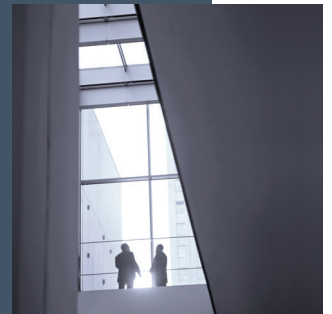


Annual Short Report

For the year ended 30 June 2016



Fidelity Institutional Funds Annual Short Report for the year ended 30 June 2016

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Fidelity Institutional Funds Annual Short Report for the year ended 30 June 2016

Introduction

In order to provide the shareholders with regular and relevant information about the progress of Fidelity Institutional 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 30 June 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. Shareholders may obtain, in respect of the Fidelity MoneyBuilder Income Fund (the master fund), the Prospectus, the annual short and long reports ending last day of February and half-yearly long and short reports ending 31 August, free of charge from the registered office or alternatively from our website www.fidelity.co.uk. The independent Auditors' report on the annual report and financial statements of the Company for the year ended 30 June 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 30 June 2016 the following significant changes were made to the Prospectus and Instrument of Incorporation:

- UK Specialist Fund closed on 13 October 2015 and was fully terminated on 11 May 2016 therefore no Financial Statements have been produced in accordance with the COLL.
- Sterling Core Plus Bond Fund launched a Gross paying A Accumulation Share class on 30 October 2015.
- The Prospectus and Instrument of Incorporation were updated to reflect that the following funds may use derivatives for investment purposes in accordance with the COLL: Index-Linked Bond Fund, Long Bond Fund, MoneyBuilder Income Reduced Duration Fund, Pre-Retirement Bond Fund, Reduced Duration UK Corporate Bond Fund, Sterling Core Plus Bond Fund, UK Aggregate Bond Fund, UK Corporate Bond Fund, UK Gilt Fund and UK and Long Corporate Bond Fund.
- The Income Shares class for UK Aggregate Bond Fund closed on 11 August 2016.
- The ACD plans to approve the closure of MoneyBuilder Income Reduced Duration Fund at a Board meeting on 12 September 2016.

Fidelity Institutional Funds Annual Short Report for the year ended 30 June 2016

General Information

Fidelity Institutional 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.

Note: As disclosed in the Prospectus of the Company, with effect from 1 July 2016, the ACD appointed FIL Investments International to act as the Investment Manager in respect of each of the sub-funds.

Investment Manager

FIL Investments International
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 1448245

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

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

Depository

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

Fidelity Institutional Funds Annual Short Report for the year ended 30 June 2016

Market Performance Review

Performance Overview - 12 months ended 30 June 2016

Equity Markets

Global equities ended higher in sterling terms over a volatile 12-month period to June 2016, benefiting from sterling's significant depreciation against the US dollar, the euro and the yen. Although most major central banks retained their supportive policies, markets were volatile due to a range of factors. Initially, concerns about Greece's debt obligations, geopolitical tensions in the Middle East and worries about economic growth in China undermined investor sentiment. Weakening crude oil prices and uncertainty about the timing of US interest rate increases also gave rise to uncertainty. Later, the Bank of Japan's decision to not implement further easing and the UK's vote to exit the European Union (EU) weighed on investor confidence. However, markets recovered at the end of the period as policymakers around the world pledged to support the proper functioning of financial markets. The US Federal Reserve (Fed), which raised interest rates in December and was widely expected to implement a second hike as early as in June, deferred a rate hike amid ongoing global volatility. Against this backdrop, the US strongly outperformed other regions, while Japan and emerging market equities declined.

European equities rose over a volatile period, primarily due to the effect of a weak sterling. Markets started the period on a slightly positive note as eurozone leaders reached a deal on a third bailout for Greece. However, sentiment soon turned negative as concerns around China's economic growth led to volatility in global markets. The weak oil price also added to the negative sentiment. Risk appetite was further impacted by the Volkswagen emission scandal as the company admitted that it had cheated on US emissions tests, which weighed on the automobile sector. Share prices recovered towards the end of 2015 as the European Central Bank (ECB) announced additional stimulus measures. The recovery, however, was short lived. Markets fell sharply at the start of 2016 as concerns around Chinese growth reemerged. It was followed by a brief period of volatility due to uncertainty around an interest rate hike by the US Fed and the UK's referendum on its EU membership. Markets ended on a weak note following the result of the referendum. At a sector level, consumer staples and energy generated strong returns, while financials stocks declined.

The UK stock market witnessed volatility, but rose at the end of the period to close with gains. The UK's decision to leave the EU led to a sharp fall in stock prices and the value of sterling against the US dollar. Nevertheless, reassurances from the Bank of England (BoE) led to a relief rally and pushed the market into positive territory. Earlier in the year, concerns about global growth resurfaced, as emerging economies continued to slow and investors remained uncertain over how this would be reflected in developed markets. Against a backdrop of growing volatility, investors focused on the more defensive sectors of the market such as consumer goods, health care and utilities, while a rally in oil prices led to strong returns from energy stocks. On the downside, financials, materials and consumer services stocks underperformed the broader market.

US equities registered gains, especially in the telecommunications, utilities and consumer staples sectors. Volatility, caused by a continued decline in the oil price as well as a de-rating of other commodities, had an adverse impact on associated parts of the economy, namely the energy and resources sectors. However, much of the initial losses were later pared back, especially among small-cap stocks. Furthermore, the US Fed became the first central bank to raise interest rates by a quarter of a percentage point to 0.50%. It has since become more cautious on the possibility of a further interest rate hike. The next increase is set to be delayed until the US registers stronger, more consistent domestic economic data.

Japanese stocks declined over the period on concerns about the sustainability of the corporate profit cycle amid renewed yen strength and the uncertain outlook for global growth. Overseas investors sold Japanese equities aggressively. The Bank of Japan (BoJ) introduced negative interest rates, but the yen continued to strengthen. This triggered downward revisions to earnings estimates. The government's decision to delay a scheduled increase in the sales tax and commit to fiscal stimulus helped to support stocks. However, the UK's vote to leave the EU triggered a selloff in risk assets and increased demand for the safe-haven yen. Nevertheless, sterling-based returns were positive owing to currency movements. Financials and yen-sensitive cyclical experienced steep declines, whereas domestic and defensive stocks outperformed.

Equities in the Pacific ex Japan region rose in sterling terms. However, investors were concerned over a slowdown in China, fears of an interest rate hike by the US Fed and the strengthening of the US dollar. Receding hopes for further large scale stimulus measures weighed on investor sentiment in China. Instead, policymakers advanced supply side reforms to counter economic headwinds and address outstanding issues such as excess capacity. Tightening measures were introduced in Shanghai and Shenzhen to address the deterioration in house price affordability. Fixed asset investment growth continued to fall, driven mainly by a slowdown in manufacturing and mining investment. Consumer discretionary and industrials stocks underperformed, while utilities outperformed the broader market. In the technology sector, software and services providers performed better than semiconductor equipment providers and technology hardware equipment providers. The review period ended with a sharp rally in June, as the US Fed adopted a cautious stance on the prospects of any further increase in interest rates.

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 EU sanctions and geopolitical tensions with Turkey diminished hopes of an economic revival in the near future.

Bonds

Fixed income markets posted positive returns over the period as global easing by central banks across the globe helped push bond yields lower. The BoJ adopted negative interest rates, while the ECB announced another set of easing measures in March, which exceeded market expectations. The ECB lowered the interest rate to 0.0% from 0.05%, reduced the deposit rate to -0.4% from -0.3% and expanded its asset purchase programme from €60 billion to €80 billion (including corporate bonds). Conversely, the US Fed raised interest rates in December for the first time in almost a decade, but reiterated that further rises will be gradual. Against this backdrop, core government bond yields fell, with ten-year Japanese and German government bond yields falling below zero. Meanwhile, corporate bonds underperformed government bonds as credit spreads widened amid increased volatility on the back of volatile oil prices and political concerns such as the UK's decision to leave the EU. On a regional basis, US credits performed better than their European counterparts as economic growth in the two regions continued to diverge. The US economy is on a gradual upward trend, while Europe continues to struggle with low growth and inflation. On the macroeconomic front, the US economy expanded more than previously estimated in the first three months of 2016, but weak labour data in May lowered expectations for a further increase in interest rates in the near future. In the eurozone, the economy grew by 0.6% in the first three months of 2016, while consumer prices rose in June for the first time since January 2016.

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in the United States of America. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund delivered positive returns over the period. The underlying exposure to the utilities and telecommunications subsectors was the largest contributor to performance. Utilities firm CMS Energy aided returns, as did the position in consumer staples company Molson Coors. The allocation to both stocks was increased during the period. The top detractors came from within the financials sector, with the allocation to Morgan Stanley and Fifth Third Bank Corp declining. The underlying exposure to the energy sector was reduced given the ongoing volatility in commodity prices; the holding in Devon Energy was sold. The position in consumer discretionary stock NVR was also sold.

Outlook

Going forward, the expected recovery in oil prices should support US earnings, through commodity exposed sectors as well as better demand conditions. There will be further uncertainty surrounding the next interest rate hike and the US election.

Nick Peters & Ayesha Akbar
Fund Managers
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	8.76
General Electric	2.72
Oracle	2.32
Molson Coors Brewing (B)	2.31
Pfizer	2.09
Microsoft	1.89
Verizon Communications	1.82
United Parcel Service (B)	1.53
Express Scripts	1.43
Alphabet	1.41

Holdings as at 30/06/15	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	8.63
Oracle	1.67
Pfizer	1.67
Cisco Systems	1.61
Microsoft	1.51
eBay	1.51
CVS Health	1.40
Activision Blizzard	1.37
Express Scripts	1.34
Eli Lilly	1.20

Portfolio Information (%)

	30/06/16	30/06/15
Information Technology	16.67	17.90
Health Care	11.51	13.77
Industrials	11.08	7.88
Consumer Staples	9.90	7.32
Consumer Discretionary	8.78	11.40
Cash Funds/Money Market Funds	8.76	8.63
Financials	8.00	8.42
Energy	3.85	5.55
Other	6.66	3.79
Cash and other net assets/(liabilities)	14.79	15.34

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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

	SRRI*
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

	Accumulation Shares		
	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	388.73	323.32	288.95
Return before operating charges*	62.74	68.67	37.11
Operating charges	(3.54)	(3.26)	(2.74)
Return after operating charges*	59.20	65.41	34.37
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	447.93	388.73	323.32
Retained distributions on accumulation shares	3.05	1.89	1.43
*after direct transaction costs of	0.26	0.29	0.33
Performance			
Return after charges	15.2%	20.2%	11.9%
Other information			
Closing net asset value (£'000)	234,065	223,739	199,048
Closing number of shares	52,255,013	57,556,269	61,563,576
Operating charges	0.88%	0.87%	0.88%
Direct transaction costs	0.07%	0.08%	0.11%
Prices			
Highest share price	449.20	421.10	326.40
Lowest share price	361.40	321.00	287.60

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in securities of countries experiencing rapid economic growth including, without limitation, Africa, the Indian sub continent, Latin America, South East Asia, Europe and the Middle East. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated positive returns, driven by stock selection in the financials and consumer discretionary sectors. A fall in commodity prices increases consumers' disposable income and boosts consumption stocks. This resulted in a significant contribution from the consumer discretionary sector. I bought shares in Brazil-based Estacio Participacoes as it will benefit from consolidation in the country's education sector. In materials, I purchased shares in fertiliser producer Phosagro owing to its integrated value chain, which helps it to control production costs. However, the position in MMC Norilsk Nickel was sold after its strong performance in the past few months. Elsewhere, I sold shares in China Mengniu Dairy on account of high competition.

Outlook

Emerging markets are likely to be impacted by domestic and international reform agendas, US and European monetary policy decisions, global commodity prices and geopolitical tensions. However, from a longer term perspective, emerging markets continue to offer many structurally attractive opportunities.

