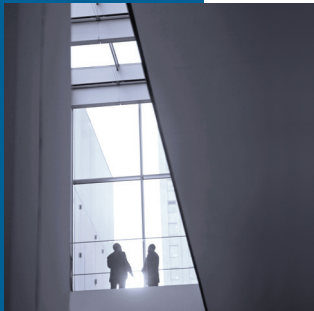


# Annual Short Report

For the year ended  
29 February 2016



# Fidelity Investment Funds Annual Short Report for the year ended 29 February 2016

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# Fidelity Investment Funds Annual Short Report for the year ended 29 February 2016

## Introduction

In order to provide the shareholders with regular and relevant information about the progress of the Fidelity Investment Funds (the Company), the Financial Conduct Authority (FCA) requires the Authorised Corporate Director (ACD) to send a short report to all shareholders.

This document is a short report of the Company covering the year ended 29 February 2016. The information in this report is designed to inform shareholders on the activities of the funds during the period it covers and the result of those activities at the end of the period. The results for each sub-fund are set out in detail in the relevant section of the report.

A more detailed long form version of the report is available free of charge on request to the ACD. The independent Auditors' report on the annual report and financial statements of the Company for the year ended 29 February 2016 was unqualified.

For more information about the activities and performance of the funds during this and the previous period, please contact the ACD.

## Changes to the prospectus

For the year ended 29 February 2016 the following significant changes were made to the Prospectus and Instrument of Incorporation:

- Fidelity Genesis Fund closed on 29 May 2015 and was fully terminated on 29 February 2016 therefore no Financial Statements have been produced in accordance with the COLL.
- Fidelity International Fund closed on 28 November 2014 and was fully terminated on 29 February 2016 therefore no Financial Statements have been produced in accordance with the COLL.
- Fidelity Sterling Core Plus Reduced Duration Bond Fund launched on 30 October 2015.
- Y Accumulation share class launched on 11 November 2015 for Fidelity MoneyBuilder Balanced Fund.

# Fidelity Investment Funds Annual Short Report for the year ended 29 February 2016

## General information

### Fidelity Investment Funds

#### Registered Office

Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge  
Kent TN11 9DZ  
United Kingdom  
www.fidelity.co.uk

Authorised and regulated in the UK by the Financial Conduct Authority.

#### Investment Advisors

FIL Investment Services (UK) Limited  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge  
Kent TN11 9DZ  
United Kingdom

Authorised and regulated in the UK by the Financial Conduct Authority.  
Registered in England and Wales No 2016555.

#### Authorised Corporate Director (ACD), General Distributor, Administrator and Registrar

FIL Investment Services (UK) Limited  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge  
Kent TN11 9DZ  
United Kingdom

Authorised and regulated in the UK by the Financial Conduct Authority.  
The ACD is FIL Investment Services (UK) Limited and is the sole director  
Registered in England and Wales No 2016555.

#### Sub-distributor

Financial Administration Services Limited  
Oakhill House  
130 Tonbridge Road  
Hildenborough  
Tonbridge  
Kent TN11 9DZ  
United Kingdom

Authorised and regulated in the UK by the Financial Conduct Authority.  
Registered in England and Wales No 1629709.

#### Depositary

J.P. Morgan Europe Limited  
Registered Office:  
25 Bank Street  
London E14 5JP  
United Kingdom  
  
Head Office:  
Chaseside  
Bournemouth  
Dorset BH7 7DA  
United Kingdom

Authorised and regulated in the UK by the Financial Conduct Authority.

#### Independent Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT  
United Kingdom

## Market Performance Review

### Performance Overview - 12 months ended 29 February 2016

#### Equity Markets

Global equity markets declined in sterling terms over the 12-month period. Central banks in Europe, Japan and China continued to introduce measures to support growth, which aided investor sentiment. However, market performance was negatively impacted by concerns about Greece's debt obligations, geopolitical tensions in the Middle East and terrorist attacks in Paris. Concerns over Chinese growth and uncertainty about the timing of an interest rate increase in the US also undermined performance. The US Federal Reserve (Fed) finally raised interest rates in December. The first interest rate rise in nearly a decade ended uncertainty and signalled an improvement in the US economy. However, falling oil prices and renewed concerns about growth in China weighed on investor confidence towards the end of the period. As a result, commodity-related sectors such as materials and energy weighed on returns, while sectors that benefit from low oil prices, such as consumer staples were broadly positive. Against this backdrop, US equities generated positive returns and Japanese equities rose marginally, although other regions declined. Returns in sterling terms were aided strongly by its sharp depreciation against other major currencies.

European equities declined over a volatile 12-month period. Markets fell sharply at the start of 2016 amid the global turmoil due to concerns over Chinese growth and its negative impact on the global economy. However, European Central Bank (ECB) President Mario Draghi indicated that further stimulus measures could be implemented in March, which provided some support to markets. Most sectors ended in negative territory, with consumer staples outperforming the broader market.

The UK stock market fell as concerns about global growth resurfaced, with emerging economies continuing to slow and investors uncertain over how this would be reflected in developed markets. There have been considerable declines in the prices of oil and industrial metals, which have severely impacted the earnings of many of the UK's largest commodity companies. Investors also moved away from other cyclical sectors such as banking, in line with a more cautious economic outlook. More defensive sectors such as telecommunications and tobacco significantly outperformed the broader market. The ongoing consumer recovery also proved to be supportive for consumer-facing stocks, many of which outperformed over the period. There is now an element of bifurcation in valuations across the market, with some stocks well above their historical valuations, but others much cheaper and out of favour.

US equities rose marginally over the period. A late rally overcame concerns regarding the effects of slowing economic activity in China and low oil prices. The Fed raised interest rates in December and said that future interest rate rises would be "gradual". The central bank also assured investors that it will retain its accommodative monetary policy going forward. Sector performance was mixed, with defensive sectors such as utilities and consumer staples leading the market. Conversely, commodity-related sectors such as materials and energy declined.

The Japanese market performed strongly in early 2015 as economic conditions continued to improve and micro-level indicators remained firm. There was a notable pickup in buying by overseas investors as signs of improving corporate governance and expectations for further growth in corporate earnings bolstered sentiment. However, Japanese stocks subsequently experienced a series of sharp corrections as shares and commodity prices fell globally amid intensifying concerns about a slowdown in China. Financial turmoil and uncertainty in credit markets exacerbated concerns about the threat of a global recession. Unlike other developed markets, however, Japan remained in positive territory for the period as a whole. The yen strengthened in the second half of the period, given its safe-haven status, against a weak pound.

Pacific ex Japan equities declined over the period. Chinese and Hong Kong equities fell amid worries about China's decelerating economic growth and sharp volatility in the Chinese stock market, where the extensive use of borrowed funds for share trading boosted share prices at the start of the period. The devaluation of the Chinese renminbi also heightened fears of a global currency war. The outbreak of a deadly virus disease and geopolitical tensions weighed on South Korean equities. The Taiwanese market fell as slowing smartphone demand weighed on information technology companies. The decline in banking stocks due to higher capital requirements and in commodity-related companies hurt the Australian market. All sectors ended in negative territory. Energy and materials declined sharply as resource prices fell.

Emerging market equities fell owing to concerns over a slowdown in China and its impact on global economic growth. Prices of commodities, including oil, declined on worries that weakening demand from China may lead to a global supply glut, given that it is a large buyer of commodities. In Asia, Chinese regulators temporarily halted trading in January to curtail a sell-off caused by the release of subdued economic data. Elsewhere, Brazilian stocks fell due to a deteriorating macroeconomic environment, an ongoing corruption scandal and political infighting among leaders. Russian stocks fell as oil prices continued to decline. At the same time, the renewal of European Union sanctions and geopolitical tensions with Turkey diminished hopes of an economic revival in the near future.

#### Bond Markets

Fixed income markets posted mixed returns as volatility remained elevated across the globe. The US Fed raised interest rates for the first time in almost a decade, while the Bank of Japan adopted negative interest rates. A slump in oil prices and a slowdown in emerging markets further contributed to volatility. Core government bonds advanced as a decline in inflation expectations overshadowed the interest rate hike by the US Fed. Meanwhile, the ECB continued to loosen its monetary policy, which supported euro area bonds. In credit markets, corporate bonds underperformed government bonds as credit spreads widened. High yield corporate bonds suffered as concerns about problems in the energy sector weighed on returns.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of US companies. The portfolio is likely to have a bias towards larger and medium-sized companies, although the ACD is not restricted in its choice of company by either size or industry.

### Performance and Portfolio Activity

The fund generated negative returns over the period. Speculation over interest rate hikes by the US Federal Reserve (Fed) led to increased volatility, which in turn weighed on cyclical sectors such as industrials. Health care and industrials holdings were also impacted by policy uncertainty and reductions in capital expenditure, respectively. On a positive note, the exposure to materials stocks enhanced gains. I bought positions in Molson Coors Brewing and Anheuser-Busch. Both these brewers stand to gain significant market share as a result of consolidation in the global beer market. In contrast, the holding in CVS Health was sold following its strong outperformance. I also reduced the position in Facebook as it reached closer to its target price.

### Outlook

US equity markets could see continued volatility amid global macroeconomic uncertainty that has the potential to restrain the Fed's monetary policy action. Encouragingly, this should help to unearth investment opportunities at attractive valuations.

**Aditya Khowala**  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year are shown below:

Holdings as at 29/02/16	% of total net assets
Philip Morris International	3.36
General Electric	2.96
Molson Coors Brewing (B)	2.64
Vulcan Materials	2.58
Charter Communications (A)	2.56
Dollar General	2.39
Actavis	2.38
Martin Marietta Materials	2.34
Mastercard	2.32
Check Point Software Technologies	2.27
Holdings as at 28/02/15	% of total net assets
Apple	6.05
Intel	2.49
CVS Health	2.31
UnitedHealth	2.27
Costco Wholesale	2.26
Home Depot	2.16
Celgene	2.15
Whole Foods Market	2.08
Brown Forman (Non-voting) (B)	2.07
Citigroup	1.95

### Portfolio information (%)

	29/02/16	28/02/15
Information Technology	18.98	24.08
Consumer Discretionary	18.90	17.86
Industrials	14.04	8.97
Consumer Staples	13.93	12.08
Health Care	13.02	16.43
Materials	9.03	5.39
Energy	7.77	3.15
Financials	2.86	9.86
Other	1.83	2.12
Cash and other net assets/(liabilities)	-0.36	0.06

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund. Some funds invest more heavily than others in smaller companies, which can carry a higher risk because their prices may be more volatile than those of larger companies.

### Risk and Reward Indicator\*

A Accumulation Shares	6
W Accumulation Shares	5
Y Accumulation Shares	6

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.



## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of US companies. The portfolio is likely to have a bias towards medium-sized and smaller companies, although the ACD is not restricted in its choice of company by either size or industry.

### Performance and Portfolio Activity

The fund generated positive returns over the period. Selected information technology (IT) stocks accounted for much of the fund's outperformance. Holdings in consumer staples also contributed to returns as investors sought safety amid market volatility. Elsewhere, certain positions in the consumer discretionary sector added value as US consumer confidence strengthened. I took profits in technology firms NVIDIA and Activision Blizzard as both companies reported strong earnings. I also reduced the exposure to the health care sector. Pharmaceuticals firm Eli Lilly and pharmacy manager CVS Health were sold in favour of industrials such as L-3 Communications and United Parcel Service.

### Outlook

The US economy should continue to improve at a moderate pace in 2016, led by labour market progress, the strength of the services sector and improving activity in housing and construction-related sectors.

Angel Agudo  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	8.70
L-3 Communications	3.70
Pfizer	3.68
Oracle	3.57
General Electric	3.30
Berkshire Hathaway	3.26
Verizon Communications	3.12
EMC	2.94
H&R Block	2.80
Microsoft	2.69
Holdings as at 28/02/15	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	8.48
Pfizer	4.03
Eli Lilly	3.57
Cisco Systems	3.31
Verizon Communications	2.93
Activision Blizzard	2.65
Oracle	2.65
Bard (CR)	2.63
Kellogg	2.58
Anthem	2.53

### Portfolio information (%)

	29/02/16	28/02/15
Information Technology	22.94	21.42
Industrials	15.06	6.74
Health Care	12.49	19.62
Consumer Staples	10.46	9.31
Financials	10.14	12.46
Consumer Discretionary	9.53	13.34
Cash Funds/Money Market Funds	8.70	8.48
Materials	3.38	0.87
Other	4.94	8.31
Cash and other net assets/(liabilities)	2.36	-0.55

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests in a relatively small number of companies, which can make it more volatile than funds that are more diversified. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	5
W Accumulation Shares	5
Y Accumulation Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.



## Comparative Performance Table

	<b>A Accumulation Shares</b>			<b>W Accumulation Shares</b>		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	1,129.27	880.70	755.18	1,045.04	808.93	688.27
Return before operating charges*	95.31	265.29	139.73	88.70	245.14	128.05
Operating charges	(19.44)	(16.72)	(14.21)	(10.05)	(9.03)	(7.39)
Return after operating charges*	75.87	248.57	125.52	78.65	236.11	120.66
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	1,205.14	1,129.27	880.70	1,123.69	1,045.04	808.93
Retained distributions on accumulation shares	0.04	n/a	n/a	8.33	4.61	3.85
*after direct transaction costs of	0.56	0.69	0.63	0.56	0.69	0.63
<b>Performance</b>						
Return after charges	6.7%	28.2%	16.6%	7.5%	29.2%	17.5%
<b>Other information</b>						
Closing net asset value (£'000)	271,053	347,170	247,880	574,243	208,615	12,691
Closing number of shares	22,491,358	30,742,822	28,145,759	51,103,400	19,962,349	1,568,838
Operating charges	1.70%	1.70%	1.70%	0.95%	0.95%	0.95%
Direct transaction costs	0.05%	0.07%	0.08%	0.05%	0.07%	0.08%
<b>Prices</b>						
Highest share price	1,207.00	1,144.00	882.80	1,124.00	1,058.00	810.20
Lowest share price	1,049.00	865.60	759.80	974.70	795.80	692.50
<b>Y Accumulation Shares</b>						
	2016	2015	2014			
Change in net assets per share						
Opening net asset value per share	1,078.29	836.67	713.74			
Return before operating charges*	91.68	253.23	132.22			
Operating charges	(12.79)	(11.61)	(9.29)			
Return after operating charges*	78.89	241.62	122.93			
Distributions on income share	n/a	n/a	n/a			
Closing net asset value per share	1,157.18	1,078.29	836.67			
Retained distributions on accumulation shares	6.14	2.04	2.47			
*after direct transaction costs of	0.56	0.69	0.63			
<b>Performance</b>						
Return after charges	7.3%	28.9%	17.2%			
<b>Other information</b>						
Closing net asset value (£'000)	3,533	3,463	2,653			
Closing number of shares	305,341	321,182	317,141			
Operating charges	1.17%	1.17%	1.18%			
Direct transaction costs	0.05%	0.07%	0.08%			
<b>Prices</b>						
Highest share price	1,157.00	1,092.00	838.20			
Lowest share price	1,005.00	822.70	718.00			

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve a combination of income and long term capital growth from a portfolio made up primarily of the securities of companies in the Asia Pacific region, including ordinary shares, preference shares, convertibles and fixed interest securities.

The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

### Performance and Portfolio Activity

The fund generated negative returns over the period. In financials, higher capital requirements hurt holdings in Australian banks, while positions in China fell as the country's slowing growth worried investors. Shares in commodity-related companies declined in line with resource prices. I reduced the allocation to selected Chinese financials in favour of better opportunities elsewhere. For instance, I sold positions in securities broker CITIC Securities and asset manager China Cinda Asset Management. Meanwhile, the exposure to the consumer sector was increased. I bought shares in South Korea's LG Household and Health Care and Indonesia's Astra International given the positive prospects for their cosmetic and automobile businesses, respectively.

### Outlook

I expect growth in Asia to slow moderately as a result of weak export demand, but in a controlled manner in light of the favourable monetary and fiscal policy support in the region. A hard landing in China is unlikely in light of pro-growth measures.

Polly Kwan  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Taiwan Semiconductor Manufacturing	4.37
Lyxor India ETF MSCI	3.99
Tencent	3.77
Samsung Electronics	3.18
AIA	2.50
Telstra	2.50
ANZ Banking (AU)	2.50
Commonwealth Bank of Australia	2.40
CSL	2.09
China Construction Bank	2.03
Holdings as at 28/02/15	% of total net assets
Lyxor India ETF MSCI	6.00
Australia & New Zealand Banking	3.85
Samsung Electronics	3.64
Tencent	2.80
Taiwan Semiconductor Manufacturing	2.70
Telstra	2.64
BHP Billiton (AU)	2.49
AIA	2.39
China Construction Bank	2.33
Industrial & Commercial Bank of China	2.30

### Portfolio information (%)

	29/02/16	28/02/15
China	20.74	25.02
Australia	19.99	20.92
Hong Kong	14.23	11.28
Taiwan	13.32	10.57
Korea	10.89	10.32
France	3.99	6.00
Indonesia	3.09	1.99
Singapore	2.00	2.14
Other	5.99	9.69
Cash and other net assets/(liabilities)	5.76	2.07

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund. In respect of the Income Shares all charges and expenses will be taken from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge. Your capital may reduce over time if the fund's growth does not compensate for it.

### Risk and Reward Indicator\*

A Accumulation Shares	6
A Income Shares	6
W Accumulation Shares	6
W Income Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
- Emerging markets may be more volatile and it could be harder to sell or trade securities. There may be less supervision, regulation and less well-defined procedures than in more developed countries. Emerging markets can be sensitive to political instability, which can result in greater volatility and uncertainty, subjecting the fund to the risk of losses.

\* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.



## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the securities of companies having their head office or exercising a predominant part of their activity in the Asia Pacific region excluding Japan. The ACD is not restricted in its choice of companies either by size or industry, or in terms of the geographical split of the portfolio, and will concentrate its investment in a more limited number of companies and therefore the resulting portfolio will be less diversified. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

### Performance and Portfolio Activity

The fund generated positive returns over the period, driven by its exposure to high-quality defensive stocks in the consumer staples and telecommunication services sectors. Conversely, concerns about both the economic slowdown in China and global growth prospects weighed on holdings in the consumer discretionary sector. Against the backdrop of slowing global growth, I sold the holding in Taiwanese technology firm Media Tek. I also sold the position in energy company Oil Search after oil prices tumbled to multi-year lows and invested the proceeds in better opportunities elsewhere. The exposure to Chinese beverage maker Kweichow Moutai and Australia-based TPG Telecom was raised in light of their strong growth prospects.

### Outlook

Asia offers investment opportunities in high-quality companies that are expected to benefit from healthy long-term growth. I favour India given its focus on economic reforms. Chinese reforms are being closely monitored and should boost the country's long-term growth potential.

Anthony Srom  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	7.05
Taiwan Semiconductor Manufacturing	6.26
TPG Telecom	4.74
CK Hutchison	4.66
Sands China	4.31
AIA	4.16
Korea Electric Power	3.71
Sun Hung Kai Properties	3.46
Jardine Strategic Holdings	3.41
Newcrest Mining	3.31
Holdings as at 28/02/15	% of total net assets
Taiwan Semiconductor Manufacturing	8.16
Prudential	6.31
Sydney Airport	5.92
Australia & New Zealand Banking	5.20
Jardine Strategic Holdings	4.93
HSBC	4.04
BNP (Kweichow Moutai A) ELN 11/11/2016	3.89
Bank Rakyat Indonesia	3.80
Hutchison Whampoa	3.44

### Portfolio information (%)

	29/02/16	28/02/15
China	21.87	14.02
Hong Kong	17.37	11.18
Australia	16.30	16.50
Korea	9.27	6.76
United States	7.05	0.00
Taiwan	6.26	11.93
Indonesia	3.30	5.14
United Kingdom	2.56	6.31
Other	2.13	7.49
Cash and other net assets/(liabilities)	13.89	20.67

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests in a relatively small number of companies, which can make it more volatile than funds that are more diversified. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

W Accumulation Shares 6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
- Emerging markets may be more volatile and it could be harder to sell or trade securities. There may be less supervision, regulation and less well-defined procedures than in more developed countries. Emerging markets can be sensitive to political instability, which can result in greater volatility and uncertainty, subjecting the fund to the risk of losses.

\* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

### W Accumulation Shares

Change in net assets per share	2016	2015 <sup>1</sup>
Opening net asset value per share	108.51	100.00
Return before operating charges*	6.21	9.48
Operating charges	(1.20)	(0.97)
Return after operating charges*	5.01	8.51
Distributions on income share	n/a	n/a
Closing net asset value per share	113.52	108.51
Retained distributions on accumulation shares	1.58	0.41
*after direct transaction costs of	1.04	0.51
<b>Performance</b>		
Return after charges	4.6%	8.5%
<b>Other information</b>		
Closing net asset value (£'000)	20,703	3,346
Closing number of shares	18,236,094	3,083,146
Operating charges	1.13%	1.08%
Direct transaction costs	0.97%	0.49%
<b>Prices</b>		
Highest share price	118.60	109.80
Lowest share price	93.07	97.00

1. The fund launched on 24 September 2014.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of companies listed in China and which are involved in the development, manufacture or sale of goods or services to consumers. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. With effect from 28 March 2016, the Investment Objective and Policy will read as follows: The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of Chinese companies which are involved in the development, manufacture or sale of goods or services to consumers. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. The fund can use derivatives for the purpose of efficient portfolio management with the aim of risk or cost reduction or to generate additional capital or income in line with the fund's risk profile.

### Performance and Portfolio Activity

The fund generated negative returns over the period, against the backdrop of concerns over the economic slowdown in China. Deleveraging by market participants weighed on stocks in the financials sector after authorities curbed margin financing. An unexpected devaluation of the Renminbi by the People's Bank of China further weighed on market sentiment. I lowered the allocation to China Life Insurance and AIA in light of heightened market volatility and increasing risk from new Chinese regulations. Meanwhile, I raised the exposure to selected information technology stocks such as Alibaba Group and Baidu on the back of their asset-light business model and inclusion in MSCI indices.

### Outlook

In the foreseeable future, Chinese authorities are likely to ramp-up policies to bolster economic growth. I continue to see long-term growth opportunities and maintain my high-conviction positions in various consumer-driven segments.

Raymond Ma  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Tencent	8.06
China Mobile	6.66
Ping An Insurance	5.06
Alibaba ADR	4.59
AIA	4.31
Sands China	3.68
China Pacific Insurance	3.24
Baidu ADR	3.08
China Life Insurance	3.03
K Wah Construction Materials	2.60
Holdings as at 28/02/15	% of total net assets
China Life Insurance	8.75
Tencent	8.56
AIA	8.27
Ping An Insurance	6.23
China Mobile	5.23
China Pacific Insurance	4.45
Cathay Financial	3.43
Sands China	3.19
K Wah Construction Materials	2.41
Hengan	2.36

### Portfolio information (%)

	29/02/16	28/02/15
Consumer Discretionary	25.40	19.84
Financials	24.22	38.73
Information Technology	20.83	13.23
Telecommunications	12.36	10.01
Consumer Staples	8.41	8.29
Health Care	4.79	3.07
Industrials	2.75	1.82
Utilities	1.13	2.00
Cash and other net assets/(liabilities)	0.11	3.01

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests in a relatively small number of companies, which can make it more volatile than funds that are more diversified. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	6
W Accumulation Shares	6
Y Accumulation Shares	6

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
  - Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
  - Emerging markets may be more volatile and it could be harder to sell or trade securities. There may be less supervision, regulation and less well-defined procedures than in more developed countries. Emerging markets can be sensitive to political instability, which can result in greater volatility and uncertainty, subjecting the fund to the risk of losses.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.



## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth through investing principally in securities of companies having their head office or exercising a predominant part of their activity in less developed countries of Asia that are considered as emerging markets according to the MSCI Emerging Markets Asia Index. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

### Performance and Portfolio Activity

The fund generated negative returns over the period. In financials, holdings in Chinese companies fell as worries about China's slowing growth hurt sentiment. Positions in the information technology (IT) sector also fell as smartphone demand slowed. I reduced the exposure to the IT sector by selling shares in services provider Infosys and chipset maker MediaTek for better opportunities elsewhere. The stake in internet firm Tencent was increased as it benefits from rising internet usage in China. The allocation to consumer companies was also raised. I initiated a position in China's leading online travel firm Ctrip.com International due to the strong growth opportunity in online travel spending.

### Outlook

Asia is likely to maintain its healthy growth, aided by pro-growth policies and reforms in key Asian economies. Despite slowing growth, China continues to offer significant opportunities. India is expected to benefit from a positive policy environment.

Dhananjay Phadnis  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Taiwan Semiconductor Manufacturing ADR	6.32
Tencent	5.69
China Mobile	3.84
HDFC Bank (Dematerialised)	3.80
Industrial & Commercial Bank of China	3.56
Samsung Electronics GDR	3.31
AIA	2.78
Housing Development Finance Corporation	2.37
Sun Pharmaceutical Industries (Dematerialised)	2.34
Astra International	2.06
Holdings as at 28/02/15	% of total net assets
Taiwan Semiconductor Manufacturing ADR	5.92
Industrial & Commercial Bank of China	5.14
Samsung Electronics GDR	4.26
Tencent	3.36
HDFC Bank (Dematerialised)	3.20
China Pacific Insurance	2.71
Sun Pharmaceutical Industries (Dematerialised)	2.45
China Mobile	2.35
Larsen & Turbo	2.01
Naver	1.96

### Portfolio information (%)

	29/02/16	28/02/15
China	31.02	31.78
India	16.01	18.23
Korea	13.97	14.82
Taiwan	12.39	13.56
Indonesia	8.30	4.00
Hong Kong	3.99	1.51
Philippines	2.69	3.48
Singapore	2.40	2.65
Other	5.20	7.94
Cash and other net assets/(liabilities)	4.03	2.03

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	6
W Accumulation Shares	6
Y Accumulation Shares	6

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
  - Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
  - Emerging markets may be more volatile and it could be harder to sell or trade securities. There may be less supervision, regulation and less well-defined procedures than in more developed countries. Emerging markets can be sensitive to political instability, which can result in greater volatility and uncertainty, subjecting the fund to the risk of losses.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.



