growth Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures**

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2017	Minimum	Maximum	Average
VaR 99% 1 Month	10.99%	11.91%	11.38%

2016	Minimum	Maximum	Average
VaR 99% 1 Month	9.64%	11.07%	10.27%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 11.47%, £34,852,000 (2016: 11.07%, £25,051,000) in one month period. This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Japanese Equity Growth Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk**

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Japanese Yen	308,402	225,784

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Japanese Equity Growth Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
2017			
Currency			
Sterling	2,858	257	3,115
Japanese Yen	4,476	303,592	308,068
2016			
Currency			
Sterling	1,955	4,595	6,550
Japanese Yen	4,068	221,715	225,783

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

This Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Japanese Equity Growth Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)**

Any counterparties to derivative positions and term deposits as well as the collateral amount and type held by the Fund as at 28 February 2017 are detailed in the table below.

Counterparty	Collateral classification	2017	2016
		£'000	£'000
Barclays	-	-	-
Citibank	-	-	-
Credit Agricole	-	-	-
Goldman Sachs	-	-	-
Merrill Lynch	-	-	-
Total		-	-

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Japanese Equity Growth Fund**Distribution Table****for the year ended 28 February 2017****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.0460	-	0.0460 *	0.0000
Group 2	0.0000	0.0460	0.0460 *	-
Institutional accumulation				
Group 1	0.5235	-	0.5235 *	0.3758
Group 2	0.0000	0.5235	0.5235 *	0.3758
Standard Life income				
Group 1	0.8147	-	0.8147 **	0.6598
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.7959	-	0.7959 *	0.6348
Group 2	0.0104	0.7855	0.7959 *	0.6348
Platform 1 accumulation				
Group 1	0.4365	-	0.4365 *	0.3047
Group 2	0.1028	0.3337	0.4365 *	0.3047
JEG GBP Retail A Hedged				
Group 1	0.0000	-	0.0000 *	0.0000
Group 2	-	-	-	-
JEG GBP Institutional A Hedged				
Group 1	0.2872	-	0.2872 **	0.2391
Group 2	0.0294	0.2578	0.2872 **	0.2391
JEG GBP Retail Platform A Hedged				
Group 1	0.2861	-	0.2861 *	0.1210
Group 2	0.0000	0.2861	0.2861 *	0.1210

* Distribution accumulated on 28 February 2017

** Distribution payable on 28 April 2017

**Japanese Equity Growth Fund
Distribution Table (continued)**

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Dividend Distribution
Treat as a UK corporate dividend*	100.00%
Treat as annual payment net of income tax at 20%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

Short Duration Credit Fund

Investment Report

Fund Manager

Daniel McKernan and Mark Munro

Benchmark

Barclays Sterling Collateralised & Corporate
Index (hedged to 2 year duration)

Launch Date

1 May 2003

Objective

The objective of the Fund is to provide a total return from income and capital appreciation.

Policy

The investment policy of the Fund is to invest mostly in fixed interest securities issued by corporations. The Fund may also invest in Government and public securities and other interest bearing securities anywhere in the world as well as other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes. The ACD will use derivatives to reduce the Fund's exposure to interest rate risk with the aim of reducing duration exposure to around two years.

Risk Profile

The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of mainly corporate bond exposure, which provides a degree of protection from default risk, and who do not desire a high degree of stock specific risk. Whilst the income generated should remain relatively stable, the investor must be able to accept some fluctuations in the income due to the higher risk nature of some of the securities held in the fund. The investor must also be able to accept temporary capital losses due to the volatile nature of bond markets, and should therefore have an investment time horizon of at least 5 years.

Performance

The Short Duration Credit Fund returned 9.7% during the period, in comparison with its benchmark index (Barclays £ Collateralised & Corp Index hedged to 2 years duration) which returned 12.1%. Please note Fund returns are net of fees, while benchmark returns are gross. (Source: Morningstar, basic rate taxpayer, bid to bid basis. Benchmark source: Factset).

The Fund underperformed the benchmark index. In the first half of the period, gilt yields declined sharply. Such was the scale of the move that not even very strong security selection could offset this. At an individual security level, a number of commodity-related issuers performed very well. These included overweight positions in Glencore and Anglo American, as well as off benchmark positions in Santos, Dong Energy and Kinder Morgan. All these benefited from the rebound in commodity prices. However, a number of off-benchmark positions in RBS proved costly, as did underweight holdings in GlaxoSmithKline and Thames Water.

As the period drew to a close, off-benchmark positions in Tesco, Bank of New York and Commerzbank detracted from performance. Tesco was a strong performer following the announcement that it would acquire Booker, a move that is expected to be supportive of Tesco's credit metrics. However, overweight exposure to some French bonds was negative as concerns began to build ahead of the country's presidential election: EDF and Veolia both weighed on returns.

Short Duration Credit Fund Investment Report (continued)

Investment Activity

Early in the period, we increased exposure to John Lewis, one of our favoured issuers in the UK retail space, due to cheaper valuations. We also added to our holding in Imperial Brands as we held a more positive view on tobacco relative to other sectors. We participated in a number of new issues, including Barclays, Standard Chartered, RAC, Next and British American Tobacco. Sale over the first half of the period included euro-denominated bonds of Glencore, Volkswagen and British American Tobacco (long dated). We also trimmed our exposure to the dollar-denominated debt of Energy Transfer partners after a run of very strong performance.

Later in the period, we participated in new deals from Landsbankinn, National Grid, Northumbrian Water, Close Brothers and Deutsche Bank.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £83,690,000 and the total proceeds from sales were £110,950,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 **3** 4 5 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

Short Duration Credit Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	79.67	83.43	80.83
Return before operating charges*	7.82	(2.53)	3.88
Operating charges**	(0.87)	(0.92)	(0.93)
Return after operating charges*	6.95	(3.45)	2.95
Distributions	(1.46)	(1.56)	(1.75)
Retained distributions on accumulation share	1.23	1.25	1.40
Closing net asset value per share	86.39	79.67	83.43
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	8.72%	-4.14%	3.65%
Other information			
Closing net asset value (£'000)	13,640	13,019	140,456
Closing number of shares	15,789,150	16,341,487	168,361,354
Operating charges****	1.03%	1.11%	1.12%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	87.05	84.31	84.18
Lowest share price	80.34	79.78	81.32

Short Duration Credit Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	83.47	87.07	84.00
Return before operating charges*	8.21	(2.67)	4.05
Operating charges**	(0.54)	(0.53)	(0.53)
Return after operating charges*	7.67	(3.20)	3.52
Distributions	(1.91)	(2.00)	(2.25)
Retained distributions on accumulation share	1.61	1.60	1.80
Closing net asset value per share	90.84	83.47	87.07
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	9.19%	-3.68%	4.19%
Other information			
Closing net asset value (£'000)	176,086	185,003	9,656
Closing number of shares	193,837,930	221,636,428	11,088,944
Operating charges****	0.61%	0.61%	0.62%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	91.53	88.02	87.86
Lowest share price	84.17	83.58	84.51

Short Duration Credit Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	50.11	53.26	52.50
Return before operating charges*	4.89	(1.61)	2.49
Operating charges**	(0.54)	(0.58)	(0.60)
Return after operating charges*	4.35	(2.19)	1.89
Distributions	(0.91)	(0.96)	(1.13)
Closing net asset value per share	53.55	50.11	53.26
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	8.68%	-4.11%	3.60%
Other information			
Closing net asset value (£'000)	5,210	5,862	15,702
Closing number of shares	9,727,711	11,699,103	29,480,061
Operating charges****	1.03%	1.11%	1.12%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	54.20	53.75	53.93
Lowest share price	50.53	50.35	52.73

Short Duration Credit Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	50.04	53.20	52.41
Return before operating charges*	4.89	(1.62)	2.52
Operating charges**	(0.32)	(0.32)	(0.33)
Return after operating charges*	4.57	(1.94)	2.19
Distributions	(1.14)	(1.22)	(1.40)
Closing net asset value per share	53.47	50.04	53.20
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	9.13%	-3.65%	4.18%
Other information			
Closing net asset value (£'000)	27,864	28,726	21,770
Closing number of shares	52,107,430	57,405,687	40,923,611
Operating charges****	0.61%	0.61%	0.62%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	54.18	53.76	53.93
Lowest share price	50.46	50.35	52.82

Short Duration Credit Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	29.08	30.91	30.45
Return before operating charges*	2.53	(0.94)	1.47
Operating charges**	(0.01)	(0.01)	(0.01)
Return after operating charges*	2.52	(0.95)	1.46
Distributions	(0.23)	(0.88)	(1.00)
Closing net asset value per share	31.37	29.08	30.91
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	8.67%	-3.07%	4.79%
Other information			
Closing net asset value (£'000)	1	3,692	2,910
Closing number of shares	2,000	12,697,297	9,415,431
Operating charges****	0.03%	0.03%	0.04%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	31.61	31.26	31.37
Lowest share price	29.32	29.29	30.65

Short Duration Credit Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	84.08	87.37	83.79
Return before operating charges*	8.27	(2.71)	4.22
Operating charges**	(0.10)	(0.09)	(0.10)
Return after operating charges*	8.17	(2.80)	4.12
Distributions	(2.37)	(2.45)	(2.69)
Retained distributions on accumulation share	2.00	1.96	2.15
Closing net asset value per share	91.88	84.08	87.37
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	9.72%	-3.20%	4.92%
Other information			
Closing net asset value (£'000)	59	103	99
Closing number of shares	63,963	122,565	113,309
Operating charges****	0.11%	0.11%	0.12%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	92.59	88.35	88.16
Lowest share price	84.78	84.14	84.38

Short Duration Credit Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	57.46	59.97	57.91
Return before operating charges*	5.65	(1.85)	2.77
Operating charges**	(0.40)	(0.39)	(0.40)
Return after operating charges*	5.25	(2.24)	2.37
Distributions	(1.29)	(1.35)	(1.51)
Retained distributions on accumulation share	1.09	1.08	1.20
Closing net asset value per share	62.51	57.46	59.97
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	9.14%	-3.74%	4.09%
Other information			
Closing net asset value (£'000)	21,723	14,990	11,260
Closing number of shares	34,751,705	26,085,029	18,775,013
Operating charges****	0.66%	0.66%	0.67%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	62.98	60.62	60.52
Lowest share price	57.94	57.53	58.27

Short Duration Credit Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	51.70	54.96	54.15
Return before operating charges*	5.07	(1.67)	2.59
Operating charges**	(0.36)	(0.36)	(0.37)
Return after operating charges*	4.71	(2.03)	2.22
Distributions	(1.15)	(1.23)	(1.41)
Closing net asset value per share	55.26	51.70	54.96
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	9.11%	-3.69%	4.10%
Other information			
Closing net asset value (£'000)	8,406	7,697	3,672
Closing number of shares	15,210,706	14,887,335	6,681,615
Operating charges****	0.66%	0.66%	0.67%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	55.97	55.55	55.70
Lowest share price	52.14	52.02	54.51

Short Duration Credit Fund
Comparative Tables (continued)

** The operating charges include all costs borne by the fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

Short Duration Credit Fund**Financial Statements****Statement of Total Return****for the year ended 28 February 2017**

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains	2		17,406		(17,566)
Revenue	4	9,222		9,984	
Expenses	5	(3,496)		(4,636)	
Interest and similar charges		(4)		(4)	
Net revenue before taxation		<u>5,722</u>		<u>5,344</u>	
Taxation	6	0		0	
Net revenue after taxation			<u>5,722</u>		<u>5,344</u>
Total return before distributions			<u>23,128</u>		<u>(12,222)</u>
Distributions	7		<u>(5,723)</u>		<u>(5,344)</u>
Change in net assets attributable to shareholders from investment activities			<u>17,405</u>		<u>(17,566)</u>

Statement of Change in Net Assets Attributable to Shareholders**for the year ended 28 February 2017**

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			259,092		205,525
Amounts receivable on issue of shares		30,716		294,491	
Amounts payable on cancellation of shares		<u>(58,273)</u>		<u>(227,330)</u>	
			<u>(27,557)</u>		67,161
Dilution adjustment			75		347
Change in net assets attributable to shareholders from investment activities (see above)			17,405		(17,566)
Retained distribution on accumulation shares			3,973		3,624
Unclaimed distributions returned to the Fund			1		1
Closing net assets attributable to shareholders			<u>252,989</u>		<u>259,092</u>

Short Duration Credit Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			248,946		255,414
Current assets:					
Debtors	8	16,412		19,081	
Cash and bank balances		687		796	
			<u>17,099</u>	<u>19,877</u>	
Total assets			<u>266,045</u>		<u>275,291</u>
Liabilities					
Investment liabilities			(11,093)		(14,585)
Creditors		(1,164)		(800)	
Bank overdrafts		(354)		0	
Distribution payable on income shares	9	(445)		(814)	
			<u>(1,963)</u>	<u>(814)</u>	<u>(1,614)</u>
Total liabilities			<u>(13,056)</u>		<u>(16,199)</u>
Net assets attributable to shareholders			<u>252,989</u>		<u>259,092</u>

Short Duration Credit Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Bonds (%)	236,653	93.54
Corporate Bonds (95.70%)	232,738	92.00
Euro Denominated Bonds (10.37%)	13,227	5.23
Less than 5 years		
940,000 Arion Banki 2.5% 2019	831	0.33
900,000 Glencore Finance Europe 1.25% 2021	787	0.32
1,075,000 IHO Verwaltungs 2.75% 2021	948	0.37
1,060,000 Islandsbanki 1.75% 2020	931	0.37
790,000 Landsbankinn 1.625% 2021	690	0.27
600,000 Landsbankinn 3% 2018	534	0.21
800,000 MPT Operating Partnership 5.75% 2020	712	0.28
145,000 Rain CII 8.5% 2021	128	0.05
595,000 SAMA 4.125% 2021	521	0.21
Between 5 and 10 years		
1,030,000 Bank of America 2.3% 2025	1,034	0.41
800,000 IMS Health 3.5% 2024	703	0.28
975,000 Quintiles 3.25% 2025	834	0.33
950,000 UBS 4.75% 2026	890	0.35
517,000 Unitymedia 4% 2025	465	0.18
300,000 VRX Escrow 4.5% 2023	200	0.08
Greater than 25 years		
800,000 Aareal Bank 7.625% Perpetual	694	0.27
1,350,000 Santos 8.25% fixed to floating 2070	1,192	0.47
Perpetual		
100,000 Arrow Global Finance FRN 2021	89	0.04
1,500,000 Credit Logement FRN Perpetual	1,044	0.41
Sterling Denominated Bonds (78.19%)	205,987	81.42
Less than 5 years		
1,424,000 AA Bond 2.875% 2043	1,443	0.57
75,000 AA Bond Company 4.7201% 2018	78	0.03
1,170,000 Abbey National 1.875% 2020	1,195	0.47
2,085,000 Arqiva 4.04% 2035	2,233	0.88
185,000 Arqiva 9.5% 2020	195	0.08

Short Duration Credit Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)	205,987	81.42
1,050,000 Bank of America 6.125% 2021	1,259	0.50
701,000 Barclays 10% 2021	908	0.36
1,450,000 BMW Finance 1.875% 2020	1,499	0.59
500,000 British American Tobacco 1.75% 2021	507	0.20
900,000 BUPA 3.375% 2021	974	0.38
600,000 Centrica PLC 7.000% 19-SEP-2018	656	0.26
800,000 Close Brothers 3.875% 2021	877	0.35
400,000 Commerzbank 6.625% 2019	436	0.17
500,000 Co-operative Bank 4.75% 2021	562	0.22
1,010,000 CPUK Finance 2.666% 2020	1,049	0.41
650,000 CPUK Finance 7% 2020	686	0.27
850,000 Daimler 6.875% 2022	899	0.36
1,100,000 Deutsche Bank 1.875% 2020	1,099	0.43
350,000 E.ON Finance 6% 2019	396	0.16
900,000 EDP 6.625% 2017	920	0.36
750,000 Electricity Supply Board 6.5% 2020	869	0.34
275,000 ENW Finance 6.125% 2021	333	0.13
400,000 Experian 4.75% 2018	427	0.17
560,000 Experian Finance 3.5% 2021	616	0.24
0 Export-Import Bank of Korea 2% 2017	0	0.00
1,500,000 First Hydro 9% 2021	1,965	0.78
800,000 GDF Suez 6.125% 2021	960	0.38
800,000 GE Capital 5.875% 2020	945	0.37
1,000,000 Heathrow Funding 6.25% 2018	1,077	0.43
800,000 Imperial Tobacco 7.75% 2019	922	0.36
600,000 Jaguar Land Rover Automotive 2.75% 2021	605	0.24
930,000 John Lewis 8.375% 2019	1,063	0.42
700,000 JP Morgan Chase 1.875% 2020	720	0.28
1,400,000 Lend Lease Europe 6.125% 2021	1,627	0.64
488,000 Lloyds TSB Bank 6.75% 2018	536	0.21
700,000 London Stock Exchange 9.125% 2019	845	0.33
540,000 Marks & Spencer 6.125% 2021	640	0.25
280,000 Merrill Lynch 5.5% 2021	325	0.13
500,000 Merrill Lynch 7.75% 2018	540	0.21
500,000 Metlife 5.25% 2020	574	0.23
1,400,000 National Grid 1.875% 2018	1,419	0.56
2,000,000 National Grid Gas 1.125% 2021	2,003	0.79

Short Duration Credit Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)	205,987	81.42
550,000 Northern Ireland Electricity 6.875% 2018	598	0.24
800,000 Provident Financial 8% 2019	922	0.36
700,000 Reed Elsevier 2.75% 2019	727	0.29
1,420,000 Royal Bank of Scotland 6.625% 2018	1,541	0.61
830,000 Shell 2% 2019	859	0.34
752,000 SSE 5% 2018	802	0.32
799,000 Swedbank 1.625% 2019	814	0.32
749,760 Unique Pub Finance 6.452% 2021	817	0.32
880,000 Volkswagen 1.75% 2020	892	0.35
 Between 5 and 10 years		
1,090,000 ABP 6.25% 2026	1,404	0.55
400,000 Anheuser-Busch InBev 4% 2025	467	0.18
1,400,000 Annington Finance 8.07% 2023	1,822	0.72
810,000 Annington Repackaging 5.3236% 2023	932	0.37
600,000 APT Pipelines 4.25% 2024	673	0.27
200,000 Arrow Global Finance 5.125% 2024	204	0.08
440,000 Babcock International 1.875% 2026	424	0.17
1,540,000 Barclays 3.25% 2027	1,556	0.62
950,000 BHP Billiton Finance 3.25% 2024	1,058	0.42
1,080,000 BMW Finance 0.875% 2022	1,055	0.42
1,200,000 BP Capital Markets 2.03% 2025	1,214	0.48
500,000 Citigroup 5.15% 2026	614	0.24
1,000,000 Citigroup 5.875% 2024	1,216	0.48
780,000 Close Brothers Finance 2.75% 2026	802	0.32
1,100,000 Clydesdale Bank 4.625% 2026	1,360	0.54
730,000 CPUK Finance 7.239% 2024	960	0.38
1,000,000 Credit Agricole 7.375% 2023	1,287	0.51
800,000 Credit Suisse 3% 2022	834	0.33
1,220,000 CYBG 5% 2026	1,208	0.48
750,000 Enel 5.625% 2024	917	0.36
545,000 Eversholt 6.359% 2025	721	0.28
680,000 FCE Bank 2.727% 2022	711	0.28
750,000 Firstgroup 6.875% 2024	975	0.39
800,000 Friends Life 8.25% 2022	1,028	0.41
2,300,000 GE Capital 5.125% 2023	2,811	1.11
1,100,000 Global Switch 4.375% 2022	1,227	0.49
1,590,000 Heathrow Funding 6.75% 2026	2,202	0.87

Short Duration Credit Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)	205,987	81.42
450,000 Iberdrola 6.078% 2022	550	0.22
865,000 Imperial Tobacco 5.5% 2026	1,090	0.43
660,000 Intu (SGS) Finance 4.125% 2023	739	0.29
1,320,000 John Lewis 6.125% 2025	1,644	0.65
900,000 Koninklijke KPN 5% 2026	1,067	0.42
1,910,000 Lloyds Bank 1.75% 2022	1,972	0.78
400,000 Lloyds TSB Bank 9.625% 2023	549	0.22
360,000 London Power 5.125% 2023	432	0.17
840,000 Met Life Global Funding 2.625% 2022	906	0.36
711,352 Mitchells & Butlers 5.965% 2025	794	0.31
279,000 Motability Operations 4.375% 2027	338	0.13
920,000 Nationwide Building Society 2.25% 2022	962	0.38
340,000 Northern Powergrid 2.5 % 2025	361	0.14
540,000 Northumbrian Water Finance 1.625% 2026	523	0.21
493,000 Orange 5.25% 2025	615	0.24
392,000 Petróleos Mexicanos 8.25% 2022	469	0.19
880,000 Pohjola Bank 2.5% 2022	929	0.37
400,000 Porterbrook Rail 7.125% 2026	562	0.22
1,500,000 Santander 3.625% 2026	1,571	0.62
800,000 Scentre Management 2.375% 2022	837	0.33
249,000 Severn Trent 6.125% 2024	320	0.13
348,000 South Eastern Power 5.5% 2026	446	0.18
610,000 Southern Gas Networks 4.875% 2023	733	0.29
940,000 Stagecoach 4% 2025	1,032	0.41
1,150,000 Telefonica Emision 5.375% 2026	1,383	0.55
900,000 Thames Water 5.375% 2025	914	0.36
394,002 THPA Finance 7.127% 2024	448	0.18
800,000 Unite (USAF) II 3.921% 2025	911	0.36
261,000 Verizon Communications 4.073% 2024	295	0.12
350,000 Vicinity Centres 3.375% 2026	384	0.15
690,000 Wells Fargo & Company 2.0% 28/07/2025	682	0.27
750,000 Wells Fargo 2.125% 2022	771	0.30
300,000 Wells Fargo 5.25% 2023	358	0.14
1,000,000 Western Power 5.25% 2023	1,198	0.47
910,000 Western Power Distribution 3.625% 2023	989	0.39
1,110,000 Westpac Banking Corp 2.625% 2022	1,189	0.47
800,000 Yorkshire Building Society 4.125% 2024	822	0.32
350,000 Yorkshire Water 6% 2025	352	0.14

Short Duration Credit Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)	205,987	81.42
Between 10 and 15 years		
654,000 America Movil 5.75% 2030	836	0.33
600,000 Anglian Water 6.293% 2030	880	0.35
2,050,000 AT&T 4.375% 2029	2,319	0.92
900,000 AT&T 5.5% 2027	1,106	0.44
500,000 Bank of America 7% 2028	709	0.28
700,000 BPCE 5.25% 2029	775	0.31
1,026,000 Centrica 4.375% 2029	1,237	0.49
610,000 CRH Finance 4.125% 2029	711	0.28
400,000 Deutsche Telekom 7.625% 2030	630	0.25
1,460,000 DONG Energy 4.875% 2032	1,847	0.73
1,400,000 Dresdner Funding Fund 8.151% 2031	1,325	0.52
420,000 Dŵr Cymru Financing 6.015% 2028	590	0.23
1,300,000 Glaxosmithkline 3.375% 2027	1,473	0.58
1,770,000 HSBC 2.625% 2028	1,740	0.69
569,629 Integrated Accommodation Services 6.48% 2029	727	0.29
900,000 Legal & General 5.875% 2031	1,272	0.50
640,006 Meadowhall Finance 4.986% 2032	799	0.32
1,240,000 Nationwide Building Society 3.25% 2028	1,343	0.53
550,000 Orange 8.125% 2028	850	0.34
950,000 Prudential 5.875% 2029	1,294	0.51
500,000 Rabobank 4.55% 2029	625	0.25
380,000 Rabobank 4.625% 2029	421	0.17
610,000 Rio Tinto 4% 2029	720	0.28
185,000 RWE 6.25% 2030	252	0.10
541,286 Telereal Securitit 4.01% 2033	576	0.23
367,000 Thames Water 5.75% 2030	430	0.17
660,000 Thames Water Finance 3.5% 2028	748	0.30
658,076 Unique Pub Finance 5.659% 2027	713	0.28
610,000 United Utilities 5.625% 2027	819	0.32
Between 15 and 25 years		
400,000 Aegon 6.625% 2039	606	0.24
1,055,109 Aspire Defence 4.674% 2040 'B'	1,300	0.51
950,000 BAT Intl Finance 6% 2034	1,336	0.53
600,000 British American Tobacco 5.75% 2040	853	0.34
1,156,001 Broadgate Finance 5.098% 2035	1,373	0.54
484,000 Citigroup 7.375% 2039	823	0.33

Short Duration Credit Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)	205,987	81.42
1,660,000 E.ON Finance 6.375% 2032	2,351	0.93
1,200,000 EDF 6.125% 2034	1,568	0.62
1,000,000 Enel 5.75% 2040	1,329	0.53
1,250,000 Gatwick 4.625% 2034	1,547	0.61
336,640 Great Rolling Stock 6.875% 2035	452	0.18
770,000 HSBC 6% 2040	985	0.39
450,000 HSBC Bank 5.375% 2033	574	0.23
500,000 Imperial Tobacco 4.875% 2032	617	0.24
400,000 Lloyds TSB Bank 6.5% 2040	647	0.26
700,000 London & Quadrant 4.625% 2033	916	0.36
300,000 Marston's 5.641% 2035	270	0.11
500,000 Northumbrian Water 5.125% 2042	714	0.28
963,257 RMPA Services 5.337% 2038	1,196	0.47
600,000 RWE 6.125% 2039	866	0.34
500,000 Scottish & Southern Energy 6.25% 2038	769	0.30
300,000 Severn Trent 4.875% 2042	413	0.16
960,000 Southern Water 4.5% 2038	1,060	0.42
1,600,000 Spirit 5.86% 2036	1,609	0.64
1,418,726 Tesco 5.744% 2040	1,463	0.58
100,000 Vattenfall 6.875% 2039	160	0.06
950,000 Veolia Environment 6.125% 2037	1,393	0.55
260,000 Verizon Communications 4.75% 2034	310	0.12
1,100,000 Vodafone 5.9% 2032	1,441	0.57
414,000 Wells Fargo 4.625% 2035	517	0.20
505,000 Western Power 5.75% 2032	705	0.28
390,000 Yorkshire Water 6.375% 2039	629	0.25
Greater than 25 years		
1,650,000 AT&T 4.875% 2044	1,937	0.77
700,000 Aviva 5.125% 2050	724	0.29
700,000 Centrica 4.25% 2044	854	0.34
1,245,000 Direct Line Insurance 9.25% 2042	1,553	0.61
420,000 Legal & General 5.5% 2064	429	0.17
1,500,000 Mellon Capital III 6.369% 2066	1,497	0.59
660,000 Prudential 5% 2055	660	0.26
1,799,000 QBE Insurance 6.115% 2042	1,974	0.78
560,000 Wheatley 4.375% 2044	697	0.28

Short Duration Credit Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Sterling Denominated Bonds (continued)	205,987	81.42
Perpetual		
400,000 Assic Generali 6.416% fixed to floating Perpetual	410	0.16
500,000 Aviva 6.125% fixed to floating Perpetual	536	0.21
840,000 Aviva 6.625% fixed to floating 2041	952	0.38
1,312,000 AXA 6.772% fixed to floating Perpetual	1,399	0.55
800,000 Barclays Bank 7.75% 2075	837	0.33
410,000 British Telecom FRN 2028	546	0.22
800,000 Channel Link FRN 2050	793	0.31
1,021,000 Dignity Finance 4.6956% Perpetual	1,262	0.50
1,000,000 DNB Bank 6.0116% fixed to floating Perpetual	1,003	0.40
0 EDF 5.875% fixed to floating 2031	0	0.00
700,000 EDF 5.875% Perpetual	647	0.26
1,528,575 Greene King FRN 2033	1,487	0.59
1,099,000 HBOS 6.461% Perpetual	1,165	0.46
1,514,000 Heathrow Funding 6.45% fixed to floating 2033	2,220	0.88
700,000 HSBC 6.375% fixed to floating 2022	719	0.28
380,000 ING Bank 6.875% fixed to floating 2023	404	0.16
1,000,000 JP Morgan Chase FRN 2017	999	0.39
600,000 Legal & General 6.385% fixed to floating Perpetual	601	0.24
450,000 Lloyds Bank 13% Perpetual	621	0.25
370,000 Lloyds Bank FRN 2019	371	0.15
425,000 Lloyds Banking 7.625% fixed to floating Perpetual	462	0.18
285,000 Lloyds TSB Bank 5.75% fixed to floating 2025	315	0.12
1,400,000 Logis FRN 2018	1,391	0.55
1,300,000 Munchener Ruckvers 6.625% fixed to floating 2042	1,540	0.61
1,449,000 Nat West FRN Perpetual	1,139	0.45
2,000,000 National Capital Fund 5.62% Perpetual	2,093	0.83
900,000 NGG 5.625% fixed to floating 2073	992	0.39
700,000 Pennon 6.75% Perpetual	729	0.29
500,000 RL Finance 6.125% fixed to floating 2043	543	0.21
1,703,000 Royal Bank of Scotland 9.5% Perpetual	1,825	0.72
350,000 RSA Insurance 6.701% fixed to floating Perpetual	354	0.14
187,000 RSA Insurance 9.375% fixed to floating 2039	218	0.09
900,000 Societe Generale 8.875% fixed to floating Perpetual	959	0.38
800,000 Spirit Issuer FRN 2036	784	0.31
800,000 SSE 3.875% Perpetual	806	0.32
295,000 Telereal Securitit 4.0902% fixed to floating 2033	309	0.12
1,100,000 Telereal Securitit FRN 2031	999	0.39

Short Duration Credit Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
US Dollar Denominated Bonds (7.14%)	13,524	5.35
Less than 5 years		
1,500,000 Electronic Arts 3.7% 2021	1,252	0.49
900,000 Energy Transfer 2.5% 2018	728	0.29
900,000 Imperial Tobacco Finance 2.95% 2020	732	0.29
900,000 Kinder Morgan 3.05% 2019	736	0.29
0 Pernod Ricard 4.45% 2022	0	0.00
1,200,000 Teva Pharmaceutical Finance 2.2% 2021	929	0.37
1,500,000 UBS Group Funding Jersey 3% 2021	1,209	0.48
1,095,000 UniCredit Luxembourg Finance 6% 2017	900	0.36
Between 5 and 10 years		
1,000,000 Anheuser-Busch InBev Finance 3.3% 2023	821	0.32
370,000 Barclays Bank 7.625% 2022	319	0.13
1,199,000 CVS Health 3.5% 2022	995	0.39
965,000 Glencore 4.125% 2023	803	0.32
1,110,000 Reynolds American 4.45% 2025	943	0.37
500,000 UniCredit 6.375% 2023	413	0.16
Perpetual		
800,000 HSBC Holdings 6.875% Perpetual	689	0.27
1,700,000 Royal Bank of Scotland 7.64% Perpetual	1,301	0.52
900,000 Societe Generale 8.25% Perpetual	754	0.30
Government Bonds (2.71%)	3,915	1.54
1,250,000 American International 5% 2023	1,450	0.57
1,000,000 European Investment Bank 4.625% fixed to floating 2054	1,703	0.67
500,000 European Investment Bank 5% 2039	762	0.30
Collective Investment Schemes (0.13%)	11,451	4.53
415,934 Standard Life CNAV Euro Liquidity Fund	355	0.14
400,931 Standard Life CNAV Sterling Liquidity Fund	401	0.16
932,618 Total Return Credit SICAV Fund STRC Series Z	10,695	4.23

