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# LLOYDS INVESTMENT FUNDS LIMITED

## **Interim Report and Unaudited Financial Statements**

For the six month period ended 31 March 2016

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## Company Information

### Registered Office

PO Box 160, 25 New Street,  
St Helier,  
Jersey, JE4 8RG,  
Channel Islands.

### Principal Place of Business

PO Box 311, 11 - 12 Esplanade,  
St Helier,  
Jersey, JE4 8ZU,  
Channel Islands.

### Directors

c/o Registered Office  
R. D. Willcox (Chairman)  
I. M. J. Hardy  
B. C. James  
B. Lysiak

T. J. Herbert  
PO Box 87, 22 Grenville Street,  
St Helier,  
Jersey, JE4 8PX,  
Channel Islands.

### Manager and Registrar

Lloyds Investment Fund Managers Limited  
PO Box 160, 25 New Street,  
St Helier,  
Jersey, JE4 8RG,  
Channel Islands.

### Legal Advisers

Mourant Ozannes  
PO Box 87, 22 Grenville Street,  
St Helier,  
Jersey, JE4 8PX,  
Channel Islands.

### Investment Manager

Aberdeen Asset Investments Limited  
Bow Bells House,  
1 Bread Street,  
London, EC4M 9HH.

### Custodian

Capita Trust Company (Jersey) Limited  
PO Box 532, 12 Castle Street,  
St Helier,  
Jersey, JE2 3RT,  
Channel Islands.

### Secretary

Lloyds Corporate Services (Jersey) Limited  
PO Box 160, 25 New Street,  
St Helier,  
Jersey, JE4 8RG,  
Channel Islands.

### Independent Auditor

PricewaterhouseCoopers CI LLP  
37 Esplanade,  
St Helier,  
Jersey, JE1 4XA,  
Channel Islands.

### Paying Agent

Lloyds Bank International Limited  
PO Box 111,  
Peveiril Buildings, Peveiril Square,  
Douglas,  
Isle of Man, IM99 1JJ.

## Investment Objectives and Policy

Lloyds Investment Funds Limited ('the Company') is an open-ended investment company registered in Jersey with seven classes, each being an individual 'Fund'.

It is known as an 'Umbrella' Fund because it provides its shareholders with a variety of investment options under the umbrella of a single Company.

The overall objective of the Company is to provide investors with a managed investment designed to meet the specific objectives laid down for each Fund. The investment objectives and policy of each Fund is set out below.

### Euro High Income Fund

#### Objective

To maintain a high income through investment in a spread of fixed interest securities denominated predominately in euro.

#### Investment Policy

To support the payment of dividends above the level of short term euro interest rates. This policy will result in a gradual reduction in the capital value of the shares, except when bond prices generally are rising. The Fund will normally hold a relatively wide range of securities in order to keep a low level of exposure to individual bond issues other than government securities. The Fund may also hold a substantial part of its assets in bank deposits and money market instruments from time to time. The Fund is permitted to invest in securities denominated in currencies other than euro. The current policy of the Directors is that any such investments in non-euro denominated securities should be fully hedged against euro to eliminate the effects of any exchange rate movements.

### European Fund

#### Objective

To seek long term capital appreciation through investment in European securities.

#### Investment Policy

To be invested primarily in a diversified portfolio of European (excluding the United Kingdom) equities and from time to time in securities convertible into equities.

### High Income Fund

#### Objective

To seek a high income from a spread of fixed interest securities.

#### Investment Policy

To support the payment of dividends above the level of short term sterling interest rates. This policy will result in a gradual reduction in the capital value of the shares, except when bond prices generally are rising. The Fund will normally hold a relatively wide range of securities in order to keep a low level of exposure to individual bond issues other than government securities. The Fund may also hold a substantial part of its assets in bank deposits and money market instruments from time to time. The Fund is permitted to invest in securities denominated in currencies other than sterling. The current policy of the Directors is that any such investments in non-sterling denominated securities should be fully hedged against sterling to eliminate the effects of any exchange rate movements.

### International Fund

#### Objective

To seek long term capital appreciation through investment in securities world-wide.

#### Investment Policy

To be invested primarily in a diversified portfolio of international equities and from time to time in securities convertible into equities.

### North American Fund

#### Objective

To seek long term capital appreciation through investment in North American securities.

#### Investment Policy

To be invested primarily in a diversified portfolio of North American equities and from time to time in securities convertible into equities.

### Sterling Bond Fund

#### Objective

To provide a regular income from a managed portfolio of sterling fixed interest securities with a particular emphasis on those securities on which interest is paid gross to non-residents of the United Kingdom.

#### Investment Policy

The assets of the Fund are generally invested in a managed portfolio of sterling fixed interest securities which have been issued by governments, local authorities, public utilities and corporations. If it appears advisable to hold assets having a short term maturity, then the Fund may also place money on bank deposit (subject to certain limitations) or to purchase money market instruments.

Similarly, derivative instruments such as traded options and financial futures may be used to reduce risk.

### UK Fund

#### Objective

To seek long term capital appreciation through investment in United Kingdom securities.

#### Investment Policy

To be invested primarily in a diversified portfolio of United Kingdom equities and from time to time in securities convertible into equities.

### Financial risk

It should be remembered that the price of shares and the income from them can go down as well as up and is not guaranteed. Consequently, and particularly in the case of early encashment, you might not get back the amount originally invested. Dividends are not guaranteed and may fluctuate in money terms.

## Directors' Profiles

**Ross Davey Willcox (Chairman) – Head of International Products, Retail, Customer Products, Lloyds Banking Group.**

Joined the Lloyds Banking Group in 1977 and held a number of managerial positions in the UK and Internationally. Was appointed Managing Director of the Lloyds Investment Fund Managers Limited in 1999 and is currently Chairman/Director of the Jersey based Fund Management Company. Current responsibilities include the value proposition of all investment products for International Wealth. A qualified Banker, a Fellow of the Securities & Investment Institute and a Chartered Director.  
Aged 56.

**Ian Mark Jeremie Hardy – Senior Product Manager, International Products, Retail, Lloyds Banking Group.**

Joined the Lloyds Banking Group in 1981 and held a number of managerial positions before being appointed Managing Director of the Group's Guernsey based Fund Management Company in 1997 and a Director of the Company in 2000. Current responsibilities include provision of technical and regulatory advice on a range of investment products and services. Holder of an upper second class honours degree from the University of Aston in Birmingham in Business Administration and Transport Planning.  
Aged 57.

**Timothy Joseph Herbert – Consultant, Mourant Ozannes.**

Jersey born and educated. M.A. in jurisprudence Trinity College Oxford 1982. Member of Middle Temple. Joined Mourant du Feu & Jeune (now Mourant Ozannes) in May 1983. Sworn in as an advocate of the Royal Court, September 1985. Tim Herbert was a partner of Mourant Ozannes from 1987 to 2012. In July 2012 he stepped down from the partnership and is now retained by Mourant Ozannes as a consultant to the firm. He has extensive experience in corporate and commercial law and mutual funds advice. Holds other external directorships and also acts as Honorary Consul for Finland.  
Aged 57.

**Brian Charles James – Head of Investment Operations Jersey, Retail, Lloyds Banking Group.**

Joined the Lloyds Banking Group in 1988 and held a number of managerial positions primarily in Financial Control and Risk Management roles before being appointed as a Director of the Jersey based Fund Management Company and as a Director of the Company in 1999. Current responsibilities include leading a team of specialists delivering operational support for a range of offshore investment products and services. A Chartered Director.  
Aged 54.

**Bronislaw Lysiak – Senior Manager Intermediary Sales, International Private Banking, Lloyds Banking Group.**

Joined the Lloyds Banking Group in 1993 and has held a number of managerial positions within a regulated personal customer environment. Current responsibilities are for sales and distribution of investment products to regulated intermediaries and institutions. Holder of an Advanced Financial Planning Certificate in Taxation, Trust and Investment Planning and Higher National Diploma in Business and Finance.  
Aged 51.

## Report of the Directors

The Directors have pleasure in submitting their Interim Report together with the Unaudited Financial Statements for the six month period ended 31 March 2016. The Company is domiciled and incorporated as a limited liability company in Jersey, Channel Islands, United Kingdom under the Companies (Jersey) Law 1991 and is listed on the Channel Islands Securities Exchange Authority and the Malta Stock Exchange. Full details of the Company are stated on pages 2 to 6.

### Results

The results for the period are set out in the financial statements on pages 12 to 75.

### Distributions

Distributions for the period are detailed in Note 5 to the financial statements.

### Directors

The Directors of the company who were in office during the period and up to the date of signing the financial statements were:

Mr I.M.J. Hardy (appointed 8 May 2000)  
 Mr T.J. Herbert (appointed 11 February 2005)  
 Mr B.C. James (appointed 12 March 1997)  
 Mr B. Lysiak (appointed 5 June 2014)  
 Mr R.D. Willcox (appointed 31 July 1998)

As at 31 March 2016, the Shares held in the Company by the Directors were as follows:

Mr I. M. J. Hardy	Shares
International Fund	4,441.80

No Director has a service contract with the Company and no Director is, or was, materially interested in any service or other contract entered into by the Company.

Mr T.J. Herbert is a consultant to Mourant Ozannes, who are the Jersey legal advisers to the Company and the Manager. Mourant Ozannes receives fees in connection with advising the Company and the Manager. These are disclosed in Note 10.

Mr B.C. James, Mr I.M.J. Hardy and Mr R.D. Willcox (Chairman) are Directors of Lloyds Investment Fund Managers Limited (the 'Manager') which has a management contract with the Company. Fees earned by the Manager are disclosed in these financial statements in note 9.

### Investment Activities

The Report of the Investment Manager is set out on pages 7 to 10.

### Independent Auditor

PricewaterhouseCoopers CI LLP were re-appointed as Independent Auditor at the Annual General Meeting held on 16 March 2016 and have indicated their willingness to remain in office.

### Prospectus

Copies of the Prospectus are available, free of charge, on application to the Manager. Alternatively they can be accessed on our website at <http://international.lloydsbank.com/international-investments/funds/>

### Management and Administration Providers

The names and addresses of management and administration providers are stated on page 2.

### Comparatives Tables

The Distribution Tables, Performance Records and Net Asset Value per Share tables are stated on pages 76 to 81.

### Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS). The Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company for that period and are in accordance with applicable laws. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991 and the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended).

They are also responsible for the safeguarding of the assets of the Company which includes the appointment of a duly qualified Custodian. The Directors must also ensure that they or their duly appointed agents take reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

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

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware, and each Director has taken all the steps that he ought to have taken as Director, in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

## Report of the Directors (continued)

### Market Conditions

Assets held within the Funds can be affected by market conditions and this may affect the share price of those Funds. The Directors would like to remind shareholders that investment in the Funds should be considered as a long term commitment, as the price of shares may rise and fall in the short term in response to changing market conditions.

### Information Exchange

Jersey has entered into a number of information exchange agreements with the authorities of other jurisdictions. These include requirements set out under The European Union Savings Tax Directive (EUSD), Foreign Account Tax Compliance Act (FATCA) in the United States of America and UK Crown Dependencies Inter Governmental Agreements.

Shareholders should be aware that information on their investment may be shared with the relevant authorities, and may be passed to the tax authorities in their country of residence, citizenship or residence for tax purposes. For the avoidance of doubt this information may include (but not be limited to) details of shareholder names, addresses, unique identifiers (such as tax or national insurance numbers), amount of investment, redemption or sale proceeds and dividend payments.

### Financial Risk Management

The Directors have taken into consideration the financial risk management of the Company, this has been disclosed in Note 19 of the financial statements.

### Reporting Funds Regime

HM Revenue & Customs has accepted the entry of the Company into the Reporting Funds Regime with effect from 1 October 2010 for the purposes of regulation 51 of the Offshore Funds (Tax) Regulations 2009.

### General Information

The Company is an open-ended investment Company with variable capital and shareholders are not liable for the debts of the Company.

The Company holds a certificate as a recognized Securities Fund under the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended), and holds a permit under Article 7 of the Collective Investment Funds (Jersey) Law, 1988.

The Company is listed on the Channel Islands Securities Exchange Authority (the "CISEA") and the Malta Stock Exchange.

The market value per Share of the assets of each Fund was as follows:

#### Sterling Denominated Strategies

	31 March 2016 (pence)	1 October 2015 (pence)
European Fund	770.20	716.60xd
High Income Fund	86.13	85.60xd
International Fund	417.90	380.90xd
North American Fund	1,637.00	1,479.00xd
Sterling Bond Fund	147.40	144.80xd
UK Fund	646.50	642.90xd

#### Euro Denominated Strategies

	(Euro cents)	(Euro cents)
Euro High Income Fund	163.80	158.90xd

The latest prices can be viewed on our website.

<http://international.lloydsbank.com/international-investments/funds/prices/>

### Website

The Directors have selected Lloyds Bank International Limited's website as the host website for the Company's financial statements and believe this selection to be a reasonable one; the work carried out by the Auditors does not involve consideration of these matters and, accordingly, the Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Information published on the internet is accessible in many countries. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board  
Lloyds Corporate Services (Jersey) Limited  
Secretary

13 May 2016



## Report of the Investment Manager

### Euro High Income Fund

#### Performance

The Fund produced a return of 4.70% over the period ended 31st March 2016, compared to a return of 5.44% in the iBOXX Euro Corporates 5 years + index.

#### Background and Strategy

During the first three months of the review period, corporate bonds outperformed government bonds as risk premiums (spreads) fell. The Federal Reserve acted on policy rates moving the target for funds up by 25 basis points in December.

Bonds issued by companies with exposure to commodity prices were among the worst performers, while those issued by banks and insurers performed well, reflecting a significant improvement in credit fundamentals. These market moves benefitted the fund.

Moving into 2016, risk assets had a very poor January as global markets started the year in panic mode. Fears over a faltering Chinese economy, general emerging markets weakness and the collapse in oil price were triggers for wider risk aversion. European investment grade credit was not immune to the sell-off, although it was relatively resilient compared to equities and emerging markets linked assets.

February was very volatile month for European investment grade credit. Euro denominated bond spreads widened sharply in the first half of the month before rebounding strongly. Supportive central bank comments together with a halt in the fall of oil appeared to be the catalysts for the shift in sentiment. However sterling spreads materially underperformed, failing to retrace in the second half of the month as fears around Brexit kept them elevated.

Further monetary easing from the European Central Bank (ECB) and in particular the surprise announcement that non-financial investment grade corporate bonds would be purchased by the central bank contributed to a sharp contraction in credit spreads in March. Spreads were further supported by a modest bounce in commodity prices.

Despite the difficult environment for credit in the early part of 2016, the Fund's total return was strong due to a sharp fall of underlying government bond yields. For example, 10-year German bunds yields fell between from 0.63% on 31 December to 0.15% on 31 March.

#### Outlook

Looking ahead, we anticipate that the support for credit following the ECB announcement is likely to continue over the second quarter up to its implementation in late June. However, this might well be balanced by a rise in market risk aversion as the British referendum on the EU draws closer. Also, after the sell-off in both spreads and yields in the middle of 2015, it has been accepted market wisdom that; "buy the rumour, sell the fact" was the winning strategy with regards to European QE. This will pose an interesting challenge for the second half of the year in which overall credit strategy will have to be monitored closely.

### European Fund

#### Performance

The Fund produced a return of 9.84% over the period ended 31st March 2016, compared to a median return of 6.69% in the Lipper Hindsight European excluding UK Equity sector and 6.92% in the FTSE Europe ex UK index.

#### Background and Strategy

European equities rose during the half-year under review. Investors were spooked by the sell-off in Chinese equities and the continued fall in the oil price. Sentiment was dampened further by worries over the health of the global economy and lingering geopolitical worries from the terror attacks in Paris and Brussels. Mitigating the declines were the US Federal Reserve's well-telegraphed interest-rate normalisation and its subsequent measured approach to future interest rate hikes, as well as the European Central Bank's bolder-than-expected package of fresh stimulus that included cutting interest rates further into negative territory, extending its bond-buying and providing cheap short-term loans to banks.

On the economic front, deflationary pressures worsened, while both manufacturing and services PMIs slipped in February to their lowest in a year, along with sagging economic and investor confidence. Conversely, unemployment in January stood at its lowest level since 2011; industrial output rebounded at its fastest monthly pace in six years, and fourth-quarter wages accelerated.

At the stock level, the following contributed to relative return:

Schindler performed well, driven by encouraging results as it continued to make good progress operationally.

Syngenta's share price was buoyed by an improving outlook and on the back of merger-and-acquisition speculation.

Temenos' shares held up well against the market following third-quarter results that exceeded expectations, along with a positive outlook for 2016 that was backed by new client wins.

In contrast, the following detracted from performance:

Vienna Insurance continued to face headwinds from the low interest-rate environment and competitive pressures in several markets.

Linde's share price was affected after the company lowered its mid-term forecast on the back of an increasingly cautious outlook.

Not owning Siemens detracted from relative performance as it reported encouraging progress with its restructuring plans.

## Report of the Investment Manager (continued)

### European (continued)

#### Outlook

Stock markets in Europe are likely to remain under pressure from persistent global headwinds. In particular, investors fear that central banks in both the Continent and elsewhere have been compelled to impose negative interest rates because of the lack of viable alternatives and have run out of policy tools to boost economic growth. Notably, the Fed's unexpectedly dovish stance has sent the US dollar tumbling, and in relative terms resulted in a stronger euro, which is bad news for exporters.

That said we believe our invested companies will remain steadfast amid these headwinds, given their robust balance sheets, resilient businesses, and experienced management.

### High Income Fund

#### Performance

The Fund produced a return of 3.49% over the period ended 31st March 2016, compared to a peer group median return of 2.93% and 3.96% in the iBoxx Non Gilt ex Sovereign All Maturities index.

#### Background and Strategy

Corporate bonds outperformed government bonds in the first three months of the review period. The Federal Reserve finally acted on policy rates moving the target for funds up by 25 basis points in December. This action was widely anticipated by financial markets. However, some volatility returned at the end of 2015, as investors became cautious about the outlook for the year ahead.

That volatility continued into the New Year, which began with a very negative tone and some significant re-pricing of corporate bonds. Credit spreads across all sectors moved materially wider as slower global growth, and greater risk of some stress in the financial sector, was priced in. That weakness continued into February. While developed market government bonds were the safe haven, driving up prices and causing government bond yields to fall materially, credit spreads continued to widen and overall returns were negative both in January and February. In contrast credit markets received a significant boost from European Central Bank (ECB) actions in March. The introduction of further monetary easing and new measures, including a corporate bond buying programme, had a very positive impact causing credit spreads in the sterling market to tighten significantly.

During the final three months of 2015, bonds issued by companies with exposure to commodity prices were among the worst performers. Those issued by banks and insurers performed well, reflecting a significant improvement in credit fundamentals. However, in the first three months of 2016, bonds issued by financial institutions underperformed as disappointing earnings from a number of European banks hampered sentiment.

#### Outlook

As markets recovered following the ECB's March meeting, financials lagged the recovery. Nevertheless, despite the recent underperformance, financials remain favoured relative to non-financials on both fundamental and valuation grounds.

Throughout the review period, the Fund was long of credit risk on the grounds that credit spreads offer compelling value. A short duration position relative to the benchmark reflects the low level of government bond yields, and a view that in the medium term UK yields will be moving higher.

Throughout the review period, the Fund was long of credit risk on the grounds that credit spreads offer compelling value. A short duration position relative to the benchmark reflects the low level of government bond yields, and a view that in the medium term UK yields will be moving higher.

## Report of the Investment Manager (continued)

### International Fund

#### Performance

The Fund produced a return of 12.82% over the period ended 31 March 2016, compared to a median return of 9.48% in the Lipper Hindsight Global Equity sector and a 11.10% sterling return by the MSCI World index. Positive stock selection outweighed negative asset allocation.

#### Background and Strategy

Global equities rose during the six months under review. Initially, markets faced intense volatility, brought on partly by uncertainty over the timing of monetary policy normalization in the US. The Federal Reserve finally raised interest rates by 25 basis points in December amid a more upbeat employment outlook. Markets were also spooked by China's policy gaffes, Yuan volatility and a stuttering economy which triggered a sell-off in A-shares. This coincided with a low-point in the ongoing commodities rout that saw oil tumble to under US\$30 a barrel. Sentiment picked up dramatically soon after. Japan and parts of Europe unexpectedly imposed negative interest rates to combat low inflation and boost spending, while the European Central Bank introduced a bolder-than-expected package of fresh stimulus. The Fed lowered expectations for the number of rate hikes this year from four down to two, amid growing caution over the fragile global recovery and deflationary pressures. The change in tone resulted in US dollar weakness, which provided relief to commodities and commodity-related emerging markets such as Brazil.

Banco Bradesco was a key contributor to performance, as it rallied on the back of speculation about Brazilian president Dilma Rousseff's possible impeachment. In addition, its results were boosted by higher interest income and improved efficiency. Its asset quality remains good, although bad-debt provisions have increased on the back of worsening loan delinquency.

Japan Tobacco rose on news that it is seeking government approval to raise cigarette prices, which could boost operating profits. This would be the first time since its 1985 IPO that the company is hiking prices when taxes haven't changed.

Taiwan Semiconductor also lifted returns, as its fourth-quarter results reached the higher end of management's forecast, supported by robust demand in the communications and computing sectors. The company expects revenue growth of 5-10% this year and better profits, driven by growing demand and foreign-exchange gains.

Conversely, Swiss drug maker Novartis has been weak in tandem with the wider healthcare sector. Its share price was hamstrung by its weaker-than-expected results in February, particularly with regard to its eye-care division. We remain comfortable with its business prospects and have been selectively adding on recent weakness. Standard Chartered continued to be weighed down by higher provisions, a slowing Chinese economy and global growth concerns. This was compounded by the uncertainty created by the Bank of Japan's imposition of negative interest rates in its latest attempt to boost spending. Despite these uncertainties, the lender has continued to strengthen its capital position by reducing exposure to riskier assets and streamlining its balance sheet, supported by

focused, competent and professional management.

Elsewhere, telecommunications company MTN Group's shares came under pressure after it was fined US\$3.9 billion (reduced from US\$5.2 billion) by the Nigerian regulator, for failing to disconnect unregistered SIM cards. MTN is engaging with authorities regarding this issue.

#### Outlook

We remain mindful of slowing global growth and uncertainty over policy-making, particularly in the US where dollar strength weighs on corporate profitability.

A risk of acceleration in China's slowdown, or of a poor policy response to prevent it, will be key factors in determining this outcome.

Despite such an unstable environment, our portfolio continues to reflect the strategy of diversification as we look for businesses that boast relatively unique attributes.

Our main focus remains quality; however, valuation also plays a role and we are mindful that patience is often required to avoid the risk of over-paying.

## Report of the Investment Manager (continued)

### North American Fund

#### Performance

The Fund produced a return of 14.13% over the period ended 31st March 2016, compared to a median return of 10.56% in the Lipper Hindsight North American Equity sector and 14.33% in the S&P 500 sterling index.

#### Background and Strategy

US equities recorded robust gains for the six-month period ended 31 March 2016, with the broader-market S&P 500 Index up 14.33% (in sterling terms). The relatively defensive and higher dividend-paying telecommunication services and utilities sectors were the strongest performers for the period, while financials and healthcare, though garnering positive returns, were the primary market laggards.

As widely expected, the US Federal Reserve (Fed) raised its benchmark interest rate by 0.25% in mid-December 2015, and then subsequently left it unchanged following its meetings in January and March 2016. The minutes from the March session had a dovish tone, appearing to diminish the likelihood of an interest rate hike in the near term. Fourth-quarter US GDP growth came in at 1.4%, down from the 2.0% rate in the third quarter due mainly to declines in non-residential fixed investment, offsetting a decrease in imports.