## Comparative Performance Table

	<b>A Accumulation Shares</b>			<b>W Accumulation Shares</b>	
	2016	2015	2014	2016	2015 <sup>1</sup>
Change in net assets per share	126.26	95.93	103.35	97.53	100.00
Opening net asset value per share	(8.21)	32.52	(5.45)	(6.45)	(2.38)
Return before operating charges*	(2.28)	(2.19)	(1.97)	(0.96)	(0.09)
Operating charges	(10.49)	30.33	(7.42)	(7.41)	(2.47)
Return after operating charges*	n/a	n/a	n/a	n/a	n/a
Distributions on income share	115.78	126.26	95.93	90.12	97.53
Closing net asset value per share	n/a	0.15	0.27	0.69	n/a
Retained distributions on accumulation shares	0.46	0.59	0.61	0.46	0.59
*after direct transaction costs of					
<b>Performance</b>					
Return after charges	(8.3%)	31.6%	(7.2%)	(7.6%)	(1.4%)
<b>Other information</b>					
Closing net asset value (£'000)	1,327	9,427	7,890	11,483	130
Closing number of shares	1,145,829	7,466,185	8,224,647	12,742,116	133,473
Operating charges	1.83%	1.82%	1.83%	1.07%	1.08%
Direct transaction costs	0.41%	0.53%	0.62%	0.41%	0.53%
<b>Prices</b>					
Highest share price	142.40	129.70	110.50	110.10	98.91
Lowest share price	100.70	94.86	88.60	78.05	96.45
<b>Y Accumulation Shares</b>					
	2016	2015	2014		
Change in net assets per share	128.75	97.29	104.21		
Opening net asset value per share	(8.47)	33.16	(5.45)		
Return before operating charges*	(1.59)	(1.70)	(1.47)		
Operating charges	(10.06)	31.46	(6.92)		
Return after operating charges*	n/a	n/a	n/a		
Distributions on income share	118.69	128.75	97.29		
Closing net asset value per share	0.61	0.78	0.84		
Retained distributions on accumulation shares	0.46	0.59	0.61		
*after direct transaction costs of					
<b>Performance</b>					
Return after charges	(7.8%)	32.3%	(6.6%)		
<b>Other information</b>					
Closing net asset value (£'000)	11,511	8,312	379		
Closing number of shares	9,698,753	6,455,861	389,202		
Operating charges	1.28%	1.29%	1.24%		
Direct transaction costs	0.41%	0.53%	0.62%		
<b>Prices</b>					
Highest share price	145.30	132.20	111.60		
Lowest share price	102.90	96.28	89.59		

1. The W Accumulation Shares launched on 28 January 2015.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth through a portfolio primarily in securities of companies having their head office or exercising a predominant part of their activity in less developed countries of Central, Eastern and Southern Europe (including Russia), Middle East and Africa that are considered emerging markets according to the MSCI EM Europe, Middle East and Africa Index. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

### Performance and Portfolio Activity

The fund generated negative returns as equities in the region were impacted by falling commodity prices. However, a decline in commodity prices increases consumers' disposable income and gives a general boost to consumption oriented stocks. As a result, selected positions in consumer staples rose. I bought shares in Russian low-cost steel producer Novolipetsk Iron & Steel GDR Reg S as it benefited from lower production costs. In financials, I raised the position in health insurer Discovery given its innovative business model and strategy to diversify into international markets. However, the holding in Turkiye Garanti Bankasi was sold due to the deteriorating economic situation. I also sold shares in Nigerian Breweries due to concerns about increasing competition.

### Outlook

The performance of emerging EMEA equities may be impacted by domestic reform agendas, commodity prices and the overall political environment. However, the appetite for EMEA equities may return as the uncertainty regarding the US monetary policy has declined.

Nick Price  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Steinhoff International (ZA)	10.56
Naspers	9.90
Discovery	7.14
Bidvest	6.64
Check Point Software Technologies	4.87
Woolworths	4.19
Abu Dhabi Commercial Bank	3.77
Firststrand	3.38
SABMiller	3.03
Surgutneftegaz (Pref'd)	2.94
Holdings as at 28/02/15	% of total net assets
Naspers	9.98
Steinhoff International	8.12
Remgro	6.31
Discovery	5.00
Turkiye Garanti Bankasi (AS)	4.90
Bidvest	4.59
Woolworths	3.87
Fidelity Institutional Liquidity Fund (USD)	3.83
Aspen Pharmacare	3.53
JSC MMC Norilsk Nickel ADR (UK)	3.21

### Portfolio information (%)

	29/02/16	28/02/15
South Africa	61.12	61.75
Russia	13.97	11.32
Israel	4.87	1.99
United Arab Emirates	4.67	0.79
United Kingdom	3.33	2.06
Hungary	3.16	-
Nigeria	3.03	4.64
Greece	2.83	0.00
Other	1.75	19.54
Cash and other net assets/(liabilities)	1.27	-2.09

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. In some emerging markets such as Russia there are specific risks in relation to the settlement and safekeeping of securities as well as regarding the registration of assets where registrars are not always subject to effective government or other supervision. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	6
W Accumulation Shares	6
Y Accumulation Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
- Emerging markets may be more volatile and it could be harder to sell or trade securities. There may be less supervision, regulation and less well-defined procedures than in more developed countries. Emerging markets can be sensitive to political instability, which can result in greater volatility and uncertainty, subjecting the fund to the risk of losses.
- In some emerging markets, such as Russia, the safekeeping provisions for securities benefit from less governed standards.

\* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	<b>A Accumulation Shares</b>			<b>W Accumulation Shares<sup>1</sup></b>	
	2016	2015	2014	2016	2015
Change in net assets per share					
Opening net asset value per share	149.18	135.34	147.28	168.27	150.00
Return before operating charges*	(21.12)	16.48	(9.20)	(23.99)	20.06
Operating charges	(2.65)	(2.64)	(2.74)	(1.75)	(1.77)
Return after operating charges*	(23.77)	13.84	(11.94)	(25.74)	18.27
Distributions on income share	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>125.40</b>	<b>149.18</b>	<b>135.34</b>	<b>142.53</b>	<b>168.27</b>
Retained distributions on accumulation shares	1.66	1.20	1.14	3.06	2.46
*after direct transaction costs of	0.79	1.05	0.78	0.79	1.05
<b>Performance</b>					
Return after charges	(15.9%)	10.2%	(8.1%)	(15.3%)	12.2%
<b>Other information</b>					
Closing net asset value (£'000)	26,542	73,377	107,479	55,944	43,709
Closing number of shares	21,164,844	49,187,901	79,414,923	39,250,384	25,974,949
Operating charges	1.89%	1.86%	1.89%	1.14%	1.10%
Direct transaction costs	0.55%	0.74%	0.54%	0.55%	0.74%
<b>Prices</b>					
Highest share price	162.00	154.30	156.20	182.90	173.90
Lowest share price	111.80	128.50	132.00	126.90	143.90
<b>Y Accumulation Shares</b>					
	<b>2016</b>	<b>2015</b>	<b>2014</b>		
Change in net assets per share					
Opening net asset value per share	141.86	128.04	138.57		
Return before operating charges*	(20.18)	15.62	(8.78)		
Operating charges	(1.79)	(1.80)	(1.75)		
Return after operating charges*	(21.97)	13.82	(10.53)		
Distributions on income share	n/a	n/a	n/a		
Closing net asset value per share	<b>119.89</b>	<b>141.86</b>	<b>128.04</b>		
Retained distributions on accumulation shares	2.28	1.85	1.82		
*after direct transaction costs of	0.79	1.05	0.78		
<b>Performance</b>					
Return after charges	(15.5%)	10.8%	(7.6%)		
<b>Other information</b>					
Closing net asset value (£'000)	12,940	18,387	21,923		
Closing number of shares	10,793,138	12,961,397	17,122,085		
Operating charges	1.36%	1.33%	1.31%		
Direct transaction costs	0.55%	0.74%	0.54%		
<b>Prices</b>					
Highest share price	154.20	146.70	147.10		
Lowest share price	106.80	121.60	124.80		

1. The W Accumulation Shares launched on 7 March 2014.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve income with the potential for some capital growth from a portfolio made up mainly of the securities of UK companies. Derivatives and forward transactions may be used for investment purposes and this may include using derivative instruments to generate additional income, for example, by the writing of call options. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

### Performance and Portfolio Activity

The fund recorded negative returns against a backdrop of increasing volatility in the UK stock market and weak earnings outlook in some sectors. This negatively impacted some key holdings, such as educational publisher Pearson, which was subsequently sold. Nevertheless, the fund's focus on quality income stocks such as tobacco stock Imperial Brands and sub-prime lender Provident Financial added value. We bought a new position in life insurance group Legal & General, a cash generative business that has the potential for dividend growth over the coming years. We also bought Lloyds' insurer Lancashire Holdings as we are keen to rebuild the exposure to this segment. The holding in Barclays was sold due to a lack of conviction about the direction of the business.

### Outlook

Dividend growth will be key for investors who want to achieve real returns over the coming years. In an environment of low interest rates and market volatility, the income generating and defensive characteristics of equity income are attractive.

Michael Clark and David Jehan  
Fund Managers  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year are shown below:

Holdings as at 29/02/16	% of total net assets
AstraZeneca (UK)	6.16
BT	5.31
GlaxoSmithKline	5.06
Imperial Brands *	4.61
HSBC (UK) (Reg'd)	4.59
Reckitt Benckiser	4.59
BAE Systems	4.36
Legal & General	3.87
British American Tobacco	3.60
National Grid Transco	3.40
Holdings as at 28/02/15	% of total net assets
GlaxoSmithKline	6.27
AstraZeneca (UK)	6.05
BT	4.55
Imperial Brands *	4.49
BAE Systems	4.17
Reckitt Benckiser	3.74
HSBC (UK) (Reg'd)	3.36
British American Tobacco	3.18
Barclays	3.12
National Grid Transco	2.88

\* Formerly Imperial Tobacco

### Portfolio information (%)

	29/02/16	28/02/15
Consumer Goods	26.89	19.01
Financials	22.91	18.02
Health Care	12.26	18.16
Industrials	12.07	9.99
Utilities	11.80	11.49
Telecommunications	5.86	5.92
Consumer Services	4.07	8.19
Oil & Gas	2.08	6.99
Other	-0.08	-1.57
Cash and other net assets/(liabilities)	2.14	3.80

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The main aim of the fund is to produce income. When this income is paid out instead of being reinvested, there is little prospect of any real capital growth. The fund takes all charges and expenses from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may be reduced over time if the fund's growth does not compensate for it. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

### Risk and Reward Indicator\*

A Accumulation Shares	5
A Income Shares	5
W Accumulation Shares	5
W Income Shares	5
Y Accumulation Shares	5
Y Income Shares	5

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- The use of derivatives to enhance income may reduce growth potential in certain market conditions.

\* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Accumulation Shares			A Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	191.78	178.40	160.95	126.22	125.13	120.27
Opening net asset value per share	(0.43)	16.46	20.36	(0.26)	11.31	14.97
Return before operating charges*	(3.27)	(3.09)	(2.91)	(2.12)	(2.14)	(2.14)
Operating charges	(3.70)	13.37	17.45	(2.38)	9.17	12.83
Return after operating charges*	n/a	n/a	n/a	(8.67)	(8.07)	(7.97)
Distributions on income share	188.08	191.78	178.40	115.17	126.22	125.13
Closing net asset value per share	13.33	11.68	10.86	n/a	n/a	n/a
Retained distributions on accumulation shares	0.40	0.31	0.42	0.40	0.31	0.42
*after direct transaction costs of						
<b>Performance</b>						
Return after charges	(1.9%)	7.5%	10.8%	(1.9%)	7.3%	10.7%
<b>Other information</b>						
Closing net asset value (£'000)	8,017	23,734	43,320	40,417	72,345	91,071
Closing number of shares	4,262,472	12,376,123	24,282,160	35,092,523	57,315,345	72,783,747
Operating charges	1.71%	1.70%	1.72%	1.71%	1.70%	1.72%
Direct transaction costs	0.35%	0.26%	0.33%	0.35%	0.26%	0.33%
<b>Prices</b>						
Highest share price	198.10	192.20	178.50	130.40	130.40	128.90
Lowest share price	175.20	169.00	159.60	111.50	116.00	117.90

	W Accumulation Shares			W Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	132.80	122.77	110.07	112.00	110.15	105.24
Opening net asset value per share	(0.52)	11.23	13.83	(0.41)	9.85	13.01
Return before operating charges*	(1.27)	(1.20)	(1.13)	(1.05)	(1.05)	(1.06)
Operating charges	(1.79)	10.03	12.70	(1.46)	8.80	11.95
Return after operating charges*	n/a	n/a	n/a	(7.56)	(6.94)	(7.04)
Distributions on income share	131.01	132.80	122.77	102.98	112.00	110.15
Closing net asset value per share	9.04	7.85	7.47	n/a	n/a	n/a
Retained distributions on accumulation shares	0.40	0.31	0.42	0.40	0.31	0.42
*after direct transaction costs of						
<b>Performance</b>						
Return after charges	(1.4%)	8.2%	11.5%	(1.3%)	8.0%	11.4%
<b>Other information</b>						
Closing net asset value (£'000)	56,380	38,081	14,743	299,661	172,532	67,443
Closing number of shares	43,035,156	28,674,783	12,008,707	290,983,462	154,043,657	61,229,703
Operating charges	0.96%	0.95%	0.96%	0.96%	0.95%	0.96%
Direct transaction costs	0.35%	0.26%	0.33%	0.35%	0.26%	0.33%
<b>Prices</b>						
Highest share price	137.40	133.10	122.80	115.90	115.60	113.70
Lowest share price	122.00	116.80	109.40	99.61	102.50	103.50

## Comparative Performance Table

	Y Accumulation Shares			Y Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	141.00	130.60	117.42	112.88	111.30	106.56
Return before operating charges*	(0.50)	11.97	14.65	(0.38)	9.97	13.16
Operating charges	(1.65)	(1.57)	(1.47)	(1.31)	(1.31)	(1.31)
Return after operating charges*	(2.15)	10.40	13.18	(1.69)	8.66	11.85
Distributions on income share	n/a	n/a	n/a	(7.64)	(7.08)	(7.11)
Closing net asset value per share	<b>138.85</b>	<b>141.00</b>	<b>130.60</b>	<b>103.55</b>	<b>112.88</b>	<b>111.30</b>
Retained distributions on accumulation shares	9.65	8.41	7.93	n/a	n/a	n/a
*after direct transaction costs of	0.40	0.31	0.42	0.40	0.31	0.42
<b>Performance</b>						
Return after charges	(1.5%)	8.0%	11.2%	(1.5%)	7.8%	11.1%
<b>Other information</b>						
Closing net asset value (£'000)	2,977	2,774	2,186	10,766	15,818	16,031
Closing number of shares	2,144,436	1,967,019	1,673,600	10,397,292	14,013,325	14,403,689
Operating charges	1.18%	1.17%	1.18%	1.18%	1.17%	1.19%
Direct transaction costs	0.35%	0.26%	0.33%	0.35%	0.26%	0.33%
<b>Prices</b>						
Highest share price	145.80	141.30	130.70	116.70	116.50	114.90
Lowest share price	129.30	124.10	116.50	100.20	103.40	104.70

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of continental European companies. The portfolio is likely to have a bias towards medium-sized and smaller companies. However, the ACD is not restricted in the choice of company either by size or industry, or in terms of the geographical split of the portfolio, which is largely determined by the availability of attractive investment opportunities rather than the outlook for each market.

### Performance and Portfolio Activity

The fund generated negative returns over the period. Global markets witnessed rising volatility owing to concerns over the economic slowdown, particularly in China. Nevertheless, the fund's key health care holdings in Novo Nordisk and Roche performed well as their growth prospects remain strong. Among the key transactions during the period, the position in Statoil was sold as its dividend may be reduced given the lower oil price environment. I also sold the holding in BNP Paribas due to the negative impact of regulatory changes on its dividend growth rate. I bought new positions in global distribution system provider Amadeus IT and 3D design software company Dassault Systemes. These companies have strong cash generation ability along with high dividend growth potential.

### Outlook

European market valuations appear to be high relative to history. However, some (generally large-cap) sectors appear cheap on a mean reversion basis. Meanwhile, I continue to focus on attractively valued companies that are able to grow dividends consistently.

Samuel Morse  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Nestle (Reg'd)	6.46
Roche	5.94
Novo Nordisk (B)	4.31
Sanofi-Aventis	3.94
UBS	3.00
Sampo Insurance (A)	2.71
Total (B)	2.69
L'Oreal	2.61
Christian Dior	2.58
Anheuser-Busch InBev	2.49
Holdings as at 28/02/15	% of total net assets
Nestle (Reg'd)	5.77
Roche	5.20
Novo Nordisk (B)	3.52
Sanofi-Aventis	3.42
Anheuser-Busch InBev	3.29
UBS	3.23
Total (B)	2.94
Volkswagen (Pref'd)	2.77
Zurich Financial	2.55
Christian Dior	2.52

### Portfolio information (%)

	29/02/16	28/02/15
France	25.06	23.25
Switzerland	21.80	20.88
Germany	11.70	14.38
Belgium	6.23	6.93
Denmark	5.60	5.19
Finland	5.35	4.92
Spain	5.18	3.77
Netherlands	4.99	3.24
Other	14.08	17.15
Cash and other net assets/(liabilities)	0.01	0.29

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	6
A Income Shares	6
W Accumulation Shares	6
W Income Shares	6
Y Accumulation Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

\* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.





## Comparative Performance Table

### Y Accumulation Shares

Change in net assets per share	2016	2015	2014
Opening net asset value per share	1,484.49	1,367.88	1,268.57
Return before operating charges*	(15.52)	132.95	114.88
Operating charges	(17.46)	(16.34)	(15.57)
Return after operating charges*	(32.98)	116.61	99.31
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	1,451.51	1,484.49	1,367.88
Retained distributions on accumulation shares	23.59	22.17	27.48
*after direct transaction costs of	1.02	0.83	0.87
<b>Performance</b>			
Return after charges	(2.2%)	8.5%	7.8%
<b>Other information</b>			
Closing net asset value (£'000)	39,083	46,421	40,803
Closing number of shares	2,692,550	3,127,043	2,982,913
Operating charges	1.18%	1.18%	1.18%
Direct transaction costs	0.07%	0.06%	0.06%
<b>Prices</b>			
Highest share price	1,590.00	1,485.00	1,373.00
Lowest share price	1,346.00	1,260.00	1,211.00

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of continental European companies. The portfolio will be made up of a blend of larger, medium and smaller sized companies. The ACD is not restricted in the choice of company either by size or industry, or in terms of the geographical split of the portfolio, which is largely determined by the availability of attractive investment opportunities rather than the outlook for each market.

### Performance and Portfolio Activity

The fund generated positive returns in a volatile market environment, primarily driven by deep value materials and industrials stocks. For instance, capital goods manufacturer Thales rallied on the back of healthy order inflows and strong execution. Agri-business firm Syngenta contributed to performance amid speculation of a merger and acquisition deal. I purchased shares in food products firm Danone as a combination of improving volumes, resilient pricing and lower input costs is expected to provide margin and strategic benefits to the company. A new position was also purchased in Bayer. The company has visible growth prospects in its pharmaceuticals and crop businesses based on new product launches. Conversely, I took profits in some stocks, such as Thales and Novartis, as their share prices rallied.

### Outlook

The European economy is likely to be supported by domestic demand and supportive economic policies. Meanwhile, geopolitical risks have the potential to weigh on global growth, which could negatively impact demand for eurozone exports.

Alberto Chiandetti  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Roche	4.51
SAP	4.18
Danone	3.84
Bayer	3.49
Kering	3.23
Koninklijke Philips Electronics	3.23
Fresenius Medical Care	3.21
Tenaris (IL)	3.11
Pernod-Ricard	3.04
Royal Dutch Shell A (NL)	3.00
Holdings as at 28/02/15	% of total net assets
Sanofi-Aventis	4.73
Novartis (Reg'd)	4.06
Roche	3.98
Fresenius Medical Care	3.24
SAP	3.19
Syngenta	3.14
Thales	3.00
CRH	2.79
Bureau Veritas	2.73
Novo Nordisk (B)	2.57

### Portfolio information (%)

	29/02/16	28/02/15
France	25.65	19.51
Switzerland	17.23	16.01
Germany	13.91	17.05
Netherlands	11.55	9.64
Ireland	9.79	5.37
Luxembourg	5.07	2.09
Spain	4.08	5.06
Sweden	3.73	0.00
Other	9.79	24.63
Cash and other net assets/(liabilities)	-0.80	0.64

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	6
W Accumulation Shares	6
Y Accumulation Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Accumulation Shares			W Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	375.95	367.15	321.16	341.75	331.26	287.58
Return before operating charges*	13.21	14.84	51.74	11.95	13.57	46.67
Operating charges	(6.59)	(6.04)	(5.75)	(3.31)	(3.08)	(2.99)
Return after operating charges*	6.62	8.80	45.99	8.64	10.49	43.68
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	382.57	375.95	367.15	350.39	341.75	331.26
Retained distributions on accumulation shares	2.63	0.82	1.20	5.03	3.11	3.24
*after direct transaction costs of	0.83	0.79	0.46	0.83	0.79	0.46
<b>Performance</b>						
Return after charges	1.8%	2.4%	14.3%	2.5%	3.2%	15.2%
<b>Other information</b>						
Closing net asset value (£'000)	113,792	368,138	439,101	260,502	41,515	10,144
Closing number of shares	29,744,060	97,920,893	119,598,146	74,345,881	12,147,686	3,062,232
Operating charges	1.73%	1.73%	1.72%	0.96%	0.98%	0.97%
Direct transaction costs	0.23%	0.23%	0.14%	0.23%	0.23%	0.14%
<b>Prices</b>						
Highest share price	405.40	376.20	367.80	368.80	342.00	331.80
Lowest share price	347.50	315.30	301.50	318.20	285.80	270.70
<b>Y Accumulation Shares</b>						
	2016	2015	2014			
Change in net assets per share						
Opening net asset value per share	145.21	141.04	122.71			
Return before operating charges*	5.09	5.78	19.86			
Operating charges	(1.75)	(1.61)	(1.53)			
Return after operating charges*	3.34	4.17	18.33			
Distributions on income share	n/a	n/a	n/a			
Closing net asset value per share	148.55	145.21	141.04			
Retained distributions on accumulation shares	1.81	1.03	1.13			
*after direct transaction costs of	0.83	0.79	0.46			
<b>Performance</b>						
Return after charges	2.3%	3.0%	14.9%			
<b>Other information</b>						
Closing net asset value (£'000)	4,870	4,938	3,462			
Closing number of shares	3,278,528	3,400,466	2,454,954			
Operating charges	1.19%	1.20%	1.19%			
Direct transaction costs	0.23%	0.23%	0.14%			
<b>Prices</b>						
Highest share price	156.70	145.30	141.30			
Lowest share price	134.90	121.50	115.40			

## Commentary & Portfolio Information

### Investment Objective

The fund's investment objective is to achieve a relatively high level of income. The fund will obtain exposure primarily to UK corporate and government bonds and other fixed income and money market securities, preference shares and convertibles.

### Investment Policy

The fund may invest directly in securities or may achieve exposure indirectly through the use of derivatives. The fund may also invest in money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. The fund may also take positions which enable it to benefit from falling asset prices.

### Performance and Portfolio Activity

The fund posted negative returns over the period. Credit exposure detracted from performance as credit spreads widened. However, conservative credit positioning at the security and sector level helped to contain losses. The fund's interest rate strategy enhanced returns as core government bonds rallied amid broader global growth concerns. I continue to focus on high-conviction corporate bonds and participated in the new issues of Thames Water and BHP Billiton. The exposure to Firstgroup and Verizon was reduced.

### Outlook

I remain cautious on the outlook for growth and concerned about the possibility of a further deterioration in corporate credit quality (partly driven by the continued availability of cheap financing). The Bank of England is likely to retain its cautious stance given the upcoming 'Brexit' referendum. Interest rate rises are expected to be well telegraphed and gradual in nature. Corporate bond valuations look attractive, but I remain mindful of default risk and illiquidity.