Short Duration Credit Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Derivatives (-5.58%)	(10,251)	(4.05)
Credit Default Swaps (-0.18%)	(767)	(0.30)
EUR 9,000,000 Buy iTraxx Europe Series 26 20/12/2021 5%	(767)	(0.30)
Forward Currency Contracts (-1.02%)	546	0.22
Buy EUR 933,950 Sell GBP 797,133 18/04/2017	1	0.00
Buy EUR 1,033,223 Sell GBP 897,002 18/04/2017	(14)	(0.01)
Buy EUR 1,142,337 Sell GBP 1,006,688 18/04/2017	(31)	(0.01)
Buy EUR 1,672,061 Sell GBP 1,420,417 18/04/2017	8	0.00
Buy GBP 482,657 Sell EUR 565,995 18/04/2017	(1)	0.00
Buy GBP 16,520,618 Sell EUR 19,060,973 18/04/2017	223	0.09
Buy GBP 832,653 Sell EUR 975,000 09/05/2017	(1)	0.00
Buy GBP 413,324 Sell USD 519,667 18/04/2017	(4)	0.00
Buy GBP 1,345,861 Sell USD 1,626,523 18/04/2017	40	0.02
Buy GBP 16,419,059 Sell USD 20,031,398 18/04/2017	337	0.13
Buy GBP 51,424 Sell USD 74,346 19/05/2017	(8)	0.00
Buy USD 150,211 Sell GBP 123,355 18/04/2017	(3)	0.00
Buy USD 239,895 Sell GBP 192,336 18/04/2017	0	0.00
Buy USD 319,481 Sell GBP 255,952 18/04/2017	0	0.00
Buy USD 398,216 Sell GBP 317,698 18/04/2017	2	0.00
Buy USD 399,387 Sell GBP 320,769 18/04/2017	0	0.00
Buy USD 408,327 Sell GBP 333,557 18/04/2017	(6)	0.00
Buy USD 478,814 Sell GBP 382,832 18/04/2017	1	0.00
Buy USD 639,416 Sell GBP 514,518 18/04/2017	(1)	0.00
Buy USD 74,346 Sell GBP 56,972 19/05/2017	3	0.00
Interest Rate Swaps (-4.38%)	(10,030)	(3.97)
GBP 3,000,000 Pay fixed 0.9175% receive floating GBP-LIBOR 06/09/2034	226	0.09
GBP 12,000,000 Pay fixed 0.943% receive floating GBP-LIBOR 06/06/2021	(116)	(0.05)
GBP 5,570,000 Pay fixed 1.02% receive floating GBP-LIBOR 21/05/2017	(6)	0.00
GBP 17,400,000 Pay fixed 1.045% receive floating GBP-LIBOR 28/08/2017	(46)	(0.02)
GBP 1,500,000 Pay fixed 1.2742% receive floating GBP-LIBOR 20/02/2027	(20)	(0.01)
GBP 5,250,000 Pay fixed 1.2775% receive floating GBP-LIBOR 25/03/2020	(104)	(0.04)
GBP 18,500,000 Pay fixed 1.329% receive floating GBP-LIBOR 14/04/2020	(399)	(0.16)
GBP 9,000,000 Pay fixed 1.335% receive floating GBP-LIBOR 06/06/2026	(195)	(0.08)
GBP 2,140,000 Pay fixed 1.4475% receive floating GBP-LIBOR 17/12/2019	(50)	(0.02)
GBP 4,900,000 Pay fixed 1.521% receive floating GBP-LIBOR 18/02/2020	(131)	(0.05)

Short Duration Credit Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Interest Rate Swaps (continued)		
GBP 1,900,000 Pay fixed 1.595% receive floating GBP-LIBOR 25/03/2025	(88)	(0.03)
GBP 2,700,000 Pay fixed 1.59625% receive floating GBP-LIBOR 21/05/2020	(82)	(0.03)
GBP 8,300,000 Pay fixed 1.608% receive floating GBP-LIBOR 28/08/2020	(276)	(0.11)
GBP 1,400,000 Pay fixed 1.8986% receive floating GBP-LIBOR 11/02/2019	(36)	(0.01)
GBP 160,000 Pay fixed 1.9025% receive floating GBP-LIBOR 25/03/2045	(20)	(0.01)
GBP 2,200,000 Pay fixed 1.906% receive floating GBP-LIBOR 18/02/2025	(156)	(0.06)
GBP 7,300,000 Pay fixed 1.945% receive floating GBP-LIBOR 30/01/2019	(193)	(0.08)
GBP 2,190,000 Pay fixed 1.995% receive floating GBP-LIBOR 08/04/2019	(65)	(0.03)
GBP 3,300,000 Pay fixed 2.035% receive floating GBP-LIBOR 21/05/2025	(269)	(0.11)
GBP 1,500,000 Pay fixed 2.045% receive floating GBP-LIBOR 30/04/2019	(47)	(0.02)
GBP 3,000,000 Pay fixed 2.1275% receive floating GBP-LIBOR 30/01/2023	(226)	(0.09)
GBP 5,100,000 Pay fixed 2.135% receive floating GBP-LIBOR 05/08/2019	(191)	(0.08)
GBP 330,000 Pay fixed 2.2275% receive floating GBP-LIBOR 17/12/2034	(45)	(0.02)
GBP 260,000 Pay fixed 2.258% receive floating GBP-LIBOR 18/02/2045	(54)	(0.02)
GBP 140,000 Pay fixed 2.275% receive floating GBP-LIBOR 17/12/2044	(30)	(0.01)
GBP 600,000 Pay fixed 2.6075% receive floating GBP-LIBOR 10/11/2034	(119)	(0.05)
GBP 280,000 Pay fixed 2.6675% receive floating GBP-LIBOR 10/11/2044	(85)	(0.03)
GBP 3,200,000 Pay fixed 2.68875% receive floating GBP-LIBOR 05/08/2024	(405)	(0.16)
GBP 1,150,000 Pay fixed 2.761% receive floating GBP-LIBOR 30/04/2024	(148)	(0.06)
GBP 1,490,000 Pay fixed 2.7675% receive floating GBP-LIBOR 08/04/2024	(191)	(0.08)
GBP 6,000,000 Pay fixed 2.78% receive floating GBP-LIBOR 26/03/2024	(773)	(0.31)
GBP 7,050,000 Pay fixed 2.78% receive floating GBP-LIBOR 30/01/2024	(894)	(0.35)
GBP 800,000 Pay fixed 2.845% receive floating GBP-LIBOR 17/06/2024	(109)	(0.04)
GBP 6,300,000 Pay fixed 2.955% receive floating GBP-LIBOR 09/01/2024	(869)	(0.34)
GBP 600,000 Pay fixed 3.07125% receive floating GBP-LIBOR 05/08/2044	(239)	(0.09)
GBP 3,200,000 Pay fixed 3.253% receive floating GBP-LIBOR 30/01/2034	(941)	(0.37)
GBP 160,000 Pay fixed 3.275% receive floating GBP-LIBOR 17/06/2044	(71)	(0.03)
GBP 250,000 Pay fixed 3.276% receive floating GBP-LIBOR 30/04/2044	(111)	(0.04)
GBP 460,000 Pay fixed 3.29% receive floating GBP-LIBOR 08/04/2044	(205)	(0.08)
GBP 2,600,000 Pay fixed 3.31% receive floating GBP-LIBOR 30/01/2044	(1,163)	(0.46)
GBP 3,500,000 Pay fixed 3.365% receive floating GBP-LIBOR 09/01/2034	(1,088)	(0.43)
Total investment assets and liabilities	237,853	94.02
Net other assets	15,136	5.98
Total Net Assets	252,989	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

Short Duration Credit Fund
Portfolio Statement (continued)

	Bid-market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	248,946
Investment liabilities	(11,093)
Net investment assets	237,853
Net other assets	15,136
Total Net Assets	252,989

Short Duration Credit Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)	2017	2016
	£'000	£'000
Non-derivative securities	21,954	(8,074)
Derivative contracts	(639)	(5,162)
Forward currency contracts	(3,877)	(4,394)
Non-derivative securities currency (losses)/gains	(19)	78
Handling charges taken from the capital account	(13)	(14)
Net capital gains/(losses)	<u>17,406</u>	<u>(17,566)</u>

3 Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table:

	2017	2016
	£'000	£'000
Purchases		
Equities	83,690	148,769
Sales		
Equities	110,950	77,442

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.16% (2016: 1.15%), this is representative of the average spread on the assets held during the year.

Short Duration Credit Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016
	£'000	£'000
Interest on debt securities	9,163	9,916
Bank interest	59	68
Total revenue	<u>9,222</u>	<u>9,984</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	1,436	2,401
Dealing charge	14	9
Registration fees	201	216
	<u>1,651</u>	<u>2,626</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	34	32
Safe custody fees	19	21
	<u>53</u>	<u>53</u>
Other:		
Audit fee	13	12
Net interest paid on interest rate swaps	1,779	1,945
	<u>1,792</u>	<u>1,957</u>
Total expenses	<u>3,496</u>	<u>4,636</u>
6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Total taxation	<u>0</u>	<u>0</u>
(b) Factors affecting current tax charge for year		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	5,722	5,344
Corporation tax at 20% (2014: 20%)	<u>1,144</u>	<u>1,069</u>
Effects of:		
Interest distributions	(1,144)	(1,069)
Current tax charge (Note 6(a))	<u>0</u>	<u>0</u>

Short Duration Credit Fund**Notes to the financial statements (continued)**

7 Distributions	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
First interim distribution	1,601	1,156
Second interim distribution	1,507	1,305
Third interim distribution	1,369	1,439
Final distribution	1,143	1,357
	<hr/>	<hr/>
	5,620	5,257
Add: Income deducted on cancellation of shares	169	1,341
Deduct: Income received on issue of shares	(66)	(1,254)
Net distribution for the year	<hr/>	<hr/>
	5,723	5,344
	<hr/>	<hr/>

Details of the distribution per share are set out in this Fund's distribution table.

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	87	57
Sales awaiting settlement	1,837	0
Accrued revenue	4,023	4,784
Accrued interest receivable on interest rate swap contracts	160	0
Collateral cash	10,305	14,240
Total debtors	<hr/>	<hr/>
	16,412	19,081
	<hr/>	<hr/>

9 Cash and Bank Balances	2017	2016
	£'000	£'000
Amounts held at futures clearing houses and brokers	394	0
Cash and bank balances	293	796
Total cash and bank balances	<hr/>	<hr/>
	687	796
	<hr/>	<hr/>

10 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	111	293
Purchases awaiting settlement	408	0
Accrued expenses payable to the ACD	120	166
Accrued expenses payable to the Depository	8	8
Other accrued expenses	11	12
Accrued interest payable on interest rate swap contracts	506	320
Dilution levy payable to the ACD	0	1
Total creditors	<hr/>	<hr/>
	1,164	800
	<hr/>	<hr/>

Short Duration Credit Fund**Notes to the financial statements (continued)****11 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 10.

The Fund holds 400,931 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £87,208,000 (2016: £ nil), the total sales proceeds were £86,820,000 (2016: £ nil) and distributions reinvested were £14,000 (2016: £ nil).

The Fund holds 415,934 shares (2016: nil) in Standard Life CNAV Euro Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was €6,999,000 (2016: € nil), the total sales proceeds were €6,583,000 (2016: € nil) and distributions reinvested were € nil (2016: € nil).

The Fund holds nil shares (2016: 345,043) in SLI Seabury GBP VNAV Liquidity Fund, the total purchase cost of these investments during the year was £19,973,000 (2016: £140,924,000), the total sales proceeds were £20,324,000 (2016: £144,594,000) and distributions reinvested were £6,000 (2016: £33,000).

	2017	2016
	£'000	£'000
Sale of shares by the Fund	20,793	272,988
Purchase of shares by Fund	47,456	211,831
Distributions made by Fund	3,482	2,986
The percentage value of the Fund held by Standard Life group companies is:	71.2%	73.5%

Short Duration Credit Fund**Notes to the financial statements (continued)****12 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	2,465	234,188	0	7,019	247,920	0
Equities	0	0	0	0	345	0
Collective Investment Schemes	0	11,451	0	0	130	0
Derivatives	0	842	0	0	0	0
Total investment assets	2,465	246,481	0	7,019	248,395	0
Fair value of investment liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives	0	(11,093)	0	0	(14,585)	0
Total investment liabilities	0	(11,093)	0	0	(14,585)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Units in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	16,341,487	3,068,021	(2,864,964)	(755,394)	15,789,150
Institutional accumulation	221,636,428	18,246,728	(46,187,528)	142,302	193,837,930
Retail income	11,699,103	436,790	(1,863,136)	(545,046)	9,727,711
Institutional income	57,405,687	4,707,679	(10,116,657)	110,721	52,107,430
Standard Life income	12,697,297	0	(12,695,297)	0	2,000
Standard Life accumulation	122,565	7,017	(65,771)	152	63,963
Platform 1 accumulation	26,085,029	11,199,530	(3,351,629)	818,775	34,751,705
Platform 1 income	14,887,335	2,296,865	(2,418,464)	444,970	15,210,706

Short Duration Credit Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures**

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.

2017	Minimum	Maximum	Average
VaR 99% 1 Month	1.24%	1.69%	1.49%
2016	Minimum	Maximum	Average
VaR 99% 1 Month	0.96%	1.28%	1.07%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 1.61%, £3,853,000 (2016: 1.00%, £2,408,000) in one month period. This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Short Duration Credit Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk**

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets/(liabilities)	
	2017	2016
	£'000	£'000
Euro	(369)	1,110
US Dollar	525	565

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

Short Duration Credit Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets/ (liabilities) £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2017				
Currency				
Sterling	(9,234)	219,166	28,679	238,611
Euro	0	13,333	(13,530)	(197)
US Dollar	293	14,849	(15,370)	(228)
2016				
Currency				
Sterling	(10,998)	206,630	45,031	240,663
Euro	769	26,763	(26,900)	632
US Dollar	15	21,546	(21,231)	330

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid-market value 2017 £'000	Bid-market value 2016 £'000
Credit Rating Analysis		
Investment Grade Bonds	202,933	207,340
Below Investment Grade Bonds	27,722	40,227
Unrated Bonds	5,998	7,373
Total Value of Bonds	236,653	254,940

Short Duration Credit Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(d) Credit risk (continued)**

This Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Any counterparties to derivative positions and term deposits as well as the collateral amount and type held by the Fund as at 28 February 2017 are detailed in the table below.

Counterparty	Collateral classification	2017 £'000	2016 £'000
Barclays Bank	Cash	(720)	(3,040)
BNP Paribas	Cash	(800)	-
Citi Bank	Cash	(400)	(130)
Credit Agricole	-	-	-
Deutsche Bank	Cash	(920)	(1,410)
Goldman Sachs	Cash	400	-
HSBC	Cash	(460)	(720)
Merrill Lynch	-	-	-
Morgan Stanley	Cash	(1,839)	(2,330)
Royal Bank of Canada	-	-	-
Royal Bank of Scotland	Cash	-	(1,020)
Societe Generale	Cash	354	-
State Street	-	-	-
UBS	Cash	(5,920)	(5,590)
Total		(10,305)	(14,240)

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

Short Duration Credit Fund**Distribution Tables****for the three months ended 31 May 2016****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 May 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	0.3247	-	0.3247 *	0.2750
Group 2	0.1162	0.2085	0.3247 *	0.2750
Institutional accumulation				
Group 1	0.4180	-	0.4180 *	0.3751
Group 2	0.1685	0.2495	0.4180 *	0.3751
Retail income				
Group 1	0.2043	-	0.2043 **	0.1755
Group 2	0.0501	0.1542	0.2043 **	0.1755
Institutional income				
Group 1	0.2505	-	0.2505 **	0.2291
Group 2	0.1024	0.1481	0.2505 **	0.2291
Standard Life income				
Group 1	0.1808	-	0.1808 **	0.1696
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.5090	-	0.5090 *	0.4649
Group 2	0.2421	0.2669	0.5090 *	0.4649
Platform 1 accumulation				
Group 1	0.2818	-	0.2818 *	0.2522
Group 2	0.1692	0.1126	0.2818 *	0.2522
Platform 1 income				
Group 1	0.2535	-	0.2535 **	0.2312
Group 2	0.1005	0.1530	0.2535 **	0.2312

* Distribution accumulated on 31 May 2016

** Distribution paid on 31 July 2016

Short Duration Credit Fund
Distribution Tables (continued)

for the three months 31 August 2016

Interest distribution

Group 1 - shares purchased prior to 1 June 2016

Group 2 - shares purchased between 1 June 2016 and 31 August 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	0.3018	-	0.3018 *	0.2934
Group 2	0.0809	0.2209	0.3018 *	0.2934
Institutional accumulation				
Group 1	0.3918	-	0.3918 *	0.3926
Group 2	0.1627	0.2291	0.3918 *	0.3926
Retail income				
Group 1	0.1890	-	0.1890 **	0.1869
Group 2	0.0450	0.1440	0.1890 **	0.1869
Institutional income				
Group 1	0.2337	-	0.2337 **	0.2391
Group 2	0.1148	0.1189	0.2337 **	0.2391
Standard Life income				
Group 1	0.0000	-	0.0000	0.1756
Group 2	-	-	-	0.1756
Standard Life accumulation				
Group 1	0.4822	-	0.4822 *	0.4828
Group 2	0.3979	0.0843	0.4822 *	0.4828
Platform 1 accumulation				
Group 1	0.2636	-	0.2636 *	0.2645
Group 2	0.0382	0.2254	0.2636 *	0.2645
Platform 1 income				
Group 1	0.2359	-	0.2359 **	0.2439
Group 2	0.0850	0.1509	0.2359 **	0.2439

* Distribution accumulated on 31 August 2016

** Distribution payable on 31 October 2016

Short Duration Credit Fund
Distribution Tables (continued)

for the three months ended 30 November 2016

Interest distribution

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 30 November 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	0.2937	-	0.2937 *	0.3141
Group 2	0.1506	0.1431	0.2937 *	0.3141
Institutional accumulation				
Group 1	0.3808	-	0.3808 *	0.4141
Group 2	0.2070	0.1738	0.3808 *	0.4141
Retail income				
Group 1	0.1850	-	0.1850 **	0.1991
Group 2	0.1019	0.0831	0.1850 **	0.1991
Institutional income				
Group 1	0.2292	-	0.2292 **	0.2507
Group 2	0.1202	0.1090	0.2292 **	0.2507
Standard Life income				
Group 1	0.0000	-	0.0000	0.1806
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	0.5104	-	0.5104 *	0.5027
Group 2	0.3123	0.1981	0.5104 *	0.5027
Platform 1 accumulation				
Group 1	0.2602	-	0.2602 *	0.2787
Group 2	0.1812	0.0790	0.2602 *	0.2787
Platform 1 income				
Group 1	0.2301	-	0.2301 **	0.2532
Group 2	0.1094	0.1207	0.2301 **	0.2532

* Distribution accumulated on 30 November

** Distribution paid on 31 January 2017

Short Duration Credit Fund
Distribution Tables (continued)

for the three months ended 28 February 2017

Interest distribution

Group 1 - shares purchased prior 1 December 2016

Group 2 - shares 1 December 2016 and 28 February 2017

	Net income	Equalisation	Distribution	Distribution paid
	2017	2017	payable	2016
	pence per share	pence per share	2017	2016
			pence per share	pence per share
Retail accumulation				
Group 1	0.3072	-	0.3072 *	0.3670
Group 2	0.1975	0.1097	0.3072 *	0.3670
Institutional accumulation				
Group 1	0.4195	-	0.4195 *	0.4192
Group 2	0.1981	0.2214	0.4195 *	0.4192
Retail income				
Group 1	0.1900	-	0.1900 **	0.2063
Group 2	0.1000	0.0900	0.1900 **	0.2063
Institutional income				
Group 1	0.2458	-	0.2458 **	0.2535
Group 2	0.1504	0.0954	0.2458 **	0.2535
Standard Life income				
Group 1	0.0000	-	0.0000	0.1821
Group 2	-	-	-	0.1821
Standard Life accumulation				
Group 1	0.4950	-	0.4950 *	0.5097
Group 2	0.4140	0.0810	0.4950 *	0.5097
Platform 1 accumulation				
Group 1	0.2794	-	0.2794 *	0.2840
Group 2	0.1241	0.1553	0.2794 *	0.2840
Platform 1 income				
Group 1	0.2457	-	0.2457 **	0.2568
Group 2	0.1353	0.1104	0.2457 **	0.2568

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

UK Equity Growth Fund Investment Report

Fund Manager	Benchmark	Launch Date
Karen Robertson	IA UK All Companies Sector	1 May 1986

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on a UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The concentrated nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 15.21% compared with the IA UK All Companies sector average return of 19.18% (source: Morningstar, basic rate taxpayer, platform one share class, bid-to-bid basis).

The Fund performed reasonably well over the year, but underperformed the sector average.

The holding in BT detracted from Fund performance, as the telecommunications giant issued a profit warning following a scandal in its Italian accounting operations and a slowdown in public sector spending. Pub and restaurant group Mitchell and Butler also hurt returns: the company reported a drop in full-year revenues and profits, and warned of potential further problems ahead, with reference to the possible impact of Brexit. Clothing and homeware retailer Next had an adverse effect on the Fund too, following a weak Christmas trading statement.

By contrast, not holding publisher Pearson contributed to the performance of the Fund. The company issued its fifth profit warning in two years and reported its biggest ever pre-tax loss, due to a major drop in sales of textbooks in the US. Our position in drinks company Fever-Tree boosted the Fund's returns. Near the end of the period, the business announced that it was expecting full-year sales and profits to be higher than previously estimated. Glencore and Vedanta also contributed on the back of rising commodity prices and tailwinds to earnings from sterling weakness.

UK Equity Growth Fund Investment Report (continued)

Investment Activity

Looking at purchases, we bought betting company Ladbrokes in May, where we expect earnings upgrades to come from cost savings through its acquisition of Coral. We also increased our position in Cairn, given the higher oil price and potential upside from its Senegal field, and in BP, as the higher oil price post OPEC production cuts was productive for cashflow. In the financial sector, we added to Barclays given upgrades better results from the investment banking division and higher US bond yields.

On the other side of the ledger, we sold online property company Rightmove and estate agency Savills, given concern about the impact of Brexit on the property market. Similarly, we sold Berkeley Group in the housebuilding sector, given its exposure to higher-end London residential property and the potential impact of a slowdown following the EU referendum. We reduced our position in Tesco due to concern over the growing impact of competition from so-called 'discount supermarkets'.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £46,274,000 and the total proceeds from sales were £64,380,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 **5** 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

UK Equity Growth Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	279.57	305.07	303.64
Return before operating charges*	45.07	(20.77)	6.02
Operating charges**	(3.85)	(4.73)	(4.59)
Return after operating charges*	41.22	(25.50)	1.43
Distributions	(7.77)	(5.90)	(4.74)
Retained distributions on accumulation share	7.77	5.90	4.74
Closing net asset value per share	320.79	279.57	305.07
* after direct transaction costs of:***	0.43	0.40	0.30
Performance +			
Return after charges	14.74%	-8.36%	0.47%
Other information			
Closing net asset value (£'000)	102,038	99,831	205,560
Closing number of shares	31,808,234	35,708,486	67,380,368
Operating charges****	1.32%	1.60%	1.60%
Direct transaction costs***	0.15%	0.14%	0.10%
Prices			
Highest share price	323.0	315.7	303.3
Lowest share price	246.2	252.6	263.4

UK Equity Growth Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	324.06	350.97	346.69
Return before operating charges*	52.49	(24.01)	7.08
Operating charges**	(2.88)	(2.90)	(2.80)
Return after operating charges*	49.61	(26.91)	4.28
Distributions	(10.71)	(9.37)	(7.91)
Retained distributions on accumulation share	10.71	9.37	7.91
Closing net asset value per share	373.67	324.06	350.97
* after direct transaction costs of:***	0.49	0.44	0.34
Performance +			
Return after charges	15.31%	-7.67%	1.23%
Other information			
Closing net asset value (£'000)	112,234	107,976	19,563
Closing number of shares	30,034,976	33,319,754	5,574,096
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.14%	0.13%	0.10%
Prices			
Highest share price	376.2	363.9	348.9
Lowest share price	285.9	292.7	302.2

UK Equity Growth Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	59.36	66.25	66.83
Return before operating charges*	9.68	(4.56)	1.49
Operating charges**	(0.01)	(0.01)	(0.01)
Return after operating charges*	9.67	(4.57)	1.48
Distributions	(2.50)	(2.32)	(2.06)
Closing net asset value per share	66.53	59.36	66.25
* after direct transaction costs of:***	0.09	0.09	0.07
Performance +			
Return after charges	16.29%	-6.90%	2.21%
Other information			
Closing net asset value (£'000)	1	1	0
Closing number of shares	2,000	2,000	500
Operating charges****	0.02%	0.02%	0.02%
Direct transaction costs***	0.14%	0.11%	0.11%
Prices			
Highest share price	69.46	68.83	67.91
Lowest share price	52.52	55.69	58.64

UK Equity Growth Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	103.98	111.78	109.58
Return before operating charges*	16.94	(7.69)	2.30
Operating charges**	(0.11)	(0.11)	(0.10)
Return after operating charges*	16.83	(7.80)	2.20
Distributions	(4.27)	(3.81)	(3.29)
Retained distributions on accumulation share	4.27	3.81	3.29
Closing net asset value per share	120.81	103.98	111.78
* after direct transaction costs of:***	0.16	0.15	0.11
Performance +			
Return after charges	16.19%	-6.98%	2.01%
Other information			
Closing net asset value (£'000)	1,795	1,558	1,670
Closing number of shares	1,485,592	1,498,694	1,493,757
Operating charges****	0.10%	0.10%	0.10%
Direct transaction costs***	0.15%	0.14%	0.11%
Prices			
Highest share price	121.6	116.1	111.1
Lowest share price	91.98	93.89	65.96

UK Equity Growth Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	99.72	107.52	106.78
Return before operating charges*	16.22	(7.38)	1.14
Operating charges**	(0.42)	(0.42)	(0.40)
Return after operating charges*	15.80	(7.80)	0.74
Distributions	(3.80)	(3.36)	(2.92)
Retained distributions on accumulation share	3.80	3.36	2.92
Closing net asset value per share	115.52	99.72	107.52
* after direct transaction costs of:***	0.15	0.14	0.10
Performance +			
Return after charges	15.84%	-7.25%	0.69%
Other information			
Closing net asset value (£'000)	2	2	1
Closing number of shares	2,000	2,000	500
Operating charges****	0.40%	0.40%	0.40%
Direct transaction costs***	0.14%	0.13%	0.10%
Prices			
Highest share price	116.3	111.6	106.9
Lowest share price	88.13	90.05	92.39

UK Equity Growth Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	65.81	71.32	70.49
Return before operating charges*	10.66	(4.89)	1.43
Operating charges**	(0.62)	(0.62)	(0.60)
Return after operating charges*	10.04	(5.51)	0.83
Distributions	(2.14)	(1.87)	(1.57)
Retained distributions on accumulation share	2.14	1.87	1.57
Closing net asset value per share	75.85	65.81	71.32
* after direct transaction costs of:***	0.10	0.09	0.07
Performance +			
Return after charges	15.26%	-7.73%	1.18%
Other information			
Closing net asset value (£'000)	11,948	10,885	5,904
Closing number of shares	15,751,888	16,538,292	8,278,567
Operating charges****	0.90%	0.90%	0.90%
Direct transaction costs***	0.15%	0.13%	0.10%
Prices			
Highest share price	76.36	73.93	70.91
Lowest share price	58.06	59.45	61.41

UK Equity Growth Fund**Comparative Tables (continued)**

	28 February 2017	29 February 2016
	pence per share	pence per share
Institutional A accumulation^{**}		
Change in net assets per share		
Opening net asset value per share	50.83	50.00
Return before operating charges*	8.19	0.90
Operating charges**	(0.85)	(0.07)
Return after operating charges*	7.34	0.83
Distributions	(1.28)	(0.13)
Retained distributions on accumulation share	1.28	0.13
Closing net asset value per share	58.17	50.83
* after direct transaction costs of:***	0.08	0.01
Performance +		
Return after charges	14.44%	1.66%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	1.60%	1.60%
Direct transaction costs***	0.15%	0.01%
Prices		
Highest share price	58.57	50.93
Lowest share price	44.74	45.92

^{**} Share class launched on 25 January 2016.

UK Equity Growth Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation share class reflects a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

UK Equity Growth Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		23,618		(24,661)
Revenue	4	8,820		8,326	
Expenses	5	(2,322)		(3,389)	
Interest and similar charges		(1)		0	
Net revenue before taxation		<u>6,497</u>		<u>4,937</u>	
Taxation	6	(92)		(67)	
Net revenue after taxation			<u>6,405</u>		<u>4,870</u>
Total return before distributions			<u>30,023</u>		<u>(19,791)</u>
Distributions	7		(6,405)		(4,870)
Change in net assets attributable to shareholders from investment activities			<u>23,618</u>		<u>(24,661)</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			220,254		232,698
Amounts receivable on issue of shares		9,185		121,908	
Amounts payable on cancellation of shares		(31,213)		(115,420)	
			<u>(22,028)</u>		<u>6,488</u>
Dilution adjustment			86		133
Change in net assets attributable to shareholders from investment activities (see above)			23,618		(24,661)
Retained distribution on accumulation shares			6,089		5,596
Closing net assets attributable to shareholders			<u>228,019</u>		<u>220,254</u>

UK Equity Growth Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			226,054		220,661
Current assets:					
Debtors	8	1,414		1,185	
Cash and bank balances		888		506	
			<u>2,302</u>	<u>1,691</u>	
Total assets			<u>228,356</u>	<u>222,352</u>	
Liabilities					
Creditors	9	(337)		(2,098)	
			<u>(337)</u>	<u>(2,098)</u>	
Total liabilities			<u>(337)</u>	<u>(2,098)</u>	
Net assets attributable to shareholders			<u>228,019</u>	<u>220,254</u>	

UK Equity Growth Fund
Portfolio Statement
as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
UK Equities (99.88%)	224,800	98.59
Basic Materials (2.90%)	25,792	11.31
474,225 Anglo American	6,023	2.64
111,989 BHP Billiton	1,452	0.64
2,672,738 Glencore	8,606	3.77
57,688 Johnson Matthey	1,767	0.77
6,896 Lonmin	8	0.00
182,973 Rio Tinto	6,032	2.65
221,283 Vedanta Resources	1,904	0.84
Consumer Goods (20.92%)	32,628	14.30
151,397 Bellway	3,944	1.73
251,313 Bovis Homes	1,959	0.86
94,295 British American Tobacco	4,789	2.10
325,569 Britvic	2,054	0.90
115,672 Diageo	2,623	1.15
182,165 Fever Tree Drinks	2,559	1.12
100,869 Galliford Try	1,528	0.67
462,043 GKN	1,662	0.73
160,491 Greggs	1,569	0.69
134,359 Imperial Tobacco	5,096	2.23
366,246 Inchcape	2,747	1.20
101,851 Persimmon	2,098	0.92
Consumer Services (16.81%)	35,191	15.44
57,374 Carnival	2,523	1.11
946,810 Carphone Warehouse	2,868	1.26
1,062,550 Entertainment One	2,511	1.10
168,871 Greene King	1,140	0.50
333,746 GVC	2,318	1.02
1,137,905 International Consolidated Airlines	6,105	2.68
1,459,570 ITV	2,954	1.30
840,708 Ladbrokes	1,028	0.45
900,666 Mitchells & Butlers	2,221	0.97

UK Equity Growth Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Consumer Services (continued)		
658,571 Moneysupermarket.com	2,171	0.95
28,436 Rightmove	1,118	0.49
921,650 Trinity Mirror	954	0.42
240,249 Tui	2,732	1.20
168,666 UBM	1,257	0.55
173,600 WPP	3,291	1.44
Financials (21.14%)		
	52,994	23.24
988,831 Aviva	4,923	2.16
2,723,683 Barclays	6,168	2.71
242,254 Close Brothers	3,651	1.60
640,685 Direct Line	2,200	0.96
143,934 Hargreaves Lansdown	1,920	0.84
2,010,756 HSBC	12,998	5.70
228,109 Investec	1,319	0.58
385,544 Jupiter Fund Management	1,616	0.71
5,608,278 Lloyds Banking	3,851	1.69
368,081 Prudential	5,915	2.59
961,358 Royal Bank of Scotland	2,285	1.00
200,878 RSA Insurance	1,202	0.53
74,013 SVG Capital	527	0.23
490,159 Tullett Prebon	2,396	1.05
618,354 Virgin Money	2,023	0.89
Health Care (5.13%)		
	14,670	6.44
102,538 AstraZeneca	4,762	2.09
241,719 GlaxoSmithKline	3,982	1.75
155,606 NMC Healthcare	2,714	1.19
66,169 Shire	3,212	1.41

UK Equity Growth Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Industrials (12.95%)	22,471	9.85
277,046 Babcock International	2,625	1.15
290,008 Bodycote	2,290	1.00
292,231 Smith (DS)	1,302	0.57
345,747 Essentra	1,877	0.82
31,245 Grafton	197	0.09
300,423 Howden Joinery	1,285	0.56
527,386 Ibstock	1,044	0.46
212,661 Kier	3,094	1.36
333,917 Marshalls	993	0.44
643,515 Polypipe	2,178	0.96
268,407 RPC	2,449	1.07
22,896 Wolseley	1,125	0.49
741,567 Workplay Group	2,012	0.88
Oil & Gas (7.23%)	22,865	10.04
2,043,958 BP	9,269	4.07
489,709 Cairn Energy	1,088	0.48
315,928 Royal Dutch Shell 'A'	6,568	2.88
273,335 Royal Dutch Shell 'B'	5,940	2.61
Technology (2.91%)	3,158	1.38
489,254 Sage	3,158	1.38
Telecommunications (7.23%)	9,466	4.15
824,458 BT	2,696	1.18
3,353,931 Vodafone	6,770	2.97
Utilities (2.66%)	5,565	2.44
448,220 National Grid	4,381	1.92
121,090 United Utilities	1,184	0.52

UK Equity Growth Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Collective Investment Scheme (0.30%)	1,254	0.55
1,253,906 Standard Life GBP CNAV Liquidity Fund	1,254	0.55
Total investment assets	226,054	99.14
Net other assets	1,965	0.86
Total Net Assets	228,019	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

UK Equity Growth Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net capital gains/(losses)

	2017	2016
	£'000	£'000
Non-derivative securities	23,612	(24,654)
Non-derivative securities currency gains/(losses)	9	(3)
Handling charges taken from the capital account	(3)	(4)
Net capital gains/(losses)	<u>23,618</u>	<u>(24,661)</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	46,018	53,444
Commissions	47	55
Taxes & Other Fees	209	232
Total purchase transaction costs	<u>256</u>	<u>287</u>
Purchases including transaction costs	<u>46,274</u>	<u>53,731</u>
Gross sales before transaction costs	64,448	41,241
Commissions	(68)	(45)
Total sale transaction costs	<u>(68)</u>	<u>(45)</u>
Total sales net of transaction costs	<u>64,380</u>	<u>41,196</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.10%	0.10%
Taxes & Other Fees	0.45%	0.43%
Sales		
Commissions	0.11%	0.11%

Equity Purchases, Sales Analysis to Average NAV

	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.02%	0.02%
Taxes & Other Fees	0.10%	0.10%

UK Equity Growth Fund**Notes to the financial statements (continued)**

3 Transaction Costs (continued)	2017	2016
	% Average NAV	% Average NAV
Sales		
Commissions	0.03%	0.02%

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	46,274	53,731
Sales		
Equities	64,380	41,196

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.16% (2016: 1.15%), this is representative of the average spread on the assets held during the year.