Nick Price
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Naspers	7.87
HDFC Bank (Dematerialised)	6.92
Taiwan Semiconductor Manufacturing	5.81
Fidelity Institutional Liquidity Fund (USD)	4.90
AIA	4.75
Steinhoff International (ZA)	4.41
Cognizant Technology Solutions (A)	3.47
FEMSA ADR	3.25
Discovery	2.76
Check Point Software Technologies	2.69

Holdings as at 30/06/15	% of total net assets
HDFC Bank (Dematerialised)	6.55
Naspers	6.52
NetEase	5.04
AIA	4.11
Taiwan Semiconductor Manufacturing	3.93
Steinhoff International	3.70
Cognizant Technology Solutions (A)	3.23
Fidelity Institutional Liquidity Fund (USD)	3.06
China Mengniu Dairy	2.93
Naver	2.93

Portfolio Information (%)

	30/06/16	30/06/15
South Africa	18.78	15.97
India	15.44	13.19
China	13.68	23.40
United States	10.71	6.28
Taiwan	9.58	6.69
Hong Kong	9.10	8.54
Mexico	5.45	2.04
Brazil	3.31	4.15
Other	13.32	18.25
Cash and other net assets/(liabilities)	0.63	1.49

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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

	SRRI*
Retail Accumulation Shares	6
W Accumulation Shares	6
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

	Retail Accumulation Shares			W Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	131.12	120.91	116.27	107.95	98.79	94.27
Return before operating charges*	8.98	12.56	6.79	7.41	10.28	5.54
Operating charges	(2.18)	(2.35)	(2.15)	(1.03)	(1.12)	(1.02)
Return after operating charges*	6.80	10.21	4.64	6.38	9.16	4.52
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	137.92	131.12	120.91	114.33	107.95	98.79
Retained distributions on accumulation shares	n/a	0.08	n/a	0.78	0.89	0.62
*after direct transaction costs of	0.57	1.33	1.37	0.57	1.33	1.37
Performance						
Return after charges	5.2%	8.5%	4.0%	5.9%	9.3%	4.8%
Other information						
Closing net asset value (£'000)	19,637	33,538	30,687	819,852	423,969	162,789
Closing number of shares	14,237,514	25,577,690	25,380,343	717,074,483	392,742,442	164,789,011
Operating charges	1.76%	1.79%	1.81%	1.01%	1.04%	1.07%
Direct transaction costs	0.41%	0.73%	0.64%	0.41%	0.73%	0.64%
Prices						
Highest share price	138.00	148.60	125.60	114.40	122.10	102.10
Lowest share price	109.00	119.70	112.10	89.82	98.01	91.31

	Accumulation Shares		
	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	328.61	301.10	287.73
Return before operating charges*	22.54	31.31	16.85
Operating charges	(3.52)	(3.80)	(3.48)
Return after operating charges*	19.02	27.51	13.37
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	347.63	328.61	301.10
Retained distributions on accumulation shares	2.00	2.30	1.51
*after direct transaction costs of	0.57	1.33	1.37
Performance			
Return after charges	5.8%	9.1%	4.7%
Other information			
Closing net asset value (£'000)	433,315	437,972	441,933
Closing number of shares	124,647,471	133,278,348	146,773,092
Operating charges	1.13%	1.16%	1.18%
Direct transaction costs	0.41%	0.73%	0.64%
Prices			
Highest share price	347.90	371.80	311.30
Lowest share price	273.40	298.60	278.50

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of European companies excluding those in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund delivered positive returns over the period, supported by its positioning in the consumer discretionary and information technology (IT) sectors. In financials, gains from the bias against risky banks was offset by the weakness in selected well-capitalised franchises. The sector suffered due to concerns about the impact that low interest rates would have on interest income. The overweight exposure to health care was reduced as the sector is likely to be under pressure due to pricing concerns in the US. I lowered the position in Novartis and sold the holding in Sanofi. The proceeds were reinvested in defensive stocks such as Nestle and L'Oreal. The exposure to the IT sector was increased. I purchased shares in companies that provide disruptive solutions and stand to benefit from increased data digitisation such as Worldpay and Amadeus IT.

Outlook

The UK referendum result heralds a period of uncertainty as the details of the split between the European Union and the UK are determined. In such an environment, it is vital to remain focused on fundamentals as there will be opportunities to buy mispriced stocks.

Alexandra Hartmann
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Nestle (Reg'd)	6.06
Roche	4.64
Unilever	3.55
Novartis (Reg'd)	3.51
SAP	3.50
Inmarsat	3.32
Royal Dutch Shell A (NL)	3.12
Bayer	3.07
Novo Nordisk (B)	2.92
Amadeus	2.42
Holdings as at 30/06/15	% of total net assets
Novartis (Reg'd)	6.28
Roche	6.00
Deutsche Telekom (Reg'd)	3.29
Siemens (Bearer)	3.27
Bayer	3.14
Sanofi-Aventis	3.02
Novo Nordisk (B)	2.92
Ryanair	2.90
SAP	2.38
Schneider Electric	2.33

Portfolio Information (%)

	30/06/16	30/06/15
France	18.25	16.91
Switzerland	18.16	17.87
Germany	13.27	17.09
Netherlands	12.76	10.38
United Kingdom	10.38	9.97
Spain	10.04	7.58
Denmark	5.18	3.83
Ireland	4.20	4.81
Other	8.21	10.16
Cash and other net assets/(liabilities)	-0.45	1.40

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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

Accumulation Shares	SRRI*
	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

	Accumulation Shares		
	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	409.66	383.79	337.43
Return before operating charges*	7.44	29.39	49.69
Operating charges	(3.60)	(3.52)	(3.33)
Return after operating charges*	3.84	25.87	46.36
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	413.50	409.66	383.79
Retained distributions on accumulation shares	5.76	5.76	8.77
*after direct transaction costs of	1.56	1.22	0.87
Performance			
Return after charges	0.9%	6.7%	13.7%
Other information			
Closing net asset value (£'000)	461,858	458,035	442,492
Closing number of shares	111,694,344	111,807,270	115,293,802
Operating charges	0.88%	0.89%	0.88%
Direct transaction costs	0.39%	0.31%	0.23%
Prices			
Highest share price	428.20	443.10	397.40
Lowest share price	370.30	342.50	331.30

Commentary & Portfolio Information

Investment Objective and Policy

The fund aims to achieve long term growth from a portfolio primarily invested in stocks across the world's stock markets. The manager is free to select any company regardless of size, industry or location and will concentrate its investments in a more limited number of companies and therefore the resulting portfolio will be less diversified.

Performance and Portfolio Activity

The fund produced positive returns over the period. Selected information technology (IT) positions advanced on the back of strong momentum in key businesses and a favourable demand cycle for products. I bought new positions in Japanese gaming software developer Square Enix Holdings and factory automation group Keyence, both of which have robust fundamentals and high earnings growth potential. Nonetheless, markets remained volatile given concerns over a slowdown in emerging markets, divergent central bank policies and the UK's decision to leave the European Union. The exposure to gold producers also boosted returns as investors sought safe havens in precious metals given the continued market volatility. I sold positions in LafargeHolcim and China Unicom, which have significant exposure to emerging markets.

Outlook

The recent market volatility and sell-off in global markets gives me 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 macroeconomic uncertainty.

Amit Lodha
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	4.62
JPMorgan Chase	1.74
Medtronic	1.69
Microsoft	1.64
Oracle	1.62
Royal Dutch Shell A (NL)	1.61
Coca-Cola	1.56
Eli Lilly	1.55
Intuit	1.54
Alphabet	1.53
Holdings as at 30/06/15	% of total net assets
Fidelity Institutional Liquidity Fund (USD)	3.78
Apple	2.47
Facebook (A)	2.05
Microsoft	2.02
Novartis (Reg'd)	1.92
UBS	1.90
Citigroup	1.88
CVS Health	1.70
JPMorgan Chase	1.64
Amazon.com	1.59

Portfolio Information (%)

	30/06/16	30/06/15
United States	60.36	53.57
Japan	7.27	9.45
United Kingdom	5.17	6.76
Switzerland	4.22	7.57
India	3.90	5.28
Canada	3.84	2.30
Germany	3.81	0.00
Korea	2.58	1.61
Other	8.47	13.02
Cash and other net assets/(liabilities)	0.38	0.44

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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

	SRRI*
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

Accumulation Shares

	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	282.97	246.82	227.82
Return before operating charges*	29.88	38.59	21.20
Operating charges	(2.55)	(2.44)	(2.20)
Return after operating charges*	27.33	36.15	19.00
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	310.30	282.97	246.82
Retained distributions on accumulation shares	1.72	2.09	1.33
*after direct transaction costs of	0.41	0.48	0.55
Performance			
Return after charges	9.7%	14.7%	8.3%
Other information			
Closing net asset value (£'000)	106,106	116,576	103,756
Closing number of shares	34,194,541	41,196,788	42,037,120
Operating charges	0.90%	0.90%	0.92%
Direct transaction costs	0.15%	0.18%	0.23%
Prices			
Highest share price	310.60	303.50	249.20
Lowest share price	254.20	238.00	226.70

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to UK and overseas index-linked gilts and other index-linked fixed interest securities.

Performance and Portfolio Activity

The fund posted positive returns over the period, largely due to its inflation strategy. The exposure to index-linked UK government bonds (Gilts) was the key contributor to performance as these bonds rose over the period. The UK's vote to leave the European Union led to a significant weakening of sterling, resulting in higher inflationary expectations based on potentially higher import costs. The fund's real duration exposure was increased, led by higher sterling real duration as the outcome of the UK referendum is likely to keep inflation-linked Gilts well supported. The fund also maintained cross-market exposure to US dollar real duration based on my view that inflation is likely to trend higher in the US over the medium term.

Outlook

There is some debate around whether the recent widening of UK breakevens is sustainable. Price changes from sudden currency depreciation tend to be transient. Although headline inflation is likely to increase in the next two to three years, I believe it is unlikely to lead to high inflation in the medium term.

Andy Weir
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
UK Gilt Treasury I/L 0.625% 22/11/2042	11.32
UK Gilt Treasury I/L 0.75% 22/03/2034	7.14
UK Gilt Treasury I/L 4.125% 22/07/2030	5.89
UK Gilt Treasury I/L 1.25% 22/11/2055	5.40
UK Gilt Treasury I/L 0.125% 22/03/2044	5.23
UK Gilt Treasury I/L 0.375% 22/03/2062	5.03
UK Gilt Treasury I/L 0.125% 22/03/2068	4.95
UK Gilt Treasury I/L 0.50% 22/03/2050	4.88
Fidelity Institutional Liquidity Fund (GBP)	4.52
UK Gilt Treasury I/L 2.00% 26/01/2035	4.16

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury I/L 0.75% 22/03/2034	8.35
UK Gilt Treasury I/L 4.125% 22/07/2030	7.23
UK Gilt Treasury I/L 0.625% 22/11/2042	6.55
UK Gilt Treasury I/L 1.25% 22/11/2055	5.73
UK Gilt Treasury I/L 0.125% 22/03/2044	5.46
UK Gilt Treasury I/L 0.50% 22/03/2050	5.26
UK Gilt Treasury I/L 0.375% 22/03/2062	4.97
UK Gilt Treasury I/L 2.00% 26/01/2035	4.96
UK Gilt Treasury I/L 1.125% 22/11/2037	4.51
UK Gilt Treasury I/L 0.25% 22/03/2052	4.17

Portfolio Information (%)

	30/06/16	30/06/15
UK Gilt Treasury Bonds	81.58	80.56
Government Bonds	7.52	6.86
Cash Funds/Money Market Funds	4.52	2.75
Corporate Bonds	4.05	4.83
Mortgage Related Bonds	2.41	3.72
Futures	0.22	-0.14
Forward Foreign Exchange Contracts	-0.30	0.17
Interest Rate Swaps	-0.70	-0.45
Cash and other net assets/(liabilities)	0.70	1.70

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. This fund may 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. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

	SRRI*
Income Shares	5
Gross paying Accumulation Shares	5
Gross paying 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.
- 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