Ian Spreadbury  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Enterprise Inns 6.375% 26/09/2031	1.29
Imperial Brands Finance 9.00% 17/02/2022	1.13
Great Rolling Stock 6.25% 27/07/2020	1.02
EDF 6.00% 22/01/2114	0.99
Silverstone Master Issuer 5.063% 21/01/2055	0.98
Royal Bank of Scotland 9.50% 12/08/2049	0.95
Co-Op Bank 4.75% 11/11/2021	0.91
Premiertel 6.175% 08/05/2032	0.88
Ondeo Services UK 6.875% 06/02/2023	0.88
Nielsen Finance 5.00% 15/04/2022	0.85
Holdings as at 28/02/15	% of total net assets
UK Gilt Treasury 4.75% 07/09/2015	10.54
UK Gilt Treasury 4.25% 07/03/2036	2.85
UK Gilt Treasury 4.50% 07/12/2042	1.49
UK Gilt Treasury 3.50% 02/07/2068	1.48
Enterprise Inns 6.375% 26/09/2031	1.26
Imperial Brands Finance 9.00% 17/02/2022	1.07
EDF 6.00% 22/01/2114	0.97
Great Rolling Stock 6.25% 27/07/2020	0.96
Royal London Finance Bonds 6.125% VRN (Perpetual)	0.92
Royal Bank of Scotland 9.50% 12/08/2049	0.88

### Portfolio information (%)

	29/02/16	28/02/15
Corporate Bonds	81.13	68.11
Mortgage Related Bonds	12.81	10.66
UK Gilt Treasury Bonds	2.82	19.15
Government Bonds	1.66	0.36
Equities	0.40	0.27
Credit Default Swaps	0.01	0.00
Cash Funds/Money Market Funds	0.00	0.85
Convertible Bonds	0.00	0.00
Other	-1.03	0.10
Cash and other net assets/(liabilities)	2.20	0.50

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The main aim of the fund is to produce income. When this income is paid out instead of being reinvested, there is little prospect of any real capital growth. A portion of this fund will invest in 'sub-investment grade' bonds. These bonds may produce a higher level of income than 'investment grade' bonds but at a higher risk to your capital. With funds that invest in bonds, there is a risk that the issuer of the bond may default on its repayments. The likelihood of this happening will depend on the credit-worthiness of the issuer. The risk of default is usually greatest with bonds that are classed as sub-investment grade. When interest rates rise bonds may fall in value. Rising interest rates may cause the value of your investment to fall. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

## Risk and Reward Indicator\*

A Accumulation Shares	3
A Income Shares	3
Gross paying A Accumulation Shares	3
Gross paying A Income Shares	3
Gross paying Y Accumulation Shares	3
Gross paying Y Income Shares	3
Y Accumulation Shares	3
Y Income Shares	3

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
  - There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. While we seek to mitigate this, the fund may be exposed to the risk of financial loss if it invests into an instrument issued by an entity that subsequently defaults on its borrowings. Losses may also be realised if an entity that the fund is exposed to ceases to make interest payments over a period of time or indefinitely. Bond prices have an inverse relationship with interest rates such that when interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
  - The fund may be exposed to the risk of financial loss if a counterparty used for derivative instruments subsequently defaults.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

**Comparative Performance Table**

	<b>A Income Shares</b>			<b>Gross paying A Income Shares</b>		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	27.17	25.89	25.53	27.17	25.89	25.53
Opening net asset value per share						
Return before operating charges*	(0.64)	2.43	1.59	(0.48)	2.62	1.80
Operating charges	(0.39)	(0.39)	(0.37)	(0.39)	(0.39)	(0.37)
Return after operating charges*	(1.03)	2.04	1.22	(0.87)	2.23	1.43
Distributions on income share	(0.73)	(0.76)	(0.86)	(0.90)	(0.95)	(1.07)
Closing net asset value per share	<b>25.41</b>	<b>27.17</b>	<b>25.89</b>	<b>25.40</b>	<b>27.17</b>	<b>25.89</b>
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a	n/a	n/a
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	(3.8%)	7.9%	4.8%	(3.2%)	8.6%	5.6%
<b>Other information</b>						
Closing net asset value (£'000)	74,993	136,911	171,233	19,131	178,315	203,869
Closing number of shares	295,121,607	503,845,648	661,335,162	75,321,465	656,184,211	787,365,151
Operating charges	1.45%	1.46%	1.46%	1.45%	1.46%	1.46%
Direct transaction costs	0%	0%	0%	0%	0%	0%
<b>Prices</b>						
Highest share price	27.50	27.61	26.49	27.51	27.62	26.49
Lowest share price	25.38	25.99	24.95	25.40	25.99	24.97

	<b>A Accumulation Shares</b>			<b>Gross paying A Accumulation Shares</b>		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	166.34	154.02	146.88	176.78	162.52	153.70
Opening net asset value per share						
Return before operating charges*	(4.06)	14.65	9.33	(3.11)	16.73	11.12
Operating charges	(2.40)	(2.33)	(2.19)	(2.57)	(2.47)	(2.30)
Return after operating charges*	(6.46)	12.32	7.14	(5.68)	14.26	8.82
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>159.88</b>	<b>166.34</b>	<b>154.02</b>	<b>171.10</b>	<b>176.78</b>	<b>162.52</b>
Retained distributions on accumulation shares	4.50	4.58	5.00	5.93	6.06	6.57
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	(3.9%)	8.0%	4.9%	(3.2%)	8.8%	5.7%
<b>Other information</b>						
Closing net asset value (£'000)	9,346	15,274	15,453	413	6,715	8,533
Closing number of shares	5,845,364	9,182,334	10,033,049	241,200	3,798,765	5,250,470
Operating charges	1.45%	1.46%	1.46%	1.45%	1.46%	1.46%
Direct transaction costs	0%	0%	0%	0%	0%	0%
<b>Prices</b>						
Highest share price	168.50	168.50	154.80	179.30	179.00	163.30
Lowest share price	159.30	154.60	144.80	170.40	163.20	151.90

## Comparative Performance Table

	Y Accumulation Shares			Gross paying Y Accumulation Shares <sup>1</sup>		
	2016	2015	2014 <sup>1</sup>	2016	2015	2014
Change in net assets per share	111.25	102.58	100.00	112.63	102.83	100.00
Opening net asset value per share						
Return before operating charges*	(2.88)	9.51	2.80	(2.01)	10.64	3.06
Operating charges	(0.85)	(0.84)	(0.22)	(0.87)	(0.84)	(0.23)
Return after operating charges*	(3.73)	8.67	2.58	(2.88)	9.80	2.83
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>107.52</b>	<b>111.25</b>	<b>102.58</b>	<b>109.75</b>	<b>112.63</b>	<b>102.83</b>
Retained distributions on accumulation shares	3.62	3.64	1.20	4.60	4.59	1.51
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	(3.4%)	8.5%	2.6%	(2.6%)	9.5%	2.8%
<b>Other information</b>						
Closing net asset value (£'000)	18,608	9,254	252	14,083	5,847	485
Closing number of shares	17,305,869	8,318,153	245,985	12,831,514	5,191,711	471,519
Operating charges	0.77%	0.78%	0.76%	0.77%	0.78%	0.77%
Direct transaction costs	0%	0%	0%	0%	0%	0%
<b>Prices</b>						
Highest share price	112.80	112.60	103.00	114.30	114.00	103.30
Lowest share price	107.10	102.90	99.87	109.30	103.20	99.91

	Y Income Shares			Gross paying Y Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	124.63	118.76	117.09	124.65	118.77	117.09
Opening net asset value per share						
Return before operating charges*	(3.15)	10.97	7.16	(2.17)	12.02	8.30
Operating charges	(0.94)	(0.95)	(0.91)	(0.93)	(0.95)	(0.91)
Return after operating charges*	(4.09)	10.02	6.25	(3.10)	11.07	7.39
Distributions on income share	(3.99)	(4.15)	(4.58)	(5.00)	(5.19)	(5.71)
Closing net asset value per share	<b>116.55</b>	<b>124.63</b>	<b>118.76</b>	<b>116.55</b>	<b>124.65</b>	<b>118.77</b>
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a	n/a	n/a
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	(3.3%)	8.4%	5.3%	(2.5%)	9.3%	6.3%
<b>Other information</b>						
Closing net asset value (£'000)	112,781	74,295	23,916	177,560	43,946	17,501
Closing number of shares	96,770,566	59,612,531	20,138,159	152,341,246	35,255,701	14,735,576
Operating charges	0.77%	0.78%	0.78%	0.77%	0.78%	0.78%
Direct transaction costs	0%	0%	0%	0%	0%	0%
<b>Prices</b>						
Highest share price	126.20	126.70	121.50	126.20	126.80	121.50
Lowest share price	116.40	119.20	114.50	116.50	119.20	114.60

1. The Y Accumulation Shares and the Gross paying Y Accumulation Shares were launched on 13 November 2013.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve income and long-term capital growth from a portfolio consisting primarily of the shares of companies from around the world. The ACD will choose investments which it believes offer attractive dividend yields in addition to price appreciation. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

### Performance and Portfolio Activity

The fund recorded positive returns despite rising volatility in global markets, as some high-conviction holdings performed strongly. Key contributors included European media groups Wolters Kluwer and Relx, which were supported by their improving earnings outlook. I bought a position in Australian real estate company Scentre Group as it has the best quality properties in Australia and a strong dividend yield. GE was also purchased as asset disposals and the restructuring of its General Electric Capital business should leave it with three very strong divisions with a resilient earnings profile. I took profits in US beverages group Dr. Pepper Snapple following its strong performance, and sold Japanese security services group Secom as its stock valuation started to look stretched.

### Outlook

I look for companies with sustainable yields and dividend growth potential. I believe that a strategy based on resilient income-producing equities offers the best prospect of positive long-term returns.

Daniel Roberts  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Johnson & Johnson	4.67
Fidelity Institutional Liquidity Fund (USD)	4.19
Wolters Kluwer	4.02
British American Tobacco	3.96
Relx	3.96
Procter & Gamble	3.37
Kimberly Clark	3.34
GlaxoSmithKline	3.00
General Electric	2.85
Roche	2.82
Holdings as at 28/02/15	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	5.39
Reed Elsevier	3.89
Johnson & Johnson	3.82
Wolters Kluwer	3.77
Roche	3.52
Kimberly Clark	2.85
Astellas Pharmaceutical	2.55
Pfizer	2.42
Novartis (Reg'd)	2.36
Zurich Financial	2.34

### Portfolio information (%)

	29/02/16	28/02/15
United States	44.54	44.76
United Kingdom	11.79	9.68
Netherlands	9.09	10.64
Japan	6.75	6.45
Switzerland	6.33	9.43
Germany	4.14	2.83
Australia	3.85	1.57
France	2.99	5.22
Other	10.33	7.91
Cash and other net assets/(liabilities)	0.19	1.51

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The fund takes all charges and expenses from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may be reduced over time if the fund's growth does not compensate for it. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	5
A Income Shares	5
W Accumulation Shares	5
W Income Shares	5
Y Accumulation Shares	5
Y Income Shares	5

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.



## Comparative Performance Table

	A Accumulation Shares			A Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	156.81	135.64	122.47	141.64	126.35	117.80
Opening net asset value per share	14.84	23.65	15.49	13.14	21.76	14.79
Return before operating charges*	(2.72)	(2.48)	(2.32)	(2.44)	(2.29)	(2.29)
Operating charges	12.12	21.17	13.17	10.70	19.47	12.57
Return after operating charges*	n/a	n/a	n/a	(4.50)	(4.18)	(4.02)
Distributions on income share	168.92	156.81	135.64	147.84	141.64	126.35
Closing net asset value per share	4.97	4.47	4.18	n/a	n/a	n/a
Retained distributions on accumulation shares	0.23	0.18	0.28	0.23	0.18	0.28
*after direct transaction costs of						
<b>Performance</b>						
Return after charges	7.7%	15.6%	10.8%	7.6%	15.4%	10.7%
<b>Other information</b>						
Closing net asset value (£'000)	8,756	29,673	37,628	11,541	16,517	15,274
Closing number of shares	5,183,600	18,923,230	27,741,020	7,806,205	11,661,617	12,088,668
Operating charges	1.73%	1.74%	1.78%	1.73%	1.74%	1.80%
Direct transaction costs	0.16%	0.13%	0.22%	0.16%	0.13%	0.22%
<b>Prices</b>						
Highest share price	170.00	158.90	136.80	151.00	144.90	130.70
Lowest share price	146.10	133.30	123.10	130.50	124.10	118.40

	W Accumulation Shares			W Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	145.67	125.05	111.97	135.76	120.18	111.14
Opening net asset value per share	13.88	21.92	14.31	12.67	20.79	14.02
Return before operating charges*	(1.45)	(1.30)	(1.23)	(1.34)	(1.24)	(1.19)
Operating charges	12.43	20.62	13.08	11.33	19.55	12.83
Return after operating charges*	n/a	n/a	n/a	(4.32)	(3.97)	(3.79)
Distributions on income share	158.10	145.67	125.05	142.78	135.76	120.18
Closing net asset value per share	4.61	4.14	3.85	n/a	n/a	n/a
Retained distributions on accumulation shares	0.23	0.18	0.28	0.23	0.18	0.28
*after direct transaction costs of						
<b>Performance</b>						
Return after charges	8.5%	16.5%	11.7%	8.4%	16.3%	11.5%
<b>Other information</b>						
Closing net asset value (£'000)	135,011	43,869	19,867	176,763	44,939	9,834
Closing number of shares	85,397,852	30,116,066	15,887,871	123,803,884	33,100,830	8,182,902
Operating charges	0.99%	0.98%	0.95%	0.99%	0.97%	0.97%
Direct transaction costs	0.16%	0.13%	0.22%	0.16%	0.13%	0.22%
<b>Prices</b>						
Highest share price	159.10	147.50	126.00	145.20	138.60	123.50
Lowest share price	136.20	123.00	112.50	125.60	118.20	111.70

## Comparative Performance Table

	Y Accumulation Shares			Y Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	159.40	137.15	123.13	144.03	127.80	118.46
Return before operating charges*	15.16	24.00	15.65	13.41	22.10	14.93
Operating charges	(1.94)	(1.75)	(1.63)	(1.73)	(1.62)	(1.54)
Return after operating charges*	13.22	22.25	14.02	11.68	20.48	13.39
Distributions on income share	n/a	n/a	n/a	(4.58)	(4.25)	(4.05)
Closing net asset value per share	172.62	159.40	137.15	151.12	144.03	127.80
Retained distributions on accumulation shares	5.05	4.55	4.27	n/a	n/a	n/a
*after direct transaction costs of	0.23	0.18	0.28	0.23	0.18	0.28
<b>Performance</b>						
Return after charges	8.3%	16.2%	11.4%	8.1%	16.0%	11.3%
<b>Other information</b>						
Closing net asset value (£'000)	4,455	2,661	1,202	1,082	396	248
Closing number of shares	2,580,729	1,669,127	876,547	715,814	274,992	193,906
Operating charges	1.21%	1.20%	1.22%	1.21%	1.21%	1.20%
Direct transaction costs	0.16%	0.13%	0.22%	0.16%	0.13%	0.22%
<b>Prices</b>						
Highest share price	173.70	161.40	138.20	153.70	147.20	131.50
Lowest share price	148.90	134.80	123.80	133.10	125.70	119.10

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve income with the potential for some capital growth from a portfolio made up mainly of the securities of companies from around the world. Derivatives and forward transactions may be used for investment purposes and this may include using derivative instruments to generate additional income, for example, by the writing of call options. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits.

### Performance and Portfolio Activity

The fund recorded positive returns despite rising volatility in global markets, as some high-conviction holdings performed strongly. Key contributors included European media groups Wolters Kluwer and Relx, which were supported by their improving earnings outlook. We bought a position in Australian real estate company Scentre Group as it has the best quality properties in Australia and a strong dividend yield. General Electric was also purchased as asset disposals and the restructuring of its GE Capital business should leave it with three very strong divisions with a resilient earnings profile. We took profits in US beverages group Dr. Pepper Snapple following its strong performance, and sold Japanese security services group Secom as its stock valuation started to look stretched.

### Outlook

We look for companies with sustainable yields and dividend growth potential. We believe that a strategy based on resilient income-producing equities offers the best prospect of positive long-term returns.

Daniel Roberts and David Jehan  
Fund Managers  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Johnson & Johnson	4.82
Wolters Kluwer	4.10
British American Tobacco	3.99
Relx	3.99
Procter & Gamble	3.47
Kimberly Clark	3.37
General Electric	2.91
Munich Reinsurance (Reg'd)	2.86
Roche	2.85
Microsoft	2.35
Holdings as at 28/02/15	% of total net assets
Reed Elsevier	3.96
Johnson & Johnson	3.93
Wolters Kluwer	3.83
Roche	3.61
Fidelity Institutional Liquidity Fund (USD)	3.36
Kimberly Clark	2.92
Astellas Pharmaceutical	2.60
Pfizer	2.47
Novartis (Reg'd)	2.44
Zurich Financial	2.37

### Portfolio information (%)

	29/02/16	28/02/15
United States	41.69	42.82
Netherlands	9.17	10.82
United Kingdom	7.67	2.33
Japan	6.90	6.79
Switzerland	6.47	9.62
Germany	4.18	2.67
Australia	3.79	1.57
France	3.11	5.45
Other	10.72	8.06
Cash and other net assets/(liabilities)	6.30	9.87

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. Some funds invest more heavily than others in smaller companies, which can carry a higher risk because their prices may be more volatile than those of larger companies. In respect of the Income Shares all the charges and expenses will be taken from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge. Your capital may reduce over time if the fund's growth does not compensate for it.

### Risk and Reward Indicator\*

A Income Shares	5
W Accumulation Shares	5
W Income Shares	5

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- The use of derivatives to enhance income may reduce growth potential in certain market conditions.

\* The synthetic risk and reward indicator (SRRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Income Shares <sup>1</sup>			W Accumulation Shares <sup>1</sup>		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	111.21	103.27	100.00	119.88	105.02	100.00
Opening net asset value per share						
Return before operating charges*	10.58	15.74	5.67	11.70	15.88	5.63
Operating charges	(2.03)	(2.28)	(0.93)	(1.30)	(1.02)	(0.61)
Return after operating charges*	8.55	13.46	4.74	10.40	14.86	5.02
Distributions on income share	(5.82)	(5.52)	(1.47)	n/a	n/a	n/a
Closing net asset value per share	<b>113.93</b>	<b>111.21</b>	<b>103.27</b>	<b>130.28</b>	<b>119.88</b>	<b>105.02</b>
Retained distributions on accumulation shares	n/a	n/a	n/a	5.12	4.98	1.34
*after direct transaction costs of	0.43	0.46	0.38	0.43	0.46	0.38
<b>Performance</b>						
Return after charges	7.7%	13.0%	4.7%	8.7%	14.2%	5.0%
<b>Other information</b>						
Closing net asset value (£'000)	1,324	1,289	1,476	24,014	8,972	972
Closing number of shares	1,162,457	1,159,465	1,429,567	18,432,182	7,484,197	925,446
Operating charges	1.86%	1.83%	1.50%	1.07%	1.00%	0.73%
Direct transaction costs	0.38%	0.43%	0.37%	0.38%	0.43%	0.37%
<b>Prices</b>						
Highest share price	117.80	114.50	105.80	130.90	122.10	105.90
Lowest share price	101.40	100.40	99.90	112.70	103.50	99.91
<b>W Income Shares</b>						
	2016	2015	2014			
Change in net assets per share	112.37	103.54	100.00 <sup>1</sup>			
Opening net asset value per share						
Return before operating charges*	10.55	15.65	5.62			
Operating charges	(1.12)	(1.39)	(0.61)			
Return after operating charges*	9.43	14.26	5.01			
Distributions on income share	(5.79)	(5.43)	(1.47)			
Closing net asset value per share	<b>116.02</b>	<b>112.37</b>	<b>103.54</b>			
Retained distributions on accumulation shares	n/a	n/a	n/a			
*after direct transaction costs of	0.43	0.46	0.38			
<b>Performance</b>						
Return after charges	8.4%	13.8%	5.0%			
<b>Other information</b>						
Closing net asset value (£'000)	116,887	9,983	4,398			
Closing number of shares	100,747,256	8,883,704	4,247,480			
Operating charges	1.02%	1.08%	0.62%			
Direct transaction costs	0.38%	0.43%	0.37%			
<b>Prices</b>						
Highest share price	119.10	115.50	105.90			
Lowest share price	102.90	101.00	99.91			

1. The fund launched on 2 October 2013

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a diversified portfolio primarily made up of the shares of companies from around the world. In terms of geographical split, the portfolio is invested broadly in relation to the relative sizes and attractiveness of world equity markets. Within the portfolio there is a bias towards the larger quoted companies in each market, but the ACD is not restricted in this regard, or in terms of the industrial or geographical split of the portfolio.

### Performance and Portfolio Activity

The fund produced broadly flat returns over the period. Selected consumer-driven positions advanced amid expectations that lower energy prices and the strengthening US economy would lead to increased consumer spending. In consumer staples, I bought new positions in tobacco stocks Hanjaya Mandala Sampoerna and Philip Morris International for their attractive dividend yield. Nonetheless, markets remained volatile given concerns over a global economic slowdown, the currency devaluation in China and the decline in commodity prices. Growth concerns and weak energy prices hampered sentiment towards certain holdings in the materials and energy sectors. I sold positions in Eagle Materials and Rio Tinto due to uncertainty related to commodity prices.

### Outlook

The recent market volatility and sell-off in global markets provides an opportunity to buy companies that have become attractive from a valuation standpoint. I am also selective about the stocks that I hold in the portfolio in light of the broader macroeconomic uncertainty.

Amit Lodha  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Microsoft	2.47
Facebook (A)	1.97
Alphabet	1.85
Coca-Cola	1.79
US Bancorp	1.70
Oracle	1.59
FNF	1.56
Medtronic	1.56
Philip Morris International	1.51
Crown Castle International	1.50
Holdings as at 28/02/15	% of total net assets
Apple	2.56
Fidelity Institutional Liquidity Fund (USD)	2.03
Novartis (Reg'd)	1.98
Facebook (A)	1.96
Citigroup	1.88
CVS Health	1.81
US Bancorp	1.69
Microsoft	1.68
Amazon.com	1.55
Wal-Mart Stores	1.51

### Portfolio information (%)

	29/02/16	28/02/15
United States	56.04	49.99
United Kingdom	8.82	6.77
Japan	5.95	9.46
India	4.49	6.00
Switzerland	4.16	4.39
Canada	3.39	2.37
Germany	2.22	1.11
China	1.54	1.18
Other	13.26	17.29
Cash and other net assets/(liabilities)	0.13	1.44

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests in a relatively small number of companies which can make it more volatile than funds that are more diversified. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	5
W Accumulation Shares	5
Y Accumulation Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	<b>A Accumulation Shares</b>			<b>W Accumulation Shares</b>		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	1,334.53	1,153.86	1,071.97	1,435.44	1,231.79	1,135.24
Return before operating charges*	14.07	201.24	101.27	14.79	216.22	108.30
Operating charges	(23.05)	(20.57)	(19.38)	(13.68)	(12.57)	(11.75)
Return after operating charges*	(8.98)	180.67	81.89	1.11	203.65	96.55
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	1,325.55	1,334.53	1,153.86	1,436.55	1,435.44	1,231.79
Retained distributions on accumulation shares	n/a	n/a	n/a	8.75	7.19	6.74
*after direct transaction costs of	1.94	1.95	2.66	1.94	1.95	2.66
<b>Performance</b>						
Return after charges	(0.7%)	15.7%	7.6%	0.1%	16.5%	8.5%
<b>Other information</b>						
Closing net asset value (£'000)	123,927	340,341	342,604	213,200	33,584	7,119
Closing number of shares	9,349,052	25,502,772	29,692,066	14,841,078	2,339,651	577,908
Operating charges	1.72%	1.71%	1.73%	0.97%	0.96%	0.98%
Direct transaction costs	0.14%	0.16%	0.24%	0.14%	0.16%	0.24%
<b>Prices</b>						
Highest share price	1,428.00	1,335.00	1,174.00	1,537.00	1,436.00	1,252.00
Lowest share price	1,191.00	1,113.00	1,047.00	1,290.00	1,189.00	1,112.00
<b>Y Accumulation Shares</b>						
	2016	2015	2014			
Change in net assets per share						
Opening net asset value per share	1,432.92	1,232.35	1,138.75			
Return before operating charges*	19.75	215.81	107.93			
Operating charges	(16.80)	(15.24)	(14.33)			
Return after operating charges*	2.95	200.57	93.60			
Distributions on income share	n/a	n/a	n/a			
Closing net asset value per share	1,430.94	1,432.92	1,232.35			
Retained distributions on accumulation shares	5.59	4.35	4.12			
*after direct transaction costs of	1.95	1.96	2.66			
<b>Performance</b>						
Return after charges	0.2%	15.9%	8.2%			
<b>Other information</b>						
Closing net asset value (£'000)	671	145	120			
Closing number of shares	46,862	10,147	9,751			
Operating charges	1.19%	1.18%	1.20%			
Direct transaction costs	0.14%	0.16%	0.24%			
<b>Prices</b>						
Highest share price	1,534.00	1,434.00	1,253.00			
Lowest share price	1,285.00	1,190.00	1,115.00			

## Commentary & Portfolio Information

### Investment Objective

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to high-yielding, sub investment grade securities of issuers globally.

### Investment Policy

The fund may invest directly in high-yielding, sub investment grade securities of issuers globally (those with a rating of BB+ or less from Standard & Poor's or equivalent rating from an internationally recognised rating agency) or may achieve exposure indirectly through the use of derivatives. The fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. The fund may also take positions which enable it to benefit from falling asset prices.

### Performance and Portfolio Activity

The fund declined over the period, largely due to credit selection. Falling commodity prices weighed on basic industry securities. Consequently, the exposure to Noranda Aluminum and Samarco Mineracao detracted from performance. On a positive note, the bias against the energy sector supported relative returns. Given the rising volatility, we reduced the fund's credit beta (sensitivity to credit spreads) by selling capital goods securities such as Entegris and Ardagh Group. We believe the technology sector is likely to perform well. Therefore, we increased the exposure to the sector by purchasing new holdings in Banglalink and STATS ChipPac.

### Outlook

High yield bond valuations are now attractive following a volatile period. We have been overweight in Europe and Asia at the expense of the US for some time. However, we are becoming increasingly positive on the US and Latin America as the risk-reward proposition is starting to look more attractive.

Peter Khan and Kristian Atkinson  
Fund Managers  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Fidelity Institutional Liquidity Fund (GBP)	8.30
Greenko Dutch 8.00% 01/08/2019 Reg S	1.26
Finansbank 6.25% 30/04/2019	1.24
SoftBank 6.00% 30/07/2025 Reg S	1.04
Schaeffler Finance 4.75% 15/05/2023 144A	1.02
Shimao Property 8.375% 10/02/2022 Reg S	0.95
Cemex Finance 6.00% 01/04/2024	0.94
Bangalink Digital 8.625% 06/05/2019 Reg S	0.93
Columbus International 7.375% 30/03/2021	0.92
Suzano Trading 5.875% 23/01/2021 Reg S	0.89

### Holdings as at 28/02/15

	% of total net assets
Fidelity Institutional Liquidity Fund (GBP)	3.82
Comcel Trust 6.875% 06/02/2024	1.57
Columbus International 7.375% 30/03/2021	1.03
Wind Acquisition Finance 7.00% 23/04/2021	1.02
Koninklijke 6.875% 14/03/2073	1.02
GMAC 8.00% 01/11/2031	0.94
XPO Logistics 7.875% 01/09/2019	0.91
Investec Bank 9.625% 17/02/2022	0.91
Entegris 6.00% 01/04/2022	0.90
Ardagh Packaging 9.25% 15/10/2020	0.89

### Portfolio information (%)

	29/02/16	28/02/15
Corporate Bonds	82.84	92.79
Cash Funds/Money Market Funds	8.30	3.82
Mortgage Related Bonds	2.28	1.53
Government Bonds	1.23	0.08
Equities	1.03	0.96
Convertible Bonds	0.40	0.78
Options	0.17	0.00
Futures	-0.02	-0.02
Other	-3.64	1.16
Cash and other net assets/(liabilities)	7.41	-1.10

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests in a relatively small number of companies which can make it more volatile than funds that are more diversified. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. With funds that invest in bonds, there is a risk that the issuer of the bond may default on its repayments. The likelihood of this happening will depend on the credit-worthiness of the issuer. This fund will invest in 'sub-investment grade' bonds. These bonds may produce a higher level of income than 'investment grade' bonds but at a higher risk to your capital.

## Risk and Reward Indicator\*

A Accumulation Shares	3
A Income Shares	3
Gross paying A Accumulation Shares	3
Gross paying A Income Shares	3
Gross paying Y Accumulation Shares	3
Gross paying Y Income Shares	3
I Accumulation Shares	3
Y Accumulation Shares	3
Y Income Shares	3

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
  - There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. While we seek to mitigate this, the fund may be exposed to the risk of financial loss if it invests into an instrument issued by an entity that subsequently defaults on its borrowings. Losses may also be realised if an entity that the fund is exposed to ceases to make interest payments over a period of time or indefinitely. Bond prices have an inverse relationship with interest rates such that when interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
  - Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
  - The fund may be exposed to the risk of financial loss if a counterparty used for derivative instruments subsequently defaults.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.