Stock selection in the information technology and materials sectors weighed on Fund performance for the review period. The primary detractor among individual holdings was American Express. The diversified financial services company saw lower business volumes and net interest margins over the period, which offset strength in its international operations.

While marketing and loyalty solutions services provider Alliance Data Systems posted generally positive fourth-quarter 2015 results, management tempered its business outlook for 2016 mainly on macroeconomic weakness and ongoing headwinds from the strong US dollar.

Fund performance was bolstered mainly by stock selection in the healthcare and energy sectors.

The most notable contributors were the holding in diversified healthcare company Baxter International, as well as the lack of exposure to Apple. Baxter International's quarterly results over the period benefited from healthy revenue growth in its hospital products segment and international business. We acknowledge Apple's innovations; nonetheless, we historically have had issues with the lack of visibility into its business and its high dependence on a single product.

#### Outlook

Markets have been quite volatile in recent months and we suspect that, despite the recent rebound, continued volatility should be expected in coming quarters as confusing commentary from central banks will keep shorter-term investors guessing. The fairly public face-off between Fed Chair Janet Yellen and several of the Fed governors might make for fairly interesting financial journalism during the rest of this election year.

All things considered, we think that this is a fine environment for us as equity investors, and by taking a long-term view of how

companies will behave sometimes requires a sense check in the form of setbacks such as temporary market turmoil or slowdowns in activity that occur "just because."

This allows us to test our thesis about how portfolios behave in those situations and opens our minds to new opportunities and risks within the Fund's holdings.

We still see the interest-rate and central bank messaging story as important to equity market sentiment, but we believe that company fundamentals will continue to shine through the noise.

Therefore, we will look to initiate holdings that in our view have strong company-specific fundamentals and not because we are suddenly making macroeconomic calls.

### Sterling Bond Fund

#### Performance

The Fund produced a return of 3.42% over the period ended 31st March 2016, compared to a peer group median return of 2.93% and 3.96% in the iBoxx Non Gilt ex Sovereign All Maturities Index.

#### Background and Strategy

Corporate bonds outperformed government bonds in the first three months of the review period. The Federal Reserve finally acted on policy rates moving the target for funds up by 25 basis points in December. This action was widely anticipated by financial markets. However, some volatility returned at the end of 2015, as investors became cautious about the outlook for the year ahead.

That volatility continued into the New Year, which began with a very negative tone and some significant re-pricing of corporate bonds. Credit spreads across all sectors moved materially wider as slower global growth, and greater risk of some stress in the financial sector, was priced in. That weakness continued into February. While developed market government bonds were the safe haven, driving up prices and causing government bond yields to fall materially, credit spreads continued to widen and overall returns were negative both in January and February. In contrast credit markets received a significant boost from European Central Bank (ECB) actions in March. The introduction of further monetary easing and new measures, including a corporate bond buying programme, had a very positive impact causing credit spreads in the sterling market to tighten significantly.

During the final three months of 2015, bonds issued by companies with exposure to commodity prices were among the worst performers. Those issued by banks and insurers performed well, reflecting a significant improvement in credit fundamentals. However, in the first three months of 2016, bonds issued by financial institutions underperformed as disappointing earnings from a number of European banks hampered sentiment.

## Report of the Investment Manager (continued)

### Sterling Bond Fund (continued)

#### Outlook

As markets recovered following the ECB's March meeting, financials lagged the recovery. Nevertheless, despite the recent underperformance, financials remain favoured relative to non-financials on both fundamental and valuation grounds.

We continue to favour subordinated bank paper issued by banks in stronger jurisdictions such as the UK where banks such as RBS and Lloyds Banking Group have addressed their balance sheet issues with a degree of success over recent years.

Throughout the review period, the Fund was long of credit risk on the grounds that credit spreads offer compelling value.

### UK Fund

#### Performance

The Fund produced a return of 4.10% over the period ended 31st March 2016, compared to a median return of 2.21% in the Lipper Hindsight UK Offshore Funds sector and 3.52% in the FTSE All Share index.

#### Background and Strategy

UK equities rose in the half-year under review. Investors were spooked by the sell-off in Chinese equities and the continued fall in the oil price. Sentiment was dampened further by worries over the health of the global economy and the UK's upcoming referendum on Brexit. Mitigating the declines were the US Federal Reserve's well-telegraphed interest-rate normalisation and its subsequent measured approach to future interest rate hikes, as well as the European Central Bank's bolder-than-expected package of fresh stimulus that included cutting interest rates further into negative territory, extending its bond-buying and providing cheap short-term loans to banks.

On the economic front, domestic data showed a rebound in industrial activity in January, while consumer confidence and unemployment were both stable in March. Conversely, cold weather caused a dip in February retail sales, while the services sector expanded at its slowest in three years. The 2016 budget saw a hike in income tax thresholds at the top end, a cut in corporate and business taxes, while a new levy on sugary drinks should raise £520 million in revenue.

Meanwhile, the Bank of England held interest rates and its asset purchase programme unchanged ahead of the European Union membership referendum.

At the Portfolio level, the following contributed to relative return:

A lack of exposure to Barclays benefited the Fund as the lender suffered with the wider banking sector as global economic growth remained weak. The bank is also expected to face higher costs in 2016 and had lowered its target for returns-on-equity.

Sage benefited the Fund as it continued to improve on its growth rates, with positive performance from newer products and ongoing growth in subscriptions.

Spirax Sarco continued to post solid results over the period, highlighting its robust market-leading positions that offset

somewhat challenging conditions in its end markets.

In contrast, the following detracted from performance:

Pearson's shares suffered after facing pressure in its US higher education courseware and textbook publishing in South Africa businesses.

Standard Chartered's share price was dampened by faltering growth in its key Asian markets, causing credit quality to weaken.

Aveva's share price fell after a proposed deal with Schneider Electric was abandoned.

#### Outlook

Stock markets are likely to remain under pressure from persistent global headwinds. In particular, investors fear that major central banks across the world have been compelled to impose negative interest rates because of the lack of viable alternatives and have run out of policy tools to boost economic growth.

That said we believe our invested companies will remain steadfast amid these headwinds, given their robust balance sheets, resilient businesses, and experienced management.

Aberdeen Assets Investments Limited

13 May 2016

## Statements of Financial Position

As at 31 March 2016

	Notes	Company	Euro High Income Fund	European Fund
		£	€	£
<b>Assets</b>				
Cash and cash equivalents		6,606,356	399,604	480,045
Creations receivable		78,875	—	4,236
Investment sales receivable		518,793	—	—
Financial assets at fair value through profit or loss		364,471,010	15,079,667	12,597,078
Other accrued income and other debtors	4	8,182,118	198,088	—
<b>Total Assets</b>		<b>379,857,152</b>	<b>15,677,359</b>	<b>13,081,359</b>
<b>Equity</b>				
Ordinary share capital		1,000	—	—
<b>Total Equity</b>		<b>1,000</b>	<b>—</b>	<b>—</b>
Cancellation payable		7,792	9,828	—
Investment purchases payable		568,821	—	—
Distribution payable	5	1,566,339	114,593	—
Accrued expenses and other creditors	6	512,024	23,559	34,377
Nominal shares	14	1,150,288	—	—
<b>Total Liabilities*</b>		<b>3,805,264</b>	<b>147,980</b>	<b>34,377</b>
Net assets attributable to holders of participating redeemable preference shares	17	376,050,888	15,529,379	13,046,982
<b>Total Liabilities and Equity</b>		<b>379,857,152</b>	<b>15,677,359</b>	<b>13,081,359</b>

\* Excluding net assets attributable to holders of participating redeemable preference shares

The financial statements on pages 12 to 73 were approved by the Board of Directors on 13 May 2016 and are signed on their behalf by:

R. D. Willcox  
 B. C. James } Directors

The notes on pages 49 to 74 form an integral part of these financial statements.

## Statements of Financial Position

As at 31 March 2016

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
<b>Assets</b>					
Cash and cash equivalents	4,009,631	237,503	112,596	1,117,961	331,788
Creations receivable	53,487	5,853	8,194	—	7,105
Investment sales receivable	518,793	—	—	—	—
Financial assets at fair value through profit or loss	269,286,329	19,077,861	9,356,396	27,598,075	14,599,143
Other accrued income and other debtors	6,128,096	67,831	10,616	580,976	86,254
<b>Total Assets</b>	<b>279,996,336</b>	<b>19,389,048</b>	<b>9,487,802</b>	<b>29,297,012</b>	<b>15,024,290</b>
<b>Equity</b>					
Ordinary share capital	—	—	—	—	—
<b>Total Equity</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Cancellation payable	—	—	—	—	—
Investment purchases payable	515,637	—	—	—	53,184
Distribution payable	1,198,083	—	—	277,399	—
Accrued expenses and other creditors	303,979	53,882	27,015	35,057	39,034
Nominal shares	—	—	—	—	—
<b>Total Liabilities*</b>	<b>2,017,699</b>	<b>53,882</b>	<b>27,015</b>	<b>312,456</b>	<b>92,218</b>
Net assets attributable to holders of participating redeemable preference shares	277,978,637	19,335,166	9,460,787	28,984,556	14,932,072
<b>Total Liabilities and Equity</b>	<b>279,996,336</b>	<b>19,389,048</b>	<b>9,487,802</b>	<b>29,297,012</b>	<b>15,024,290</b>

\* Excluding net assets attributable to holders of participating redeemable preference shares

## Statements of Financial Position (continued)

As at 30 September 2015

	Notes	Company	Euro High Income Fund	European Fund
		£	€	£
<b>Assets</b>				
Cash and cash equivalents		4,628,831	695,455	172,481
Creations receivable		21,188	—	6,370
Investment sales receivable		345,632	102,028	—
Financial assets at fair value through profit or loss		370,336,365	14,030,693	11,937,617
Other accrued income and other debtors	4	7,982,552	218,566	—
<b>Total Assets</b>		<b>383,314,568</b>	<b>15,046,742</b>	<b>12,116,468</b>
<b>Equity</b>				
Ordinary share capital		1,000	—	—
<b>Total Equity</b>		<b>1,000</b>	<b>—</b>	<b>—</b>
Cancellation payable		227,220	—	—
Investment purchases payable		722,885	—	—
Distribution payable	5	1,795,564	108,025	—
Accrued expenses and other creditors	6	606,815	29,877	36,839
Nominal shares	14	1,053,019	—	—
<b>Total Liabilities*</b>		<b>4,405,503</b>	<b>137,902</b>	<b>36,839</b>
Net assets attributable to holders of participating redeemable preference shares	17	378,908,065	14,908,840	12,079,629
<b>Total Liabilities and Equity</b>		<b>383,314,568</b>	<b>15,046,742</b>	<b>12,116,468</b>

\* Excluding net assets attributable to holders of participating redeemable preference shares



## Statements of Financial Position (continued)

As at 30 September 2015

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
<b>Assets</b>					
Cash and cash equivalents	2,453,088	90,996	78,928	511,489	809,355
Creations receivable	—	6,542	—	—	8,276
Investment sales receivable	176,082	—	—	94,364	—
Financial assets at fair value through profit or loss	277,989,695	18,235,186	8,544,573	29,215,074	14,074,725
Other accrued income and other debtors	6,110,661	28,047	7,888	605,122	15,751
<b>Total Assets</b>	<b>286,729,526</b>	<b>18,360,771</b>	<b>8,631,389</b>	<b>30,426,049</b>	<b>14,908,107</b>
<b>Equity</b>					
Ordinary share capital	—	—	—	—	—
<b>Total Equity</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
Cancellation payable	219,845	—	—	6,420	955
Investment purchases payable	—	—	—	648,105	74,780
Distribution payable	1,248,508	—	—	264,418	203,033
Accrued expenses and other creditors	382,011	52,865	27,315	43,039	42,730
Nominal shares	—	—	—	—	—
<b>Total Liabilities*</b>	<b>1,850,364</b>	<b>52,865</b>	<b>27,315</b>	<b>961,982</b>	<b>321,498</b>
Net assets attributable to holders of participating redeemable preference shares	284,879,162	18,307,906	8,604,074	29,464,067	14,586,609
<b>Total Liabilities and Equity</b>	<b>286,729,526</b>	<b>18,360,771</b>	<b>8,631,389</b>	<b>30,426,049</b>	<b>14,908,107</b>

\* Excluding net assets attributable to holders of participating redeemable preference shares

## Statement of Comprehensive Income

For the six month period ended 31 March 2016

	Notes	Company	Euro High Income Fund	European Fund
		£	€	£
<b>Operating Profit</b>				
Net gains on financial assets at fair value through profit or loss	7	7,161,208	407,876	1,168,507
Investment income		8,811,897	280,382	121,467
Other income	8	15,897	263	218
Total operating expenses	9	(2,201,697)	(94,747)	(124,798)
Operating profit		13,787,305	593,774	1,165,394
<b>Finance Costs</b>				
Distributions to holders of participating redeemable preference shares	5	(8,028,521)	(230,987)	—
Total finance costs		(8,028,521)	(230,987)	—
Profit before tax		5,758,784	362,787	1,165,394
Withholding tax on dividends and other investment income	18	(107,087)	—	(34,124)
Increase in net assets attributable to holders of participating redeemable preference shares from operations		5,651,697	362,787	1,131,270

For the six month period ended 31 March 2015

	Notes	Company	Euro High Income Fund	European Fund
		£	€	£
<b>Operating Profit</b>				
Net gains / (losses) on financial assets at fair value through profit or loss	7	19,353,097	(815,681)	1,393,282
Investment income		10,241,080	1,499,648	119,802
Other income	8	4,123	—	151
Total operating expenses	9	(2,455,689)	(95,339)	(141,077)
Operating profit		27,142,611	588,628	1,372,158
<b>Finance Costs</b>				
Distributions to holders of participating redeemable preference shares	5	(9,038,363)	(266,342)	—
Total finance costs		(9,038,363)	(266,342)	—
Profit before tax		18,104,248	322,286	1,372,158
Withholding tax on dividends and other investment income	18	(120,637)	(910)	(32,133)
Increase in net assets attributable to holders of participating redeemable preference shares from operations		17,983,611	321,376	1,340,025

The notes on pages 49 to 74 form an integral part of these financial statements

## Statement of Comprehensive Income

For the six month period ended 31 March 2016

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
<b>Operating Profit</b>					
Net gains on financial assets at fair value through profit or loss	2,365,404	1,824,184	917,320	296,819	284,400
Investment income	7,248,434	253,524	97,005	675,678	206,418
Other income	8,912	782	1	3,917	1,872
Total operating expenses	(1,421,246)	(187,097)	(90,547)	(158,191)	(149,066)
Operating profit	8,201,504	1,891,393	923,779	818,223	343,264
<b>Finance Costs</b>					
Distributions to holders of participating redeemable preference shares	(7,312,326)	—	—	(539,553)	—
Total finance costs	(7,312,326)	—	—	(539,553)	—
Profit before tax	889,178	1,891,393	923,779	278,670	343,624
Withholding tax on dividends and other investment income	—	(45,031)	(26,608)	—	(1,324)
Increase in net assets attributable to holders of participating redeemable preference shares from operations	889,178	1,846,362	897,171	278,670	342,300

For the six month period ended 31 March 2015

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
<b>Operating Profit</b>					
Net gains / (losses) on financial assets at fair value through profit or loss	14,533,314	890,830	1,250,262	1,178,571	725,352
Investment income	7,777,932	309,710	108,930	548,869	238,684
Other income	3,348	44	32	147	401
Total operating expenses	(1,619,331)	(228,114)	(98,888)	(131,307)	(164,677)
Operating profit	20,695,263	972,470	1,260,336	1,596,280	799,760
<b>Finance Costs</b>					
Distributions to holders of participating redeemable preference shares	(8,410,735)	—	—	(427,394)	—
Total finance costs	(8,410,735)	—	—	(427,394)	—
Profit before tax	12,284,528	972,470	1,260,336	1,168,886	799,760
Withholding tax on dividends and other investment income	—	(49,194)	(29,974)	—	(8,646)
Increase in net assets attributable to holders of participating redeemable preference shares from operations	12,284,528	923,276	1,230,362	1,168,886	791,114

The notes on pages 49 to 74 form an integral part of these financial statements

## Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the six month period ended 31 March 2016

	Company	Euro High Income Fund	European Fund
	£	€	£
Net assets attributable to holders of participating redeemable preference shares as at 1 October 2015	378,908,065	14,908,840	12,079,629
Creation of participating redeemable preference shares	6,382,292	986,144	415,805
Redemption of participating redeemable preference shares	(15,746,126)	(728,392)	(579,721)
Net (decrease)/increase from share transactions	(9,363,834)	257,752	(163,916)
Increase in net assets attributable to holders of participating redeemable preference shares from operations	5,651,697	362,787	1,131,270
Movement in currency translation	854,960	—	—
Net assets attributable to holders of participating redeemable preference shares as at 31 March 2016	376,050,888	15,529,379	13,046,982

For the six month period ended 31 March 2015

	Company	Euro High Income Fund	European Fund
	£	€	£
Net assets attributable to holders of participating redeemable preference shares as at 1 October 2014	414,771,626	14,281,016	14,196,527
Creation of participating redeemable preference shares	9,724,992	2,346,281	84,500
Redemption of participating redeemable preference shares	(21,468,526)	(744,152)	(1,356,073)
Net (decrease)/increase from share transactions	(11,743,534)	1,602,129	(1,271,573)
Increase / (decrease) in net assets attributable to holders of participating redeemable preference shares from operations	17,983,611	321,376	1,340,025
Movement in currency translation	(808,736)	—	—
Net assets attributable to holders of participating redeemable preference shares as at 31 March 2015	420,202,967	16,204,521	14,264,979

The notes on pages 49 to 74 form an integral part of these financial statements

## Statement of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares

For the six month period ended 31 March 2016

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
Net assets attributable to holders of participating redeemable preference shares as at 1 October 2015	284,879,162	18,307,906	8,604,074	29,464,067	14,586,609
Creation of participating redeemable preference shares issued	3,431,224	47,077	168,527	1,044,936	492,845
Redemption of participating redeemable preference shares	(11,220,927)	(866,179)	(208,985)	(1,803,117)	(489,682)
Net (decrease)/increase from share transactions	(7,789,703)	(819,102)	(40,458)	(758,181)	3,163
Increase in net assets attributable to holders of participating redeemable preference shares from operations	889,178	1,846,362	897,171	278,670	342,300
Movement in currency translation	—	—	—	—	—
Net assets attributable to holders of participating redeemable preference shares as at 31 March 2016	277,978,637	19,335,166	9,460,787	28,984,556	14,932,072

For the six month period ended 31 March 2015

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
Net assets attributable to holders of participating redeemable preference shares as at 1 October 2014	316,214,234	24,279,013	9,329,332	22,429,857	17,194,744
Creation of participating redeemable preference shares	6,251,941	322,155	335,658	530,776	502,468
Redemption of participating redeemable preference shares	(13,430,712)	(2,548,955)	(925,921)	(890,287)	(1,778,196)
Net (decrease)/increase from share transactions	(7,178,771)	(2,226,800)	(590,263)	(359,511)	(1,275,728)
Increase / (decrease) in net assets attributable to holders of participating redeemable preference shares from operations	12,284,528	923,276	1,230,362	1,168,886	791,114
Movement in currency translation	—	—	—	—	—
Net assets attributable to holders of participating redeemable preference shares as at 31 March 2015	321,319,994	22,975,486	9,969,431	23,239,231	16,710,130

## Cash Flow Statement

For the six month period ended 31 March 2016

	Company	Euro High Income Fund	European Fund
	£	€	£
<b>Cash flows from operating activities</b>			
Purchases of financial assets and settlement of financial liabilities	(43,563,764)	(4,164,505)	(807,311)
Receipts from sale of investments	56,881,057	3,659,885	1,312,252
Investment income received	8,851,245	266,424	87,343
Bank interest received	15,897	263	218
Interest paid	(237)	(157)	(6)
Operating expenses paid	(2,297,630)	(100,908)	(127,254)
Net cash inflow/(outflow) from operating activities	19,886,568	(338,998)	465,242
<b>Cash flows from financing activities</b>			
Distributions paid to holders of participating redeemable preference shares issued	(8,259,936)	(224,418)	—
Proceeds received from issue of participating redeemable preference shares	6,279,116	986,141	417,938
Payments on redemption of participating redeemable preference shares	(15,932,414)	(718,563)	(579,722)
Tax	—	—	—
Net cash inflow / (outflow) from financing activities	17,913,234	43,160	(161,784)
Net increase/(decrease) in cash and cash equivalents	1,973,334	(295,838)	303,458
Cash and cash equivalents as at 1 October 2015	4,628,831	695,455	172,481
Exchange (losses)/gains on cash and cash equivalents	(21,068)	(13)	4,106
Movement in currency translation	25,259	—	—
Cash and cash equivalents as at 31 March 2016	6,606,356	399,604	480,045

The notes on pages 49 to 74 form an integral part of these financial statements.

