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# LLOYDS MULTI STRATEGY FUND LIMITED

**Annual Report and  
Audited Financial Statements**

For the year ended 31 May 2017

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## Contents

Company Information	2
Investment Objectives and Policy	3
Directors' Profiles	4
Report of the Directors	5
Report of the Asset Allocation Adviser	7
Report of the Custodian to the Members of Lloyds Multi Strategy Fund Limited	11
Independent Auditor's Report to the Members of Lloyds Multi Strategy Fund Limited	12
Statements of Financial Position	16
Statements of Comprehensive Income	20
Statements of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares	22
Cash Flow Statements	24
Conservative Strategy Fund Investment Portfolio	28
Growth Strategy Fund Investment Portfolio	29
Aggressive Strategy Fund Investment Portfolio	30
Global US\$ Growth Strategy Fund Investment Portfolio	31
Notes to the Financial Statements	32
Performance Records (unaudited)	56
Change in Net Asset Value per Share (unaudited)	58
Distribution Tables	60
Notice of Meeting	61
Form of Proxy	62

## 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

In Jersey:

Mourant Ozannes

PO Box 87, 22 Grenville Street,

St Helier,

Jersey, JE4 8PX,

Channel Islands.

### Asset Allocation Adviser

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,

Peveril Buildings, Peveril Square,

Douglas, IM99 1JJ,

Isle of Man.

## Investment Objectives and Policy

The policy of the Funds is to invest in collective investment funds and multimanager funds managed by a range of fund managers including, but not limited to, Lloyds Investment Fund Managers Limited and other subsidiaries of Lloyds Banking Group plc. These funds, in turn, invest in a number of asset classes. These could include, but are not limited to, bonds, equities, property and cash. The Funds may also hold cash deposits and other monetary instruments to enable Shares to be repurchased or for the efficient management of the Funds.

The type of assets of each Fund will be decided by the Manager and may change without notice to shareholders.

The exact allocation of the assets of each Fund between the various asset classes will be decided by the Manager on the recommendation of the Asset Allocation Adviser and will vary depending on the risk profile of each Fund.

The investment objective of each Fund (or 'Strategy') is set out below:

### Conservative Strategy Fund

Seek to provide a modest return achieved through investment in a range of funds which invest in various lower-risk asset classes and may be suitable for investors willing to invest for a minimum of five years.

### Growth Strategy Fund

Seek to provide long-term growth achieved through investment in a range of funds which invest in various asset classes, providing diversification by medium, currency and country. This Fund may be suitable for investors willing to invest for a minimum of five years, preferably ten years.

### Aggressive Strategy Fund

Seek to provide a greater potential for long-term growth achieved through investment in a range of funds which invest in various asset classes, weighted towards equities. This Fund may be suitable for investors willing to invest for a minimum of five years, preferably ten years.

### Global US\$ Growth Strategy Fund

Seek to provide long-term capital growth for US dollar-based investors primarily through investment in a range of funds which invest in various asset classes with an emphasis on US dollar assets. This Fund may be suitable for investors willing to invest for a minimum of five years, preferably ten years.

## Directors' Profiles

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

Joined the Lloyds Banking Group in 1977 and held a number of managerial positions in the UK and Internationally. Was appointed as Chairman of the Lloyds Investment Fund Managers Limited in 1999 and as Chairman of the Company in 2004. 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 57.

**Ian Mark Jeremie Hardy – Senior Manager, International Products, Customer Products and Marketing, Lloyds Banking Group.**

Joined the Lloyds Banking Group in 1981 and held a number of managerial positions before being appointed as a Director of the Lloyds Investment Fund Managers Limited in 2000 and a Director of the Company in 2004. 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 58.

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

Jersey born and educated. M.A. in jurisprudence Trinity College Oxford 1982. 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 Lloyds Investment Fund Managers Limited in 1999 and as a Director of the Company in 2004. Current responsibilities include leading a team of specialists delivering operational support for a range of offshore investment products and services. A Chartered Director.  
Aged 56.

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

Joined the Lloyds Banking Group in 1993 and has held a number of managerial positions within a regulated personal customer environment before being appointed as a Director of the Company in 2014. 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 52.