## Comparative Performance Table

	A Income Shares			Gross paying A Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	1,042.78	1,081.17	1,063.65	1,042.98	1,081.29	1,063.81
Return before operating charges*	(45.70)	19.44	75.30	(35.15)	29.83	85.70
Operating charges	(16.17)	(16.86)	(16.82)	(16.17)	(16.82)	(16.75)
Return after operating charges*	(61.87)	2.85	58.59	(51.32)	13.29	68.98
Distributions on income share	(42.99)	(41.24)	(41.07)	(53.45)	(51.60)	(51.50)
Closing net asset value per share	<b>937.92</b>	<b>1,042.78</b>	<b>1,081.17</b>	<b>938.21</b>	<b>1,042.98</b>	<b>1,081.29</b>
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a	n/a	n/a
*after direct transaction costs of	0.57	0.51	0.61	0.57	0.51	0.61
<b>Performance</b>						
Return after charges	(5.9%)	0.3%	5.5%	(4.9%)	1.2%	6.5%
<b>Other information</b>						
Closing net asset value (£'000)	25	127	272	29	336	481
Closing number of shares	2,631	12,134	25,181	3,060	32,243	44,521
Operating charges	1.57%	1.57%	1.58%	1.57%	1.57%	1.57%
Direct transaction costs	0.05%	0.04%	0.05%	0.05%	0.04%	0.05%
<b>Prices</b>						
Highest share price	1,059.00	1,111.00	1,095.00	1,061.00	1,112.00	1,095.00
Lowest share price	927.70	1,020.00	1,034.00	928.30	1,020.00	1,035.00

	A Accumulation Shares			Gross paying A Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	1,175.65	1,172.77	1,109.88	1,211.18	1,196.67	1,121.94
Return before operating charges*	(53.43)	21.14	80.65	(43.54)	33.17	92.79
Operating charges	(18.43)	(18.55)	(17.73)	(19.17)	(18.98)	(18.17)
Return after operating charges*	(71.86)	2.88	62.89	(62.71)	14.51	74.73
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>1,103.79</b>	<b>1,175.65</b>	<b>1,172.77</b>	<b>1,148.47</b>	<b>1,211.18</b>	<b>1,196.67</b>
Retained distributions on accumulation shares	49.43	45.53	43.75	61.86	58.36	55.42
*after direct transaction costs of	0.57	0.51	0.61	0.57	0.51	0.61
<b>Performance</b>						
Return after charges	(6.1%)	0.3%	5.7%	(5.2%)	1.2%	6.7%
<b>Other information</b>						
Closing net asset value (£'000)	24	104	176	11	446	662
Closing number of shares	2,150	8,885	14,984	1,000	36,824	55,329
Operating charges	1.57%	1.57%	1.57%	1.57%	1.57%	1.58%
Direct transaction costs	0.05%	0.04%	0.05%	0.05%	0.04%	0.05%
<b>Prices</b>						
Highest share price	1,203.00	1,216.00	1,177.00	1,243.00	1,245.00	1,201.00
Lowest share price	1,088.00	1,137.00	1,089.00	1,132.00	1,169.00	1,104.00

## Comparative Performance Table

	I Accumulation Shares			Y Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	1,191.94	1,179.87	1,118.51	1,190.82	1,182.93	1,115.11
Return before operating charges*	(57.08)	19.14	69.32	(55.57)	19.88	79.72
Operating charges	(7.33)	(7.43)	(6.27)	(12.34)	(12.32)	(12.03)
Return after operating charges*	(64.41)	12.07	61.36	(67.91)	7.89	67.82
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	1,127.53	1,191.94	1,179.87	1,122.91	1,190.82	1,182.93
Retained distributions on accumulation shares	59.09	54.91	41.80	55.19	51.12	48.74
*after direct transaction costs of	0.57	0.51	0.61	0.57	0.51	0.61
<b>Performance</b>						
Return after charges	(5.4%)	1.0%	5.5%	(5.7%)	0.7%	6.1%
<b>Other information</b>						
Closing net asset value (£'000)	40,866	11,637	6,099	3,689	10,026	11,399
Closing number of shares	3,624,415	976,350	516,883	328,520	841,929	963,601
Operating charges	0.63%	0.63%	0.54%	1.04%	1.03%	1.06%
Direct transaction costs	0.05%	0.04%	0.05%	0.05%	0.04%	0.05%
<b>Prices</b>						
Highest share price	1,222.00	1,227.00	1,184.00	1,220.00	1,228.00	1,187.00
Lowest share price	1,111.00	1,151.00	1,090.00	1,106.00	1,151.00	1,096.00
<b>Gross paying Y Accumulation Shares</b>						
	2016	2015	2014	<b>Y Income Shares</b>		
				2016	2015	2014
Change in net assets per share						
Opening net asset value per share	1,227.29	1,206.32	1,128.36	1,042.87	1,081.12	1,063.66
Return before operating charges*	(44.08)	33.27	90.22	(47.08)	18.34	74.17
Operating charges	(12.57)	(12.63)	(12.00)	(10.54)	(11.07)	(11.27)
Return after operating charges*	(56.65)	20.97	77.96	(57.62)	7.57	63.04
Distributions on income share	n/a	n/a	n/a	(47.32)	(45.82)	(45.58)
Closing net asset value per share	1,170.64	1,227.29	1,206.32	937.93	1,042.87	1,081.12
Retained distributions on accumulation shares	71.50	65.46	60.27	n/a	n/a	n/a
*after direct transaction costs of	0.57	0.51	0.61	0.57	0.51	0.61
<b>Performance</b>						
Return after charges	(4.6%)	1.7%	6.9%	(5.5%)	0.7%	5.9%
<b>Other information</b>						
Closing net asset value (£'000)	1,265	806	775	1,560	2,601	3,639
Closing number of shares	108,025	65,697	64,230	166,349	249,360	336,555
Operating charges	1.03%	1.03%	1.03%	1.04%	1.03%	1.06%
Direct transaction costs	0.05%	0.04%	0.05%	0.05%	0.04%	0.05%
<b>Prices</b>						
Highest share price	1,261.00	1,258.00	1,211.00	1,060.00	1,111.00	1,095.00
Lowest share price	1,153.00	1,183.00	1,110.00	927.80	1,020.00	1,034.00

## Comparative Performance Table

### Gross paying Y Income Shares

Change in net assets per share	2016	2015	2014
Opening net asset value per share	1,041.89	1,080.27	1,063.43
Return before operating charges*	(35.45)	29.42	84.86
Operating charges	(10.31)	(10.87)	(11.62)
Return after operating charges*	(45.76)	18.92	73.72
Distributions on income share	(59.16)	(57.30)	(56.88)
Closing net asset value per share	<b>936.97</b>	<b>1,041.89</b>	<b>1,080.27</b>
Retained distributions on accumulation shares	n/a	n/a	n/a
*after direct transaction costs of	0.57	0.51	0.61
<b>Performance</b>			
Return after charges	(4.4%)	1.8%	6.9%
<b>Other information</b>			
Closing net asset value (£'000)	809	310	66
Closing number of shares	86,327	29,738	6,135
Operating charges	1.03%	1.03%	1.09%
Direct transaction costs	0.05%	0.04%	0.05%
<b>Prices</b>			
Highest share price	1,060.00	1,111.00	1,095.00
Lowest share price	927.20	1,019.00	1,035.00

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve a combination of income and long term capital growth from a portfolio primarily made up of the securities of companies principally involved in the real estate industry and other real estate-related investments.

### Performance and Portfolio Activity

The fund generated positive returns over the period. US mall owners, especially Simon Property and Macerich Company, delivered strong returns on the back of rising employment, which is boosting retail spending. The position in Scentre Group, the owner of Westfield in Australia, gained as investors continue to favour its high quality assets and reliable recurring income. Among the key transactions, I bought a new position in American Homes 4 Rent and substantially increased the exposure to Prologis given their attractive valuation and strong growth prospects over the long term. Meanwhile, the holding in Host Hotels & Resorts was sold and the exposure to Hysan Development was reduced due to a change in the outlook.

### Outlook

The outlook for property stocks remains largely positive. Property fundamentals are improving, albeit gradually, and demand/supply dynamics remain supportive. I continue to find many investment opportunities across regions and property types.

Dirk Philippa  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Simon Property Real Estate Investment Trust	8.13
Equity Residential Properties Real Estate Investment Trust	5.29
Fidelity Institutional Liquidity Fund (USD)	4.83
Prologis	4.43
General Growth Properties	4.26
Ventas Real Estate Investment Trust	3.58
Mitsui Fudosan	3.41
Sun Communities Real Estate Investment Trust	3.35
Scentre Group Stapled Unit	3.22
Camden Property Trust	3.12
Holdings as at 28/02/15	% of total net assets
Simon Property Real Estate Investment Trust	6.45
Sun Hung Kai Properties	4.69
General Growth Properties	3.76
Hong Kong Land (SG)	3.39
Hysan Development	3.24
Great Portland Estates	3.23
Mitsui Fudosan	3.10
Mitsubishi Estate	3.06
Equity Residential Properties Real Estate Investment Trust	2.99
Scentre Group Stapled Unit	2.94

### Portfolio information (%)

	29/02/16	28/02/15
United States	57.68	43.97

Japan	10.09	12.17
Australia	7.81	6.87
Hong Kong	6.76	12.37
United Kingdom	6.02	6.33
Singapore	3.36	5.31
Switzerland	2.50	1.84
Canada	2.46	3.99
Other	2.42	4.30
Cash and other net assets/(liabilities)	0.90	2.85

## Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund takes its annual management charge from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may be reduced over time if the fund's growth does not compensate for it. This fund invests in a relatively small number of companies which can make it more volatile than funds that are more diversified. This fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	5
W Accumulation Shares	5
W Income Shares	5
Y Accumulation Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
  - Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Accumulation Shares			W Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	152.50	118.59	129.29	137.24	105.93	114.60
Opening net asset value per share						
Return before operating charges*	2.14	36.20	(8.51)	1.94	32.50	(7.63)
Operating charges	(2.58)	(2.29)	(2.19)	(1.30)	(1.19)	(1.04)
Return after operating charges*	(0.44)	33.91	(10.70)	0.64	31.31	(8.67)
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>152.06</b>	<b>152.50</b>	<b>118.59</b>	<b>137.88</b>	<b>137.24</b>	<b>105.93</b>
Retained distributions on accumulation shares	1.80	1.70	1.53	2.64	2.44	2.33
*after direct transaction costs of	0.15	0.19	0.29	0.15	0.19	0.29
<b>Performance</b>						
Return after charges	(0.3%)	28.6%	(8.3%)	0.5%	29.6%	(7.6%)
<b>Other information</b>						
Closing net asset value (£'000)	103,687	173,077	172,216	94,062	46,988	11,304
Closing number of shares	68,185,763	113,495,004	145,217,978	68,221,822	34,239,127	10,671,273
Operating charges	1.72%	1.71%	1.74%	0.97%	0.96%	0.99%
Direct transaction costs	0.11%	0.14%	0.23%	0.11%	0.14%	0.23%
<b>Prices</b>						
Highest share price	163.50	162.00	141.80	147.30	145.70	125.90
Lowest share price	137.00	117.50	115.30	123.70	105.00	102.90
	W Income Shares			Y Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	125.72	99.63	100.00 <sup>1</sup>	138.09	106.84	115.86
Opening net asset value per share						
Return before operating charges*	1.56	30.41	(0.22)	1.99	32.72	(7.69)
Operating charges	(1.19)	(1.14)	(0.02)	(1.62)	(1.44)	(1.33)
Return after operating charges*	0.37	29.27	(0.24)	0.37	31.28	(9.02)
Distributions on income share	(3.38)	(3.18)	(0.13)	n/a	n/a	n/a
Closing net asset value per share	<b>122.71</b>	<b>125.72</b>	<b>99.63</b>	<b>138.12</b>	<b>138.12</b>	<b>106.84</b>
Retained distributions on accumulation shares	n/a	n/a	n/a	2.35	2.18	2.02
*after direct transaction costs of	0.15	0.19	0.29	0.15	0.19	0.29
<b>Performance</b>						
Return after charges	0.3%	29.4%	(0.2%)	0.3%	29.2%	(7.8%)
<b>Other information</b>						
Closing net asset value (£'000)	2,085	1,186	8	1,485	2,125	2,045
Closing number of shares	1,699,012	943,033	7,994	1,072,640	1,539,163	1,914,233
Operating charges	0.97%	0.94%	0.95%	1.19%	1.18%	1.21%
Direct transaction costs	0.11%	0.14%	0.23%	0.11%	0.14%	0.23%
<b>Prices</b>						
Highest share price	134.90	135.10	100.40	148.20	146.60	127.30
Lowest share price	111.60	98.76	99.87	124.40	105.90	103.80

1. The W Income Shares launched on 19 February 2014.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of companies around the world. The Fund will have a blend of investments in larger, medium and smaller sized companies. The ACD is not restricted in its choice of companies either by size or industry, or in terms of the geographical split of the portfolio, and will choose stocks largely determined by the availability of attractive investment opportunities. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

### Performance and Portfolio Activity

The fund delivered positive returns over the review period. Merger and acquisition activity remained strong and a number of holdings in the portfolio benefited from buoyant deal activity. I bought new positions in Belgian food retailer Delhaize Group, which agreed to merge with Ahold and health insurer Humana, which was acquired by Aetna. Nonetheless, markets remained volatile given concerns over the global economic slowdown, currency devaluation in China and the decline in commodity prices. Certain semiconductor holdings were negatively impacted by growth concerns in emerging markets and slowing demand for personal computers and smartphones. I sold positions in Nvidia and ASML Holding on concerns related to slowing semiconductor wafer shipments.

### Outlook

Equities continue to represent good value versus other asset classes. At a time of exceptional bond market conditions, competitive currency devaluation and commodity price weakness, active management remains key.

Jeremy Podger  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Alphabet	2.94
Comcast (A)	2.58
Delhaize Group	2.46
Microsoft	2.37
KDDI	2.33
Lowe's	2.29
JPMorgan Chase	2.11
Royal Dutch Shell B (UK)	2.05
Airbus	2.04
Exelon	2.01
Holdings as at 28/02/15	% of total net assets
Aetna	2.62
Lowe's	2.58
Microsoft	2.56
KDDI	2.53
Comcast (A)	2.52
Walt Disney	2.35
JPMorgan Chase	2.34
NXP Semiconductors	1.84
Google (A)	1.84
Lam Research	1.81

### Portfolio information (%)

	29/02/16	28/02/15
United States	55.14	54.20
Japan	10.18	10.11
United Kingdom	6.64	4.04
France	5.75	5.34
Netherlands	3.47	4.58
Hong Kong	3.01	2.39
Belgium	2.46	0.00
China	2.41	3.14
Other	10.50	16.15
Cash and other net assets/(liabilities)	0.44	0.05

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty.

### Risk and Reward Indicator\*

A Accumulation Shares	5
J Accumulation Shares	5
W Accumulation Shares	5
Y Accumulation Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Accumulation Shares			W Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	2,548.76	2,153.19	1,900.62	2,394.09	2,007.35	1,758.55
Return before operating charges*	76.57	433.84	287.48	71.78	407.18	267.14
Operating charges	(43.99)	(38.27)	(34.91)	(22.85)	(20.44)	(18.34)
Return after operating charges*	32.58	395.57	252.57	48.93	386.74	248.80
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	2,581.34	2,548.76	2,153.19	2,443.02	2,394.09	2,007.35
Retained distributions on accumulation shares	n/a	n/a	0.93	12.80	9.88	15.51
*after direct transaction costs of	1.72	1.64	1.88	1.72	1.64	1.88
<b>Performance</b>						
Return after charges	1.3%	18.4%	13.3%	2.0%	19.3%	14.2%
<b>Other information</b>						
Closing net asset value (£'000)	559,688	1,450,820	1,497,405	1,079,706	207,636	25,056
Closing number of shares	21,682,081	56,922,560	69,543,609	44,195,586	8,672,845	1,248,208
Operating charges	1.70%	1.70%	1.70%	0.95%	0.95%	0.95%
Direct transaction costs	0.07%	0.08%	0.10%	0.07%	0.08%	0.10%
<b>Prices</b>						
Highest share price	2,740.00	2,551.00	2,156.00	2,576.00	2,396.00	2,008.00
Lowest share price	2,309.00	2,061.00	1,919.00	2,184.00	1,923.00	1,775.00
	J Accumulation Shares			Y Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	221.81	187.33	165.32	2,499.59	2,100.45	1,844.54
Return before operating charges*	6.66	37.75	24.99	75.12	425.10	279.33
Operating charges	(3.75)	(3.27)	(2.98)	(29.65)	(25.96)	(23.42)
Return after operating charges*	2.91	34.48	22.01	45.47	399.14	255.91
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	224.72	221.81	187.33	2,545.06	2,499.59	2,100.45
Retained distributions on accumulation shares	n/a	n/a	0.13	7.72	5.40	11.46
*after direct transaction costs of	1.72	1.64	1.88	1.72	1.64	1.88
<b>Performance</b>						
Return after charges	1.3%	18.4%	13.3%	1.8%	19.0%	13.9%
<b>Other information</b>						
Closing net asset value (£'000)	1,660,096	4,357	4,768	10,688	10,165	5,170
Closing number of shares	1,660,092	1,964,451	2,545,370	419,961	406,666	246,154
Operating charges	1.67%	1.67%	1.67%	1.17%	1.17%	1.17%
Direct transaction costs	0.07%	0.08%	0.10%	0.07%	0.08%	0.10%
<b>Prices</b>						
Highest share price	238.50	222.00	187.50	2,689.00	2,501.00	2,102.00
Lowest share price	201.00	179.30	166.90	2,276.00	2,012.00	1,862.00

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the MSCI Emerging Markets Index. The ACD will aim to hold securities that represent the MSCI Emerging Markets Index (or in the event of this index ceasing to be compiled such index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

\* Please refer to note 1 in the Further Information section in the back of this report for MSCI and other fund specific information in note 1a.

### Performance and Portfolio Activity

The fund generated negative returns as falling oil prices and investor concerns about slowing economic growth in China led to heightened volatility. As a "passive" or "index tracker" fund, the return of the fund and the index should be similar over time, before costs. However, the reported fund and index returns cannot be used to assess how well the fund tracks the index. This is because the fund is priced at midday while the market index is calculated using closing market prices. To allow proper comparison of tracking difference we have revalued the primary W accumulation shares to align with the closing prices used to calculate the index. The revalued W accumulation shares returned -15.47% against the index return of -15.07% over the period. The difference in performance takes into account factors such as ongoing charges, taxation and transaction costs. Ongoing charges (P and W classes) reduced during the period by 0.02% from 1st October 2015.

Please note, the fund's cash position, and investment of cash into a liquidity fund and US Treasury bills for diversification, does not mean that the fund is under exposed to the index, as such positions are typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts the fund's country and holdings weights more closely match the index.

### Outlook

While current account imbalances in a number of economies are improving, China's move towards domestic consumption and US monetary policy decisions may cause short-term volatility. Nonetheless, from a longer term perspective, emerging markets continue to offer many structurally attractive opportunities.

Geode Capital Management  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	5.62
US Treasury Bill 0.00% 31/03/2016	3.55
Taiwan Semiconductor Manufacturing	2.93
Samsung Electronics	2.80
Tencent	2.52
China Mobile	1.73
China Construction Bank	1.28
Naspers	1.24
Industrial & Commercial Bank of China	0.96
Hon Hai Precision	0.90

Holdings as at 28/02/15	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	7.55
Samsung Electronics	3.26
Taiwan Semiconductor Manufacturing	2.82
Tencent	2.17
China Mobile	2.00
US Treasury Bill 0.00% 30/04/2015	1.91
China Construction Bank	1.42
Naspers	1.41
Industrial & Commercial Bank of China	1.28
Bank of China (H)	1.09

### Portfolio information (%)

	29/02/16	28/02/15
China	18.80	18.71
Korea	13.17	13.74
Taiwan	10.80	11.76
United States	9.61	9.57
India	6.92	0.00
South Africa	5.83	7.64
Brazil	4.73	7.61
Mexico	3.93	4.54
Other	21.11	23.19
Cash and other net assets/(liabilities)	5.10	3.24

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.



## Risk and Reward Indicator\*

P Accumulation Shares	6
P Income Shares	6
W Accumulation Shares	6
W Income Shares	6
F Accumulation Shares	6

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	W Accumulation Shares		W Income Shares	
	2016	2015	2016	2015
Change in net assets per share				
Opening net asset value per share	105.14	100.00 <sup>2</sup>	100.31	100.00 <sup>3</sup>
Return before operating charges*	(16.00)	5.33	(15.19)	1.43
Operating charges	(0.24)	(0.19)	(0.22)	(0.14)
Return after operating charges*	(16.24)	5.14	(15.41)	1.29
Distributions on income share	n/a	n/a	(2.01)	(0.98)
Closing net asset value per share	<b>88.90</b>	<b>105.14</b>	<b>82.89</b>	<b>100.31</b>
Retained distributions on accumulation shares	2.10	1.67	n/a	n/a
*after direct transaction costs of	0.16	0.26	0.16	0.26
<b>Performance</b>				
Return after charges	(15.4%)	5.1%	(15.4%)	1.3%
<b>Other information</b>				
Closing net asset value (£'000)	7,849	7,600	834	453
Closing number of shares	8,828,674	7,228,234	1,006,454	452,049
Operating charges	0.23%	0.25%	0.23%	0.25%
Direct transaction costs	0.13%	0.19%	0.13%	0.19%
<b>Prices</b>				
Highest share price	117.00	111.60	111.60	107.30
Lowest share price	81.49	94.84	76.27	90.84
	<b>F Accumulation Shares</b>		<b>P Accumulation Shares</b>	
	2016	2015	2016	2015
Change in net assets per share				
Opening net asset value per share	1,123.17	1,000.00 <sup>1</sup>	112.26	100.00 <sup>1</sup>
Return before operating charges*	(169.08)	124.99	(16.84)	12.51
Operating charges	(1.45)	(1.82)	(0.23)	(0.25)
Return after operating charges*	(170.53)	123.17	(17.07)	12.26
Distributions on income share	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>950.37</b>	<b>1,123.17</b>	<b>94.96</b>	<b>112.26</b>
Retained distributions on accumulation shares	22.96	24.20	2.26	2.36
*after direct transaction costs of	0.16	0.26	0.16	0.26
<b>Performance</b>				
Return after charges	(15.4%)	12.3%	(15.4%)	12.3%
<b>Other information</b>				
Closing net asset value (£'000)	4,058	9,282	20,083	14,311
Closing number of shares	427,046	826,411	21,147,612	12,747,509
Operating charges	0.17%	0.17%	0.21%	0.23%
Direct transaction costs	0.13%	0.19%	0.13%	0.19%
<b>Prices</b>				
Highest share price	1,250.00	1,191.00	124.90	119.10
Lowest share price	871.00	973.80	87.04	97.38

1. The fund launched on 6 March 2014.

2. The W Accumulation Shares launched on 27 May 2014.

3. The P and W Income Shares launched on 4 August 2014.

## Comparative Performance Table

### P Income Shares

Change in net assets per share	2016	2015
Opening net asset value per share	100.32	100.00 <sup>3</sup>
Return before operating charges*	(15.19)	1.43
Operating charges	(0.20)	(0.13)
Return after operating charges*	(15.39)	1.30
Distributions on income share	(2.05)	(0.98)
Closing net asset value per share	<b>82.88</b>	<b>100.32</b>
Retained distributions on accumulation shares	n/a	n/a
*after direct transaction costs of	0.16	0.26
<b>Performance</b>		
Return after charges	(15.3%)	1.3%
<b>Other information</b>		
Closing net asset value (£'000)	7,834	2,221
Closing number of shares	9,452,645	2,213,903
Operating charges	0.21%	0.23%
Direct transaction costs	0.13%	0.19%
<b>Prices</b>		
Highest share price	111.60	107.30
Lowest share price	76.25	90.85

1. The fund launched on 6 March 2014.

3. The P and W Income Shares launched on 4 August 2014.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the MSCI Europe ex UK Index. The ACD will aim to hold securities that represent the MSCI Europe ex UK Index (or in the event of this index ceasing to be compiled such index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

\* Please refer to note 1 and 1a in the Further Information section in the back of this report for MSCI and other fund specific information.

### Performance and Portfolio Activity

The fund declined over the period amid global turmoil due to concerns over Chinese growth and its negative impact on the broader economy. As a "passive" or "index tracker" fund, the return of the fund and the index should be similar over time, before costs. However, the reported fund and index returns cannot be used to assess how well the fund tracks the index. This is because the fund is priced at midday while the market index is calculated using closing market prices. To allow proper comparison of tracking difference we have revalued the primary W accumulation shares to align with the closing prices used to calculate the index. The revalued W accumulation shares returned -5.86% against the index return of -5.24% over the period. The difference in performance takes into account the effect of factors such as ongoing charges, taxation and transaction costs. A substantial part of the difference is due to withholding taxes incurred by the fund but not by the index.

Please note, the fund's cash position does not mean that the fund is under exposed to the index, as any cash is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts the fund's country and holdings weights more closely match the index.

### Outlook

The European economy is likely to be buoyed by domestic demand and supportive economic policies. However, geopolitical risks could weigh on global growth, which would negatively impact demand for eurozone exports.