4 Revenue	2017	2016
	£'000	£'000
UK dividends	7,758	7,189
Overseas dividends	1,050	1,044
Scrip dividends	0	73
Bank interest	12	20
Total revenue	8,820	8,326

UK Equity Growth Fund**Notes to the financial statements (continued)**

5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,171	3,157
Dealing charge	6	4
Registration fees	102	184
	<u>2,279</u>	<u>3,345</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	29	29
Safe custody fees	6	6
	<u>35</u>	<u>35</u>
Other:		
Audit fee	8	8
Legal expenses	0	1
	<u>8</u>	<u>9</u>
Total expenses	<u>2,322</u>	<u>3,389</u>

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	92	67
Total taxation	<u>92</u>	<u>67</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	6,497	4,937
Corporation tax at 20% (2016: 20%)	<u>1,300</u>	<u>987</u>
Effects of:		
UK dividends	(1,552)	(1,438)
Scrip dividends	0	(14)
Non taxable overseas dividends	(210)	(209)
Overseas withholding tax	92	67
Excess management expenses	462	674
Current tax charge (Note 6(a))	<u>92</u>	<u>67</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

UK Equity Growth Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £10,971,000 (2016: £10,509,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Distribution	6,089	5,596
Add: Income deducted on cancellation of shares	436	2,137
Deduct: Income received on issue of shares	(120)	(2,863)
Net distribution for the year	<u>6,405</u>	<u>4,870</u>

Details of the distribution per share are set out in this Fund's distribution table.

8 Debtors

	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	14	142
Sales awaiting settlement	0	198
Dilution levy receivable from the ACD	1	0
Accrued revenue	1,360	761
Withholding tax recoverable	39	84
Total debtors	<u>1,414</u>	<u>1,185</u>

9 Creditors

	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	144	343
Purchases awaiting settlement	0	1,547
Accrued expenses payable to the ACD	181	197
Accrued expenses payable to the Depositary	4	4
Other accrued expenses	8	7
Total creditors	<u>337</u>	<u>2,098</u>

UK Equity Growth Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund held shares in SLI Seabury GBP VNAV Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was £7,486,000 (2016: £49,205,000) and the total sales proceeds was £8,145,000 (2016: £52,062,000) and distribution reinvested was £2,000 (2016: £22,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	6,304	91,416
Purchase of shares by Fund	14,234	14,728
Distributions made by Fund	2,883	806
 The percentage value of the Fund held by Standard Life group companies is:		
	44.3%	43.7%

UK Equity Growth Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	224,800	0	0	220,004	0	0
Collective Investment Schemes	0	1,254	0	0	657	0
Total investment assets	224,800	1,254	0	220,004	657	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Units in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	35,708,486	234,035	(3,482,558)	(651,729)	31,808,234
Institutional accumulation	33,319,754	1,842,198	(5,177,957)	50,981	30,034,976
Standard Life income	2,000	0	0	0	2,000
Standard Life accumulation	1,498,694	142,938	(170,915)	14,875	1,485,592
Institutional regulated accumulation	2,000	0	0	0	2,000
Platform 1 accumulation	16,538,292	365,133	(3,644,192)	2,492,655	15,751,888
Institutional A accumulation	2,200	0	0	0	2,200

UK Equity Growth Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

UK Equity Growth Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Euro	172	12
US Dollar	749	357

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate	Financial	Total
	financial assets	assets not	
	£'000	carrying interest	£'000
2017			
Currency			
Sterling	2,074	224,800	226,874
Euro	49	0	49
US Dollar	19	0	19
2016			
Currency			
Sterling	1,146	220,004	221,150
US Dollar	17	0	17

UK Equity Growth Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures (continued)

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

UK Equity Growth Fund**Distribution Table**

for the year ended 28 February 2017

Dividend distribution

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 28 February 2017

	Net income	Equalisation	Distribution	Distribution paid
	2017	2017	payable	2016
	pence per share	pence per share	pence per share	pence per share
Retail accumulation				
Group 1	7.7743	-	7.7743 *	5.9006
Group 2	3.8424	3.9319	7.7743 *	5.9006
Institutional accumulation				
Group 1	10.7074	-	10.7074 *	9.3715
Group 2	5.6785	5.0289	10.7074 *	9.3715
Standard Life income				
Group 1	2.4950	-	2.4950 **	2.3211
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	4.2689	-	4.2689 *	3.8134
Group 2	2.2634	2.0055	4.2689 *	3.8134
Institutional regulated accumulation				
Group 1	3.7986	-	3.7986 *	3.3589
Group 2	-	-	-	-
Platform 1 accumulation				
Group 1	2.1398	-	2.1398 *	1.8692
Group 2	1.0605	1.0793	2.1398 *	1.8692
Institutional A accumulation				
Group 1	1.2770	-	1.2770 *	0.1260
Group 2	-	-	-	0.1260

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

UK Equity Growth Fund
Distribution Tables (continued)

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	Dividend Distribution
Treat as a UK corporate dividend*	100.00%
Treat as annual payment net of income tax at 20%	0.00%

Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

UK Equity High Alpha Fund Investment Report

Fund Manager

Henry Flockhart

Benchmark

IA UK All Companies Sector

Launch Date

31 January 1992

Objective

The objective of the Fund is to maximise returns whilst maintaining a balance between capital appreciation and income.

Policy

The investment policy of the Fund is to invest mostly in UK equities and equity type investments of companies listed on the UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in fixed interest securities as well as in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The diversified nature of the portfolio makes it suitable for investors wishing to achieve a broad spread of UK equity exposure. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 4.45%, compared to IA UK All Companies sector average of 3.81% (source: Morningstar).

The largest positive contribution came from International Consolidated Airlines. Improved ticket pricing, sustained cost savings and a precipitous fall in the price of oil all helped to drive significant forecast earnings upgrades. TUI Travel also boosted performance. The finalisation of its merger with parent TUI AG led to earnings upgrades due to cost savings, while trading remains resilient. Elsewhere, Crest Nicolson shares rose strongly, benefiting from the recovering housing market's impact on both volumes and prices. Lastly, the position in property company Songbird Estates performed well following a bid approach from the Qataris. The largest detractor was the holding in industrial equipment firm Fenner. US coal extraction is declining due to lower prices for competing energy commodities which has caused fuel substitution and hit new order flow. Shares in oil services business Petrofac were also weak. Ongoing delays in some large contract payments, further disappointment from the energy services division and a weaker oil price caused the shares to fall. Finally, the Fund's position in Wood Group hurt performance on reduced investor confidence in the earnings outlook due to the decline in the oil price.

UK Equity High Alpha Fund Investment Report (continued)

Investment Activity

We bought shares in 'challenger bank' Close Brothers. The business is performing impressively as it takes market share from more capital-constrained high street rivals. Loan growth is accelerating and the Securities and Asset Management divisions continue to be turned around. Elsewhere, life insurer Chesnara was added to the portfolio. The company continues to generate strong cashflow in its UK businesses, while also rebuilding the fortunes of the Swedish operations. In order to profit from the ongoing recovery in the housing market, we bought shares in housebuilder Crest Nicholson. Rising demand is having the effect of boosting volumes and pricing to the benefit of margins. Sales during the period included Tullow Oil in order to reduce the Fund's energy exposure. The company has also endured some disappointments in its drilling programme. We sold shares in media events firm Informa following a surprise and expensive acquisition in the US. Finally, we also banked profits from auto distributor Inchcape following a very strong run.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £245,969,000 and the total proceeds from sales were £263,364,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 5 **6** 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

UK Equity High Alpha Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation[^]			
Change in net assets per share			
Opening net asset value per share	176.36	186.08	179.35
Return before operating charges*	27.83	(6.74)	9.54
Operating charges**	(2.43)	(2.98)	(2.81)
Return after operating charges*	25.40	(9.72)	6.73
Distributions	(5.86)	(5.44)	(5.17)
Retained distributions on accumulation share	5.86	5.44	5.17
Closing net asset value per share	201.76	176.36	186.08
* after direct transaction costs of:***	1.43	0.84	0.91
Performance +			
Return after charges	14.40%	(5.22)%	3.75%
Other information			
Closing net asset value (£'000)	56,504	54,097	34,585
Closing number of shares	28,005,376	30,675,269	18,586,754
Operating charges****	1.32%	1.61%	1.62%
Direct transaction costs***	0.78%	0.45%	0.52%
Prices			
Highest share price	201.76	198.80	187.70
Lowest share price	152.56	156.40	159.00

[^] An in-specie transfer to the value of £29,711,000 took place on 23 October 2015.

UK Equity High Alpha Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	177.56	185.90	177.84
Return before operating charges*	28.16	(6.74)	9.56
Operating charges**	(1.58)	(1.60)	(1.50)
Return after operating charges*	26.58	(8.34)	8.06
Distributions	(5.91)	(5.45)	(5.14)
Retained distributions on accumulation share	5.91	5.45	5.14
Closing net asset value per share	204.14	177.56	185.90
* after direct transaction costs of:***	1.45	0.82	0.91
Performance +			
Return after charges	14.97%	(4.49)%	4.53%
Other information			
Closing net asset value (£'000)	102,202	94,964	6,494
Closing number of shares	50,063,989	53,483,528	3,493,305
Operating charges****	0.85%	0.86%	0.87%
Direct transaction costs***	0.78%	0.44%	0.53%
Prices			
Highest share price	204.14	199.00	187.50
Lowest share price	153.87	157.40	158.40

UK Equity High Alpha Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income[^]			
Change in net assets per share			
Opening net asset value per share	86.17	93.58	92.87
Return before operating charges*	13.38	(3.22)	4.79
Operating charges**	(1.17)	(1.48)	(1.43)
Return after operating charges*	12.21	(4.70)	3.36
Distributions	(2.83)	(2.71)	(2.65)
Closing net asset value per share	95.55	86.17	93.58
* after direct transaction costs of:***	0.69	0.40	0.47
Performance +			
Return after charges	14.17%	(5.02)%	3.62%
Other information			
Closing net asset value (£'000)	46,761	45,348	4,937
Closing number of shares	48,937,297	52,623,096	5,276,186
Operating charges****	1.32%	1.61%	1.62%
Direct transaction costs***	0.78%	0.44%	0.53%
Prices			
Highest share price	96.06	99.77	94.80
Lowest share price	73.63	76.83	80.73

[^] An in specie transfer to the value of £60,676,000 took place on 23 October 2015.

UK Equity High Alpha Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	62.35	67.19	66.19
Return before operating charges*	9.72	(2.32)	3.44
Operating charges**	(0.55)	(0.57)	(0.55)
Return after operating charges*	9.17	(2.89)	2.89
Distributions	(2.05)	(1.95)	(1.89)
Closing net asset value per share	69.47	62.35	67.19
* after direct transaction costs of:***	0.50	0.30	0.33
Performance +			
Return after charges	14.71%	(4.30)%	4.37%
Other information			
Closing net asset value (£'000)	692	498	393
Closing number of shares	995,511	799,531	584,281
Operating charges****	0.85%	0.86%	0.87%
Direct transaction costs***	0.78%	0.45%	0.52%
Prices			
Highest share price	69.80	71.77	68.07
Lowest share price	53.37	55.57	57.81

UK Equity High Alpha Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	97.65	104.37	101.97
Return before operating charges*	15.75	(3.65)	5.37
Operating charges**	(0.02)	(0.03)	(0.04)
Return after operating charges*	15.73	(3.68)	5.33
Distributions	(3.33)	(3.04)	(2.93)
Closing net asset value per share	110.05	97.65	104.37
* after direct transaction costs of:***	0.77	0.47	0.52
Performance +			
Return after charges	16.11%	(3.53)%	5.23%
Other information			
Closing net asset value (£'000)	2	2,076	2,218
Closing number of shares	2,000	2,126,410	2,124,910
Operating charges****	0.02%	0.03%	0.04%
Direct transaction costs***	0.76%	0.45%	0.53%
Prices			
Highest share price	110.50	111.70	105.70
Lowest share price	84.07	86.99	89.53

UK Equity High Alpha Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	206.22	214.35	203.54
Return before operating charges*	32.89	(7.89)	11.04
Operating charges**	(0.22)	(0.24)	(0.23)
Return after operating charges*	32.67	(8.13)	10.81
Distributions	(6.89)	(6.30)	(5.90)
Retained distributions on accumulation share	6.89	6.30	5.90
Closing net asset value per share	238.89	206.22	214.35
* after direct transaction costs of:***	1.69	0.98	1.04
Performance +			
Return after charges	15.84%	(3.79)%	5.31%
Other information			
Closing net asset value (£'000)	432	422	376
Closing number of shares	181,035	204,832	175,647
Operating charges****	0.10%	0.11%	0.12%
Direct transaction costs***	0.78%	0.46%	0.52%
Prices			
Highest share price	238.20	229.90	216.20
Lowest share price	179.15	182.10	182.10

UK Equity High Alpha Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation[^]			
Change in net assets per share			
Opening net asset value per share	80.48	84.32	80.71
Return before operating charges*	12.76	(3.07)	4.33
Operating charges**	(0.76)	(0.77)	(0.72)
Return after operating charges*	12.00	(3.84)	3.61
Distributions	(2.68)	(2.47)	(2.33)
Retained distributions on accumulation share	2.68	2.47	2.33
Closing net asset value per share	92.48	80.48	84.32
* after direct transaction costs of:***	0.65	0.38	0.41
Performance +			
Return after charges	14.91%	(4.55)%	4.47%
Other information			
Closing net asset value (£'000)	9,571	9,162	5,785
Closing number of shares	10,349,773	11,384,316	6,860,459
Operating charges****	0.90%	0.91%	0.92%
Direct transaction costs***	0.77%	0.45%	0.52%
Prices			
Highest share price	92.48	90.26	85.07
Lowest share price	69.73	71.36	71.86

[^] An inspecie transfer to the value of £481,000 took place on 23 October 2015.

UK Equity High Alpha Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	72.14	77.79	76.67
Return before operating charges*	11.24	(2.69)	3.98
Operating charges**	(0.67)	(0.70)	(0.67)
Return after operating charges*	10.57	(3.39)	3.31
Distributions	(2.37)	(2.26)	(2.19)
Closing net asset value per share	80.34	72.14	77.79
* after direct transaction costs of:***	0.58	0.35	0.39
Performance +			
Return after charges	14.65%	(4.36)%	4.32%
Other information			
Closing net asset value (£'000)	2,046	1,837	1,090
Closing number of shares	2,545,980	2,546,676	1,401,805
Operating charges****	0.90%	0.91%	0.92%
Direct transaction costs***	0.78%	0.46%	0.53%
Prices			
Highest share price	80.73	83.08	78.80
Lowest share price	61.74	64.29	66.93

UK Equity High Alpha Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

UK Equity High Alpha Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		24,741		(9,650)
Revenue	4	6,717		2,592	
Expenses	5	(2,249)		(1,355)	
Interest and similar charges		0		(2)	
Net revenue before taxation		4,468		1,235	
Taxation	6	(28)		(37)	
Net revenue after taxation			4,440		1,198
Total return before distributions			29,181		(8,452)
Distributions	7		(6,646)		(2,526)
Change in net assets attributable to shareholders from investment activities			22,535		(10,978)

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			208,405		55,878
Amounts receivable on issue of shares		9,498		188,579	
Amounts payable on cancellation of shares		(27,309)		(27,948)	
			(17,811)		160,631
Dilution adjustment			18		540
Change in net assets attributable to shareholders from investment activities (see above)			22,535		(10,978)
Retained distribution on accumulation shares			5,063		2,334
Closing net assets attributable to shareholders			218,210		208,405

UK Equity High Alpha Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			217,622		202,327
Current assets:					
Debtors	8	1,134		6,055	
Cash and bank balances		234		799	
			<u>1,368</u>		<u>6,854</u>
Total assets			<u>218,990</u>		<u>209,181</u>
Liabilities					
Investment liabilities					
Creditors	9	(440)		(522)	
Distribution payable on income shares		(340)		(254)	
			<u>(780)</u>		<u>(776)</u>
Total liabilities			<u>(780)</u>		<u>(776)</u>
Net assets attributable to shareholders			<u>218,210</u>		<u>208,405</u>

UK Equity High Alpha Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
UK Equities (96.98%)	209,359	95.94
Basic Materials (10.10%)	26,784	12.28
551,240 Anglo American	7,001	3.21
1,919,388 Glencore	6,180	2.83
243,377 Johnson Matthey	7,455	3.42
175,329 Rio Tinto	5,780	2.65
82,343 Synthomer	368	0.17
Consumer Goods (18.56%)	43,247	19.82
24,533 Bellway	639	0.29
319,101 Britvic	2,014	0.92
2,394,362 Carphone Warehouse	7,253	3.32
1,129,029 Crest Nicholson	6,114	2.80
285,938 Greggs	2,795	1.28
110,249 Imperial Tobacco	4,181	1.92
933,117 Inchcape	6,998	3.21
136,167 Next	5,210	2.39
544,901 SuperGroup	8,043	3.69
Consumer Services (12.63%)	38,255	17.53
103,977 British Sky Broadcasting	1,037	0.48
15,970 Carnival	702	0.32
2,119,933 Enterprise Inns	2,857	1.31
64,875 Greene King	438	0.20
1,278,687 GVC Holdings	8,880	4.07
444,523 International Consolidated Airlines	2,385	1.09
2,382,656 ITV	4,822	2.21
2,021,333 Ladbrokes	2,472	1.13
1,741,492 Lookers	2,142	0.98
1,007,094 Mitchells & Butlers	2,483	1.14
701,750 National Express	2,548	1.17
5,914,837 Thomas Cook	5,173	2.37
145,200 TUUI	1,651	0.76
35,099 WPP	665	0.30

UK Equity High Alpha Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Financials (20.61%)	22,711	10.41
1,094,823 Aviva	5,451	2.50
282,151 Close Brothers	4,252	1.95
991,626 Grainger	2,511	1.15
407,967 HSBC	2,637	1.21
323,736 Prudential	5,202	2.38
119,290 Shawbrook Group	305	0.14
266,453 Standard Chartered	1,925	0.88
130,717 Virgin Money	428	0.20
Health Care (3.01%)	19,329	8.85
479,690 GlaxoSmithKline	7,903	3.62
235,413 Shire	11,426	5.23
Industrials (20.62%)	27,003	12.38
1,018,083 Aldermore	2,357	1.08
719,494 Babcock International	6,817	3.12
956,172 Capita	5,383	2.47
1,803,378 Howden Joinery	7,715	3.54
619,159 Polypipe	2,096	0.96
855,623 Senior	1,564	0.72
240,407 Smith (DS)	1,071	0.49
Oil & Gas (5.57%)	11,951	5.47
565,174 BP	2,563	1.17
249,819 Petrofac	2,226	1.02
329,607 Royal Dutch Shell 'B'	7,162	3.28
Technology (1.85%)	7,989	3.66
107,382 Micro Focus	2,344	1.07
874,484 Sage	5,645	2.59
Telecommunications (4.03%)	12,090	5.54
847,542 BT	2,772	1.27
4,616,883 Vodafone	9,318	4.27

UK Equity High Alpha Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Collective Investment Schemes (0.10%)	8,263	3.79
8,263,020 Standard Life CNAV Sterling Liquidity Fund	8,263	3.79
Total investment assets	217,622	99.73
Net other assets	588	0.27
Total Net Assets	218,210	100.00

UK Equity High Income Fund**Portfolio Statement (continued)**

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

UK Equity High Alpha Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains

	2017	2016
	£'000	£'000
Non-derivative securities	24,740	(9,639)
Non-derivative securities currency gains/(losses)	5	(6)
Handling charges taken from the capital account	(4)	(5)
Net capital gains/(losses)	<u>24,741</u>	<u>(9,650)</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	244,640	212,752
Commissions	246	116
Taxes & Other Fees	1,083	500
Total purchase transaction costs	<u>1,329</u>	<u>616</u>
Purchases including transaction costs	<u>245,969</u>	<u>213,368</u>
Gross sales before transaction costs	263,654	54,852
Commissions	(289)	(61)
Taxes & Other Fees	(1)	0
Total sale transaction costs	<u>(290)</u>	<u>(61)</u>
Total sales net of transaction costs	<u>263,364</u>	<u>54,791</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.10%	0.05%
Taxes & Other Fees	0.44%	0.24%
Sales		
Commissions	0.11%	0.11%

Equity Purchases, Sales Analysis to Average NAV

	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.12%	0.11%
Taxes & Other Fees	0.52%	0.48%

UK Equity High Alpha Fund**Notes to the financial statements (continued)**

3 Transaction Costs (continued)	2017	2016
	% Average NAV	% Average NAV
Sales		
Commissions	0.14%	0.06%
Taxes & Other Fees	0.00%	0.00%

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	150,438	213,368
Sales		
Equities	204,284	54,791

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.15% (2016: 1.15%), this is representative of the average spread on the assets held during the year.

UK Equity High Alpha Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016
	£'000	£'000
UK dividends	6,018	2,109
Overseas dividends	653	394
Scrip dividends	16	79
Bank interest	30	10
Total revenue	<u>6,717</u>	<u>2,592</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,107	1,242
Dealing charge	6	4
Registration fees	94	83
	<u>2,207</u>	<u>1,329</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	28	15
Safe custody fees	5	3
	<u>33</u>	<u>18</u>
Other:		
Audit fee	8	8
Legal expenses	1	0
	<u>9</u>	<u>8</u>
Total expenses	<u>2,249</u>	<u>1,355</u>

UK Equity High Alpha Fund**Notes to the financial statements (continued)**

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	28	37
Total taxation	28	37
(b) Factors affecting current tax charge for year		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	4,468	1,235
Corporation tax at 20% (2016: 20%)	894	247
Effects of:		
UK dividends	(1,204)	(422)
Scrip dividends	(3)	(15)
Non taxable overseas dividends	(131)	(79)
Overseas withholding tax	28	37
Excess management expenses	444	269
Current tax charge (Note 6(a))	28	37

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,319,000 (2016: £1,875,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

UK Equity High Alpha Fund**Notes to the financial statements (continued)**

7 Distributions	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
First interim distribution	2,594	650
Second interim distribution	1,200	413
Third interim distribution	1,285	878
Final distribution	1,489	1,061
	<hr/>	<hr/>
	6,568	3,002
	<hr/>	<hr/>
Add: Income deducted on cancellation of shares	98	115
Deduct: Income received on issue of shares	(20)	(591)
	<hr/>	<hr/>
Net distribution for the year	6,646	2,526
	<hr/>	<hr/>

Details of the distribution per share are set out in this Fund's distribution table.

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	55	5,492
Sales awaiting settlement	386	78
Accrued revenue	672	421
Withholding tax recoverable	20	18
Dilution levy receivable from the ACD	1	46
	<hr/>	<hr/>
Total debtors	1,134	6,055
	<hr/>	<hr/>

9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	252	149
Purchases awaiting settlement	0	179
Accrued expenses payable to the ACD	176	182
Accrued expenses payable to the Depositary	4	3
Other accrued expenses	8	8
Dilution levy payable to the ACD	0	1
	<hr/>	<hr/>
Total creditors	440	522
	<hr/>	<hr/>

UK Equity High Alpha Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund holds nil (2016: 231,214) shares in the SLI Seabury GBP VNAV Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was £16,960,000 (2016: £57,014,000), the total sales proceeds were £17,180,000 (2016: £58,863,000) and the distribution reinvested was £6,000 (2016: £6,000). The Fund holds shares in the Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was £109,894,000, the total sales proceeds was £101,653,000 and the distribution reinvested was £24,000.

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	6,304	91,416
Purchase of shares by Fund	14,234	14,728
Distributions made by Fund	2,883	806
 The percentage value of the Fund held by Standard Life group companies is:		
	44.3%	43.7%

UK Equity High Alpha Fund**Notes to the financial statements (continued)****12 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	209,359	0	0	202,114	0	0
Collective Investment Schemes	0	8,263	0	0	213	0
Total investment assets	209,359	8,263	0	202,114	213	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Units in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	30,675,269	276,089	(2,433,483)	(512,499)	28,005,376
Institutional accumulation	53,483,528	3,159,292	(6,736,923)	158,092	50,063,989
Retail income	52,623,096	1,149,013	(4,249,515)	(585,297)	48,937,297
Institutional income	799,531	162,560	(143,538)	176,958	995,511
Standard Life income	2,126,410	0	(2,124,410)	0	2,000
Standard Life accumulation	204,832	20,501	(44,298)	0	181,035
Platform 1 accumulation	11,384,316	593,040	(2,478,217)	850,634	10,349,773
Platform 1 income	2,546,676	261,850	(720,794)	458,248	2,545,980

UK Equity High Alpha Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

UK Equity High Alpha Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Euro	59	18
US Dollar	3	2

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate	Financial	Total
	financial assets	assets not	
	£'000	carrying interest	£'000
2017			
Currency			
Sterling	8,435	209,359	217,794
Euro	59	0	59
US Dollar	3	0	3
2016			
Currency			
Sterling	1,010	202,114	203,124
US Dollar	2	0	2

UK Equity High Alpha Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures (continued)

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

UK Equity High Alpha Fund**Distribution Tables**

for the three months ended 31 May 2016

Dividend distribution

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 May 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	2.2438	-	2.2438 *	2.2405
Group 2	1.0137	1.2301	2.2438 *	2.2405
Institutional accumulation				
Group 1	2.2609	-	2.2609 *	2.2401
Group 2	0.4948	1.7661	2.2609 *	2.2401
Retail income				
Group 1	1.0965	-	1.0965 **	1.1267
Group 2	0.2246	0.8719	1.0965 **	1.1267
Institutional income				
Group 1	0.7939	-	0.7939 **	0.8096
Group 2	0.2792	0.5147	0.7939 **	0.8096
Standard Life income				
Group 1	1.3339	-	1.3339 **	1.2586
Group 2	1.3339	0.0000	1.3339 **	-
Standard Life accumulation				
Group 1	2.6281	-	2.6281 *	2.5847
Group 2	1.6542	0.9739	2.6281 *	2.5847
Platform 1 accumulation				
Group 1	1.0246	-	1.0246 *	1.0160
Group 2	0.4427	0.5819	1.0246 *	1.0160
Platform 1 income				
Group 1	0.9184	-	0.9184 **	0.9372
Group 2	0.3790	0.5394	0.9184 **	0.9372

* Distribution accumulated on 31 May 2016

** Distribution paid on 31 July 2016

UK Equity High Alpha Fund
Distribution Tables (continued)

for the three months ended 31 August 2016

Dividend distribution

Group 1 - shares purchased prior to 1 June 2016

Group 2 - shares purchased between 1 June 2016 and 31 August 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	1.0688	-	1.0688 *	1.4476
Group 2	0.6585	0.4103	1.0688 *	1.4476
Institutional accumulation				
Group 1	1.0784	-	1.0784 *	1.4506
Group 2	0.9577	0.1207	1.0784 *	1.4506
Retail income				
Group 1	0.5158	-	0.5158 **	0.7198
Group 2	0.3645	0.1513	0.5158 **	0.7198
Institutional income				
Group 1	0.3741	-	0.3741 **	0.5184
Group 2	0.3169	0.0572	0.3741 **	0.5184
Standard Life income				
Group 1	0.5899	-	0.5899 **	0.8080
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	1.2567	-	1.2567 *	1.6777
Group 2	1.1215	0.1352	1.2567 *	1.6777
Platform 1 accumulation				
Group 1	0.4887	-	0.4887 *	0.6579
Group 2	0.3043	0.1844	0.4887 *	0.6579
Platform 1 income				
Group 1	0.4327	-	0.4327 **	0.6001
Group 2	0.3362	0.0965	0.4327 **	0.6001

* Distribution accumulated on 31 August 2016

** Distribution paid on 31 October 2016

UK Equity High Alpha Fund
Distribution Tables (continued)

for the three months ended 30 November 2016

Dividend distribution

Group 1 - shares purchased prior 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 30 November 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	1.1677	-	1.1677 *	0.8549
Group 2	0.5504	0.6173	1.1677 *	0.8549
Institutional accumulation				
Group 1	1.1795	-	1.1795 *	0.8576
Group 2	0.6091	0.5704	1.1795 *	0.8576
Retail income				
Group 1	0.5604	-	0.5604 **	0.4218
Group 2	0.1871	0.3733	0.5604 **	0.4218
Institutional income				
Group 1	0.4067	-	0.4067 **	0.3043
Group 2	0.1628	0.2439	0.4067 **	0.3043
Standard Life income				
Group 1	0.6444	-	0.6444 **	0.4749
Group 2	0.6444	0.0000	0.6444 **	-
Standard Life accumulation				
Group 1	1.3763	-	1.3763 *	0.9937
Group 2	0.8850	0.4913	1.3763 *	0.9937
Platform 1 accumulation				
Group 1	0.5345	-	0.5345 *	0.3890
Group 2	0.2398	0.2947	0.5345 *	0.3890
Platform 1 income				
Group 1	0.4705	-	0.4705 **	0.3521
Group 2	0.1780	0.2925	0.4705 **	0.3521

* Distribution accumulated on 30 November 2016

** Distribution paid on 31 January 2017

UK Equity High Alpha Fund
Distribution Tables (continued)

for the three months ended 28 February 2017

Dividend distribution

Group 1 - shares purchased prior to 1 December 2016

Group 2 - shares purchased between 1 December 2016 and 28 February 2017

	Net income	Equalisation	Distribution	Distribution paid
	2017	2017	payable	2016
	pence per share	pence per share	2017	2016
			pence per share	pence per share
Retail accumulation				
Group 1	1.3754	-	1.3754 *	0.8976
Group 2	0.7495	0.6259	1.3754 *	0.8976
Institutional accumulation				
Group 1	1.3909	-	1.3909 *	0.9027
Group 2	0.7094	0.6815	1.3909 *	0.9027
Retail income				
Group 1	0.6559	-	0.6559 **	0.4408
Group 2	0.3153	0.3406	0.6559 **	0.4408
Institutional income				
Group 1	0.4766	-	0.4766 **	0.3186
Group 2	0.2329	0.2437	0.4766 **	0.3186
Standard Life income				
Group 1	0.7572	-	0.7572 **	0.4986
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	1.6262	-	1.6262 *	1.0476
Group 2	1.0776	0.5486	1.6262 *	1.0476
Platform 1 accumulation				
Group 1	0.6301	-	0.6301 *	0.4092
Group 2	0.3337	0.2964	0.6301 *	0.4092
Platform 1 income				
Group 1	0.5513	-	0.5513 **	0.3687
Group 2	0.3938	0.1575	0.5513 **	0.3687

* Distribution accumulated on 28 February 2017

** Distribution payable on 28 April 2017

UK Equity High Alpha Fund
Distribution Tables (continued)

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	1st Interim Dividend Distribution	2nd Interim Dividend Distribution	3rd Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend*	100.00%	100.00%	100.00%	100.00%
Treat as annual payment net of income tax	0.00%	0.00%	0.00%	0.00%

*After deduction of income tax at the lower rate. This amount is liable to corporation tax.

Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

UK Equity High Income Fund Investment Report

Fund Manager

Karen Robertson

Benchmark

IA UK Equity Income Sector

Launch Date

1 May 1986

Objective

The objective of the Fund is to provide a high level of income with some capital appreciation over the longer term.

Policy

The investment policy of the Fund is to invest in the UK mostly in high yielding equities and equity type investments of companies listed on a UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. A significant proportion of the Fund may be invested in fixed interest securities. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The concentrated nature of the portfolio makes it suitable for investors who are willing to accept a moderate degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 10.43% compared to the IA UK Equity Income sector average return of 15.59% (source: Morningstar, basic rate taxpayer, platform one share class, bid-to-bid basis).

The Fund performed reasonably well over the year, but underperformed the sector average. Looking at specific stocks, BT detracted from the Fund's performance. The telecommunications giant issued a profit warning following the detection of accounting fraud in its Italian division; a slowdown in public sector and multinational contracts weighed on the share price too. Clothing and homeware retailer Next also had a negative effect on the Fund's performance, following a poor Christmas trading statement.

By contrast, our holdings in drinks company Fever-Tree contributed positively, with ongoing evidence of robust trading. Early in 2017, the company announced the encouraging news that it was expecting full-year sales and profits to be higher than previously anticipated. Elsewhere, a position in Glencore boosted returns. The mining giant dug its way back to profits after struggling with the impact of the drop in commodity prices.