## Cash Flow Statement

For the six month period ended 31 March 2016

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
<b>Cash flows from operating activities</b>					
Purchases of financial assets and settlement of financial liabilities	(27,357,696)	(2,581,482)	(1,260,310)	(6,230,792)	(2,216,401)
Receipts from sale of investments	38,365,226	3,589,132	1,365,502	7,561,879	1,954,109
Investment income received	7,465,168	168,709	67,669	728,818	134,591
Bank interest received	8,912	782	1	3,916	1,872
Interest paid	(78)	(15)	(5)	(16)	—
Operating expenses paid	(1,499,200)	(186,064)	(90,842)	(166,157)	(152,762)
Net cash inflow/(outflow) from operating activities	16,982,332	991,062	82,015	1,897,648	(278,591)
<b>Cash flows from financing activities</b>					
Distributions paid to holders of participating redeemable preference shares issued	(7,362,751)	—	—	(526,572)	(203,033)
Proceeds received from issue of participating redeemable preference shares	3,377,736	47,768	160,343	1,044,937	494,009
Payments on redemption of participating redeemable preference shares	(11,440,774)	(866,182)	(208,985)	(1,809,541)	(490,634)
Tax	—	—	—	—	—
Net cash inflow / (outflow) from financing activities	(15,425,789)	(818,414)	(48,642)	(1,291,176)	(199,658)
Net increase/(decrease) in cash and cash equivalents	1,556,543	172,648	33,373	606,472	(478,249)
Cash and cash equivalents as at 1 October 2015	2,453,088	90,996	78,928	511,489	809,355
Exchange (losses)/gains on cash and cash equivalents	—	(26,141)	295	—	682
Movement in currency translation	—	—	—	—	—
Cash and cash equivalents as at 31 March 2016	4,009,631	287,503	112,596	1,117,961	331,788

The notes on pages 49 to 74 form an integral part of these financial statements

## Cash Flow Statement (continued)

For the six month period ended 31 March 2015

	Company	Euro High Income Fund	European Fund
	£	€	£
<b>Cash flows from operating activities</b>			
Purchases of financial assets and settlement of financial liabilities	(35,316,029)	(11,409,107)	(525,139)
Receipts from sale of investments	51,454,455	9,351,680	1,839,296
Investment income received	10,394,265	328,146	73,721
Bank interest received	4,123	—	—
Interest paid	(6,508)	(69)	(57)
Operating expenses paid	(2,424,721)	(90,929)	(131,885)
Net cash inflow/(outflow) from operating activities	24,105,585	(1,820,279)	1,256,086
<b>Cash flows from financing activities</b>			
Distributions paid to holders of participating redeemable preference shares issued	(9,404,064)	(276,235)	—
Proceeds received from issue of participating redeemable preference shares	9,871,613	2,373,536	74,124
Payments on redemption of participating redeemable preference shares	(21,330,643)	(744,152)	(1,379,796)
Tax	30	40	—
Net cash (outflow)/inflow from financing activities	(20,863,064)	1,353,189	(1,305,672)
Net increase/(decrease) in cash and cash equivalents	3,242,521	(467,090)	(49,586)
Cash and cash equivalents as at 1 October 2014	754,600	945,674	272,998
Exchange gains/(losses) on cash and cash equivalents	9,105	14	(10,649)
Movement in currency translation	(36,448)	—	—
Cash and cash equivalents as at 31 March 2015	3,969,778	478,598	212,763

The notes on pages 49 to 74 form an integral part of these financial statements



## Cash Flow Statement (continued)

For the six month period ended 31 March 2015

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
<b>Cash flows from operating activities</b>					
Purchases of financial assets and settlement of financial liabilities	(20,898,356)	(1,777,339)	(766,566)	(2,094,347)	(602,991)
Receipts from sale of investments	31,737,038	4,639,183	1,280,138	2,614,784	2,252,829
Investment income received	8,966,486	239,051	78,782	616,701	170,698
Bank interest received	3,348	44	32	147	401
Interest paid	(6,020)	(11)	(346)	(22)	—
Operating expenses paid	(1,613,585)	(225,368)	(94,135)	(127,548)	(163,249)
Net cash inflow/(outflow) from operating activities	18,188,911	2,875,560	497,905	1,009,715	1,657,688
<b>Cash flows from financing activities</b>					
Distributions paid to holders of participating redeemable preference shares issued	(8,477,935)	—	—	(453,825)	(262,840)
Proceeds received from issue of participating redeemable preference shares	6,251,943	328,569	338,620	530,777	547,776
Payments on redemption of participating redeemable preference shares	(13,345,999)	(2,514,976)	(922,537)	(890,287)	(1,712,774)
Tax	—	—	—	—	—
Net cash (outflow)/inflow from financing activities	(15,571,991)	(2,186,407)	(583,917)	(813,335)	(1,427,838)
Net increase/(decrease) in cash and cash equivalents	2,616,920	689,153	(86,013)	196,380	229,850
Cash and cash equivalents as at 1 October 2014	(903,139)	186,704	85,586	125,708	249,864
Exchange gains/(losses) on cash and cash equivalents	—	14,786	4,167	—	790
Movement in currency translation	—	—	—	—	—
Cash and cash equivalents as at 31 March 2015	1,713,781	890,643	3,741	322,088	480,504

The notes on pages 49 to 74 form an integral part of these financial statements

## Investment Dealing

For the six month period ended 31 March 2016

During the period transactions representing more than 10% of the aggregate value of the transactions in the property of the Funds were carried out with the following counterparties:

### Euro High Income Fund

Goldman Sachs  
Citibank London

### European Fund

CS First Boston  
Deutsche Bank AG  
Instinet

### High Income Fund

Royal Bank of Canada  
J.P. Morgan

### International Fund

CS First Boston  
Liquidnet

### North American Fund

Robert Baird  
Sanford C Bernstein & Co  
J.P. Morgan  
Liquidnet

### Sterling Bond Fund

Citibank London  
J.P. Morgan

### UK Fund

Instinet  
Liquidnet

## Investment Portfolios

As at 31 March 2016

Euro High Income Fund

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 €	% of Total Net Assets	Market Value 30.09.15 €
<b>Asia 1.29% (2.60%)</b>					
Bank of Tokyo Mitsubishi 0.875% 2022	200,000	200,000	200,045	1.29	191,527
HSBC Holdings 6% (perp)	200,000	—	—	—	197,180
<b>Australia and New Zealand 2.58% (3.77%)</b>					
APT Pipelines 1.375% 2022	100,000	100,000	96,935	0.62	95,606
Ausnet Services 1.5% 2027	100,000	100,000	99,855	0.64	90,609
BHP Billiton Finance 0.75% 2022	100,000	100,000	98,824	0.64	93,499
Rio Tinto 2% 2020	—	100,000	105,850	0.68	—
Santos Finance FRN 2070	85,000	—	—	—	86,261
Transurban Finance 2% 2025	120,000	—	—	—	116,163
Westpac Securities 3.875% 2017	75,000	—	—	—	78,872
<b>Central America 1.29% (0.00%)</b>					
America Movil 2.125% 2028	—	200,000	200,427	1.29	—
<b>Europe 57.41% (53.15%)</b>					
ABN Amro Bank 2.88% 2028	—	200,000	202,098	1.30	—
ABN Amro Bank 5.75% (perp)	200,000	200,000	192,240	1.24	195,130
Achmea 6% FRN 2043	100,000	—	—	—	106,006
AG Insurance 3.5% 2047	200,000	200,000	188,600	1.21	173,850
Allianz 3.75% (perp)	100,000	100,000	99,158	0.64	94,074
Allianz Financial 5.75% 2041	—	200,000	231,466	1.49	—
Anheuser Busch 2.75% 2036	—	200,000	213,521	1.37	—
AP Moeller Maersk FRN 2019	—	100,000	101,418	0.65	—
Arkema SA 1.5% 2025	100,000	100,000	101,140	0.65	95,669
AXA SA 3.875% (perp)	100,000	100,000	100,209	0.65	93,946
Banque Federative Credit Mutuel 3% 2024	100,000	100,000	107,550	0.69	101,760
Banque Federative Credit Mutuel 4.375% 2016	100,000	100,000	100,701	0.65	102,828
Bayer 3% FRN 2075	—	100,000	102,125	0.66	—
BNP Paribas FRN (perp)	100,000	100,000	96,997	0.62	93,713
BNP Paribas FRN (perp)	100,000	100,000	110,541	0.71	113,658
Bundesrepublik 2.25% 2021	—	170,000	193,997	1.25	—
Bundesrepublik Deutschland 5.5% 2031	—	121,000	207,931	1.34	—
CAP Gemini 2.5% 2023	100,000	—	—	—	103,107
Credit Agricole 4.5% 2025	100,000	100,000	96,254	0.62	94,174
CRH Finance Germany 1.75% 2021	150,000	150,000	157,952	1.02	149,612
Danica Pension 4.375% 2045	100,000	100,000	100,375	0.65	98,093
Demeter Investments 4.375% (perp)	200,000	100,000	98,200	0.63	189,497
Deutsche Annington FRN (perp)	100,000	100,000	99,114	0.64	96,050
Deutsche Annington 0.875% 2020	100,000	100,000	101,048	0.65	97,966
Deutsche Bank 5.125% 2017	200,000	—	—	—	217,894
Deutsche Telekom Intl Finance 6.625% 2018	100,000	100,000	113,146	0.73	115,308
Deutsche Telekom Intl Finance 7.5% 2033	150,000	150,000	266,444	1.72	246,226
EDF 4.5% 2040	100,000	100,000	136,990	0.88	124,234
EDF 4.625% 2030	150,000	150,000	200,685	1.29	189,551
EDF 5% (perp)	100,000	100,000	95,031	0.61	99,580
EDF 5.375% FRN (perp)	100,000	100,000	98,760	0.64	103,487
EDF 6.25% 2021	150,000	150,000	190,960	1.23	191,087
Engie SA 6.375% 2021	100,000	100,000	128,717	0.83	128,116
Gas Natural Capital Markets 6.375% 2019	150,000	150,000	179,940	1.16	180,014
Gas Natural Fenosa 1.375% 2025	100,000	100,000	101,969	0.66	94,288
Gas Natural Fenosa 3.375% (perp)	100,000	100,000	90,265	0.58	84,375
GDF Suez 3.875% (perp)	100,000	100,000	103,135	0.66	99,374
GDF Suez 5.95% 2111	70,000	70,000	114,085	0.73	99,678
GE Capital European Funding 6% 2019	50,000	50,000	58,202	0.37	58,843
GE Capital European Funding 6.025% 2038	202,000	202,000	333,524	2.15	312,433
GE Capital Trust 4.625% FRN 2066	70,000	70,000	70,801	0.46	71,225

## Investment Portfolios (continued)

As at 31 March 2016

Euro High Income Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 €	% of Total Net Assets	Market Value 30.09.15 €
<b>Europe (continued)</b>					
General Motors Financial 0.85% 2018	125,000	125,000	125,039	0.81	123,418
Heidelberg Cement 8.5% 2019	100,000	100,000	124,300	0.80	123,210
ING Groep 4.75% 2017	105,000	105,000	110,815	0.71	112,604
KfW Bankengruppe 4.675% 2023	53,000	570,000	750,811	4.83	68,929
Koninklijke DSM 1% 2025	100,000	100,000	99,482	0.64	93,974
Orange SA 8.125% 2033 (formerly France Telecom)	200,000	170,000	301,294	1.94	328,571
Orange SA GRN (perp)	100,000	100,000	106,831	0.69	102,195
Renault 3.625% 2018	200,000	200,000	215,948	1.39	212,639
Repsol International Finance 4.5% 2075	100,000	—	—	—	81,063
Roche Finance Europe 0.875% 2025	241,000	241,000	248,546	1.60	231,005
Ryanair 1.125% 2023	130,000	130,000	131,077	0.84	123,975
Sanofi SA 0.875% 2021	200,000	—	—	—	198,840
Santander Consumer Finance 0.9% 2020	100,000	100,000	100,100	0.64	96,801
SAP SE 1.75% 2027	200,000	200,000	213,676	1.38	199,070
Siemens FRN 2066	115,000	115,000	117,530	0.76	119,219
Snam SpA 3.5% 2020	100,000	—	—	—	110,413
Societe Generale SA 2.625% 2025	100,000	100,000	99,107	0.64	93,390
Statkraft 1.5% 2030	200,000	—	—	—	177,730
TDF Infrastructure 2.875% 2022	—	100,000	107,312	0.69	—
Terna Rete Elettrica Nazionale 0.875% 2022	200,000	—	—	—	193,155
Total FRN (perp)	100,000	359,000	327,877	2.11	88,007
Unitymedia Hessen 8.125% 2017	100,000	100,000	111,041	0.72	105,380
Valeo 3.25% 2024	—	100,000	116,541	0.75	—
Vattenfall 6.25% 2021	120,000	—	—	—	149,286
Vesteda Finance 2.5% 2022	—	100,000	104,591	0.67	—
Volkswagon 5.375% 2018	50,000	—	—	—	45,906
Volkswagon FRN (perp)	130,000	130,000	119,575	0.77	112,313
Volkswagen International Finance 3.75% (perp)	150,000	—	—	—	129,570
Xstrata Finance Dubai 2.625% 2018	100,000	—	—	—	87,874
<b>United Kingdom 21.51% (20.47%)</b>					
3i Group 5.625% 2017	150,000	150,000	157,913	1.02	160,118
Abbey National Treasury Services 1.125% 2022	100,000	100,000	99,506	0.64	96,997
Aviva Plc 3.375% 2045	100,000	100,000	90,538	0.58	92,035
Aviva FRN 2038	100,000	100,000	109,000	0.70	110,937
Barclays Bank 6.875% 2022	—	236,000	279,962	1.80	—
BAT International Finance 0.875% 2023	200,000	—	—	—	189,709
BP Capital Markets 1.573% 2027	105,000	105,000	105,588	0.68	97,809
BG Energy Capital 6.5% FRN 2072	100,000	100,000	108,345	0.70	108,469
British American Tobacco 2.375% 2023	100,000	—	—	—	106,368
British Telecom 1.75% 2026	—	137,000	141,566	0.91	—
EE Finance 3.25% 2018	200,000	200,000	214,056	1.38	213,938
Global Switch 5.5% 2018	100,000	—	—	—	112,216
HBOS 4.5% FRN 2030	—	224,000	245,840	1.58	—
Heathrow Funding 4.6% 2020 (formerly BAA Funding)	250,000	250,000	270,433	1.74	273,282
Imperial Tobacco 8.375% 2016	107,000	—	—	—	110,241
Lloyds Bank 1% 2021	100,000	—	—	—	98,250
Lloyds Bank 1.25% 2025	100,000	100,000	100,856	0.65	95,890
National Grid 5% 2018	175,000	175,000	193,907	1.25	196,364
Nationwide Building Society 1.25% 2025	100,000	100,000	98,079	0.63	94,784
Nationwide 6.75% 2020	150,000	150,000	178,272	1.15	183,271
NGG Finance 4.25% FRN 2076	100,000	100,000	104,461	0.67	104,210
Pentair Finance ZERO 2019	150,000	150,000	153,388	0.99	150,324
Royal Bank of Scotland 2.5% 2023	—	100,000	99,316	0.64	—
Royal Bank of Scotland 5.375% 2019	150,000	150,000	174,715	1.13	175,030

## Investment Portfolios (continued)

As at 31 March 2016

Euro High Income Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 €	% of Total Net Assets	Market Value 30.09.15 €
<b>United Kingdom (continued)</b>					
Scottish and Southern Energy 5.025% FRN (perp)	100,000	—	—	—	100,040
SSE FRN (perp)	200,000	200,000	187,117	1.20	183,283
United Utilities Water 4.25% 2020	—	200,000	228,455	1.47	—
<b>United States 13.00% (14.10%)</b>					
AT&T 2.45% 2035	200,000	—	—	—	173,259
AT&T 2.75% 2023	—	100,000	110,334	0.71	—
Bank of America 4.75% 2017	100,000	100,000	104,715	0.67	106,532
Bank of America 7% 2016	100,000	100,000	101,395	0.65	104,815
Citigroup 1.75% 2025	200,000	200,000	202,967	1.31	193,833
Directv Holdings 2.75% 2023	100,000	—	—	—	105,183
Goldman Sachs 2% 2023	200,000	200,000	206,734	1.33	200,398
Goldman Sachs 4.5% 2016	150,000	150,000	150,875	0.97	154,208
Jefferies Group 2.375% 2020	150,000	—	—	—	146,200
JP Morgan Chase 2.75% 2022	120,000	120,000	133,314	0.86	129,689
Kraft Heinz 2% 2023	—	305,000	318,799	2.05	—
Lehman Brothers Holdings FRN 2019	150,000	150,000	765	0.00	765
Metlife Global Funding 2.375% 2019	100,000	100,000	106,619	0.69	105,983
National Capital Instruments FRN (perp)	150,000	—	—	—	146,807
The Coca Cola Company 1.125% 2027	158,000	158,000	158,506	1.02	145,654
Verizon Communications 1.625% 2024	200,000	200,000	209,151	1.35	194,771
Verizon Communications 2.625% 2031	200,000	200,000	215,462	1.39	195,931
Total Value of Investments			15,079,667	97.08	14,030,693
Other Assets			597,692	3.87	649,082
Total Assets			15,677,359	100.95	14,679,775
Liabilities			(147,980)	(0.95)	(272,443)
Total Net Assets			15,529,379	100.00	14,407,332
	Six month period ended 31.03.16	Year ended 30.09.15			
Cost of investments purchased	€4,164,505	€15,221,442			
Proceeds from investments sold	€3,557,857	€13,691,414			

## Investment Portfolios (continued)

As at 31 March 2016

European Fund

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>Austria 3.96% (4.57%)</b>					
Schoeller-Bleckmann	6,600	6,600	281,478	2.16	244,132
Vienna Insurance Group	15,900	15,900	234,828	1.80	308,451
<b>Denmark 4.74% (4.76%)</b>					
Novo Nordisk	12,200	12,200	461,411	3.54	431,735
Novozymes	5,000	5,000	156,326	1.20	143,627
<b>France 12.57% (12.27%)</b>					
Casino Guichard-Perrachon	6,600	4,600	183,781	1.41	230,842
Dassault Systèmes	7,000	5,800	320,523	2.46	340,483
Edenred	—	14,800	200,511	1.54	—
Essilor International	2,600	2,300	197,996	1.52	208,556
GDF SUEZ	17,600	17,600	190,373	1.46	187,251
L'Oréal	1,800	1,650	206,013	1.58	205,634
Schneider Electric	8,400	7,700	339,166	2.60	309,537
<b>Germany 13.95% (13.38%)</b>					
Bayer	—	2,700	220,763	1.69	—
Fuchs Petrolub	8,400	7,200	224,426	1.72	244,909
Henkel	3,400	5,000	342,398	2.62	197,786
KION Group	10,100	7,700	312,628	2.40	295,044
Linde	3,950	3,900	396,466	3.04	421,203
MTU Aero Engines AG	8,300	4,850	323,786	2.48	456,763
<b>Italy 0.00% (1.63%)</b>					
Eni	19,000	—	—	—	196,651
<b>Netherlands 11.23% (10.27%)</b>					
Furgo	20,000	20,000	267,512	2.05	232,609
Royal Dutch Shell	22,838	24,700	418,064	3.20	356,581
Unilever	17,200	16,700	521,589	4.00	454,938
Vopak	7,450	7,450	258,365	1.98	195,803
<b>Norway 2.73% (2.60%)</b>					
Kongsberg Gruppen	32,800	31,000	355,940	2.73	313,510
<b>Spain 2.66% (2.91%)</b>					
Amadeus IT Holdings	12,500	11,600	346,528	2.66	352,040
<b>Sweden 15.17% (16.40%)</b>					
Assa Abloy	26,000	24,300	333,058	2.55	306,880
Atlas Copco	30,300	24,800	406,318	3.11	445,760
Ericsson	42,700	42,700	297,664	2.28	276,364
Nordea Bank	51,600	51,600	344,207	2.64	378,340
Svenska Handelsbanken	30,300	30,300	268,498	2.06	285,487
Swedish Match	14,500	14,000	330,422	2.53	288,133

## Investment Portfolios (continued)

As at 31 March 2016

European Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>Switzerland 29.55% (30.03%)</b>					
Givaudan	130	115	157,667	1.21	139,170
Holcim	6,825	8,700	285,870	2.19	235,285
Nestle 'R'	10,900	10,300	537,881	4.12	539,624
Novartis	5,400	6,700	339,418	2.60	326,258
Roche Holdings	3,050	2,900	498,838	3.82	529,386
Schindler	4,000	3,300	424,983	3.26	378,623
Syngenta	1,650	1,400	406,924	3.12	347,814
The Swatch Group B	1,020	1,020	246,820	1.89	248,815
The Swatch Group R	1,800	1,800	84,713	0.65	85,373
Temenos Group	9,000	9,000	343,463	2.63	243,379
UBS Group	31,000	34,800	391,527	3.00	377,106
Zurich Insurance Group	1,100	850	137,936	1.06	177,735
Total Value of Investments			12,597,078	96.56	11,937,617
Other Assets			484,281	3.71	272,998
			13,081,359	100.27	12,210,615
Liabilities			(34,377)	-0.27	(74,151)
Total Net Assets			13,046,982	100.00	12,136,464
	Six month period ended 31.03.16	Year ended 30.09.15			
Cost of investments purchased	£807,311	£1,718,738			
Proceeds from investments sold	£1,312,252	£3,151,496			

## Investment Portfolios (continued)

As at 31 March 2016

High Income Fund

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>UK Government 0.87% (0.04%)</b>					
Treasury 1.75% 2022	100,000	—	—	—	101,866
Treasury 4.25% 2036	—	180,000	241,370	0.09	—
Treasury 4.75% 2030	—	1,586,000	2,176,579	0.78	—
<b>UK Corporate 66.74% (64.92%)</b>					
Abbey National Treasury Services 1.875% 2020	940,000	—	—	—	919,133
Anglian Water Services Financing 4.5% 2026	1,000,000	1,000,000	1,105,705	0.40	1,070,995
Anglian Water Osprey Financing 7% 2018	600,000	600,000	650,784	0.23	653,088
Annington Finance 5.3236% 2023	—	260,000	291,734	0.10	—
Annington Finance No 4 8.07% 2023	1,500,000	1,500,000	1,937,795	0.70	1,983,278
Annington Finance No 4 2023 FRN	2,000,000	2,000,000	1,749,978	0.63	2,056,620
Arkle Master Issuer 4.681% 2060	1,200,000	—	—	—	1,254,889
Aspire Defence Finance 4.674% 2040	1,643,000	1,643,000	1,817,877	0.65	1,842,587
Autolink Concessionaires M6 2022 FRN	1,500,000	1,500,000	1,048,712	0.38	1,123,207
Aviva 5.125% FRN	1,200,000	1,200,000	1,104,535	0.40	1,118,465
Aviva FRN (perp)	1,200,000	1,200,000	1,206,750	0.43	1,229,250
Aviva GRN (perp)	1,000,000	1,000,000	1,018,667	0.37	1,037,475
Aviva FRN 2041	600,000	1,600,000	1,723,997	0.62	649,882
Barclays Bank 5.75% 2026	550,000	—	—	—	612,091
Barclays Bank 7.875% FRN (perp)	1,000,000	1,000,000	892,500	0.32	986,250
Barclays Bank 9.5% 2021	1,697,000	1,697,000	2,115,377	0.76	2,147,837
Barclays Bank 10% 2021	2,860,000	2,860,000	3,600,016	1.30	3,670,006
Barclays Bank 2049 FRN (perp)	500,000	500,000	632,898	0.23	645,778
BG Energy Capital FRN 2072	3,617,000	3,617,000	3,811,414	1.37	3,806,231
BHP Billington 6.5% 2077	—	700,000	703,063	0.25	—
BL Superstores 5.27% 2030	750,000	750,000	674,041	0.24	701,513
British American Tobacco 6% 2022	700,000	700,000	850,980	0.31	837,623
British American Tobacco 6.375% 2019	1,240,000	1,240,000	1,455,755	0.52	1,448,561
British Telecommunications 6.375% 2037	506,000	506,000	698,960	0.25	655,021
Broadgate Financing 4.821% 2036	1,340,000	1,340,000	1,637,172	0.59	1,609,311
Canary Wharf II 6.455% 2030	1,380,000	1,510,000	635,454	0.23	506,690
Centrica 5.25% FRN 2075	1,100,000	1,100,000	1,001,476	0.36	1,053,931
Centrica 6.375% 2022	1,500,000	1,500,000	1,832,063	0.66	1,791,714
Centrica 7% 2018	2,400,000	2,400,000	2,705,081	0.97	2,735,438
City of Greenwich & Lewisham Rail Link 9.375% 2020	600,000	600,000	270,827	0.10	300,828
Close Brothers 6.5% 2017	900,000	900,000	935,006	0.34	952,102
Clydesdale Bank 4.625% 2026	2,050,000	2,050,000	2,446,767	0.88	2,424,533
Co-operative Group 5.625% 2020	2,300,000	2,300,000	2,462,610	0.89	2,473,604
Coventry Building Society 2050	—	1,677,000	1,678,405	0.60	—
CRH Finance 4.125% 2029	—	430,000	462,338	0.17	—
Daily Mail and General 6.375% 2027	—	300,000	351,480	0.13	—
Dignity Finance 4.6956% 2049	2,121,000	2,121,000	2,332,222	0.84	2,304,997
Dukinfield No 1 FRN 2045	824,000	824,000	751,807	0.27	801,057
Dwr Cymru Finance 6.907% 2021	1,900,000	1,900,000	2,348,347	0.84	2,330,637
Eastern Power Networks 8.5% 2025	3,530,000	3,530,000	5,123,089	1.84	5,068,889
EE Finance 4.375% 2019	600,000	600,000	646,579	0.23	637,774
Electricity North Western 8.785% 2026	1,452,000	1,452,000	2,204,380	0.79	2,172,212
EMH Treasury Plc 4.5% 2044	—	800,000	898,504	0.32	—
EON International Finance 6.375% 2032	—	600,000	737,687	0.27	—
EUR LN Conduit 5.0636% 2033	1,903,000	1,903,000	1,986,384	0.71	2,046,174
First Hydro 9% 2021	1,550,000	1,550,000	2,046,713	0.74	2,033,616
Friends Life Group 8.25% 2022	1,300,000	1,300,000	1,560,001	0.56	1,540,601
Gatwick Funding Limited FRN 2028	1,550,000	1,550,000	1,757,547	0.63	1,654,458
Gemgarto 2015 ZERO 2047	466,000	466,000	305,772	0.11	423,204
GlaxoSmithKline Capital 6.375% 2039	957,000	957,000	1,395,874	0.50	1,331,033