Geode Capital Management  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Nestle (Reg'd)	4.32
Roche	3.50
Novartis (Reg'd)	3.15
Novo Nordisk (B)	1.98
Total (B)	1.88
Sanofi-Aventis	1.81
Anheuser-Busch InBev	1.73
Bayer	1.67
SAP	1.44
Siemens (Bearer)	1.42

### Holdings as at 28/02/15

	% of total net assets
Nestle (Reg'd)	3.83
Novartis (Reg'd)	3.59
Roche	2.91
Bayer	1.86
Sanofi-Aventis	1.76
Total (B)	1.73
Banco Santander Central Hispano	1.55
Anheuser-Busch InBev	1.54
Novo Nordisk (B)	1.44
DaimlerChrysler (Reg'd)	1.41

### Portfolio information (%)

	29/02/16	28/02/15
France	21.24	19.18
Switzerland	20.19	18.48
Germany	19.08	18.62
Netherlands	6.82	5.76
Spain	6.68	6.78
Sweden	6.30	6.24
Italy	4.45	4.39
Denmark	4.24	3.13
Other	10.12	7.66
Cash and other net assets/(liabilities)	0.88	9.76

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

P Accumulation Shares	6
P Income Shares	6
W Accumulation Shares	6
W Income Shares	6
F Accumulation Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

\* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	W Accumulation Shares			W Income Shares		
	2016	2015		2016	2015	
Change in net assets per share						
Opening net asset value per share	101.60	100.00 <sup>2</sup>		107.83	100.00 <sup>2</sup>	
Return before operating charges*	(5.77)	1.69		(5.94)	8.30	
Operating charges	(0.12)	(0.09)		(0.12)	(0.07)	
Return after operating charges*	(5.89)	1.60		(6.06)	8.23	
Distributions on income share	n/a	n/a		(2.62)	(0.40)	
Closing net asset value per share	<b>95.71</b>	<b>101.60</b>		<b>99.15</b>	<b>107.83</b>	
Retained distributions on accumulation shares	2.46	0.43		n/a	n/a	
*after direct transaction costs of	0.10	0.28		0.10	0.28	
<b>Performance</b>						
Return after charges	(5.8%)	1.6%		(5.6%)	8.2%	
<b>Other information</b>						
Closing net asset value (£'000)	20,011	17,061		2,567	414	
Closing number of shares	20,908,559	16,793,063		2,588,746	383,808	
Operating charges	0.12%	0.12%		0.12%	0.12%	
Direct transaction costs	0.07%	0.19%		0.07%	0.19%	
<b>Prices</b>						
Highest share price	108.50	101.60		115.20	108.00	
Lowest share price	88.36	86.33		91.86	91.95	
	F Accumulation Shares			P Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	1,058.44	1,014.06	1,000.00 <sup>1</sup>	105.81	101.40	100.00 <sup>1</sup>
Return before operating charges*	(60.13)	45.28	14.15	(6.01)	4.52	1.42
Operating charges	(0.94)	(0.90)	(0.09)	(0.10)	(0.11)	(0.02)
Return after operating charges*	(61.07)	44.38	14.06	(6.11)	4.41	1.40
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>997.37</b>	<b>1,058.44</b>	<b>1,014.06</b>	<b>99.70</b>	<b>105.81</b>	<b>101.40</b>
Retained distributions on accumulation shares	25.85	23.02	1.60	2.58	2.27	0.15
*after direct transaction costs of	0.10	0.28	0.10	0.10	0.28	0.10
<b>Performance</b>						
Return after charges	(5.8%)	4.4%	1.4%	(5.8%)	4.4%	1.4%
<b>Other information</b>						
Closing net asset value (£'000)	28,917	27,402	1,001	75,112	27,455	4,533
Closing number of shares	2,899,288	2,588,921	98,670	75,335,378	25,948,027	4,470,233
Operating charges	0.09%	0.09%	0.09%	0.10%	0.10%	0.16%
Direct transaction costs	0.07%	0.19%	0.09%	0.07%	0.19%	0.09%
<b>Prices</b>						
Highest share price	1,130.00	1,059.00	1,015.00	113.00	105.81	101.50
Lowest share price	920.90	899.40	958.30	92.05	89.91	95.83

1. The fund launched 22 January 2014.

2. The W Accumulation Shares launched on 27 May 2014 and the W Income Shares launched on 4 August 2014.

## Comparative Performance Table

### P Income Shares

Change in net assets per share	2016	2015
Opening net asset value per share	107.84	100.00 <sup>3</sup>
Return before operating charges*	(5.94)	8.30
Operating charges	(0.10)	(0.06)
Return after operating charges*	(6.04)	8.24
Distributions on income share	(2.67)	(0.40)
Closing net asset value per share	<b>99.13</b>	<b>107.84</b>
Retained distributions on accumulation shares	n/a	n/a
*after direct transaction costs of	0.10	0.28
<b>Performance</b>		
Return after charges	(5.6%)	8.2%
<b>Other information</b>		
Closing net asset value (£'000)	15,174	1,170
Closing number of shares	15,307,697	1,084,621
Operating charges	0.10%	0.10%
Direct transaction costs	0.07%	0.19%
<b>Prices</b>		
Highest share price	115.20	108.10
Lowest share price	91.84	91.95

3. The P Income Shares launched on 4 August 2014.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the MSCI Japan Index. The ACD will aim to hold securities that represent the MSCI Japan Index (or in the event of this index ceasing to be compiled such index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

\* Please refer to note 1 and 1a in the Further Information section in the back of this report for MSCI and other fund specific information.

### Performance and Portfolio Activity

The fund was little changed over the review period, as gains made in the early part of 2015 were subsequently erased by a sell-off. This was triggered by evidence of an economic slowdown in China. As a "passive" or "index tracker" fund, the return of the fund and the index should be similar over time, before costs. However, the reported fund and index returns cannot be used to assess how well the fund tracks the index. This is because the fund is priced at midday while the market index is calculated using closing market prices. To allow proper comparison of tracking difference we have revalued the primary W accumulation shares to align with the closing prices used to calculate the index. The revalued W accumulation shares returned -0.28% against the index return of -0.09% over the period. The difference in performance takes into account the effect of factors such as ongoing charges, taxation and transaction costs.

Please note, the fund's cash position does not mean that the fund is under exposed to the index, as any cash is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts the fund's sector and holdings weights more closely match the index.

### Outlook

Global investors have been looking to reduce risk and the scale of the sell-off represents an overreaction that defies fundamentals. The domestic economy is in a relatively healthy position and Japanese stocks look increasingly oversold.

Geode Capital Management  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Toyota Motor	5.37
Mitsubishi UFJ Financial	2.08
SoftBank	1.80
KDDI	1.69
Japan Tobacco	1.66
Honda Motor	1.58
Takeda Pharmaceutical	1.43
Sumitomo Mitsui Financial	1.35
Mizuho Financial	1.32
NTT DoCoMo	1.27

### Holdings as at 28/02/15

	% of total net assets
Toyota Motor	6.33
Mitsubishi UFJ Financial	2.84
Softbank	2.03
Honda Motor	1.85
Sumitomo Mitsui Financial	1.74
Mizuho Financial	1.46
Takeda Pharmaceutical	1.39
KDDI	1.39
Fanuc	1.27
Canon	1.26

### Portfolio information (%)

	29/02/16	28/02/15
Consumer Discretionary	20.50	22.19
Industrials	18.87	19.16
Financials	17.42	18.66
Information Technology	10.57	10.86
Consumer Staples	8.09	6.53
Health Care	7.94	6.48
Telecommunications	5.87	5.15
Materials	5.10	6.22
Other	3.32	3.12
Cash and other net assets/(liabilities)	2.32	1.63

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

P Accumulation Shares	6
P Income Shares	6
W Accumulation Shares	6
W Income Shares	6
F Accumulation Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

\* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	W Accumulation Shares			W Income Shares		
	2016	2015		2016	2015	
Change in net assets per share						
Opening net asset value per share	119.19	100.00 <sup>2</sup>		111.88	100.00 <sup>2</sup>	
Return before operating charges*	0.07	19.29		0.15	12.91	
Operating charges	(0.15)	(0.10)		(0.14)	(0.07)	
Return after operating charges*	(0.08)	19.19		0.01	12.91	
Distributions on income share	n/a	n/a		(1.83)	(0.85)	
Closing net asset value per share	<b>119.11</b>	<b>119.19</b>		<b>110.24</b>	<b>112.06</b>	
Retained distributions on accumulation shares	1.93	0.88		n/a	n/a	
*after direct transaction costs of	0.05	0.15		0.05	0.15	
<b>Performance</b>						
Return after charges	(0.1%)	19.2%		0.2%	12.9%	
<b>Other information</b>						
Closing net asset value (£'000)	16,933	13,184		720	311	
Closing number of shares	14,215,990	11,061,987		652,705	278,362	
Operating charges	0.12%	0.12%		0.12%	0.12%	
Direct transaction costs	0.03%	0.09%		0.03%	0.09%	
<b>Prices</b>						
Highest share price	131.40	119.30		123.50	112.30	
Lowest share price	107.30	99.85		99.50	94.61	
	F Accumulation Shares			P Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	1,114.42	948.75	1,000.00 <sup>1</sup>	111.40	94.87	100.00 <sup>1</sup>
Return before operating charges*	0.60	166.58	(51.17)	0.07	16.64	(5.12)
Operating charges	(1.03)	(0.91)	(0.08)	(0.11)	(0.11)	(0.01)
Return after operating charges*	(0.43)	165.67	(51.25)	(0.04)	16.53	(5.13)
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>1,113.99</b>	<b>1,114.42</b>	<b>948.75</b>	<b>111.36</b>	<b>111.40</b>	<b>94.87</b>
Retained distributions on accumulation shares	18.36	16.16	0.21	1.82	1.59	0.02
*after direct transaction costs of	0.05	0.15	0.03	0.05	0.15	0.03
<b>Performance</b>						
Return after charges	0%	17.5%	(5.1%)	0%	17.4%	(5.1%)
<b>Other information</b>						
Closing net asset value (£'000)	15,057	21,944	483	49,377	16,947	5,334
Closing number of shares	1,351,649	1,969,062	50,930	44,341,869	15,213,098	5,622,776
Operating charges	0.09%	0.09%	0.09%	0.10%	0.10%	0.15%
Direct transaction costs	0.03%	0.09%	0.03%	0.03%	0.09%	0.03%
<b>Prices</b>						
Highest share price	1,229.00	1,115.00	992.20	122.80	111.50	99.22
Lowest share price	1,004.00	888.10	926.80	100.30	88.80	92.68

1. The fund launched 22 January 2014.

2. The W Accumulation Shares launched on 27 May 2014 and the W Income Shares launched on 4 August 2014.



## Comparative Performance Table

	<b>P Income Shares</b>	
	<b>2016</b>	<b>2015</b>
Change in net assets per share		
Opening net asset value per share	112.08	100.00 <sup>3</sup>
Return before operating charges*	0.15	12.93
Operating charges	(0.11)	(0.06)
Return after operating charges*	0.04	12.93
Distributions on income share	(1.87)	(0.85)
Closing net asset value per share	<b>110.25</b>	<b>112.08</b>
Retained distributions on accumulation shares	n/a	n/a
*after direct transaction costs of	0.05	0.15
<b>Performance</b>		
Return after charges	(0.1%)	12.9%
<b>Other information</b>		
Closing net asset value (£'000)	5,470	538
Closing number of shares	4,961,527	479,849
Operating charges	0.10%	0.10%
Direct transaction costs	0.03%	0.09%
<b>Prices</b>		
Highest share price	123.60	112.30
Lowest share price	99.51	94.62

3. The P Income Shares launched on 4 August 2014.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the MSCI Pacific ex Japan Index. The ACD will aim to hold securities that represent the MSCI Pacific ex Japan Index (or in the event of this index ceasing to be compiled such index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

\* Please refer to note 1 and 1a in the Further Information section in the back of this report for MSCI and other fund specific information.

### Performance and Portfolio Activity

The fund declined over a review period dominated by volatility due to worries over China's economic slowdown. As a "passive" or "index tracker" fund, the return of the fund and the index should be similar over time, before costs. However, the reported fund and index returns cannot be used to assess how well the fund tracks the index. This is because the fund is priced at midday while the market index is calculated using closing market prices. To allow proper comparison of tracking difference we have revalued the primary W accumulation shares to align with the closing prices used to calculate the index. The revalued W accumulation shares returned -11.90% against the index return of -11.55% over the period. The difference in performance takes into account the effect of factors such as ongoing charges, taxation and transaction costs.

Please note, the fund's cash position does not mean that the fund is under exposed to the index, as any cash is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts the fund's country and holdings weights more closely match the index.

### Outlook

The outlook for the region is broadly positive, supported by ongoing accommodative monetary policies, weak commodity prices and reforms in key Asian economies. Meanwhile, valuations now are near or, in some cases, even below the levels seen at the height of the global financial crisis.

Geode Capital Management

Fund Manager

29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Commonwealth Bank of Australia	6.56
Westpac Banking	5.25
AIA	4.72
ANZ Banking (AU)	3.54
National Australia Bank	3.49
BHP Billiton (AU)	2.75
CSL	2.63
CK Hutchison	2.51
Wesfarmers	2.42
Hong Kong Exchanges & Clearing	1.90

Holdings as at 28/02/15	% of total net assets
Commonwealth Bank of Australia	6.95
Westpac Banking	5.51
BHP Billiton (AU)	5.04
Australia & New Zealand Banking	4.54
AIA	4.21
National Australia Bank	4.18
Wesfarmers	2.30
CSL	2.04
Woolworths (AU)	1.80
Hutchison Whampoa	1.72

### Portfolio information (%)

	29/02/16	28/02/15
Australia	57.94	58.51
Hong Kong	24.09	20.06
Singapore	10.91	11.03
China	2.42	4.18
New Zealand	1.44	1.19
Papua New Guinea	0.50	0.00
Mauritius	0.14	0.12
Bermuda	0.12	0.14
Cash and other net assets/(liabilities)	2.44	4.77

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

P Accumulation Shares	6
P Income Shares	6
W Accumulation Shares	6
W Income Shares	6
F Accumulation Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

\* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	W Accumulation Shares			W Income Shares		
	2016	2015 <sup>2</sup>		2016	2015 <sup>2</sup>	
Change in net assets per share	105.61	100.00		100.63	100.00	
Opening net asset value per share	(11.38)	5.73		(11.37)	2.76	
Return before operating charges*	(0.14)	(0.12)		(0.13)	(0.08)	
Operating charges	(11.51)	5.61		(11.50)	2.68	
Return after operating charges*	n/a	n/a		(3.18)	(2.05)	
Distributions on income share	93.42	105.61		85.94	100.63	
Closing net asset value per share	3.37	2.01		n/a	n/a	
Retained distributions on accumulation shares	0.10	0.13		0.10	0.13	
*after direct transaction costs of						
<b>Performance</b>						
Return after charges	(11.5%)	5.6%		(11.4%)	2.7%	
<b>Other information</b>						
Closing net asset value (£'000)	15,962	8,888		1,296	614	
Closing number of shares	17,085,648	8,416,017		1,508,466	609,743	
Operating charges	0.15%	0.15%		0.15%	0.15%	
Direct transaction costs	0.07%	0.08%		0.07%	0.08%	
<b>Prices</b>						
Highest share price	113.80	108.80		108.40	105.20	
Lowest share price	84.30	95.22		79.04	91.14	
	F Accumulation Shares			P Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	1,155.82	1,036.22	1,000.00 <sup>1</sup>	115.57	103.62	100.00 <sup>1</sup>
Opening net asset value per share	(131.91)	120.82	36.28	(13.16)	12.11	3.63
Return before operating charges*	(1.16)	(1.22)	(0.06)	(0.14)	(0.16)	(0.01)
Operating charges	(133.07)	119.60	36.22	(13.30)	11.95	3.62
Return after operating charges*	n/a	n/a	n/a	n/a	n/a	n/a
Distributions on income share	1,022.75	1,155.82	1,036.22	102.27	115.57	103.62
Closing net asset value per share	37.16	36.55	5.54	3.71	3.62	0.55
Retained distributions on accumulation shares	0.10	0.13	0.07	0.10	0.13	0.07
*after direct transaction costs of						
<b>Performance</b>						
Return after charges	(11.5%)	11.5%	3.6%	(11.5%)	11.5%	3.6%
<b>Other information</b>						
Closing net asset value (£'000)	15,643	13,018	527	23,702	8,691	5,839
Closing number of shares	1,529,463	1,126,302	50,870	23,176,685	7,520,286	5,634,543
Operating charges	0.11%	0.11%	0.11%	0.13%	0.13%	0.20%
Direct transaction costs	0.07%	0.08%	0.06%	0.07%	0.08%	0.06%
<b>Prices</b>						
Highest share price	1,245.00	1,191.00	1,042.00	124.50	119.00	104.20
Lowest share price	922.80	1,024.00	1,007.00	92.26	102.40	100.70

1. The fund launched 6 February 2014.

2. The W Accumulation Shares launched on 27 May 2014 and the W Income Shares launched on 4 August 2014.

## Comparative Performance Table

	<b>P Income Shares</b>	
	<b>2016</b>	<b>2015</b>
Change in net assets per share		
Opening net asset value per share	100.64	100.00 <sup>3</sup>
Return before operating charges*	(11.37)	2.69
Operating charges	(0.11)	(0.07)
Return after operating charges*	(11.48)	2.69
Distributions on income share	(3.23)	(2.04)
Closing net asset value per share	<b>85.93</b>	<b>100.64</b>
Retained distributions on accumulation shares	n/a	n/a
*after direct transaction costs of	0.10	0.13
<b>Performance</b>		
Return after charges	(11.4%)	2.7%
<b>Other information</b>		
Closing net asset value (£'000)	6,994	655
Closing number of shares	8,139,706	650,767
Operating charges	0.13%	0.13%
Direct transaction costs	0.07%	0.08%
<b>Prices</b>		
Highest share price	108.40	105.20
Lowest share price	79.02	91.14

3. The P Income Shares launched on 4 August 2014.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the FT-SE Actuaries All-Share Index. The ACD will aim to hold securities that represent the FT-SE Actuaries All-Share Index (or, in the event of this index ceasing to be compiled, such other index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

\* Please refer to note 1a and note 2 in the Further Information section in the back of this report for FTSE and other fund specific information.

### Performance and Portfolio Activity

The fund declined over the review period as the UK stock market fell sharply. Concerns about global growth resurfaced, as emerging economies continued to slow and investors were uncertain about how this would be reflected in developed markets. There have been considerable declines in the prices of oil and industrial metals, which have severely impacted the earnings of many of the UK's largest commodity companies. As a "passive" or "index tracker" fund, the return of the fund and the index should be similar over time, before costs. The difference in performance is due to the effect of factors such as ongoing charges, taxation and transaction costs. Ongoing charges (P and W classes) reduced during the period by 0.01% from 1 October 2015.

Please note, the fund's cash position, and investment of cash into a liquidity fund for diversification, does not mean that the fund is under exposed to the index, as any cash is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts the fund's sector and holdings weights more closely match the index.

### Outlook

Given the generally positive economic outlook and low inflation in the UK, the likelihood of an immediate increase in interest rates remains low. Indications are that when interest rates do begin to rise, the pace of increases is likely to be gradual.

Geode Capital Management

Fund Manager

29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
HSBC (UK) (Reg'd)	4.37
British American Tobacco	3.55
GlaxoSmithKline	3.32
Royal Dutch Shell B (UK)	3.17
Royal Dutch Shell A (UK)	3.14
BP	3.12
Fidelity Institutional Liquidity Fund (GBP)	3.08
Vodafone	2.82
AstraZeneca (UK)	2.56
Diageo	2.29

Holdings as at 28/02/15

	% of total net assets
HSBC (UK) (Reg'd)	4.87
Royal Dutch Shell A (UK)	3.65
BP	3.59
GlaxoSmithKline	3.29
British American Tobacco	3.09
Fidelity Institutional Liquidity Fund (GBP)	2.73
Vodafone	2.62
Astrazeneca	2.47
Royal Dutch Shell B (UK)	2.37
Diageo	2.14

### Portfolio information (%)

	29/02/16	28/02/15
Financials	22.87	24.06
Consumer Goods	16.62	14.07
Consumer Services	12.51	11.09
Oil & Gas	10.06	11.77
Industrials	10.00	9.89
Health Care	8.28	8.24
Telecommunications	5.24	4.64
Basic Materials	4.51	6.90
Other	8.53	7.90
Cash and other net assets/(liabilities)	1.38	1.44

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

## Risk and Reward Indicator\*

A Accumulation Shares	5
I Accumulation Shares	5
P Accumulation Shares	5
P Income Shares	5
W Accumulation Shares	5
W Income Shares	5
F Accumulation Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Accumulation Shares			W Accumulation Shares	
	2016	2015	2014	2016	2015 <sup>1</sup>
Change in net assets per share	88.25	83.84	74.45	104.40	100.00
Opening net asset value per share	(6.78)	4.66	9.62	(8.03)	4.47
Return before operating charges*	(0.26)	(0.25)	(0.23)	(0.09)	(0.07)
Operating charges	(7.04)	4.41	9.39	(8.12)	4.40
Return after operating charges*	n/a	n/a	n/a	n/a	n/a
Distributions on income share	81.21	88.25	83.84	96.28	104.40
Closing net asset value per share	2.56	2.18	2.57	3.28	1.82
Retained distributions on accumulation shares	0.09	0.16	0.01	0.09	0.16
*after direct transaction costs of					
<b>Performance</b>					
Return after charges	(8.0%)	5.3%	12.6%	(7.8%)	4.4%
<b>Other information</b>					
Closing net asset value (£'000)	238,946	905,112	1,153,975	178,767	204,948
Closing number of shares	294,221,622	1,025,634,838	1,376,446,939	185,680,537	196,302,977
Operating charges	0.30%	0.30%	0.29%	0.08%	0.09%
Direct transaction costs	0.09%	0.18%	0.01%	0.09%	0.18%
<b>Prices</b>					
Highest share price	91.52	88.29	83.99	108.30	104.50
Lowest share price	73.93	76.33	77.14	87.64	90.24

	W Income Shares		F Accumulation Shares	
	2016	2015	2016	2015
Change in net assets per share	104.77	100.00 <sup>1</sup>	1,073.95	1,000.00 <sup>1</sup>
Opening net asset value per share	(7.92)	6.39	(82.76)	74.45
Return before operating charges*	(0.08)	(0.05)	(0.51)	(0.50)
Operating charges	(8.00)	6.34	(83.27)	73.95
Return after operating charges*	(3.27)	(1.57)	n/a	n/a
Distributions on income share	93.50	104.77	990.68	1,073.95
Closing net asset value per share	n/a	n/a	34.14	29.10
Retained distributions on accumulation shares	0.09	0.16	0.09	0.16
*after direct transaction costs of				
<b>Performance</b>				
Return after charges	(7.6%)	6.3%	(7.8%)	7.4%
<b>Other information</b>				
Closing net asset value (£'000)	54,765	29,092	128,756	50,476
Closing number of shares	58,571,770	27,768,435	12,996,688	4,700,041
Operating charges	0.08%	0.09%	0.05%	0.05%
Direct transaction costs	0.09%	0.18%	0.09%	0.18%
<b>Prices</b>				
Highest share price	108.70	105.30	1,114.00	1,074.00
Lowest share price	85.59	91.49	901.80	928.10

1. The W Accumulation Shares launched on 27 May 2014, the W Income Shares launched on 4 August 2014 and the F Accumulation Shares launched on 3 March 2014.





## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the S&P 500 index. The ACD will aim to hold securities that represent the S&P 500 index (or in the event of this index ceasing to be compiled such index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

\* Please refer to note 1a and 3 in the Further Information section in the back of this report for S&P 500 and other fund specific information.

### Performance and Portfolio Activity

The fund generated positive returns over the period as US equities advanced despite signs of a slowdown in China and weakening commodity prices. As a "passive" or "index tracker" fund, the return of the fund and the index should be similar over time, before costs. However, the reported fund and index returns cannot be used to assess how well the fund tracks the index. This is because the fund is priced at midday while the market index is calculated using closing market prices. To allow proper comparison of tracking difference we have revalued the primary W accumulation shares to align with the closing prices used to calculate the index. The revalued W accumulation shares returned 3.57% against the index return of 3.69% over the period. The difference in performance takes into account the effect of factors such as ongoing charges, taxation and transaction costs. Ongoing charges (P and W classes) reduced during the period by 0.01% from 1st October 2015.

Please note, the fund's cash position, and investment of cash into a liquidity fund for diversification, does not mean that the fund is under exposed to the index, as any cash is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts the fund's sector and holdings weights more closely match the index.

### Outlook

The US economy should continue to improve at a moderate pace in 2016, led by labour market progress, the strength of the services sector and improving activity in housing and construction-related sectors.

Geode Capital Management  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	5.53
Apple	2.97
Microsoft	2.25
ExxonMobil	1.87
Johnson & Johnson	1.61
General Electric	1.52
Berkshire Hathaway	1.36
Facebook (A)	1.35
AT&T	1.26
Wells Fargo	1.23

### Holdings as at 28/02/15

	% of total net assets
Apple	3.87
Fidelity Institutional Liquidity Fund (USD)	2.83
ExxonMobil	1.90
Microsoft	1.84
Johnson & Johnson	1.45
Berkshire Hathaway	1.37
Wells Fargo	1.32
General Electric	1.31
JPMorgan Chase	1.16
Procter & Gamble	1.16

### Portfolio information (%)

	29/02/16	28/02/15
Information Technology	19.29	18.98
Financials	14.39	15.03
Health Care	13.84	13.91
Consumer Discretionary	12.26	11.93
Consumer Staples	10.00	9.21
Industrials	9.48	9.72
Energy	6.18	7.66
Cash Funds/Money Market Funds	5.53	2.83
Other	8.50	8.21
Cash and other net assets/(liabilities)	0.53	2.52

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

## Risk and Reward Indicator\*

A Accumulation Shares	5
I Accumulation Shares	5
P Accumulation Shares	5
P Income Shares	5
W Accumulation Shares	5
W Income Shares	5
F Accumulation Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Accumulation Shares			W Accumulation Shares	
	2016	2015	2014	2016	2015 <sup>1</sup>
Change in net assets per share					
Opening net asset value per share	163.72	131.32	116.12	121.92	100.00
Return before operating charges*	7.50	32.83	15.77	5.59	22.01
Operating charges	(0.49)	(0.43)	(0.57)	(0.12)	(0.09)
Return after operating charges*	7.01	32.40	15.20	5.47	21.92
Distributions on income share	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	170.73	163.72	131.32	127.39	121.92
Retained distributions on accumulation shares	2.54	2.12	1.89	2.14	1.42
*after direct transaction costs of	-	0.03	0.03	-	0.03
<b>Performance</b>					
Return after charges	4.3%	24.7%	13.1%	4.5%	21.9%
<b>Other information</b>					
Closing net asset value (£'000)	10,026	27,854	30,256	77,800	60,647
Closing number of shares	5,872,290	17,013,619	23,040,263	61,071,786	49,744,830
Operating charges	0.30%	0.30%	0.30%	0.09%	0.10%
Direct transaction costs	0%	0.01%	0.12%	0%	0.01%
<b>Prices</b>					
Highest share price	172.60	164.60	133.40	128.60	122.60
Lowest share price	146.70	128.60	116.90	109.30	100.40

	W Income Shares		F Accumulation Shares		
	2016	2015	2016	2015	2014
Change in net assets per share					
Opening net asset value per share	118.87	100.00 <sup>1</sup>	1,646.46	1,317.61	1,162.16
Return before operating charges*	5.36	20.14	75.44	329.44	157.78
Operating charges	(0.11)	(0.06)	(0.65)	(0.59)	(2.33)
Return after operating charges*	5.25	20.08	74.79	328.85	155.45
Distributions on income share	(2.09)	(1.21)	n/a	n/a	n/a
Closing net asset value per share	122.03	118.87	1,721.25	1,646.46	1,317.61
Retained distributions on accumulation shares	n/a	n/a	29.67	25.08	22.49
*after direct transaction costs of	-	0.03	-	0.03	0.03
<b>Performance</b>					
Return after charges	4.4%	20.1%	4.5%	25.0%	13.4%
<b>Other information</b>					
Closing net asset value (£'000)	12,700	3,920	61,160	50,844	25,366
Closing number of shares	10,406,886	3,298,355	3,553,207	3,088,062	1,925,159
Operating charges	0.09%	0.10%	0.04%	0.04%	0.03%
Direct transaction costs	0%	0.01%	0%	0.01%	0.12%
<b>Prices</b>					
Highest share price	125.40	120.00	1,737.00	1,655.00	1,338.00
Lowest share price	106.10	98.95	1,477.00	1,291.00	1,170.00

\* The W Accumulation Shares launched on 27 May 2014 and the W Income Shares launched on 4 August 2014.