UK Equity High Income Fund Investment Report (continued)

Investment Activity

We bought a number of new holdings over the year, including newly merged business Tullett ICAP, which has an attractive dividend yield. We also bought Anglo American, as we expect continued upgrades, and as it has a double-digit cashflow yield. We bought Barclays due to a number of improving indicators. Higher US interest rates are supportive, the valuation remains at a discount to book value and the company is improving returns at the investment bank through cost cutting. Elsewhere, we added to drinks producer Britvic, following encouraging results, and to BP, as higher oil prices are expected to lead to earnings upgrades and support the dividend.

On the other side of the ledger, we reduced Lloyds: the shares have performed well, but we have concerns about the sustainability of current net interest margins. We also reduced Legal & General due to longer-term concerns over the dividend growth outlook. Meanwhile, we took profits in Prudential after the shares performed well and the dividend yield had dropped. We also sold mining company, Rio Tinto, taking profits given a more cautious outlook for iron ore, and reduced BT due to its profit warning. Downgrades will lead to concern regarding the sustainability of the dividend and regulatory uncertainty remains.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £150,438,000 and the total proceeds from sales were £204,284,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 5 **6** 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

UK Equity High Income Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation[^]			
Change in net assets per share			
Opening net asset value per share	213.87	228.53	212.89
Return before operating charges*	27.38	(11.09)	18.94
Operating charges**	(2.89)	(3.57)	(3.30)
Return after operating charges*	24.49	(14.66)	15.64
Distributions	(10.03)	(9.41)	(7.81)
Retained distributions on accumulation share	10.03	9.41	7.81
Closing net asset value per share	238.36	213.87	228.53
* after direct transaction costs of:***	0.32	0.14	0.28
Performance +			
Return after charges	11.45%	-6.41%	7.35%
Other information			
Closing net asset value (£'000)	75,943	84,469	184,691
Closing number of shares	31,860,354	39,495,594	80,817,257
Operating charges****	1.31%	1.59%	1.59%
Direct transaction costs***	0.15%	0.06%	0.13%
Prices			
Highest share price	238.6	236.4	226.2
Lowest share price	189.1	196.5	192.0

[^] An in-specie transfer of value £17,648,000 took place on 23 October 2015.

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	237.24	251.56	232.59
Return before operating charges*	30.54	(12.23)	20.88
Operating charges**	(2.06)	(2.09)	(1.91)
Return after operating charges*	28.48	(14.32)	18.97
Distributions	(11.16)	(10.40)	(8.56)
Retained distributions on accumulation share	11.16	10.40	8.56
Closing net asset value per share	265.72	237.24	251.56
* after direct transaction costs of:***	0.36	0.15	0.31
Performance +			
Return after charges	12.00%	-5.69%	8.16%
Other information			
Closing net asset value (£'000)	145,063	149,301	29,810
Closing number of shares	54,593,197	62,931,362	11,849,833
Operating charges****	0.84%	0.84%	0.84%
Direct transaction costs***	0.15%	0.06%	0.14%
Prices			
Highest share price	265.9	260.8	249.0
Lowest share price	210.1	217.9	210.8

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income[^]			
Change in net assets per share			
Opening net asset value per share	78.72	87.84	84.85
Return before operating charges*	9.89	(4.19)	7.37
Operating charges**	(1.05)	(1.35)	(1.30)
Return after operating charges*	8.84	(5.54)	6.07
Distributions	(3.65)	(3.58)	(3.08)
Closing net asset value per share	83.91	78.72	87.84
* after direct transaction costs of:***	0.12	0.05	0.11
Performance +			
Return after charges	11.23%	-6.31%	7.15%
Other information			
Closing net asset value (£'000)	76,307	79,129	58,193
Closing number of shares	90,939,439	100,523,376	66,252,030
Operating charges****	1.31%	1.59%	1.59%
Direct transaction costs***	0.15%	0.06%	0.13%
Prices			
Highest share price	85.44	90.92	88.09
Lowest share price	69.58	73.63	74.79

[^] An in-specie transfer to the value of £65,729,000 took place on 23 October 2015.

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	87.30	96.67	92.68
Return before operating charges*	11.04	(4.62)	8.12
Operating charges**	(0.75)	(0.79)	(0.75)
Return after operating charges*	10.29	(5.41)	7.37
Distributions	(4.06)	(3.96)	(3.38)
Closing net asset value per share	93.53	87.30	96.67
* after direct transaction costs of:***	0.13	0.06	0.12
Performance +			
Return after charges	11.79%	-5.60%	7.95%
Other information			
Closing net asset value (£'000)	41,165	121,961	104,913
Closing number of shares	44,012,526	139,702,048	108,532,608
Operating charges****	0.84%	0.84%	0.84%
Direct transaction costs***	0.15%	0.06%	0.13%
Prices			
Highest share price	95.22	100.3	96.94
Lowest share price	77.31	81.63	82.08

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	62.14	68.26	64.91
Return before operating charges*	7.90	(3.31)	5.74
Operating charges**	(0.01)	(0.01)	(0.01)
Return after operating charges*	7.89	(3.32)	5.73
Distributions	(2.90)	(2.80)	(2.38)
Closing net asset value per share	67.13	62.14	68.26
* after direct transaction costs of:***	0.09	0.04	0.08
Performance +			
Return after charges	12.70%	-4.86%	8.83%
Other information			
Closing net asset value (£'000)	80,860	74,848	80,238
Closing number of shares	120,456,846	120,456,846	117,549,947
Operating charges****	0.01%	0.01%	0.01%
Direct transaction costs***	0.14%	0.06%	0.13%
Prices			
Highest share price	68.32	70.90	68.45
Lowest share price	55.17	58.08	57.78

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	137.51	144.80	132.87
Return before operating charges*	17.81	(7.16)	12.05
Operating charges**	(0.13)	(0.13)	(0.12)
Return after operating charges*	17.68	(7.29)	11.93
Distributions	(6.49)	(6.00)	(4.91)
Retained distributions on accumulation share	6.49	6.00	4.91
Closing net asset value per share	155.19	137.51	144.80
* after direct transaction costs of:***	0.21	0.09	0.18
Performance +			
Return after charges	12.86%	-5.03%	8.98%
Other information			
Closing net asset value (£'000)	570	229	201
Closing number of shares	367,557	166,622	138,696
Operating charges****	0.09%	0.09%	0.09%
Direct transaction costs***	0.15%	0.06%	0.14%
Prices			
Highest share price	155.3	150.3	143.3
Lowest share price	122.1	126.3	121.0

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	259.28	273.71	251.94
Return before operating charges*	33.49	(13.37)	22.74
Operating charges**	(1.05)	(1.06)	(0.97)
Return after operating charges*	32.44	(14.43)	21.77
Distributions	(12.22)	(11.33)	(9.30)
Retained distributions on accumulation share	12.22	11.33	9.30
Closing net asset value per share	291.72	259.28	273.71
* after direct transaction costs of:***	0.39	0.17	0.33
Performance +			
Return after charges	12.51%	-5.27%	8.64%
Other information			
Closing net asset value (£'000)	56,194	57,908	67,481
Closing number of shares	19,263,296	22,333,918	24,653,643
Operating charges****	0.39%	0.39%	0.39%
Direct transaction costs***	0.15%	0.06%	0.13%
Prices			
Highest share price	291.9	284.1	270.9
Lowest share price	229.9	238.1	229.0

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation[^]			
Change in net assets per share			
Opening net asset value per share	75.83	80.47	74.44
Return before operating charges*	9.76	(3.93)	6.68
Operating charges**	(0.70)	(0.71)	(0.65)
Return after operating charges*	9.06	(4.64)	6.03
Distributions	(3.57)	(3.32)	(2.74)
Retained distributions on accumulation share	3.57	3.32	2.74
Closing net asset value per share	84.89	75.83	80.47
* after direct transaction costs of:***	0.11	0.05	0.10
Performance +			
Return after charges	11.95%	-5.77%	8.10%
Other information			
Closing net asset value (£'000)	42,734	43,099	21,018
Closing number of shares	50,342,377	56,837,141	26,119,137
Operating charges****	0.89%	0.89%	0.89%
Direct transaction costs***	0.14%	0.06%	0.14%
Prices			
Highest share price	84.96	83.40	79.64
Lowest share price	67.14	69.66	67.44

[^] An in-specie transfer to the value of £9,921,000 took place on 23 October 2015.

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income[^]			
Change in net assets per share			
Opening net asset value per share	65.44	72.53	69.61
Return before operating charges*	8.26	(3.49)	6.06
Operating charges**	(0.59)	(0.63)	(0.60)
Return after operating charges*	7.67	(4.12)	5.46
Distributions	(3.04)	(2.97)	(2.54)
Closing net asset value per share	70.07	65.44	72.53
* after direct transaction costs of:***	0.10	0.04	0.09
Performance +			
Return after charges	11.72%	-5.68%	7.84%
Other information			
Closing net asset value (£'000)	40,364	54,599	41,355
Closing number of shares	57,602,045	83,429,856	57,013,967
Operating charges****	0.89%	0.89%	0.89%
Direct transaction costs***	0.15%	0.06%	0.13%
Prices			
Highest share price	71.34	75.18	72.74
Lowest share price	57.94	61.19	61.60

[^] An in-specie transfer to the value of £1,247,000 took place on 23 October 2015.

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S accumulation**			
Change in net assets per share			
Opening net asset value per share	57.09	60.51	55.89
Return before operating charges*	7.34	(2.96)	5.04
Operating charges**	(0.46)	(0.46)	(0.42)
Return after operating charges*	6.88	(3.42)	4.62
Distributions	(2.69)	(2.51)	(2.06)
Retained distributions on accumulation share	2.69	2.51	2.06
Closing net asset value per share	63.97	57.09	60.51
* after direct transaction costs of:***	0.09	0.04	0.07
Performance +			
Return after charges	12.05%	-5.65%	8.27%
Other information			
Closing net asset value (£'000)	1	1	535
Closing number of shares	2,200	2,200	883,789
Operating charges****	0.77%	0.77%	0.77%
Direct transaction costs***	0.15%	0.07%	0.13%
Prices			
Highest share price	64.03	62.73	59.88
Lowest share price	50.59	52.47	50.69

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S income⁺⁺			
Change in net assets per share			
Opening net asset value per share	51.32	57.03	54.64
Return before operating charges*	6.53	(2.95)	4.79
Operating charges**	(0.40)	(0.43)	(0.41)
Return after operating charges*	6.13	(3.38)	4.38
Distributions	(2.39)	(2.33)	(1.99)
Closing net asset value per share	55.06	51.32	57.03
* after direct transaction costs of:***	0.08	0.04	0.07
Performance +			
Return after charges	11.94%	-5.93%	8.02%
Other information			
Closing net asset value (£'000)	97,835	1	1
Closing number of shares	177,696,746	2,200	1,200
Operating charges****	0.77%	0.77%	0.77%
Direct transaction costs***	0.15%	0.07%	0.13%
Prices			
Highest share price	56.05	58.92	57.20
Lowest share price	45.49	48.00	48.42

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Institutional A accumulation⁺⁺⁺		
Change in net assets per share		
Opening net asset value per share	50.75	50.00
Return before operating charges*	6.48	0.82
Operating charges**	(0.83)	(0.07)
Return after operating charges*	5.65	0.75
Distributions	(2.38)	(0.28)
Retained distributions on accumulation share	2.38	0.28
Closing net asset value per share	56.40	50.75
* after direct transaction costs of:***	0.08	0.00
Performance +		
Return after charges	11.13%	1.50%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	1.59%	1.59%
Direct transaction costs***	0.15%	0.00%
Prices		
Highest share price	56.46	51.67
Lowest share price	44.83	46.64

This share class launched during the year and as a result the transaction costs suffered do not amount to and are shown in the above as 0.00%.

UK Equity High Income Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Institutional A income⁺⁺		
Change in net assets per share		
Opening net asset value per share	50.47	50.00
Return before operating charges*	6.34	0.82
Operating charges**	(0.81)	(0.07)
Return after operating charges*	5.53	0.75
Distributions	(2.34)	(0.28)
Closing net asset value per share	53.66	50.47
* after direct transaction costs of:***	0.08	0.00
Performance +		
Return after charges	10.96%	1.50%
Other information		
Closing net asset value (£'000)	83	1
Closing number of shares	154,848	2,200
Operating charges****	1.59%	1.59%
Direct transaction costs***	0.16%	0.00%
Prices		
Highest share price	54.65	51.67
Lowest share price	44.59	46.64

This share class launched during the year and as a result the transaction costs suffered do not amount to and are shown in the above as 0.00%.

UK Equity High Income Fund
Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++ Share class launched 17 May 2014.

+++ Share class launched 27 January 2017.

UK Equity High Income Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		50,676		(58,144)
Revenue	4	30,454		26,283	
Expenses	5	(5,420)		(6,276)	
Interest and similar charges		(7)		(2)	
Net revenue before taxation		<u>25,027</u>		<u>20,005</u>	
Taxation	6	(256)		(207)	
Net revenue after taxation			<u>24,771</u>		<u>19,798</u>
Total return before distributions			<u>75,447</u>		<u>(38,346)</u>
Distributions	7		(30,111)		(25,999)
Change in net assets attributable to shareholders from investment activities			<u>45,336</u>		<u>(64,345)</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			665,547		588,435
Amounts receivable on issue of shares		139,150		388,046	
Amounts payable on cancellation of shares		<u>(207,685)</u>		<u>(260,832)</u>	
			(68,535)		127,214
Dilution adjustment			158		33
Change in net assets attributable to shareholders from investment activities (see above)			45,336		(64,345)
Retained distribution on accumulation shares			14,611		14,203
Unclaimed distributions returned to the Fund			3		7
Closing net assets attributable to shareholders			<u>657,120</u>		<u>665,547</u>

UK Equity High Income Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Assets					
Fixed assets:					
Investment assets			659,073		670,757
Current assets:					
Debtors	8	6,479		5,459	
Cash and bank balances		1,788		64	
			<u>8,267</u>	<u>5,523</u>	
Total assets			<u>667,340</u>	<u>676,280</u>	
Liabilities					
Investment liabilities					
Creditors	9	(4,439)		(4,816)	
Distribution payable on income shares		(5,781)		(5,917)	
			<u>(10,220)</u>	<u>(10,733)</u>	
Total liabilities			<u>(10,220)</u>	<u>(10,733)</u>	
Net assets attributable to shareholders			<u>657,120</u>	<u>665,547</u>	

UK Equity High Income Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
UK Equities (99.78%)	659,073	100.30
Basic Materials (1.46%)	56,533	8.60
1,183,343 Anglo American	15,029	2.29
7,184,538 Glencore	23,134	3.52
20,742 Lonmin	25	0.00
556,491 Rio Tinto	18,345	2.79
Consumer Goods (17.25%)	110,417	16.80
360,644 Bellway	9,395	1.43
355,038 British American Tobacco	18,032	2.74
1,198,036 Britvic	7,560	1.15
2,279,438 Carphone Warehouse	6,904	1.05
7,049,965 Debenhams	3,779	0.58
588,699 Fever Tree Drinks	8,271	1.26
326,117 Galliford Try	4,941	0.75
1,438,082 GKN	5,174	0.79
519,899 Greggs	5,082	0.77
509,602 Imperial Tobacco	19,327	2.94
1,095,258 Inchcape	8,214	1.25
64,829 Next	2,480	0.38
546,489 Persimmon	11,258	1.71
Consumer Services (16.84%)	105,283	16.03
89,286 Carnival	3,927	0.60
2,573,927 Entertainment One	6,082	0.93
506,027 Greene King	3,416	0.52
1,008,220 GVC	7,002	1.07
3,171,854 International Consolidated Airlines	17,017	2.59
6,584,084 ITV	13,326	2.03
2,859,894 Mitchells & Butlers	7,053	1.07
2,970,103 Moneysupermarket.com	9,790	1.49
2,043,466 National Express	7,420	1.13

UK Equity High Income Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Consumer Services (continued)		
671,746 Pearson	4,524	0.69
2,380,708 Saga	4,500	0.68
714,668 Tui	8,126	1.24
506,837 UBM	3,776	0.57
491,777 WPP	9,324	1.42
Financials (26.25%)		
3,714,239 Aviva	18,493	2.81
5,325,720 Barclays	12,060	1.84
822,148 Beazley	3,567	0.54
674,768 Close Brothers	10,169	1.55
1,903,739 Direct Line	6,537	0.99
438,920 Hargreaves Lansdown	5,855	0.89
6,040,795 HSBC	39,048	5.94
838,365 Investec	4,846	0.74
1,124,538 Jupiter Fund Management	4,714	0.72
1,865,927 Legal & General	4,631	0.70
10,342,424 Lloyds Banking	7,101	1.08
444,937 Phoenix	3,415	0.52
961,904 Prudential	15,458	2.35
1,362,140 Royal Bank of Scotland	3,238	0.49
577,685 RSA Insurance	3,457	0.53
1,421,132 Tullett Prebon	6,948	1.06
1,236,192 Virgin Money	4,044	0.62
Health Care (5.66%)		
354,454 AstraZeneca	16,459	2.50
1,434,842 GlaxoSmithKline	23,639	3.60
Industrials (9.96%)		
562,598 Babcock International	5,331	0.81
819,878 Bodycote	6,473	0.99
89,337 Grafton	562	0.09
526,876 Kier	7,666	1.17
1,405,389 Marshalls	4,181	0.64
1,739,051 Polypipe	5,887	0.90

UK Equity High Income Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Industrials (continued)		
815,326 RPC	7,440	1.13
1,405,027 Smith (DS)	6,261	0.95
1,846,467 Worldpay	5,009	0.76
Oil & Gas (6.99%)		
6,164,959 BP	27,958	4.25
1,472,753 Cairn Energy	3,272	0.50
762,022 Royal Dutch Shell 'A'	15,842	2.41
636,206 Royal Dutch Shell 'B'	13,825	2.10
Technology (1.29%)		
936,162 Sage	6,043	0.92
Telecommunications (7.39%)		
3,418,220 BT	11,179	1.70
10,716,368 Vodafone	21,631	3.29
Utilities (6.69%)		
1,821,103 Centrica	4,130	0.63
1,810,747 National Grid	17,698	2.69
853,993 Pennon	7,396	1.13
537,167 Scottish & Southern Energy	8,272	1.26
304,041 Severn Trent	7,105	1.08

UK Equity High Income Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Collective Investment Scheme (1.00%)	0	0.00
431 Standard Life CNAV Sterling Liquidity Fund	0	0.00
Total investment assets	659,073	100.30
Net other liabilities	(1,953)	(0.30)
Total Net Assets	657,120	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

UK Equity High Income Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net capital Gains/(Losses)

	2017	2016
	£'000	£'000
Non-derivative securities	50,659	(58,122)
Non-derivative securities currency gains/(losses)	19	(15)
Handling charges taken from the capital account	(2)	(7)
Net capital gains/(losses)	<u>50,676</u>	<u>(58,144)</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	149,684	256,420
Commissions	137	175
Taxes & Other Fees	617	660
Total purchase transaction costs	<u>754</u>	<u>835</u>
Purchases including transaction costs	<u>150,438</u>	<u>257,255</u>
Gross sales before transaction costs	204,499	118,315
Commissions	(215)	(120)
Total sale transaction costs	<u>(215)</u>	<u>(120)</u>
Total sales net of transaction costs	<u>204,284</u>	<u>118,195</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.09%	0.07%
Taxes & Other Fees	0.41%	0.26%
Sales		
Commissions	0.11%	0.10%

UK Equity High Income Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.02%	0.03%
Taxes & Other Fees	0.09%	0.11%
	% Average NAV	% Average NAV
Sales		
Commissions	0.03%	0.02%

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

These implicit costs are not directly visible and cannot be accurately determined.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	150,438	257,255
Sales		
Equities	204,284	118,195

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.15% (2016: 1.14%), this is representative of the average spread on the assets held during the year.

4 Revenue	2017	2016
	£'000	£'000
UK dividends	27,197	21,533
Overseas dividends	2,903	4,669
Scrip dividends	321	0
Bank interest	33	81
Total revenue	30,454	26,283

UK Equity High Income Fund**Notes to the financial statements (continued)**

5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	4,921	5,730
Dealing charge	63	37
Registration fees	356	434
	<u>5,340</u>	<u>6,201</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	55	50
Safe custody fees	17	16
	<u>72</u>	<u>66</u>
Other:		
Audit fee	8	8
Legal expenses	-	1
	<u>8</u>	<u>9</u>
Total expenses	<u>5,420</u>	<u>6,276</u>

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	256	207
Total taxation	<u>256</u>	<u>207</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	25,027	20,005
Corporation tax at 20% (2016: 20%)	<u>5,006</u>	<u>4,001</u>
Effects of:		
UK dividends	(5,439)	(4,307)
Scrip dividends	(64)	0
Non taxable overseas dividends	(581)	(934)
Overseas withholding tax	256	207
Excess management expenses	1,078	1,240
Current tax charge (Note 6(a))	<u>256</u>	<u>207</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

UK Equity High Income Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £14,631,000 (2015: £13,553,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

	2017	2016
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	18,574	15,497
Final distribution	11,195	11,811
	<hr/> 29,769	<hr/> 27,308
Add: Income deducted on cancellation of shares	3,271	2,765
Deduct: Income received on issue of shares	(2,929)	(4,074)
Net distribution for the year	<hr/> 30,111	<hr/> 25,999

Details of the distribution per share are set out in this Fund's distribution table.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	24,771	19,798
Add: ACD periodic charge taken from the capital account	4,921	5,730
Add: Registration fees taken from the capital account	356	434
Add: Dealing charges taken from the capital account	63	37
Net distribution for the year	<hr/> 30,111	<hr/> 25,999

8 Debtors

	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	1,992	368
Sales awaiting settlement	0	1,581
Accrued revenue	4,335	3,396
Withholding tax recoverable	139	111
Dilution levy receivable from the ACD	13	3
Total debtors	<hr/> 6,479	<hr/> 5,459

UK Equity High Income Fund**Notes to the financial statements (continued)**

9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	4,014	1,139
Purchases awaiting settlement	0	3,193
Accrued expenses payable to the ACD	402	459
Accrued expenses payable to the Depositary	8	8
Other accrued expenses	8	8
Dilution levy payable to the ACD	7	9
Total creditors	<u>4,439</u>	<u>4,816</u>

10 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund holds shares in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement. The total purchase cost of these investments during the year was £125,668,000 (2016: £nil), the total sales proceeds was £125,695,000 (2016: £nil) and the distribution reinvested was £28,000 (2016: £nil).

The Fund holds nil shares (2016: 6,627,000) in SLI Seabury GBP VNAV Liquidity Fund, the total purchase cost of these investments during the year was £21,903,000 (2016: £168,231,000), total sales proceeds was £28,539,000 (2016: £169,910,000) and distribution reinvested was £9,000 (2016: £83,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	18,142	200,093
Purchase of shares by Fund	50,303	157,340
Distributions made by Fund	13,479	12,809

The percentage value of the Fund held by Standard Life group companies

is:	45.1%	44.7%
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UK Equity High Income Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	659,073	0	0	664,130	0	0
Collective Investment Schemes	0	0	0	0	6,627	0
Total investment assets	659,073	0	0	664,130	6,627	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Units in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	39,495,594	114,820	(4,970,970)	(2,779,090)	31,860,354
Institutional accumulation	62,931,362	5,190,919	(14,561,936)	1,032,852	54,593,197
Retail income	100,523,376	2,853,088	(8,311,597)	(4,125,428)	90,939,439
Institutional income	139,702,048	15,858,920	(18,299,546)	(93,248,896)	44,012,526
Standard Life income	120,456,846	0	0	0	120,456,846
Standard Life accumulation	166,622	234,504	(35,380)	1,811	367,557
Institutional regulated accumulation	22,333,918	885,926	(3,956,548)	0	19,263,296
Platform 1 accumulation	56,837,141	204,945	(11,231,403)	4,531,694	50,342,377
Platform 1 income	83,429,856	924,664	(29,439,819)	2,687,344	57,602,045
Institutional S accumulation	2,200	0	0	0	2,200
Institutional S income	2,200	23,515,434	(7,148,824)	161,327,936	177,696,746
Institutional A accumulation	2,200	0	0	0	2,200
Institutional A income	2,200	0	0	152,648	154,848

UK Equity High Income Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

UK Equity High Income Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Euro	101	50
US Dollar	2,050	954

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate	Financial	
	financial assets	assets not	Total
	£'000	carrying interest	£'000
2017	£'000	£'000	£'000
Currency			
Sterling	1,788	659,073	660,861
2016			
Currency			
Sterling	6,690	664,131	670,821

UK Equity High Income Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures (continued)

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

UK Equity High Income Fund**Distribution Tables****for the six months ended 31 August 2016****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 August 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	6.0036	-	6.0036 *	5.6433
Group 2	2.6836	3.3200	6.0036 *	5.6433
Institutional accumulation				
Group 1	6.6683	-	6.6683 *	6.2241
Group 2	2.3564	4.3119	6.6683 *	6.2241
Retail income				
Group 1	2.2097	-	2.2097 **	2.1700
Group 2	1.1793	1.0304	2.2097 **	2.1700
Institutional income				
Group 1	2.4538	-	2.4538 **	2.3926
Group 2	0.0000	2.4538	2.4538 **	2.3926
Standard Life income				
Group 1	1.7499	-	1.7499 **	1.6921
Group 2	-	-	-	1.6921
Standard Life accumulation				
Group 1	3.8717	-	3.8717 *	3.5872
Group 2	2.9369	0.9348	3.8717 *	3.5872
Institutional regulated accumulation				
Group 1	7.2955	-	7.2955 *	6.7787
Group 2	3.9603	3.3352	7.2955 *	6.7787
Platform 1 accumulation				
Group 1	2.1310	-	2.1310 *	1.9903
Group 2	1.0718	1.0592	2.1310 *	1.9903

UK Equity High Income Fund
Distribution Tables (continued)

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Platform 1 income				
Group 1	1.8392	-	1.8392 **	1.7946
Group 2	0.7461	1.0931	1.8392 **	1.7946
Institutional S accumulation				
Group 1	1.6068	-	1.6068 *	1.5110
Group 2	-	-	-	-
Institutional S income				
Group 1	1.4447	-	1.4447 **	1.4178
Group 2	0.0704	1.3743	1.4447 **	-
Institutional A accumulation				
Group 1	1.4263	-	1.4263 *	-
Group 2	-	-	-	-
Institutional A income				
Group 1	1.4175	-	1.4175 *	-
Group 2	-	-	-	-

* Distribution accumulated on 31 August 2016

** Distribution paid on 31 October 2016

UK Equity High Income Fund
Distribution Tables (continued)

for the six months ended 28 February 2017

Dividend distribution

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 28 February 2017

	Net income	Equalisation	Distribution	Distribution paid
	2017	2017	payable	2016
	pence per share	pence per share	2017	2016
			pence per share	pence per share
Retail accumulation				
Group 1	4.0299	-	4.0299 *	3.7675
Group 2	2.7163	1.3136	4.0299 *	3.7675
Institutional accumulation				
Group 1	4.4882	-	4.4882 *	4.1728
Group 2	3.2152	1.2730	4.4882 *	4.1728
Retail income				
Group 1	1.4428	-	1.4428 **	1.4116
Group 2	0.9362	0.5066	1.4428 **	1.4116
Institutional income				
Group 1	1.6068	-	1.6068 **	1.5629
Group 2	1.1211	0.4857	1.6068 **	1.5629
Standard Life income				
Group 1	1.1512	-	1.1512 **	1.1104
Group 2	-	-	-	-
Standard Life accumulation				
Group 1	2.6171	-	2.6171 *	2.4141
Group 2	1.3179	1.2992	2.6171 *	2.4141
Institutional regulated accumulation				
Group 1	4.9231	-	4.9231 *	4.5558
Group 2	2.6093	2.3138	4.9231 *	4.5558
Platform 1 accumulation				
Group 1	1.4341	-	1.4341 *	1.3339
Group 2	0.8667	0.5674	1.4341 *	1.3339

UK Equity High Income Fund
Distribution Tables (continued)

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Platform 1 income				
Group 1	1.2039	-	1.2039 **	1.1717
Group 2	0.6649	0.5390	1.2039 **	1.1717
Institutional S accumulation				
Group 1	1.0819	-	1.0819 *	1.0033
Group 2	-	-	-	-
Institutional S income				
Group 1	0.9457	-	0.9457 **	0.9166
Group 2	0.3622	0.5835	0.9457 **	-
Institutional A accumulation				
Group 1	0.9547	-	0.9547 *	-
Group 2	-	-	-	-
Institutional A income				
Group 1	0.9230	-	0.9230 **	-
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend*	100.00%	100.00%
Treat as annual payment net of income tax at 20%	0.00%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

UK Equity Recovery Fund Investment Report

Fund Manager

Andrew Hunt

Benchmark

IA UK All Companies Sector

Launch Date

6 March 2009

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of UK companies or companies which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. "UK companies" will include companies incorporated in the UK or companies listed on a UK stock exchange which may not be incorporated in the UK or have the majority of their economic activity in the UK. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The concentrated nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of sector or stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of equity markets and should therefore have an investment time horizon of at least 5 years.

Performance

During the year under review, the Fund returned 61.91% compared to the IA UK All Companies sector average return of 19.18% (source: Morningstar, basic rate taxpayer, platform one share class, bid-to-bid basis).

The Fund performed well over the year, comfortably exceeding the sector average. Looking at specific stocks, our position in mining companies such as Petra Diamonds and Glencore boosted the Fund's returns. Glencore contributed due to increased sterling earnings and as a result of a rise in coal and zinc prices, which led to higher-than-expected earnings. Petra Diamonds increased production to record levels and a drop in its costs was expected, as the company's seven-year expansion programme neared completion. GVC, the online gaming company, was positive for the Fund too: its earnings and net gaming revenue increased.

Some holdings detracted from the performance of the Fund. Sports Direct hurt returns as it was hit by a scandal related to work practices at the company. A considerable slump in profits over the six months to end October followed. Not owning Royal Dutch Shell also adversely affected performance, mainly because of OPEC's announcement of a plan to cap oil production. This led to a rally in the price of oil.

UK Equity Recovery Fund Investment Report (continued)

Investment Activity

Turning to purchases, we bought alternative investment management company Man Group. It had been very weak in the volatile markets of 2016; however its algorithmic investment strategies are expected to perform well as market conditions stabilise. In the meantime, the company continues to produce healthy cashflow. During the period under review, we also added to our holding in Aviva, appreciating the scale opportunity at the company, as well as ongoing operational improvements.

On the other side of the ledger, we sold construction group Kier, following very strong performance. We also reduced our exposure to annuities business Just Retirement Partnership. We had initially purchased this stock soon after the UK's EU membership referendum, viewing the share-price reaction to the vote as excessive. The stock subsequently rebounded, which led to the decision to review our position.