## Investment Portfolios (continued)

As at 31 March 2016

High Income Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>UK Corporate (continued)</b>					
Great Rolling Stock 6.25% 2031	1,000,000	1,000,000	1,228,751	0.44	1,237,095
HBOS FRN (perp)	1,940,000	1,940,000	2,204,364	0.79	2,286,057
HBOS 12% (perp)	2,000,000	2,000,000	2,590,000	0.93	2,489,600
Heathrow Funding 4.625% 2048	2,650,000	2,650,000	3,085,530	1.11	2,818,074
Heathrow Funding 6.45% 2033	1,000,000	1,000,000	1,387,387	0.50	1,312,694
Heathrow Funding 6.75% 2028	900,000	900,000	1,218,618	0.44	1,180,990
Housing Association Funding 8.25% 2027	1,500,000	1,500,000	1,348,371	0.49	1,360,274
HSBC Bank GRN 2023	3,000,000	2,900,000	3,008,678	1.08	3,137,829
HSBC Bank 5.862% (perp)	—	402,000	407,528	0.15	—
HSBC Holdings 6% 2040	3,550,000	3,550,000	3,896,693	1.40	3,979,628
HSBC Holdings 6.5% 2024	1,100,000	700,000	857,320	0.31	1,362,132
Hutchison Whampoa Finance UK 5.625% 2017	1,850,000	1,850,000	1,970,372	0.71	1,997,434
Imperial Tobacco 8.125% 2024	850,000	850,000	1,152,722	0.41	1,122,506
Imperial Tobacco 9% 2022	1,200,000	1,200,000	1,614,928	0.58	1,592,555
InterContinental Hotels Group 3.75% 2025	1,700,000	1,700,000	1,754,468	0.63	1,698,037
Integrated Accommodation Service 6.48% 2029	1,951,000	1,951,000	1,755,807	0.63	1,793,917
Intu Metrocentre 4.125% 2028	760,000	760,000	815,166	0.29	795,686
Jaguar Land Rover Automotive 5% 2022	1,500,000	1,500,000	1,527,195	0.55	1,481,250
Land Securities FRN 2026	467,000	467,000	562,827	0.20	555,769
Lloyds Bank 9.625% 2023	2,000,000	1,500,000	2,002,653	0.72	2,685,564
Lloyds Bank 13% FRN (perp)	692,000	692,000	1,003,400	0.36	1,031,080
Lloyds of London 4.75% 2024	646,000	646,000	668,730	0.24	656,884
Marstons Issuer FRN 2035	2,712,000	2,712,000	2,576,400	0.93	2,576,400
Manchester Airport 4.125% 2024	1,000,000	1,000,000	1,096,767	0.39	1,062,321
Manchester Airport 4.75% 2034	2,030,000	2,030,000	2,352,218	0.85	2,236,481
Motability 3.625% 2036	—	360,000	377,586	0.14	—
Motability Operations Group 6.625% 2019	1,500,000	1,500,000	1,778,532	0.64	1,776,908
Motability Operations Group 6.625% 2019	1,000,000	1,000,000	1,107,246	0.40	1,071,613
National Grid Electricity Transmission 6.5% 2028	2,600,000	2,600,000	3,622,255	1.30	3,508,071
National Grid Gas 8.75% 2025	1,380,000	1,380,000	2,097,737	0.75	2,068,503
Nationwide Building Society 5.625% 2019	1,450,000	1,450,000	1,641,590	0.59	1,637,384
NIE Finance 6.375% 2026	1,000,000	1,000,000	1,307,735	0.47	1,277,932
NGG Finance FRN 2073	1,590,000	1,590,000	1,652,555	0.59	1,668,176
Northern Powergrid 2.5% 2025	600,000	600,000	597,732	0.22	577,308
Northern Powergrid Yorkshire 9.25% 2020	3,032,000	3,032,000	3,843,469	1.38	3,876,191
Northumberland Services 6.875% 2023	2,250,000	2,250,000	2,850,671	1.03	2,826,104
Paragon Zero 2043	—	897,000	896,321	0.32	—
Paragon Treasury 3.625% 2047	600,000	600,000	583,609	0.21	567,438
PICTS 5.218% 2039	1,000,000	1,000,000	1,099,595	0.40	1,063,192
Places For People Homes 5.875% 2031	1,500,000	1,500,000	1,814,910	0.65	1,805,265
Prudential 5% FRN 2055	2,100,000	2,100,000	1,853,431	0.67	1,966,646
Prudential Corporation FRN 2039	1,420,000	1,420,000	1,756,255	0.63	1,791,394
QBE Capital Funding FRN 2041	700,000	700,000	758,233	0.27	766,876
RL Finance 6.125% 2028	—	600,000	615,878	0.22	—
Royal Bank of Scotland 6.625% 2018	1,200,000	1,200,000	1,335,865	0.48	1,349,040
RSA Insurance Group FRN 2039	1,300,000	1,300,000	1,515,189	0.55	1,515,709
Santander UK 3.625% 2026	—	908,000	901,798	0.32	—
Santander UK 7.375% FRN (perp)	500,000	500,000	462,125	0.17	496,900
Santander UK 10.0625% (perp)	3,000,000	3,000,000	4,320,000	1.55	4,230,000
Scottish & Southern Energy FRN (perp)	1,655,000	—	—	—	1,657,896
Scottish Power 6.375% 2041 (Step)	1,000,000	1,000,000	1,343,340	0.48	1,326,900
Severn Trent 6.25% 2029	1,250,000	1,250,000	1,693,306	0.61	1,626,236
Society of Lloyds FRN (perp)	1,189,000	1,189,000	1,231,904	0.44	1,252,730
Southern Gas Networks 4.875% 2029	2,550,000	2,550,000	3,041,321	1.09	2,983,255
Southern Gas Networks 6.375% 2040	300,000	300,000	424,683	0.15	409,332

## Investment Portfolios (continued)

As at 31 March 2016

High Income Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>UK Corporate (continued)</b>					
Southern Water Services 6.125% 2019	1,447,000	1,447,000	1,636,337	0.59	1,635,682
Southern Water Greensands Financing 8.5% 2019	938,000	938,000	1,043,319	0.38	1,057,820
SSE FRN (perp)	1,100,000	1,100,000	1,063,108	0.38	1,051,875
Stagecoach Group 4% 2025	505,000	705,000	727,568	0.26	506,358
Standard Chartered 7.75% 2018	1,350,000	1,350,000	1,476,780	0.53	1,498,995
Standard Chartered FRN (perp)	1,500,000	1,500,000	1,509,555	0.54	1,528,125
Standard Chartered FRN (perp)	850,000	850,000	909,500	0.33	965,813
Standard Life Finance FRN (perp)	2,140,000	2,140,000	2,291,084	0.82	2,386,635
Telereal Securitisation 5.3887% 2033	13,000	13,000	10,540	0.00	11,250
Telereal Securitisation 6.1645% 2031	1,130,000	—	—	—	1,285,227
Thames Water Kemble Finance 7.75% 2019	1,800,000	1,800,000	1,986,624	0.71	1,968,894
Thames Water Utilities Finance 5.125% 2037	1,486,000	1,486,000	1,814,208	0.65	1,740,735
Thames Water Utilities (Cayman) Finance FRN 2025	2,600,000	2,600,000	2,696,455	0.97	2,719,571
The Housing Finance Corporation Funding No.2 6.35% 2041	1,080,000	1,080,000	1,523,572	0.55	1,485,001
UBS AG (London Branch) 6.625% 2018	944,000	944,000	1,045,618	0.38	1,054,240
UBS AG (Jersey) 8.75% 2025	2,724,000	—	—	—	3,881,853
UPP Bond 1 4.9023% 2040	—	1,100,000	1,239,300	0.45	—
Vicinity Centres 3.375% 2026	—	520,000	527,535	0.19	—
Western Power 3.625% 2023	—	1,000,000	1,024,202	0.37	—
Western Power 5.75% 2032	1,300,000	1,300,000	1,675,103	0.60	1,613,464
Whitbread Group Plc 3.375% 2025	759,000	—	—	—	761,915
WM Morrisons Supermarket 4.75% 2029	500,000	—	—	—	488,738
WW Grainger PLC 5% 2020	1,250,000	1,250,000	1,301,938	0.47	1,287,438
Yorkshire Water Services Odsal Finance 6.5876% 2023	842,000	842,000	1,055,620	0.38	1,044,562
Zurich Finance UK FRN (perp)	800,000	800,000	864,520	0.31	876,260
<b>Overseas Borrowers 29.24% (32.56%)</b>					
Aegon 6.125% 2031	1,102,000	1,102,000	1,453,473	0.52	1,397,350
America Movil SAB FRN 2073	3,240,000	2,240,000	2,282,672	0.82	3,353,400
AIG SunAmerica Institutional Funding 5.375% 2016	2,504,000	—	—	—	2,602,713
APT Pipelines 3.5% 2030	920,000	920,000	852,455	0.31	852,094
AT&T 4.25% 2043	2,027,000	2,027,000	2,022,421	0.73	1,843,915
AT&T Inc 4.375% 2029	—	1,000,000	1,081,280	0.39	—
AT&T 4.875% 2044	1,300,000	1,300,000	1,422,628	0.51	1,299,355
AXA 7.125% 2020	1,100,000	1,100,000	1,310,395	0.47	1,281,331
AXA FRN (perp)	1,030,000	1,030,000	1,087,852	0.39	1,138,580
AXA SA 5.453% (perp)	2,492,000	2,492,000	2,441,288	0.88	2,501,355
Bank of America 7% 2028	2,700,000	2,700,000	3,713,739	1.34	3,657,301
Bank of America Merrill Lynch 7.75% 2018	2,150,000	2,150,000	2,410,350	0.87	2,459,020
BNP Paribas FRN (perp)	1,200,000	1,200,000	1,212,384	0.44	1,222,860
Chorus Ltd 6.75% 2020	—	1,200,000	1,401,688	0.50	—
Cie de Saint Gobain 5.625% 2016	1,450,000	1,450,000	1,491,151	0.54	1,517,406
Citigroup 6.8% 2038	2,291,000	2,291,000	3,263,988	1.17	3,231,792
DIRECTV Holdings 4.375% 2029	2,300,000	—	—	—	2,330,967
E.ON International Finance 5.825% 2037	2,100,000	2,100,000	2,473,754	0.89	2,394,212
EDF 5.5% 2041	3,700,000	3,000,000	3,473,211	1.25	4,187,283
EDF 5.875% 2031	1,178,000	1,178,000	1,451,601	0.52	1,414,361
EDF 6% 2014	700,000	700,000	877,562	0.32	851,167
EDF FRN (perp)	1,500,000	1,500,000	1,372,032	0.49	1,491,563
Electricite France 5.125% 2050	1,600,000	1,600,000	1,758,659	0.63	1,746,342
Enel 5.75% 2037	1,500,000	1,300,000	1,601,257	0.58	1,737,776
European Coal and Steel 6.875% 2019	1,700,000	1,700,000	1,965,107	0.71	1,982,982
FirstGroup 8.75% 2021	1,000,000	1,000,000	1,241,851	0.45	1,245,884
Freshwater Finance 5.182% 2035	858,000	858,000	1,055,390	0.38	1,024,929
GE Capital UK Funding 5.125% 2023	3,998,000	2,849,000	3,390,848	1.22	4,632,834

## Investment Portfolios (continued)

As at 31 March 2016

High Income Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>Overseas Borrowers (continued)</b>					
GE Capital UK Funding 8% 2039	1,500,000	1,500,000	2,566,829	0.92	2,491,170
General Electric Capital Corp FRN 2067	1,900,000	—	—	—	1,974,020
Glencore Finance GR 2022	1,400,000	900,000	859,126	0.31	1,197,473
Glencore Finance 6.5% 2019	750,000	750,000	775,001	0.28	689,023
Goldman Sachs 7.125% 2025	850,000	850,000	1,132,299	0.41	1,117,856
Goldman Sachs 7.25% 2028	577,000	577,000	799,747	0.29	780,672
Health Care REIT	700,000	700,000	756,823	0.27	750,186
Highbury Finance 7.017% 2023	1,550,000	1,550,000	1,373,642	0.49	1,463,215
H J Heinz 4.125% 2027	500,000	1,500,000	1,595,370	0.57	519,158
Holcim Finance 8.75% 2017	1,450,000	1,450,000	1,555,071	0.56	1,602,198
Koninklijke KPN 5% 2026	700,000	700,000	802,017	0.29	751,962
MetLife 5.25% 2020	1,238,000	—	—	—	1,403,467
Muenchener Rueckversicherungs FRN 2028	2,000,000	2,000,000	2,204,342	0.79	2,244,466
Orange GRN (perp)	725,000	725,000	726,769	0.26	724,764
Orange SA FRN (perp)	2,002,000	2,002,000	2,023,047	0.73	2,016,983
RWE Finance 6.25% 2030	1,200,000	945,000	1,044,660	0.38	1,315,898
RWE Finance 6.5% 2021	700,000	700,000	808,916	0.29	798,317
Scentre Management 2.375% 2022	1,200,000	—	—	—	1,172,773
SLM Student Loan FRN 2038	1,350,000	1,350,000	1,116,821	0.40	1,221,170
Societe Generale FRN (perp)	2,067,000	1,665,000	1,780,767	0.64	2,291,580
Swiss Reinsurance Co via ELM BV FRN (perp)	1,850,000	1,850,000	1,904,730	0.69	1,949,438
Telefonica Emisione 5.445% 2029	1,250,000	—	—	—	1,408,053
Time Warner Cable 5.25% 2042	800,000	800,000	743,626	0.27	702,274
United Mexico STS 5.625% 2014	1,710,000	1,710,000	1,545,413	0.56	1,613,813
Vattenfall 6.875% 2039	1,976,000	—	—	—	2,647,731
Verizon Communications 4.75% 2034	1,400,000	1,400,000	1,552,604	0.56	1,479,104
Wal-Mart Stores 5.25% 2035	2,483,000	2,483,000	3,209,143	1.15	3,122,003
Westpac Bank 2.625% 2022	—	2,200,000	2,243,208	0.81	—
Total Value of Investments			269,286,329	96.85	277,989,695
Other Assets			10,710,007	3.88	833,564
Total Assets			279,996,336	100.73	278,823,259
Liabilities			(2,017,699)	(0.73)	(394,698)
Total Net Assets			277,978,636	100.00	278,428,561
	Six month period ended 31.03.16	Year ended 30.09.15			
Cost of investments purchased	£27,873,333	£42,119,713			
Proceeds from investments sold	£38,707,931	£71,181,061			

## Investment Portfolios (continued)

As at 31 March 2016

International Fund

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>Brazil 1.59% (2.88%)</b>					
Banco Bradesco	96,025	59,225	306,777	1.59	339,471
Vale	84,900	—	—	—	188,044
<b>Canada 3.11% (3.04%)</b>					
Canadian National Railway Co.	7,800	7,800	340,366	1.76	291,072
Potash Corp. of Saskatchewan	19,600	21,900	260,395	1.35	264,731
<b>France 1.55% (1.37%)</b>					
Schneider Electric	6,800	6,800	299,523	1.55	250,578
<b>Germany 3.17% (1.62%)</b>					
Fresenius Medical care	—	4,500	277,068	1.43	—
Henkel	4,400	4,400	337,313	1.74	297,436
<b>Hong Kong 5.77% (5.77%)</b>					
AIA Group	119,400	96,600	380,603	1.97	407,344
Jardine Matheson	6,200	8,300	329,390	1.70	192,887
MTR	—	61,500	211,280	1.09	—
Swire Pacific	26,000	26,000	194,502	1.01	191,300
<b>Ireland 1.98% (1.50%)</b>					
Experian	26,000	26,000	323,570	1.67	274,950
<b>Israel 1.98% (1.09%)</b>					
Check Point Software Technologies	3,800	6,300	383,663	1.98	199,025
<b>Japan 8.08% (7.50%)</b>					
Daito Trust Construction	3,100	2,100	207,796	1.07	206,978
FANUC	2,700	2,700	292,362	1.51	272,435
Japan Tobacco	21,300	19,600	568,726	2.94	432,953
Shin-Etsu Chemical	13,700	13,700	494,206	2.56	461,037
<b>Luxembourg 1.48% (2.14%)</b>					
Tenaris	24,600	16,600	286,022	1.48	391,473
<b>Mexico 2.01% (2.38%)</b>					
Fomento Economico Mexicano	7,400	5,800	388,705	2.01	436,110
<b>Singapore 1.02% (0.91%)</b>					
City Developments	46,700	46,700	197,247	1.02	167,173
<b>South Africa 1.17% (1.64%)</b>					
MTN Group	35,400	35,400	226,334	1.17	301,183
<b>South Korea 3.31% (2.64%)</b>					
Samsung	950	950	639,519	3.31	483,616
<b>Sweden 1.56% (4.50%)</b>					
Atlas Copco	17,200	17,200	301,287	1.56	272,196
Ericsson	40,700	—	—	—	263,419
Nordea Bank	39,100	—	—	—	286,688

## Investment Portfolios (continued)

As at 31 March 2016

International Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>Switzerland 8.93% (11.22%)</b>					
Nestle	9,000	7,200	375,994	1.94	445,561
Novartis	10,400	13,100	663,638	3.43	628,349
Roche Holding	3,700	4,000	688,052	3.56	642,206
Zurich Insurance Group	2,100	—	—	—	339,312
<b>Tailand 1.00% (0.00%)</b>					
Kasikornbank	—	55,800	192,569	1.00	—
<b>Taiwan 3.09% (3.22%)</b>					
Taiwan Semiconductor Manufacturing	43,000	32,800	598,013	3.09	589,183
<b>UK 13.71% (13.89%)</b>					
Amdocs	—	7,200	302,743	1.57	—
BNP Billiton	28,100	17,900	140,139	0.72	282,335
British American Tobacco	18,000	14,900	609,447	3.15	655,785
HSBC	80,651	37,600	163,158	0.84	402,231
Rolls Royce Holdings	40,284	40,284	274,636	1.42	272,823
Royal Dutch Shell	23,000	23,000	391,058	2.02	359,375
Standard Chartered	47,741	61,381	290,044	1.50	305,900
Vodafone Group	127,100	217,500	481,067	2.49	264,978
<b>USA 34.45% (33.74%)</b>					
Baxalta	10,200	—	—	—	211,912
Baxter International	8,100	—	—	—	175,636
Chevron	4,900	—	—	—	255,149
Cognizant Technology Solutions	7,800	9,700	423,215	2.19	322,350
Comcast	10,200	9,200	390,998	2.02	382,715
CVS Healthcare	10,000	10,000	721,422	3.73	636,970
EOG Resources	15,000	15,000	757,514	3.92	720,812
Intercontinental Exchange	—	1,500	245,361	1.27	—
Johnson & Johnson	6,200	5,200	391,366	2.02	382,069
M&T Bank	2,500	5,000	386,193	2.00	201,263
Oracle	24,100	18,400	523,785	2.71	574,438
Pepsico	7,900	7,900	563,355	2.91	491,524
Perrigo	—	3,100	275,987	1.43	—
Philip Morris International	8,900	7,300	498,323	2.58	466,079
Praxair	4,100	4,100	326,434	1.69	275,598
Schlumberger	8,400	8,400	431,046	2.23	382,138
TJX Companies	7,000	5,500	299,796	1.55	330,025
Visa	8,000	8,000	425,854	2.20	366,371
Total Value of Investments			19,077,861	99.60	18,235,186
Other Assets			311,187	0.69	125,585
Total Assets			19,389,048	100.29	18,360,771
Liabilities			(53,882)	(0.29)	(52,865)
Total Net Assets			19,335,166	100.00	18,307,906
	Six month period ended 31.03.16	Year ended 30.09.15			
Cost of investments purchased	£2,258,482	£3,338,321			
Proceeds from investments sold	£3,589,132	£6,439,239			

## Investment Portfolios (continued)

As at 31 March 2016

North American Fund

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16	% of Total Net Assets	Market Value 30.09.15
			£		£
<b>Chemicals 7.57% (5.75%)</b>					
International Flavors & Fragrances	2,630	2,230	176,493	1.87	179,225
Parexel International	—	4,653	203,029	2.15	—
Potash Corp. of Saskatchewan	9,220	11,220	132,902	1.40	125,114
Praxair	2,830	2,564	204,141	2.16	190,230
<b>Consumer Goods 38.97% (40.62%)</b>					
BorgWarner	4,900	8,700	232,315	2.46	134,522
Canadian National Railway Co.	6,080	5,580	242,544	2.56	227,787
Casey's General Stores	1,797	1,797	141,642	1.50	122,080
Costco Wholesale	2,350	2,150	235,815	2.49	224,272
CVS Healthcare	4,420	4,420	318,869	3.37	281,541
Deere & Company	2,300	3,200	171,410	1.81	112,362
Emerson Electric	3,800	—	—	—	110,795
Estée Lauder	2,126	2,126	139,470	1.47	113,216
Gilead Sciences	3,020	3,020	192,876	2.04	195,565
Johnson & Johnson	3,320	2,975	223,906	2.37	204,592
Kraft Heinz	3,110	2,710	148,133	1.57	144,880
Monsato	3,100	3,100	189,250	2.00	174,662
Pepsico	2,920	2,920	208,228	2.20	181,677
Pfizer	11,700	11,700	241,196	2.55	242,574
Philip Morris International	3,700	2,740	187,042	1.98	193,763
PVH Corporation	3,730	3,786	260,895	2.76	250,973
Target	3,900	2,629	150,656	1.59	202,537
TJX Companies	4,480	4,480	244,198	2.58	211,216
United Technologies	2,830	—	—	—	166,166
Verisk Analytics	—	2,841	157,962	1.67	—
<b>Energy 9.82% (8.15%)</b>					
Chevron	2,930	2,930	194,467	2.06	152,569
Ecolab	—	1,900	147,408	1.56	—
EOG Resources	4,000	4,000	202,004	2.14	192,217
National Oilwell Varco	3,860	—	—	—	96,006
Schlumberger	2,710	3,610	185,247	1.96	123,285
Texas Instruments	4,200	5,000	199,732	2.11	137,278
<b>Financials 21.71% (20.49%)</b>					
AIG	2,883	4,383	164,900	1.74	108,116
American Express	3,900	3,900	166,699	1.76	190,797
Charles Schwab	10,750	10,750	209,607	2.22	202,651
Equifax	3,200	3,200	254,410	2.69	205,267
Intercontinental Exchange	1,760	1,660	271,533	2.87	272,915
M&T Bank	1,800	2,400	185,373	1.96	144,909
Moodys	—	2,110	141,731	1.50	—
Royal Bank of Canada	3,580	3,580	144,040	1.52	129,937
Visa	5,880	5,880	313,003	3.31	269,282
Wells Fargo	7,060	6,035	203,035	2.15	239,124

## Investment Portfolios (continued)

As at 31 March 2016

North American Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>Information Technology 10.35% (10.61%)</b>					
Cognizant Technology Solutions	5,500	5,500	239,967	2.54	227,298
EMC	6,900	—	—	—	110,031
Oracle	8,930	8,098	230,522	2.44	212,852
Qualcomm	4,790	3,800	135,220	1.43	169,875
Rockwell Automation	—	2,053	162,442	1.72	—
TELUS	9,300	9,300	211,502	2.24	192,791
<b>Services 10.47% (13.69%)</b>					
Aetna	3,330	2,474	193,705	2.05	240,459
Alliance Data Systems	1,000	1,000	153,009	1.62	170,933
Baxalta	3,800	—	—	—	78,948
Baxter International	6,300	7,500	214,439	2.27	136,606
Comcast	4,770	4,770	202,724	2.14	178,975
Lockheed Martin	923	1,471	226,705	2.40	126,341
Quest Diagnostics	2,900	—	—	—	117,637
Starwood Hotels & Resorts Worldwide	2,910	—	—	—	127,725
Total Value of Investments			9,356,396	98.90	8,544,573
Other Assets			131,406	1.39	86,816
Total Assets			9,487,802	100.29	8,631,389
Liabilities			(27,015)	(0.29)	(27,315)
Total Net Assets			9,460,787	100.00	8,604,074
	Six month period ended 31.03.16	Year ended 30.09.15			
Cost of investments purchased	£1,260,310	£1,610,309			
Proceeds from investments sold	£1,365,502	£2,470,126			