## Comparative Performance Table

	I Accumulation Shares			P Accumulation Shares	
	2016	2015	2014	2016	2015
Change in net assets per share					
Opening net asset value per share	164.34	131.60	116.18	126.23	100.00 <sup>2</sup>
Return before operating charges*	7.54	32.96	15.80	5.78	26.32
Operating charges	(0.25)	(0.22)	(0.38)	(0.09)	(0.09)
Return after operating charges*	7.29	32.74	15.42	5.69	26.23
Distributions on income share	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	171.63	164.34	131.60	131.92	126.23
Retained distributions on accumulation shares	2.80	2.35	2.20	2.24	1.88
*after direct transaction costs of	-	0.03	0.03	-	0.03
<b>Performance</b>					
Return after charges	4.4%	24.9%	13.3%	4.5%	26.2%
<b>Other information</b>					
Closing net asset value (£'000)	7,716	7,969	698	238,732	122,854
Closing number of shares	4,496,107	4,849,483	530,604	180,963,681	97,325,002
Operating charges	0.15%	0.15%	0.15%	0.07%	0.08%
Direct transaction costs	0%	0.01%	0.12%	0%	0.01%
<b>Prices</b>					
Highest share price	173.30	165.20	133.60	133.10	126.90
Lowest share price	147.30	128.90	117.00	113.20	98.94
<b>P Income Shares</b>					
	2016	2015			
Change in net assets per share					
Opening net asset value per share	118.90	100.00 <sup>2</sup>			
Return before operating charges*	5.36	20.16			
Operating charges	(0.09)	(0.05)			
Return after operating charges*	5.27	20.11			
Distributions on income share	(2.10)	(1.21)			
Closing net asset value per share	122.07	118.90			
Retained distributions on accumulation shares	n/a	n/a			
*after direct transaction costs of	-	0.03			
<b>Performance</b>					
Return after charges	4.4%	20.1%			
<b>Other information</b>					
Closing net asset value (£'000)	115,595	43,673			
Closing number of shares	94,692,336	36,731,059			
Operating charges	0.07%	0.08%			
Direct transaction costs	0%	0.01%			
<b>Prices</b>					
Highest share price	125.40	120.00			
Lowest share price	106.20	98.95			

2. The P Accumulation Shares launched on 3 March 2014 and the P Income Shares launched on 4 August 2014.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth by closely matching the performance of the MSCI World index. The ACD will aim to hold securities that represent the MSCI World index (or in the event of this index ceasing to be compiled such index as the ACD may deem appropriate). In order to manage the cash position of the portfolio, the ACD may utilise stock index futures as allowed by the regulations.

\* Please refer to note 1 and 1a in the Further Information section in the back of this report for MSCI and other fund specific information.

### Performance and Portfolio Activity

The fund declined over a volatile period given concerns over a global economic slowdown, currency devaluation in China and a decline in commodity prices. Nonetheless, markets were supported by the strengthening US economy and pro-growth policy measures in Asia and Europe. As a "passive" or "index tracker" fund, the return of the fund and the index should be similar over time, before costs. However, the reported fund and index returns cannot be used to assess how well the fund tracks the index. This is because the fund is priced at midday while the market index is calculated using closing market prices. To allow proper comparison of tracking difference we have revalued the primary W accumulation shares to align with the closing prices used to calculate the index. The revalued W accumulation shares returned -1.26% against the index return of -1.31% over the period. The difference in performance takes into account the effect of factors such as ongoing charges, taxation and transaction costs. Ongoing charges (P and W classes) reduced during the period by 0.05% from 1st October 2015. Taxation was a positive source of tracking difference where the fund's withholding tax treatment is more favourable versus the net total return index.

Please note, the fund's cash position, and investment of cash into a liquidity fund for diversification, does not mean that the fund is under exposed to the index, as any cash is typically equitised with equity index futures contracts. This helps to efficiently manage cashflows in the fund at reduced costs. When taking into account exposure achieved by these futures contracts the fund's country and holdings weights more closely match the index.

### Outlook

The US economic recovery is well recognised. Europe and Japan are also seeing a slight pickup in economic activity, but still require further central bank assistance. Earnings growth will be vital to maintain a sustained improvement in equities this year.

Geode Capital Management

Fund Manager

29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	1.86
Apple	1.79
Microsoft	1.26
ExxonMobil	1.10
Johnson & Johnson	0.95
General Electric	0.90
Wells Fargo	0.76
Facebook (A)	0.75
AT&T	0.74
Nestle (Reg'd)	0.72

Holdings as at 28/02/15

	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	3.84
Apple	2.16
ExxonMobil	1.04
Microsoft	0.95
Johnson & Johnson	0.80
Wells Fargo	0.75
General Electric	0.72
Nestle (Reg'd)	0.70
Novartis (Reg'd)	0.65
JPMorgan Chase	0.64

### Portfolio information (%)

	29/02/16	28/02/15
United States	57.82	56.83
Japan	8.34	7.89
United Kingdom	7.09	7.70
France	3.55	3.49
Switzerland	3.52	3.55
Canada	3.20	3.54
Germany	3.18	3.37
Australia	2.44	2.71
Other	10.06	9.85
Cash and other net assets/(liabilities)	0.80	1.07

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

## Risk and Reward Indicator\*

A Accumulation Shares	5
I Accumulation Shares	5
P Accumulation Shares	5
P Income Shares	5
W Accumulation Shares	5
W Income Shares	5
F Accumulation Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

**Comparative Performance Table**

	<b>A Accumulation Shares</b>			<b>W Accumulation Shares</b>	
	2016	2015	2014	2016	2015
Change in net assets per share					
Opening net asset value per share	145.86	124.76	113.08	114.43	100.00 <sup>1</sup>
Return before operating charges*	(0.76)	21.50	12.42	(0.61)	14.59
Operating charges	(0.43)	(0.40)	(0.74)	(0.19)	(0.16)
Return after operating charges*	(1.19)	21.10	11.68	(0.80)	14.43
Distributions on income share	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>144.67</b>	<b>145.86</b>	<b>124.76</b>	<b>113.63</b>	<b>114.43</b>
Retained distributions on accumulation shares	2.68	2.33	2.16	2.24	1.19
*after direct transaction costs of	0.05	0.14	0.41	0.05	0.14
<b>Performance</b>					
Return after charges	(0.8%)	16.9%	10.3%	(0.7%)	14.4%
<b>Other information</b>					
Closing net asset value (£'000)	6,070	24,331	25,123	38,067	12,011
Closing number of shares	4,195,888	16,681,230	20,136,985	33,499,455	10,495,703
Operating charges	0.30%	0.30%	0.30%	0.15%	0.20%
Direct transaction costs	0.03%	0.09%	0.32%	0.03%	0.09%
<b>Prices</b>					
Highest share price	154.60	145.90	126.50	121.30	114.50
Lowest share price	130.20	122.40	112.60	102.30	97.22

	<b>W Income Shares</b>		<b>F Accumulation Shares</b>		
	2016	2015	2016	2015	2014
Change in net assets per share					
Opening net asset value per share	112.96	100.00 <sup>1</sup>	1,466.45	1,251.61	1,131.35
Return before operating charges*	(0.58)	14.06	(7.59)	215.96	126.21
Operating charges	(0.20)	(0.12)	(1.16)	(1.12)	(5.95)
Return after operating charges*	(0.78)	14.06	(8.75)	214.84	120.26
Distributions on income share	(2.20)	(1.11)	n/a	n/a	n/a
Closing net asset value per share	<b>109.97</b>	<b>112.96</b>	<b>1,457.70</b>	<b>1,466.45</b>	<b>1,251.61</b>
Retained distributions on accumulation shares	n/a	n/a	30.13	26.28	n/a
*after direct transaction costs of	0.05	0.14	0.05	0.14	0.41
<b>Performance</b>					
Return after charges	(0.7%)	14.1%	(0.6%)	17.2%	10.6%
<b>Other information</b>					
Closing net asset value (£'000)	7,558	3,884	93,915	76,014	18
Closing number of shares	6,872,833	3,438,667	6,442,706	5,183,577	1,445
Operating charges	0.15%	0.20%	0.08%	0.08%	0.06%
Direct transaction costs	0.03%	0.09%	0.03%	0.09%	0.32%
<b>Prices</b>					
Highest share price	119.80	113.40	1,555.00	1,467.00	1,269.00
Lowest share price	99.41	96.75	1,312.00	1,227.00	1,128.00

1. The W Accumulation Shares launched on 27 May 2014 and the W Income Shares launched on 4 August 2014.

## Comparative Performance Table

	I Accumulation Shares			P Accumulation Shares	
	2016	2015	2014	2016	2015
Change in net assets per share					
Opening net asset value per share	146.33	124.98	113.08	118.68	100.00 <sup>2</sup>
Return before operating charges*	(0.75)	21.55	12.42	(0.59)	18.88
Operating charges	(0.22)	(0.20)	(0.52)	(0.18)	(0.20)
Return after operating charges*	(0.97)	21.35	11.90	(0.79)	18.68
Distributions on income share	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>145.36</b>	<b>146.33</b>	<b>124.98</b>	<b>117.88</b>	<b>118.68</b>
Retained distributions on accumulation shares	2.90	2.53	2.34	2.34	2.01
*after direct transaction costs of	0.05	0.14	0.41	0.05	0.14
<b>Performance</b>					
Return after charges	(0.7%)	17.1%	10.5%	(0.7%)	18.7%
<b>Other information</b>					
Closing net asset value (£'000)	33,295	30,299	16,684	83,195	38,399
Closing number of shares	22,905,869	20,705,294	13,349,523	70,576,687	32,354,496
Operating charges	0.15%	0.15%	0.15%	0.13%	0.18%
Direct transaction costs	0.03%	0.09%	0.32%	0.03%	0.09%
<b>Prices</b>					
Highest share price	155.20	146.40	126.70	125.80	118.70
Lowest share price	130.80	122.60	112.80	106.10	99.45
<b>P Income Shares</b>					
	<b>2016</b>	<b>2015</b>			
Change in net assets per share					
Opening net asset value per share	112.96	100.00 <sup>2</sup>			
Return before operating charges*	(0.59)	14.07			
Operating charges	(0.17)	(0.11)			
Return after operating charges*	(0.76)	14.07			
Distributions on income share	(2.24)	(1.11)			
Closing net asset value per share	<b>109.96</b>	<b>112.96</b>			
Retained distributions on accumulation shares	n/a	n/a			
*after direct transaction costs of	0.05	0.14			
<b>Performance</b>					
Return after charges	(0.7%)	14.1%			
<b>Other information</b>					
Closing net asset value (£'000)	7,064	2,588			
Closing number of shares	6,424,254	2,290,968			
Operating charges	0.15%	0.18%			
Direct transaction costs	0.03%	0.09%			
<b>Prices</b>					
Highest share price	119.80	113.40			
Lowest share price	99.41	96.75			

2. The P Accumulation Shares launched on 3 March 2014 and the P Income Shares launched on 4 August 2014.



## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of shares of Japanese companies. The portfolio is likely to have a bias towards larger companies, although the ACD is not restricted in its choice of company by either size or industry.

### Performance and Portfolio Activity

The fund generated modest positive returns over the period, as a global selloff triggered by heightened concerns about a slowdown in China erased gains accumulated earlier in the year. Domestic-oriented telecommunications and retail stocks performed well, as did drug companies with strong pipelines. Conversely, financials struggled as markets became more volatile. The outlook for global fundamentals, particularly in emerging markets, remains fragile and it is critical to find reasonably valued firms that can deliver growth. I am finding new opportunities among domestic stocks, including media company Toho and homebuilder Daiwa House. I bought real estate developers as interest rates were lowered by reducing the exposure to major banks such as Mizuho Financial and SMFG.

### Outlook

Global investors have been looking to reduce risk and the scale of the sell-off represents an overreaction that defies fundamentals. The domestic economy is in a relatively healthy position and Japanese stocks look increasingly oversold.

Hiroyuki Ito  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Toyota Motor	4.16
Tokyo Tatemono	2.94
Olympus	2.94
Fujitsu	2.87
Mitsubishi UFJ Financial	2.79
Hitachi	2.68
Nippon Telegraph & Telephone	2.67
Daiwa House Industries	2.38
Shionogi	2.13
Orix	2.12
Holdings as at 28/02/15	% of total net assets
Toyota Motor	6.03
Mitsubishi UFJ Financial	3.96
Sumitomo Mitsui Financial	3.09
Hoya	2.57
Hitachi	2.55
Orix	2.44
Softbank	2.34
Nissan Motor	2.16
Mitsubishi	2.09
Keyence	2.07

### Portfolio information (%)

	29/02/16	28/02/15
Electrical Machinery	15.25	15.41
Information & Communication	12.57	7.80
Transport Equipment	9.33	11.40
Real Estate	6.66	3.25
Other Products	5.36	1.19
Retail	5.35	5.65
Pharmaceuticals	4.65	3.57
Banks	4.57	10.21
Other	34.06	39.90
Cash and other net assets/(liabilities)	2.20	1.62

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	6
W Accumulation Shares	6
Y Accumulation Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.

\* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	<b>A Accumulation Shares</b>			<b>W Accumulation Shares</b>		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	271.69	234.60	239.17	266.44	228.37	231.06
Return before operating charges*	6.25	41.37	(0.17)	6.04	40.56	(0.30)
Operating charges	(4.92)	(4.28)	(4.40)	(2.71)	(2.49)	(2.39)
Return after operating charges*	1.33	37.09	(4.57)	3.33	38.07	(2.69)
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>273.02</b>	<b>271.69</b>	<b>234.60</b>	<b>269.77</b>	<b>266.44</b>	<b>228.37</b>
Retained distributions on accumulation shares	n/a	n/a	0.60	1.46	1.69	2.45
*after direct transaction costs of	0.92	0.82	0.26	0.92	0.82	0.26
<b>Performance</b>						
Return after charges	0.5%	15.8%	(1.9%)	1.3%	16.7%	(1.2%)
<b>Other information</b>						
Closing net asset value (£'000)	64,637	85,443	57,278	26,546	10,390	805
Closing number of shares	23,675,045	31,448,968	24,414,917	9,840,176	3,899,320	352,707
Operating charges	1.76%	1.77%	1.75%	0.99%	1.03%	0.99%
Direct transaction costs	0.33%	0.34%	0.10%	0.33%	0.34%	0.10%
<b>Prices</b>						
Highest share price	301.70	271.90	281.70	296.10	266.70	272.60
Lowest share price	245.80	218.50	231.20	242.80	212.90	224.90
<b>Y Accumulation Shares</b>						
	<b>2016</b>	<b>2015</b>	<b>2014</b>			
Change in net assets per share						
Opening net asset value per share	262.74	225.62	228.86			
Return before operating charges*	6.02	40.04	(0.31)			
Operating charges	(3.33)	(2.92)	(2.93)			
Return after operating charges*	2.69	37.12	(3.24)			
Distributions on income share	n/a	n/a	n/a			
Closing net asset value per share	<b>265.43</b>	<b>262.74</b>	<b>225.62</b>			
Retained distributions on accumulation shares	0.85	1.14	1.87			
*after direct transaction costs of	0.92	0.82	0.26			
<b>Performance</b>						
Return after charges	1.0%	16.5%	(1.4%)			
<b>Other information</b>						
Closing net asset value (£'000)	156	203	130			
Closing number of shares	58,814	77,306	57,738			
Operating charges	1.22%	1.24%	1.21%			
Direct transaction costs	0.33%	0.34%	0.10%			
<b>Prices</b>						
Highest share price	291.90	263.00	269.90			
Lowest share price	238.90	210.30	222.30			

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to provide long term growth potential from a portfolio of Japanese equities. The portfolio is likely to have a bias towards medium-sized and smaller companies, although the ACD is not restricted in its choice of company by either size or industry.

### Performance and Portfolio Activity

The fund generated positive returns over the period, supported by gains in mid/small-sized companies that are relatively insulated from external economic factors and those with unique growth drivers. Domestic stocks in the retail and communications sectors performed well, as did drug companies with strong pipelines. Conversely, financials struggled as markets became more volatile. In an uncertain economic environment, I am focusing on globally competitive companies with organic growth capabilities and pricing power. Makita (power tools) and Shimadzu (measuring instruments) were new additions to the fund. Conversely, I took profits in strong performers such as Alps Electric, and sold machinery firms, including THK, that are exposed to a slowdown in industrial investment.

### Outlook

There are strong political incentives for the Japanese government to support the market. Fiscal stimulus will likely be forthcoming and a scheduled hike in the sales tax may be delayed. At current low levels, valuations look attractive.

**Jun Tano**  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Makita	3.70
Ono Pharmaceutical	3.42
Nippon Shinyaku	3.12
Daicel Chemical Industries	3.01
Shimadzu	2.93
Disco	2.90
Kakaku.com	2.70
Systemex	2.66
Shionogi	2.62
Nifco	2.35
Holdings as at 28/02/15	% of total net assets
Nidec	3.98
Don Quijote	3.06
Misumi	2.45
Disco	2.42
Daicel Chemical Industries	2.29
Sumitomo Electric Industries	2.22
SMC	2.20
Daikin Industries	2.16
THK	2.11
Nihon Kohden	2.10

### Portfolio information (%)

	29/02/16	28/02/15
Electrical Machinery	12.71	15.16
Machinery	12.69	16.02
Pharmaceuticals	10.67	7.50
Retail	9.87	6.34
Information & Communication	7.60	5.87
Chemicals	6.84	7.11
Services	5.06	3.42
Wholesale	5.02	3.79
Other	25.93	32.53
Cash and other net assets/(liabilities)	3.61	2.26

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	6
W Accumulation Shares	6

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
  - Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
- \* The synthetic risk and reward indicator (SRRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Accumulation Shares			W Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	188.97	162.20	146.92	202.95	172.90	155.46
Return before operating charges*	16.27	29.67	18.14	17.53	31.86	19.20
Operating charges	(3.48)	(2.92)	(2.86)	(2.15)	(1.81)	(1.76)
Return after operating charges*	12.79	26.75	15.28	15.38	30.05	17.44
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	201.76	188.97	162.20	218.33	202.95	172.90
Retained distributions on accumulation shares	n/a	n/a	n/a	0.57	0.64	0.65
*after direct transaction costs of	0.27	0.18	0.28	0.27	0.18	0.28
<b>Performance</b>						
Return after charges	6.8%	16.5%	10.4%	7.6%	17.4%	11.2%
<b>Other information</b>						
Closing net asset value (£'000)	29,544	61,283	66,196	60,567	10,120	2,162
Closing number of shares	14,643,198	32,430,762	40,810,431	27,741,057	4,986,283	1,250,149
Operating charges	1.74%	1.75%	1.75%	1.00%	1.00%	1.00%
Direct transaction costs	0.13%	0.11%	0.17%	0.13%	0.11%	0.17%
<b>Prices</b>						
Highest share price	212.70	189.10	178.70	229.90	203.10	189.40
Lowest share price	180.20	149.00	149.00	194.20	159.00	157.60

## Commentary & Portfolio Information

### Investment Objective

The fund's investment objective is to achieve an attractive level of income together with some long term capital growth. The fund will obtain exposure primarily to the UK.

### Investment Policy

The fund may invest directly in UK government and corporate bonds and other fixed interest securities, preference shares, convertibles and ordinary shares or may achieve exposure indirectly through the use of derivatives. The fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near-cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. The fund may also take positions which enable it to benefit from falling asset prices.

### Performance and Portfolio Activity

The fund recorded flat returns against a backdrop of increasing volatility in the UK stock market and weak earnings outlook in some sectors, which negatively impacted some of our key holdings. Within the fixed income portfolio, our interest rate strategy enhanced returns as core government bonds rallied amid broader global growth concerns. We bought a new position in life insurance group Legal & General, a cash generative business with a strong dividend yield. Lloyds' insurer Lancashire was another addition to the portfolio. Holdings in Barclays and Pearson were sold.

### Outlook

We are focused on investing in high-quality companies that can provide shareholders with good prospects for increased dividend payouts. If economic data were to warrant interest rate increases, the moves would likely be small and gradual, which would be broadly supportive of bond markets.

Michael Clark and Ian Spreadbury

Fund Managers

29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
UK Gilt Treasury 4.00% 07/09/2016	6.80
UK Gilt Treasury 4.50% 07/03/2019	4.21
Imperial Brands	4.16
GlaxoSmithKline	3.67
AstraZeneca (UK)	3.57
UK Gilt Treasury 4.25% 07/03/2036	3.26
UK Gilt Treasury 1.25% 22/07/2018	2.95
UK Gilt Treasury 5.00% 07/03/2025	2.93
HSBC (UK) (Reg'd)	2.89
BAE Systems	2.58
Holdings as at 28/02/15	% of total net assets
UK Gilt Treasury 4.75% 07/09/2015	5.8
UK Gilt Treasury 4.50% 07/03/2019	4.69
AstraZeneca (UK)	3.96
GlaxoSmithKline	3.49
UK Gilt Treasury 1.25% 22/07/2018	3.22
Imperial Brands	2.92
BAE Systems	2.79
British American Tobacco	2.44
HSBC (UK) (Reg'd)	2.31
Reckitt Benckiser	2.24

## Portfolio information (%)

	29/02/16	28/02/15
UK Gilt Treasury Bonds	28.78	27.19
Consumer Goods	19.14	14.40
Financials	14.27	13.41
Health Care	10.43	11.20
Industrials	7.51	6.95
Utilities	7.26	8.07
Corporate Bonds	3.03	3.54
Consumer Services	2.78	4.86
Other	6.58	10.15
Cash and other net assets/(liabilities)	0.22	0.23

## Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. With funds that invest in bonds, there is a risk that the issuer of the bond may default on its repayments. The likelihood of this happening will depend on the credit-worthiness of the issuer. The risk of default is usually greatest with bonds that are classed as sub-investment grade. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. This fund takes its annual management charge from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may be reduced over time if the fund's growth does not compensate for it. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

## Risk and Reward Indicator\*

A Income Shares	4
Y Income Shares	4
Y Accumulation Shares	4

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a “risk free” investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
  - There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. While we seek to mitigate this, the fund may be exposed to the risk of financial loss if it invests into an instrument issued by an entity that subsequently defaults on its borrowings. Losses may also be realised if an entity that the fund is exposed to ceases to make interest payments over a period of time or indefinitely. Bond prices have an inverse relationship with interest rates such that when interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
  - The fund may be exposed to the risk of financial loss if a counterparty used for derivative instruments subsequently defaults.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Income Shares			Y Accumulation Shares
	2016	2015	2014	2016
Change in net assets per share				
Opening net asset value per share	51.36	48.46	45.93	50.00 <sup>1</sup>
Return before operating charges*	0.61	4.82	4.44	0.60
Operating charges	(0.61)	(0.08)	(0.07)	(0.10)
Return after operating charges*	-	4.74	4.37	0.50
Distributions on income share	(1.96)	(1.84)	(1.84)	n/a
Closing net asset value per share	<b>49.40</b>	<b>51.36</b>	<b>48.46</b>	<b>50.50</b>
Retained distributions on accumulation shares	n/a	n/a	n/a	0.49
*after direct transaction costs of	0.06	0.06	0.05	0.06
<b>Performance</b>				
Return after charges	0%	9.8%	9.5%	1.0%
<b>Other information</b>				
Closing net asset value (£'000)	165,237,991	310,281	330,795	8,518
Closing number of shares	165,237,992	604,089,546	682,625,533	16,866,141
Operating charges	1.20%	1.20%	1.21%	0.66%
Direct transaction costs	0.03%	0.12%	0.10%	0.12%
<b>Prices</b>				
Highest share price	52.53	52.13	49.35	51.53
Lowest share price	47.81	47.14	45.65	48.24
	<b>Y Income Shares</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	
Change in net assets per share				
Opening net asset value per share	59.42	55.78	52.65	
Return before operating charges*	0.70	5.84	5.39	
Operating charges	(0.39)	(0.07)	(0.07)	
Return after operating charges*	0.31	5.77	5.32	
Distributions on income share	(2.30)	(2.13)	(2.19)	
Closing net asset value per share	<b>57.43</b>	<b>59.42</b>	<b>55.78</b>	
Retained distributions on accumulation shares	n/a	n/a	n/a	
*after direct transaction costs of	0.06	0.06	0.05	
<b>Performance</b>				
Return after charges	0.5%	10.3%	10.1%	
<b>Other information</b>				
Closing net asset value (£'000)	444,225	173,917	32,500	
Closing number of shares	773,452,845	292,700,009	58,261,630	
Operating charges	0.67%	0.67%	0.67%	
Direct transaction costs	0.12%	0.12%	0.10%	
<b>Prices</b>				
Highest share price	60.81	60.26	56.75	
Lowest share price	55.58	54.39	52.46	

1. The Y Accumulation Shares launched on 11 November 2015

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve a combination of income and long term capital growth from a portfolio primarily made up of investments in the UK, including ordinary shares, preference shares, convertibles and fixed interest securities. The portfolio is likely to have a bias towards larger companies, although the ACD is not restricted in its choice of company by either size or industry.

### Performance and Portfolio Activity

The fund recorded negative returns against a backdrop of increasing volatility in the UK stock market and weak earnings outlook in some sectors. This negatively impacted some key holdings such as educational publisher Pearson and support services group Capita. Nevertheless, the fund's focus on quality income generating stocks added significant value, with tobacco stocks Imperial Brands and Altria among the key performers. The position in Pearson was sold. I bought a new position in life insurance group Legal & General, a cash generative business with a strong dividend yield. Lloyds' insurer Lancashire was another addition to the portfolio. The holding in Barclays was sold due to a lack of conviction about the direction of the business.