The following tables highlight the top 10 changes made to the portfolio in the year to 28 February 2017:

Purchases	Cost (£'000)
Vodafone	2,805
Carphone Warehouse	2,604
Mitchells & Butlers	2,312
Standard Chartered	2,311
Virgin Money	1,945
Aviva	1,822
Capita	1,709
Sthree	1,674
Other purchases	43,893
Total purchases	61,075

Sales	Proceeds (£'000)
Standard Chartered	2,538
First Quantum Minerals	2,394
HSBC	2,310
Glencore	1,896
GVC Holdings	1,660
Anglo American	1,652
Other sales	30,776
Total sales	43,226

**UK Equity Recovery Fund
Investment Report (continued)**

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 5 **6** 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

UK Equity Recovery Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	146.27	168.03	172.76
Return before operating charges*	87.12	(19.07)	(1.93)
Operating charges**	(2.65)	(2.69)	(2.80)
Return after operating charges*	84.47	(21.76)	(4.73)
Distributions	(1.50)	(1.69)	(0.94)
Retained distributions on accumulation share	1.50	1.69	0.94
Closing net asset value per share	230.74	146.27	168.03
* after direct transaction costs of:***	1.48	0.67	0.78
Performance +			
Return after charges	57.75%	-12.95%	-2.74%
Other information			
Closing net asset value (£'000)	13,273	4,669	7,688
Closing number of shares	5,752,228	3,192,262	4,575,589
Operating charges****	1.40%	1.73%	1.72%
Direct transaction costs***	0.78%	0.43%	0.48%
Prices			
Highest share price	238.9	175.6	173.5
Lowest share price	145.7	124.9	145.1

UK Equity Recovery Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	154.47	176.03	179.55
Return before operating charges*	92.28	(20.04)	(1.95)
Operating charges**	(1.86)	(1.52)	(1.57)
Return after operating charges*	90.42	(21.56)	(3.52)
Distributions	(2.59)	(3.08)	(2.34)
Retained distributions on accumulation share	2.59	3.08	2.34
Closing net asset value per share	244.89	154.47	176.03
* after direct transaction costs of:***	1.53	0.70	0.81
Performance +			
Return after charges	58.54%	-12.25%	-1.96%
Other information			
Closing net asset value (£'000)	21,314	13,596	15,645
Closing number of shares	8,703,435	8,800,926	8,887,629
Operating charges****	0.93%	0.93%	0.92%
Direct transaction costs***	0.76%	0.43%	0.48%
Prices			
Highest share price	253.5	184.3	180.4
Lowest share price	153.8	131.8	151.6

UK Equity Recovery Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	140.02	162.90	168.35
Return before operating charges*	83.99	(18.59)	(1.78)
Operating charges**	(0.08)	(0.08)	(0.06)
Return after operating charges*	83.91	(18.67)	(1.84)
Distributions	(3.97)	(4.21)	(3.61)
Closing net asset value per share	219.96	140.02	162.90
* after direct transaction costs of:***	1.40	0.65	0.76
Performance +			
Return after charges	59.93%	-11.46%	-1.09%
Other information			
Closing net asset value (£'000)	5,044	3,211	3,733
Closing number of shares	2,293,217	2,293,217	2,291,717
Operating charges****	0.05%	0.05%	0.04%
Direct transaction costs***	0.76%	0.43%	0.48%
Prices			
Highest share price	231.7	170.8	169.2
Lowest share price	139.4	123.0	142.9

UK Equity Recovery Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	163.44	184.76	186.95
Return before operating charges*	98.01	(21.10)	(1.98)
Operating charges**	(0.27)	(0.22)	(0.21)
Return after operating charges*	97.74	(21.32)	(2.19)
Distributions	(4.46)	(4.63)	(3.87)
Retained distributions on accumulation share	4.46	4.63	3.87
Closing net asset value per share	261.18	163.44	184.76
* after direct transaction costs of:***	1.49	0.74	0.85
Performance +			
Return after charges	59.80%	-11.54%	-1.17%
Other information			
Closing net asset value (£'000)	1,155	9,931	11,197
Closing number of shares	442,293	6,076,580	6,060,272
Operating charges****	0.13%	0.13%	0.12%
Direct transaction costs***	0.70%	0.43%	0.48%
Prices			
Highest share price	270.3	193.7	187.9
Lowest share price	162.8	139.4	158.6

UK Equity Recovery Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	77.31	88.18	90.04
Return before operating charges*	46.13	(10.03)	(0.99)
Operating charges**	(1.03)	(0.84)	(0.87)
Return after operating charges*	45.10	(10.87)	(1.86)
Distributions	(1.19)	(1.46)	(1.09)
Retained distributions on accumulation share	1.19	1.46	1.09
Closing net asset value per share	122.41	77.31	88.18
* after direct transaction costs of:***	0.85	0.35	0.40
Performance +			
Return after charges	58.34%	-12.33%	-2.07%
Other information			
Closing net asset value (£'000)	27,764	1,443	1,033
Closing number of shares	22,680,694	1,867,239	1,171,062
Operating charges****	1.03%	1.03%	1.02%
Direct transaction costs***	0.84%	0.43%	0.47%
Prices			
Highest share price	126.7	92.3	90.5
Lowest share price	77.0	66.0	76.0

UK Equity Recovery Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation share class reflects a lower ACD periodic charge of 1.35% which became effective on 1 April 2016; the previous ACD periodic charge was 1.60%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

UK Equity Recovery Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		17,963		(5,488)
Revenue	4	940		1,017	
Expenses	5	(358)		(267)	
Interest and similar charges		(2)		(1)	
Net revenue before taxation		<u>580</u>		<u>749</u>	
Taxation	6	(9)		(6)	
Net revenue after taxation			571		743
Total return before distributions			<u>18,534</u>		<u>(4,745)</u>
Distributions	7		(571)		(743)
Change in net assets attributable to shareholders from investment activities			<u>17,963</u>		<u>(5,488)</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			32,850		39,296
Amounts receivable on issue of shares		38,662		2,546	
Amounts payable on cancellation of shares		(21,720)		(4,162)	
			<u>16,942</u>		<u>(1,616)</u>
Dilution adjustment			193		24
Change in net assets attributable to shareholders from investment activities (see above)			17,963		(5,488)
Retained distribution on accumulation shares			602		634
Closing net assets attributable to shareholders			<u>68,550</u>		<u>32,850</u>

UK Equity Recovery Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			70,026		33,146
Current assets:					
Debtors	8	1,401		717	
Cash and bank balances		22		8	
			<u>1,423</u>	<u>8</u>	<u>725</u>
Total assets			<u>71,449</u>		<u>33,871</u>
Liabilities					
Investment liabilities					
Creditors	9	(2,808)		(925)	
Distribution payable on income shares		(91)		(96)	
			<u>(2,899)</u>	<u>(96)</u>	<u>(1,021)</u>
Total liabilities			<u>(2,899)</u>		<u>(1,021)</u>
Net assets attributable to shareholders			<u>68,550</u>		<u>32,850</u>

UK Equity Recovery Fund
Portfolio Statement
as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
UK Equities (99.74%)	68,579	100.04
Basic Materials (28.54%)	10,909	15.92
239,856 Anglo American	3,046	4.44
891,830 Glencore	2,872	4.19
1,019,574 Lonmin Plc	1,234	1.80
817,063 Petra Diamonds	1,121	1.64
38,382 Rio Tinto	1,265	1.85
159,290 Vedanta Resources	1,371	2.00
Consumer Goods (9.70%)	9,696	14.14
99,283 Bovis Homes	774	1.13
142,724 Britvic	901	1.31
781,234 Carphone Warehouse	2,366	3.45
1,892,021 Debenhams	1,014	1.48
89,137 Inchcape	668	0.97
249,686 GKN	898	1.31
249,878 Marks & Spencer	836	1.22
1,777,509 Premier Foods	698	1.02
177,640 Sports Direct	527	0.77
1,210,651 Topps Tiles Plc	1,014	1.48
Consumer Services (21.69%)	15,360	22.41
1,477,287 Enterprise Inns	1,991	2.90
1,355,473 Flybe	668	0.97
496,649 International Consolidated Airlines	2,663	3.89
495,719 ITV	1,003	1.46
969,049 Mitchells & Butlers	2,390	3.49
248,433 PPHE Hotel	1,964	2.87
345,593 Restaurant	1,124	1.64
1,876,234 Thomas Cook	1,641	2.39
1,851,062 Trinity Mirror	1,916	2.80

UK Equity Recovery Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Financials (23.30%)	13,739	20.03
424,242 Aviva	2,112	3.08
1,504,241 Barclays	3,406	4.96
582,538 International Personal Finance	1,055	1.54
813,662 Just Retirement	1,192	1.74
91,340 Phoenix	701	1.02
488,409 Royal Bank of Scotland	1,161	1.69
283,779 Standard Chartered	2,050	2.99
630,251 Virgin Money	2,062	3.01
Industrials (7.22%)	12,682	18.51
665,483 Aldermore Group Plc	1,541	2.25
116,125 Babcock International	1,100	1.60
312,354 Capita	1,759	2.57
2,582,018 Gulf Marine Services	1,672	2.44
386,520 Interserve	925	1.35
128,104 Keller	1,101	1.61
195,047 Morgan Sindall	1,936	2.82
389,695 Senior	712	1.04
437,439 Sthree	1,362	1.99
1,311,619 Volex	574	0.84
Oil & Gas (5.81%)	3,442	5.02
173,505 Amec Foster Wheeler	762	1.11
1,337,056 Genel Energy Plc	1,086	1.58
561,255 Ophir Energy	513	0.75
121,336 Petrofac	1,081	1.58
Technology (3.48%)	-	-
Telecommunications (0.00%)	2,751	4.01
1,362,744 Vodafone	2,751	4.01

UK Equity Recovery Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Collective Investment Schemes (1.16%)	1,447	2.11
1,447,055 Standard Life CNAV Sterling Liquidity Fund	1,447	2.11
Total investment assets	70,026	102.15
Net other liabilities	(1,476)	(2.15)
Total Net Assets	68,550	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

UK Equity Recovery Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)

	2017	2016
	£'000	£'000
Non-derivative securities	17,964	(5,485)
Non-derivative securities currency gains	2	0
Handling charges taken from the capital account	(3)	(3)
Net capital gains/(losses)	<u>17,963</u>	<u>(5,488)</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	60,735	25,057
Commissions	70	32
Taxes & Other Fees	270	93
Total purchase transaction costs	<u>340</u>	<u>125</u>
Purchases including transaction costs	<u>61,075</u>	<u>25,182</u>
Gross sales before transaction costs	43,285	25,995
Commissions	(59)	(32)
Total sale transaction costs	<u>(59)</u>	<u>(32)</u>
Total sales net of transaction costs	<u>43,226</u>	<u>25,963</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.12%	0.13%
Taxes & Other Fees	0.44%	0.37%
Sales		
Commissions	0.14%	0.12%

UK Equity Recovery Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.16%	0.09%
Taxes & Other Fees	0.61%	0.26%
Sales		
Commissions	0.13%	0.09%

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

These implicit costs are not directly visible and cannot be accurately determined.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	61,075	25,182
Sales		
Equities	43,226	25,962

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.33% (2016: 1.54%), this is representative of the average spread on the assets held during the year.

4 Revenue	2017	2016
	£'000	£'000
UK dividends	817	796
Overseas dividends	102	219
Scrip dividends	19	0
Bank interest	2	2
Total revenue	<u>940</u>	<u>1,017</u>

UK Equity Recovery Fund**Notes to the financial statements (continued)**

5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	310	224
Dealing charge	4	1
Registration fees	26	26
	<u>340</u>	<u>251</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	8	7
Safe custody fees	1	1
	<u>9</u>	<u>8</u>
Other:		
Audit fee	9	8
	<u>9</u>	<u>8</u>
Total expenses	<u>358</u>	<u>267</u>

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Total taxation	<u>9</u>	<u>6</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	579	749
Corporation tax at 20% (2016: 20%)	<u>116</u>	<u>150</u>
Effects of:		
UK dividends	(163)	(159)
Scrip dividends	(4)	0
Non taxable overseas dividends	(21)	(44)
Overseas withholding tax	9	6
Excess management expenses	72	53
Current tax charge (Note 6(a))	<u>9</u>	<u>6</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

UK Equity Recovery Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £440,000 (2016: £368,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Distribution	693	730
Add: Income deducted on cancellation of shares	230	44
Deduct: Income received on issue of shares	(352)	(31)
Net distribution for the year	571	743

Details of the distribution per share are set out in this Fund's distribution table.

8 Debtors

	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	181	16
Sales awaiting settlement	1,179	657
Accrued revenue	39	44
Dilution levy receivable from the ACD	2	0
Total debtors	1,401	717

9 Creditors

	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	620	18
Purchases awaiting settlement	2,127	882
Accrued expenses payable to the ACD	50	16
Accrued expenses payable to the Depositary	2	1
Other accrued expenses	8	8
Dilution levy payable to the ACD	1	0
Total creditors	2,808	925

UK Equity Recovery Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund holds nil shares in SLI Seabury GBP VNAV Liquidity Fund (2016: 381,000). The total purchase cost of these investments during the year was £1,569,000 (2016: £14,129,000), the total sales proceeds were £1,950,000 (2016: £13,991,000) and distributions reinvested were £nil (2016: £2,000).

The Fund holds 1,447,000 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £25,954,000 (2016: £nil), the total sales proceeds were £24,508,000 (2016: £nil) and distributions reinvested were £1,000 (2016: £nil).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	6,602	214
Purchase of shares by Fund	14,637	724
Distributions made by Fund	130	322
 The percentage value of the Fund held by Standard Life group companies is:		
	18.8%	44.1%

UK Equity Recovery Fund**Notes to the financial statements (continued)****12 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	68,579	0	0	32,765	0	0
Collective Investment Schemes	0	1,447	0	0	381	0
Total investment assets	68,579	1,447	0	32,765	381	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Units in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	3,192,262	4,311,372	(1,648,951)	(102,455)	5,752,228
Institutional accumulation	8,800,926	1,074,988	(1,186,194)	13,715	8,703,435
Standard Life income	2,293,217	0	0	0	2,293,217
Standard Life accumulation	6,076,580	190,199	(5,824,486)	0	442,293
Platform 1 accumulation	1,867,239	24,126,533	(3,479,249)	166,171	22,680,694

UK Equity Recovery Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

UK Equity Recovery Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Euro	13	1
US Dollar	7	27

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate	Financial	Total
	financial assets	assets not	
	£'000	carrying interest	£'000
2017			
Currency			
Sterling	1,449	68,579	70,028
Euro	13	0	13
US Dollar	7	0	7
2016			
Currency			
Sterling	382	32,766	33,148
Euro	1	0	1
US Dollar	5	0	5

UK Equity Recovery Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures (continued)

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

UK Equity Recovery Fund**Distribution Table****for the year ended 28 February 2017****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 29 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.5049	-	1.5049 *	1.6867
Group 2	0.0271	1.4778	1.5049 *	1.6867
Institutional accumulation				
Group 1	2.5882	-	2.5882 *	3.0840
Group 2	1.0211	1.5671	2.5882 *	3.0840
Standard Life income				
Group 1	3.9725	-	3.9725 **	4.2050
Group 2	-	-	-	4.2050
Standard Life accumulation				
Group 1	4.4635	-	4.4635 *	4.6292
Group 2	0.5608	3.9027	4.4635 *	4.6292
Platform 1 accumulation				
Group 1	1.1938	-	1.1938 *	1.4623
Group 2	0.0000	1.1938	1.1938 *	1.4623

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

UK Equity Recovery Fund
Distribution Table (continued)

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Dividend Distribution
Treat as a UK corporate dividend*	100.00%
Treat as annual payment net of income tax at 20%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

UK Ethical Fund Investment Report

Fund Manager

Lesley Duncan

Benchmark

IA UK Ethical Sub Sector of the IA UK All
Companies Sector

Launch Date

20 September 1998

Objective

The objective of the Fund is to provide capital appreciation. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on a UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. Investments will comply with certain ethical criteria. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The ethical criteria applicable to the Fund are set out in an Ethical Policy and may be amended from time-to-time as considered necessary. In addition to excluding such companies which fail to meet the prescribed ethical standards, the ACD will seek to include companies whose business activities are regarded as making a positive contribution in terms of preserving the environment or improving the quality and safety of human life. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes that each comply with the ethical criteria.

Risk Profile

The nature of the portfolio affords investors a focused investment approach, whilst affording proper diversification across ethically acceptable mainly UK equity exposure. The investor must be able to accept significant temporary losses due to both the volatile nature of equity markets, and the potentially restricted investment universe enforced by ethical criteria, and should therefore have an investment time horizon of at least 5 years.

Performance

During the period under review, the Fund returned 12.74% compared to the IA UK All Companies sector average return of 19.18% (source: Morningstar, basic rate taxpayer, platform one share class, bid-to-bid basis).

The Fund's performance was hurt by its holdings in BT and Sports Direct. BT issued a profit warning following a scandal in its Italian accounting operations and a slowdown in public sector spending. Meanwhile, Sports Direct was taken to task for its work practices and a slump in profits ensued. Having engaged extensively with the company in recent years, we took the decision to sell out of the position on the back of a waning conviction in its labour management change agenda. Not owning HSBC was negative for the Fund, as sterling weakness led the shares to outperform. Similarly, in line with our ethical criteria, not owning Glencore had an adverse effect on returns: commodity prices continued to rise with the shares also benefiting from sterling weakness.

UK Ethical Fund

Investment Report (continued)

The Fund performed reasonably well over the year, but underperformed the sector average. A position in online retailer, Boohoo.Com contributed to the performance of the Fund, due to robust sales, an uptick in orders and swelling customer numbers. It also benefited from the global movement towards online shopping. Drinks company Fever-Tree also contributed to performance. Towards the end of the reporting period, the business reported that it expected full-year sales and profits to be higher than originally estimated. Fund administration company Sanne Group enhanced returns too: the business swung to profit in the first half of the year after a loss in the previous year.

Investment Activity

We made a number of purchases over the period, including plastic product supplier Essentra. It initially disappointed following an unexpected profit warning and integration issues related to an acquisition. However, we subsequently added to our position, having been reassured that the issues were of a short-term nature. Other purchases included a new holding in global engineering company Ricardo: over the medium term, the business can offer 8-10% top-line growth, with high visibility in an order book that is exposed to a broad range of industrial applications. We also bought SSE, as profitability will be further generated by higher power prices and lower levels of regulatory risk, following the conclusion of the Competition and Markets Authority review.

By contrast, we sold out of our position in international recruitment firm Hays, on the anticipation that its UK division would see top-line growth slow following Brexit. In the wake of a number of profit warnings, we also removed our holding in Restaurant Group. It became clear that increased supply had eroded its competitive advantage and could lead to continued pressure on revenue and margin. We removed Centrica from the Fund, due to continued loss of market share in both the residential and business sectors. Finally, Crest Nicholson shares were disposed of too, as its rebound in the wake of the EU referendum left the valuation looking less attractive.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £65,182,000,000 and the total proceeds from sales were £71,736,000.

UK Ethical Fund

Investment Report (continued)

Synthetic Risk & Reward Indicator

Lower risk Higher risk

Typically lower rewards Typically higher rewards

1 2 3 4 **5** 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

UK Ethical Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	135.50	135.00	134.86
Return before operating charges*	20.26	2.74	2.15
Operating charges**	(1.85)	(2.24)	(2.01)
Return after operating charges*	18.41	0.50	0.14
Distributions	(1.92)	(1.43)	(1.10)
Retained distributions on accumulation share	1.92	1.43	1.10
Closing net asset value per share	153.91	135.50	135.00
* after direct transaction costs of:***	0.22	0.18	0.17
Performance +			
Return after charges	13.59%	0.37%	0.10%
Other information			
Closing net asset value (£'000)	65,856	66,438	100,606
Closing number of shares	42,788,565	49,032,249	74,520,050
Operating charges****	1.32%	1.60%	1.60%
Direct transaction costs***	0.16%	0.13%	0.14%
Prices			
Highest share price	153.5	148.4	136.2
Lowest share price	116.5	126.3	114.0

UK Ethical Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	150.85	149.18	147.91
Return before operating charges*	22.67	2.99	2.45
Operating charges**	(1.33)	(1.32)	(1.18)
Return after operating charges*	21.34	1.67	1.27
Distributions	(2.91)	(2.75)	(2.24)
Retained distributions on accumulation share	2.91	2.75	2.24
Closing net asset value per share	172.19	150.85	149.18
* after direct transaction costs of:***	0.25	0.19	0.19
Performance +			
Return after charges	14.15%	1.12%	0.86%
Other information			
Closing net asset value (£'000)	64,951	62,622	58,499
Closing number of shares	37,719,481	41,512,514	39,212,747
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.16%	0.12%	0.14%
Prices			
Highest share price	171.7	164.9	149.4
Lowest share price	129.9	140.6	125.6

UK Ethical Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	50.80	51.17	50.00++
Return before operating charges*	7.65	1.02	1.17
Operating charges**	(0.45)	(0.45)	0.00
Return after operating charges*	7.20	0.57	1.17
Distributions	(0.98)	(0.94)	0.00
Closing net asset value per share	57.02	50.80	51.17
* after direct transaction costs of:***	0.08	0.07	0.00
Performance +			
Return after charges	14.17%	1.11%	2.34%
Other information			
Closing net asset value (£'000)	2,048	95	1
Closing number of shares	3,590,880	186,068	2,200
Operating charges****	0.85%	0.85%	0.85%
Direct transaction costs***	0.15%	0.13%	0.00%
Prices			
Highest share price	57.83	56.58	51.16
Lowest share price	43.76	48.23	50.37

UK Ethical Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	165.99	162.93	160.35
Return before operating charges*	25.09	3.23	2.43
Operating charges**	(0.17)	(0.17)	0.15
Return after operating charges*	24.92	3.06	2.58
Distributions	(4.49)	(4.28)	(3.58)
Retained distributions on accumulation share	4.49	4.28	3.58
Closing net asset value per share	190.91	165.99	162.93
* after direct transaction costs of:***	0.27	0.21	0.21
Performance +			
Return after charges	15.01%	1.88%	1.61%
Other information			
Closing net asset value (£'000)	526	383	358
Closing number of shares	275,465	230,643	219,915
Operating charges****	0.10%	0.10%	0.10%
Direct transaction costs***	0.16%	0.12%	0.14%
Prices			
Highest share price	190.3	181.2	162.9
Lowest share price	143.3	154.7	136.8

UK Ethical Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	99.83	98.28	97.01
Return before operating charges*	15.05	1.96	1.63
Operating charges**	(0.41)	(0.41)	(0.36)
Return after operating charges*	14.64	1.55	1.27
Distributions	(2.39)	(2.27)	(1.88)
Retained distributions on accumulation share	2.39	2.27	1.88
Closing net asset value per share	114.47	99.83	98.28
* after direct transaction costs of:***	0.16	0.13	0.12
Performance +			
Return after charges	14.66%	1.58%	1.31%
Other information			
Closing net asset value (£'000)	25,963	30,339	25,398
Closing number of shares	22,681,220	30,389,982	25,841,636
Operating charges****	0.40%	0.40%	0.40%
Direct transaction costs***	0.15%	0.13%	0.13%
Prices			
Highest share price	114.1	109.0	98.25
Lowest share price	86.11	93.04	82.60

UK Ethical Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	83.30	82.42	81.76
Return before operating charges*	12.52	1.65	1.35
Operating charges**	(0.78)	(0.77)	(0.69)
Return after operating charges*	11.74	0.88	0.66
Distributions	(1.56)	(1.47)	(1.22)
Retained distributions on accumulation share	1.56	1.47	1.22
Closing net asset value per share	95.04	83.30	82.42
* after direct transaction costs of:***	0.14	0.11	0.10
Performance +			
Return after charges	14.09%	1.07%	0.81%
Other information			
Closing net asset value (£'000)	93,729	80,152	40,104
Closing number of shares	98,616,894	96,215,186	48,656,328
Operating charges****	0.90%	0.90%	0.90%
Direct transaction costs***	0.16%	0.13%	0.13%
Prices			
Highest share price	94.77	91.09	82.59
Lowest share price	71.74	77.65	69.40

UK Ethical Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	50.80	51.17	50.00++
Return before operating charges*	7.63	1.03	1.17
Operating charges**	(0.47)	(0.48)	0.00
Return after operating charges*	7.16	0.55	1.17
Distributions	(0.95)	(0.92)	0.00
Closing net asset value per share	57.01	50.80	51.17
* after direct transaction costs of:***	0.08	0.07	0.00
Performance +			
Return after charges	14.09%	1.07%	2.34%
Other information			
Closing net asset value (£'000)	2,361	893	1
Closing number of shares	4,141,545	1,757,929	2,200
Operating charges****	0.90%	0.90%	0.90%
Direct transaction costs***	0.15%	0.13%	0.00%
Prices			
Highest share price	57.79	56.55	51.16
Lowest share price	43.74	48.21	50.37

UK Ethical Fund**Comparative Tables (continued)**

	28 February 2017	29 February 2016
	pence per share	pence per share
Institutional A accumulation		
Change in net assets per share		
Opening net asset value per share	50.52	50.00 ⁺⁺⁺
Return before operating charges*	7.55	0.59
Operating charges**	(0.83)	(0.07)
Return after operating charges*	6.72	0.52
Distributions	(0.58)	0.00
Retained distributions on accumulation share	0.58	0.00
Closing net asset value per share	57.24	50.52
* after direct transaction costs of:***	0.08	0.01
Performance +		
Return after charges	13.30%	1.04%
Other information		
Closing net asset value (£'000)	186	1
Closing number of shares	324,724	2,200
Operating charges****	1.60%	1.60%
Direct transaction costs***	0.15%	0.01%
Prices		
Highest share price	57.08	51.67
Lowest share price	43.41	47.11

UK Ethical Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation share class reflects a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++ Share class launched 25 January

UK Ethical Fund**Financial Statements****Statement of Total Return****for the year ended 28 February 2017**

			2017		2016
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		28,029		(2,260)
Revenue	4	6,748		6,199	
Expenses	5	(2,304)		(2,603)	
Net revenue before taxation		<u>4,444</u>		<u>3,596</u>	
Taxation	6	(25)		(21)	
Net revenue after taxation			<u>4,419</u>		<u>3,575</u>
Total return before distributions			<u>32,448</u>		<u>1,315</u>
Distributions	7		(4,419)		(3,575)
Change in net assets attributable to shareholders from investment activities			<u>28,029</u>		<u>(2,260)</u>

Statement of Change in Net Assets Attributable to Shareholders**for the year ended 28 February 2017**

		2017		2016
		£'000	£'000	£'000
Opening net assets attributable to shareholders			240,923	224,967
Amounts receivable on issue of shares		26,188		58,960
Amounts payable on cancellation of shares		(43,563)		(44,760)
			<u>(17,375)</u>	14,200
Dilution adjustment			30	57
Change in net assets attributable to shareholders from investment activities (see above)			28,029	(2,260)
Retained distribution on accumulation shares			4,013	3,959
Closing net assets attributable to shareholders			<u>255,620</u>	<u>240,923</u>

UK Ethical Fund**Financial Statements (continued)****Balance Sheet****as at 28 February 2017**

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			254,618		233,406
Current assets:					
Debtors	8	433		3,291	
Cash and bank balances		1,672		4,525	
			<u>2,105</u>	<u>7,816</u>	
Total assets			<u>256,723</u>		<u>241,222</u>
Liabilities					
Creditors	9	(1,029)		(281)	
Distribution payable on income shares		(74)		(18)	
			<u>(1,103)</u>	<u>(299)</u>	
Total liabilities			<u>(1,103)</u>	<u>(299)</u>	
Net assets attributable to shareholders			<u>255,620</u>		<u>240,923</u>

UK Ethical Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
UK Equities (96.88%)	254,618	99.61
Basic Materials (2.01%)	5,330	2.09
283,821 Mondi	5,330	2.09
Consumer Goods (26.28%)	48,750	19.07
342,224 Bellway	8,915	3.49
5,417,282 Boohoo.com	8,261	3.23
1,113,420 Carphone Warehouse	3,373	1.32
1,372,838 Countryside Properties	3,072	1.20
304,661 Dunelm	1,967	0.77
550,355 Fever Tree Drinks	7,732	3.02
914,630 Joules Group	2,197	0.86
471,208 Midwich	1,429	0.56
1,150,255 Redrow	5,618	2.20
275,048 SuperGroup	4,060	1.59
75,794 Ted Baker	2,126	0.83
Consumer Services (15.84%)	44,556	17.42
1,663,924 Centaur Media	803	0.31
633,345 Cineworld	4,047	1.58
268,404 CVS	2,800	1.10
1,770,145 Entertainment One	4,183	1.64
714,202 Inchcape	5,357	2.10
749,543 International Consolidated Airlines	4,021	1.57
1,881,712 ITE	2,945	1.15
623,721 ITV	1,262	0.49
372,088 Just Eat	1,860	0.73
2,771,261 Lookers	3,409	1.33
405,579 Mitchells & Butlers	1,000	0.39
98,790 Rightmove	3,882	1.52
762,447 Saga	1,441	0.56
317,316 Tui	3,608	1.41
1,468,640 Wilmington	3,938	1.54

UK Ethical Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Financials (12.69%)	47,390	18.54
1,143,778 Aviva	5,695	2.23
2,684,959 Barclays	6,080	2.38
926,995 Chesnara	3,251	1.27
443,034 Close Brothers	6,677	2.61
737,332 International Personal Finance	1,335	0.52
521,791 Prudential	8,385	3.28
1,224,952 Sanne Group	7,944	3.11
243,972 St James's Place	2,572	1.01
323,472 Standard Chartered	2,336	0.91
952,429 Virgin Money	3,115	1.22
Health Care (2.94%)	8,041	3.14
461,046 NMC Healthcare	8,041	3.14
Industrials (20.51%)	55,806	21.84
55,977 Ashtead	926	0.36
455,894 Bodycote	3,599	1.41
59,267 DCC	4,066	1.59
382,607 Diploma	4,094	1.60
575,304 Essentra	3,124	1.22
453,855 Grafton	2,857	1.12
1,768,157 Howden Joinery	7,564	2.96
195,138 Keller	1,677	0.66
253,968 Luceco Ltd	441	0.17
521,587 Marshalls	1,552	0.61
1,436,940 McCarthy & Stone	2,756	1.08
1,383,705 Melrose Industries	2,947	1.15
1,334,122 Polypipe	4,516	1.77
258,170 Porvair	1,272	0.50
139,708 Ricardo	1,257	0.49
587,031 Robert Walters	2,364	0.92
1,891,450 Smith (DS)	8,428	3.30
872,050 Worldpay Group	2,366	0.93

UK Ethical Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Oil & Gas (0.00%)	657	0.26
131,347 Nostrum Oil & Gas	657	0.26
Technology (8.76%)	24,311	9.51
179,527 Accesso*	2,978	1.17
140,613 Aveva	2,689	1.05
270,045 EMIS*	2,436	0.95
444,939 FDM	2,868	1.12
442,777 Imagination Technologies	1,152	0.45
507,315 Kainos Group	1,115	0.44
920,332 Sage	5,941	2.32
921,238 Servelec	2,596	1.02
909,358 Sophos Group	2,536	0.99
Telecommunications (7.85%)	17,997	7.04
2,007,265 BT	6,565	2.57
207,604 Gamma Communication	1,032	0.40
220,769 Telecom Plus	2,663	1.04
3,833,200 Vodafone	7,737	3.03
Utilities (0.00%)	1,780	0.70
115,595 Scottish & Southern Energy	1,780	0.70
Total investment assets	254,618	99.61
Net other assets	1,002	0.39
Total Net Assets	255,620	100.00

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

*AIM listed

UK Ethical Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)

	2017	2016
	£'000	£'000
Non-derivative securities	28,030	(2,259)
Non-derivative securities currency gains	2	3
Handling charges taken from the capital account	(3)	(4)
Net capital gains/(losses)	<u>28,029</u>	<u>(2,260)</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	64,841	74,395
Commissions	64	72
Taxes & Other Fees	277	288
Total purchase transaction costs	<u>341</u>	<u>360</u>
Purchases including transaction costs	<u>65,182</u>	<u>74,755</u>
Gross sales before transaction costs	71,810	54,894
Commissions	(74)	(51)
Total sale transaction costs	<u>(74)</u>	<u>(51)</u>
Total sales net of transaction costs	<u>71,736</u>	<u>54,843</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.10%	0.10%
Taxes & Other Fees	0.43%	0.39%
Sales		
Commissions	0.10%	0.09%

UK Ethical Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.03%	0.03%
Taxes & Other Fees	0.11%	0.12%
Sales		
Commissions	0.03%	0.02%

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	65,182	74,755
Sales		
Equities	71,736	54,843

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.66% (31 January 2016: 1.69%). This is indicative for the year

4 Revenue	2017	2016
	£'000	£'000
UK dividends	6,145	5,609
Overseas dividends	579	547
Bank interest	24	43
Total revenue	6,748	6,199

UK Ethical Fund**Notes to the financial statements (continued)**

5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	2,063	2,343
Dealing charge	44	27
Registration fees	151	190
	<u>2,258</u>	<u>2,560</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	32	29
Safe custody fees	6	6
	<u>38</u>	<u>35</u>
Other:		
Audit fee	8	8
	<u>8</u>	<u>8</u>
Total expenses	<u>2,304</u>	<u>2,603</u>

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Total taxation	<u>25</u>	<u>21</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	4,444	3,596
Corporation tax at 20% (2016: 20%)	<u>889</u>	<u>719</u>
Effects of:		
UK dividends	(1,229)	(1,122)
Non taxable overseas dividends	(116)	(109)
Overseas withholding tax	25	21
Excess management expenses	456	512
Current tax charge (Note 6(a))	<u>25</u>	<u>21</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £4,412,000 (2016: £3,956,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

UK Ethical Fund**Notes to the financial statements (continued)**

7 Distributions	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Distribution	4,087	3,977
Add: Income deducted on cancellation of shares	581	446
Deduct: Income received on issue of shares	(249)	(848)
Net distribution for the year	<u>4,419</u>	<u>3,575</u>

Details of the distribution per share are set out in this Fund's distribution table.