## Report of the Directors

The Directors have pleasure in submitting their Annual Report together with the Audited Financial Statements for the year ended 31 May 2017. 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 International Stock Exchange (formerly the Channel Islands Securities Exchange Authority). Full details of the Company, Investment Objectives and Policy and Report of the Directors are stated on pages 2 to 6.

### Results

The results for the year are set out in the financial statements on pages 16 to 55.

### Directors

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

Mr I.M.J. Hardy (appointed 20 July 2004)  
 Mr T.J. Herbert (appointed 1 January 2005)  
 Mr B.C. James (appointed 20 July 2004)  
 Mr B. Lysiak (appointed 5 June 2014)  
 Mr R.D. Willcox (appointed 20 July 2004)

As at 31 May 2017, the Shares held in the Company by the Directors were as follows:

Aggressive Strategy	Shares
Mr R. D. Willcox	48,668
Mrs S. J. Willcox (Spouse of Mr R. D. Willcox)	9,961

### Growth Strategy

Mr I. M. J. Hardy	71,683
Mr B. C. James	15,087

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 I.M.J. Hardy, Mr B.C. James and Mr R.D. Willcox are Directors of Lloyds Investment Fund Managers Limited (the 'Manager') which has a management contract with the Company. The Manager will act as the Company's non-EU Alternative Investment Fund Manager for the purpose of the AIFMD commencing 23 June 2017. Fees earned by the Manager are disclosed in these financial statements in Note 9.

### Investment Activities

The Report of the Asset Allocation Adviser is set out on pages 7 to 10.

### Independent Auditor

PricewaterhouseCoopers CI LLP was re-appointed as Independent Auditor at the Annual General Meeting held on 18 October 2016 and have indicated their willingness to remain in office.

### Prospectus

Copies of the Prospectus dated July 2017 are available, free of charge, on application to the Manager. Alternatively they can be accessed on our website at

<http://international.lloydsbank.com/products-and-services/investments/funds/>

### Management and Administration Providers

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

### Comparatives Tables

The Performance Record (unaudited), Change in Net Asset Value per Share (unaudited) and Distribution Tables are stated on pages 56 to 60.

### 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 year which give a true and fair view of the state of affairs of the Company for that year 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.

## Report of the Directors (continued)

### Directors' Responsibilities (continued)

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditor is 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 Auditor is aware of that information.

### Market Conditions

Assets held within certain 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.

### Changes to Fees and Charges

The annual management charge was reduced to 1% for all Strategies on 19 August 2016 as set out in Note 10. The costs of the underlying investments (previously paid by the Manager) and additional expenses (already paid by shareholders) now form part of the total expense ratio.

### Information Exchange

Jersey has entered into a number of information exchange agreements with the authorities of other jurisdictions.

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 20 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 Manager has the benefit of professional indemnity and directors' and officers' liabilities insurance coverage.

The Manager also maintains an appropriate level of "own funds" to cover the equivalent professional liability risks set out in AIFMD. The Company is listed on The International Stock Exchange (formerly the Channel Islands Securities Exchange Authority).

Absolute total returns for each fund for the year are as follows:

	31 May 2017
Conservative Strategy Fund	13.53%
Growth Strategy Fund	19.61%
Aggressive Strategy Fund	27.13%
Global US\$ Growth Strategy Fund	11.14%

The published share price of the assets of each Fund was as follows:

	31 May 2017	1 June 2016
<b>Sterling Denominated Strategies</b>	(pence)	(pence)
Conservative Strategy Fund	125.40	110.70
Growth Strategy Fund	179.00	149.80
Aggressive Strategy Fund	234.80	185.10
<b>US\$ Denominated Strategies</b>	(US\$ cents)	(US\$ cents)
Global US\$ Growth Strategy Fund	154.60	139.10

The latest prices can be viewed on our website.