	Income Shares			Gross paying Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	257.16	226.55	219.81	310.30	271.36	261.49
Return before operating charges*	43.41	32.96	8.68	53.12	39.94	10.75
Operating charges	(0.87)	(0.83)	(0.74)	(1.05)	(1.00)	(0.88)
Return after operating charges*	42.54	32.13	7.94	52.07	38.94	9.87
Distributions on income share	(1.53)	(1.52)	(1.20)	n/a	n/a	n/a
Closing net asset value per share	298.17	257.16	226.55	362.37	310.30	271.36
Retained distributions on accumulation shares	n/a	n/a	n/a	2.32	2.28	1.78
*after direct transaction costs of	0.01	0.02	0.01	0.01	0.02	0.01
Performance						
Return after charges	16.5%	14.2%	3.6%	16.8%	14.4%	3.8%
Other information						
Closing net asset value (£'000)	4,556	3,704	4,605	328,590	251,058	226,654
Closing number of shares	1,526,635	1,440,522	2,032,731	90,677,833	80,908,233	83,526,309
Operating charges	0.32%	0.32%	0.33%	0.32%	0.32%	0.33%
Direct transaction costs	0%	0.01%	0.01%	0%	0.01%	0.01%
Prices						
Highest share price	299.30	275.40	231.50	362.90	331.10	276.50
Lowest share price	252.30	225.00	211.40	304.50	269.50	251.50

Gross paying Income Shares

	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	1,211.82	1,067.55	1,035.44
Return before operating charges*	206.49	156.95	42.59
Operating charges	(3.96)	(3.76)	(3.42)
Return after operating charges*	202.53	153.19	39.17
Distributions on income share	(8.98)	(8.92)	(7.06)
Closing net asset value per share	1,405.37	1,211.82	1,067.55
Retained distributions on accumulation shares	n/a	n/a	n/a
*after direct transaction costs of	0.01	0.02	0.01
Performance			
Return after charges	16.7%	14.4%	3.8%
Other information			
Closing net asset value (£'000)	27	16	14
Closing number of shares	1,914	1,320	1,320
Operating charges	0.32%	0.32%	0.33%
Direct transaction costs	0%	0.01%	0.01%
Prices			
Highest share price	1,411.00	1,298.00	1,092.00
Lowest share price	1,189.00	1,060.00	995.80

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in Japan. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated positive returns over the period, supported by holdings in the health care, services and retail sectors. Within health care, positions in drug companies with strong global franchises, including Nippon Shinyaku and Shionogi & Co, contributed to returns. The exposure to these stocks was increased. Retailers and internet services companies that were insulated from external risk factors also supported performance. Gains were capped by holdings in financials, which were negatively impacted by falling interest rates. Positions in insurer Sampo Japan Nipponkoa and mega bank Sumitomo Mitsui Financial Group were sold. Automakers operating in increasingly mature markets that are losing earnings support from the yen were also sold.

Outlook

While the currency remains a risk factor, Japanese authorities are committed to ending deflation and reenergising the economy through stimulus measures and reforms. Unlike other developed markets, valuations of Japanese stocks offer downside support.

Jun Tano
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
SoftBank	5.11
Makita	4.52
Nippon Shinyaku	3.98
Keyence	3.76
Toray Industries	3.17
Shionogi	2.97
Daikin Industries	2.96
Shimadzu	2.82
Disco	2.80
Nidec	2.69
Holdings as at 30/06/15	% of total net assets
Toyota Motor	5.94
Mitsubishi UFJ Financial	5.44
Softbank	4.55
Honda Motor	3.44
Bridgestone	3.44
Nidec	3.43
Mitsubishi Heavy Industries	3.04
Orix	3.01
Sumitomo Mitsui Financial	2.73
NKSJ	2.56

Portfolio Information (%)

	30/06/16	30/06/15
Electrical Machinery	15.05	13.87
Machinery	14.38	5.41
Pharmaceuticals	11.39	1.10
Information & Communication	10.05	7.28
Retail	8.97	2.25
Chemicals	6.07	6.27
Textiles & Apparel	3.98	2.12
Services	3.84	8.21
Other	23.75	52.37
Cash and other net assets/(liabilities)	2.52	1.12

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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

Accumulation Shares	SRRI *
	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

	Accumulation Shares		
	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	209.49	181.47	181.71
Return before operating charges*	14.14	29.75	1.37
Operating charges	(1.80)	(1.73)	(1.61)
Return after operating charges*	12.34	28.02	(0.24)
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	221.83	209.49	181.47
Retained distributions on accumulation shares	2.06	1.48	1.35
*after direct transaction costs of	0.27	0.15	0.12
Performance			
Return after charges	5.9%	15.4%	(0.1%)
Other information			
Closing net asset value (£'000)	354,109	414,385	408,672
Closing number of shares	159,630,589	197,809,724	225,201,026
Operating charges	0.88%	0.89%	0.88%
Direct transaction costs	0.13%	0.08%	0.07%
Prices			
Highest share price	224.60	228.10	191.30
Lowest share price	176.30	171.60	165.20

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure mainly to UK and overseas gilts and other fixed interest securities.

Performance and Portfolio Activity

The fund advanced over the period, driven by its interest rate risk positioning as core government bonds rallied. The increased volatility in oil prices weighed on energy securities. Consequently, the exposure to Shell International and Suncor Energy detracted from returns. Given the rising volatility, I reduced the credit beta (a measure of the fund's sensitivity to credit spreads) by selling technology credits such as Microsoft and Apple. In financials, the exposure to UK banking securities Lloyds Bank and Barclays was reduced amid uncertainty around the UK referendum.

Outlook

The UK's surprise decision to leave the European Union has increased the probability of a recession. I believe that the Bank of England will take measures to ease its monetary policy further, which should keep UK government bond (Gilt) yields well anchored. Against this backdrop, investment grade corporate bonds still offer an attractive yield pickup relative to Gilts.

Ian Fishwick
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
UK Gilt Treasury 3.75% 22/07/2052	15.40
UK Gilt Treasury 3.25% 22/01/2044	14.80
UK Gilt Treasury 4.75% 07/12/2038	11.38
UK Gilt Treasury 4.25% 07/09/2039	10.72
UK Gilt Treasury 3.50% 02/07/2068	8.08
UK Gilt Treasury 4.25% 07/12/2049	3.97
UK Gilt Treasury 4.25% 07/12/2055	3.83
UK Gilt Treasury 4.00% 22/01/2060	3.76
Receive fixed 4.363%, pay floating 06/07/2029	2.14
UK Gilt Treasury 4.25% 07/03/2036	1.82

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 3.75% 22/07/2052	14.71
UK Gilt Treasury 4.75% 07/12/2038	11.90
UK Gilt Treasury 4.25% 07/09/2039	11.11
UK Gilt Treasury 3.25% 22/01/2044	8.29
UK Gilt Treasury 3.50% 02/07/2068	6.24
UK Gilt Treasury 4.25% 07/03/2036	5.54
UK Gilt Treasury 4.25% 07/12/2049	3.90
UK Gilt Treasury 1.00% 07/09/2017	3.23
UK Gilt Treasury 4.00% 22/01/2060	2.68
UK Gilt Treasury 4.50% 07/09/2034	2.45

Portfolio Information (%)

	30/06/16	30/06/15
UK Gilt Treasury Bonds	74.40	70.48
Corporate Bonds	16.32	22.17
Interest Rate Swaps	5.04	2.56
Government Bonds	2.24	0.00
Mortgage Related Bonds	2.12	1.86
Cash Funds/Money Market Funds	0.00	0.64
Futures	-0.29	0.32
Forward Foreign Exchange Contracts	-0.76	0.43
Credit Default Swaps	0.00	0.01
Cash and other net assets/(liabilities)	0.93	1.53

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. This fund may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

SRRI *

Income Shares	5
Gross paying Accumulation Shares	5
Gross paying 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.
- 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

	Income Shares			Gross paying Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share	48.47	43.23	42.27	78.93	68.38	64.68
Opening net asset value per share	10.62	6.55	2.24	17.99	10.81	3.92
Return before operating charges*	(0.17)	(0.16)	(0.14)	(0.28)	(0.26)	(0.22)
Operating charges	10.45	6.39	2.10	17.71	10.55	3.70
Return after operating charges*	(1.15)	(1.15)	(1.14)	n/a	n/a	n/a
Distributions on income share	57.77	48.47	43.23	96.64	78.93	68.38
Closing net asset value per share	n/a	n/a	n/a	2.37	2.29	2.19
Retained distributions on accumulation shares	0.01	-	-	0.01	-	-
*after direct transaction costs of						
Performance						
Return after charges	21.6%	14.8%	5.0%	22.5%	15.4%	5.7%
Other information						
Closing net asset value (£'000)	23,913	23,718	18,918	162,300	132,175	145,229
Closing number of shares	41,393,062	48,938,394	43,760,433	167,942,212	167,469,551	212,383,863
Operating charges	0.33%	0.33%	0.33%	0.33%	0.33%	0.33%
Direct transaction costs	0.01%	0%	0.01%	0.01%	0%	0.01%
Prices						
Highest share price	58.17	54.95	43.87	96.86	88.25	68.88
Lowest share price	47.36	42.85	41.11	77.15	67.79	62.99

Gross paying Income Shares

	2016	2015	2014
Change in net assets per share	1,082.03	965.12	944.19
Opening net asset value per share	242.73	152.25	55.59
Return before operating charges*	(3.60)	(3.36)	(3.06)
Operating charges	239.13	148.89	52.53
Return after operating charges*	(32.14)	(31.98)	(31.60)
Distributions on income share	1,289.02	1,082.03	965.12
Closing net asset value per share	n/a	n/a	n/a
Retained distributions on accumulation shares	-	-	-
*after direct transaction costs of			
Performance			
Return after charges	22.1%	15.4%	5.6%
Other information			
Closing net asset value (£'000)	17	14	13
Closing number of shares	1,320	1,320	1,320
Operating charges	0.31%	0.33%	0.32%
Direct transaction costs	0.01%	0%	0.01%
Prices			
Highest share price	1,299.00	1,227.00	980.10
Lowest share price	1,058.00	956.60	919.20

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve an attractive level of income from a portfolio providing exposure primarily to sterling-denominated (or hedged back to Sterling) fixed interest securities. While the fund will be substantially invested in the Fidelity MoneyBuilder Income Fund, it is the intention through the use of derivatives to hedge interest rate risk, such that the returns achieved may be substantially different to those of the Fidelity MoneyBuilder Income Fund.

Performance and Portfolio Activity

The fund posted negative returns over the period, mainly due to adverse credit selection. Specifically, the bias against utility names such as Thames Water and Enel held back returns. Meanwhile, conservative positioning at the security and sector level helped to partially offset losses. I continue to look for attractive new opportunities and participated in the new issues of Brown Forman and RAC as their bonds offer good value. I reduced the exposure to HSBC and Barclays in the financials sector.

Outlook

The UK's surprise decision to leave the European Union has increased the probability of a recession. I believe that the Bank of England will take measures to ease its monetary policy further, which should keep UK government bond (Gilt) yields well anchored. Against this backdrop, investment grade corporate bonds still offer an attractive yield pickup relative to Gilts.

Ian Spreadbury
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Fidelity MoneyBuilder Income Fund	105.34
UK Gilt Treasury 4.00% 07/09/2016	6.40
Receive fixed 0.9637% pay float 6 Month GBP LIBOR 07/01/2018	0.42
Receive fixed 1.614% pay floating 05/10/2022	0.33
Receive fixed 1.6775% pay floating 07/10/2022	0.26
Receive fixed 1.6525% pay floating 30/09/2022	0.23
Receive fixed 0.816% pay float 6 Month GBP LIBOR 23/03/2018	0.21
Receive fixed 0.98125% pay floating 30/10/2017	0.08
Long Gilt Commodity Future 28/09/2016	0.00
Pay fixed 1.1425% receive floating 30/05/2018	-0.01

Holdings as at 30/06/15	% of total net assets
Fidelity MoneyBuilder Income Fund	96.37
UK Gilt Treasury 2.00% 22/01/2016	2.19
UK Gilt Treasury 4.00% 07/09/2016	1.08
Pay fixed 1.524% receive floating 29/01/2025	0.08
Pay fixed 1.955% receive floating 11/03/2025	0.06
Pay fixed 2.035% receive floating 17/03/2045	0.05
Pay fixed 1.84% receive floating 18/04/2023	0.04
Pay fixed 1.26% receive floating 25/03/2020	0.04
Pay fixed 1.35% receive floating 17/04/2020	0.04
Pay fixed 1.771% receive floating 28/04/2025	0.04

Portfolio Information (%)

	30/06/16	30/06/15
Fixed Interest Mutual Funds	105.34	96.37
UK Gilt Treasury Bonds	6.40	3.27
Futures	0.00	-0.01
Interest Rate Swaps	-9.81	-2.81
Cash and other net assets/(liabilities)	-1.93	3.18

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 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. The fund is a feeder fund and will be substantially invested in the Fidelity MoneyBuilder Income Fund, it is the intention through the use of derivatives to hedge interest rate risk, such that the returns achieved may be substantially different to those of the Fidelity MoneyBuilder Income Fund. This fund may 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 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

	SRRI *
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.