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	119	522
Sales awaiting settlement	0	2,616
Accrued revenue	288	132
Withholding tax recoverable	22	16
Dilution levy receivable from the ACD	4	5
Total debtors	<u>433</u>	<u>3,291</u>

9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	818	82
Purchases awaiting settlement	18	0
Accrued expenses payable to the ACD	180	186
Accrued expenses payable to the Depositary	4	4
Other accrued expenses	8	8
Dilution levy payable to the ACD	1	1
Total creditors	<u>1,029</u>	<u>281</u>

UK Ethical Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	3,400	7,864
Purchase of shares by Fund	11,298	2,004
Distributions made by Fund	464	716
 The percentage value of the Fund held by Standard Life group companies is:	 11.4%	 13.6%

UK Ethical Fund**Notes to the financial statements (continued)****12 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	254,618	0	0	233,406	0	0
Total investment assets	254,618	0	0	233,406	0	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Units in issue reconciliation

	Opening units 2016	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2017
Retail accumulation	49,032,249	1,252,019	(4,204,102)	(3,291,601)	42,788,565
Institutional accumulation	41,512,514	3,631,188	(7,592,008)	167,787	37,719,481
Institutional income	186,068	1,793,219	(121,070)	1,732,663	3,590,880
Standard Life accumulation	230,643	93,573	(48,881)	130	275,465
Institutional regulated accumulation	30,389,982	2,639,374	(10,348,136)	0	22,681,220
Platform 1 accumulation	96,215,186	8,956,040	(10,346,678)	3,792,346	98,616,894
Platform 1 income	1,757,929	3,435,105	(1,051,489)	0	4,141,545
Institutional A accumulation	2,200	33,854	(35,622)	324,292	324,724

UK Ethical Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Fund may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

UK Ethical Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Euro	224	16
US Dollar	0	20

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Financial assets not carrying interest	Total
	£'000	£'000	£'000
2017			
Currency			
Sterling	1,640	254,618	256,258
Euro	32	0	32
2016			
Currency			
Sterling	4,525	233,406	237,931

UK Ethical Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures (continued)

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

UK Ethical Fund**Distribution Table****for the year ended 28 February 2017****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution paid 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	1.9179	-	1.9179 *	1.4291
Group 2	0.8429	1.0750	1.9179 *	1.4291
Institutional accumulation				
Group 1	2.9058	-	2.9058 *	2.7455
Group 2	1.1839	1.7219	2.9058 *	2.7455
Institutional income				
Group 1	0.9785	-	0.9785 **	0.9422
Group 2	0.2721	0.7064	0.9785 **	0.9422
Standard Life accumulation				
Group 1	4.4945	-	4.4945 *	4.2817
Group 2	2.2650	2.2295	4.4945 *	4.2817
Institutional regulated accumulation				
Group 1	2.3904	-	2.3904 *	2.2727
Group 2	1.1858	1.2046	2.3904 *	2.2727
Platform 1 accumulation				
Group 1	1.5614	-	1.5614 *	1.4738
Group 2	0.5910	0.9704	1.5614 *	1.4738
Platform 1 income				
Group 1	0.9521	-	0.9521 **	0.9202
Group 2	0.4229	0.5292	0.9521 **	0.9202
Institutional A accumulation				
Group 1	0.5775	-	0.5775 *	0.9202
Group 2	0.1769	0.4006	0.5775 *	0.9202

* Distribution accumulated on 28 February 2017

** Distribution payable on 28 April 2017

UK Ethical Fund

Distribution Table (continued)

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Dividend Distribution
Treat as a UK corporate dividend*	100.00%
Treat as annual payment net of income tax at 20%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

UK Gilt Fund

Investment Report

Fund Manager

Liam O'Donnell

Benchmark

IA UK Gilt Sector

Launch Date

18 September 1998

Objective

The objective of the Fund is to provide a high level of income with capital appreciation being of secondary importance.

Policy

The investment policy of the Fund is to invest mostly in UK Government securities. The Fund may also invest in other fixed interest securities, other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

Whilst the level of income provision is likely to be relatively stable, the investor must be able to accept temporary capital losses due to the volatile nature of the investments, and should therefore have an investment time horizon of 3 to 5 years.

Performance

The UK Gilt Fund returned 6.14% over the year, in comparison with an IA UK Gilts sector return of 6.75% (source: Morningstar, basic rate taxpayer, bid to bid basis. Please note the Fund return is net of fees, whereas the benchmark return is gross).

Duration overweights added to returns in the first half of the period and compensated for underperforming positions on US inflation. The addition of extra duration at this time was also beneficial, as was our gilts versus bunds position where the yield spread contracted sharply. Having an overweight in Australian duration was a strong performance positive. Curve flattening exposure on the European yield curve also added to returns. Our positioning on 5-year Swedish interest rates performed strongly, helped by curve flattening and the rally in bond markets. The Fund's US inflation exposure was a performance negative, in the main due to the high level of breakeven inflation at the beginning of the period. Exposure to long-dated UK inflation also proved detrimental as liability buyers focused more on the nominal market and inflation levels drifted lower after the referendum. A UK curve steepening trade between 30-year and 50-year issues was a negative contributor as yields declined sharply in response to the referendum vote.

In the second half of the year, the dynamics of bond markets altered at an increasing pace. The move into the middle of the UK yield curve from the wings (5-year and 50-year) proved premature as bond markets continued to slide. Positions in 30-year US breakevens were a strong performance positive as inflation expectations moved higher. Having exposure to Australian rates in longer maturities versus the US was broadly a positive contributor, albeit that the yield spread was very volatile. Trading restructuring around the US election was a modest negative as duration was initially added and then lowered. However, rapid restructuring to flatten our short European exposure and move modestly short of the US proved beneficial as relative spreads widened considerably going into the year-end. Our strategy on forward 5-year Swedish interest rates detracted from returns as it was adversely impacted by curve steepening moves. Lowering duration to below benchmark going was marginally negative, specifically because of better performance from gilts and bunds.

UK Gilt Fund

Investment Report (continued)

Investment Activity

Early in the period we held a significant position in 30-year US inflation breakevens. These had responded well to the rebound in the oil price and we chose to trim the position. After the UK referendum vote, the decision was taken to lower the position further. We also opened a US versus European yield curve position, anticipating a flattening of the European curve versus a steepening bias in the US. After a move to lower yield levels, we removed the US steepening position while retaining the European curve flattener. Meanwhile, in response to first a lower-than-expected CPI print and then a Reserve Bank of Australia rate cut, we took some profits on our overweight Australian exposure.

On the UK gilt curve, the increasing inversion of ultra-long dated bond yields versus 30-year yields was opposed via a curve trade. Liability demand continued to intensify for ultra-long bonds and with the outcome of the EU referendum the decision was taken to cut this position. As the fall in yields increased in pace throughout June, we also decided to sell German bund duration. This was on the belief that with zero yields on bunds there would be resistance to further compression. In response to the referendum vote, duration was added to the portfolio through Australian 10-year bonds. The decision was also taken to buy more gilt duration versus bunds on the view that the 10-year yield spread would narrow to well below 1%.

As the period progressed, trading activity concentrated on the divergence in monetary policy between the US and Australia. We sold 2-year US bonds, which looked vulnerable to monetary tightening moves by the Fed, and purchased 3-year Australian equivalents. A new 30-year Australian bond was issued at an attractive price and we moved some exposure from Australian 10-year issues into this. The position was subsequently lowered after yield curve steepening pressures emerged globally. We moved gilt positioning more towards the middle of the yield curve with switches into 10-year gilts from the 5-year and 50-year areas of the curve. Duration was initially added to the portfolio following the surprise US election result with a purchase of German bund futures. However, as bond markets subsequently turned downwards, we sold duration and lowered our US exposure. With sterling moving sharply lower, expectations for UK inflation were revised upwards. The initial market impact had focused disproportionately on the short-dated end of the UK index-linked curve and we therefore decided to take a steepening position on 5-10 year UK inflation.

UK Gilt Fund
Investment Report (continued)

The following tables highlight the top 10 changes made to the portfolio in the year to 28 February 2017:

Purchases	Cost (£'000)
UK (Govt of) 5% 2025	7,198
UK (Govt of) 1.25% 2018	4,225
UK (Govt of) 4.75% 2020	4,089
UK (Govt of) 4.75% 2030	4,013
UK (Govt of) 4.25% 2046	3,832
UK (Govt of) 4.5% 2019	3,442
UK (Govt of) 3.5% 2068	3,422
UK (Govt of) 3.75% 2021	3,308
UK (Govt of) 1.5% 2021	3,282
UK (Govt of) 4.25% 2055	3,261
Other purchases	73,184
Total purchases	113,256

Sales	Proceeds (£'000)
UK (Govt of) 5% 2025	7,782
UK (Govt of) 4.75% 2030	4,529
UK (Govt of) 4.75% 2020	4,513
UK (Govt of) 4.25% 2046	4,440
UK (Govt of) 3.5% 2045	4,363
UK (Govt of) 3.75% 2021	4,218
UK (Govt of) 1.25% 2018	3,990
UK (Govt of) 4.5% 2019	3,800
UK (Govt of) 3.5% 2068	3,732
UK (Govt of) 4.25% 2055	3,625
Other sales	86,890
Total sales	131,882

UK Gilt Fund

Investment Report (continued)

Synthetic Risk & Reward Indicator

Lower risk Higher risk

Typically lower rewards Typically higher rewards

1 2 3 4 5 **6** 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

UK Gilt Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	72.94	70.45	64.18
Return before operating charges*	4.67	3.40	7.17
Operating charges**	(0.79)	(0.79)	(0.74)
Return after operating charges*	3.88	2.61	6.43
Distributions	(0.23)	(0.62)	(0.80)
Retained distributions on accumulation share	0.20	0.50	0.64
Closing net asset value per share	76.79	72.94	70.45
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	5.32%	3.70%	10.02%
Other information			
Closing net asset value (£'000)	4,390	5,651	42,307
Closing number of shares	5,717,216	7,747,402	60,057,617
Operating charges****	1.05%	1.12%	1.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	81.23	73.60	73.36
Lowest share price	71.27	68.21	63.95

UK Gilt Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	75.79	72.91	66.16
Return before operating charges*	5.01	3.54	7.40
Operating charges**	(0.49)	(0.46)	(0.42)
Return after operating charges*	4.52	3.08	6.98
Distributions	(0.69)	(1.01)	(1.17)
Retained distributions on accumulation share	0.62	0.81	0.94
Closing net asset value per share	80.24	75.79	72.91
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	5.96%	4.22%	10.55%
Other information			
Closing net asset value (£'000)	9,253	20,988	12,931
Closing number of shares	11,530,869	27,691,766	17,734,740
Operating charges****	0.63%	0.62%	0.61%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	84.54	76.46	75.90
Lowest share price	74.10	70.70	65.93

UK Gilt Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	46.36	45.09	41.47
Return before operating charges*	2.99	2.18	4.61
Operating charges**	(0.50)	(0.51)	(0.48)
Return after operating charges*	2.49	1.67	4.13
Distributions	(0.15)	(0.40)	(0.51)
Closing net asset value per share	48.70	46.36	45.09
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	5.37%	3.70%	9.96%
Other information			
Closing net asset value (£'000)	1,928	2,312	5,297
Closing number of shares	3,959,192	4,986,079	11,745,619
Operating charges****	1.05%	1.12%	1.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	51.63	46.94	47.15
Lowest share price	45.30	43.67	41.32

UK Gilt Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	46.36	45.08	41.46
Return before operating charges*	2.99	2.18	4.61
Operating charges**	(0.30)	(0.28)	(0.26)
Return after operating charges*	2.69	1.90	4.35
Distributions	(0.35)	(0.62)	(0.73)
Closing net asset value per share	48.70	46.36	45.08
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	5.80%	4.21%	10.49%
Other information			
Closing net asset value (£'000)	556	9,606	8,589
Closing number of shares	1,141,405	20,722,445	19,051,452
Operating charges****	0.63%	0.62%	0.61%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	51.70	47.02	47.22
Lowest share price	45.32	43.71	41.31

UK Gilt Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	82.07	78.64	71.07
Return before operating charges*	5.31	3.82	7.97
Operating charges**	(0.11)	(0.10)	(0.08)
Return after operating charges*	5.20	3.72	7.89
Distributions	(1.05)	(1.47)	(1.63)
Retained distributions on accumulation share	0.93	1.18	1.31
Closing net asset value per share	87.15	82.07	78.64
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	6.34%	4.73%	11.10%
Other information			
Closing net asset value (£'000)	1,538	904	7,155
Closing number of shares	1,764,338	1,101,696	9,097,923
Operating charges****	0.13%	0.12%	0.11%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	91.70	82.78	81.84
Lowest share price	80.28	76.35	70.83

UK Gilt Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	56.12	54.01	49.03
Return before operating charges*	3.62	2.61	5.49
Operating charges**	(0.39)	(0.36)	(0.34)
Return after operating charges*	3.23	2.25	5.15
Distributions	(0.40)	(0.72)	(0.84)
Retained distributions on accumulation share	0.35	0.58	0.67
Closing net asset value per share	59.30	56.12	54.01
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	5.76%	4.17%	10.50%
Other information			
Closing net asset value (£'000)	9,694	7,253	5,112
Closing number of shares	16,347,876	12,924,236	9,464,571
Operating charges****	0.68%	0.67%	0.66%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	62.58	56.61	56.22
Lowest share price	54.86	52.36	48.86

UK Gilt Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	53.44	51.98	47.80
Return before operating charges*	3.45	2.50	5.33
Operating charges**	(0.37)	(0.35)	(0.33)
Return after operating charges*	3.08	2.15	5.00
Distributions	(0.38)	(0.69)	(0.82)
Closing net asset value per share	56.14	53.44	51.98
* after direct transaction costs of:***	0.00	0.00	0.00
Performance +			
Return after charges	5.76%	4.14%	10.46%
Other information			
Closing net asset value (£'000)	2,359	2,363	2,261
Closing number of shares	4,202,417	4,422,099	4,349,911
Operating charges****	0.68%	0.67%	0.66%
Direct transaction costs***	0.00%	0.00%	0.00%
Prices			
Highest share price	59.60	54.19	54.43
Lowest share price	52.24	50.39	47.63

UK Gilt Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The operating for the current year is lower than comparative year because Registrar fees of 0.08% ceased to be charged effective 1 April 2016 for the Retail accumulation and Retail income share classes.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++ Share class launched 25 January

UK Gilt Fund**Financial Statements****Statement of Total Return****for the year ended 28 February 2017**

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains	2		1,909		673
Revenue	4	915		1,262	
Expenses	5	(449)		(520)	
Interest and similar charges		(16)		(1)	
Net revenue before taxation		450		741	
Taxation	6	0		0	
Net revenue after taxation			450		741
Total return before distributions			2,359		1,414
Distributions	7		(450)		(741)
Change in net assets attributable to shareholders from investment activities			1,909		673

Statement of Change in Net Assets Attributable to Shareholders**for the year ended 28 February 2017**

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			49,077		83,652
Amounts receivable on issue of shares		97,887		31,176	
Amounts payable on cancellation of shares		(119,771)		(66,800)	
			(21,884)		(35,624)
Dilution adjustment			175		17
Change in net assets attributable to shareholders from investment activities (see above)			1,909		673
Retained distribution on accumulation shares			441		359
Closing net assets attributable to shareholders			29,718		49,077

UK Gilt Fund**Financial Statements (continued)****Balance Sheet****as at 28 February 2017**

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			29,896		49,350
Current assets:					
Debtors	8	267		598	
Cash and bank balances		65		173	
			<u>332</u>	<u>771</u>	
Total assets			<u>30,228</u>	<u>50,121</u>	
Liabilities					
Investment liabilities			(390)		(282)
Creditors	9	(111)		(631)	
Distribution payable on income shares		(9)		(131)	
			<u>(120)</u>	<u>(762)</u>	
Total liabilities			<u>(510)</u>	<u>(1,044)</u>	
Net assets attributable to shareholders			<u>29,718</u>	<u>49,077</u>	

UK Gilt Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
Bonds (96.10%)	29,340	98.72
Sterling Denominated Bonds (92.94%)	28,911	97.28
Corporate Bonds (1.53%)	361	1.22
354,000 European Investment Bank 1.5% 2019	361	1.22
Gilts (86.39%)	28,446	95.71
Less than 5 years to maturity		
714,458 UK (Govt of) 1.25% 2018	726	2.44
718,000 UK (Govt of) 1.5% 2021	752	2.53
660,000 UK (Govt of) 1.75% 2019	686	2.31
701,656 UK (Govt of) 2% 2020	744	2.50
617,000 UK (Govt of) 3.75% 2019	674	2.27
667,000 UK (Govt of) 3.75% 2020	751	2.53
601,000 UK (Govt of) 3.75% 2021	693	2.33
688,000 UK (Govt of) 4.5% 2019	750	2.52
725,000 UK (Govt of) 4.75% 2020	826	2.78
324,092 UK (Govt of) 5% 2018	340	1.14
565,340 UK (Govt of) 8% 2021	752	2.53
462,000 UK (Govt of) 1.5% 2016	480	1.62
Between 5 and 10 years to maturity		
637,000 UK (Govt of) 1.75% 2022	680	2.29
579,592 UK (Govt of) 2% 2025	631	2.12
574,210 UK (Govt of) 2.25% 2023	633	2.13
529,000 UK (Govt of) 2.75% 2024	605	2.04
1,062,000 UK (Govt of) 4% 2022	1,254	4.22
733,802 UK (Govt of) 5% 2025	971	3.27
591,000 UK (Govt of) 4.25% 2027	777	2.62
Between 10 and 15 years to maturity		
727,087 UK (Govt of) 4.75% 2030	1,035	3.48
419,083 UK (Govt of) 6% 2028	642	2.16
754,088 UK (Govt of) 4.25% 2032	1,037	3.49

UK Gilt Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Gilts (continued)		
Between 15 and 25 years to maturity		
681,096 UK (Govt of) 4.25% 2036	967	3.25
446,287 UK (Govt of) 4.25% 2039	653	2.20
622,163 UK (Govt of) 4.25% 2040	923	3.11
694,400 UK (Govt of) 4.5% 2034	1,000	3.37
529,046 UK (Govt of) 4.75% 2038	820	2.76
Greater than 25 years to maturity		
450,428 UK (Govt of) 1.5% 2047	426	1.43
105,875 UK (Govt of) 1.75% 2057	110	0.37
394,278 UK (Govt of) 2.5% 2065	512	1.72
633,018 UK (Govt of) 3.25% 2044	830	2.79
565,653 UK (Govt of) 3.5% 2045	778	2.62
491,241 UK (Govt of) 3.5% 2068	815	2.74
282,087 UK (Govt of) 3.75% 2052	438	1.47
319,983 UK (Govt of) 4% 2060	557	1.87
586,292 UK (Govt of) 4.25% 2046	922	3.10
368,403 UK (Govt of) 4.25% 2055	645	2.17
550,702 UK (Govt of) 4.5% 2042	863	2.90
Perpetual		
457,550 UK (Govt of) 4.25% Perpetual	748	2.52
Index-Linked Bonds (5.02%)		104
61,000 UK (Govt of) 0.125% Index-Linked 2046	104	0.35
US Dollar Denominated Bonds (3.16%)		429
Index-Linked Bonds (3.16%)		429
460,300 US Treasury 1.375% Index-Linked 2044	429	1.44
Collective Investment Scheme (3.98%)		162
162,442 Standard Life CNAV Sterling Liquidity Fund	162	0.55

UK Gilt Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Derivatives (-0.10%)	4	0.02
Forward Currency Contracts (-0.10%)	(15)	(0.05)
Buy AUD 132,474 Sell GBP 79,197 02/05/2017	2	0.01
Buy AUD 470,127 Sell GBP 285,506 02/05/2017	4	0.01
Buy AUD 869 Sell GBP 530 02/05/2017	0	0.00
Buy GBP 358,520 Sell AUD 603,464 02/05/2017	(13)	(0.04)
Buy GBP 4,943 Sell USD 6,217 02/05/2017	0	0.00
Buy GBP 5,802 Sell USD 7,258 02/05/2017	0	0.00
Buy GBP 537,986 Sell USD 681,313 02/05/2017	(9)	(0.03)
Buy GBP 6,825 Sell USD 8,481 02/05/2017	0	0.00
Buy USD 11,174 Sell GBP 8,944 02/05/2017	0	0.00
Buy USD 150,753 Sell GBP 119,852 02/05/2017	1	0.00
Buy USD 5,605 Sell GBP 4,480 02/05/2017	0	0.00
Futures (0.11%)	(13)	(0.05)
39 Long Australia 3 Year Bond Future 15/03/2017	0	0.00
(17) Short Euro Schatz Future 08/03/2017	1	0.00
(5) Short Long Gilt Future 28/06/2017	(8)	(0.03)
(15) Short US 10 Year Note Future 21/06/2017	(2)	(0.01)
(15) Short US 5 Year Note Future 30/06/2017	2	0.01
(4) Short US Ultra Bond Future (CBT) 21/06/2017	(6)	(0.02)
Inflation Rate Swap (0.00%)	(4)	(0.01)
GBP 690,000 Pay floating GBP-LIBOR receive fixed 3.44% 15/11/2021	(4)	(0.01)
Interest Rate Swaps (-0.11%)	36	0.13
JPY 84,711,000 Pay fixed 0% receive floating JPY-LIBOR-BBA 13/07/2028	19	0.06
JPY 584,404,730 Pay fixed 0.128125% receive floating JPY-LIBOR-BBA 26/07/2026	43	0.15
JPY 86,980,000 Pay fixed 0.1875% receive floating JPY-LIBOR-BBA 13/07/2038	65	0.22
EUR 1,250,000 Pay fixed 0.905% receive floating EURIBOR 29/07/2030	41	0.14
EUR 410,000 Pay fixed 0.905% receive floating EURIBOR 29/07/2030	13	0.04
EUR 1,309,000 Pay fixed 0.92% receive floating EURIBOR 29/07/2050	155	0.52
GBP 3,800,000 Pay fixed 0.96% receive floating GBP-LIBOR 15/11/2019	(10)	(0.03)
GBP 800,000 Pay fixed 1.58625% receive floating GBP-LIBOR 18/01/2029	(16)	(0.05)
EUR 3,570,000 Pay floating EURIBOR receive fixed 0.905% 29/07/2030	(129)	(0.43)

UK Gilt Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Interest Rate Swaps (continued)		
EUR 520,000 Pay floating EURIBOR receive fixed 0.92% 29/07/2050	(66)	(0.22)
GBP 3,800,000 Pay floating GBP-LIBOR receive fixed 0.96% 15/11/2019	10	0.03
GBP 3,840,000 Pay floating GBP-LIBOR receive fixed 1.015% 18/01/2021	16	0.05
JPY 173,880,000 Pay floating JPY-LIBOR-BBA receive fixed 0% 13/07/2028	(45)	(0.15)
JPY 292,202,365 Pay floating JPY-LIBOR-BBA receive fixed 0.128125% 26/07/2026	(26)	(0.09)
JPY 292,202,365 Pay floating JPY-LIBOR-BBA receive fixed 0.128125% 26/07/2026	(26)	(0.09)
JPY 37,277,000 Pay floating JPY-LIBOR-BBA receive fixed 0.1875% 13/07/2038	(30)	(0.10)
SEK 13,888,888 Pay floating SEK-STIBOR receive fixed 2.05% 15/02/2026	22	0.08
Total investment assets and liabilities	29,506	99.29
Net other assets	212	0.71
Total Net Assets	29,718	100.00

All investments are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

	Bid-market value £'000
Reconciliation of assets and liabilities to the balance sheet	
Investment assets as per the Balance Sheet	29,896
Investment liabilities	(390)
Net investment assets	29,506
Net other assets	212
Total Net Assets	29,718

UK Gilt Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains	2017	2016
	£'000	£'000
Non-derivative securities	1,804	1,088
Derivative contracts	267	(325)
Forward currency contracts	(162)	(104)
Non-derivative securities currency gains	6	25
Derivative contracts currency gains/(losses)	1	(3)
Handling charges taken from the capital account	(7)	(8)
Net capital gains	<u>1,909</u>	<u>673</u>

3 Transaction Costs	2017	2016
	£'000	£'000

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Bonds	113,256	63,349
Sales		
Bonds	131,882	96,897

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs an example is market spread, the spread represents the costs of providing liquidity in a market. It therefore is subject to change based on volume, active markets have a lower spread the difference between; bid the price you receive and offer the price you pay. At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.20% (2016: 0.10%), this is representative of the average spread on the assets held during the year.

UK Gilt Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016
	£'000	£'000
Interest on debt securities	910	1,256
Bank interest	5	6
Total revenue	<u>915</u>	<u>1,262</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	369	444
Dealing charge	6	4
Registration fees	50	50
	<u>425</u>	<u>498</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	11	11
Safe custody fees	2	2
	<u>13</u>	<u>13</u>
Other:		
Audit fee	11	8
Net interest paid on interest rate swaps	0	1
	<u>11</u>	<u>9</u>
Total expenses	<u>449</u>	<u>520</u>
6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Total taxation	<u>0</u>	<u>0</u>
(b) Factors affecting current tax charge for year		
The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:		
Net revenue before taxation	450	741
Corporation tax at 20% (2016: 20%)	<u>90</u>	<u>148</u>
Indexation Relief	(6)	1
Interest distributions	(84)	(149)
Current tax charge (Note 6(a))	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

UK Gilt Fund**Notes to the financial statements (continued)**

7 Distributions	2017	2016
	£'000	£'000
The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	458	329
Final distribution	86	288
	<hr/> 544	<hr/> 617
Add: Income deducted on cancellation of shares	158	210
Deduct: Income received on issue of shares	(252)	(86)
Net distribution for the year	<hr/> 450	<hr/> 741

Details of the distribution per share are set out in this Fund's distribution table.

8 Debtors	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	9	177
Accrued revenue	258	421
Total debtors	<hr/> 267	<hr/> 598

9 Cash and Bank Balances	2017	2016
	£'000	£'000
Amounts held at futures clearing houses and brokers	63	100
Cash and bank balances	2	73
Total cash and bank balances	<hr/> 65	<hr/> 173

10 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	83	595
Accrued expenses payable to the ACD	15	26
Accrued expenses payable to the Depository	1	2
Other accrued expenses	11	8
Dilution levy payable to the ACD	1	0
Total creditors	<hr/> 111	<hr/> 631

UK Gilt Fund**Notes to the financial statements (continued)****11 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 10.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 10.

The Fund holds 162,442 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £30,943,000 (2016: £ nil), the total sales proceeds were £30,786,000 (2016: £ nil) and distributions reinvested were £6,000 (2016: £ nil).

The Fund holds nil shares (2016: 1,955,402) in SLI Seabury GBP VNAV Liquidity Fund, the total purchase cost of these investments during the year was £5,854,000 (2016: £50,782,000), the total sales proceeds were £7,811,000 (2016: £50,787,000) and distributions reinvested were £1,000 (2016: £7,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	90,711	22,931
Purchase of shares by Fund	101,559	50,435
Distributions made by Fund	315	149
 The percentage value of the Fund held by Standard Life group companies is:		
	10.0%	26.8%

UK Gilt Fund**Notes to the financial statements (continued)****12 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Bonds	29,340	0	0	47,160	0	0
Collective Investment Schemes	0	162	0	0	1,955	0
Derivatives	3	391	0	53	182	0
Total investment assets	29,343	553	0	47,213	2,137	0

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment liabilities	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivatives	(16)	(374)	0	(2)	(280)	0
Total investment liabilities	(16)	(374)	0	(2)	(280)	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

13 Units in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	7,747,402	412,942	(1,266,057)	(1,177,071)	5,717,216
Institutional accumulation	27,691,766	106,234,304	(122,361,430)	(33,771)	11,530,869
Retail income	4,986,079	238,894	(630,485)	(635,296)	3,959,192
Institutional income	20,722,445	13,696,703	(33,277,743)	0	1,141,405
Standard Life accumulation	1,101,696	1,807,354	(1,144,712)	0	1,764,338
Platform 1 accumulation	12,924,236	4,631,103	(2,782,871)	1,575,408	16,347,876
Platform 1 income	4,422,099	220,872	(991,640)	551,086	4,202,417

UK Gilt Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures**

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

In the current market conditions certain securities have become difficult to price. For these securities, reliance has therefore been placed on single broker prices. This has not resulted in any adjustment to the financial statements.

Value at Risk (VaR) is a measure of the maximum potential loss to the Fund due to market risk. More particularly, VaR measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal

2017	Minimum	Maximum	Average
VaR 99% 1 Month	4.27%	5.51%	5.00%
2016	Minimum	Maximum	Average
VaR 99% 1 Month	3.93%	4.32%	4.15%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 5.20%, £1,534,000 (2016: 4.28%, £2,100,000) in one month period. This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3-5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

UK Gilt Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk**

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

Currency exposure

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Australian Dollar	(1)	0
Euro	15	(236)
Japanese Yen	1	0
Swedish Krona	22	2
US Dollar	(6)	397

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Bond yields are affected by market and economic conditions, including inflation rates and government policy. An analysis of the interest rates and maturity of bond listings is detailed below.

In addition, changes to prevailing rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the income potential of the Fund also rises but the value of fixed rate securities will decline (along with certain expenses calculated by reference to the assets of the Fund). A decline in interest rates will, in general, have the opposite effect.

UK Gilt Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)****(c) Interest rate risk (continued)****Interest rate risk profile of financial assets**

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Fixed rate financial assets	Financial assets/ (liabilities) not carrying interest	Total
	£'000	£'000	£'000	£'000
2017				
Currency	330	28,806	404	29,540
Sterling	0	0	(1)	(1)
Australian Dollar	14	0	1	15
Euro	1	0	0	1
Japanese Yen	22	0	0	22
Swedish Krona	429	0	(435)	(6)
US Dollar				
2016				
Currency				
Sterling	1,975	45,609	1,495	49,079
Euro	33	0	(268)	(235)
Swedish Krona	2	0	0	2
US Dollar	72	1,551	(1,226)	397

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

	Bid-market value 2017 £'000	Bid-market value 2016 £'000
Credit Rating Analysis		
Investment Grade Bonds	29,340	47,160
Total Value of Bonds	29,340	47,160

UK Gilt Fund**Notes to the financial statements (continued)****14 Risk Management Policies & Numerical Disclosures (continued)**

This Fund holds 'Over the Counter' (OTC) derivatives. This type of transaction gives rise to counterparty risk whereby the other party to the transaction may fail to fulfil their contractual obligations. Effective monitoring of counterparty credit risk is an important element of the management of the Fund, using the experience of the ACD's Credit Committee to carefully review counterparties transacted with.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Any counterparties to derivative positions and term deposits as well as the collateral amount and type held by the Fund as at 28 February 2017 are detailed in the table below.

Counterparty	Collateral classification	2017	2016
		£'000	£'000
Barclays	-	-	-
HSBC	-	-	-
Morgan Stanley	-	-	-
Nomura	-	-	-
Royal Bank of Scotland	-	-	-
State Street	-	-	-
UBS	-	-	-
Total		-	-

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

UK Gilt Fund**Distribution Tables****for the six months ended 31 August 2016****Interest distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 August 2016

	Gross income	Income tax	Net income	Equalisation	Distribution paid	Distribution paid
	2016	2016	2016	2016	2016	2015
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	0.1677	0.0335	0.1342	-	0.1342 *	0.2522
Group 2	0.0395	0.0079	0.0316	0.1026	0.1342 *	0.2522
Institutional accumulation						
Group 1	0.3452	0.0690	0.2762	-	0.2762 *	0.4074
Group 2	0.0282	0.0056	0.0226	0.2536	0.2762 *	0.4074
Retail income						
Group 1	0.1060	0.0212	0.0848	-	0.0848 **	0.1615
Group 2	0.0001	0.0000	0.0001	0.0847	0.0848 **	0.1615
Institutional income						
Group 1	0.2110	0.0422	0.1688	-	0.1688 **	0.2519
Group 2	0.0391	0.0078	0.0313	0.1375	0.1688 **	0.2519
Standard Life accumulation						
Group 1	0.5875	0.1175	0.4700	-	0.4700 *	0.5975
Group 2	0.1655	0.0331	0.1324	0.3376	0.4700 *	0.5975
Platform 1 accumulation						
Group 1	0.2406	0.0481	0.1925	-	0.1925 *	0.2910
Group 2	0.0875	0.0175	0.0700	0.1225	0.1925 *	0.2910
Platform 1 income						
Group 1	0.2298	0.0459	0.1839	-	0.1839 **	0.2801
Group 2	0.1023	0.0204	0.0819	0.1020	0.1839 **	0.2801

* Distribution accumulated on 31 August 2016

** Distribution payable on 31 October 2016

UK Gilt Fund**Distribution Tables (continued)****for the six months ended 28 February 2017****Interest distribution**

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 28 February 2017

	Gross income	Income tax	Net income	Equalisation	Distribution payable	Distribution paid
	2017	2017	2017	2017	2017	2016
	pence per share	pence per share	pence per share	pence per share	pence per share	pence per share
Retail accumulation						
Group 1	0.0618	0.0000	0.0618	-	0.0618 *	0.2452
Group 2	0.0000	0.0000	0.0000	0.0618	0.0618 *	0.2452
Institutional accumulation						
Group 1	0.3472	0.0000	0.3472	-	0.3472 *	0.4006
Group 2	0.2285	0.0000	0.2285	0.1187	0.3472 *	0.4006
Retail income						
Group 1	0.0390	0.0000	0.0390	-	0.0390 **	0.1564
Group 2	0.0239	0.0000	0.0239	0.0151	0.0390 **	0.1564
Institutional income						
Group 1	0.1419	0.0000	0.1419	-	0.1419 **	0.2464
Group 2	0.0000	0.0000	0.0000	0.1419	0.1419 **	0.2464
Standard Life accumulation						
Group 1	0.4646	0.0000	0.4646	-	0.4646 *	0.5814
Group 2	0.2108	0.0000	0.2108	0.2538	0.4646 *	0.5814
Platform 1 accumulation						
Group 1	0.1553	0.0000	0.1553	-	0.1553 *	0.2847
Group 2	0.0658	0.0000	0.0658	0.0895	0.1553 *	0.2847
Platform 1 income						
Group 1	0.1477	0.0000	0.1477	-	0.1477 **	0.2732
Group 2	0.0817	0.0000	0.0817	0.0660	0.1477 **	0.2732

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

UK Opportunities Fund

Investment Report

Fund Manager

Abby Glennie

Benchmark

FTSE All-Share (ex FTSE 100 and Investment Funds)
Index

Launch Date

6 January 1997

Objective

The objective of the Fund is to provide capital growth over the longer term mainly through investment in small and medium size UK companies. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in equities and equity type investments of companies listed on a UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and / or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The focused nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of this area of the UK equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the year under review, the Fund returned 19.92% compared with the FTSE All-Share (ex 100 ex IT) Index return of 14.99% (source: Morningstar, basic rate taxpayer, platform one share class, bid-to-bid basis).