### Outlook

I believe dividend growth will be key for investors who want to achieve real returns over the coming years. In an environment of low interest rates and volatile market conditions, the income generating and defensive characteristics of equity income are attractive.

Michael Clark  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Imperial Tobacco	6.25
GlaxoSmithKline	5.51
AstraZeneca (UK)	5.37
HSBC (UK) (Reg'd)	4.35
BAE Systems	3.88
British American Tobacco	3.70
Reckitt Benckiser	3.65
Legal & General	3.60
Altria	3.40
BT	3.26
Holdings as at 28/02/15	% of total net assets
GlaxoSmithKline	5.97
Astrazeneca	5.67
Imperial Tobacco	5.24
BAE Systems	3.99
British American Tobacco	3.52
HSBC (UK) (Reg'd)	3.32
Royal Dutch Shell A (UK)	3.21
Reckitt Benckiser	3.20
BT	3.00
Barclays	2.96

### Portfolio information (%)

	29/02/16	28/02/15
Consumer Goods	28.75	21.82
Financials	21.46	20.23
Health Care	15.67	17.01
Industrials	11.32	10.04
Utilities	10.90	11.56
Consumer Services	4.21	7.57
Telecommunications	3.85	4.76
Oil & Gas	2.60	6.13
Other	2.27	1.36
Cash and other net assets/(liabilities)	-1.03	-0.48

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund takes all charges and expenses from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may be reduced over time if the fund's growth does not compensate for it. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	5
A Income Shares	5
Y Income Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.



## Comparative Performance Table

	A Accumulation Shares			A Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	116.00	105.25	100.00 <sup>1</sup>	266.65	251.38	227.31
Return before operating charges*	(0.27)	12.04	5.60	(0.58)	25.37	34.92
Operating charges	(1.38)	(1.29)	(0.35)	(3.16)	(0.20)	(0.37)
Return after operating charges*	(1.65)	10.75	5.25	(3.74)	25.17	34.55
Distributions on income share	n/a	n/a	n/a	(11.48)	(9.90)	(10.48)
Closing net asset value per share	<b>114.35</b>	<b>116.00</b>	<b>105.25</b>	<b>251.43</b>	<b>266.65</b>	<b>251.38</b>
Retained distributions on accumulation shares	3.66	2.98	0.91	n/a	n/a	n/a
*after direct transaction costs of	0.17	0.38	0.32	0.17	0.38	0.32
<b>Performance</b>						
Return after charges	(1.4%)	10.2%	5.3%	(1.4%)	10.0%	15.2%
<b>Other information</b>						
Closing net asset value (£'000)	67,045	144,981	76,450	181,542	431,566	529,871
Closing number of shares	114,964,653	124,987,650	72,635,260	72,203,517	161,847,878	210,783,621
Operating charges	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
Direct transaction costs	0.11%	0.23%	0.17%	0.11%	0.23%	0.17%
<b>Prices</b>						
Highest share price	119.30	116.10	105.30	274.30	270.70	256.00
Lowest share price	105.90	99.71	97.92	237.30	234.40	227.60
<b>Y Income Shares</b>						
	<b>2016</b>	<b>2015</b>	<b>2014</b>			
Change in net assets per share						
Opening net asset value per share	133.28	125.03	112.51			
Return before operating charges*	(0.30)	13.27	17.91			
Operating charges	(0.88)	(0.06)	(0.15)			
Return after operating charges*	(1.18)	13.21	17.76			
Distributions on income share	(5.75)	(4.96)	(5.24)			
Closing net asset value per share	<b>126.35</b>	<b>133.28</b>	<b>125.03</b>			
Retained distributions on accumulation shares	n/a	n/a	n/a			
*after direct transaction costs of	0.17	0.38	0.32			
<b>Performance</b>						
Return after charges	(0.9%)	10.6%	15.8%			
<b>Other information</b>						
Closing net asset value (£'000)	686,270	508,176	137,529			
Closing number of shares	543,154,204	381,291,730	109,997,830			
Operating charges	0.67%	0.67%	0.67%			
Direct transaction costs	0.11%	0.23%	0.17%			
<b>Prices</b>						
Highest share price	137.20	135.30	127.30			
Lowest share price	119.20	116.90	112.70			

1. The Accumulation Shares launched 13 November 2013.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve a combination of income and long term capital growth from a portfolio primarily made up of the shares of UK companies. The portfolio is likely to have a bias towards larger companies, although the ACD is not restricted in its choice of company by either size or industry.

### Performance and Portfolio Activity

The fund recorded negative returns against a backdrop of increasing volatility in the UK stock market. Holdings in banks, such as Barclays and Royal Bank of Scotland, detracted from returns, although a positive outlook supported positions in housebuilder Taylor Wimpey and telecommunications group Inmarsat. I bought a new position in retirement house builder McCarthy & Stone as it has a leading position in a growing market. I also purchased shares in Associated British Foods, which has a geographically diverse business and pricing power. Some holdings where the earnings outlook has weakened, including support services company Capita and beverages groups SABMiller and Diageo, were sold.

### Outlook

The improvement in UK households' disposable income and discretionary spending is expected to support overall economic growth in 2016. Despite the relatively strong economic recovery, given the low inflation environment, the likelihood of an immediate rise in interest rates remains low.

James Griffin  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
GlaxoSmithKline	7.71
Vodafone	6.85
Lloyds Banking Group	6.27
Royal Dutch Shell B (UK)	5.77
BT	5.73
Barclays	5.21
Shire	4.89
AstraZeneca (UK)	4.69
Wolseley	4.47
CRH (IR)	3.50
Holdings as at 28/02/15	% of total net assets
GlaxoSmithKline	6.07
Vodafone	5.60
HSBC (UK) (Reg'd)	5.57
Lloyds Banking Group	5.54
International Consolidated Airlines	4.62
Wolseley	4.47
Barclays	4.21
Astrazeneca	4.00
Sky	3.52
London Stock Exchange	3.37

### Portfolio information (%)

	29/02/16	28/02/15
Consumer Services	22.22	21.22
Health Care	21.44	18.44
Financials	20.02	24.62
Telecommunications	14.99	9.33
Industrials	13.34	12.44
Oil & Gas	5.77	1.98
Consumer Goods	3.01	9.59
Cash Funds/Money Market Funds	0.00	0.00
Basic Materials	0.00	2.54
Cash and other net assets/(liabilities)	-0.79	-0.16

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get more or less as a result of currency fluctuations. The fund takes its annual management charge from your capital and not from the income generated by the fund. This means that any capital growth in the fund will be reduced by the charge and your capital may be reduced over time if the fund's growth does not compensate for it. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Income Shares	6
ISA class Income Shares	6
Y Income Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Income Shares			ISA class income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	76.17	71.83	61.55	76.82	72.41	62.00
Opening net asset value per share						
Return before operating charges*	(2.03)	5.98	11.75	(2.04)	6.77	12.57
Operating charges	(0.92)	0.11	0.10	(0.78)	(0.71)	(0.68)
Return after operating charges*	(2.95)	5.87	11.65	(2.82)	6.06	11.89
Distributions on income share	(1.98)	(1.53)	(1.37)	(2.11)	(1.65)	(1.48)
Closing net asset value per share	<b>71.24</b>	<b>76.17</b>	<b>71.83</b>	<b>71.89</b>	<b>76.82</b>	<b>72.41</b>
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a	n/a	n/a
*after direct transaction costs of	0.21	0.20	0.09	0.21	0.20	0.09
<b>Performance</b>						
Return after charges	(3.9%)	8.2%	18.9%	(3.7%)	8.4%	19.2%
<b>Other information</b>						
Closing net asset value (£'000)	185,725	492,236	589,917	3,432	129,713	138,369
Closing number of shares	260,688,319	646,215,802	821,295,052	4,773,191	168,843,889	191,091,799
Operating charges	1.21%	1.20%	1.20%	1.01%	1.00%	1.00%
Direct transaction costs	0.28%	0.28%	0.13%	0.28%	0.28%	0.13%
<b>Prices</b>						
Highest share price	80.78	76.71	73.70	81.51	77.42	74.33
Lowest share price	64.47	64.02	60.39	65.09	64.57	60.85
<b>Y Income Shares</b>						
	2016	2015	2014			
Change in net assets per share	76.18	71.48	60.89			
Opening net asset value per share						
Return before operating charges*	(2.06)	6.32	11.98			
Operating charges	(0.50)	0.08	0.09			
Return after operating charges*	(2.56)	6.24	11.89			
Distributions on income share	(2.00)	(1.54)	(1.28)			
Closing net asset value per share	<b>71.62</b>	<b>76.18</b>	<b>71.48</b>			
Retained distributions on accumulation shares	n/a	n/a	n/a			
*after direct transaction costs of	0.21	0.20	0.09			
<b>Performance</b>						
Return after charges	(3.4%)	8.7%	19.5%			
<b>Other information</b>						
Closing net asset value (£'000)	385,933	62,238	9,811			
Closing number of shares	538,876,739	81,700,202	13,724,772			
Operating charges	0.67%	0.67%	0.67%			
Direct transaction costs	0.28%	0.28%	0.13%			
<b>Prices</b>						
Highest share price	80.89	76.73	73.32			
Lowest share price	64.79	63.91	59.86			

## Commentary & Portfolio Information

### Investment Objective

The fund's investment objective is to achieve an attractive level of income. The Fund will obtain exposure primarily to sterling-denominated (or hedged back to Sterling) fixed interest securities.

### Investment Policy

The fund may invest directly in fixed interest securities or may achieve exposure indirectly through the use of derivatives. The fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. The fund may also take positions which enable it to benefit from falling asset prices.

### Performance and Portfolio Activity

The fund posted negative returns over the period. Credit exposure detracted from performance as credit spreads widened. However, conservative credit positioning at the security and sector level helped to contain losses. The fund's interest rate strategy enhanced returns as core government bonds rallied amid broader global growth concerns. I continue to focus on high-conviction corporate bonds. Therefore, I increased the exposure to Transport for London and Dignity Finance, while reducing holdings in Firstgroup and Verizon.

### Outlook

I remain cautious on the outlook for growth and concerned about the possibility of a further deterioration in corporate credit quality (partly driven by the continued availability of cheap financing). The Bank of England is likely to retain its cautious stance given the upcoming 'Brexit' referendum. I expect interest rate rises to be well telegraphed and gradual in nature. Investment grade corporate bonds still offer an attractive yield pick-up over UK government bonds (Gilts).

Ian Spreadbury  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
European Investment Bank 6.00% 07/12/2028	3.26
Network Rail Infrastructure 4.75% 29/11/2035	1.77
Reseau Ferre de France 5.25% 07/12/2028	1.39
Abbey National Treasury 5.125% 14/04/2021	1.38
European Investment Bank 4.50% 07/06/2029	1.33
UK Gilt Treasury 4.25% 07/06/2032	1.23
Aspire Defence Finance 4.674% 31/03/2040 (A)	1.20
UK Gilt Treasury 3.50% 02/07/2068	1.18
Clydesdale Bank 4.625% 08/06/2026	1.17
EDF 6.00% 23/01/2114	1.13

### Holdings as at 28/02/15

	% of total net assets
UK Gilt Treasury 3.50% 02/07/2068	3.05
European Investment Bank 6.00% 07/12/2028	2.58
UK Gilt Treasury 4.25% 07/06/2032	2.23
UK Gilt Treasury War Loan 3.50% (Perpetual)	2.06
UK Gilt Treasury 6.00% 07/12/2028	1.59
Abbey National Treasury 5.125% 14/04/2021	1.42
EDF 6.00% 23/01/2114	1.41
Aspire Defence Finance 4.674% 31/03/2040 (A)	1.28
Great Rolling Stock 6.875% 27/07/2035	1.07
AA Bond Company 4.7201% 31/07/2018	1.05

### Portfolio information (%)

	29/02/16	28/02/15
Corporate Bonds	77.79	69.16
Mortgage Related Bonds	13.78	13.70
UK Gilt Treasury Bonds	4.21	13.78
Government Bonds	2.72	1.52
Cash Funds/Money Market Funds	0.15	0.45
Credit Default Swaps	0.04	0.04
Futures	-0.14	-0.17
Forward Foreign Exchange Contracts	-0.66	0.22
Cash and other net assets/(liabilities)	2.11	1.3

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The main aim of this fund is to produce income. When this income is paid out instead of being reinvested, there is little prospect of any real capital growth. A portion of this fund will invest in 'sub-investment grade' bonds. These bonds may produce a higher level of income than 'investment grade' bonds but at a higher risk to your capital. With funds that invest in bonds, there is a risk that the issuer of the bond may default on its repayments. The likelihood of this happening will depend on the credit-worthiness of the issuer. When interest rates rise bonds may fall in value. Rising interest rates may cause the value of your investment to fall. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

## Risk and Reward Indicator\*

A Accumulation Shares	3
A Income Shares	3
Gross paying A Income Shares	3
Gross paying Y Accumulation Shares	3
Gross paying Y Income Shares	3
Y Accumulation Shares	3
Y Income Shares	3

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
  - There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. While we seek to mitigate this, the fund may be exposed to the risk of financial loss if it invests into an instrument issued by an entity that subsequently defaults on its borrowings. Losses may also be realised if an entity that the fund is exposed to ceases to make interest payments over a period of time or indefinitely. Bond prices have an inverse relationship with interest rates such that when interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
  - The fund may be exposed to the risk of financial loss if a counterparty used for derivative instruments subsequently defaults.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Income Shares			Gross paying A Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	36.38	33.73	33.97	36.38	33.73	33.98
Opening net asset value per share						
Return before operating charges*	(0.42)	3.95	1.11	(0.19)	4.19	1.35
Operating charges	(0.35)	(0.35)	(0.34)	(0.36)	(0.35)	(0.34)
Return after operating charges*	(0.77)	3.60	0.77	(0.55)	3.84	1.01
Distributions on income share	(0.91)	(0.95)	(1.01)	(1.13)	(1.19)	(1.26)
Closing net asset value per share	<b>34.70</b>	<b>36.38</b>	<b>33.73</b>	<b>34.70</b>	<b>36.38</b>	<b>33.73</b>
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a	n/a	n/a
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	(2.1%)	10.7%	2.3%	(1.5%)	11.4%	3.0%
<b>Other information</b>						
Closing net asset value (£'000)	366,199	626,811	1,103,650	250,618	799,985	839,936
Closing number of shares	1,055,403,981	1,722,991,639	3,271,927,951	722,201,824	2,198,814,181	2,489,905,898
Operating charges	0.99%	0.99%	1.00%	0.99%	0.99%	1.00%
Direct transaction costs	0%	0%	0%	0%	0%	0%
<b>Prices</b>						
Highest share price	37.09	37.44	35.57	37.11	37.46	35.58
Lowest share price	34.70	33.76	32.82	34.71	33.77	32.83
	<b>A Accumulation Shares</b>			<b>Y Accumulation Shares</b>		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	164.55	148.47	145.18	1,161.71	1,044.63	1,000.00
Opening net asset value per share						
Return before operating charges*	(1.91)	17.63	4.75	(14.49)	123.35	48.57
Operating charges	(1.62)	(1.55)	(1.46)	(6.46)	(6.27)	(3.94)
Return after operating charges*	(3.53)	16.08	3.29	(20.95)	117.08	44.63
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>161.02</b>	<b>164.55</b>	<b>148.47</b>	<b>1,140.76</b>	<b>1,161.71</b>	<b>1,044.63</b>
Retained distributions on accumulation shares	4.15	4.24	4.37	33.34	33.71	23.28
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	(2.1%)	10.9%	2.3%	(1.8%)	11.2%	4.5%
<b>Other information</b>						
Closing net asset value (£'000)	112,240	136,300	191,747	230,723	166,109	13,778
Closing number of shares	69,705,639	82,808,944	129,150,548	20,225,363	14,298,587	1,318,937
Operating charges	0.99%	0.99%	0.99%	0.56%	0.56%	0.56%
Direct transaction costs	0%	0%	0%	0%	0%	0%
<b>Prices</b>						
Highest share price	167.80	169.00	152.70	1,185.00	1,193.00	1,052.00
Lowest share price	159.20	148.60	142.30	1,125.00	1,046.00	999.90



## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio made up of the shares of companies throughout the Pacific Basin, but excluding Japan. The portfolio is likely to have a bias towards larger companies. However, the ACD is not restricted in the choice of company either by size or industry, or in terms of the geographical split of the portfolio, which is largely determined by the availability of attractive investment opportunities, rather than the outlook for each market. With effect from 23 March 2016, the name of the fund will be Fidelity Asia Fund.

### Performance and Portfolio Activity

The fund generated negative returns over the period. In China, concerns about slowing economic growth and the fall-out from investors reducing equities they purchased using borrowed funds hurt selected holdings. Chinese financials were impacted the most by this sell off. Conversely, a focus on structural growth opportunities and the exposure to strong franchises added value. I reduced the exposure to Chinese financials, including China Life Insurance and Industrial & Commercial Bank of China following earlier gains. Meanwhile, I initiated positions in Chinese spirit producer Kweichow Moutai and Indonesian cigarette maker HM Sampoerna, whose strong brands support their pricing power. As a result of these purchases, the fund's overall allocation to consumer staples was increased.

### Outlook

Investors should remain focused on Asia's long-term structural growth drivers. China's economic fundamentals remain healthy despite short-term volatility. I have a positive outlook towards Indonesia and India given their governments' focus on reforms.

Teera Chanpongsang  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Taiwan Semiconductor Manufacturing	5.84
Tencent	4.94
AIA	4.87
Samsung Electronics	3.37
China Mobile	2.98
CK Hutchison	2.56
HDFC Bank (Dematerialised)	2.52
Housing Development Finance Corporation	2.28
Fidelity Institutional Liquidity Fund (USD)	2.09
United Overseas Bank	1.92
Holdings as at 28/02/15	% of total net assets
Taiwan Semiconductor Manufacturing	6.46
AIA	4.50
Tencent	4.37
Samsung Electronics	3.90
Industrial & Commercial Bank of China	3.68
China Life Insurance	3.26
HDFC Bank (Dematerialised)	2.31
United Overseas Bank	2.10
SK Hynix	2.09
Bank Rakyat Indonesia	2.04

### Portfolio information (%)

	29/02/16	28/02/15
China	25.80	28.67
Korea	16.67	17.42
Hong Kong	16.49	11.91
India	11.99	9.94
Taiwan	10.60	11.96
Indonesia	4.93	5.83
Singapore	3.79	3.67
United States	3.10	2.08
Other	6.32	7.40
Cash and other net assets/(liabilities)	0.31	1.12

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	6
W Accumulation Shares	6
Y Accumulation Shares	6

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
- Emerging markets may be more volatile and it could be harder to sell or trade securities. There may be less supervision, regulation and less well-defined procedures than in more developed countries. Emerging markets can be sensitive to political instability, which can result in greater volatility and uncertainty, subjecting the fund to the risk of losses.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.



**Comparative Performance Table**

	<b>A Accumulation Shares</b>			<b>W Accumulation Shares</b>		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	845.71	715.67	778.04	819.69	688.46	743.00
Return before operating charges*	(39.26)	143.37	(49.49)	(38.42)	138.67	(47.58)
Operating charges	(14.49)	(13.33)	(12.88)	(7.87)	(7.44)	(6.96)
Return after operating charges*	(53.75)	130.04	(62.37)	(46.29)	131.23	(54.54)
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>791.96</b>	<b>845.71</b>	<b>715.67</b>	<b>773.40</b>	<b>819.69</b>	<b>688.46</b>
Retained distributions on accumulation shares	3.04	0.85	3.45	9.01	6.49	8.61
*after direct transaction costs of	1.14	1.66	2.63	1.14	1.66	2.63
<b>Performance</b>						
Return after charges	(6.4%)	18.2%	(8.0%)	(5.7%)	19.1%	(7.3%)
<b>Other information</b>						
Closing net asset value (£'000)	834,059	1,488,834	1,733,482	802,481	375,232	139,177
Closing number of shares	105,315,828	176,044,708	242,218,998	103,760,502	45,777,424	20,215,842
Operating charges	1.74%	1.74%	1.76%	0.99%	0.99%	1.01%
Direct transaction costs	0.15%	0.24%	0.39%	0.15%	0.24%	0.39%
<b>Prices</b>						
Highest share price	975.80	874.20	795.20	946.60	846.60	760.50
Lowest share price	688.70	688.70	672.50	670.00	663.40	643.60
	<b>Y Accumulation Shares</b>					
	2016	2015	2014			
Change in net assets per share						
Opening net asset value per share	156.13	131.42	142.12			
Return before operating charges*	(7.28)	26.42	(9.05)			
Operating charges	(1.86)	(1.71)	(1.65)			
Return after operating charges*	(9.14)	24.71	(10.70)			
Distributions on income share	n/a	n/a	n/a			
Closing net asset value per share	<b>146.99</b>	<b>156.13</b>	<b>131.42</b>			
Retained distributions on accumulation shares	1.37	0.91	1.35			
*after direct transaction costs of	1.14	1.66	2.63			
<b>Performance</b>						
Return after charges	(5.9%)	18.8%	(7.5%)			
<b>Other information</b>						
Closing net asset value (£'000)	26,188	35,412	36,692			
Closing number of shares	17,816,489	22,680,817	27,919,523			
Operating charges	1.21%	1.21%	1.23%			
Direct transaction costs	0.15%	0.24%	0.39%			
<b>Prices</b>						
Highest share price	180.30	161.30	145.40			
Lowest share price	127.50	126.60	123.00			

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of UK companies. The fund will have a blend of investments in larger, medium and smaller sized companies. The ACD is not restricted in its choice of companies either by size or industry, and will choose stocks largely determined by the availability of attractive investment opportunities. The fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

### Performance and Portfolio Activity

The fund recorded negative returns against a backdrop of increasing volatility in the UK stock market. Banks, such as Bank of Ireland and Citigroup, were among the key detractors from returns as they were weighed down by negative investor sentiment towards financials. Video game group Electronic Arts and office provider Regus, which recorded positive earnings growth, added value. I sold the position in Electronic Arts following a period of strong performance. The sell-off in the UK stock market has not only created new ideas, but has enabled me to add new holdings such as insulation group SIG and Photo-Me International, an operator of photobooths that is expanding into laundry machines and carwashes. Key sales included property website Rightmove.

### Outlook

While valuations are largely in line with historical averages, a closer look reveals significant differences in valuations between companies. I focus on companies whose share prices have fallen despite attractive prospects for positive change over the medium term.

Alex Wright  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Lloyds Banking Group	5.85
Citigroup	4.91
Carnival	3.79
Royal Mail	3.66
Wolseley	3.48
Ultra Electronics	3.31
Fidelity Institutional Liquidity Fund (GBP)	2.80
Regus	2.71
Homeserve	2.65
Esure	2.61
Holdings as at 28/02/15	% of total net assets
HSBC (UK) (Reg'd)	5.88
Lloyds Banking Group	4.36
Fidelity Institutional Liquidity Fund (GBP)	4.29
Citigroup	4.28
Electronic Arts	3.95
Royal Dutch Shell B (UK)	3.74
ICAP	3.01
Wolseley	2.92
Regus	2.67
Homeserve	2.22

### Portfolio information (%)

	29/02/16	28/02/15
Financials	36.08	36.63
Industrials	23.25	17.47
Consumer Services	15.08	14.90
Technology	6.75	1.74
Oil & Gas	4.97	5.51
Consumer Goods	4.77	9.18
Basic Materials	2.86	5.97
Cash Funds/Money Market Funds	2.80	4.29
Other	2.35	4.46
Cash and other net assets/(liabilities)	1.09	-0.15

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get more or less as a result of currency fluctuations. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	5
W Accumulation Shares	5
Y Accumulation Shares	5

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Accumulation Shares			W Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	2,965.06	2,894.43	2,383.20	2,678.40	2,595.21	2,119.69
Return before operating charges*	6.13	117.85	557.32	4.37	106.81	498.68
Operating charges	(51.92)	(47.22)	(45.09)	(25.71)	(23.62)	(23.16)
Return after operating charges*	(45.79)	70.63	512.23	(21.34)	83.19	475.52
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>2,919.27</b>	<b>2,965.06</b>	<b>2,894.43</b>	<b>2,657.06</b>	<b>2,678.40</b>	<b>2,595.21</b>
Retained distributions on accumulation shares	31.74	21.63	44.72	49.61	38.25	56.21
*after direct transaction costs of	6.68	7.67	7.77	6.68	7.67	7.77
<b>Performance</b>						
Return after charges	(1.5%)	2.4%	21.5%	(0.8%)	3.2%	22.4%
<b>Other information</b>						
Closing net asset value (£'000)	853,950	2,208,625	2,728,155	1,744,519	559,385	112,682
Closing number of shares	29,252,202	74,488,440	94,255,266	65,656,000	20,885,083	4,341,938
Operating charges	1.69%	1.69%	1.69%	0.94%	0.94%	0.94%
Direct transaction costs	0.26%	0.33%	0.38%	0.26%	0.33%	0.38%
<b>Prices</b>						
Highest share price	3,190.00	2,972.00	2,899.00	2,887.00	2,685.00	2,599.00
Lowest share price	2,661.00	2,542.00	2,346.00	2,421.00	2,290.00	2,089.00
<b>Y Accumulation Shares</b>						
	<b>2016</b>	<b>2015</b>	<b>2014</b>			
Change in net assets per share						
Opening net asset value per share	174.47	169.40	138.70			
Return before operating charges*	0.31	6.98	32.52			
Operating charges	(2.09)	(1.91)	(1.82)			
Return after operating charges*	(1.78)	5.07	30.70			
Distributions on income share	n/a	n/a	n/a			
Closing net asset value per share	<b>172.69</b>	<b>174.47</b>	<b>169.40</b>			
Retained distributions on accumulation shares	2.83	2.13	3.38			
*after direct transaction costs of	6.68	7.67	7.77			
<b>Performance</b>						
Return after charges	(1.0%)	3.0%	22.1%			
<b>Other information</b>						
Closing net asset value (£'000)	20,409	25,015	52,405			
Closing number of shares	11,818,134	14,338,246	30,936,239			
Operating charges	1.16%	1.16%	1.16%			
Direct transaction costs	0.26%	0.33%	0.38%			
<b>Prices</b>						
Highest share price	188.00	174.90	169.70			
Lowest share price	157.30	149.30	136.70			

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve both capital growth and income from a portfolio providing exposure primarily to UK and international government and corporate bonds, emerging market debt and high yield securities. While the fund will be substantially invested in the Sterling Core Plus Bond Fund, it is the intention through the use of Derivatives to adjust interest rate risk such that the returns achieved may be substantially different to those of the Sterling Core Plus Bond Fund.