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	1,055.08	1,054.55	1,005.89	1,067.98	1,061.87	1,005.99
Return before operating charges*	(12.01)	6.58	54.25	(6.30)	12.53	61.42
Operating charges	(6.20)	(6.05)	(5.59)	(6.32)	(6.42)	(5.54)
Return after operating charges*	(18.21)	0.53	48.66	(12.62)	6.11	55.88
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	1,036.87	1,055.08	1,054.55	1,055.36	1,067.98	1,061.87
Retained distributions on accumulation shares	23.18	21.99	27.56	29.40	27.46	34.36
*after direct transaction costs of	0.07	0.09	0.14	0.07	0.09	0.14
Performance						
Return after charges	(1.7%)	0.1%	4.8%	(1.2%)	0.6%	5.6%
Other information						
Closing net asset value (£'000)	14,107	15,576	5,082	6,641	13,593	12,547
Closing number of shares	1,360,547	1,476,273	481,954	629,246	1,272,823	1,181,597
Operating charges	0.61%	0.60%	0.54%	0.61%	0.60%	0.53%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Prices						
Highest share price	1,061.00	1,073.00	1,055.00	1,074.00	1,085.00	1,063.00
Lowest share price	1,003.00	1,049.00	1,002.00	1,019.00	1,058.00	1,004.00

	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	997.32	1,017.59	1,000.00	997.38	1,017.77	1,000.00
Return before operating charges*	(11.32)	6.55	38.67	(5.92)	11.66	43.02
Operating charges	(5.85)	(5.96)	(4.29)	(5.82)	(5.96)	(4.29)
Return after operating charges*	(17.17)	0.59	34.38	(11.74)	5.70	38.73
Distributions on income share	(21.74)	(20.86)	(16.79)	(27.19)	(26.09)	(20.96)
Closing net asset value per share	958.41	997.32	1,017.59	958.45	997.38	1,017.77
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a	n/a	n/a
*after direct transaction costs of	0.07	0.09	0.14	0.07	0.09	0.14
Performance						
Return after charges	(1.7%)	0.1%	3.4%	(1.2%)	0.6%	3.9%
Other information						
Closing net asset value (£'000)	31,366	51,673	34,817	45,466	64,171	42,760
Closing number of shares	3,272,700	5,181,198	3,421,476	4,743,709	6,433,970	4,201,370
Operating charges	0.61%	0.60%	0.51%	0.61%	0.60%	0.51%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Prices						
Highest share price	1,003.00	1,021.00	1,020.00	1,003.00	1,021.00	1,021.00
Lowest share price	935.40	998.20	995.90	936.00	998.70	996.30

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in Australia, Hong Kong, Malaysia, New Zealand and Singapore. The fund may not invest in Japan. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated positive returns over the period. High-conviction holdings in the industrials and materials sectors buoyed returns. Sydney Airport surged in view of its attractive dividend yields and resilient earnings. BlueScope Steel rose as a turnaround in its operations beat market expectations. I sold the position in internet search provider Baidu following an earnings downgrade due to regulatory restrictions on online advertising. I also sold the holding in Ping An Insurance given a challenging operating environment. Instead, I bought positions in Hang Seng Bank for its strong balance sheet and online discount retailer Vipshop Holdings for its sustainable competitive advantage.

Outlook

The growth outlook for the Pacific ex Japan region moderated in line with a more subdued global economy. However, given strong corporate and economic fundamentals, as well as attractive valuations, an improvement in earnings could lead to significant upside.

John Lo
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Commonwealth Bank of Australia	8.46
AIA	6.21
Sydney Airport	3.81
Macquarie	3.69
James Hardie Industries	3.64
CSL	3.32
QBE Insurance	2.84
Sarine Technologies	2.77
CK Hutchison	2.74
Tencent	2.68

Holdings as at 30/06/15	% of total net assets
Commonwealth Bank of Australia	8.01
AIA	6.10
BHP Billiton (AU)	3.50
CSL	3.47
Macquarie	3.45
QBE Insurance	3.23
Sydney Airport	3.16
ANZ Banking (AU)	3.02
AMP	2.98
Sarine Technologies	2.79

Portfolio Information (%)

	30/06/16	30/06/15
Australia	56.21	58.90
Hong Kong	24.26	23.46
China	6.78	9.91
Singapore	5.47	1.97
Israel	2.77	2.79
United States	2.34	2.75
United Kingdom	1.39	0.00
Cash and other net assets/(liabilities)	0.78	0.22

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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

	SRRI*
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

Accumulation Shares

Change in net assets per share	2016	2015	2014
Opening net asset value per share	370.68	356.31	321.95
Return before operating charges*	20.97	17.93	37.89
Operating charges	(3.20)	(3.56)	(3.53)
Return after operating charges*	17.77	14.37	34.36
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	388.45	370.68	356.31
Retained distributions on accumulation shares	5.96	6.04	6.35
*after direct transaction costs of	0.56	0.99	0.76
Performance			
Return after charges	4.8%	4.0%	10.7%
Other information			
Closing net asset value (£'000)	143,364	167,746	78,302
Closing number of shares	36,906,392	45,253,780	21,975,892
Operating charges	0.91%	0.93%	0.94%
Direct transaction costs	0.16%	0.26%	0.22%
Prices			
Highest share price	389.00	416.90	364.00
Lowest share price	310.40	348.70	324.80

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of European companies, including those in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated positive returns in a volatile environment in which investors favoured defensive stocks. Consequently, the underweight allocation to consumer staples and health care, as well as financials holdings held back performance. The position in Standard Chartered was sold; however, the underlying managers remain positive on financials, where valuations are compelling and fundamentals have improved. The exposure to oil and gas company Royal Dutch Shell was increased as it is well placed to benefit from a rebalancing of oil prices. The position in Spanish utility firm Iberdrola, which offers investors stability and visibility on dividend growth, was also raised. We were comfortable with our positioning ahead of the UK's referendum vote, having reduced the exposure to smaller UK companies.

Outlook

The UK's decision to leave the European Union heralds a period of heightened macroeconomic and political uncertainty. Therefore, it is important to maintain a disciplined investment approach and to focus on fundamentals as uncertainty creates both risks and opportunities.

Nick Peters & Ayesha Akbar
Fund Managers
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Source MSCI Europe Value Fund	9.47
Total (B)	1.95
Nestle (Reg'd)	1.88
Sanofi-Aventis	1.87
Roche	1.69
Bayer	1.69
British American Tobacco	1.45
HSBC (UK) (Reg'd)	1.40
Royal Dutch Shell A (NL)	1.38
GlaxoSmithKline	1.34
Holdings as at 30/06/15	% of total net assets
Source MSCI Europe Values Fund	7.36
Roche	2.42
Sanofi-Aventis	1.89
Bayer	1.61
Barclays	1.61
Lloyds Banking Group	1.53
Novartis (Reg'd)	1.43
UBS	1.38
SAP	1.38
Nestle (Reg'd)	1.27

Portfolio Information (%)

	30/06/16	30/06/15
United Kingdom	22.83	27.82
France	13.15	12.40
Germany	12.31	12.53
Ireland	11.24	9.23
Switzerland	10.49	13.13
Netherlands	7.11	5.66
Spain	5.13	3.62
Sweden	3.47	3.52
Other	12.86	10.72
Cash and other net assets/(liabilities)	1.41	1.37

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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

	SRRI*
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

	Accumulation Shares		
	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	266.00	255.12	224.54
Return before operating charges*	5.02	13.27	32.83
Operating charges	(2.42)	(2.39)	(2.25)
Return after operating charges*	2.60	10.88	30.58
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	268.60	266.00	255.12
Retained distributions on accumulation shares	5.48	4.91	4.85
*after direct transaction costs of	0.50	0.80	0.39
Performance			
Return after charges	1.0%	4.3%	13.6%
Other information			
Closing net asset value (£'000)	263,036	258,053	318,740
Closing number of shares	97,929,302	97,012,030	124,938,470
Operating charges	0.91%	0.91%	0.91%
Direct transaction costs	0.19%	0.31%	0.16%
Prices			
Highest share price	276.90	285.70	261.30
Lowest share price	235.30	229.20	221.70

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve both capital growth and income relating to changes in annuity rates. The fund will obtain exposure primarily to Sterling denominated (or hedged back to Sterling) government and corporate bonds.

Performance and Portfolio Activity

The fund advanced over the period; its interest rate risk positioning was the primary driver of absolute returns as core government bonds rallied. Credit positioning hampered performance. The exposure to financials was the largest detractor from returns. The sector was weighed down by rising concerns over the capital adequacy of European financials as well as the UK's referendum on its membership of the European Union (EU). I reduced the portfolio's credit risk by lowering the exposure to financials securities such as Barclays and HSBC. I continue to look for attractive new opportunities. Therefore, I participated in the new issues of Brown Forman and Newell Rubbermaid as their bonds offer good value.

Outlook

The UK's surprise decision to leave the EU has increased the probability of a recession. I believe that the Bank of England will take measures to ease its monetary policy further, which should keep UK government bond (Gilt) yields well anchored. Against this backdrop, investment grade corporate bonds still offer an attractive yield pickup relative to Gilts.

Ian Fishwick
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
UK Gilt Treasury 3.25% 22/01/2044	7.46
UK Gilt Treasury 3.75% 22/07/2052	4.03
UK Gilt Treasury 4.25% 07/09/2039	3.98
UK Gilt Treasury 4.25% 07/03/2036	3.96
UK Gilt Treasury 4.00% 22/01/2060	3.19
UK Gilt Treasury 4.75% 07/12/2038	3.17
UK Gilt Treasury 4.50% 07/09/2034	2.91
UK Gilt Treasury 4.25% 07/12/2049	2.53
UK Gilt Treasury 4.00% 07/03/2022	1.59
General Electric Capital UK Funding 6.25% 05/05/2038	1.41

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 4.25% 07/09/2039	3.80
UK Gilt Treasury 3.75% 22/07/2052	3.54
UK Gilt Treasury 4.25% 07/06/2032	3.31
UK Gilt Treasury 4.50% 07/09/2034	3.11
UK Gilt Treasury 4.25% 07/03/2036	2.86
UK Gilt Treasury 3.25% 22/01/2044	2.83
UK Gilt Treasury 4.75% 07/12/2038	2.75
UK Gilt Treasury 3.75% 07/09/2021	2.26
UK Gilt Treasury 4.25% 07/12/2046	2.19
UK Gilt Treasury 4.50% 07/12/2042	2.03

Portfolio Information (%)

	30/06/16	30/06/15
Corporate Bonds	51.10	55.90
UK Gilt Treasury Bonds	36.64	33.78
Mortgage Related Bonds	4.75	5.14
Government Bonds	4.05	1.77
Interest Rate Swaps	1.57	0.17
Futures	0.13	0.17
Forward Foreign Exchange Contracts	-1.82	1.03
Cash and other net assets/(liabilities)	3.58	2.04

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. This fund may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

	SRRI*
Gross paying F Accumulation Shares	4
Gross paying 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

	Gross paying Y Accumulation Shares			Gross paying F Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	11,431.07	10,467.45	10,000.00	11,516.10	10,493.74	10,000.00
Return before operating charges*	1,545.28	1,024.77	496.28	1,563.17	1,032.23	499.02
Operating charges	(63.22)	(61.15)	(28.83)	(10.37)	(9.87)	(5.28)
Return after operating charges*	1,482.06	963.62	467.45	1,552.80	1,022.36	493.74
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	12,913.13	11,431.07	10,467.45	13,068.90	11,516.10	10,493.74
Retained distributions on accumulation shares	370.12	356.64	183.39	428.25	410.12	209.15
*after direct transaction costs of	1.06	1.05	0.51	1.06	1.05	0.51
Performance						
Return after charges	13.0%	9.2%	4.7%	13.5%	9.7%	4.9%
Other information						
Closing net asset value (£'000)	35	26	16	149,974	136,524	107,776
Closing number of shares	272	224	156	1,147,562	1,185,505	1,027,054
Operating charges	0.52%	0.53%	0.51%	0.08%	0.08%	0.09%
Direct transaction costs	0.01%	0.01%	0%	0.01%	0.01%	0%
Prices						
Highest share price	12,960.00	12,300.00	10,530.00	13,110.00	12,360.00	10,550.00
Lowest share price	11,330.00	10,420.00	9,894.00	11,420.00	10,440.00	9,896.00

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to non-gilt fixed interest securities.