The Fund performed well over the year, comfortably beating the benchmark. Exposure to drinks business Fever-Tree enhanced the Fund's returns, as it continued to evidence healthy trading levels. The company's shares soared early in 2017, when it announced that it expected full-year sales and profits to be higher than previously estimated. Fund administration company Sanne Group also boosted the Fund's performance: the business moved to profit early in the year, after making a loss the year before. Another positive contributor was JD Sports, the sports and 'athleisure' clothing retailer. Its shares leapt after it bought outdoor pursuits company Go Outdoors.

Holding used car retailer Motorpoint hurt returns. The first results after its IPO disappointed, with the share price dropping significantly. Takeaway app Just Eat also detracted from the Fund's performance. The company's annual update at the end of 2016 indicated that growth was slowing down and that it was not going to exceed its guidance, as had been anticipated by analysts.

UK Opportunities Fund Investment Report (continued)

Investment Activity

We bought Melrose Industries, as its deal with US home ventilation systems company Nortek looked promising: the company's shares surged on news of the takeover. We added clothing retailer Joules to the Fund too, as a founder-led business with British heritage, while having international expansion. It is a well-invested company, with good growth prospects. Another company we added was Workspace. Shares had been hit heavily early in 2016, so we took the opportunity to enter a business with a differentiated offering for customers, along with high occupancy levels, rental growth and a strong pipeline.

On the other side of the ledger, we exited our position in betting company, Paddy Power following positive performance. In addition, we sold our position in Premier Foods, due to a lack of confidence in its growth prospects, and exited internet services provider Zegona, after it failed to acquire phone and internet operator Yoigo. Other sales during the period included Lookers, as the outlook for new car sales looked challenging with respect to consumer confidence; and cards, gifts and party supplies retailer Card Factory, due to the company's challenges in attracting high street footfall.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year was £57,737,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk
Typically lower rewards Typically higher rewards

1 2 3 4 5 **6** 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

The Synthetic Risk Reward Indicator was changed from category 6 to 5, effective July 2016. Please note that these amendments are not due to a change in the investment objectives of the Fund, but are due to market movements during the reporting period.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained. For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

UK Opportunities Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	169.60	190.57	199.86
Return before operating charges*	34.90	(17.88)	(6.43)
Operating charges**	(2.41)	(3.09)	(2.86)
Return after operating charges*	32.49	(20.97)	(9.29)
Distributions	(0.68)	(0.38)	(0.17)
Retained distributions on accumulation share	0.68	0.38	0.17
Closing net asset value per share	202.09	169.60	190.57
* after direct transaction costs of:***	0.52	0.85	0.55
Performance +			
Return after charges	19.16%	-11.00%	-4.65%
Other information			
Closing net asset value (£'000)	24,713	26,058	41,107
Closing number of shares	12,228,414	15,364,672	21,571,059
Operating charges****	1.33%	1.61%	1.60%
Direct transaction costs***	0.29%	0.44%	0.31%
Prices			
Highest share price	203.40	211.30	198.90
Lowest share price	151.00	160.70	160.70

UK Opportunities Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	189.07	210.87	219.50
Return before operating charges*	39.09	(19.97)	(6.95)
Operating charges**	(1.74)	(1.83)	(1.68)
Return after operating charges*	37.35	(21.80)	(8.63)
Distributions	(1.59)	(1.35)	(0.94)
Retained distributions on accumulation share	1.59	1.35	0.94
Closing net asset value per share	226.42	189.07	210.87
* after direct transaction costs of:***	0.58	0.94	0.61
Performance +			
Return after charges	19.75%	-10.34%	-3.93%
Other information			
Closing net asset value (£'000)	7,244	7,344	8,999
Closing number of shares	3,199,274	3,884,185	4,267,738
Operating charges****	0.86%	0.86%	0.85%
Direct transaction costs***	0.29%	0.44%	0.31%
Prices			
Highest share price	227.90	234.30	218.40
Lowest share price	168.60	179.10	177.30

UK Opportunities Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail income			
Change in net assets per share			
Opening net asset value per share	156.70	176.42	185.22
Return before operating charges*	32.19	(16.51)	(6.00)
Operating charges**	(2.22)	(2.86)	(2.65)
Return after operating charges*	29.97	(19.37)	(8.65)
Distributions	(0.63)	(0.35)	(0.15)
Closing net asset value per share	186.04	156.70	176.42
* after direct transaction costs of:***	0.48	0.78	0.51
Performance +			
Return after charges	19.13%	-10.98%	-4.67%
Other information			
Closing net asset value (£'000)	741	909	1,789
Closing number of shares	398,252	580,119	1,014,310
Operating charges****	1.33%	1.61%	1.60%
Direct transaction costs***	0.29%	0.44%	0.31%
Prices			
Highest share price	187.30	195.60	184.50
Lowest share price	139.50	148.50	148.70

UK Opportunities Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	159.76	179.27	187.47
Return before operating charges*	32.91	(16.82)	(5.97)
Operating charges**	(1.47)	(1.55)	(1.43)
Return after operating charges*	31.44	(18.37)	(7.40)
Distributions	(1.34)	(1.14)	(0.80)
Closing net asset value per share	189.86	159.76	179.27
* after direct transaction costs of:***	0.49	0.79	0.52
Performance +			
Return after charges	19.68%	-10.25%	-3.95%
Other information			
Closing net asset value (£'000)	817	1,048	2,780
Closing number of shares	430,431	655,972	1,550,710
Operating charges****	0.86%	0.86%	0.85%
Direct transaction costs***	0.29%	0.44%	0.31%
Prices			
Highest share price	191.30	199.20	186.40
Lowest share price	142.50	151.40	150.70

UK Opportunities Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	70.15	78.75	82.43
Return before operating charges*	14.47	(7.40)	(2.72)
Operating charges**	(0.02)	(0.02)	(0.01)
Return after operating charges*	14.45	(7.42)	(2.73)
Distributions	(1.21)	(1.18)	(0.95)
Closing net asset value per share	83.39	70.15	78.75
* after direct transaction costs of:***	0.22	0.35	0.23
Performance +			
Return after charges	20.60%	-9.42%	-3.31%
Other information			
Closing net asset value (£'000)	2	1	0
Closing number of shares	2,000	2,000	500
Operating charges****	0.03%	0.03%	0.02%
Direct transaction costs***	0.29%	0.44%	0.31%
Prices			
Highest share price	84.34	87.68	81.96
Lowest share price	62.74	66.74	66.29

UK Opportunities Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	202.58	224.24	231.68
Return before operating charges*	42.08	(21.41)	(7.23)
Operating charges**	(0.24)	(0.25)	(0.21)
Return after operating charges*	41.84	(21.66)	(7.44)
Distributions	(3.35)	(3.15)	(2.51)
Retained distributions on accumulation share	3.35	3.15	2.51
Closing net asset value per share	244.42	202.58	224.24
* after direct transaction costs of:***	0.63	1.00	0.64
Performance +			
Return after charges	20.65%	-9.66%	-3.21%
Other information			
Closing net asset value (£'000)	394	314	335
Closing number of shares	161,185	154,941	149,230
Operating charges****	0.11%	0.11%	0.10%
Direct transaction costs***	0.29%	0.44%	0.31%
Prices			
Highest share price	245.90	249.60	230.60
Lowest share price	181.10	191.80	188.00

UK Opportunities Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	132.57	147.19	152.52
Return before operating charges*	27.48	(14.01)	(4.78)
Operating charges**	(0.58)	(0.61)	(0.55)
Return after operating charges*	26.90	(14.62)	(5.33)
Distributions	(1.76)	(1.62)	(1.24)
Retained distributions on accumulation share	1.76	1.62	1.24
Closing net asset value per share	159.47	132.57	147.19
* after direct transaction costs of:***	0.41	0.65	0.42
Performance +			
Return after charges	20.29%	-9.93%	-3.49%
Other information			
Closing net asset value (£'000)	69,326	68,835	85,682
Closing number of shares	43,471,885	51,923,342	58,212,639
Operating charges****	0.41%	0.41%	0.40%
Direct transaction costs***	0.29%	0.44%	0.31%
Prices			
Highest share price	160.50	163.70	151.80
Lowest share price	118.40	125.50	123.60

UK Opportunities Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	76.47	85.33	88.87
Return before operating charges*	15.81	(8.08)	(2.82)
Operating charges**	(0.75)	(0.78)	(0.72)
Return after operating charges*	15.06	(8.86)	(3.54)
Distributions	(0.60)	(0.50)	(0.37)
Retained distributions on accumulation share	0.60	0.50	0.37
Closing net asset value per share	91.53	76.47	85.33
* after direct transaction costs of:***	0.23	0.37	0.25
Performance +			
Return after charges	19.69%	-10.38%	-3.98%
Other information			
Closing net asset value (£'000)	10,857	9,888	3,689
Closing number of shares	11,861,412	12,929,741	4,323,242
Operating charges****	0.91%	0.91%	0.90%
Direct transaction costs***	0.28%	0.43%	0.31%
Prices			
Highest share price	92.12	94.79	88.42
Lowest share price	68.20	72.43	71.77

UK Opportunities Fund**Comparative Tables (continued)**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 income			
Change in net assets per share			
Opening net asset value per share	74.32	83.39	87.25
Return before operating charges*	15.30	(7.82)	(2.80)
Operating charges**	(0.72)	(0.76)	(0.70)
Return after operating charges*	14.58	(8.58)	(3.50)
Distributions	(0.58)	(0.49)	(0.36)
Closing net asset value per share	88.32	74.32	83.39
* after direct transaction costs of:***	0.23	0.36	0.24
Performance +			
Return after charges	19.62%	-10.29%	-4.01%
Other information			
Closing net asset value (£'000)	1,030	960	541
Closing number of shares	1,166,544	1,291,766	648,541
Operating charges****	0.91%	0.91%	0.90%
Direct transaction costs***	0.29%	0.43%	0.31%
Prices			
Highest share price	88.99	92.64	86.77
Lowest share price	66.28	70.40	70.12

UK Opportunities Fund**Comparative Tables (continued)**

	28 February 2017	29 February 2016
	pence per share	pence per share
Institutional A accumulation ++		
Change in net assets per share		
Opening net asset value per share	48.82	50.00
Return before operating charges*	10.03	(1.11)
Operating charges**	(0.84)	(0.07)
Return after operating charges*	9.19	(1.18)
Distributions	(0.14)	0.00
Retained distributions on accumulation share	0.14	0.00
Closing net asset value per share	58.01	48.82
* after direct transaction costs of:***	0.15	0.02
Performance +		
Return after charges	18.82%	-2.36%
Other information		
Closing net asset value (£'000)	1	1
Closing number of shares	2,200	2,200
Operating charges****	1.61%	1.61%
Direct transaction costs***	0.29%	0.04%
Prices		
Highest share price	58.39	50.82
Lowest share price	43.43	46.26

UK Opportunities Fund

Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++ Share class launched 25 January

UK Opportunities Fund**Financial Statements****Statement of Total Return****for the year ended 28 February 2017**

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains/(losses)	2		19,407		(14,023)
Revenue	4	1,904		2,091	
Expenses	5	(794)		(1,096)	
Interest and similar charges		(2)		(2)	
Net revenue before taxation		1,108		993	
Taxation	6	(13)		(17)	
Net revenue after taxation			1,095		976
Total return before distributions			20,502		(13,047)
Distributions	7		(1,115)		(1,082)
Change in net assets attributable to shareholders from investment activities			19,387		(14,129)

Statement of Change in Net Assets Attributable to Shareholders**for the year ended 28 February 2017**

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			115,358		144,923
Amounts receivable on issue of shares		2,539		12,663	
Amounts payable on cancellation of shares		(23,318)		(29,252)	
			(20,779)		(16,589)
Dilution adjustment			117		119
Change in net assets attributable to shareholders from investment activities (see above)			19,387		(14,129)
Retained distribution on accumulation shares			1,042		1,034
Closing net assets attributable to shareholders			115,125		115,358

UK Opportunities Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			115,391		116,793
Current assets:					
Debtors	8	134		435	
Cash and bank balances		29		4	
			<u>163</u>	<u>439</u>	
Total assets			<u>115,554</u>		<u>117,232</u>
Liabilities					
Investment liabilities		(427)		(1,873)	
Creditors	9	(2)		(1)	
			<u>(429)</u>	<u>(1,874)</u>	
Total liabilities			<u>(429)</u>	<u>(1,874)</u>	
Net assets attributable to shareholders			<u>115,125</u>		<u>115,358</u>

UK Opportunities Fund
Portfolio Statement
as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
UK Equities (97.84%)	113,598	98.67
Basic Materials (1.08%)	2,520	2.19
104,085 Anglo American	1,322	1.15
873,055 Petra Diamonds	1,198	1.04
Consumer Goods (23.37%)	18,302	15.90
23,762 ASOS*	1,291	1.12
86,102 Bellway	2,243	1.95
497,777 Countryside Properties	1,114	0.97
118,226 Cranswick	2,755	2.39
342,864 Fever Tree Drinks*	4,817	4.18
6,994 Hotel Chocolat*	20	0.02
1,122,041 JD Sports Fashion	3,946	3.43
880,667 Joules*	2,116	1.84
Consumer Services (22.11%)	25,913	22.51
1,116,337 Auto Trader	4,411	3.83
352,423 Cineworld	2,252	1.96
362,798 CVS	3,784	3.29
54,662 Dignity	1,418	1.23
348,096 GVC	2,418	2.10
580,353 Hostelworld	1,281	1.11
671,921 Just Eat	3,360	2.92
684,702 Moneysupermarket.com	2,257	1.96
39,939 Next Fifteen	158	0.14
65,580 Rightmove	2,577	2.24
783,731 YouGov	1,997	1.73
Financials (7.72%)	13,473	11.70
1,152,387 Hansteen REIT	1,351	1.17
119,576 Hargreaves Lansdown	1,595	1.39
864,285 Path Investments**	-	-
695,052 Sanne Group	4,507	3.91
1,089,634 Virgin Money	3,564	3.10
309,542 Workspace	2,456	2.13

UK Opportunities Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Health Care (7.12%)	10,728	9.33
237,881 Dechra Pharmaceuticals	3,828	3.33
309,146 Georgia Healthcare	1,124	0.98
59,331 Hutchison China MediTech	1,241	1.08
260,018 NMC Healthcare	4,535	3.94
Industrials (24.08%)	30,602	26.57
199,575 4imprint	3,291	2.86
703,053 Costain	2,733	2.37
72,308 Fisher (J) & Sons	1,156	1.00
443,657 Halma	4,312	3.75
223,197 Hill & Smith	2,460	2.14
1,294,917 Marshalls	3,852	3.35
852,168 McCarthy & Stone	1,634	1.42
1,568,344 Melrose Industries	3,341	2.90
364,399 Polypipe	1,233	1.07
77,981 Porvair	384	0.33
392,738 RPC	3,584	3.11
509,437 RWS*	1,685	1.46
1,217,211 Severfield	937	0.81
Oil & Gas (1.38%)	1,334	1.16
600,410 Cairn Energy	1,334	1.16
Technology (8.26%)	10,726	9.31
122,343 Accesso*	2,030	1.76
468,545 FDM	3,020	2.62
63,739 First Derivatives*	1,462	1.27
168,587 Fusionex International*	252	0.22
543,609 GB*	1,629	1.41
9,870,319 Phorm Corp**	-	-
836,627 Sophos Group	2,333	2.03

UK Opportunities Fund**Portfolio Statement (continued)**

Holding	Bid-market value £'000	Percentage of total net assets
Telecommunications (2.72%)	-	-
Collective Investment Scheme (3.40%)	1,793	1.56
1,792,571 SLI GBP CNAV Sterling Liquidity Fund	1,793	1.56
Total investment assets	115,391	100.23
Net other liabilities	(266)	(0.23)
Total Net Assets	115,125	100.00

All investments are listed on recognised stock exchanges and are approved securities within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

*AIM listing.

**not listed.

UK Opportunities Fund**Notes to the financial statements****1 Accounting policies**

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains/(Losses)

	2017	2016
	£'000	£'000
Non-derivative securities	19,408	(14,017)
Non-derivative securities currency gains	2	0
Handling charges taken from the capital account	(3)	(6)
Net capital gains/(losses)	<u>19,407</u>	<u>(14,023)</u>

3 Transaction Costs

	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	57,478	119,316
Commissions	58	92
Taxes & Other Fees	201	351
Total purchase transaction costs	<u>259</u>	<u>443</u>
Purchases including transaction costs	<u>57,737</u>	<u>119,759</u>
Gross sales before transaction costs	76,528	136,618
Commissions	(80)	(163)
Taxes & Other Fees	0	(1)
Total sale transaction costs	<u>(80)</u>	<u>(164)</u>
Total sales net of transaction costs	<u>76,448</u>	<u>136,454</u>

Equity Transaction Cost as a % of total Purchases & Sales

	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.10%	0.08%
Taxes & Other Fees	0.35%	0.29%
Sales		
Commissions	0.10%	0.12%
Taxes & Other Fees	0.00%	0.00%

UK Opportunities Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)**

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.05%	0.07%
Taxes & Other Fees	0.18%	0.25%
Sales		
Commissions	0.07%	0.12%
Taxes & Other Fees	0.00%	0.00%

There are no transaction costs associated with the purchases or sales of bonds, collective investment schemes and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	57,737	119,759
Sales		
Equities	76,448	136,454

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.66% (31 January 2016: 1.69%). This is indicative for the year

UK Opportunities Fund**Notes to the financial statements (continued)**

4 Revenue	2017	2016
	£'000	£'000
UK dividends	1,605	1,876
Overseas dividends	168	123
Scrip dividends	0	34
Property income distributions	115	45
Bank interest	16	13
Total revenue	<u>1,904</u>	<u>2,091</u>
5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the		
Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	685	948
Dealing charge	6	3
Registration fees	72	111
	<u>763</u>	<u>1,062</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	20	22
Safe custody fees	3	4
	<u>23</u>	<u>26</u>
Other:		
Audit fee	8	8
	<u>8</u>	<u>8</u>
Total expenses	<u>794</u>	<u>1,096</u>

UK Opportunities Fund**Notes to the financial statements (continued)**

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Overseas withholding tax	13	17
Total taxation	<u>13</u>	<u>17</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	1,107	993
Corporation tax at 20% (2016: 20%)	<u>222</u>	<u>199</u>
Effects of:		
UK dividends	(321)	(375)
Scrip dividends	-	(7)
Non taxable overseas dividends	(34)	(25)
Overseas withholding tax	13	17
Excess management expenses	133	208
Current tax charge (Note 6(a))	<u>13</u>	<u>17</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

(c) Factors that may affect future tax charge

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £17,665,000 (2016: £15,845,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

UK Opportunities Fund**Notes to the financial statements (continued)**

7 Distributions	2017	2016
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Interim distribution	790	844
Final distribution	270	205
	<hr/> 1,060	<hr/> 1,049
Add: Income deducted on cancellation of shares	60	57
Deduct: Income received on issue of shares	(5)	(24)
Net distribution for the year	<hr/> 1,115	<hr/> 1,082

Details of the distribution per share are set out in this Fund's distribution table.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	1,095	976
Add: Share class deficit	20	106
Net distribution for the year	<hr/> 1,115	<hr/> 1,082

8 Debtors

	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	12	49
Sales awaiting settlement	114	367
Accrued revenue	1	15
Withholding tax recoverable	5	2
Dilution levy receivable from the ACD	2	2
Total debtors	<hr/> 134	<hr/> 435

9 Creditors

	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	337	413
Purchases awaiting settlement	20	1,382
Accrued expenses payable to the ACD	59	68
Accrued expenses payable to the Depositary	3	3
Other accrued expenses	8	7
Total creditors	<hr/> 427	<hr/> 1,873

UK Opportunities Fund**Notes to the financial statements (continued)****10 Related Parties Transactions**

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund holds 1,792,571 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £33,095,000 (2016: £ nil), the total sales proceeds were £32,467,000 (2016: £ nil) and distributions reinvested were £5,000 (2016: £ nil).

The Fund holds nil shares (2016: 3,104,000) in SLI Seabury GBP VNAV Liquidity Fund, the total purchase cost of these investments during the year was £1,241,000 (2016: £34,625,000), the total sales proceeds were £4,346,000 (2016: £32,962,000) and distributions reinvested were £1,000 (2016: £8,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	680	2,441
Purchase of shares by Fund	14,773	12,765
Distributions made by Fund	799	841
 The percentage value of the Fund held by Standard Life group companies is:	 70.5%	 69.3%

UK Opportunities Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	113,598	0	0	112,870	0	0
Collective Investment Schemes	0	1,793	0	0	3,923	0
Total investment assets	113,598	1,793	0	112,870	3,923	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Units in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	15,364,672	142,258	(2,622,519)	(655,997)	12,228,414
Institutional accumulation	3,884,185	53,025	(768,031)	30,095	3,199,274
Retail income	580,119	3,290	(100,336)	(84,821)	398,252
Institutional income	655,972	57,559	(283,100)	0	430,431
Standard Life income	2,000	0	0	0	2,000
Standard Life accumulation	154,941	23,035	(17,357)	566	161,185
Institutional regulated accumulation	51,923,342	319,380	(8,770,837)	0	43,471,885
Platform 1 accumulation	12,929,741	248,260	(2,685,912)	1,369,323	11,861,412
Platform 1 income	1,291,766	30,592	(344,079)	188,265	1,166,544
Institutional A accumulation	2,200	0	0	0	2,200

UK Opportunities Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

UK Opportunities Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Euro	32	5

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate	Financial assets	
	financial assets	not carrying interest	
	£'000	£'000	Total
			£'000
2017			
Currency			
Sterling	1,795	113,598	115,393
Euro	27	0	27
2016			
Currency			
Sterling	3,925	112,869	116,794
Euro	3	0	3

Floating rate interest was earned at rates based on LIBOR, with the exception of the SLI Seabury Liquidity Funds which earn interest from investment in an underlying portfolio of money market instruments.

UK Opportunities Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures (continued)

(d) Credit risk

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

UK Opportunities Fund**Distribution Tables****for the six months ended 31 August 2016****Dividend distribution**

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 31 August 2016

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Retail accumulation				
Group 1	0.6818	-	0.6818 *	0.3791
Group 2	0.1091	0.5727	0.6818 *	0.3791
Institutional accumulation				
Group 1	1.2694	-	1.2694 *	1.2632
Group 2	0.6747	0.5947	1.2694 *	1.2632
Retail income				
Group 1	0.6268	-	0.6268 **	0.3511
Group 2	0.2540	0.3728	0.6268 **	0.3511
Institutional income				
Group 1	1.0726	-	1.0726 **	1.0734
Group 2	0.1759	0.8967	1.0726 **	1.0734
Standard Life income				
Group 1	0.7760	-	0.7760 **	0.8310
Group 2	-	-	-	0.8310
Standard Life accumulation				
Group 1	2.1512	-	2.1512 *	2.2430
Group 2	0.8896	1.2616	2.1512 *	2.2430
Institutional regulated accumulation				
Group 1	1.2006	-	1.2006 *	1.2359
Group 2	0.7779	0.4227	1.2006 *	1.2359
Platform 1 accumulation				
Group 1	0.4937	-	0.4937 *	0.4884
Group 2	0.2643	0.2294	0.4937 *	0.4884

UK Opportunities Fund
Distribution Tables (continued)

	Net income 2016 pence per share	Equalisation 2016 pence per share	Distribution paid 2016 pence per share	Distribution paid 2015 pence per share
Platform 1 income				
Group 1	0.4799	-	0.4799 **	0.4772
Group 2	0.0903	0.3896	0.4799 **	0.4772
Institutional A accumulation				
Group 1	0.1400	-	0.1400 *	-
Group 2	-	-	-	-

* Distribution accumulated on 31 August 2016

** Distribution payable on 31 October 2016

for the six months 28 February 2017

Dividend distribution

Group 1 - shares purchased prior to 1 September 2016

Group 2 - shares purchased between 1 September 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	0.0000	-	0.0000	0.0000
Group 2	-	-	-	-
Institutional accumulation				
Group 1	0.3173	-	0.3173 *	0.0823
Group 2	0.1063	0.2110	0.3173 *	0.0823
Retail income				
Group 1	0.0000	-	0.0000	0.0000
Group 2	-	-	-	-
Institutional income				
Group 1	0.2672	-	0.2672 **	0.0696
Group 2	0.0972	0.1700	0.2672 **	0.0696
Standard Life income				
Group 1	0.4316	-	0.4316 **	0.3492
Group 2	-	-	-	-

UK Opportunities Fund
Distribution Tables (continued)

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Standard Life accumulation				
Group 1	1.1954	-	1.1954 *	0.9107
Group 2	0.2260	0.9694	1.1954 *	0.9107
Institutional regulated accumulation				
Group 1	0.5576	-	0.5576 *	0.3810
Group 2	0.0822	0.4754	0.5576 *	0.3810
Platform 1 accumulation				
Group 1	0.1069	-	0.1069 *	0.0124
Group 2	0.0136	0.0933	0.1069 *	0.0124
Platform 1 income				
Group 1	0.1032	-	0.1032 **	0.0122
Group 2	0.0003	0.1029	0.1032 **	0.0122
Institutional A accumulation				
Group 1	0.0000	-	0.0000	0.0000
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividends shown in the distribution tables as follows:

	Interim Dividend Distribution	Final Dividend Distribution
Treat as a UK corporate dividend*	100%	100%
Treat as annual payment net of income tax at 20%	0%	0%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

UK Smaller Companies Fund Investment Report

Fund Manager

Harry Nimmo

Benchmark

IA UK Smaller Companies Sector

Launch Date

6 January 1997

Objective

The objective of the Fund is to provide capital growth over the longer term through investment in smaller companies in the UK Equity market. It is intended that income will not be a prime consideration.

Policy

The investment policy of the Fund is to invest mostly in smaller companies in the UK Equity market (excluding Investment Funds). Investments can be made in equities and equity type investments of companies listed on a UK stock exchange or which, in the opinion of the ACD, carry on a substantial part of their operations in the UK. "Equity type investments" will include convertible stocks, stock exchange listed warrants, Depositary Receipts and any other such investments which entitle the holder to subscribe for or convert into the equity of the company and/or where the share price performance is, in the opinion of the ACD, influenced significantly by the stock market performance of the company's ordinary shares. The Fund may also invest in other transferable securities, money-market instruments, deposits, cash and near cash, derivatives and collective investment schemes.

Risk Profile

The focused nature of the portfolio makes it suitable for investors who are willing to accept a relatively high degree of stock specific risk. The investor must be able to accept significant temporary losses due to the volatile nature of this area of the UK equity markets, and should therefore have an investment time horizon of at least 5 years.

Performance

During the year under review, the Fund returned 16.23%, compared with the IA UK Smaller Companies sector average return of 21.60% (source: Morningstar, basic rate taxpayer, platform one share class, bid-to-bid basis).

The Fund performed well over the year, but underperformed the sector average. Exposure to home furnishing retailer Dunelm and healthcare company Emis detracted from performance, due to lacklustre results. In addition, not holding London-based mining business Evraz detracted from performance, as the company benefited from its cost-cutting initiatives and productivity improvements, which created cost savings of US\$138 million.

Exposure to Emirates-based healthcare provider NMC Healthcare contributed to the performance of the Fund, following an acquisition that investors viewed as beneficial to future growth. This was despite the business suffering in reaction to changes in insurance regulations in Abu Dhabi, following which its share price recovered sharply. Elsewhere, drinks company Fever-Tree boosted the Fund's returns, with ongoing evidence of robust trading. Its shares rocketed early in 2017, following an announcement that the company anticipated full-year sales and profits to be significantly ahead of expectations. Sports and 'athleisure' clothing retailer JD Sports also contributed: the company's shares shot up in November, following the acquisition of outdoor pursuits company Go Outdoors.

UK Smaller Companies Fund Investment Report (continued)

Investment Activity

Regarding purchases, we bought RWS Group, the provider of intellectual property translation services, after it launched a fundraising to purchase the US-based life sciences language services provider Luz. Having bought another US company, CTi in 2015, RWS is now the global leader in its field and continues to benefit from increasing demand for its services in China. We also added to our position in digital communications group Next 15, as the business has an impressive roster of technology clients and continues to grow impressively.

By contrast, we sold Secure Fund Bank as we had misgivings about the potential of ‘challenger’ banks to thrive in the current low interest-rate environment. We also reduced exposure to Rightmove – we purchased the online property business around eight years ago, during which time we made a substantial profit. We also sold property business Shaftesbury, which we had held since 2004. Finally, we divested our holding in Lookers, the auto retailer and leasing company, due to a difficult outlook for the auto sector.

There were no material (greater than 5% of opening Net Asset Value) changes made to the portfolio in the year to 28 February 2017. The total value of purchases in the year were £232,037,000 and the total proceeds from sales were £379,126,000.

Synthetic Risk & Reward Indicator

Lower risk Higher risk

Typically lower rewards Typically higher rewards

1 2 3 4 **5** 6 7

This indicator reflects the volatility of the Fund's share price over the last five years which in turn reflects the volatility of the underlying assets in which the Fund invests. Historical data may not be a reliable indication of the future.

The current rating, which is the same for all share classes, is not guaranteed and may change if the volatility of the assets in which the Fund invests changes. The lowest rating does not mean risk free.

All investment involves risk. This Fund offers no guarantee against loss or that the Fund's objective will be attained.

For further information on the risks that may not be fully captured by the risk and reward indicator, please request the current Key Investor Information Document (KIID).

Cautionary note

It should be remembered that past performance is not a guide to future performance. The value of investments may go down as well as up and, therefore, investors may not get back the amount originally invested.