<http://international.lloydsbank.com/products-and-services/investments/international-funds/fund-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 maintenance and integrity of the Lloyds Bank International Limited website is the responsibility of the directors; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts 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

1 September 2017



## Report of the Asset Allocation Adviser

### Market Overview

Most major stock markets produced positive returns over the last 12 months. The result of June 2016's UK referendum resulted in electors voting to leave the European Union (EU) and this sent shockwaves throughout financial markets. However, most markets quickly bounced back and several equity indices hit all-time highs towards the end of the reporting period. On the economic front, the past 12 months has brought about divergence in economic policies. The US Federal Reserve ("the Fed") has started to raise interest rates, however, the Bank of England ("BoE"), the Bank of Japan ("BoJ") and the European Central Bank ("ECB") kept rates at record lows and have been engaged in bond-buying programmes, otherwise known as quantitative easing ("QE"). This was beneficial to bond markets in most regions, although recent signs of inflation caused markets to turn lower. The UK commercial property produced positive returns, but there were signs of the market cooling even before the Brexit vote. Since 23 June 2016 there have been growing concerns about demand for UK property.

### UK

UK equity markets performed well over the 12 months. At the sector level, the best performers were technology and basic materials. In contrast, telecoms and utilities disappointed. Many of the companies that make up the FTSE 100 index benefited from the British Pound's decline in the aftermath of the Brexit vote, because many of them generate the bulk of their profits overseas. The other main effect of sterling weakness has been a rise in inflation due to the increasing cost of imports. Data released in March showed that UK inflation climbed to its highest level since September 2013. Inflation, as measured by the consumer price index, jumped to 2.3% in February, taking it above the BoE's 2.0% target. In April, Prime Minister Theresa May sprung a surprise with the announcement of a snap general election, yet the effect on stock markets was minimal.

### Europe

European equities made gains over the 12 months. At the country level, Poland and Spain performed particularly well in local currency terms, whilst Greece and Denmark lagged behind. In terms of sectors, industrials and technology outpaced the other areas of the market, while utilities and telecoms disappointed. Returns for UK-based investors were boosted by sterling's decline against the euro in the aftermath of the Brexit vote. In mid-March investor sentiment was buoyed by the election results in the Netherlands, which were hailed as a rejection of 'populism' in the Eurozone. However in May this was boosted by Emmanuel Macron's victory in the final round of the French presidential election. Meanwhile, growth in the Eurozone private sector reached a six-year high in March, led by the region's largest economies, Germany and France. Higher employment, output and new orders propelled the expansion. However, retail sales edged lower, particularly in Italy. Inflation slowed sharply at the end of the period.

### US

Wall Street was up in dollar terms over the 12 months. At the sector level, the best performers were technology and financials. Conversely, telecoms and energy lagged behind.

Gains were magnified for sterling-based investors because the UK's currency declined against its international peers in the aftermath of the vote to leave the European Union. After Donald Trump's victory in the country's presidential election, markets reached a series of record highs. The Fed increased US interest rates twice over the period. The second of these hikes was made in March, raising the main rate by 25 percentage points to a range between 0.75% and 1%. The move was widely expected and the Fed attributed it to economic progress being made "in exactly the way we anticipated". Minutes from the May meeting of the Federal Open Markets Committee (the Fed's rate-setting board) released towards the end of the month reassured investors that the changes to US monetary policy are likely to remain gradual and proportionate.

### Japan

While Japanese equities made a positive return over the 12 month reporting period, they lagged behind other developed equity markets in local currency terms. Nevertheless, returns for sterling-based investors were magnified by the pound's decline against the yen in the aftermath of the vote to leave the European Union. At the sector level, the best performers included machinery, raw materials and chemicals. Conversely, real estate, energy, banks and pharmaceuticals disappointed. In November 2016, Japanese Prime Minister Shinzo Abe called for companies to raise 2017 wages, after the pace of wage increases slowed for the first time since he came to power. Mr Abe became the second world leader to make an official visit to President Trump in Washington in February 2017.

### Bonds

In the first half of the period, government bonds performed well, delivering gains, driven in part by the decision of UK voters to leave the EU. Yields then began to drift higher and prices lower as global economic data showed signs of an upturn. As at the end of May, the 10 year Treasury was 2.20%. The yield on the German bund was 0.30% and the yield on the 10 year UK Gilt was 0.97%. Geopolitical issues were the primary focus for the UK corporate bond market. Following strength brought on by the Bank of England's announcement of its corporate bond-buying programme the final three months of 2016 provided a less supportive environment for sterling corporate bonds. Investors became cautious ahead of key political events in 2017 and higher government bond yields tempered the demand for bonds to some extent. But while the prevailing atmosphere of uncertainty and volatility carried through to the New Year, UK corporate bond markets began to react more positively, both to improving economic data and a Dutch general election which resulted in defeat for the right-wing populist policies of Geert Wilders. Not even Theresa May's decision to trigger Article 50 at the end of March, setting the clock running on the UK's exit from the European Union, could dent confidence in the market.