## Investment Portfolios (continued)

As at 31 March 2016

Sterling Bond Fund

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>UK Government 4.97% (5.59%)</b>					
Treasury 3.75% 2021	877,000	100,000	115,349	0.40	1,126,875
Treasury 4.25% 2032	877,000	356,000	468,653	1.62	1,126,875
Treasury 4.25% 2055	350,000	320,000	501,382	1.73	521,411
Treasury 6% 2028	—	235,000	353,250	1.22	—
<b>UK Corporate 59.71% (57.62%)</b>					
Abbey National 5.25% 2029	137,000	137,000	177,038	0.61	174,829
Amlin FRN 6.5% 2026	100,000	—	—	—	101,833
Annington Finance 5.3236% 2023	—	50,000	56,103	0.19	—
Annington Finance 8.07% 2023	120,000	120,000	155,024	0.53	158,662
Aspire Financial Management 4.674% 2040	300,000	300,000	332,832	1.15	335,660
Autolink 8.39% 2022	300,000	300,000	209,742	0.72	224,641
Aviva FRN 2058	225,000	225,000	244,488	0.84	246,146
Aviva 6.625% 2058	—	100,000	107,750	0.37	—
Bank of Scotland 6.375% 2019	72,000	—	—	—	80,866
Bank of Scotland 9.375% 2021	40,000	—	—	—	50,732
Bank of Scotland 10.5% 2018	100,000	—	—	—	117,668
Barclays Bank FRN 6.75% 2023	100,000	100,000	105,342	0.36	107,592
Barclays Bank 9.5% 2021	—	100,000	124,654	0.43	—
Barclays Bank 10% 2021	425,000	525,000	660,842	2.28	545,368
BG Energy Capital 5.00% 2036	200,000	100,000	119,360	0.41	235,914
BG Energy Capital 6.5% FRN 2072	320,000	320,000	337,200	1.16	336,741
BL Superstores 4.482% 2030	241,154	241,154	267,129	0.92	268,767
British American Tobacco 6% 2022	100,000	—	—	—	119,660
British Telecom 6.375% 2037	101,000	101,000	139,516	0.48	130,745
Canary Wharf Finance 5.952% 2035	150,000	150,000	189,705	0.65	187,756
Centrica 5.25% 2075	100,000	100,000	91,043	0.31	95,812
Centrica 7% 2033	120,000	120,000	167,150	0.58	161,967
Centrica 6.375% 2022	225,000	225,000	274,809	0.95	268,757
Close Brothers 6.5% 2017	100,000	—	—	—	105,789
Clydesdale Bank 4.625% FRN 2026	100,000	100,000	119,355	0.41	118,270
CRH Finance 4.125% 2029	—	100,000	107,520	0.37	—
Daily Mail and General 6.375% 2027	—	50,000	58,580	0.20	—
Dignity Finance 4.6956% 2049	151,000	151,000	166,037	0.57	164,099
Dukinfield no.1 plc FRN 2045	100,000	100,000	91,239	0.31	97,216
Eastern Power Networks 5.75% 2024	250,000	250,000	302,930	1.05	300,064
EMH Treasury Plc 4.5% 2044	—	100,000	112,313	0.39	—
Everyone Everywhere Finance 4.375% 2019	100,000	—	—	—	106,296
First Group 6.875% 2024	135,000	85,000	103,485	0.36	161,932
First Group 8.125% 2018	150,000	100,000	113,224	0.39	171,593
First Group 8.75% 2021	90,000	90,000	111,767	0.39	112,130
Friends Life Group 8.25% 2022	100,000	100,000	120,000	0.41	118,508
Gatwick Funding Ltd 6.125% 2026	100,000	100,000	127,146	0.44	123,379
Gatwick Funding 6.5% 2043	—	100,000	144,062	0.50	—
Gemgarto 2015 ZERO 2047	100,000	100,000	65,616	0.23	90,816
Great Rolling Stock 6.25% 2020	300,000	300,000	345,439	1.19	345,006
Great Rolling Stock 6.5% 2031	100,000	100,000	122,875	0.42	123,710
Hutchinson WHAMPOA Finance UK 5.625% 2026 (BAA Funding)	100,000	100,000	123,901	0.43	122,164
Heathrow Funding 5.875% 2043	115,000	115,000	155,714	0.54	143,723
Heathrow Funding 6% 2020	100,000	100,000	113,223	0.39	112,657
Heathrow Funding 6.45% 2033	200,000	200,000	277,477	0.96	262,539
Heathrow Funding 6.75% 2028	150,000	150,000	203,103	0.70	196,832
Heathrow Funding 7.125% 2024	100,000	100,000	125,285	0.43	124,170
HSBC FRN 2023	300,000	300,000	311,243	1.07	313,783
HSBC Bank 5.84%	—	140,000	149,436	0.52	—
HSBC 6.00% 2040	365,000	365,000	400,646	1.38	409,173



## Investment Portfolios (continued)

As at 31 March 2016

Sterling Bond Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>UK Corporate (continued)</b>					
HSBC 6.375% FRN 2022	200,000	200,000	209,176	0.72	213,239
HSBC 6.5% 2024	200,000	200,000	244,949	0.85	247,660
Imperial Tobacco 8.125% 2024	150,000	150,000	203,421	0.70	198,089
Imperial Tobacco 9% 2022	200,000	200,000	269,155	0.93	265,426
Integrated Accommodation Service 6.48% 2029	225,000	225,000	202,489	0.70	206,884
InterContinental Hotels 3.75% 2025	100,000	100,000	103,204	0.36	99,885
InterContinental Hotels 3.875% 2022	110,000	110,000	115,857	0.40	112,869
Lloyds Bank 5.75% 2025	308,000	308,000	330,693	1.14	332,061
Lloyds Bank 6% 2029	100,000	100,000	137,023	0.47	135,826
Lloyds Bank 6.5% 2040	155,000	—	—	—	215,428
Lloyds Bank Plc 7.625% 2025	—	370,000	466,050	1.61	—
Manchester Airport 4.75% 2034	200,000	200,000	231,746	0.80	220,343
Marks & Spencer 4.75% 2025	112,000	212,000	233,148	0.80	121,429
Meadowhall 4.988% 2037	300,000	300,000	285,974	0.99	285,682
Mitchells FRN 2032	150,000	150,000	112,262	0.39	125,625
Mitchells & Butler 5.965% 2025	550,000	550,000	247,662	0.85	268,652
Motability 3.75% 2026	100,000	100,000	110,725	0.38	107,161
Motability 3.625% 2036	—	100,000	104,885	0.36	—
Motability 4.375% 2027	100,000	—	—	—	111,911
NATS En Route 5.25% 2026	200,000	200,000	181,550	0.63	185,826
National Grid Gas 8.75% 2025	100,000	100,000	152,010	0.52	149,892
Nationwide 5.625% 2019	170,000	—	—	—	191,969
NGG Finance FRN 2073	120,000	120,000	124,721	0.43	125,900
Northern Ireland Electricity Finance Plc 6.375% 2026	100,000	100,000	130,774	0.45	127,793
Northumbrian Water 5.125% 2042	100,000	100,000	124,113	0.43	117,353
Orbit Capital 3.5% 2045	100,000	100,000	96,128	0.33	93,208
Paragon Mortgages No.23 2015	139,000	139,000	134,465	0.46	137,129
Permanent Master 4.805% 2017	147,000	147,000	151,214	0.52	153,285
Places for People Homes 5.875% 2031	150,000	150,000	181,491	0.63	180,527
Porterbrook Rail Finance 5.5% 2019	300,000	300,000	330,910	1.14	331,085
Prudential 5.7% 2063	—	210,000	195,218	0.67	—
Prudential 11.375 FRN 2039	100,000	100,000	123,680	0.43	126,155
QBE Capital Funding 7.5% FRN 2041	100,000	100,000	108,319	0.37	109,554
Rio Tinto Finance 4% 2029	125,000	125,000	127,886	0.44	123,627
RL Finance 6.125% 2028	—	100,000	102,646	0.35	—
RMPA Services 5.337% 2038	180,000	—	—	—	175,359
Royal Bank of Scotland 5.125% 2024	200,000	200,000	241,270	0.83	239,967
Royal Bank of Scotland 6.875% 2025	200,000	200,000	265,985	0.92	254,933
Royal Sun Alliance 5.125% 2045	200,000	200,000	189,995	0.66	197,129
Santander UK 3.625% 2026	—	122,000	121,167	0.42	—
Santander UK 9.625% FRN 2023	125,000	125,000	145,258	0.50	149,369
Scottish Amicable Finance 8.5%	—	181,000	195,933	0.68	—
Scottish and Southern Energy 5.453% FRN (perp)	150,000	—	—	—	150,263
Severn Trent 6.25% 2029	170,000	170,000	230,290	0.79	221,168
Society of Lloyds 7.421% FRN (perp)	114,000	114,000	118,114	0.41	120,110
Southern Gas Networks 4.875% 2020	150,000	—	—	—	167,992
Southern Gas Networks 6.375% 2040	100,000	100,000	141,561	0.49	136,444
Southern Water 5% 2021	180,000	180,000	204,937	0.71	201,066
SSE Plc 6.25% 2038	90,000	90,000	120,670	0.42	117,063
SSE FRN (perp)	200,000	200,000	193,292	0.67	191,250
Standard Chartered Bank 5.125% 2034	100,000	100,000	89,115	0.31	87,846
Standard Chartered Bank 7.75% FRN (perp)	200,000	200,000	214,000	0.74	227,250
Standard Life Finance 6.75% FRN (perp)	220,000	220,000	235,532	0.81	245,355
Telereal Securitisation 6.1645% 2031	150,000	—	—	—	170,605
Thames Water Utilities 3.5% 2028	—	100,000	104,093	0.36	—
Trafford Centre Finance 6.5% 2033	200,000	200,000	248,916	0.86	252,032

## Investment Portfolios (continued)

As at 31 March 2016

Sterling Bond Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>UK Corporate (continued)</b>					
United Utilities 5% 2035	120,000	120,000	146,418	0.51	140,794
UPP Bond 1 4.9023% 2040	—	150,000	168,995	0.58	—
Western Power 3.625% 2023	—	100,000	102,420	0.35	—
Western Power 5.75% 2040	100,000	100,000	131,455	0.45	126,538
Whitbread Group Plc 3.375% 2025	100,000	—	—	—	100,384
Yorkshire Building Society 4.75% 2018	100,000	—	—	—	108,714
<b>Overseas Borrowers 30.50% (35.92%)</b>					
América Móvil SAB 4.948% 2033	150,000	150,000	165,426	0.57	164,498
América Móvil SAB FRN 6.375% 2073	100,000	100,000	101,905	0.35	103,500
Apple Incorporated 3.6% 2042	180,000	180,000	188,484	0.65	175,191
APT Pipelines	100,000	100,000	92,658	0.32	92,619
AT&T 4.25% 2043	235,000	135,000	134,695	0.46	213,774
AT&T 4.875% 2044	100,000	100,000	109,433	0.38	99,950
AT&T 5.2% 2033	—	130,000	150,067	0.52	—
AT&T 7% 2040	100,000	100,000	140,415	0.48	129,837
AXA 5.453% (perp)	250,000	100,000	97,965	0.34	250,939
AXA 6.686% (perp)	225,000	225,000	237,638	0.82	248,719
Bank of America 7% 2028	150,000	—	—	—	203,183
Bank of America Merrill Lynch 7.75% 2018	150,000	150,000	168,164	0.58	171,560
BHP Billiton Finance 4.3% 2042	200,000	200,000	199,959	0.69	196,630
Chorus Ltd 6.75% 2020	—	100,000	116,807	0.40	—
Citigroup 4.5% 2031	270,000	270,000	276,920	0.96	277,361
Citigroup 6.8% 2038	85,000	85,000	121,100	0.42	119,905
Cooperatieve 6.6% (perp)	—	80,000	94,000	0.32	—
Deutsche Telekom Intl Finance GRN 2030	165,000	—	—	—	232,874
Direct TV Holdings 5.2% 2033	130,000	—	—	—	138,762
E.ON International Finance 6.375% 2032	275,000	375,000	461,055	1.59	329,916
EDF 5.125% 2050	150,000	150,000	164,874	0.57	163,720
EDF 5.5% 2041	300,000	300,000	347,321	1.20	339,509
EDF 6% FRN	200,000	200,000	182,938	0.63	198,875
EDF 6.125% 2034	250,000	250,000	307,717	1.06	304,445
ELM FRN (perp)	150,000	300,000	308,875	1.07	158,063
European Investment Bank 4.5% 2044	150,000	—	—	—	200,492
General Electric Cap. Corp. 5.875% 2033	140,000	140,000	190,705	0.66	184,971
General Electric Cap. Corp. 8% 2039	210,000	—	—	—	348,764
General Electric Cap. Corp. 6.5% FRN 2067	317,000	—	—	—	329,350
GKN Holdings 5.375% 2022	170,000	170,000	189,050	0.65	185,300
Glencore Finance GRN 2022	150,000	—	—	—	128,301
Glencore Finance 6.5% 2019	50,000	—	—	—	45,935
H J Heinz Co 4.125% 2027	210,000	210,000	223,352	0.77	218,046
Iberdrola Finanzas 7.375% 2024	150,000	—	—	—	193,392
ING Groep 6.875% FRN 2023	126,000	126,000	136,916	0.47	138,111
Koninklijke KPN 5% 2026	100,000	100,000	114,574	0.40	107,423
Linde Finance 8.125% 2068	125,000	125,000	126,814	0.44	130,330
Mellon Capital FRN 2066	150,000	150,000	150,723	0.52	151,781
Metlife 5.25% 2020	189,000	—	—	—	214,261
Mondelez International 4.5% 2035	—	120,000	127,921	0.44	—
National Capital Trust FRN (perp)	220,000	220,000	223,718	0.77	228,323
Orange SA 5.25% 2025	115,000	—	—	—	133,703
Orange SA 5.375% 2050	150,000	150,000	189,444	0.65	174,790
Orange SA FRN (perp)	222,000	222,000	224,334	0.77	223,661
PGH Capital Ltd 5.75% 2021	—	250,000	260,995	0.90	—
Precise Mortgage Funding 1.6675% 2047	100,000	100,000	55,089	0.19	73,783
Rabobank Capital FRN (perp)	156,000	156,000	159,973	0.55	162,989
RCI Banque 1.8% 2017	250,000	250,000	251,402	0.87	248,947

## Investment Portfolios (continued)

As at 31 March 2016

Sterling Bond Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>Overseas Borrowers (continued)</b>					
Residential Mortgage Securities FRN 2046	100,000	100,000	84,646	0.29	88,937
RWE Finance 6.125% 2039	100,000	100,000	106,947	0.37	106,160
Saint Gobain 4.625% 2029	100,000	—	—	—	107,973
Scentre Management 2.375% 2022	100,000	100,000	99,891	0.34	97,731
Siemens 6.125% FRN 2066	150,000	150,000	151,797	0.52	154,100
SLM Student Loan 5.45% 2038	190,000	190,000	157,182	0.54	171,868
Stagecoach Group 4% 2025	—	100,000	103,201	0.36	—
Svenska Handelsbanken 2.75% 2022	150,000	150,000	156,365	0.54	152,344
Talisman Energy Incorporated 5.875% 2017	300,000	—	—	—	326,071
Telefonica Emisiones 5.289% 2022	150,000	150,000	171,001	0.59	165,948
Thames Water Utilities Cayman 4.375% 2034	100,000	100,000	110,909	0.38	106,523
Thames Water Utilities Cayman 5.375% FRN 2025	140,000	—	—	—	146,438
Time Warner Cable 5.75% 2031	—	125,000	130,480	0.45	—
UBS AG (London) 6.625% 2018	140,000	140,000	155,070	0.54	156,349
United Mexico Sts 5.625% 2014	100,000	100,000	90,375	0.31	94,375
Vattenfall 6.875% 2039	194,000	—	—	—	259,949
Verizon Communications 4.75% 2034	200,000	200,000	221,801	0.77	211,301
Welltower Incorporated 4.8% 2028	100,000	100,000	108,118	0.37	107,169
Westpac Bank 2.625% 2022	—	200,000	203,929	0.70	—
Total Value of Investments			27,598,075	95.18	30,341,949
Other Assets			1,698,937	5.88	833,564
Total Assets			29,297,012	101.06	31,175,513
Liabilities			(312,456)	(1.08)	(394,698)
Total Net Assets			28,984,556	99.98	30,780,815
	Six month period ended 31.03.16	Year ended 30.09.15			
Cost of investments purchased	£5,582,687	£20,595,772			
Proceeds from investments sold	£7,467,515	£13,469,470			

## Investment Portfolios (continued)

As at 31 March 2016

UK Fund

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>Basic Resources 4.28% (4.35%)</b>					
Croda International	16,500	15,400	467,544	3.13	447,068
Rio Tinto	8,500	8,800	172,062	1.15	187,829
<b>Chemicals 1.74% (1.29%)</b>					
Elementis	105,000	108,500	259,858	1.74	234,255
<b>Consumer Goods 27.72% (27.72%)</b>					
Associated British Foods	8,500	6,100	204,472	1.37	283,943
AstraZeneca	10,500	10,800	421,578	2.82	439,084
British American Tobacco	17,600	16,000	654,440	4.38	641,212
Cobham	115,000	118,600	257,659	1.73	328,325
GKN	107,000	110,500	319,179	2.14	286,707
GlaxoSmithKline	36,000	37,000	522,255	3.50	455,580
Imperial Brands	—	8,500	328,376	2.20	—
Persimmon	12,000	—	—	—	240,840
Rolls Royce Holdings	78,000	70,000	477,225	3.20	528,255
Tesco	121,000	124,500	238,766	1.60	221,648
Unilever	23,000	22,700	715,674	4.79	617,550
<b>Energy 13.47% (16.88%)</b>					
BG Group	61,000	—	—	—	580,141
BHP Billiton	40,000	41,500	324,904	2.18	401,900
Centrica	124,000	128,000	291,392	1.95	284,270
John Wood Group	75,767	78,000	479,895	3.21	465,778
KSK Power Ventur	31,668	—	—	—	10,609
Royal Dutch Shell 'A'	27,914	10,300	173,478	1.16	433,714
Royal Dutch Shell	—	27,169	461,941	3.09	—
Weir Group	24,500	25,200	279,090	1.87	286,528
<b>Financials 14.37% (14.32%)</b>					
Capita	14,000	31,000	322,865	2.16	167,650
HSBC Holdings	107,561	110,500	479,493	3.21	536,439
Prudential	42,500	44,000	572,550	3.83	592,131
Schroders	3,500	3,500	93,940	0.63	98,158
Schroders Non-Voting	12,500	13,000	263,575	1.77	270,875
Standard Chartered Bank	66,106	87,500	413,464	2.77	423,574
<b>Information Technology 2.32% (1.95%)</b>					
Aveva Group	14,000	20,500	322,568	2.16	283,850
<b>Materials 2.32% (1.76%)</b>					
Spirax-Sarco Engineering	9,160	9,500	345,753	2.32	256,526

## Investment Portfolios (continued)

As at 31 March 2016

UK Fund (continued)

	Holding 30.09.15	Holding 31.03.16	Market Value 31.03.16 £	% of Total Net Assets	Market Value 30.09.15 £
<b>Services 31.71% (27.90%)</b>					
Aggreko	20,500	26,300	283,383	1.90	195,006
American Leisure (Suspended)	416,667	416,667	—	—	—
Compass Group	50,000	46,000	565,110	3.78	526,750
Dignity	—	7,000	173,495	1.16	—
Experian	43,000	39,000	485,355	3.25	454,725
Inchcape	45,500	42,400	306,870	2.06	326,918
Inmarsat	43,000	35,000	344,663	2.31	422,153
Intertek Group	—	8,300	263,027	1.76	—
Pearson	48,000	49,500	433,249	2.90	540,720
Rotork	108,000	168,000	307,272	2.06	177,930
Sage Group	96,000	79,700	501,114	3.36	479,376
Ultra Electronics	23,500	24,200	436,568	2.92	402,320
Vodafone Group	138,000	142,000	314,076	2.10	287,702
Whitbread	5,500	8,100	320,965	2.15	256,685
Total Value of Investments			14,599,143	97.77	14,074,724
Other Assets			425,147	2.85	323,926
Total Assets			15,024,290	100.62	14,398,650
Liabilities			(92,218)	(0.62)	(309,517)
Total Net Assets			14,932,072	100.00	14,089,133
	Six month period ended 31.03.16	Year ended 30.09.15			
Cost of investments purchased	£2,194,805	£1,656,705			
Proceeds from investments sold	£1,954,109	£3,636,200			

## Investments Purchased and Sold

For the six month period ended 31 March 2016

This schedule refers to investments both purchased and sold during the period and as a result do not appear on the portfolio listings.

	Nominal
<b>High Income Fund</b>	
Treasury Gilt 5% 2018	100,000
Treasury Gilt 2% 2025	715,000
<b>International Fund</b>	
Rolls Royce Holdings	3,734,327
Standard Chartered	13,640
<b>Sterling Bond Fund</b>	
Treasury Gilt 5% 2018	150,000
Treasury Gilt 3.75% 2020	53,000
Treasury Gilt 2% 2025	10,000
<b>UK Fund</b>	
Rolls Royce Holdings	7,230,600
Standard Chartered	18,887

## Summary of Material Portfolio Changes

For the six month period ended 31 March 2016

This schedule refers to securities purchased and sold during the period which had a value of greater than 2% of the net asset value of each Fund. The Directors consider that the disclosure of the 20 largest purchases and sales is sufficient to reflect the nature of the operating activity of the Funds.