Performance and Portfolio Activity

The fund posted negative absolute returns over the period with credit positioning hampering performance. The exposure to financials was the largest detractor from returns. The sector was weighed down by rising concerns over the capital adequacy of European financials as well as the UK's referendum on its membership of the European Union (EU). The portfolio has a preference for bonds that offer significant margin of safety for their inherent credit risk. Over the period, I trimmed the exposure to Royal Bank of Scotland and HSBC in the financials sector. I continue to look for attractive new opportunities. Therefore, I participated in the new issues of Brown Forman and Newell Rubbermaid as their bonds offer good value.

Outlook

The UK's surprise decision to leave the EU has increased the probability of a recession. I believe that the Bank of England will take measures to ease its monetary policy further, which should keep UK government bond (Gilt) yields well anchored. Against this backdrop, investment grade corporate bonds still offer an attractive yield pickup relative to Gilts.

Ian Fishwick
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
UK Gilt Treasury 4.25% 07/03/2036	3.68
GE Capital UK Funding 8.00% 14/01/2039 EMTN Reg S	3.64
UK Gilt Treasury 4.00% 07/03/2022	3.08
UK Gilt Treasury 6.00% 07/12/2028	3.01
Lloyds Bank 6.00% 08/02/2029	2.94
UK Gilt Treasury 4.50% 07/09/2034	2.62
America Movil 4.948% 22/07/2033	2.27
EDF 6.00% 23/01/2114	2.26
GDF Suez 5.95% 16/03/2111	2.20
Glencore Finance 5.50% 03/04/2022	2.08

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 4.00% 07/09/2016	3.58
Lloyds Bank 6.00% 08/02/2029	2.15
America Movil 4.948% 22/07/2033	1.76
Royal Bank of Scotland 5.125% 13/01/2024	1.64
Heathrow Funding 6.25% 10/09/2018	1.53
General Electric Capital 5.50% 07/06/2021	1.52
UK Gilt Treasury 4.50% 07/09/2034	1.48
Reseau Ferre de France 4.83% 25/03/2060	1.40
Glencore Finance 5.50% 03/04/2022	1.30
Credit Suisse 6.50% 08/08/2023	1.20

Portfolio Information (%)

	30/06/16	30/06/15
Corporate Bonds	71.39	82.74
UK Gilt Treasury Bonds	15.88	5.06
Mortgage Related Bonds	10.56	9.26
Government Bonds	4.48	1.28
Cash Funds/Money Market Funds	0.01	0.00
Futures	-0.61	0.48
Forward Foreign Exchange Contracts	-1.87	1.39
Interest Rate Swaps	-5.14	-1.38
Credit Default Swaps	0.00	0.24
Cash and other net assets/(liabilities)	5.30	0.93

Risk Profile

The value of your investment can go down as well as up and you may not get back the amount you invested. What you get back is not guaranteed. It will depend on investment performance. This fund may 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 creditworthiness of the issuer. 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 fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

	SRRI*
Accumulation Shares	3
Gross paying Accumulation Shares	3
Gross paying Income Shares	3
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

	Accumulation Shares			Gross paying Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	1,052.79	1,051.23	990.45	1,068.32	1,058.77	991.03
Return before operating charges*	(12.77)	6.22	65.44	(5.57)	14.23	72.42
Operating charges	(4.77)	(4.66)	(4.66)	(4.70)	(4.68)	(4.68)
Return after operating charges*	(17.54)	1.56	60.78	(10.27)	9.55	67.74
Distributions on income share	n/a	n/a	n/a	n/a	n/a	n/a
Closing net asset value per share	1,035.25	1,052.79	1,051.23	1,058.05	1,068.32	1,058.77
Retained distributions on accumulation shares	28.15	27.54	27.04	35.87	34.81	33.93
*after direct transaction costs of	0.18	0.11	0.14	0.18	0.11	0.14
Performance						
Return after charges	(1.7%)	0.2%	6.1%	(1.0%)	0.9%	6.8%
Other information						
Closing net asset value (£'000)	29,327	36,380	56,760	47	1,183	13,366
Closing number of shares	2,832,848	3,455,559	5,399,419	4,442	110,694	1,262,377
Operating charges	0.45%	0.45%	0.45%	0.43%	0.44%	0.45%
Direct transaction costs	0.02%	0.01%	0.01%	0.02%	0.01%	0.01%
Prices						
Highest share price	1,067.00	1,071.00	1,058.00	1,083.00	1,085.00	1,066.00
Lowest share price	992.90	1,044.00	991.90	1,012.00	1,055.00	992.50
	Income Shares			Gross paying Income Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	996.46	1,021.16	987.62	996.54	1,021.25	987.58
Return before operating charges*	(12.19)	6.29	64.82	(5.56)	12.92	71.59
Operating charges	(4.40)	(4.49)	(4.57)	(4.44)	(4.48)	(4.54)
Return after operating charges*	(16.59)	1.80	60.25	(10.00)	8.44	67.05
Distributions on income share	(26.38)	(26.50)	(26.71)	(33.00)	(33.15)	(33.38)
Closing net asset value per share	953.49	996.46	1,021.16	953.54	996.54	1,021.25
Retained distributions on accumulation shares	n/a	n/a	n/a	n/a	n/a	n/a
*after direct transaction costs of	0.18	0.11	0.14	0.18	0.11	0.14
Performance						
Return after charges	(1.7%)	0.2%	6.1%	(1.0%)	0.8%	6.8%
Other information						
Closing net asset value (£'000)	8,350	45,344	45,882	1,114	4,345	3,558
Closing number of shares	875,743	4,550,585	4,493,175	116,855	435,997	348,361
Operating charges	0.44%	0.45%	0.44%	0.44%	0.45%	0.44%
Direct transaction costs	0.02%	0.01%	0.01%	0.02%	0.01%	0.01%
Prices						
Highest share price	1,010.00	1,029.00	1,035.00	1,010.00	1,031.00	1,036.00
Lowest share price	927.00	1,003.00	989.10	928.10	1,003.00	989.00

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in developing countries, including those in Africa, the Indian sub-continent, Latin America, South East Asia, Europe and the Middle East. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated positive returns as optimism around Chinese stimulus measures and reform expectations in Brazil supported stock selection in these countries. From a sector perspective, selected holdings in financials and consumer staples aided returns. Within information technology, we raised the position in Taiwan Semiconductor Manufacturing on account of its strong technological capabilities and large scale of operations. Elsewhere, we bought shares in Brazil-based Banco Bradesco owing to its integrated business model, which includes banking and insurance operations. In materials, shares in MMC Norilsk Nickel were sold following its strong performance over the past few months. The position in Russia-based natural gas producer Novatek was reduced due to its high debt level.

Outlook

Emerging markets are likely to be impacted by domestic and international reform agendas, US and European monetary policy decisions, global commodity prices and geopolitical tensions. However, from a longer term perspective, emerging markets continue to offer many structurally attractive opportunities.

Cesar Hernandez & John Chow
Fund Managers
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Taiwan Semiconductor Manufacturing	4.07
Samsung Electronics	3.89
Tencent	3.66
Naspers	3.23
CNOOC	2.22
Bank Rakyat Indonesia	1.82
China Construction Bank	1.61
Medy-Tox	1.59
Alibaba ADR	1.56
Sberbank of Russia	1.55

Holdings as at 30/06/15	% of total net assets
Samsung Electronics	4.16
Tencent	3.52
Taiwan Semiconductor Manufacturing	2.92
Naspers	2.36
Cathay Financial	1.80
AmorePacific	1.66
China Pacific Insurance	1.66
Medy-Tox	1.65
China Construction Bank	1.61
LG Chemical	1.56

Portfolio Information (%)

	30/06/16	30/06/15
China	21.85	21.01
Korea	16.23	14.11
Taiwan	11.45	9.76
India	8.64	8.64
Brazil	8.39	6.91
South Africa	6.65	6.97
Mexico	3.96	6.02
Russia	3.53	3.54
Other	15.11	13.87
Cash and other net assets/(liabilities)	4.19	9.17

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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

Accumulation Shares	SRRI *
	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

	Accumulation Shares		
	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	128.44	120.97	115.28
Return before operating charges*	5.92	8.98	7.05
Operating charges	(1.35)	(1.51)	(1.36)
Return after operating charges*	4.57	7.47	5.69
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	133.01	128.44	120.97
Retained distributions on accumulation shares	1.63	1.71	1.13
*after direct transaction costs of	0.28	0.47	0.50
Performance			
Return after charges	3.6%	6.2%	4.9%
Other information			
Closing net asset value (£'000)	115,994	106,245	136,266
Closing number of shares	87,206,754	82,718,814	112,645,991
Operating charges	1.16%	1.18%	1.18%
Direct transaction costs	0.24%	0.36%	0.44%
Prices			
Highest share price	133.20	147.10	122.20
Lowest share price	101.90	117.60	107.00

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in markets throughout the world. There is no policy to restrict investments to particular economic sectors.

Performance and Portfolio Activity

The fund delivered negative returns over the period. Global markets remained volatile given concerns over a slowdown in China, divergent central bank policies and the UK's decision to leave the European Union. The underweight position in the energy sector hurt relative returns as rising oil prices supported these stocks. The portfolio remains biased towards health care stocks given their strong drug pipelines and unique products with pricing power. The exposure to medical device maker Medtronic and Boston Scientific was reduced during the period. The allocation to gaming software company Activision Blizzard was increased as it is benefiting from good user response to new game releases and solid growth in its high-margin digital business.

Outlook

Market volatility is expected to continue amid uncertainty following the UK's Leave vote and divergent central bank policies. While the US economic recovery is well recognised, Europe and Japan are seeing a slight pickup, but still require further central bank assistance.

Cesar Hernandez
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Apple	1.79
General Electric	1.35
Activision Blizzard	1.18
Amazon.com	1.17
Johnson & Johnson	1.14
Facebook (A)	1.12
Coca-Cola	1.11
Medtronic	1.00
Wells Fargo	0.97
AT&T	0.97

Holdings as at 30/06/15	% of total net assets
Apple	2.30
General Electric	1.09
Wells Fargo	1.07
JPMorgan Chase	1.04
Johnson & Johnson	1.03
Coca-Cola	0.82
Medtronic	0.81
Walt Disney	0.80
Comcast (A)	0.79
Citigroup	0.75

Portfolio Information (%)

	30/06/16	30/06/15
United States	55.08	51.59
Japan	8.42	8.29
United Kingdom	6.64	7.69
France	3.51	3.79
Canada	3.44	3.47
Germany	3.17	2.76
Switzerland	2.89	3.86
Australia	2.32	2.23
Other	11.39	11.65
Cash and other net assets/(liabilities)	3.14	4.67

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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

Accumulation Shares	SRRI *
	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

	Accumulation Shares		
	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	300.48	266.48	241.24
Return before operating charges*	28.44	36.54	27.53
Operating charges	(2.65)	(2.54)	(2.29)
Return after operating charges*	25.79	34.00	25.24
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	326.27	300.48	266.48
Retained distributions on accumulation shares	3.67	3.04	2.59
*after direct transaction costs of	0.21	0.24	0.31
Performance			
Return after charges	8.6%	12.8%	10.5%
Other information			
Closing net asset value (£'000)	389,398	370,547	575,317
Closing number of shares	119,346,689	123,317,181	215,894,237
Operating charges	0.89%	0.89%	0.89%
Direct transaction costs	0.07%	0.08%	0.12%
Prices			
Highest share price	326.40	324.60	269.40
Lowest share price	269.20	256.80	240.40

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies throughout the Pacific Basin excluding those in Japan. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund generated positive returns over the period. Selected information technology positions enhanced returns given their healthy operating results. Utilities and telecommunications holdings also boosted gains as investors favoured defensive sectors in a volatile market. I reduced the exposure to financials, largely by selling shares in Chinese companies such as CITIC Securities and Ping An Insurance for better opportunities elsewhere. Meanwhile, I initiated a position in Australia's Westpac Banking. The bank is likely to be better insulated from external shocks than its peers due to its domestic-focused business. The allocation to the consumer discretionary sector was raised. I bought shares in automaker Tata Motors in view of its strong new model cycle.