Bonds issued by financial companies have been the best performers latterly, due to expectations of rising interest rates. The profit margins of lenders tend to rise when interest rates are increasing, as the gap between what they charge borrowers and what they pay to borrow increases.

## Report of the Asset Allocation Adviser (continued)

### Commercial property

UK property posted positive returns over the year, despite signs of a weaker market and difficult trading conditions following June's vote on EU membership. While concerns about Brexit continue to worry investors, a need for income generating investments combined with low supplies of quality investment stock has supported prices.

Investor sentiment remains particularly strong towards the industrial sector, which is resulting in competitive bidding for the limited number of quality assets that are for sale. Strong occupational demand for industrial property is being driven by the relentless change in retail's shift to e-commerce from physical stores. And there is little evidence to indicate that this will weaken over the short term as retailers and logistics operators try to meet customer expectations for ever shorter delivery times.

### Tactical Asset Allocation

There were six TAA changes across the Multi-Strategy range in the reporting period. There was a Strategic Asset Allocation change made by the Manager on the 1st September 2016 with additional asset classes, a further Strategic Asset Allocation change was made on 1st April 2017. Not all funds partook in every TAA change.

### General macro economic conditions relating to Growth and Conservative Funds

In June, our research recommended a modest de-risking at the asset class level mainly driven by a relative downgrade of equities relative to cash. This reflected three lines of thought. First of all, a signalling of a reduction of the net probability in favour of risk on outperformance with a low level of conviction and secondly, there were some concerns that following recent softening of expectations regarding a summer US interest rate hike, equity markets could be negatively impacted by a more hawkish US Federal Reserve. Third, in the very short term we were presented with Brexit tail risk at a point where investor surveys were signalling elevated sentiment and markets were close to technically overbought. UK equities and European equities were reduced, with flat overall equity position, the proceeds went into cash.

On the 1st September, a new Strategic Asset Allocation was set by the Multistrategy Fund Board. The existing Tactical Asset Allocations were applied without any changes. In October, having seen a strong pick-up in US corporate earnings expectations in the run up to reporting season, any disappointment in earnings releases could have had a negative effect on the market. Investors were already in a nervous frame of mind because of the continuing political uncertainty. Equally, the UK's rebound since the EU referendum result was announced had been marked, but worries on whether the UK will have a 'hard' or 'soft' exit from the single market had implications for equity prices. Valuations in Japanese equities were looking increasingly attractive, albeit with some weak price momentum. However, we believed that there was a likelihood of a reversal in sentiment driven by some earnings improvements and a more stable yen. An underweight in US equities was initiated with proceeds extending the overweight to Japanese equities. In mid December, after upgrading our views to equities in general and specifically European, we initiated a small overweight position, funded from cash.

### Conservative Strategy Fund

Following on the changes that were made in mid July to other risk profiles, in mid September we initiated a modest overweight to Emerging Markets equities, funded from increased underweights in UK equities and cash.

Following the US election, in mid November we reduced the level of exposure to Global investment grade bonds and increased exposure to UK gilts. Against all expectations Donald Trump secured victory in the US presidential race. He will also have the backing of a Republican Congress, giving him far greater policy scope than his predecessor. This may have resulted in an over-reaction by the bond markets which sold off after the result, leading to a jump in yields. It's possible this move would be followed by a partial reversal or period of consolidation. With the 'lower for longer' environment for interest rates and bond yields looking less likely we eliminated our pro-corporate bond stance by selling Global investment grade bonds, which are sensitive to US interest rates, in favour of neutralizing the exposure to UK gilts and investment grade credit. The remaining proceeds reduced the underweight to cash.