### Performance and Portfolio Activity

The fund posted negative returns over the period. Credit exposure detracted from performance as credit spreads widened. However, conservative credit positioning helped to contain losses. At the sector level, the fund's positioning in utilities was a key contributor to returns. The lack of exposure to several European electricity utilities such as E.On and Enel added relative value. Lowest wholesale electricity prices in 12 years weighed on their profitability, resulting in higher leverage and lower bond prices. Conversely, banking sector bonds detracted from returns. I continue to focus on high-conviction corporate bonds. Therefore, I raised the exposure to Anheuser Busch InBev and Allianz, and sold holdings in Kunlun Energy and McKesson.

### Outlook

The UK economic recovery appears to have taken hold, but the European Union referendum is a source of volatility and I remain cautious on the near term outlook. I expect interest rate rises to be well telegraphed and gradual in nature. Investment grade corporate bonds still offer an attractive yield pick-up over UK government bonds (Gilts).

Andrew Weir  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Fidelity Institutional Sterling Core Plus Bond Fund GACC-GBP	103.57
Receive fixed 1.4975% pay float 6 Month GBP Libor 30/10/2020	1.53
Receive fixed 1.46% pay float 6 Month GBP Libor 07/12/2020	1.50
Receive fixed 1.51% pay float 6 Month GBP Libor 05/01/2021	0.13
Receive fixed 1.783% pay float 6 Month GBP Libor 02/02/2046	0.04
Sold Protection on ITRAXX XOver S24 20/12/2020	0.03
Long Gilt Commodity Future 28/06/2016	0.03
Pay fixed 0.984% receive float 6 Month GBP Libor 30/10/2017	-0.02
Pay fixed 1.0075% receive float 6 Month GBP Libor 07/12/2017	-0.04
Pay fixed 1.7275% receive float 6 Month GBP Libor 30/10/2022	-0.13

### Portfolio information (%)

	29/02/16
Fixed Interest Mutual Funds	103.57
Credit Default Swaps	0.03
Futures	0.03
Interest Rate Swaps	-6.90
Cash and other net assets/(liabilities)	3.27

## Risk Profile

The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. The fund is a feeder fund and will be substantially invested in the Sterling Core Plus Bond Fund and it is the intention through the use of derivatives to adjust interest rate risk, such that the returns achieved may be substantially different to those of the Sterling Core Plus Bond Fund. This fund may invest in 'subinvestment grade' bonds. These bonds may produce a higher level of income than 'investment grade' bonds but at a higher risk to your capital. With funds that invest in bonds, there is a risk that the issuer of the bond may default on its repayments. The likelihood of this happening will depend on the creditworthiness of the issuer. The fund may invest in derivatives for the purposes of the efficient management of the fund including hedging interest rate risk. For funds that invest in derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. For details of all the risks please see the prospectus.

### Risk and Reward Indicator\*

Gross paying Accumulation Shares

3

- The risk category was calculated using historical performance data.
- The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
- The lowest category does not mean a "risk free" investment.
- The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
- The value of your investment may fall as well as rise and you may get back less than you originally invested.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
- The use of financial derivative instruments may result in increased gains or losses within the fund.
- There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. While we seek to mitigate this, the fund may be exposed to the risk of financial loss if it invests into an instrument issued by an entity that subsequently defaults on its borrowings. Losses may also be realised if an entity that the fund is exposed to ceases to make interest payments over a period of time or indefinitely. Bond prices have an inverse relationship with interest rates such that when interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
- The fund may be exposed to the risk of financial loss if a counterparty used for derivative instruments subsequently defaults.
- The risk category was calculated using performance data based on the Master Fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

### Gross paying Accumulation Shares

Change in net assets per share	2016
Opening net asset value per share	<u>1,000.00<sup>1</sup></u>
Return before operating charges*	(23.48)
Operating charges	<u>(0.29)</u>
Return after operating charges*	<u>(23.77)</u>
Distributions on income share	n/a
Closing net asset value per share	<u><u>976.23</u></u>
Retained distributions on accumulation shares	6.00
*after direct transaction costs of	0.04
<b>Performance</b>	
Return after charges	0%
<b>Other information</b>	
Closing net asset value (£'000)	63,375
Closing number of shares	6,491,872
Operating charges	0.59%
Direct transaction costs	0%
<b>Prices</b>	
Highest share price	1,016.00
Lowest share price	976.00

1. This fund launched on 30 October 2015.

## Commentary & Portfolio Information

### Investment Objective

The fund's investment objective is to achieve a relatively high income with the possibility of capital growth. The Fund will obtain exposure primarily to sterling-denominated (or hedged back to sterling) fixed interest securities.

### Investment Policy

The Fund may invest directly in fixed interest securities or may achieve exposure indirectly through the use of derivatives. The Fund may also invest in other transferable securities, money market instruments, collective investment schemes, cash and near cash and deposits. Derivatives may be used for efficient portfolio management and investment purposes and may include (but are not limited to) derivatives on exchange rates, interest rates, inflation and credit. The Fund may also take positions which enable it to benefit from falling asset prices.

### Performance and Portfolio Activity

The fund posted negative returns over the period. Credit exposure detracted from performance as credit spreads widened. However, conservative credit positioning at the security and sector level helped to contain losses. The fund's interest rate strategy enhanced returns as core government bonds rallied amid broader global growth concerns. I continue to focus on high-conviction corporate bonds and participated in the new issues of Thames Water and BHP Billiton. I reduced the exposure to financials by lowering the allocation to Barclays and Rabobank.

### Outlook

I remain cautious on the outlook for growth and concerned about the possibility of a further deterioration in corporate credit quality (partly driven by the continued availability of cheap financing). The Bank of England is likely to retain its cautious stance given the upcoming 'Brexit' referendum. Interest rate rises are expected to be well telegraphed and gradual in nature. Corporate bond valuations look attractive, but I remain mindful of default risk and illiquidity.

Ian Spreadbury  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
UK Gilt Treasury 4.00% 07/09/2016	6.65
New Zealand I/L 2.50% 20/09/2035	1.99
Italy BTPS 2.55% 15/09/2041	1.84
Germany 1.00% 15/08/2025 Reg S	1.83
Fidelity Funds - Institutional European High Yield Fund	1.70
UK Gilt Treasury 3.50% 02/07/2068	1.17
Fidelity Funds - US High Yield Fund I-Acc-USD	1.16
EDF 6.00% 23/01/2114	1.05
New Zealand 4.50% 15/04/2027	1.05
Fidelity Funds - Emerging Markets Inflation Linked Bond Fund	1.02

### Holdings as at 28/02/15

Holdings as at 28/02/15	% of total net assets
Poland 5.75% 25/04/2029	3.21
Australia 3.75% 21/04/2037	2.33
Norway 2.00% 24/05/2023	2.19
UK Gilt Treasury 3.50% 02/07/2068	1.93
New Zealand I/L 2.50% 20/09/2035	1.77
US Treasury Note 0.75% 15/02/2042	1.61
Fidelity Funds - Institutional European High Yield Fund	1.51
Norway 3.00% 14/03/2024	1.47
EDF 6.00% 23/01/2114	1.24
UK Gilt Treasury 4.75% 07/09/2015	1.18

### Portfolio information (%)

	29/02/16	28/02/15
Corporate Bonds	62.99	65.56
Government Bonds	14.01	17.01
UK Gilt Treasury Bonds	9.88	3.75
Fixed Interest Mutual Funds	6.18	4.15
Mortgage Related Bonds	5.42	6.62
Cash Funds/Money Market Funds	0.90	0.92
Equities	0.23	0.00
Convertible Bonds	0.23	0.23
Other	-1.88	0.36
Cash and other net assets/(liabilities)	2.04	1.40

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. With funds that invest in bonds, there is a risk that the issuer of the bond may default on its repayments. The likelihood of this happening will depend on the credit-worthiness of the issuer. When interest rates rise bonds may fall in value. Rising interest rates may cause the value of your investment to fall. A portion of this fund will invest in 'sub-investment grade' bonds. These bonds may produce a higher level of income than 'investment grade' bonds but at a higher risk to your capital. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

## Risk and Reward Indicator\*

A Accumulation Shares	3
A Income Shares	3
Gross paying A Accumulation Shares	3
Gross paying A Income Shares	3
Gross paying Y Accumulation Shares	3
Gross paying Y Income Shares	3
Y Accumulation Shares	3
Y Income Shares	3

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
  - There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. While we seek to mitigate this, the fund may be exposed to the risk of financial loss if it invests into an instrument issued by an entity that subsequently defaults on its borrowings. Losses may also be realised if an entity that the fund is exposed to ceases to make interest payments over a period of time or indefinitely. Bond prices have an inverse relationship with interest rates such that when interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall.
  - The fund may be exposed to the risk of financial loss if a counterparty used for derivative instruments subsequently defaults.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.

## Comparative Performance Table

	A Income Shares			Gross paying A Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	32.53	30.59	30.28	32.54	30.59	30.29
Opening net asset value per share						
Return before operating charges*	(0.99)	3.13	1.41	(0.82)	3.34	1.59
Operating charges	(0.37)	(0.38)	(0.37)	(0.37)	(0.38)	(0.37)
Return after operating charges*	(1.36)	2.75	1.04	(1.19)	2.96	1.22
Distributions on income share	(0.71)	(0.81)	(0.73)	(0.88)	(1.01)	(0.92)
Closing net asset value per share	<b>30.46</b>	<b>32.53</b>	<b>30.59</b>	<b>30.47</b>	<b>32.54</b>	<b>30.59</b>
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a	n/a	n/a
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	(4.2%)	9.0%	3.4%	(3.7%)	9.7%	4.0%
<b>Other information</b>						
Closing net asset value (£'000)	187,235	296,806	447,306	48,207	130,964	188,695
Closing number of shares	614,631,300	912,291,004	1,462,281,730	158,219,586	402,468,086	616,762,735
Operating charges	1.17%	1.21%	1.20%	1.17%	1.21%	1.21%
Direct transaction costs	0.01%	0.01%	0%	0.01%	0.01%	0%
<b>Prices</b>						
Highest share price	32.87	32.88	31.48	32.88	32.90	31.48
Lowest share price	30.42	30.66	29.64	30.44	30.68	29.65

	A Accumulation Shares			Gross paying A Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	137.02	125.57	121.36	141.39	128.74	123.67
Opening net asset value per share						
Return before operating charges*	(4.24)	13.02	5.69	(3.59)	14.27	6.58
Operating charges	(1.57)	(1.57)	(1.48)	(1.64)	(1.62)	(1.51)
Return after operating charges*	(5.81)	11.45	4.21	(5.23)	12.65	5.07
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>131.21</b>	<b>137.02</b>	<b>125.57</b>	<b>136.16</b>	<b>141.39</b>	<b>128.74</b>
Retained distributions on accumulation shares	3.00	3.36	2.97	3.87	4.32	3.80
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	(4.2%)	9.1%	3.5%	(3.7%)	9.8%	4.1%
<b>Other information</b>						
Closing net asset value (£'000)	37,174	70,911	151,888	6,390	38,394	73,000
Closing number of shares	28,331,633	51,753,394	120,960,526	4,692,888	27,154,197	56,702,140
Operating charges	1.17%	1.21%	1.20%	1.20%	1.21%	1.20%
Direct transaction costs	0.01%	0.01%	0%	0.01%	0.01%	0%
<b>Prices</b>						
Highest share price	138.70	138.20	126.60	143.20	142.60	129.30
Lowest share price	130.80	125.90	119.50	135.70	129.10	122.00



## Comparative Performance Table

	Y Accumulation Shares			Gross paying Y Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	113.63	103.68	100.00 <sup>1</sup>	113.34	102.66	100.00 <sup>1</sup>
Return before operating charges*	(3.63)	10.68	3.99	(2.90)	11.41	2.86
Operating charges	(0.71)	(0.73)	(0.31)	(0.71)	(0.73)	(0.20)
Return after operating charges*	(4.34)	9.95	3.68	(3.61)	10.68	2.66
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	<b>109.29</b>	<b>113.63</b>	<b>103.68</b>	<b>109.73</b>	<b>113.34</b>	<b>102.66</b>
Retained distributions on accumulation shares	2.97	3.25	1.33	3.72	4.03	1.24
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	(3.8%)	9.6%	3.7%	(3.2%)	10.4%	2.7%
<b>Other information</b>						
Closing net asset value (£'000)	268,439	169,755	14,374	93,952	53,916	3,191
Closing number of shares	245,622,121	149,387,151	13,864,245	85,621,882	47,570,569	3,108,008
Operating charges	0.64%	0.68%	0.68%	0.64%	0.68%	0.69%
Direct transaction costs	0.01%	0.01%	0%	0.01%	0.01%	0%
<b>Prices</b>						
Highest share price	115.10	114.60	104.10	114.80	114.30	103.10
Lowest share price	108.90	104.00	99.84	109.30	103.00	99.86
	Y Income Shares			Gross paying Y Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	125.58	118.07	116.89	125.54	118.03	116.85
Return before operating charges*	(3.97)	11.97	5.30	(3.15)	12.88	6.13
Operating charges	(0.78)	(0.82)	(0.79)	(0.78)	(0.82)	(0.79)
Return after operating charges*	(4.75)	11.15	4.51	(3.93)	12.06	5.34
Distributions on income share	(3.25)	(3.64)	(3.33)	(4.06)	(4.55)	(4.16)
Closing net asset value per share	<b>117.58</b>	<b>125.58</b>	<b>118.07</b>	<b>117.55</b>	<b>125.54</b>	<b>118.03</b>
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a	n/a	n/a
*after direct transaction costs of	-	-	-	-	-	-
<b>Performance</b>						
Return after charges	(3.8%)	9.5%	3.9%	(3.1%)	10.2%	4.6%
<b>Other information</b>						
Closing net asset value (£'000)	638,027	630,158	396,022	280,033	243,082	150,871
Closing number of shares	542,634,624	501,815,514	335,414,709	238,229,179	193,625,406	127,821,356
Operating charges	0.64%	0.68%	0.67%	0.64%	0.68%	0.67%
Direct transaction costs	0.01%	0.01%	0%	0.01%	0.01%	0%
<b>Prices</b>						
Highest share price	126.90	126.90	121.50	126.90	127.00	121.50
Lowest share price	117.40	118.40	114.40	117.40	118.40	114.40

1. The Y Accumulation Shares launched on 19 September 2013 and the Gross paying Y Accumulation Shares launched on 13 November 2013.

## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of UK companies. The portfolio is likely to have a bias towards larger and medium-sized shares, although the ACD is not restricted in its choice of company by either size or industry.

### Performance and Portfolio Activity

The fund generated negative returns against a backdrop of rising volatility in global markets, owing to concerns around China's economic growth. Nevertheless, key holdings such as online estate agent Rightmove and video game maker Electronic Arts performed well, driven by strong earnings. During the period, I sold the position in Ocado to invest in more attractive opportunities elsewhere. I also sold Rio Tinto as the outlook for commodity prices continues to deteriorate. I bought a new position in Wolseley as I believe that investors are underestimating the growth and margin expansion potential of its US business. I also bought a holding in energy products distributor DCC as it has a good track record in terms of returns on invested capital.

### Outlook

Domestic demand in the UK remains relatively strong, although the slowdown in China may hamper global growth. Against this backdrop, I will focus on businesses whose growth prospects are not fully reflected in their share price, while closely monitoring the resulting macroeconomic exposure.

**Aruna Karunathilake**  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Unilever (UK)	6.46
Diageo	5.83
Wolseley	5.35
Lloyds Banking Group	4.78
Compass	4.41
Booker	4.27
Bunzl	4.25
Rightmove	4.21
DCC (UK)	3.69
BT	3.57
Holdings as at 28/02/15	% of total net assets
BG	4.64
Rio Tinto	3.45
BT	3.39
Merlin Entertainments	3.19
Diageo	3.04
Ocado	2.95
Unilever (UK)	2.72
Shire	2.55
Capita	2.52
Electronic Arts	2.51

### Portfolio information (%)

	29/02/16	28/02/15
Consumer Services	25.66	23.76
Consumer Goods	18.59	13.54
Industrials	17.90	12.82
Financials	16.88	8.32
Health Care	5.53	11.18
Oil & Gas	5.27	9.77
Telecommunications	3.57	4.41
Cash Funds/Money Market Funds	2.97	0.00
Other	3.15	16.23
Cash and other net assets/(liabilities)	0.48	-0.03

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

### Risk and Reward Indicator\*

A Accumulation Shares	6
W Accumulation Shares	5
Y Accumulation Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.



## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily invested in the shares of UK companies. The portfolio is likely to have a bias towards the shares of medium and smaller-sized companies although the ACD is not restricted in its choice of company by either size or industry.

### Performance and Portfolio Activity

The fund generated negative returns against a backdrop of rising volatility in global markets. Nevertheless, key holdings such as online estate agent Rightmove and video game maker Electronic Arts performed well, driven by strong earnings. Among the key transactions, I sold Provident Financial to invest in attractive opportunities elsewhere. I also sold Rio Tinto as the outlook for commodity prices continues to deteriorate. I purchased a holding in UK-based financial advisory firm St. James's Place as it has a strong franchise and its growth opportunities remain plentiful. A new position was also purchased in energy products distributor DCC as it has a good track record in terms of returns on invested capital.

### Outlook

Domestic demand in the UK remains relatively strong, though the slowdown in China may negatively impact global growth. Against this backdrop, I will continue to focus on businesses whose growth prospects are not fully reflected in their share price, while closely monitoring the fund's resulting macroeconomic exposures.

Aruna Karunathilake  
Fund Manager  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Unilever (UK)	6.45
Diageo	5.79
Wolseley	5.48
Compass	4.72
Lloyds Banking Group	4.72
Bunzl	4.63
Rightmove	4.46
Booker	4.40
DCC (UK)	3.93
Royal Dutch Shell A (UK)	3.71

Holdings as at 28/02/15	% of total net assets
Unilever (UK)	4.40
Wolseley	4.13
Lloyds Banking Group	3.96
Rightmove	3.91
Compass	3.74
Burberry	3.74
London Stock Exchange	3.66
Booker	3.56
Bunzl	3.43
Diageo	3.40

### Portfolio information (%)

	29/02/16	28/02/15
Consumer Services	26.32	21.54
Consumer Goods	21.24	19.11
Industrials	18.83	15.17
Financials	18.06	17.06
Oil & Gas	5.99	4.9
Health Care	5.42	10.5
Utilities	2.16	3.33
Technology	1.06	1.02
Other	0.81	6.74
Cash and other net assets/(liabilities)	0.11	0.63

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. Investments in small and emerging markets can be more volatile than other more developed markets. This fund invests in overseas markets. You may get more or less as a result of currency fluctuations. This fund may invest more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. The fund may invest in derivatives for the purposes of the efficient management of the fund. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

## Risk and Reward Indicator\*

A Accumulation Shares	5
W Accumulation Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
- \* The synthetic risk and reward indicator (SRRI) is explained in the Further Information section.



## Commentary & Portfolio Information

### Investment Objective and Policy

The fund's investment objective is to achieve long term capital growth from a portfolio primarily made up of the shares of smaller capitalisation United Kingdom Companies. There is no policy to restrict investment to particular economic sectors. The Fund may also invest in other transferable securities, units in collective investment schemes, money market instruments, cash and deposits. Derivatives and forward transactions may also be used for investment purposes.

### Performance and Portfolio Activity

The fund recorded positive returns, with merger and acquisition plays and earnings growth themes featuring prominently among the contributors. Some of our key holdings such as support services group DCC and casino operator Rank Group were supported by their positive outlook. We bought some contrarian themes in the small-cap segment that will provide the fund with geographically diversified sales exposure. For instance, we bought International Personal Finance, an emerging market consumer lending company. We are also finding disliked companies with limited downside and unrecognised growth options such as building products company SIG. Notable sales included technology company Vizrt and video game maker Electronic Arts, which had performed well in the past.

### Outlook

There are still a large number of companies trading at attractive valuations that do not reflect the positive changes occurring at the industry or company level. Compared to last year, more of these opportunities are in the small and mid-cap category.

Jonathan Winton and Alex Wright  
Fund Managers  
29 February 16

### Top Holdings

The top ten holdings in the fund as at 29 February 2016 and at the previous year end are shown below.

Holdings as at 29/02/16	% of total net assets
Fidelity Institutional Liquidity Fund (GBP)	8.89
ICAP	2.68
Brewin Dolphin	2.57
Ultra Electronics	2.42
Esure	2.38
Conwert Immobil Invest	2.28
United Drug	2.15
Royal Mail	2.09
Homeserve	2.07
Rank	2.06

Holdings as at 28/02/15	% of total net assets
United Drug	2.77
CLS	2.76
Brewin Dolphin	2.75
C & C (UK)	2.46
HomeServe	2.37
ICAP	2.36
LXB Retail Properties	2.29
Electronic Arts	2.28
Regus	2.27
Pendragon	2.27

### Portfolio information (%)

	29/02/16	28/02/15
Financials	27.73	24.69
Industrials	23.85	27.04
Consumer Services	17.81	21.17
Cash Funds/Money Market Funds	8.89	1.43
Technology	6.23	7.72
Consumer Goods	6.15	8.78
Oil & Gas	4.35	2.84
Basic Materials	2.62	3.41
Other	1.38	2.13
Cash and other net assets/(liabilities)	0.99	0.79

### Risk Profile

If you make regular withdrawals from your investment, this may reduce your capital over time if the fund's growth does not compensate for the withdrawals. The value of your investment and the income from it can go down as well as up. You may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. For this fund, derivatives and forward transactions may be used for investment purposes, as well as for hedging and other efficient management purposes as permitted for all funds. Where this is the case, their use may lead to higher volatility in the fund's share price. For funds that use derivative transactions, there is a risk that the counterparty to the transaction will wholly or partially fail to honour its contractual obligations. This may result in financial loss to the fund. Where appropriate, collateral will be required to reduce exposure to a counterparty. This fund invests more heavily than others in smaller companies, which can carry a higher risk because their share prices may be more volatile than those of larger companies. The use of financial derivative instruments may give rise to leverage and result in increased gains or losses within the fund.

## Risk and Reward Indicator\*

A Accumulation Shares	5
W Accumulation Shares	5
Y Accumulation Shares	5

- The risk category was calculated using historical performance data.
  - The risk category may not be a reliable indication of the future risk profile of the fund, is not guaranteed and may change over time.
  - The lowest category does not mean a "risk free" investment.
  - The risk and reward profile is classified by the level of historical fluctuation of the Net Asset Values of the share class, and within this classification, categories 1-2 indicate a low level of historical fluctuations, 3-5 a medium level and 6-7 a high level.
  - The value of your investment may fall as well as rise and you may get back less than you originally invested.
  - Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging may be used to minimise the effect of this but may not always be successful.
  - The use of financial derivative instruments may result in increased gains or losses within the fund.
  - Liquidity is a measure of how easily an investment can be converted into cash. Under certain market conditions assets may be more difficult to sell.
- \* The synthetic risk and reward indicator (SRR) is explained in the Further Information section.



## Comparative Performance Table

	A Accumulation Shares			W Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	197.95	191.59	138.62	176.45	169.51	121.71
Return before operating charges*	8.73	9.58	55.81	7.77	5.35	49.21
Operating charges	(3.57)	3.22	2.84	(1.79)	1.59	1.41
Return after operating charges*	5.16	6.36	52.97	5.98	6.94	47.80
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	203.11	197.95	191.59	182.43	176.45	169.51
Retained distributions on accumulation shares	1.32	0.35	0.43	2.59	1.61	1.48
*after direct transaction costs of	0.65	0.44	0.56	0.65	0.44	0.56
<b>Performance</b>						
Return after charges	2.6%	3.3%	38.2%	3.4%	4.1%	39.3%
<b>Other information</b>						
Closing net asset value (£'000)	52,525	108,233	249,318	299,870	134,900	75,694
Closing number of shares	25,859,732	54,678,117	130,134,185	164,374,570	76,453,053	44,655,002
Operating charges	1.71%	1.70%	1.71%	0.96%	0.95%	0.96%
Direct transaction costs	0.34%	0.24%	0.34%	0.34%	0.24%	0.34%
<b>Prices</b>						
Highest share price	217.30	199.30	192.90	194.90	177.70	170.60
Lowest share price	195.80	172.90	139.50	175.60	153.70	122.50
<b>Y Accumulation Shares</b>						
	2016	2015	2014			
Change in net assets per share						
Opening net asset value per share	200.70	193.17	139.06			
Return before operating charges*	8.84	9.77	56.09			
Operating charges	(2.50)	2.24	1.98			
Return after operating charges*	6.34	7.53	54.11			
Distributions on income share	n/a	n/a	n/a			
Closing net asset value per share	207.04	200.70	193.17			
Retained distributions on accumulation shares	2.47	1.41	1.32			
*after direct transaction costs of	0.65	0.44	0.56			
<b>Performance</b>						
Return after charges	3.2%	3.9%	38.9%			
<b>Other information</b>						
Closing net asset value (£'000)	11,704	14,883	15,717			
Closing number of shares	5,653,143	7,415,546	8,136,373			
Operating charges	1.18%	1.17%	1.18%			
Direct transaction costs	0.34%	0.24%	0.34%			
<b>Prices</b>						
Highest share price	221.30	202.10	194.50			
Lowest share price	199.60	174.90	139.90			

## Further Information

- All Fidelity employees are subject to a Code of Ethics which, among other things, sets out procedures for personal account dealings in securities. These procedures, which are rigorously monitored, are designed to ensure that there is no conflict between personal account dealing by Fidelity staff and the interests of Fidelity's customers.

The two basics of the Code of Ethics require that deals have to be pre-authorised before an individual may undertake them, and they must afterwards be reported to the Compliance Department. Individuals are required to use specified brokers which enables this process to be checked on a continual basis.

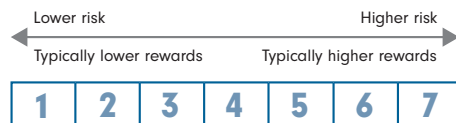
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- The Report and Financial Statements of the Company and the Instrument of Incorporation may be inspected free of charge between 9.00 a.m. and 5.00 p.m. on every business day at the offices of the Authorised Corporate Director (ACD) at Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ, United Kingdom.

Shareholders may obtain copies of the above documents, including long form accounts, free of charge from the same address.

It is possible to receive up to date information about the full holdings of the funds in which you invest. This is available on request, and may, at our discretion, be subject to you entering into an agreement with us to keep the information confidential. If you wish to receive full holdings information in accordance with the policy, please put your request in writing to: Data Policy Fund Holdings, Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ quoting your name, address and account number or client reference number.

- Risk and Reward Profiles



For fund specific risks, please refer to the latest Key Investor Information document.

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