### Euro High Income Fund

Purchases	Cost €	Sales	Proceeds €
European Investment Bank 4.75% 2017	515,724	Toyota Motor Corp 2015	500,923
Toyota Motor Corp 2015	500,000	RWE Finance 6.5% 2021	341,477
KFW Bankengruppe 4.675% 2023	408,518	Bundesrepublik Deutschland 6.25% 2024	307,724
National Australia Bank 2015	400,000	National Australia Bank 2015	300,593
Roche Finance Europe 0.875% 2025	240,381	Veolia Environment 6.125% 2033	278,676
Renault 3.625% 2018	219,412	HSBC 6% 2019	246,027
FCE Bank Plc 1.75% 2013	208,349	Bundesrepublik Deutschland 3.75% 2019	237,168
AT&T Inc	200,000	Bundesrepublik Deutschland 6.25% 2024	231,024
FCE Bank Plc 2015	200,000	La Poste 2.75% 2024	227,800
Verizon Communications 1.625% 2024	199,732	Royal Bank of Scotland 6.934% 2018	216,378
UNCR 2015	199,500	FCE Bank Plc 1.75% 2013	209,760
Bank of Tokyo Mitsubishi 0.875% 2022	199,096	UNCR 2015	202,922
Terna Rete Elettrica Nazionale 0.875% 2022	198,840	AT&T Inc Co 2019	201,173
AG Insurance 3.5% 2047	198,768	FCE Bank Plc 2015	200,270
Verizon Communications 2.625% 2031	198,648	Citigroup Inc 7.375% 2019	198,988
Volkswagen International Finance FRN (perp)	198,420	Bundesrepublik Deutschland 6.25% 2024	180,467
BAT International Finance 0.875% 2023	198,200	E.ON International Finance 5.75% 2020	167,705
State Grid Europe 1.5% 2022	177,530	Bundesrepub 6.25% 2024	165,681
3i Group 5.625% 2017	164,522	Ryanair Ltd 1.875% 2021	159,821
CRH Finance Germany 1.75% 2021	158,256	Bank of America 1.061% FRN 2018	148,691

### European Fund

Purchases	Cost £	Sales	Proceeds £
UBS Group	221,746	MTU Aero Engines AG	166,950
Royal Dutch Shell	103,548	Essilor International	105,877
UBS Group	74,272	Atlas Copco	76,624
Roche Holdings	60,360	Unilever	71,677
The Swatch Group R	36,898	Vopak	68,038
The Swatch Group R	22,379	Roche Holdings	63,348
The Swatch Group R	7,622	Schindler	56,812
The Swatch Group R	4,216	Givaudan	46,278
		Kongsberg Gruppen	46,183
		Assa Abloy	42,497
		Ericsson	38,983
		Schneider Electric	35,825
		L'Oreal	33,574
		Vienna Insurance Group A	33,491
		Fuchs Petrolub Pref	28,192
		Atlas Copco 'B'	27,552
		Roche Holdings	26,580
		Linde	25,652
		MTU Aero Engines Hldg.	24,585
		Zurich Insurance Group	22,634

## Summary of Material Portfolio Changes (continued)

For the six month period ended 31 March 2016

## High Income Fund

Purchases	Cost £	Sales	Proceeds £
Enel 5.75% 2037	2,045,768	Tesco 6.125% 2022	2,752,275
APT Pipelines 3.5% 2030	1,488,075	Treasury 4.5% 2019	2,287,149
Treasury 6% 1998	1,396,725	Treasury 1.75% 2022	1,470,249
EDF 5.5% 2041	1,335,312	Streaming SIMD Extensions (SSE) 6.125% 2038	1,463,553
Treasury 1.75% 2022	1,237,835	Treasury 4.5% 2019	1,257,490
Scentre Management 2.375% 2022	1,196,676	Tesco Property 6.0517% 2039	1,083,177
Electricite France 5.125% 2050	1,102,116	Sky Plc 6% 2027	1,071,824
SSE FRN (perp)	1,097,393	Treasury 4.5% 2019	1,051,148
Sky Plc 6% 2027	1,061,678	Treasury 4.5% 2019	1,001,970
Treasury 6% 1998	961,411	Treasury 4.5% 2019	872,975
Abbey National Treasury Services 1.875% 2020	935,986	Sky Plc 6% 2027	818,617
Electricite France 5.125% 2050	909,237	Treasury 4.5% 2019	810,570
Sky Plc 6% 2027	811,219	Goldman Sachs 7.25% 2028	802,234
Treasury 6% 1998	802,600	Barclays Bank 10% 2021	691,633
Treasury 6% 1998	790,994	Treasury 4.5% 2042	689,352
EE Finance 4.375% 2019	656,134	Treasury 6% 1998	676,278
Lloyds of London 4.75% 2024	641,006	Treasury 5% 2018	623,748
Paragon Treasury 3.625% 2047	599,892	Petrobras 5.375% 2029	600,352
EDF 5.5% 2041	595,761	Petrobras 5.375% 2029	599,910
Treasury 4.75% 2030	594,810	Thames Water Utilities Finance 5.125% 2037	572,840

## International Fund

Purchases	Cost £	Sales	Proceeds £
Cognizant Technology Solutions	96,974	Novartis	135,544
Novartis	96,375	ENI	128,137
TJX Companies	75,426	Shin-Etsu Chemical	118,740
Experian	74,855	BNP Billiton	114,696
EOG Resources	68,325	Roche Holding	104,791
EOG Resources	62,054	Visa	104,030
Comcast	61,068	ENI	101,292
TJX Companies	57,867	Roche Holding	92,701
EOG Resources	56,763	ENI	91,810
EOG Resources	38,171	Taiwan Semiconductor Manufacturing	87,997
TJX Companies	37,162	Schlumberger	86,394
BNP Billiton	36,066	Zurich Insurance Group	82,928
Vale	33,157	Nestle	78,193
BNP Billiton	29,024	Taiwan Semiconductor Manufacturing	77,220
TJX Companies	28,196	Johnson & Johnson	74,985
Rolls Royce Holdings	27,168	Fomento Economico Mexicano	72,394
TJX Companies	26,677	Japan Tobacco	72,022
BNP Billiton	26,352	Johnson & Johnson	71,520
Cognizant Technology Solutions	24,740	Philip Morris International	71,070
Cognizant Technology Solutions	24,349	Royal Dutch Shell	69,452



## Summary of Material Portfolio Changes (continued)

For the six month period ended 31 March 2016

## North American Fund

Purchases	Cost £	Sales	Proceeds £
M&T Bank	95,243	Kraft Foods Group	103,102
International Flavors & Fragrances	83,516	CISCO Systems	90,979
PVH Corporation	63,493	Aflac	77,268
Charles Schwab	60,565	TJX Companies	62,874
EOG Resources	53,566	BorgWarner	61,244
Intercontinental Exchange	43,873	EMC	56,117
PVH Corporation	42,468	CVS Healthcare	52,457
PVH Corporation	41,636	Apache Corporation	49,895
Visa	38,385	Visa	49,391
EOG Resources	35,186	Costco Wholesale	48,545
BorgWarner	32,724	Costco Wholesale	48,508
Starwood Hotels & Resorts Worldwide	28,350	Johnson & Johnson	45,818
M&T Bank	23,740	United Technologies	39,503
M&T Bank	22,717	Emerson Electric	38,563
American Express	20,779	Royal Bank of Canada	34,739
Apache Corporation	18,549	TJX Companies	34,704
Schlumberger	17,835	Target	33,210
Wells Fargo	17,490	Intercontinental Exchange	31,812
Royal Bank of Canada	16,350	Comcast	27,420
International Flavors & Fragrances	15,242	International Flavors & Fragrances	26,761

## Sterling Bond Fund

Purchases	Cost £	Sales	Proceeds £
Treasury 4.75% 2038	385,092	Southern Electric 5.5% 2032	358,909
SSE FRN (perp)	199,526	Tesco Property Finance 5.8006% 2040	253,746
Treasury 5% 2025	189,482	Coventry Building Society 4.625% 2018	194,438
Treasury 4.25% 2055	184,795	RWE Finance 5.5% 2022	181,514
Southern Gas Networks 6.375% 2040	137,641	Treasury 4.25% 2055	155,403
EDF 5.5% 2041	137,278	AA Bond GRN 2043	150,353
EDF 5.5% 2041	129,274	Treasury 4.75% 2038	136,041
Sky Plc 6% 2027	124,903	Tesco 5% 2023	124,930
BHP Billiton Finance 4.3% 2042	117,359	Arqiva FNG	124,915
AT&T 4.875% 2044	108,885	AT&T 5.5% 2027	121,294
Residential Mortgage Securities FRN 2046	100,000	Southern Gas Networks 4.875% 2020	116,214
Scentre Management 2.375% 2022	99,723	DONG Energy 4.875% 2032	113,884
APT Pipelines 3.5% 2030	99,205	BHP Billiton Finance 3.25% 2024	106,465
Treasury Stock 4.25% 2032	98,524	Santander UK 7.5% FRN	105,521
Orbit Capital 3.5% 2045	98,031	Tesco 5% 2023	105,176
Precise Mortgage Funding 1.6675% 2047	94,576	Treasury Stock 4.25% 2032	103,953
Treasury 4.75% 2030	79,126	Treasury 5% 2025	102,004
AT&T 7% 2040	76,929	Petrobras 5.375% 2029	79,988
Deutsche Telekom Intl Finance GRN 2030	76,524	Treasury 4.75% 2030	79,702
Treasury 5% 2025	68,677	Treasury 4.75% 2038	72,970

## Summary of Material Portfolio Changes (continued)

For the six month period ended 31 March 2016

### UK Fund

Purchases	<u>Cost £</u>	Sales	<u>Proceeds £</u>
Aveva Group	96,956	Experian	144,152
BNP Billiton	83,367	Pearson	115,218
BG Group	82,297	Persimmon	112,811
Weir Group	57,139	British American Tobacco	112,113
British American Tobacco	54,198	Unilever	98,825
Weir Group	45,949	Indus Gas	65,448
Weir Group	25,104	Prudential	62,978
Standard Chartered	24,375	Prudential	61,504
Aveva Group	23,058	Compass Group	61,062
Standard Chartered	22,891	Schroders	60,582
Rolls Royce Holdings	14,312	Unilever	49,330
Aveva Group	12,499	Prudential	44,217
Rolls Royce Holdings	12,294	Prudential	43,947
Aveva Group	12,241	Sage Group	39,445
Aveva Group	10,785	Sage Group	38,790
Rolls Royce Holdings	10,434	Croda International	37,669
Elementis	8,080	GKN	37,412
Aveva Group	7,551	Persimmon	34,982
Elementis	7,234	Tesco	34,401
Aveva Group	6,996	Sage Group	33,873

## Notes to the Financial Statements

For the six month period ended 31 March 2016

### 1. The Company

The Company is domiciled and incorporated as a limited liability company in Jersey, Channel Islands, United Kingdom under the Companies (Jersey) Law 1991 and is listed on the Channel Islands Securities Exchange Authority and the Malta Stock Exchange. Full details of the Company, Investment Objectives and Policy and Report of the Directors are stated on pages 2 to 6.

### 2. Basis of Presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') on the going concern basis. The Funds are:

- Euro High Income Fund
- European Fund
- High Income Fund
- International Fund
- North American Fund
- Sterling Bond Fund
- UK Fund

The policies set out below have been consistently applied to all periods presented.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments, held at fair value through the profit or loss and in accordance with the Companies (Jersey) Law 1991 and with the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended). Jersey is not part of the United Kingdom ('UK') and the Company is not regulated by the Financial Conduct Authority ('FCA') or the Prudential Regulation Authority ('PRA') of the UK.

The capital of the Company comprises various classes of Shares each relating to a separate Fund consisting of securities, cash, other assets and liabilities. These financial statements present the statements of financial position, statements of comprehensive income, statements of changes in net assets attributable to holders of participating redeemable preference shares, cash flow statements, investment portfolios, notes to the financial statements, distribution tables and performance records. At the statement of financial position date there were seven Funds in existence; Euro High Income Fund, European Fund, High Income Fund, International Fund, North American Fund, Sterling Bond Fund and UK Fund. The Directors may from time to time create further classes (Funds).

The net assets attributable to holders of participating redeemable preference shares are classified as financial liabilities and therefore, in the opinion of the Directors, the Capital of the Company is only represented by the Founders Shares. Details of Founders Shares are disclosed in Notes 3 and 14.

Where assets of an individual Fund are insufficient to meet the Funds liabilities, then any liabilities that remain undischarged will revert to the Company as a whole and be allocated amongst the other Funds.

### Significant accounting estimates and judgements

The Company makes assumptions and estimates that affect the reported amounts of assets and liabilities at the statement of financial position date. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The accounting policies deemed significant to the Company's results and financial position, based upon materiality and significant judgements and estimates, are discussed in the following notes. See Note 3 for further details on what are considered to be the significant accounting policies.

### 3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented, unless otherwise stated in the following text:

The Directors also monitor new standards and ensure that they are applied where relevant.

#### 2. Adoption of new and revised IFRS's

##### 2.1 Standards, amendments and interpretations effective for the current period

The following new standards, amendments and interpretations have been adopted in these financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: The Company has applied the amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities for the first time in the current period.

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

The Company did not control any entities during the period or the prior year and as a result, the investment entities amendments have had no impact on the Company.

Amendments to IAS 28 Investments in Associates and Joint Ventures: The Company has applied the amendments to IAS 28 Investments in Associates and Joint Ventures for the first time in the current period.

The Company had no Associates or Joint Ventures during the period or the prior year and as a result, the investment entities amendments have had no impact on the Company.

##### 2.2 The following New and revised standards, amendments and interpretations have been published but are not yet effective:

- IFRS 9, 'Financial Instruments' (effective from 1 January 2018).
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2017).

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

### 3. Summary of Significant Accounting Policies (continued)

#### Functional currency and presentational currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). The Directors have adopted sterling as the functional and presentational currency for consolidation purposes which reflects the Company's primary economic environment in which financial assets are invested and the regulatory environment of the majority of investors, being UK based.

The Company has adopted sterling as its presentational and functional currency for European Fund, High Income Fund, International Fund, North American Fund, Sterling Bond Fund and UK Fund as the majority of Shares in each Fund have been subscribed for in sterling and all non dealing related fees and expenses are paid in sterling.

The Company has adopted euro as its presentational and functional currency for the Euro High Income Fund as the Shares in the Fund have been subscribed for in euros and the majority of non dealing related fees and expenses are paid in euro.

#### Share premium and share capital currency translation

Share premium and share capital transactions are translated into sterling at the exchange rate ruling at the time of the transaction.

The aggregated balance of net assets attributable to holders of participating redeemable preference Shares is translated at the date of transaction.

#### Segmental reporting

The Company, at the statement of financial position date is organised into seven business segments, each focussing on achieving returns by investing in a range of investments as described in the Investment Objectives and Policy on page 3.

The Company issues Shares which are allocated to the Fund selected by the investor. A separate account is maintained for each Fund, to which proceeds of issue, the income arising from those proceeds and expenses are allocated. Upon redemption shareholders are entitled to their proportion of the net assets held in the Fund in which their Shares have been designated.

A statement of financial position, statement of comprehensive income, statement of changes in net assets attributable to holders of participating redeemable preference shares and cash flow statement have been prepared for each Fund as well as for the Company as a whole.

#### Foreign currency translation

Assets and liabilities denominated in currencies other than the functional currency of the Fund are translated at the rate of exchange ruling at the statement of financial position date. The currency profits or losses arising on translation, together with currency profits or losses realised during the period, are recognised in the statement of comprehensive income.

The rate of exchange to sterling from euro ruling at 31 March 2016 used for the conversion of statement of financial position items was 1.2613 and the average rate for the period used for the conversion of the statement of comprehensive income was 1.3392.

#### Financial assets and financial liabilities at fair value through profit or loss

##### (a) Classification

The Company classifies its investments in debt and equity securities as financial assets at fair value through profit or loss. These financial assets and financial liabilities are designated by the Board of Directors as fair value through profit or loss at inception.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy.

##### (b) Recognition

Purchases and sales are recognised on the trade date (the date on which the Company commits to purchase or sell the asset).

##### (c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income as incurred. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss are recognised in the statement of comprehensive income in the period in which they arise.

#### Revenue recognition

Investment income is recognised in the statement of comprehensive income on an ex-dividend basis when the right to receive payment is established or on a time proportionate basis for all debt instruments using the Effective Interest Rate method ('EIR'). This is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period.

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

### 3. Summary of Significant Accounting Policies (continued)

#### Revenue recognition (continued)

Bank interest is recognised in the statement of comprehensive income on a time proportionate basis using the EIR method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial asset or liability, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

#### Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets and financial liabilities held by the Fund is the current mid-market price as required by IFRS 13 financial assets and financial liabilities at fair value at close of business on the last business day of the accounting period.

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

#### Share capital

- (i) The Founders Shares have been subscribed for by the Manager and are 'non-participating'. The holders thereof are entitled only to income arising on the assets represented by the Founders Shares. These Shares are classified as Ordinary Share capital in the statement of financial position.
- (ii) Unclassified Shares may be issued as either participating redeemable preference shares ('Participating Shares') or Nominal Shares. Participating Shares are redeemable at the shareholder's option and are classified as financial liabilities. Participating Shares are carried at the redemption amount that is payable if the holder exercises the right to redeem Shares at the statement of financial position date.

Participating Shares are issued and redeemed at the holder's option at prices based on each Fund's net asset value per Share at the time of issue or redemption. Each Fund's net asset value per Share is calculated by dividing the net assets attributable to the holders of participating redeemable preference shares with the total number of Participating Shares in issue. In accordance with the provisions of the Company's regulations, investments are valued based on the latest traded market price for the purpose of determining the net asset value per Share for subscriptions and redemptions.

The Shares are divided into Funds according to the type of investment in which the proceeds of the issue of Shares in each Fund are invested. A separate portfolio of investments is maintained for each Fund.

Each holder of a Participating Share is entitled on a poll, to one vote for each Participating Share held. Participating Shares have a right to dividends declared. If any dividends are paid, different amounts of dividends may be payable in respect of different Funds.

- (iii) Nominal Shares have been accounted for in accordance with the Companies (Jersey) Law 1991 and corresponding amounts have been included in debtors and financial liabilities. A Nominal Share will be created when a Participating Share is cancelled. A Nominal Share will be cancelled when a Participating Share is created until the number of Nominal Shares falls to zero.

- (iv) Both issued Nominal and Participating Shares have a nominal value of £ 0.01 per Share.

Details of the Company's Share capital transactions are shown in Note 14.

#### Share premium

The premium on issues and redemptions of Participating Shares is accounted for within the Share premium account which forms part of the net assets attributable to holders of participating redeemable preference Shares. Details are shown in Notes 15 and 17.

#### Distributions payable to holders of participating redeemable preference shares

Distributions to holders of Participating Shares are recognised as finance costs when they are ratified by the Directors.

#### Accrued income and expenses

Accrued income and expenses are recognised initially at fair value and subsequently stated at amortised cost using the EIR.

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 4. Other Accrued Income and Other Debtors

	Company	Euro High Income Fund	European Fund
	£	€	£
<b>Period ended 31 March 2016</b>			
Accrued Income	7,030,830	198,088	—
Founders Shares	1,000	—	—
Nominal Shares	1,150,288	—	—
Total other accrued income and other debtors	8,182,118	198,088	—
<b>Year ended 30 September 2015</b>			
Accrued Income	6,928,533	218,566	—
Founders Shares	1,000	—	—
Nominal Shares	1,053,019	—	—
Total other accrued income and other debtors	7,982,552	218,566	—

## 5. Distributions

The distributions take account of income received on the creation of shares and income deducted on the cancellation of shares, and comprise:

	Company	Euro High Income Fund
	£	€
<b>Period ended 31 March 2016</b>		
31 October 2015	1,246,603	—
30 November 2015	1,235,019	—
31 December 2015	1,575,912	116,394
31 January 2016	1,206,004	—
29 February 2016	1,198,644	—
31 March 2016	1,566,339	114,593
Total distributions	8,028,521	230,987
Income paid on cancellation of shares	16,830	5,557
Income received on creation of shares	(35,023)	(2,118)
Net distributions for the period	8,010,328	234,426
Fees charged to capital*	(1,346,822)	(75,079)
Net distributions after taxation	6,663,506	159,347

\* Details can be found in Note 10.

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 4. Other Accrued Income and Other Debtors

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
<b>Period ended 31 March 2016</b>					
Accrued Income	6,128,096	67,831	10,616	580,976	86,254
Founders Shares	—	—	—	—	—
Nominal Shares	—	—	—	—	—
Total other accrued income and other debtors	6,128,096	67,831	10,616	580,976	86,254
<b>Year ended 30 September 2015</b>					
Accrued Income	6,110,661	28,047	7,888	605,122	15,751
Founders Shares	—	—	—	—	—
Nominal Shares	—	—	—	—	—
Total other accrued income and other debtors	6,110,661	28,047	7,888	605,122	15,751

## 5. Distributions

The distributions take account of income received on the creation of shares and income deducted on the cancellation of shares, and comprise:

	High Income Fund	Sterling Bond Fund	UK Fund
	£	£	£
<b>Period ended 31 March 2016</b>			
31 October 2015	1,246,603	—	—
30 November 2015	1,235,019	—	—
31 December 2015	1,227,973	262,154	—
31 January 2016	1,206,004	—	—
29 February 2016	1,198,644	—	—
31 March 2016	1,198,083	277,399	—
Total distributions	7,312,326	539,553	—
Income paid on cancellation of shares	7,303	5,222	153
Income received on creation of shares	(24,401)	(8,646)	(394)
Net distributions for the period	7,295,228	536,129	(241)
Fees charged to capital*	(1,277,516)	(1,624)	(11,618)
Net distributions after taxation	6,017,712	534,505	(11,859)

\* Details can be found in Note 10.

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 5. Distributions (continued)

	Company	Euro High Income Fund
	£	€
<b>Period ended 31 March 2015</b>		
31 October 2014	1,420,082	—
30 November 2014	1,415,090	—
31 December 2014	1,737,467	143,387
31 January 2015	1,410,863	—
28 February 2015	1,389,323	—
31 March 2015	1,665,538	122,955
Total distributions	9,038,363	266,342
Income paid on cancellation of shares	25,573	8,615
Income received on creation of shares	(41,547)	(3,433)
Net distributions for the period	9,022,389	271,524
Fees charged to capital*	(1,506,645)	(73,173)
Net distributions after taxation	7,515,744	198,351

\* Details can be found in Note 10.

## 6. Accrued Expenses and Other Creditors

	Company	Euro High Income Fund	European Fund
	£	€	£
<b>Period ended 31 March 2016</b>			
Due to Manager	407,916	18,703	25,869
Due to Custodian	21,539	1,302	1,582
Other Creditors	82,569	3,554	6,926
Total accrued expenses and other creditors	512,024	23,559	34,377
<b>Year ended 30 September 2015</b>			
Due to Manager	436,987	19,134	26,036
Due to Custodian	23,301	1,370	1,607
Other Creditors	146,527	9,373	9,196
Total accrued expenses and other creditors	606,815	29,877	36,839



## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 5. Distributions (continued)

	High Income Fund	Sterling Bond Fund	UK Fund
	£	£	£
<b>Period ended 31 March 2015</b>			
31 October 2014	1,420,083	—	—
30 November 2014	1,415,090	—	—
31 December 2014	1,411,327	214,861	—
31 January 2015	1,410,863	—	—
28 February 2015	1,389,323	—	—
31 March 2015	1,364,049	212,533	—
Total distributions	8,410,735	427,394	—
Income paid on cancellation of shares	15,928	2,628	485
Income received on creation of shares	(32,781)	(4,045)	(2,118)
Net distributions for the period	8,393,882	425,977	(1,633)
Fees charged to capital*	(1,451,159)	—	—
Net distributions after taxation	6,942,723	425,977	(1,633)

\* Details can be found in Note 10.