In mid February, we made a number of changes to the asset allocation positioning. Our central economic view is moderately supportive of equities. We chose to express this view whilst keeping the underweight position in UK equities although to a lesser extent. We hedged our equity views by also holding a negative view of Global credit and positive view of Gilts. Overall, the holding in cash decreased slightly and we further trimmed our overweight position in Japanese equities.

Our views were updated at the beginning of April and a number of sizeable positions were taken. The Brexit risks, which we believe are not fully priced in to the UK economy, led us to underweight both UK Corporate Bonds and equities. The small overweights to Global High Yield and Emerging Market bonds were neutralised as credit spreads have tightened recently. Some of the proceeds went to increasing our overweight to Japanese equities, valuation and earnings momentum coupled with an expectation that the Yen will weaken, should result in equity market outperformance. The remainder of the proceeds went into cash and to neutralise the US Equity position.

Later in April, we initiated an underweight in Global Government and Emerging Market Bonds, proceeds were added to cash. Expectations of the 'Trump effect' had diminished and the promised health care reform did not materialise. In Europe we saw Macron have a significant lead over Le Pen which calmed markets. Soft data continued to point towards a potential upside on the economic front in Europe. We believed that overvalued Bunds and a US market not pricing in as many Federal Reserve rate hikes as expected led to an opportunity to initiate a larger duration underweight via an underweight in Global bond markets.

## Report of the Asset Allocation Adviser (continued)

### Growth Strategy Fund

In the Growth Strategy in mid July, within equities, following Brexit our enthusiasm for Emerging Market and US equities had increased at the expense of Eurozone equities. We increased our allocation to US equities to neutral and took a small overweight in Emerging Market equities. These positions were financed from an underweight position in UK equities and paring European equities back to neutral.

Following on the changes that were made in mid July, in mid September we further increased the overweight to Emerging Markets equities funded from increasing the underweight to Asia Pacific equities.

Following the US election, in mid November we reduced the level of exposure to Global investment grade bonds and increased exposure to UK gilts. Against all expectations Donald Trump secured victory in the US presidential race. He will also have the backing of a Republican Congress, giving him far greater policy scope than his predecessor. This may have resulted in an over-reaction by the bond markets which sold off after the result, leading to a jump in yields. It's possible this move would be followed by a partial reversal or period of consolidation. With the 'lower for longer' environment for interest rates and bond yields looking less likely we eliminated our pro-corporate bond stance by selling Global investment-grade bonds, which are sensitive to US interest rates, in favour of neutralizing the exposure to UK gilts and investment grade credit and cash.

In mid February, we made a number of changes to the asset allocation positioning. Our central economic view is moderately supportive of equities. We chose to express this view whilst keeping the underweight position in UK equities although to a lesser extent. We hedged our equity views by also holding a negative view of Global credit and positive view of Gilts. Overall, the holding in cash decreased slightly and we further trimmed our overweight position in Japanese equities.

Our views were updated at the beginning of April and a number of sizeable positions were taken. The Brexit risks, which we believe are not fully priced in to the UK economy, led us to underweight both UK Corporate Bonds and equities. The small overweights to Global High Yield and Emerging Market bonds were neutralised as credit spreads have tightened recently. Some of the proceeds went to increasing our overweight to Japanese equities, valuation and earnings momentum coupled with an expectation that the Yen will weaken should result in equity market outperformance. The remainder of the proceeds went into cash and to neutralise the US Equity position.

Later in April, we initiated an underweight in Global Government and Emerging Market Bonds, proceeds were added to cash. Expectations of the 'Trump effect' had diminished and the promised health care reform did not materialise. In Europe we saw Macron have a significant lead over Le Pen which calmed markets. Soft data continued to point towards a potential upside on the economic front in Europe. We believed that overvalued Bunds and a US market not pricing in as many Federal Reserve rate hikes as expected led to an opportunity to initiate a larger duration underweight via an underweight in Global bond markets.

### General macro economic conditions relating to Aggressive and Global USD Growth Funds

In mid July, within equities, following Brexit our enthusiasm for Emerging Market and US equities had increased at the expense of Eurozone equities. We increased our allocation to US equities to neutral and took a small overweight in Emerging Market equities. These positions were financed from an underweight position in UK equities and paring European equities back to neutral. On the 1st September, a new Strategic Asset Allocation was set by the Multistrategy Fund Board. The existing Tactical Asset Allocations were applied without any changes.