Outlook

Growth in Asia is expected to slow moderately as a result of weak external demand, but in a controlled manner owing to pro-growth policies. The focus on reforms and infrastructure development in key Asian economies is expected to support sentiment.

Polly Kwan
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Commonwealth Bank of Australia	4.76
Taiwan Semiconductor Manufacturing	4.49
Samsung Electronics	4.46
Tencent	4.34
Westpac Banking	2.55
AIA	2.37
HDFC Bank (Dematerialised)	2.12
China Mobile	2.09
CSL	2.08
China Construction Bank	2.07

Holdings as at 30/06/15	% of total net assets
Commonwealth Bank of Australia	4.94
Samsung Electronics	4.24
ANZ Banking (AU)	3.44
Tencent	3.40
China Construction Bank	3.28
Industrial & Commercial Bank of China	2.91
Taiwan Semiconductor Manufacturing	2.67
HDFC Bank (Dematerialised)	2.49
AIA	2.39
Fubon	1.98

Portfolio Information (%)

	30/06/16	30/06/15
China	21.16	28.71
Australia	20.57	17.52
Korea	13.14	11.47
Taiwan	12.28	10.00
Hong Kong	10.56	11.80
India	8.82	8.42
Singapore	4.12	3.89
Indonesia	2.82	2.62
Other	6.31	4.73
Cash and other net assets/(liabilities)	0.22	0.84

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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

	SRRI *
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

	Accumulation Shares		
	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	376.43	336.22	323.04
Return before operating charges*	35.50	43.65	16.34
Operating charges	(3.28)	(3.44)	(3.16)
Return after operating charges*	32.22	40.21	13.18
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	408.65	376.43	336.22
Retained distributions on accumulation shares	7.96	6.49	2.33
*after direct transaction costs of	0.53	0.78	0.66
Performance			
Return after charges	8.6%	12.0%	4.1%
Other information			
Closing net asset value (£'000)	202,258	222,975	221,154
Closing number of shares	49,494,842	59,233,741	65,776,294
Operating charges	0.92%	0.93%	0.94%
Direct transaction costs	0.15%	0.21%	0.20%
Prices			
Highest share price	409.10	427.50	343.20
Lowest share price	308.90	334.60	306.00

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to UK government and international government and corporate bonds.

Performance and Portfolio Activity

The fund advanced over the period, with both interest rate and credit strategies supporting performance. Fixed income assets posted positive returns, driven by the rally in government bonds as risk aversion rose over the period. Within credit, the bias against sterling aided performance as credit spreads widened. I maintain a low sensitivity to credit spreads. I prefer financials, specifically banking sector issues, and raised the exposure to the sector by adding European names such as UBS and Rabobank Nederland. I continue to look for attractive new opportunities and participated in the new issue of Anheuser Busch InBev as these bonds offer good value. Conversely, I sold holdings in British American Tobacco and McKesson.

Outlook

The Bank of England's expected easing bias should keep UK government bond (Gilt) yields anchored. However, with a high level of foreign ownership, Gilts are at risk of a sell-off if concerns over the UK's economic resilience increase. Investment grade corporate bonds still offer an attractive yield pickup relative to Gilts.

Andy Weir
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
UK Gilt Treasury 3.75% 22/07/2052	22.04
UK Gilt Treasury 3.50% 02/07/2068	18.05
Fidelity Institutional Liquidity Fund (GBP)	4.57
SMFG Preferred Capital 10.231% VRN (Perpetual)	1.32
Bank of Scotland 7.281% (Perpetual) B	1.26
UBS Group 6.875% VRN (Perpetual)	1.09
CPUK Finance 3.588% 28/08/2025 Reg S	0.97
AA Bond 4.7201% 31/07/2018	0.90
Mondi Finance 1.50% 15/04/2024 EMTN Reg S	0.89
Receive fixed 1.67% pay floating 19/03/2025	0.84

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 3.25% 22/01/2044	18.81
UK Gilt Treasury 3.75% 22/07/2052	13.98
UK Gilt Treasury 4.00% 22/01/2060	4.22
Bank of Scotland 7.281% (Perpetual) B	2.12
UK Gilt Treasury 3.50% 02/07/2068	1.82
CPUK Finance 2.666% 28/02/2020 Reg S	1.29
Spain 0.55% 30/11/2019 Reg S	1.20
SMFG Preferred Capital 10.231% VRN (Perpetual)	1.06
US Treasury Note 0.125% 15/04/2016	0.99
UK Gilt Treasury 4.75% 07/12/2038	0.99

Portfolio Information (%)

	30/06/16	30/06/15
Corporate Bonds	51.55	52.24
UK Gilt Treasury Bonds	40.09	40.02
Cash Funds/Money Market Funds	4.57	0.00
Mortgage Related Bonds	3.11	3.46
Government Bonds	0.96	3.60
Interest Rate Swaps	0.36	-1.89
Futures	-0.02	0.00
Credit Default Swaps	-0.28	0.15
Forward Foreign Exchange Contracts	-2.54	0.67
Cash and other net assets/(liabilities)	2.20	1.75

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. This fund may 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. This fund may invest 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 specific investment purposes as well as for hedging and other efficient management purposes as permitted for all funds. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

SRRI *

Gross paying Accumulation Shares	4
Income Shares	4
Gross paying monthly 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

	Income Shares			Gross paying Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	129.66	118.94	115.31	198.86	176.04	161.69
Return before operating charges*	23.18	15.16	8.33	37.10	23.79	15.19
Operating charges	(0.68)	(0.65)	(0.59)	(1.01)	(0.97)	(0.84)
Return after operating charges*	22.50	14.51	7.74	36.09	22.82	14.35
Distributions on income share	(3.17)	(3.79)	(4.11)	n/a	n/a	n/a
Closing net asset value per share	148.99	129.66	118.94	234.95	198.86	176.04
Retained distributions on accumulation shares	n/a	n/a	n/a	6.12	7.07	7.35
*after direct transaction costs of	0.04	0.03	0.02	0.04	0.03	0.02
Performance						
Return after charges	17.4%	12.2%	6.7%	18.2%	13.0%	8.9%
Other information						
Closing net asset value (£'000)	1,089	635	394	39,544	137,364	121,893
Closing number of shares	730,618	490,039	331,473	16,831,109	69,075,692	69,241,888
Operating charges	0.50%	0.50%	0.50%	0.48%	0.50%	0.50%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Prices						
Highest share price	151.00	144.30	121.80	235.60	217.70	177.20
Lowest share price	127.90	118.30	112.00	196.20	175.10	159.00

Gross paying A Accumulation Shares*

	2016
Change in net assets per share	
Opening net asset value per share	1,000.00
Return before operating charges*	158.91
Operating charges	(3.52)
Return after operating charges*	155.39
Distributions on income share	n/a
Closing net asset value per share	1,155.39
Retained distributions on accumulation shares	1.93
*after direct transaction costs of	0.04
Performance	
Return after charges	15.5%
Other information	
Closing net asset value (£'000)	68,842
Closing number of shares	5,958,350
Operating charges	0.52%
Direct transaction costs	0.01%
Prices	
Highest share price	1,159.00
Lowest share price	989.30

* This share class launched on 30 October 2015.

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve long term capital appreciation. The fund will invest primarily in the shares of companies in the United Kingdom. There is no policy to restrict investment to particular economic sectors.

Performance and Portfolio Activity

The fund delivered positive returns, supported by an underweight stance in the mining and banking sectors. These stocks were under pressure due to concerns over slowing global economic growth. At a stock level, the underlying position in US tobacco group Altria added value given its safe haven appeal in a volatile environment. However, an underweight position in the oil & gas sector weighed on returns as these shares rallied, supported by an increase in oil prices. A new position was added in Anglo-Dutch information solutions provider RELX for its strong cash generation and progressive dividend policy. The exposure to Shire, a pharmaceuticals group with strong growth prospects was increased. However, beverages group SABMiller and hospitality groups Whitbread and Intercontinental Hotels were sold given their weak earnings outlook.

Outlook

The sharp fall in sterling versus the US dollar post the UK's decision to leave the European Union could put upward pressure on UK inflation. The risks to economic growth have also increased. The Bank of England is likely to focus on supporting growth, keeping interest rates low or implementing further stimulus measures.

Nick Peters
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Fidelity Special Situations Fund	9.24
GlaxoSmithKline	3.90
Shire	2.81
AstraZeneca (UK)	2.70
Unilever (UK)	2.54
Diageo	2.33
BT	2.26
Wolseley	2.21
Royal Dutch Shell A (UK)	1.97
Imperial Tobacco	1.87
Holdings as at 30/06/15	% of total net assets
Fidelity Special Situations Fund	9.57
GlaxoSmithKline	3.60
Lloyds Banking Group	3.06
Wolseley	2.64
Diageo	2.52
AstraZeneca (UK)	2.46
HSBC (UK) (Reg'd)	2.41
Unilever (UK)	2.20
Provident Financial	2.00
Sanofi-Aventis	1.91

Portfolio Information (%)

	30/06/16	30/06/15
Consumer Goods	15.32	16.72
Financials	12.80	18.99
Consumer Services	12.55	14.46
Industrials	12.39	12.83
Health Care	11.93	12.59
Equity Funds	9.24	9.57
Oil & Gas	5.10	3.87
Telecommunications	4.56	3.72
Other	7.77	5.39
Cash and other net assets/(liabilities)	8.34	1.86

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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

	SRRI *
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

Accumulation Shares

Change in net assets per share	2016	2015	2014
Opening net asset value per share	355.67	324.76	290.73
Return before operating charges*	2.91	33.90	36.81
Operating charges	(3.12)	(2.99)	(2.78)
Return after operating charges*	(0.21)	30.91	34.03
Distributions on income share	n/a	n/a	n/a
Closing net asset value per share	355.45	355.67	324.76
Retained distributions on accumulation shares	8.52	7.27	5.90
*after direct transaction costs of	1.07	0.87	0.92
Performance			
Return after charges	(0.1%)	9.5%	11.7%
Other information			
Closing net asset value (£'000)	413,931	502,434	491,083
Closing number of shares	116,451,136	141,264,359	151,215,061
Operating charges	0.88%	0.87%	0.87%
Direct transaction costs	0.30%	0.26%	0.29%
Prices			
Highest share price	371.10	375.40	331.40
Lowest share price	319.40	302.40	291.40

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to UK gilts and non-gilt fixed interest securities.

Performance and Portfolio Activity

The fund advanced over the period; its interest rate risk positioning was the primary driver of absolute returns as core government bonds rallied. Credit positioning hampered performance. The exposure to financials was the largest detractor from returns. The sector was weighed down by rising concerns over the capital adequacy of European financials as well as the UK's referendum on its membership of the European Union (EU). I reduced the portfolio's credit risk by lowering the exposure to financials securities such as Barclays and HSBC. I continue to look for attractive new opportunities. Therefore, I participated in the new issues of Brown Forman and Newell Rubbermaid as their bonds offer good value.

Outlook

The UK's surprise decision to leave the EU has increased the probability of a recession. I believe that the Bank of England will take measures to ease its monetary policy further, which should keep UK government bond (Gilt) yields well anchored. Against this backdrop, investment grade corporate bonds still offer an attractive yield pickup relative to Gilts.