## 6. Accrued Expenses and Other Creditors

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
<b>Period ended 31 March 2016</b>					
Due to Manager	254,830	37,605	17,922	28,161	28,700
Due to Custodian	12,453	1,842	1,191	1,964	1,475
Other Creditors	36,696	14,435	7,902	4,932	8,859
Total accrued expenses and other creditors	303,979	53,882	27,015	35,057	39,034
<b>Year ended 30 September 2015</b>					
Due to Manager	280,241	38,301	17,843	30,447	30,019
Due to Custodian	13,873	1,911	1,177	2,145	1,578
Other Creditors	87,897	12,653	8,295	10,447	11,133
Total accrued expenses and other creditors	382,011	52,865	27,315	43,039	42,730

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 7. Net gain/(loss) on financial assets at fair value through profit or loss

The net gain/(loss) on investments during the period comprise:

	Company	Euro High Income Fund	European Fund
	£	€	£
<b>Period ended 31 March 2016</b>			
Proceeds from sales of investments during the period	57,053,210	3,557,857	1,312,252
Original cost of investments sold during the period	(53,961,543)	(3,574,912)	(1,329,206)
Gains/(losses) realised on investments sold during the period	3,091,667	(17,055)	(16,954)
Realised foreign exchange (losses)/gains	(47,783)	—	(9,650)
Net realised gains / (losses) for the period	3,043,884	(17,055)	(26,604)
Net unrealised gains/(losses) for the period	4,117,324	424,931	1,195,111
Net gains on investments	7,161,208	407,876	1,168,507
<b>Period ended 31 March 2015</b>			
Proceeds from sales of investments during the period	50,184,915	9,351,680	1,843,031
Original cost of investments sold during the period	(48,653,061)	(9,048,751)	(1,698,726)
Gains/(losses) realised on investments sold during the period	1,531,854	302,929	144,305
Realised foreign exchange (losses)/gains	(19,385)	119	(15,971)
Net realised gains for the period	1,512,469	303,048	128,334
Net unrealised gains/(losses) for the period	17,840,628	(1,118,729)	1,264,948
Net gains/(losses) on investments	19,353,097	(815,681)	1,393,282

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 7. Net gain/(loss) on financial assets at fair value through profit or loss

The net gain/(loss) on investments during the period comprise:

	High Income Fund £	International Fund £	North American Fund £	Sterling Bond Fund £	UK Fund £
<b>Period ended 31 March 2016</b>					
Proceeds from sales of investments during the period	38,707,931	3,589,132	1,365,502	7,467,515	1,954,109
Original cost of investments sold during the period	(35,442,429)	(4,359,565)	(1,370,440)	(6,829,338)	(1,961,060)
Gains/(losses) realised on investments sold during the period	3,265,502	(770,433)	(4,938)	638,177	(6,951)
Realised foreign exchange (losses)/gains	—	(34,850)	(5,285)	—	2,002
Net realised gains / (losses) for the period	3,265,502	(805,283)	(10,223)	638,177	(4,949)
Net unrealised gains/(losses) for the period	(900,098)	2,629,467	927,543	(341,358)	289,349
Net gains on investments	2,365,404	1,824,184	917,320	296,819	284,400
<b>Period ended 31 March 2015</b>					
Proceeds from sales of investments during the period	30,463,763	4,639,183	1,280,138	2,614,784	2,252,829
Original cost of investments sold during the period	(29,277,203)	(4,728,709)	(1,125,389)	(2,781,878)	(2,179,675)
Gains/(losses) realised on investments sold during the period	1,186,560	(89,526)	154,749	(167,094)	73,154
Realised foreign exchange (losses)/gains	—	994	2,591	—	(7,089)
Net realised gains for the period	1,186,560	(88,532)	157,340	(167,094)	66,065
Net unrealised gains/(losses) for the period	13,346,754	979,362	1,092,922	1,345,665	659,287
Net gains/(losses) on investments	14,533,314	890,830	1,250,262	1,178,571	725,352

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 8. Other Income

	Company	Euro High Income Fund	European Fund
	£	€	£
<b>Period ended 31 March 2016</b>			
Bank interest	15,897	263	218
<b>Period ended 31 March 2015</b>			
Bank interest	4,123	—	151

## 9. Operating Expenses

	Note	Company	Euro High Income Fund	European Fund
		£	€	£
<b>Period ended 31 March 2016</b>				
Payable to the Manager:				
Annual management fees	10	1,819,451	66,971	93,152
Registrar fees	10	95,647	7,520	9,065
Payable to the Custodian:				
Custodian fees	11	127,070	7,620	9,016
Safe custody fees	11	37,049	2,591	3,073
Other expenses:				
Administration expenses*		75,004	8,457	5,345
Broker commission, dealing charges and stamp duty		33,929	588	3,947
Audit fee		13,547	1,000	1,200
Total expenses		2,201,697	94,747	124,798
<b>Total Expense Ratio**</b>			1.23%	1.95%
<b>Period ended 31 March 2015</b>				
Payable to the Manager:				
Annual management fees	10	2,032,781	68,077	104,462
Registrar fees	10	102,326	5,096	9,646
Payable to the Custodian:				
Custodian fees	11	140,041	7,695	9,952
Safe custody fees	11	40,240	2,184	3,094
Other expenses:				
Administration expenses*		96,320	10,631	6,965
Broker commission, dealing charges and stamp duty		30,848	756	5,858
Audit fee		13,133	900	1,100
Total expenses		2,455,689	95,339	141,077
<b>Total Expense Ratio**</b>			1.22%	2.02%

\*The Administration expenses includes £5,000 of Director fees (see note 10).

\*\*The Total Expense Ratio, represents the management fee and total operating expenses less the dealing and broker charges, expressed as an annualised percentage of the average daily net asset values during the period

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 8. Other Income

	High Income Fund £	International Fund £	North American Fund £	Sterling Bond Fund £	UK Fund £
<b>Period ended 31 March 2016</b>					
Bank interest	8,912	782	1	3,917	1,872
<b>Period ended 31 March 2015</b>					
Bank interest	3,348	44	32	147	401

## 9. Operating Expenses

	High Income Fund £	International Fund £	North American Fund £	Sterling Bond Fund £	UK Fund £
<b>Period ended 31 March 2016</b>					
Payable to the Manager:					
Annual management fees	1,229,221	141,320	67,666	127,924	110,159
Registrar fees	46,665	12,576	5,856	6,571	9,299
Payable to the Custodian:					
Custodian fees	74,628	10,675	6,767	11,697	8,597
Safe custody fees	24,576	3,426	1,579	1,379	1,081
Other expenses:					
Administration expenses*	36,426	6,998	4,610	7,796	7,512
Broker commission, dealing charges and stamp duty	1,630	11,402	3,269	1,624	11,618
Audit fee	8,100	700	800	1,200	800
<b>Total expenses</b>	<b>1,421,246</b>	<b>187,097</b>	<b>90,547</b>	<b>158,191</b>	<b>149,066</b>
<b>Total Expense Ratio**</b>	<b>1.01%</b>	<b>1.87%</b>	<b>1.94%</b>	<b>1.07%</b>	<b>1.88%</b>
<b>Period ended 31 March 2015</b>					
Payable to the Manager:					
Annual management fees	1,398,743	176,729	73,225	100,808	127,193
Registrar fees	52,416	13,650	6,188	6,734	9,828
Payable to the Custodian:					
Custodian fees	84,291	13,029	7,321	9,887	9,726
Safe custody fees	26,936	3,458	1,456	2,548	1,092
Other expenses:					
Administration expenses*	47,865	8,179	7,058	9,478	8,714
Broker commission, dealing charges and stamp duty	1,080	12,319	2,890	752	7,374
Audit fee	8,000	750	750	1,100	750
<b>Total expenses</b>	<b>1,619,331</b>	<b>228,114</b>	<b>98,888</b>	<b>131,307</b>	<b>164,677</b>
<b>Total Expense Ratio**</b>	<b>1.01%</b>	<b>1.93%</b>	<b>2.02%</b>	<b>1.14%</b>	<b>1.94%</b>

\*The Administration expenses includes £5,000 of Director fees (see note 10).

\*\*The Total Expense Ratio, represents the management fee and total operating expenses less the dealing and broker charges, expressed as an annualised percentage of the average daily net asset values during the period.

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

### 10. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial or operating decisions. The following are considered by the Directors of the Company to be related parties:

- The Manager, Lloyds Investment Fund Managers Limited.
- The Investment Manager, Aberdeen Asset Management Limited.
- Key management personnel.

The fees received by the Manager are set out in Note 9. The Investment Manager is paid by the Manager. Details of amounts due to the Manager at the end of the period are shown in Note 6.

All investor share transactions in the Company are facilitated through the Manager, the aggregate values of which are set out in the statement of changes in net assets attributable to holders of participating redeemable preference shares on pages 18 and 19.

At the period end the Manager held Participating Shares in the Company as follows:

	31 March 2016	30 September 2015
Euro High Income Fund	7,983	8,015
European Fund	1,685	2,762
High Income Fund	6,975	7,022
International Fund	1,982	3,026
North American Fund	1,534	2,426
Sterling Bond Fund	4,697	4,981
UK Fund	1,693	2,737
	26,549	30,969

#### (a) Management and Registrar fees

The Manager of the Company, Lloyds Investment Fund Managers Limited, is part of the Lloyds Bank Group of companies. The Manager is entitled to a daily fee equal at the annual rate set out below by reference to the net assets of each Fund calculated daily and paid monthly by the Company.

Euro High Income Fund	0.875%
European Fund	1.500%
High Income Fund	0.875%
International Fund	1.500%
North American Fund	1.500%
Sterling Bond Fund	0.875%
UK Fund	1.500%

The Directors and the Manager may agree a higher fee for any Fund subject to a maximum annual rate of 1.5% of the mid market value of net assets of the Fund. If such a higher fee is agreed, shareholders of the relevant Fund will be given at least three months written notice before it comes into effect.

The Manager, in its capacity as Registrar, is entitled to a fee payable by the Company of £12.00 for each shareholding which appears on the Share Register on the last business day of each annual and half yearly accounting period. The Manager and the Company may agree a higher fee.

Details of amounts due to the Manager at the year end are shown in Note 6.

#### (b) Fees charged to capital

In order to maximise the income available for distribution to shareholders, the Directors, in consultation with the Custodian, have agreed to charge the Management and Registrar fees for High Income Fund and Euro High Income Fund only, to the capital of these Funds.

#### (c) Key management personnel

The following Directors of the Company at 31 March 2016 are employees of Lloyds Banking Group: I.M.J. Hardy, B.C. James, B. Lysiak and R.D. Willcox. T.J. Herbert is a consultant to Mourant Ozannes, who are the Jersey legal advisers to the Company and the Manager.

I.M.J.Hardy, B.C. James and R.D. Willcox are Directors of the Manager, Lloyds Investment Fund Managers Limited.

#### (d) Directors' Fees

Directors who are employees of the Lloyds Banking Group do not receive Directors' fees. All other Directors receive a fee of £5,000 per annum (2015: £5,000 per annum).

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

### 11. Custodian

The fees received by the Custodian are set out in Note 9. Details of amounts due to the Custodian at the period end are shown in Note 6.

The Custodian is entitled to an annual fee payable monthly by the Company, in respect of each Fund, at the rates set out in the table below by reference to the net asset value of each Fund calculated on a mid-market basis and subject to a minimum overall fee of £20,000 per annum for the Company as a whole.

The Custodian is entitled to reimbursement by each Fund of its expenses in connection with its duties as Custodian and to make transaction charges to cover the cost of effecting settlement of stock and cash.

### Custodian Fee Rates

Sterling Funds paid in £

	Up to £10m %	NAV of each Fund £10m to £25m %	£25m Plus %
European Fund	0.150	0.125	0.100
High Income Fund	0.100	0.075	0.050
International Fund	0.125	0.100	0.075
North American Fund	0.150	0.125	0.100
Sterling Bond Fund	0.100	0.075	0.050
UK Fund	0.125	0.100	0.075

Euro Fund paid in €

	Up to €15m %	NAV of each Fund €15m to €40m %	€40m to Plus %
Euro High Income Fund	0.100	0.075	0.050

### 12. Controlling Party

In the opinion of the Directors, there is no ultimate controlling party of the Company as defined by International Accounting Standards (IAS) 24 Related Party Disclosures.

### 13. Equalisation

The price of a participating share includes an equalisation payment calculated by dividing the net undistributed income of the Fund by the number of Shares in issue at the time when the prices are calculated. The payment of the first distribution after the issue of a Share includes an amount of equalisation calculated by averaging the amounts received by way of equalisation during the period to which the distribution relates.

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 14. Share Capital

	30 March 2016		30 September 2015	
	£		£	
<b>Authorised share Capital:</b>				
1,000 Founders Shares of £1		1,000		1,000
750,000,000 Unclassified Shares of 1p		7,500,000		7,500,000
		7,501,000		7,501,000
<b>Issued Share Capital:</b>				
Founders Shares		1,000		1,000
<b>Nominal shares:</b>				
Balance brought forward		1,053,019		804,962
Creations		152,330		443,064
Redemptions		(55,061)		(195,007)
Balance carried forward		1,150,288		1,053,019
<b>Participating Shares:</b>				
Balance brought forward		3,721,035		3,969,092
Creations		55,061		195,007
Redemptions		(152,330)		(443,064)
Balance carried forward		3,623,766		3,721,035
<b>Fund</b>	<b>Shares</b>	<b>£</b>	<b>Shares</b>	<b>£</b>
European	1,687,873	16,879	1,706,523	17,065
High Income	323,806,311	3,238,063	332,935,361	3,329,354
International	4,629,647	46,296	4,837,797	48,378
North American	579,198	5,792	581,498	5,815
Sterling Bond	19,814,245	198,142	20,339,895	203,399
UK	2,309,466	23,095	2,308,503	23,085
Total Sterling Funds	352,826,740	3,528,267	362,709,577	3,627,096
<b>Fund</b>	<b>Shares</b>	<b>€</b>	<b>Shares</b>	<b>€</b>
Euro High Income	9,549,364	139,754	9,393,414	138,194
	<b>Shares</b>	<b>£</b>	<b>Shares</b>	<b>£</b>
Total Company (Sterling equivalent)	362,376,104	3,623,761	372,102,991	3,721,035



## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 15. Share Premium

	31 March 2016	30 September 2015
<b>Fund</b>	£	£
European	—	—
High Income	330,385,236	338,066,552
International	7,440,493	8,257,516
North American	—	—
Sterling Bond	30,207,672	30,957,177
UK	—	—
Total Sterling Funds	368,033,401	377,281,245
<b>Fund</b>	€	€
Euro High Income	16,305,327	16,052,573
Total Company (Sterling equivalent)	378,107,469	388,406,683
	£	£
Balance brought forward	388,406,683	408,869,960
Premium on creations	5,693,621	23,448,722
Premium on redemptions	(15,025,919)	(47,687,455)
Transfer from capital reserve	200,768	3,775,456
Balance carried forward	379,275,153	388,406,683

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 16. Capital Reserves

	Note	Company	Euro High Income Fund	European Fund
		£	€	£
Net realised gains/(losses) on investments b/fwd		36,217,500	378,289	15,287,723
Transfers to share premium b/fwd		(3,775,455)	—	(1,506,218)
Net realised gains/(losses) for the period	7	3,043,884	(17,055)	(26,604)
Net realised gains/(losses) on investments c/fwd		35,485,929	361,234	13,754,901
Net unrealised movement on investment b/fwd		19,382,498	165,800	(909,781)
Net unrealised movement in the period	7	4,117,324	424,931	1,195,111
Net unrealised movement on investment c/fwd		23,499,822	590,731	285,330
Total realised/unrealised movement		58,985,751	951,965	14,040,231
Fees charged to Capital b/fwd*		(40,744,553)	(1,213,627)	(808,539)
Net movement in the period		(1,365,442)	(75,079)	(3,946)
Fees charged to Capital c/fwd*		(42,109,995)	(1,288,706)	(812,485)
Transfer to share premium in period		(200,768)	—	(163,731)
As at 31 March 2016		16,674,988	(336,741)	13,064,015

\* Details of the fees can be found in Note 10.

Under the Reporting Fund Regime, broker commission, dealing charges and stamp duty are not allowable expenses. The Directors have therefore, transferred these expenses from the Net undistributed income reserve to a separate broker charges reserve.

\*\* Capital growth reserves have been excluded from brought forward values with all realised gains incorporated into redemption values.

## 17. Net assets attributable to holders of participating redeemable preference shares

	Notes	Company	Euro High Income Fund	European Fund
		£	€	£
<b>Period ended 31 March 2016</b>				
Share capital	14	3,623,766	139,754	16,879
Share premium	15	379,275,153	16,305,327	—
Capital reserves	16	16,674,988	(336,741)	13,064,015
Dilution levies		250,386	30,773	5,272
Undistributed income*		(26,119,617)	(609,734)	(39,184)
Movement in currency translation		2,346,212	—	—
As at 31 March 2016		376,050,888	15,529,379	13,046,982
<b>Year ended 30 September 2015</b>				
Share capital	14	3,721,035	138,194	17,065
Share premium	15	388,406,683	16,052,573	—
Capital reserves	16	11,079,989	(669,538)	12,063,185
Dilution levies		248,665	30,773	5,272
Undistributed income*		(25,927,076)	(643,162)	(5,893)
Movement in currency translation		1,378,769	—	—
As at 30 September 2015		378,908,065	14,908,840	12,079,629

\* The distributions detailed in Note 5 have been declared by the Directors using a dividend policy based on the accruals method of accounting for income on debt instruments, as opposed to the EIR method of accounting for investment income which is the basis used for recognition of income on debt instruments as explained in the accounting policies. Future distributions will continue to be made on the basis of the existing distribution policy. Equity Fund distributions were declared net of broker fees.

Undistributed income under the accruals method as at 31 March 2016 amounts to £(998,191) (30 September 2015 amounts to £(1,068,829)).

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 16. Capital Reserves

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
Net realised gains/(losses) on investments b/fwd	(20,599,482)	13,833,920	9,956,294	(1,911,830)	20,135,866
Transfers to share premium b/fwd	—	—	(820,771)	—	(1,448,466)
Net realised gains/(losses) for the period	3,265,502	(805,283)	(10,223)	638,177	(4,949)
Net realised gains/(losses) on investments c/fwd	(17,333,980)	13,028,637	9,125,300	(1,273,653)	18,682,451
Net unrealised movement on investment b/fwd	21,695,960	(2,688,959)	390,401	1,904,815	(1,513,532)
Net unrealised movement in the period	(900,098)	2,629,467	927,543	(341,358)	289,349
Net unrealised movement on investment c/fwd	20,795,862	(59,492)	1,317,944	1,563,457	(1,224,183)
Total realised/unrealised movement	3,461,882	12,969,145	10,443,244	289,804	17,458,268
Fees charged to Capital b/fwd*	(35,137,675)	(802,596)	(203,499)	(4,572)	(2,608,824)
Net movement in the period	(1,277,516)	(11,402)	(3,269)	(1,624)	(11,618)
Fees charged to Capital c/fwd*	(36,415,191)	(813,998)	(206,768)	(6,196)	(2,620,442)
Transfer to share premium in period	—	—	(40,435)	—	3,398
As at 31 March 2016	(32,953,309)	12,155,147	10,196,041	283,608	14,841,224

## 17. Net assets attributable to holders of participating redeemable preference shares

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
<b>Period ended 31 March 2016</b>					
Share capital	3,238,063	46,296	5,792	198,142	23,095
Share premium	330,385,236	7,440,493	—	30,207,672	—
Capital reserves	(32,953,309)	12,155,147	10,196,041	283,608	14,841,224
Dilution levies	172,989	—	7,857	33,086	6,784
Undistributed income*	(22,864,342)	(306,770)	(748,903)	(1,737,952)	60,969
Movement in currency translation	—	—	—	—	—
As at 31 March 2016	277,978,637	19,335,166	9,460,787	28,984,556	14,932,072
<b>Year ended 30 September 2015</b>					
Share capital	3,329,354	48,378	5,815	203,399	23,085
Share premium	338,066,552	8,257,516	—	30,957,177	—
Capital reserves	(34,041,197)	10,342,365	9,322,425	(11,587)	14,565,044
Dilution levies	172,989	—	7,857	33,086	6,784
Undistributed income*	(22,648,536)	(340,353)	(732,023)	(1,718,008)	(8,304)
Movement in currency translation	—	—	—	—	—
As at 30 September 2015	284,879,162	18,307,906	8,604,074	29,464,067	14,586,609

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

### 18. Taxation

In accordance with International Accounting Standard (IAS) 12 Income Taxes, investment income is shown gross of withholding tax.

The withholding tax suffered is recorded on the taxation line as set out below:

	31 March 2016	31 March 2015
Foreign tax on income for the period	£107,087	£120,637

The Company is liable to be charged at a tax rate of 0% under Schedule D under the Income Tax (Jersey) Law 1961, as amended (the 'Income Tax Law') in respect of:

- (i) the income or profits of any trade carried on by the Company in Jersey or elsewhere,
- (ii) any interest of money, whether yearly or otherwise, or other annual payment paid to the Company, whether such payment is made within or outside of Jersey,
- (iii) dividends and other distributions of a company regarded as resident in Jersey paid to the Company,
- (iv) income arising to the Company from securities outside of Jersey and
- (v) any other income of the Company that is not derived from the ownership or disposal of land in Jersey.

It is not expected that the Company will be in receipt of income charged to tax under any Schedule under Income Tax Law other than Schedule D. As such the Company is no longer subject to the payment of tax in Jersey.

Jersey resident individuals should note that any income received from the Fund(s) will be paid gross and will be taxable under Schedule D Case III (D3) of the Income Tax (Jersey) Law 1961, as amended.

### 19. Financial risk management

#### Strategy in using financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk, counter-party risk, capital risk and certain other risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Each Fund is able to use derivative financial instruments to moderate certain risk exposures. There were no such exposures as at 31 March 2016.

Each Fund's investment objectives and policy are stated on page 3. To achieve these objectives the Company's assets and liabilities comprise financial instruments held in accordance with each Fund's investment objectives and policy.

These may include:

- Investments including equity and non-equity Shares, fixed income securities and floating rate securities
- Cash, liquid resources and short term debtors and creditors that arise directly from the investment activities
- Hedging instruments, such as forward exchange contracts and traded options which a Fund may enter into, for the purpose of managing the risks arising from the Fund's investment activities.

#### Market risk

All securities investments present a risk of loss of capital. The Manager moderates this risk through a careful selection of investments within specified limits. The maximum risk resulting from investments is determined by the fair value of those investments.

The overall market position and therefore the risk exposure for each Fund are governed by the Prospectus, the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended) and the investment objectives for each Fund. These positions are monitored on a daily basis by the Manager and are reviewed on a quarterly basis by the Board of Directors.

The investments are principally equities, fixed interest securities and bank deposits, dependent on each Fund's investment policy. The value of these is not fixed (other than bank deposits) and may go down as well as up. This may be the result of a specific factor affecting the value of an individual stock or be caused by general market factors (such as interest rates, government policy or the health of the underlying economy) which could affect the entire portfolio of a Fund.

The period end portfolios of each Fund are detailed on pages 25 to 43.

The Manager controls this risk on a Fund by Fund basis and monitors the movements in the equities, bonds and interest rates against the relevant equity and bond indices and market interest rates respectively.

The Manager considers that a reasonably possible movement in the market risk components would be equivalent to a 5% movement in equity and bond indices and a 1% movement in market interest rates.

The table on the following page summarises, for each of the Funds, the impact of increases / (decreases) in the equity and bond indices, and market interest rates on the net asset value as at 31 March 2016. The analysis is based on the assumption that the equity and bond indices increase / (decrease) by 5%, and market interest rates increase / (decrease) by 1%, with all other variables held constant. The analysis also assumes that the movement in the portfolios of each Fund has perfect positive correlation with the equity and bond indices and market interest rates.

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 19. Financial risk management (continued)

## Market risk (continued)

End of Period/Year	Fund	Value (base currency)	Equities 5% Movement in equity index	Bonds 5% Movement in bond index	Cash 1% Movement in interest rate
31.03.16	Euro High Income	15,529,379	—	753,983	3,996
30.09.15	Euro High Income	14,908,840	—	701,535	6,955
31.03.16	European	13,046,982	629,854	—	4,800
30.09.15	European	12,079,629	596,881	—	1,725
31.03.16	High Income	277,978,637	—	13,464,316	40,096
30.09.15	High Income	284,879,162	—	13,899,485	24,531
31.03.16	International	19,335,166	953,893	—	2,375
30.09.15	International	18,307,906	911,759	—	910
31.03.16	North American	9,460,787	467,820	—	1,126
30.09.15	North American	8,604,074	427,229	—	789
31.03.16	Sterling Bond	28,984,556	—	1,379,904	11,180
30.09.15	Sterling Bond	29,464,067	—	1,460,754	5,115
31.03.16	UK	14,932,072	729,957	—	3,318
30.09.15	UK	14,586,609	703,736	—	8,094

## Interest rate risk

Each Fund receives income from its various investments. For the Sterling Bond Fund, Euro High Income Fund and High Income Fund, the income is received from investments in bonds and loan stock. In accordance with the Funds policy, the Manager monitors the Fund's overall interest rate sensitivity on a daily basis, and the Board of Directors reviews it on a quarterly basis.