UK Smaller Companies Fund**Comparative Tables**

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Retail accumulation			
Change in net assets per share			
Opening net asset value per share	500.23	438.17	475.37
Return before operating charges*	87.00	70.21	(30.11)
Operating charges**	(7.14)	(8.15)	(7.09)
Return after operating charges*	79.86	62.06	(37.20)
Distributions	(3.49)	(2.54)	(1.19)
Retained distributions on accumulation share	3.49	2.54	1.19
Closing net asset value per share	580.09	500.23	438.17
* after direct transaction costs of:***	0.46	0.43	0.39
Performance +			
Return after charges	15.96%	14.16%	-7.83%
Other information			
Closing net asset value (£'000)	182,052	202,591	340,725
Closing number of shares	31,383,591	40,499,660	77,760,809
Operating charges****	1.36%	1.69%	1.69%
Direct transaction costs***	0.09%	0.09%	0.09%
Prices			
Highest share price	581.90	531.50	475.69
Lowest share price	451.46	431.90	380.20

UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional accumulation			
Change in net assets per share			
Opening net asset value per share	583.50	507.04	545.71
Return before operating charges*	102.11	81.44	(34.37)
Operating charges**	(5.46)	(4.98)	(4.30)
Return after operating charges*	96.65	76.46	(38.67)
Distributions	(7.15)	(7.45)	(5.25)
Retained distributions on accumulation share	7.15	7.45	5.25
Closing net asset value per share	680.15	583.50	507.04
* after direct transaction costs of:***	0.53	0.50	0.45
Performance +			
Return after charges	16.56%	15.08%	-7.09%
Other information			
Closing net asset value (£'000)	326,267	335,775	277,306
Closing number of shares	47,969,757	57,545,271	54,690,766
Operating charges****	0.89%	0.89%	0.89%
Direct transaction costs***	0.09%	0.09%	0.09%
Prices			
Highest share price	682.20	619.10	546.11
Lowest share price	527.57	500.00	438.60

UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share
Retail Income ++		
Change in net assets per share		
Opening net asset value per share	50.32	50.00
Return before operating charges*	8.71	0.75
Operating charges**	(0.72)	(0.43)
Return after operating charges*	7.99	0.32
Distributions	(1.08)	(0.43)
Closing net asset value per share	57.23	50.32
* after direct transaction costs of:***	0.05	0.03
Performance +		
Return after charges	15.88%	0.64%
Other information		
Closing net asset value (£'000)	6,769	6,640
Closing number of shares	11,826,530	13,194,522
Operating charges****	1.36%	1.69%
Direct transaction costs***	0.09%	0.05%
Prices		
Highest share price	58.49	53.93
Lowest share price	45.42	47.95

UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional income			
Change in net assets per share			
Opening net asset value per share	65.89	58.50	64.14
Return before operating charges*	11.51	9.39	(4.03)
Operating charges**	(0.62)	(0.57)	(0.51)
Return after operating charges*	10.89	8.82	(4.54)
Distributions	(1.42)	(1.43)	(1.10)
Closing net asset value per share	75.36	65.89	58.50
* after direct transaction costs of:***	0.06	0.06	0.05
Performance +			
Return after charges	16.53%	15.08%	-7.08%
Other information			
Closing net asset value (£'000)	8,363	5,170	4,429
Closing number of shares	11,097,979	7,846,096	7,571,560
Operating charges****	0.89%	0.89%	0.89%
Direct transaction costs***	0.09%	0.09%	0.09%
Prices			
Highest share price	77.01	71.43	64.12
Lowest share price	59.57	57.67	51.55

UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life income			
Change in net assets per share			
Opening net asset value per share	146.84	129.21	140.42
Return before operating charges*	25.76	20.81	(8.77)
Operating charges**	(0.01)	(0.01)	(0.01)
Return after operating charges*	25.75	20.80	(8.78)
Distributions	(3.14)	(3.17)	(2.43)
Closing net asset value per share	169.45	146.84	129.21
* after direct transaction costs of:***	0.14	0.13	0.12
Performance +			
Return after charges	17.54%	16.10%	-6.25%
Other information			
Closing net asset value (£'000)	13,558	10,744	8,049
Closing number of shares	8,001,149	7,317,155	6,229,485
Operating charges****	0.01%	0.01%	0.01%
Direct transaction costs***	0.09%	0.09%	0.10%
Prices			
Highest share price	173.10	158.90	140.33
Lowest share price	133.14	127.40	113.50

UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Standard Life accumulation			
Change in net assets per share			
Opening net asset value per share	202.36	174.43	186.24
Return before operating charges*	35.55	28.10	(11.66)
Operating charges**	(0.19)	(0.17)	(0.15)
Return after operating charges*	35.36	27.93	(11.81)
Distributions	(4.20)	(4.13)	(3.11)
Retained distributions on accumulation share	4.20	4.13	3.11
Closing net asset value per share	237.72	202.36	174.43
* after direct transaction costs of:***	0.19	0.17	0.15
Performance +			
Return after charges	17.47%	16.01%	-6.34%
Other information			
Closing net asset value (£'000)	4,541	3,115	2,367
Closing number of shares	1,910,423	1,539,526	1,356,821
Operating charges****	0.09%	0.09%	0.09%
Direct transaction costs***	0.09%	0.09%	0.09%
Prices			
Highest share price	238.40	214.40	186.40
Lowest share price	183.44	172.10	150.50

UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional regulated accumulation			
Change in net assets per share			
Opening net asset value per share	291.81	252.56	270.73
Return before operating charges*	51.14	40.62	(16.99)
Operating charges**	(1.50)	(1.37)	(1.18)
Return after operating charges*	49.64	39.25	(18.17)
Distributions	(4.81)	(4.84)	(3.57)
Retained distributions on accumulation share	4.81	4.84	3.57
Closing net asset value per share	341.45	291.81	252.56
* after direct transaction costs of:***	0.27	0.25	0.22
Performance +			
Return after charges	17.01%	15.54%	-6.71%
Other information			
Closing net asset value (£'000)	303,353	300,310	274,652
Closing number of shares	88,842,529	102,914,484	108,747,202
Operating charges****	0.49%	0.49%	0.49%
Direct transaction costs***	0.09%	0.09%	0.09%
Prices			
Highest share price	342.50	309.40	270.94
Lowest share price	264.18	249.10	218.10

UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Platform 1 accumulation			
Change in net assets per share			
Opening net asset value per share	86.67	75.39	81.22
Return before operating charges*	15.13	12.10	(5.11)
Operating charges**	(0.90)	(0.82)	(0.72)
Return after operating charges*	14.23	11.28	(5.83)
Distributions	(0.97)	(1.02)	(0.71)
Retained distributions on accumulation share	0.97	1.02	0.71
Closing net asset value per share	100.90	86.67	75.39
* after direct transaction costs of:***	0.08	0.07	0.07
Performance +			
Return after charges	16.42%	14.96%	-7.18%
Other information			
Closing net asset value (£'000)	173,718	147,767	62,409
Closing number of shares	172,163,127	170,488,602	82,779,805
Operating charges****	0.99%	0.99%	1.00%
Direct transaction costs***	0.09%	0.08%	0.10%
Prices			
Highest share price	101.20	91.98	81.28
Lowest share price	78.34	74.34	65.24

UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S accumulation			
Change in net assets per share			
Opening net asset value per share	63.14	54.80	58.91
Return before operating charges*	11.04	8.81	(3.71)
Operating charges**	(0.51)	(0.47)	(0.40)
Return after operating charges*	10.53	8.34	(4.11)
Distributions	(0.85)	(0.88)	(0.63)
Retained distributions on accumulation share	0.85	0.88	0.63
Closing net asset value per share	73.67	63.14	54.80
* after direct transaction costs of:***	0.06	0.05	0.05
Performance +			
Return after charges	16.68%	15.22%	-6.98%
Other information			
Closing net asset value (£'000)	195,925	206,704	143,356
Closing number of shares	265,946,108	327,394,185	261,610,479
Operating charges****	0.77%	0.77%	0.77%
Direct transaction costs***	0.09%	0.08%	0.10%
Prices			
Highest share price	73.89	66.98	58.95
Lowest share price	57.11	54.04	47.38

UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017 pence per share	29 February 2016 pence per share	28 February 2015 pence per share
Institutional S income			
Change in net assets per share			
Opening net asset value per share	60.08	53.29	58.42
Return before operating charges*	10.50	8.55	(3.72)
Operating charges**	(0.49)	(0.45)	(0.40)
Return after operating charges*	10.01	8.10	(4.12)
Distributions	(1.29)	(1.31)	(1.01)
Closing net asset value per share	68.80	60.08	53.29
* after direct transaction costs of:***	0.06	0.05	0.05
Performance +			
Return after charges	16.66%	15.20%	-7.05%
Other information			
Closing net asset value (£'000)	36,955	14,190	35,127
Closing number of shares	53,711,127	23,617,804	65,919,064
Operating charges****	0.77%	0.77%	0.77%
Direct transaction costs***	0.09%	0.08%	0.10%
Prices			
Highest share price	70.30	65.12	58.40
Lowest share price	54.34	52.54	46.94

UK Smaller Companies Fund
Comparative Tables (continued)

	28 February 2017	29 February 2016
	pence per share	pence per share
Institutional A accumulation +++		
Change in net assets per share		
Opening net asset value per share	51.21	50.00
Return before operating charges*	8.90	1.28
Operating charges**	(0.91)	(0.07)
Return after operating charges*	7.99	1.21
Distributions	(0.19)	0.00
Retained distributions on accumulation share	0.19	0.00
Closing net asset value per share	59.20	51.21
* after direct transaction costs of:***	0.05	0.00
Performance +		
Return after charges	15.60%	2.42%
Other information		
Closing net asset value (£'000)	330	1
Closing number of shares	557,155	2,200
Operating charges****	1.69%	1.69%
Direct transaction costs***	0.09%	0.01%
Prices		
Highest share price	59.39	52.03
Lowest share price	46.18	48.38

UK Smaller Companies Fund
Comparative Tables (continued)

** The operating charges include all costs borne by the Fund, except for direct transaction costs.

*** The direct transaction costs are made up of; fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges as well as transfer taxes and duties. In line with the requirements of the 2014 SORP for authorised Funds, direct transaction costs are stated after the proportion of the amounts collected from dilution adjustments in relation to direct transaction costs. Direct transaction costs, where expressed as a percentage of average NAV, reflect an equivalent annual period.

**** The operating charges percentage is the equivalent of the ongoing charges figure per the prior year accounts. It shows the annualised operating expenses of the share class as a percentage of the average net asset value of the class over the same period. The current period operating charge for the Retail accumulation and Retail income share classes reflect a lower ACD periodic charge of 1.30% which became effective on 1 April 2016; the previous ACD periodic charge was 1.50%. The Registrar fees of 0.08% also ceased to be charged effective 1 April 2016.

+ The performance figures are calculated by taking the value of the share class per the financial statements compared to the value per the financial statements in the prior year. This figure may differ from the performance figure quoted in the Investment Report. The Investment Report performance figure is calculated using the last available published price for a given share class in the period compared to the equivalent for the prior period. The published price may contain an adjustment for dilution in accordance with the Fund pricing policy, while the price per the financial statements values the Fund on a bid-price basis. The financial statements share class valuation is based on close of business market prices on the last day of the period, again this may differ from the intra-day pricing point of the Fund which is used in the published share class price.

++ Share class launched 4 September 2016

+++ Share class launched 25 January 2016

UK Smaller Companies Fund
Financial Statements

Statement of Total Return
for the year ended 28 February 2017

		2017		2016	
	Note	£'000	£'000	£'000	£'000
Income:					
Net capital gains	2		175,840		143,016
Revenue	4	25,772		26,400	
Expenses	5	(10,555)		(11,682)	
Interest and similar charges		(1)		(1)	
Net revenue before taxation		<u>15,216</u>		<u>14,717</u>	
Taxation	6	<u>0</u>		<u>0</u>	
Net revenue after taxation			15,216		14,717
Total return before distributions			<u>191,056</u>		<u>157,733</u>
Distributions	7		<u>(15,553)</u>		<u>(14,984)</u>
Change in net assets attributable to shareholders from investment activities			<u>175,503</u>		<u>142,749</u>

Statement of Change in Net Assets Attributable to Shareholders
for the year ended 28 February 2017

		2017		2016	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			1,233,007		1,148,420
Amounts receivable on issue of shares		124,685		372,954	
Amounts payable on cancellation of shares		<u>(294,990)</u>		<u>(446,680)</u>	
			(170,305)		(73,726)
Dilution adjustment			803		576
Change in net assets attributable to shareholders from investment activities (see above)			175,503		142,749
Retained distribution on accumulation shares			<u>12,823</u>		<u>14,988</u>
Closing net assets attributable to shareholders			<u>1,251,831</u>		<u>1,233,007</u>

UK Smaller Companies Fund
Financial Statements (continued)

Balance Sheet
as at 28 February 2017

	Note	£'000	2017 £'000	£'000	2016 £'000
Assets					
Fixed assets:					
Investment assets			1,269,534		1,231,649
Current assets:					
Debtors	8	2,544		5,388	
Cash and bank balances		4,317		17	
			<u>6,861</u>	<u>17</u>	<u>5,405</u>
Total assets			<u>1,276,395</u>		<u>1,237,054</u>
Liabilities					
Investment liabilities		(23,333)		(3,336)	
Creditors	9	(1,231)		(711)	
			<u>(24,564)</u>	<u>(711)</u>	<u>(4,047)</u>
Total liabilities			<u>(24,564)</u>		<u>(4,047)</u>
Net assets attributable to shareholders			<u>1,251,831</u>		<u>1,233,007</u>

UK Smaller Companies Fund**Portfolio Statement**

as at 28 February 2017

Holding	Bid-market value £'000	Percentage of total net assets
UK Equities (95.51%)	1,206,385	96.37
Basic Materials (1.52%)	-	-
Consumer Goods (20.64%)	272,644	21.78
4,358,939 Boohoo.com	6,647	0.53
1,810,025 Cranswick	42,174	3.37
11,256,701 Domino's Pizza	43,214	3.45
2,395,373 Fever Tree Drinks	33,655	2.69
2,170,326 Greggs	21,215	1.70
4,191,116 Hilton Food	26,194	2.09
24,509 Hotel Chocolat Group	70	0.01
13,785,040 JD Sports Fashion	48,482	3.87
713,696 Midwich	2,164	0.17
1,690,315 Ted Baker	47,413	3.79
1,690,205 Topps Tiles	1,416	0.11
Consumer Services (15.84%)	121,862	9.73
3,538,971 CVS	36,911	2.95
3,231,838 Dart Group	17,226	1.38
2,342,112 Hostelworld Group	5,170	0.41
8,261,238 Moneysupermarket.com	27,229	2.17
5,468,357 Motorpoint	7,095	0.57
2,258,223 Next Fifteen Communications	8,909	0.71
240,237 Rightmove	9,441	0.75
3,122,637 The Gym	5,426	0.43
1,748,788 YouGov	4,455	0.36
Financials (14.28%)	159,478	12.74
2,548,313 Big Yellow	18,615	1.49
852,826 Brooks Macdonald	17,146	1.37
1,509,750 Mattioli Woods	11,659	0.93
4,286,021 Paragon	18,173	1.45
730,646 Safestore	2,805	0.22
8,543,933 Sanne Group	55,407	4.43
4,495,606 Workspace	35,673	2.85

UK Smaller Companies Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Health Care (9.34%)	135,098	10.79
4,143,631 Abcam*	35,677	2.85
3,067,302 Dechra Pharmaceuticals	49,353	3.94
2,870,866 NMC Healthcare	50,068	4.00
Industrials (16.59%)	301,956	24.12
1,884,064 4imprint	31,068	2.48
2,617,358 Diploma	28,006	2.24
1,376,545 Fisher (J) & Sons	22,011	1.76
2,178,597 Gooch & Housego*	26,263	2.10
3,874,837 Harvey Nash	2,364	0.19
2,831,478 Hill & Smith	31,203	2.49
4,595,468 James Halstead	23,092	1.84
5,020,730 Marshalls	14,937	1.19
3,076,733 PayPoint	29,983	2.40
2,765,819 Ricardo	24,879	1.99
6,673,550 RWS Holdings	22,073	1.76
3,848,222 Smart Metering Systems	23,339	1.86
1,194,204 XP Power	22,738	1.82
Technology (13.23%)	144,905	11.58
987,027 Accesso*	16,375	1.31
1,990,163 EMIS*	17,951	1.44
4,144,625 FDM	26,712	2.13
1,969,809 First Derivatives*	45,187	3.61
1,496,618 Fusionex International*	2,241	0.18
8,782,966 GB	26,327	2.10
4,601,459 Kainos Group	10,112	0.81
Telecommunications (4.07%)	70,442	5.63
5,922,229 Gamma Communication	29,448	2.35
3,399,134 Telecom Plus	40,994	3.28

UK Smaller Companies Fund
Portfolio Statement (continued)

Holding	Bid-market value £'000	Percentage of total net assets
Collective Investment Scheme (4.38%)	63,149	5.04
63,149,067 Standard Life CNAV Sterling Liquidity Fund	63,149	5.04
Total investment assets	1,269,534	101.41
Net other liabilities	(17,703)	(1.41)
Total Net Assets	1,251,831	100.00

All investments are listed on recognised stock exchanges and are approved securities and regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

The percentage figures in brackets show the comparative holding as at 29 February 2016.

* AIM listed

UK Smaller Companies Fund
Notes to the financial statements

1 Accounting policies

Please refer to pages 14-17 for notes on accounting policies.

2 Net Capital Gains	2017	2016
	£'000	£'000
Non-derivative securities	175,842	142,993
Non-derivative securities currency gains	1	29
Handling charges taken from the capital account	(3)	(6)
Net capital gains	<u>175,840</u>	<u>143,016</u>

3 Transaction Costs	2017	2016
	£'000	£'000
Equity Purchases, Sales and Transaction Costs		
Purchases in year before transaction costs	231,180	230,751
Commissions	218	152
Taxes & Other Fees	639	662
Total purchase transaction costs	<u>857</u>	<u>814</u>
Purchases including transaction costs	<u>232,037</u>	<u>231,565</u>
Gross sales before transaction costs	379,400	314,091
Commissions	(274)	(230)
Total sale transaction costs	<u>(274)</u>	<u>(230)</u>
Total sales net of transaction costs	<u>379,126</u>	<u>313,861</u>

Equity Transaction Cost as a % of total Purchases & Sales	2017	2016
	% Transaction	% Transaction
Purchases		
Commissions	0.09%	0.07%
Taxes & Other Fees	0.28%	0.29%

Sales		
Commissions	0.07%	0.07%

Equity Purchases, Sales Analysis to Average NAV	2017	2016
	% Average NAV	% Average NAV
Purchases		
Commissions	0.02%	0.01%
Taxes & Other Fees	0.05%	0%

Sales		
Commissions	0.02%	0.02%

UK Smaller Companies Fund**Notes to the financial statements (continued)****3 Transaction Costs (continued)**

There are no transaction costs associated with the purchases or sales of collective investment schemes, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cash flows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price contains an estimation of cost known as a dilution levy which is applied from time to time.

During the year the total purchases and sales across different major assets classes are as per below table

	2017	2016
	£'000	£'000
Purchases		
Equities	232,037	231,565
Sales		
Equities	379,126	313,861

The Fund suffers a number of explicit costs as disclosed in the notes and Fund history. The Fund also suffers implicit costs - an example is market spread. The spread represents the costs of providing liquidity in a market. It is subject to change based on volume - active markets have a lower spread between bid (the price you receive) and offer (the price you pay). At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 1.79% (29 February 2016: 1.61%). This is indicative for the year.

4 Revenue	2017	2016
	£'000	£'000
UK dividends	22,884	23,263
Overseas dividends	1,432	2,674
Property income distributions	1,272	280
Bank interest	184	183
Total revenue	25,772	26,400

UK Smaller Companies Fund**Notes to the financial statements (continued)**

5 Expenses	2017	2016
	£'000	£'000
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	9,149	10309
Authorised Corporate Director's periodic charge taken from the capital account	303	232
Dealing charge	142	99
Dealing charge taken from the capital account	8	8
Registration fees	823	913
Registration fees taken from the capital account	26	26
	<u>10,451</u>	<u>11,587</u>
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fees	65	57
Safe custody fees	31	30
	<u>96</u>	<u>87</u>
Other:		
Audit fee	8	8
Total expenses	<u>10,555</u>	<u>11,682</u>

6 Taxation	2017	2016
	£'000	£'000
(a) Analysis of charge in the year		
Total taxation	<u>0</u>	<u>0</u>

(b) Factors affecting current tax charge for year

The tax assessed for the year is different from the standard rate of corporation tax in the UK for Funds of authorised Open-Ended Investment Companies (20%). The differences are explained below:

Net revenue before taxation	15,216	14,717
Corporation tax at 20% (2016: 20%)	<u>3,043</u>	<u>2,944</u>
Effects of:		
UK dividends	(4,577)	-4653
Non taxable overseas dividends	(286)	-535
Excess management expenses	1,820	2,244
Current tax charge (Note 6(a))	<u>0</u>	<u>0</u>

Authorised Open-Ended Investment Companies are exempt from tax on capital gains in the UK. Therefore, any capital return is not included in the above reconciliation.

UK Smaller Companies Fund**Notes to the financial statements (continued)****6 Taxation (continued)****(c) Factors that may affect future tax charge**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £17,665,000 (2016: £15,845,000) due to surplus Management expenses. It is unlikely that the Fund will generate sufficient taxable profits to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

7 Distributions

	2017	2016
	£'000	£'000
(a) The distribution takes account of income received on the issue of shares and income deducted on the cancellation of shares and comprises:		
Distribution	14,054	15,699
Add: Income deducted on cancellation of shares	2,474	2,925
Deduct: Income received on issue of shares	(975)	(3,640)
Net distribution for the year	15,553	14,984

Details of the distribution per share are set out in this Fund's distribution table.

(b) Difference between net revenue and distribution

Net revenue after taxation for the year	15,216	14,717
Add: ACD periodic charge taken from the capital account	303	233
Add: Registration fees taken from the capital account	26	26
Add: Dealing charges taken from the capital account	8	8
Net distribution for the year	15,553	14,984

8 Debtors

	2017	2016
	£'000	£'000
Amounts receivable from the ACD for issue of shares	1,685	3,871
Sales awaiting settlement	440	252
Accrued revenue	278	1,265
Dilution levy receivable from the ACD	141	0
Total debtors	2,544	5,388

UK Smaller Companies Fund**Notes to the financial statements (continued)**

9 Creditors	2017	2016
	£'000	£'000
Amounts payable to the ACD for cancellation of shares	22,414	1,877
Purchases awaiting settlement	70	569
Accrued expenses payable to the ACD	818	872
Accrued expenses payable to the Depositary	12	10
Other accrued expenses	8	8
Dilution levy payable to the ACD	11	0
Total creditors	23,333	3,336

10 Related Parties Transactions

Standard Life Investments (Mutual Funds) Limited, as Authorised Corporate Director (ACD), is a related party and acts as principal in respect of all transactions of shares in the Fund.

The aggregate monies received through issue and paid on cancellation of shares are disclosed in the statement of change in net assets attributable to shareholders.

Any amounts due from or due to Standard Life Investments (Mutual Funds) Limited at the end of the accounting period are disclosed in notes 8 and 9.

Amounts payable to Standard Life Investments (Mutual Funds) Limited, in respect of periodic charge and registration services, are disclosed in note 5 and any amounts due at the period end in note 9.

The Fund holds 63,149,067 shares (2016: nil) in Standard Life CNAV Sterling Liquidity Fund as detailed in the portfolio statement, the total purchase cost of these investments during the year was £294,867,000 (2016: £ nil), the total sales proceeds were £231,844,000 (2016: £ nil) and distributions reinvested were £134,000 (2016: £ nil). The Fund holds nil shares (2016: 54,016,654) in SLI Seabury GBP VNAV Liquidity Fund, the total purchase cost of these investments during the year was £43,349,000 (2016: £302,211,000), the total sales proceeds were £97,437,000 (2016: £275,650,000) and distributions reinvested were £72,000 (2016: £185,000).

	2017	2016
	£'000	£'000
Transactions during the year with Standard Life group companies are as follows:		
Sale of shares by the Fund	32,262	151,000
Purchase of shares by Fund	69,725	130,069
Distributions made by Fund	4,916	5,193

The percentage value of the Fund held by Standard Life group companies

is:	35.0%	33.1%
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UK Smaller Companies Fund**Notes to the financial statements (continued)****11 Fair Value Hierarchy**

	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Fair value of investment assets	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Equities	1,206,385	0	0	1,177,632	0	0
Collective Investment Schemes	0	63,149	0	0	54,017	0
Total investment assets	1,206,385	63,149	0	1,177,632	54,017	0

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12 Units in issue reconciliation

	Opening	Creations	Cancellations	Conversions	Closing
	units	during	during	during	units
	2016	the year	the year	the year	2017
Retail accumulation	40,499,660	94,000	(4,655,712)	(4,554,357)	31,383,591
Institutional accumulation	57,545,271	4,768,887	(14,486,028)	141,627	47,969,757
Retail Income	13,194,522	2,750,292	(4,060,697)	(57,587)	11,826,530
Institutional income	7,846,096	2,457,665	(1,845,643)	2,639,861	11,097,979
Standard Life income	7,317,155	683,994	0	0	8,001,149
Standard Life accumulation	1,539,526	602,257	(235,773)	4,413	1,910,423
Institutional regulated accumulation	102,914,484	2,045,663	(16,117,618)	0	88,842,529
Platform 1 accumulation	170,488,602	8,955,492	(24,599,424)	17,318,457	172,163,127
Institutional S accumulation	327,394,185	23,273,706	(52,242,193)	(32,479,590)	265,946,108
Institutional S income	23,617,804	3,098,956	(15,315,340)	42,309,707	53,711,127
Institutional A accumulation	2,200	0	0	554,955	557,155

UK Smaller Companies Fund

Notes to the financial statements (continued)

13 Risk Management Policies & Numerical Disclosures

In accordance with the investment objectives, the Funds may hold certain financial instruments. These comprise:

- securities held in accordance with the investment objective and policies;
- cash and short-term debtors and creditors arising directly from operations; and
- derivatives.

The main risks arising from the Fund's financial instruments are market price, foreign currency, interest rate, credit and liquidity risk. The policies for managing these risks are summarised below and have been applied consistently throughout the year, and prior year.

(a) Market price risk

Each Fund's investment portfolio is exposed to market price fluctuation which are monitored by the Fund Manager in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the Fund.

(b) Foreign currency risk

A proportion of the net assets of the Fund are denominated in currencies other than Sterling, therefore the balance sheet and total returns can be affected by currency movements. In certain circumstances, the Fund Manager may seek to manage exposure to currency movements by using forward currency contracts.

The Fund does not hedge or otherwise seek to avoid currency movement risk on accrued revenue.

Income received in foreign currencies is converted into Sterling at the exchange rates ruling when the income is received.

Short-term debtors and creditors

Short-term debtors and creditors have been excluded from all disclosures of financial instruments other than those relating to foreign currency disclosure, which are detailed below.

UK Smaller Companies Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(b) Foreign currency risk (continued)****Currency exposure**

The net foreign currency monetary exposure comprises:

	Net foreign currency monetary assets	
	2017	2016
	£'000	£'000
Euro	17	16

(c) Interest rate risk

Interest receivable on bank deposits or payable on bank overdrafts will be affected by fluctuations in interest rates. The Fund Manager continuously reviews interest rates and inflation expectations. The assessment of this may result in a change in investment strategy.

Interest rate risk profile of financial assets

The interest rate risk profile of the Fund's financial assets:

	Floating rate financial assets	Financial assets/ (liabilities) not carrying interest	Total
	£'000	£'000	£'000
2017			
Currency			
Sterling	67,449	1,206,385	1,273,834
Euro	17	0	17
2016			
Currency			
Sterling	54,018	1,177,632	1,231,650
Euro	16	0	16

UK Smaller Companies Fund**Notes to the financial statements (continued)****13 Risk Management Policies & Numerical Disclosures (continued)****(d) Credit risk**

All cash exposures are carefully managed to ensure that money is placed on deposit with counterparties that meet the minimum credit rating deemed appropriate for this Fund. In certain circumstances, the Fund Manager may deliberately invest in securities (e.g. corporate bonds) with a well defined and published credit rating. In this case the Fund would be deliberately taking credit risk in order to seek additional rewards.

Collateral requirements are actively managed, ensuring cash or securities are pledged against the performance of a contract where necessary. This mitigates any potential negative impact on the Fund in the unlikely event of a counterparty default. Whether or not each position is collateralised depends on whether a net liability is held with each counterparty, the specific agreements with individual counterparties and de minimis thresholds. As such there will be instances where the Fund is not required to hold collateral.

Any counterparties to derivative positions and term deposits as well as the collateral amount and type held by the Fund as at 28 February 2017 are detailed in the table below.

Counterparty	Collateral classification	2017	2016
		£'000	£'000
Rabobank	-	-	-
Total		-	-

(e) Liquidity risk

The Fund's assets comprise mainly readily realisable securities. The main liabilities of the Fund are the redemption of any units that investors wish to sell and the settlement of stock purchases. The Fund Manager reviews the cash and liability position continuously, and should an increase in liquidity be required the Fund Manager will sell securities.

UK Smaller Companies Fund**Distribution Table**

for the year ended 28 February 2017

Dividend distribution

Group 1 - shares purchased prior to 1 March 2016

Group 2 - shares purchased between 1 March 2016 and 28 February 2017

	Net income 2017 pence per share	Equalisation 2017 pence per share	Distribution payable 2017 pence per share	Distribution paid 2016 pence per share
Retail accumulation				
Group 1	3.4945	-	3.4945 *	2.5350
Group 2	1.1418	2.3527	3.4945 *	2.535
Institutional accumulation				
Group 1	7.1461	-	7.1461 *	7.4527
Group 2	2.7446	4.4015	7.1461 *	7.4527
Retail Income				
Group 1	1.0812	-	1.0812 **	0.4325
Group 2	0.0000	1.0812	1.0812 **	0.4325
Institutional income				
Group 1	1.4178	-	1.4178 **	1.4311
Group 2	0.4065	1.0113	1.4178 **	1.4311
Standard Life income				
Group 1	3.1415	-	3.1415 **	3.1670
Group 2	3.0024	0.1391	3.1415 **	3.167
Standard Life accumulation				
Group 1	4.2024	-	4.2024 *	4.1311
Group 2	1.5762	2.6262	4.2024 *	4.1311
Institutional regulated accumulation				
Group 1	4.8148	-	4.8148 *	4.8442
Group 2	2.4684	2.3464	4.8148 *	4.8442
Platform 1 accumulation				
Group 1	0.9697	-	0.9697 *	1.0239
Group 2	0.3920	0.5777	0.9697 *	1.0239

UK Smaller Companies Fund
Distribution Table (continued)

	Net income	Equalisation	Distribution	Distribution paid
	2017	2017	payable	2016
	pence per share	pence per share	2017	pence per share
Institutional S accumulation				
Group 1	0.8536	-	0.8536 *	0.8791
Group 2	0.3955	0.4581	0.8536 *	0.8791
Institutional S income				
Group 1	1.2924 -		1.2924 **	1.3104
Group 2	0.6475	0.6449	1.2924 **	1.3104
Institutional A accumulation				
Group 1	0.1943	-	0.1943 *	-
Group 2	-	-	-	-

* Distribution accumulated on 28 February 2017

** Distribution payable on 30 April 2017

Treatment by Corporate Shareholders (unaudited)

Corporate shareholders should account for the current year's dividend shown in the distribution table as follows:

	Dividend
	Distribution
Treat as a UK corporate dividend*	100.00%
Treat as annual payment net of income tax at 20%	0.00%

* Corporate unitholders should be aware that as a result of changes included in SI 2012/519, the Authorised Investment Funds (Tax Amendment) Regulations 2012, the UK Corporate dividend element of a dividend distribution paid on or after 27 February 2012 in respect of a fund holding to which section 490 of the Corporation Tax Act 2009 applies is to be treated as a loan relationship credit for corporation tax purposes.

Further Information

Report and financial statements

Investors who deal directly with the ACD will receive a Short report on Standard Life Investment Company. As communicated separately, the Short Report will no longer be prepared and issued after July 2017. The Long Report is available online at standardlifeinvestments.com. The annual accounting year for the Funds finishes on the last day of February and the interim accounting period finishes on 31 August.

Prospectus

The Prospectus for Standard Life Investment Company is available online at standardlifeinvestments.com.

Prices

The most recent share prices are published daily online at standardlifeinvestments.com.

Cancellation Rights

Under certain circumstances, investors will have the right to cancel a deal. Please refer to the Prospectus for full details.

Buying and Selling Shares

Investors wishing to invest in any of the Funds can contact their usual Financial Adviser or telephone the ACD's Customer Information Team on 0345 113 6966 (or +44 (0)1268 44 5488 from outwith the UK) for information in how to invest.

Applications for shares can be made by sending a completed application form together with a cheque (a cheque need not be provided if paying by direct debit as below) made payable to the ACD at the address: Standard Life Investments (Mutual Funds) Limited, PO Box 12233, Chelmsford CM99 2EE. Applications for shares can also be made by telephone and must be followed by sending an application form and cheque (the latter need not be provided if paying by direct debit as below) made payable to the ACD at the address above.

Holders can sell some or all of their shares through their usual financial adviser or by writing to the ACD at the above address. In either case the holder's account number must be quoted and the request must be signed by the holder or all the joint holders if the shares are held in joint names.

Shares can also be sold by telephone, on any day that the ACD is open for business, on 0345 113 6966 (+44 (0)1268 44 5488), although the request must be confirmed in writing. Shares will be sold on a forward pricing basis and the investor will receive the price at the relevant valuation point on the day after the ACD receives the instructions (verbal or written, as the case may be).

Please refer to the Prospectus for full details.

Minimum Investment

The minimum initial investment in shares varies from Fund to Fund. Please refer to the Prospectus for full details.

Minimum Redemption

It is possible to sell all or part of a holding at any time. Please refer to the Prospectus for full details.

Further Information (continued)

Switching

At any time, an investor may switch some or all of the shares in one class/Fund for shares in another class/Fund. Switching instructions can either be given by accessing your investments online at www.myaccountonline.co.uk/sli or by calling us on 0345 113 6966 (+44 (0) 1268 445 488).

UCITS

The Funds were certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive, which allows the ACD to market the Funds in member States of the European Union subject to relevant local laws, specifically marketing laws.

Remuneration Policy

Standard Life plc (the “Company”) personnel providing services to Standard Life Investment Company (“the ACD”) are subject to the Company Remuneration Policy (the “Remuneration Policy”). The Remuneration Policy reflects the remuneration requirements of the UCITS V Directive (2014/91/EU). Details of the Remuneration Policy are available through <http://www.standardlife.com/dotcom/our-company/governance/remuneration-code-disclosure.page> which is updated periodically to reflect changes to the policy.

Following the implementation of UCITS V in the UK on 18 March 2016, all authorised UCITS ACDs are required to comply with the UCITS V Remuneration Code from the start of their next accounting year. Under the UCITS V Directive, the ACD is required to disclose information relating to the remuneration paid to its staff for the financial year, split into fixed and variable remuneration. The ACD’s Financial Year end is 31 December, it is therefore anticipated that the ACD’s Remuneration Policy and associated financial disclosures will be made within the Annual Reports starting from 31 December 2017, following its first full performance period. Prior to this date, and in line with the FCA’s guidance on the UCITS V remuneration disclosures, the ACD would be part way through its first performance period and the information available would not be relevant or provide a proper basis for comparison.

Standard Life Investments Limited is registered in Scotland (SC123321) at 1 George Street, Edinburgh EH2 2LL.

Standard Life Investments Limited is authorised and regulated by the Financial Conduct Authority.

Calls may be monitored and/or recorded to protect both you and us and help with our training.

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