Ian Fishwick
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
UK Gilt Treasury 3.75% 07/09/2019	5.24
UK Gilt Treasury 4.25% 07/09/2039	4.61
UK Gilt Treasury 4.75% 07/12/2038	4.23
UK Gilt Treasury 4.50% 07/12/2042	4.08
UK Gilt Treasury 4.50% 07/09/2034	3.92
UK Gilt Treasury 3.75% 07/09/2021	3.33
UK Gilt Treasury 3.75% 22/07/2052	3.16
UK Gilt Treasury 4.00% 07/03/2022	3.04
UK Gilt Treasury 6.00% 07/12/2028	2.98
UK Gilt Treasury 3.25% 22/01/2044	2.89

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 4.25% 07/09/2039	4.91
UK Gilt Treasury 4.50% 07/09/2034	3.54
UK Gilt Treasury 3.75% 07/09/2021	3.38
UK Gilt Treasury 4.50% 07/12/2042	3.03
UK Gilt Treasury 3.75% 22/07/2052	2.66
UK Gilt Treasury 3.75% 07/09/2019	2.29
UK Gilt Treasury 4.75% 07/12/2038	2.08
UK Gilt Treasury 3.50% 02/07/2068	1.85
UK Gilt Treasury 5.00% 07/03/2018	1.65
UK Gilt Treasury 4.25% 07/06/2032	1.34

Portfolio Information (%)

	30/06/16	30/06/15
UK Gilt Treasury Bonds	45.18	30.54
Corporate Bonds	44.31	58.74
Mortgage Related Bonds	4.78	5.15
Government Bonds	4.69	1.25
Interest Rate Swaps	0.91	0.10
Cash Funds/Money Market Funds	0.01	1.11
Futures	-0.27	0.37
Forward Foreign Exchange Contracts	-1.59	1.03
Cash and other net assets/(liabilities)	1.98	1.71

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. This fund may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

SRRRI *

Gross paying Accumulation Shares	3
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 (SRRRI) is explained in the Further Information section.

Comparative Performance Table

	Income Shares			Gross paying Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	119.55	114.62	112.07	177.31	164.70	155.70
Return before operating charges*	11.23	8.54	6.12	17.91	13.35	9.68
Operating charges	(0.52)	(0.53)	(0.48)	(0.78)	(0.74)	(0.68)
Return after operating charges*	10.71	8.01	5.64	17.13	12.61	9.00
Distributions on income share	(2.93)	(3.08)	(3.09)	n/a	n/a	n/a
Closing net asset value per share	127.33	119.55	114.62	194.44	177.31	164.70
Retained distributions on accumulation shares	n/a	n/a	n/a	5.46	5.59	5.46
*after direct transaction costs of	0.01	0.01	0.01	0.01	0.01	0.01
Performance						
Return after charges	9.0%	7.0%	5.0%	9.7%	7.7%	5.8%
Other information						
Closing net asset value (£'000)	5	6	6	535,638	540,184	433,797
Closing number of shares	4,000	5,000	5,000	275,479,991	304,658,758	263,381,181
Operating charges	0.42%	0.42%	0.42%	0.42%	0.42%	0.43%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Prices						
Highest share price	129.10	127.70	162.60	195.00	186.60	165.50
Lowest share price	118.90	114.20	67.14	176.30	164.10	153.70

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to non-gilt fixed interest securities.

Performance and Portfolio Activity

The fund advanced over the period; its interest rate risk positioning was the primary driver of absolute returns as core government bonds rallied. Credit positioning hampered performance. The exposure to financials was the largest detractor from returns. The sector was weighed down by rising concerns over the capital adequacy of European financials as well as the UK's referendum on its membership of the European Union (EU). I reduced the portfolio's credit risk by lowering the exposure to financials securities such as Barclays and HSBC. I continue to look for attractive new opportunities. Therefore, I participated in the new issues of Brown Forman and Newell Rubbermaid as their bonds offer good value.

Outlook

The UK's surprise decision to leave the EU has increased the probability of a recession. I believe that the Bank of England will take measures to ease its monetary policy further, which should keep UK government bond (Gilt) yields well anchored. Against this backdrop, investment grade corporate bonds still offer an attractive yield pickup relative to Gilts.

Ian Fishwick
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
UK Gilt Treasury 3.75% 07/09/2019	4.33
UK Gilt Treasury 4.00% 07/03/2022	3.72
GE Capital UK Funding 8.00% 14/01/2039 EMTN Reg S	2.38
UK Gilt Treasury 4.25% 07/03/2036	1.98
American International 5.00% 26/04/2023	1.43
Apple 3.60% 31/07/2042	1.36
Reseau Ferre de France 4.83% 25/03/2060	1.33
Fidelity Institutional Liquidity Fund (GBP)	1.25
Royal Bank of Canada 1.625% 15/04/2019 GMTN	1.25
Anheuser-Busch InBev 9.75% 30/07/2024	1.22
Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 3.25% 22/01/2044	1.88
Anheuser-Busch InBev 9.75% 30/07/2024	1.22
Reseau Ferre de France 4.83% 25/03/2060	1.18
America Movil 4.948% 22/07/2033	1.04
Sinopec Group Overseas Development 15 2.50% 28/04/2020 Reg S	0.95
Thames Water Utilities 4.00% 19/06/2025	0.92
CME Group 3.00% 15/03/2025	0.90
Rabobank Nederland 5.375% 03/08/2060	0.90
BBC 5.0636% 10/08/2033	0.89
Glencore Finance 5.50% 03/04/2022	0.88

Portfolio Information (%)

	30/06/16	30/06/15
Corporate Bonds	72.60	83.28
UK Gilt Treasury Bonds	13.20	2.64
Mortgage Related Bonds	8.23	9.01
Government Bonds	3.18	1.52
Interest Rate Swaps	1.84	0.27
Cash Funds/Money Market Funds	1.25	0.33
Credit Default Swaps	0.03	0.08
Futures	-0.36	0.47
Forward Foreign Exchange Contracts	-1.95	1.35
Cash and other net assets/(liabilities)	1.98	1.05

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. This fund may 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'. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

SRRI *

Gross paying Accumulation Shares	3
Gross paying Income Shares	3
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

	Income Shares			Gross paying Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	120.25	117.38	113.03	221.79	208.13	192.12
Return before operating charges*	8.17	7.26	8.83	16.89	14.59	16.86
Operating charges	(0.52)	(0.52)	(0.50)	(0.96)	(0.93)	(0.85)
Return after operating charges*	7.65	6.74	8.33	15.93	13.66	16.01
Distributions on income share	(3.56)	(3.87)	(3.98)	n/a	n/a	n/a
Closing net asset value per share	124.34	120.25	117.38	237.72	221.79	208.13
Retained distributions on accumulation shares	n/a	n/a	n/a	8.27	8.64	8.53
*after direct transaction costs of	0.01	0.01	0.01	0.01	0.01	0.01
Performance						
Return after charges	6.4%	5.8%	7.4%	7.2%	6.6%	8.3%
Other information						
Closing net asset value (£'000)	208,378	204,818	219,718	334,319	314,863	435,023
Closing number of shares	167,588,430	170,323,368	187,190,955	140,636,348	141,967,415	209,015,726
Operating charges	0.42%	0.42%	0.43%	0.42%	0.42%	0.43%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Prices						
Highest share price	126.60	127.80	120.20	238.80	231.60	209.50
Lowest share price	118.20	117.10	112.60	221.40	207.70	191.70

Gross paying Income Shares

	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	1,089.64	1,063.47	1,024.20
Return before operating charges*	81.80	74.58	88.76
Operating charges	(4.68)	(4.70)	(4.51)
Return after operating charges*	77.12	69.88	84.25
Distributions on income share	(40.29)	(43.71)	(44.98)
Closing net asset value per share	1,126.47	1,089.64	1,063.47
Retained distributions on accumulation shares	n/a	n/a	n/a
*after direct transaction costs of	0.01	0.01	0.01
Performance			
Return after charges	7.1%	6.6%	8.2%
Other information			
Closing net asset value (£'000)	99,583	86,247	89,245
Closing number of shares	8,840,314	7,915,209	8,391,918
Operating charges	0.42%	0.42%	0.43%
Direct transaction costs	0.01%	0.01%	0.01%
Prices			
Highest share price	1,151.00	1,160.00	1,093.00
Lowest share price	1,072.00	1,061.00	1,022.00

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to UK gilts.

Performance and Portfolio Activity

The fund advanced over the period, driven by its interest rate risk positioning as core government bonds rallied. The increased volatility in oil prices weighed on energy securities. Consequently, the exposure to Shell International and Suncor Energy detracted from returns. I believe financials are better placed to weather the rising market volatility. The exposure to the sector was increased by adding new holdings in ANZ Bank and Royal Bank of Canada. I reduced the credit beta (a measure of the fund's sensitivity to credit spreads) by selling technology credits such as Microsoft and Apple.

Outlook

The UK's surprise decision to leave the European Union has increased the probability of a recession. I believe that the Bank of England will take measures to ease its monetary policy further, which should keep UK government bond (Gilt) yields well anchored. Against this backdrop, investment grade corporate bonds still offer an attractive yield pickup relative to Gilts.

Ian Fishwick
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
UK Gilt Treasury 4.25% 07/09/2039	10.08
UK Gilt Treasury 1.00% 07/09/2017	8.96
UK Gilt Treasury 3.25% 22/01/2044	7.90
UK Gilt Treasury 3.75% 07/09/2019	7.58
UK Gilt Treasury 4.50% 07/09/2034	7.27
UK Gilt Treasury 3.75% 22/07/2052	6.14
UK Gilt Treasury 6.00% 07/12/2028	5.19
UK Gilt Treasury 3.75% 07/09/2021	5.10
UK Gilt Treasury 4.00% 07/03/2022	5.00
UK Gilt Treasury 4.00% 07/09/2016	3.99

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 4.25% 07/09/2039	10.86
UK Gilt Treasury 1.00% 07/09/2017	10.16
UK Gilt Treasury 3.75% 07/09/2019	8.59
UK Gilt Treasury 4.50% 07/09/2034	7.51
UK Gilt Treasury 3.25% 22/01/2044	7.31
UK Gilt Treasury 3.75% 07/09/2021	5.41
UK Gilt Treasury 4.00% 07/03/2022	5.28
UK Gilt Treasury 4.00% 07/09/2016	4.88
UK Gilt Treasury 3.75% 22/07/2052	3.50
UK Gilt Treasury 4.00% 22/01/2060	2.64

Portfolio Information (%)

	30/06/16	30/06/15
UK Gilt Treasury Bonds	75.07	71.13
Corporate Bonds	18.24	24.02
Government Bonds	2.72	0.54
Mortgage Related Bonds	2.20	2.03
Cash Funds/Money Market Funds	1.16	0.00
Interest Rate Swaps	0.18	-0.04
Futures	0.11	0.22
Forward Foreign Exchange Contracts	-0.87	0.49
Credit Default Swaps	0.00	0.03
Cash and other net assets/(liabilities)	1.19	1.58

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. This fund may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in developing overseas markets which carry a higher risk than investing in larger established markets. Investments in emerging markets are likely to experience greater rises and falls in value and there may be trading difficulties. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

SRRRI *

Gross paying Accumulation Shares	4
Income 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 (SRRRI) is explained in the Further Information section.

Comparative Performance Table

	Income Shares			Gross paying Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	124.88	117.69	116.82	198.28	183.22	178.21
Return before operating charges*	14.55	9.60	3.16	24.07	15.70	5.61
Operating charges	(0.44)	(0.41)	(0.40)	(0.68)	(0.64)	(0.60)
Return after operating charges*	14.11	9.19	2.76	23.39	15.06	5.01
Distributions on income share	(2.06)	(2.00)	(1.89)	n/a	n/a	n/a
Closing net asset value per share	136.93	124.88	117.69	221.67	198.28	183.22
Retained distributions on accumulation shares	n/a	n/a	n/a	4.11	3.90	3.62
*after direct transaction costs of	0.01	0.01	0.01	0.01	0.01	0.01
Performance						
Return after charges	11.3%	7.8%	2.4%	11.8%	8.2%	2.8%
Other information						
Closing net asset value (£'000)	67,479	60,335	31,369	106,498	97,615	156,371
Closing number of shares	49,278,570	48,315,220	26,652,732	48,043,827	49,231,653	85,344,561
Operating charges	0.33%	0.33%	0.32%	0.33%	0.33%	0.32%
Direct transaction costs	0.01%	0%	0%	0.01%	0%	0%
Prices						
Highest share price	138.10	133.80	119.30	222.00	210.50	184.20
Lowest share price	123.60	117.00	114.50	196.40	182.20	174.80

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve income and capital growth. The fund will invest primarily in Sterling denominated (or hedged back to Sterling) fixed and floating rate and index-linked debt securities which will have a remaining maturity of at least 3 years. 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 advanced over the period; its interest rate risk positioning was the primary driver of absolute returns as core government bonds rallied. Credit positioning hampered performance. The exposure to financials was the largest detractor from returns. The sector was weighed down by rising concerns over the capital adequacy of European financials as well as the UK's referendum on its membership of the European Union (EU). I reduced the portfolio's credit risk by lowering the exposure to financials securities such as Barclays and UBS. I continue to look for attractive new opportunities. Therefore, I participated in the new issues of Brown Forman and Newell Rubbermaid as their bonds offer good value.