The interest bearing financial assets and liabilities held in the Funds expose them to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial position and cash flows.

The table overleaf summarises the effect of interest rate risks on each Fund. It includes the Fund's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates. Other than those financial instruments identified in the table, each Fund has no significant exposure to interest rate risks.

The income received by each Fund is primarily fixed in nature and shown in the table on the next page. Income is derived from the securities held in the portfolio of each Fund which may be varied from time to time in accordance with its investment objectives and policy.

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 19. Financial risk management (continued)

## Interest rate risk (continued)

The interest rate profile of each Fund's financial assets at 31 March 2016 was:

Fund	Currency	Total 000s	Fixed rate interest securities 000s	Floating rate interest securities 000s	Interest Free Assets 000s	Interest Free Liabilities 000s
Euro High Income	Euro	15,529	13,182	2,298	198	148
High Income	Sterling	277,979	214,171	59,178	6,647	2,018
Sterling Bond	Sterling	28,985	23,079	5,637	581	312

Fund	Currency	Weighted average coupon rate %	Weighted average effective interest rate %	Weighted average period for which the rate is fixed (years)
Euro High Income	Euro	3.85	1.95	20.16
High Income	Sterling	6.40	3.97	24.00
Sterling Bond	Sterling	5.77	3.87	22.34

The interest rate profile of each Fund's financial assets at 30 September 2015 was:

Fund	Currency	Total 000s	Fixed rate interest securities 000s	Floating rate interest securities 000s	Interest Free Assets 000s	Interest Free Liabilities 000s
Euro High Income	Euro	14,909	12,280	2,446	321	138
High Income	Sterling	284,879	212,826	67,616	6,287	1,850
Sterling Bond	Sterling	29,464	23,466	6,261	699	962

Fund	Currency	Weighted average coupon rate %	Weighted average effective interest rate %	Weighted average period for which the rate is fixed (years)
Euro High Income	Euro	3.85	2.44	22.03
High Income	Sterling	6.49	3.88	24.42
Sterling Bond	Sterling	5.80	3.60	22.44

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 19. Financial risk management (continued)

**Foreign currency risk**

The Euro High Income Fund is denominated in euro. All of the other Funds are denominated in sterling. A portion of the underlying financial assets of the Funds may be denominated in currencies other than the base currency with the effect that the statement of financial position and each Fund's total return can be significantly affected by currency movements. An investment in a currency other than the shareholders' own base currency will be subject to the movement of foreign exchange rates, which may cause additional favourable or unfavourable changes in value. In respect of foreign currency exposure, derivative instruments will only be utilised where a forward exchange or currency option is used for the purpose of reduction of foreign currency risk, in order to hedge this exposure back to the base currency of the Fund.

With the exceptions of the Sterling Bond Fund and the UK Fund, each Fund may purchase securities denominated in a currency other than its base currency, and hence take a position in other currencies.

The Company is not currently involved in currency hedging transactions. In accordance with the Company's policy, the Manager monitors each Fund's currency position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

As at 31 March 2016 the Funds had the following currency exposures:

Fund	Currency	Foreign Currency Assets £ 000's	Fund	Currency	Foreign Currency Assets £ 000's
Euro High Income European	Sterling	—	International	Euro	548
	Euro	5,455		Hong Kong Dollar	599
	Danish Krone	575		Japanese Yen	1,373
	Norwegian Krona	314		Korean Won	484
	Swedish Krona	1,981		Singapore Dollar	167
	Swiss Franc	3,629		South African Rand	301
	US Dollar	—		Swedish Krona	822
North American	Canadian Dollar	323		Swiss Franc	2,055
	Euro	1		US Dollar	8,516
	US Dollar	8,239		Canadian Dollar	558
UK	Euro	—			
	US Dollar	—			

As at 30 September 2015 the Funds had the following currency exposures:

Fund	Currency	Foreign Currency Assets £ 000's	Fund	Currency	Foreign Currency Assets £ 000's
Euro High Income European	Sterling	—	International	Euro	552
	Euro	5,445		Hong Kong Dollar	599
	Danish Krone	575		Japanese Yen	1,373
	Norwegian Krona	314		Korean Won	484
	Swedish Krona	1,981		Singapore Dollar	169
	Swiss Franc	3,629		South African Rand	301
	US Dollar	2		Swedish Krona	822
North American	Canadian Dollar	323		Swiss Franc	2,055
	Euro	—		US Dollar	8,530
	US Dollar	8,248		Canadian Dollar	558
UK	Euro	9			
	US Dollar	3			

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

### 19. Financial risk management (continued)

#### Credit risk

The Company takes on exposure to credit risk, which is the risk that a counter-party will be unable to pay amounts in full when due. Impairment provisions would be provided for losses that have been incurred by the statement of financial position date. As at 31 March 2016 no impairment provisions were required and there was no money overdue.

The Company's main credit risk exposure arises through investments in debt securities at the Fund level. If any of the Funds hold any interest bearing instruments, at least 90% of these instruments must have a credit rating of 'Investment Grade' as provided by Moodys Investor Services Limited, Standard and Poors or Fitch Ratings Limited. These instruments could include inter alia money market instruments, bonds, gilts, corporate bonds etc.

In accordance with each Fund's policy, the Manager monitors the Fund's credit position on a daily basis, and the Board of Directors reviews it on a quarterly basis.

Certain transactions that the Funds enter into expose them to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its responsibilities. It is the policy of the Manager to buy and sell investments only through approved brokers, or directly with the Fund Manager. Credit risk exposure is balanced by the regulatory obligation of the counter parties.

The risk to Shareholders is that we will not have enough cash to cover redemptions. To counter this risk each Fund's cash is managed to meet its liabilities. Where investments cannot be realised in time to meet any redemptions of Participating Shares, each Fund may borrow up to 10% of its value to ensure settlement of its liabilities. No such borrowings have arisen during the period.

#### Capital risk

Where the objective of the underlying Fund seeks to provide high or good levels of income, the investment policy which supports this may result in a gradual reduction in the capital value of the underlying Fund's Shares, except where bond prices are generally rising.

#### Capital risk management

The net assets attributable to holders of participating redeemable preference shares are classified as financial liabilities and therefore, in the opinion of the Directors, the capital of the Company is only represented by the Founders Shares. Details of the Founders Shares are shown in notes 3 and 14.

Due to the nature and requirement of the Founders' Shares the Directors have decided that no active capital risk management is required.

#### Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Company is the current mid price, these are updated

each morning at 10am and represented in the Fund's daily share prices; the appropriate quoted market price for financial liabilities is the current asking price. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate. If a significant movement in fair value occurs subsequent to the close of trading on the period end date, valuation techniques will be applied to determine the fair value. There has been no significant movements in the fair value of any holdings since the period end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis.

IFRS 13 states the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable', requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. With the exception of the Sterling Bond Fund all other assets held by the Company at fair value through profit or loss are all quoted in active markets and therefore fall under level 1 as defined above. The fair value hierarchy table in respect to the Sterling Bond Fund is shown overleaf.



## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 19. Financial risk management (continued)

## Fair value estimation (continued)

Sterling Bond Fund				
	Level 1	Level 2	Level 3	Totals
	£	£	£	£
31 March 2016				
Financial assets at fair value through profit and loss	27,598,075	—	—	27,598,075
30 September 2015				
Financial assets at fair value through profit and loss	29,089,449	125,625	—	29,215,074

The value in level 2 is representative of Mitchells FRN 2032. The valuation of this asset is based on a static price as at 8 July 2015 obtained from Bloomberg.

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

### 19. Financial risk management (continued)

#### Fair value estimation (continued)

##### Derivatives

Derivatives will only be used where they accord with existing investment objectives and policy. They may not be used for the purpose of reducing risk independently of investment strategy in respect of the underlying physical assets or for merely speculative purposes. Derivatives will only be used for efficient portfolio management. Derivatives may not be used for the purpose of gearing or leveraging or for purposes of producing, enhancing or generating income. No derivative can be traded on an "Over The Counter" basis, and no uncovered positions are allowed.

The underlying Funds may hold the following derivatives:

##### (a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in the futures contracts value are settled daily with the exchange. Interest rate futures are contractual obligations to receive or pay a net amount based on changes in interest rates at a future date at a specified price, established in an organised financial market. Futures are settled on a net basis.

##### (b) Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price.

The seller receives a premium from the purchaser in consideration for the assumption of future securities prices. Where options are held by the underlying Funds, they are exchange-traded. The Funds are exposed to credit risk on purchased options only to the extent of their carrying amount, which is their fair value. Options are settled on a gross basis.

The notional amounts of certain types of financial instrument provide a basis for comparison with instruments recognised on the statements of financial position, but they do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and do not therefore indicate the Company's exposure to credit or market price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms.

The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable, and thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

During the period the Company did not enter into any derivative contracts.

##### Liquidity risk

The Company is exposed to daily cash redemptions of Participating Shares which are redeemed on demand at the holder's option. It therefore invests all of its assets in investments that are traded in an active market and can be readily disposed of, as such each Fund's financial assets are considered to be readily realisable for cash.

The Manager manages each Fund's cash to meet its liabilities. Where investments cannot be realised in time to meet any redemptions of Participating Shares, each Fund may borrow up to 10% of its value to ensure settlement of its liabilities. No such borrowings have arisen during the period.

In accordance with the Company's policy, the Manager monitors each Fund's liquidity position on a daily basis, and the Board of Directors review it on a quarterly basis.

The table on the following pages analyses the Company's financial liabilities into relevant maturity groups based on the remaining period at the statement of financial position date to the contractual maturity date.

##### Cross fund liability

Shareholders should be aware that in the event of the Company being unable to meet liabilities attributable to any particular Fund or share class out of the assets attributable to such Fund or share class, the excess liabilities may have to be met out of the assets attributable to the other Funds or share classes.

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 19. Financial risk management (continued)

## Liquidity risk (continued)

Period ended 31 March 2016

	Company	Euro High Income Fund	European Fund
	£	€	£
Share Capital (less than 1 month)	377,202,176	15,529,379	13,046,982
Cancellation payable (less than 1 month)	7,792	9,828	—
Investment purchase payable (less than 1 month)	568,821	—	—
Proposed dividend (less than 1 month)	1,198,083	—	—
(1 month to 3 months)	368,256	114,593	—
Accrued expenses (less than 1 month)	429,455	20,005	27,451
(1 month to 3 months)	82,569	3,554	6,926
Total financial liabilities	379,857,152	15,677,359	13,081,359

Year ended 30 September 2015

	Company	Euro High Income Fund	European Fund
	£	€	£
Share Capital (less than 1 month)	379,962,084	14,908,840	12,079,629
Cancellation payable (less than 1 month)	227,220	—	—
Investment purchase payable (less than 1 month)	722,885	—	—
Proposed dividend (less than 1 month)	1,248,508	—	—
(1 month to 3 months)	547,056	108,025	—
Accrued expenses (less than 1 month)	460,288	20,504	27,643
(1 month to 3 months)	146,527	9,373	9,196
Total financial liabilities	383,314,568	15,046,742	12,116,468

## Notes to the Financial Statements (continued)

For the six month period ended 31 March 2016

## 19. Financial risk management (continued)

## Liquidity risk (continued)

Period ended 31 March 2016

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
Share Capital (less than 1 month)	277,978,637	19,335,166	9,460,787	28,984,556	14,932,072
Cancellation payable (less than 1 month)	—	—	—	—	—
Investment purchase payable (less than 1 month)	515,637	—	—	—	53,184
Proposed dividend (less than 1 month)	1,198,083	—	—	—	—
(1 month to 3 months)	—	—	—	277,399	—
Accrued expenses (less than 1 month)	267,283	39,447	19,113	30,125	30,175
(1 month to 3 months)	36,696	14,435	7,902	4,932	8,859
Total financial liabilities	279,996,336	19,389,048	9,487,802	29,297,012	15,024,290

Year ended 30 September 2015

	High Income Fund	International Fund	North American Fund	Sterling Bond Fund	UK Fund
	£	£	£	£	£
Share Capital (less than 1 month)	284,879,162	18,307,906	8,604,074	29,464,067	14,586,609
Cancellation payable (less than 1 month)	219,845	—	—	6,420	955
Investment purchase payable (less than 1 month)	—	—	—	648,105	74,780
Proposed dividend (less than 1 month)	1,248,508	—	—	—	—
(1 month to 3 months)	—	—	—	264,418	203,033
Accrued expenses (less than 1 month)	294,114	40,212	19,020	32,592	31,597
(1 month to 3 months)	87,897	12,653	8,295	10,447	11,133
Total financial liabilities	286,729,526	18,360,771	8,631,389	30,426,049	14,908,107

## Distribution Tables

For the six month period ended 31 March 2016

Euro High Income Fund	Gross income	Equalisation payable	Distribution paid current period (cents)	Distribution paid prior period (cents)
1st Quarter				
Group 1	1.200	—	1.200	1.500
Group 2	0.298	0.902	1.200	1.500
2nd Quarter				
Group 1	1.200	—	1.200	1.300
Group 2	0.259	0.941	1.200	1.300
1st Quarter				
Group 1 : Shares purchased prior to 1 October 2015				
Group 2 : Shares purchased between 1 October 2015 and 31 December 2015				
2nd Quarter				
Group 1 : Shares purchased prior to 1 January 2016				
Group 2 : Shares purchased between 1 January 2016 and 31 March 2016				

High Income Fund	Gross income	Equalisation payable	Distribution paid current period (pence)	Distribution paid prior period (pence)
31 October 2015				
Group 1	0.375	—	0.375	0.395
Group 2	0.176	0.199	0.375	0.395
30 November 2015				
Group 1	0.375	—	0.375	0.395
Group 2	0.207	0.168	0.375	0.395
31 December 2015				
Group 1	0.375	—	0.375	0.395
Group 2	0.270	0.105	0.375	0.395
31 January 2016				
Group 1	0.370	—	0.370	0.395
Group 2	0.198	0.172	0.370	0.395
28 February 2016				
Group 1	0.370	—	0.370	0.390
Group 2	0.153	0.217	0.370	0.390
31 March 2016				
Group 1	0.370	—	0.370	0.385
Group 2	0.144	0.226	0.370	0.385

31 October 2015				
Group 1 : Shares purchased prior to 1 October 2015				
Group 2 : Shares purchased between 1 October 2015 and 31 October 2015				
30 November 2015				
Group 1 : Shares purchased prior to 1 November 2015				
Group 2 : Shares purchased between 1 November 2015 and 30 November 2015				
31 December 2015				
Group 1 : Shares purchased prior to 1 December 2015				
Group 2 : Shares purchased between 1 December 2015 and 31 December 2015				
31 January 2016				
Group 1 : Shares purchased prior to 1 January 2016				
Group 2 : Shares purchased between 1 January 2016 and 31 January 2016				
29 February 2016				
Group 1 : Shares purchased prior to 1 February 2016				
Group 2 : Shares purchased between 1 February 2016 and 29 February 2016				
31 March 2016				
Group 1 : Shares purchased prior to 1 March 2016				
Group 2 : Shares purchased between 1 March 2016 and 31 March 2016				

## Distribution Tables

For the six month period ended 31 March 2016

Sterling Bond Fund	Gross income	Equalisation payable	Distribution paid current period (pence)	Distribution paid prior period (pence)
1st Quarter				
Group 1	1.300	—	1.300	1.400
Group 2	0.820	0.480	1.300	1.400
2nd Quarter				
Group 1	1.400	—	1.400	1.400
Group 2	0.609	0.791	1.400	1.400
1st Quarter				
Group 1 : Shares purchased prior to 1 October 2015				
Group 2 : Shares purchased between 1 October 2015 and 31 December 2015				
2nd Quarter				
Group 1 : Shares purchased prior to 1 January 2016				
Group 2 : Shares purchased between 1 January 2016 and 31 March 2016				

## Performance Record

For the six month period ended 31 March 2016

### Euro High Income Fund

Shares in the Fund were first offered to the public in October 2006 at an offer price of 178.90 cents per share.

Calendar Year / Period	Highest Offer Price c	Lowest Bid Price c	Income per Share c	Income per €1,000 Invested at Launch 02/10/06 €
2006	181.80	178.10	2.11	11.79
2007	179.50	162.20	8.41	47.01
2008	162.60 xd	132.00	7.72	43.21
2009	156.20	120.90	7.55	42.20
2010	163.70	153.20 xd	7.52	41.98
2011	156.60	140.60	7.73	32.03
2012	167.40	144.60	7.71	43.07
2013	169.10	161.70	7.45	41.64
2014	170.30	161.70	6.51	36.39
2015	173.50	159.70	3.74	20.91
31.03.16	163.90	158.10	2.40	13.42

### European Fund

Shares in the Fund were first offered to the public in May 1990 at an offer price of 100p per share.

Calendar Year / Period	Highest Offer Price p	Lowest Bid Price p	Income per Share p	Income per £1,000 Invested at 31/12/05 £
2006	661.58	512.20	0.38	0.82
2007	770.40	635.40	0.93	2.00
2008	774.30	445.00 xd	6.50	14.00
2009	656.20 xd	411.00	4.60	9.91
2010	667.80	545.00	0.98	2.11
2011	738.70	522.20	3.80	8.19
2012	682.50	559.60	2.51	5.39
2013	826.90	682.80	—	—
2014	832.20	695.70	—	—
2015	850.30	698.30	—	—
31.03.16	772.50	687.00	—	—

### High Income Fund

Shares in the Fund were first offered to the public in June 1995 at an offer price of 100p per share.

Calendar Year / Period	Highest Offer Price p	Lowest Bid Price p	Income per Share p	Income per £1,000 Invested at 31/12/05 £
2006	110.00 xd	97.27	5.96	57.11
2007	97.26	89.79 xd	5.79	55.48
2008	91.61 xd	76.09 xd	5.70	54.62
2009	83.53	69.03 xd	5.60	53.61
2010	88.28	82.15	5.40	51.75
2011	85.30	79.70	3.89	37.23
2012	89.19	81.20	5.25	50.26
2013	91.66	85.23	4.82	46.19
2014	89.56	85.55	4.78	45.81
2015	92.53	85.86	3.46	33.16
31.03.16	86.21	83.74	2.24	21.14

## Performance Record

For the six month period ended 31 March 2016

### International Fund

Shares in the Fund were first offered to the public in May 1990 at an offer price of 100p per share.

Calendar Year / Period	Highest Offer Price p	Lowest Bid Price p	Income per Share p	Income per £1,000 Invested at 31/12/05 £
2006	358.32	291.20	2.90	10.11
2007	346.40	305.00	0.98	3.42
2008	347.90	228.40 xd	—	—
2009	312.20	222.80	1.35	4.71
2010	341.30	284.30	1.48	5.16
2011	354.70	278.60	—	—
2012	348.40	309.50	—	—
2013	439.80	354.30	—	—
2014	455.10	412.50	—	—
2015	469.40	369.70	—	—
31.03.16	419.40	368.90	—	—

### North American Fund

Shares in the Fund were first offered to the public in May 1990 at an offer price of 100p per share.

Calendar Year / Period	Highest Offer Price p	Lowest Bid Price p	Income per Share p	Income per £1,000 Invested at 31/12/05 £
2006	960.10	805.90	—	—
2007	947.50	839.90	—	—
2008	915.90	637.60 xd	—	—
2009	887.30	609.80	—	—
2010	1,016.00	837.20	1.27	1.55
2011	1,048.00	823.00	—	—
2012	1,140.00	1,001.00	—	—
2013	1,429.00	1,153.00	—	—
2014	1,617.00	1,356.00	—	—
2015	1,734.00	1,418.00	—	—
31.03.16	1,641.00	1,432.00	—	—

### Sterling Bond Fund

Shares in the Fund were first offered to the public in July 2001 at an offer price of 148.6p per share.

Calendar Year / Period	Highest Offer Price p	Lowest Bid Price p	Income per Share p	Income per £1,000 Invested at 31/12/05 £
2006	163.80	147.60	6.43	41.36
2007	148.20	138.60 xd	6.52	41.94
2008	142.70 xd	116.80 xd	6.78	43.62
2009	130.50	107.60 xd	6.95	44.71
2010	139.00	127.40	6.54	42.07
2011	136.80	128.60	6.41	41.24
2012	147.00	131.20	6.27	40.33
2013	151.60	140.10	5.91	38.02
2014	151.30	140.20	5.78	37.18
2015	156.80	144.70	4.10	26.38
31.03.16	147.50	142.20	2.70	26.44



## Performance Record (continued)

For the six month period ended 31 March 2016

## UK Fund

Shares in the Fund were first offered to the public in May 1990 at an offer price of 100p per share.

Calendar Year / Period	Highest Offer Price p	Lowest Bid Price p	Income per Share p	Income per £1,000 Invested at 31/12/05 £
2006	659.58	554.40	12.00	26.09
2007	720.40	616.00 xd	6.75	14.67
2008	692.40	391.60	11.80	25.65
2009	572.30	368.90	8.50	18.48
2010	640.00	522.70	6.87	14.93
2011	663.00	527.20	4.68	10.17
2012	637.30	564.00	5.75	12.50
2013	747.60	642.10	11.57	25.15
2014	765.70	643.90	10.46	22.74
2015	763.70	629.20	8.80	19.12
31.03.16	649.40	569.90	—	—

## Net Asset Value per Share

For the six month period ended 31 March 2016

	Net Asset Value of Fund	Net Asset Value per Share	No. of Shares in Issue
<b>Euro High Income Fund</b>			
30.09.13	€13,095,361	161.53c	8,091,144
30.09.14	€14,281,016	167.81c	8,510,164
30.09.15	€14,908,840	158.72c	9,393,414
31.03.16	15,529,379	162.62c	9,549,364
<b>European Fund</b>			
30.09.13	£16,438,247	782.06p	2,103,073
30.09.14	£14,196,527	745.74p	1,903,673
30.09.15	£12,079,629	707.85p	1,706,523
31.03.16	£13,046,982	772.98p	1,687,873
<b>High Income Fund</b>			
30.09.13	£324,498,273	86.11p	376,776,611
30.09.14	£316,214,234	87.27p	362,342,611
30.09.15	£284,879,162	85.57p	332,935,361
31.03.16	£277,978,637	85.85p	323,806,311
<b>International Fund</b>			
30.09.13	£25,560,787	414.97p	6,155,467
30.09.14	£24,279,013	434.30p	5,590,367
30.09.15	£18,307,906	378.43p	4,837,797
31.03.16	£19,335,166	417.64p	4,629,647
<b>North American Fund</b>			
30.09.13	£8,547,802	1,325.86p	645,548
30.09.14	£9,329,332	1,476.17p	631,998
30.09.15	£8,604,074	1,479.64p	581,498
31.03.16	£9,460,787	1,633.43p	579,198
<b>Sterling Bond Fund</b>			
30.09.13	£23,113,065	141.58p	16,324,793
30.09.14	£22,429,857	145.49p	15,417,043
30.09.15	£29,464,067	144.86p	20,339,895
31.03.16	£28,984,556	146.28p	19,814,245
<b>UK Fund</b>			
30.09.13	£20,393,311	702.49p	2,903,103
30.09.14	£17,194,744	684.29p	2,512,803
30.09.15	£14,586,609	631.86p	2,308,503
31.03.16	£14,932,072	646.56p	2,309,466

For more information please go to [international.lloydsbank.com/international-investments/funds](https://international.lloydsbank.com/international-investments/funds) or call us on 01534 845 555

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