Outlook

The UK's surprise decision to leave the EU has increased the probability of a recession. I believe that the Bank of England will take measures to ease its monetary policy further, which should keep UK government bond (Gilt) yields well anchored. Against this backdrop, investment grade corporate bonds still offer an attractive yield pickup relative to Gilts.

Ian Fishwick
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
Reseau Ferre de France 4.83% 25/03/2060	3.98
HSBC 7.00% 07/04/2038	3.64
European Investment Bank 5.625% 07/06/2032	3.38
UK Gilt Treasury 6.00% 07/12/2028	3.30
Meadowhall Finance 4.986% 12/01/2032	3.08
General Electric Capital UK Funding 5.875% 18/01/2033	3.05
GDF Suez 5.00% 01/10/2060	3.05
BBC 5.0636% 10/08/2033	2.98
Rabobank Nederland 5.375% 03/08/2060	2.89
Walmart Stores 5.625% 27/03/2034	2.82

Holdings as at 30/06/15	% of total net assets
Reseau Ferre de France 4.83% 25/03/2060	4.60
HSBC 7.00% 07/04/2038	4.11
Meadowhall Finance 4.986% 12/01/2032	3.36
BBC 5.0636% 10/08/2033	3.30
General Electric Capital UK Funding 5.875% 18/01/2033	3.06
Walmart Stores 5.625% 27/03/2034	2.88
Rabobank Nederland 5.375% 03/08/2060	2.83
Lloyds Bank 6.50% 17/09/2040	2.78
GDF Suez 5.00% 01/10/2060	2.69
EDF 5.50% 17/10/2041	2.60

Portfolio Information (%)

	30/06/16	30/06/15
Corporate Bonds	76.04	78.10
Mortgage Related Bonds	12.80	14.08
UK Gilt Treasury Bonds	7.94	2.54
Government Bonds	1.01	2.06
Futures	0.06	0.32
Forward Foreign Exchange Contracts	-0.86	0.63
Cash and other net assets/(liabilities)	3.01	2.27

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. This fund may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. This fund may invest in derivatives for the purpose of the efficient management of the fund. The use of financial derivative instruments may result in increased gains or losses within the fund. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

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

Comparative Performance Table

	Gross paying Accumulation Shares*	
	2016	2015
Change in net assets per share		
Opening net asset value per share	<u>9,497.35</u>	<u>10,000.00</u>
Return before operating charges*	1,197.15	(481.06)
Operating charges	<u>(44.64)</u>	<u>(21.59)</u>
Return after operating charges*	<u>1,152.51</u>	<u>(502.65)</u>
Distributions on income share	n/a	n/a
Closing net asset value per share	<u>10,649.86</u>	<u>9,497.35</u>
Retained distributions on accumulation shares	319.31	133.34
*after direct transaction costs of	1.18	0.55
Performance		
Return after charges	12.1%	(5.0%)
Other information		
Closing net asset value (£'000)	44,772	39,893
Closing number of shares	420,404	420,045
Operating charges	0.45%	0.47%
Direct transaction costs	0.01%	0.01%
Prices		
Highest share price	10,720.00	10,420.00
Lowest share price	9,452.00	9,498.00

* This fund launched on 13 January 2015.

Commentary & Portfolio Information

Investment Objective and Policy

The fund's investment objective is to achieve both capital growth and income. The fund will obtain exposure primarily to non-gilt fixed interest securities.

Performance and Portfolio Activity

The fund advanced over the period; its interest rate risk positioning was the primary driver of absolute returns as core government bonds rallied. Credit positioning hampered performance. The exposure to financials was the largest detractor from returns. The sector was weighed down by rising concerns over the capital adequacy of European financials as well as the UK's referendum on its membership of the European Union (EU). I reduced the portfolio's credit risk by lowering the exposure to financials securities such as Barclays and HSBC. I continue to look for attractive new opportunities. Therefore, I participated in the new issues of Brown Forman and Newell Rubbermaid as their bonds offer good value.

Outlook

The UK's surprise decision to leave the EU has increased the probability of a recession. I believe that the Bank of England will take measures to ease its monetary policy further, which should keep UK government bond (Gilt) yields well anchored. Against this backdrop, investment grade corporate bonds still offer an attractive yield pickup relative to Gilts.

Ian Fishwick
Fund Manager
30 June 16

Top Holdings

The top ten holdings in the fund as at 30 June 2016 and at the previous year are shown below:

Holdings as at 30/06/16	% of total net assets
UK Gilt Treasury 4.25% 07/03/2036	5.42
UK Gilt Treasury 4.25% 07/12/2027	2.77
Gilead Sciences 4.75% 01/03/2046	2.54
UK Gilt Treasury 3.25% 22/01/2044	2.28
Apple 3.60% 31/07/2042	2.00
Walmart Stores 6.20% 15/04/2038	1.79
BBC 5.0636% 10/08/2033	1.78
General Electric Capital UK Funding 5.875% 18/01/2033	1.73
Tesco Property Finance 5.744% 13/04/2040	1.48
Reseau Ferre de France 5.00% 11/03/2052	1.43

Holdings as at 30/06/15	% of total net assets
UK Gilt Treasury 4.25% 07/03/2036	4.17
BBC 5.0636% 10/08/2033	2.14
General Electric Capital UK Funding 5.875% 18/01/2033	1.81
HSBC 5.375% 22/08/2033	1.64
Canary Wharf Finance Series II 5.952% 22/01/2035	1.61
Tesco Property Finance 5.744% 13/04/2040	1.54
European Investment Bank 4.50% 07/06/2029	1.44
Walmart Stores 6.20% 15/04/2038	1.39
Lloyds Bank 6.00% 08/02/2029	1.29
Reseau Ferre de France 5.00% 11/03/2052	1.25

Portfolio Information (%)

	30/06/16	30/06/15
Corporate Bonds	70.65	76.29
UK Gilt Treasury Bonds	11.84	4.17
Mortgage Related Bonds	11.59	13.54
Interest Rate Swaps	3.66	2.21
Government Bonds	1.55	0.68
Cash Funds/Money Market Funds	0.00	0.00
Futures	-0.63	0.40
Forward Foreign Exchange Contracts	-1.52	0.90
Credit Default Swaps	0.00	0.09
Cash and other net assets/(liabilities)	2.86	1.72

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. This fund may 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. This fund may invest in overseas markets. You may get back more or less as a result of currency fluctuations. The fund may make extensive use of derivatives including complex derivative instruments and strategies which are consistent with achieving the fund's objective. This may result in "leverage" by which we mean a level of exposure which could expose the fund to the potential of greater gains or losses than would otherwise be the case. 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. For details of all the risks please see the Prospectus.

Risk and Reward Indicator

SRRI *

Gross paying Accumulation Shares	3
Gross paying Income Shares	3
Income Shares	3

- The risk category was calculated using historical performance data.
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- 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

	Income Shares			Gross paying Accumulation Shares		
	2016	2015	2014	2016	2015	2014
Change in net assets per share						
Opening net asset value per share	133.35	128.18	122.12	240.16	221.09	200.21
Return before operating charges*	15.94	10.54	11.60	31.20	20.09	21.79
Operating charges	(0.58)	(0.60)	(0.56)	(1.06)	(1.02)	(0.91)
Return after operating charges*	15.36	9.94	11.04	30.14	19.07	20.88
Distributions on income share	(4.56)	(4.77)	(4.98)	n/a	n/a	n/a
Closing net asset value per share	144.15	133.35	128.18	270.30	240.16	221.09
Retained distributions on accumulation shares	n/a	n/a	n/a	10.36	10.39	10.33
*after direct transaction costs of	0.02	0.01	0.01	0.02	0.01	0.01
Performance						
Return after charges	11.5%	7.8%	9.1%	12.6%	8.6%	10.4%
Other information						
Closing net asset value (£'000)	40,946	50,324	35,910	463,567	389,468	344,177
Closing number of shares	28,404,599	37,737,321	28,014,082	171,501,474	162,168,159	155,672,940
Operating charges	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%
Direct transaction costs	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Prices						
Highest share price	147.20	147.50	131.80	272.00	260.20	222.90
Lowest share price	131.80	127.70	121.10	238.80	220.30	199.40

Gross paying Income Shares

	2016	2015	2014
Change in net assets per share			
Opening net asset value per share	1,067.70	1,026.55	976.10
Return before operating charges*	136.29	93.39	104.56
Operating charges	(4.71)	(4.68)	(4.39)
Return after operating charges*	131.58	88.71	100.17
Distributions on income share	(45.57)	(47.72)	(49.72)
Closing net asset value per share	1,153.55	1,067.54	1,026.55
Retained distributions on accumulation shares	n/a	n/a	n/a
*after direct transaction costs of	0.02	0.01	0.01
Performance			
Return after charges	12.3%	8.6%	10.3%
Other information			
Closing net asset value (£'000)	15,396	1,068	3,614
Closing number of shares	1,334,630	623,186	352,099
Operating charges	0.42%	0.42%	0.42%
Direct transaction costs	0.01%	0.01%	0.01%
Prices			
Highest share price	1,182.00	1,182.00	1,059.00
Lowest share price	1,056.00	1,023.00	971.80

Fidelity Institutional Funds Annual Short Report for the year ended 30 June 2016

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 brokers which enable this process to be checked on a continual basis.

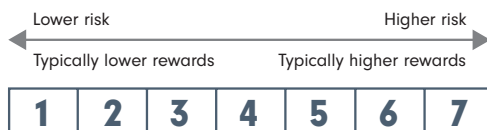
In addition, there are specific provisions to ensure that any investment idea is first acted upon by the funds Fidelity manages, and that Fund Managers may not deal within a defined period either side of a fund (for which they are responsible) dealing in that stock.

- 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 or alternatively from our website www.fidelity.co.uk.

It is possible to receive 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



The risk category was calculated using historical volatility data, based upon the methods set by European Union rules. Volatility is influenced by changes in the stock market prices, currencies and interest rates which can be affected unpredictably by diverse factors including political and economic events.

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

FIL Limited and its respective subsidiaries form the global investment management organisation that is commonly referred to as Fidelity International. Fidelity International only gives information on its products and, with the exception of retirement advice does not provide investment advice based on individual circumstances.

Any service, security, investment, fund or product outlined may not be available to or suitable for you and may not be available in your jurisdiction. It is your responsibility to ensure that any service, security, investment, fund or product outlined is available in your jurisdiction before any approach is made regarding that service, security, investment, fund or product. This document may not be reproduced or circulated without prior permission and must not be passed to private investors.

Past performance is not a reliable indicator of future results. The value of investments may go down as well as up and an investor may not get back the original amount invested. Unless otherwise stated all products are provided by Fidelity International, and all views expressed are those of Fidelity International.

In certain countries, and for certain types of investments, transaction costs are higher and liquidity is lower than elsewhere. There may also be limited opportunities to find alternative ways of managing cash flows especially where the focus of investment is on small and medium sized firms. For funds specialising in such countries and investment types, transactions, particularly those large in size, are likely to have a greater impact on the costs of running a fund than similar transactions in larger funds. Prospective investors should bear this in mind in selecting funds.

Issued by FIL Investment Services (UK) Limited (FCA registered number 121939) a firm authorised and regulated by the Financial Conduct Authority.

FIL Investment Services (UK) Limited is a member of the Fidelity International group of companies and is registered in England and Wales under the company number 2016555. The registered office of the company is Oakhill House, 130 Tonbridge Road, Hildenborough, Tonbridge, Kent TN11 9DZ, United Kingdom. FIL Investment Management Limited VAT group identification number is 395 3090 35.

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