Following on the changes that were made in mid July, in mid September 2016 we further increased the overweight to Emerging Markets equities funded from increasing the underweight's to Asia Pacific and UK equities.

### Aggressive Strategy Fund

In October, having seen a strong pick-up in US corporate earnings expectations in the run-up to reporting season, any disappointment in earnings releases could have had a negative effect on the market. Investors were already in a nervous frame of mind because of the continuing political uncertainty. Equally, the UK's rebound since the EU referendum result was announced had been marked, but worries on whether the UK will have a 'hard' or 'soft' exit from the single market had implications for equity prices. Valuations in Japanese equities were looking increasingly attractive, albeit with some weak price momentum. However, we believed that there was a likelihood of a reversal in sentiment driven by some earnings improvements and a more stable yen. An underweight in US equities was initiated with proceeds extending the overweight to Japanese equities. In November we initiated an underweight in US equities in favour of increasing the overweight to Japanese equities. In mid December, after upgrading our views to equities in general and specifically European, we initiated an overweight position, funded by reducing the overweight position in Japanese equities. In February, we made a number of changes to the asset allocation positioning. Our central economic view is moderately supportive of equities. We chose to express this view whilst keeping a small underweight position in UK equities. Overall, the holding in cash decreased slightly.

Our views were updated at the beginning of April and a number of sizeable positions were taken. The Brexit risks, which we believe are not fully priced in to the UK economy, led us to underweight UK equities. Some of the proceeds went to increasing our overweight to Japanese equities, valuation and earnings momentum coupled with an expectation that the Yen will weaken should result in equity market outperformance. The remainder of the proceeds went into cash and to neutralise the US Equity position. Later in April, we initiated an underweight in Emerging Market Bonds, proceeds were added to cash. Expectations of the 'Trump effect' had diminished and the promised health care reform did not materialise. In Europe we saw Macron have a significant lead over Le Pen which calmed markets. Soft data continued to point towards a potential upside on the economic front in Europe. We believed that overvalued Bunds and a US market not pricing in as many Federal Reserve rate hikes as expected led to an opportunity to initiate a larger duration underweight via an underweight in Global bond markets.

## Report of the Asset Allocation Adviser (continued)

### Global USD Growth Strategy Fund

In October, having seen a strong pick up in US corporate earnings expectations in the run up to reporting season, any disappointment in earnings releases could have had a negative effect on the market. Investors were already in a nervous frame of mind because of the continuing political uncertainty. Equally, the UK's rebound since the EU referendum result was announced had been marked, but worries on whether the UK will have a 'hard' or 'soft' exit from the single market had implications for equity prices. Valuations in Japanese equities were looking increasingly attractive, albeit with some weak price momentum. However, we believed that there was a likelihood of a reversal in sentiment driven by some earnings improvements and a more stable yen. An underweight in US equities was initiated with proceeds extending the overweight to Japanese equities.

Following the US election, in mid November we reduced the level of exposure to Global investment grade bonds and increased exposure to UK gilts. In mid December, after upgrading our views to equities in general and specifically European, we initiated an overweight position, funded by reducing the overweight position in Japanese equities. In mid February, we made a number of changes to the asset allocation positioning. Our central economic view is moderately supportive of equities. We chose to express this view whilst keeping the underweight position in UK equities although to a lesser extent. We hedged our equity views by also holding a negative view of Global credit and positive view of Gilts. Overall, the holding in cash decreased slightly and we further trimmed our overweight position in Japanese equities.

Our views were updated at the beginning of April and a number of sizeable positions were taken. The Brexit risks, which we believe are not fully priced in to the UK economy, led us to underweight both Global Corporate Bonds and equities. The small overweights to Global High Yield and Emerging Market bonds were neutralised as credit spreads have tightened recently. Some of the proceeds went to increasing our overweight to Japanese equities, valuation and earnings momentum coupled with an expectation that the Yen will weaken should result in equity market outperformance. The remainder of the proceeds went into cash and to neutralise the US Equity position. Later in April, we initiated an underweight in US Government and Emerging Market Bonds, proceeds were added to cash. Expectations of the 'Trump effect' had diminished and the promised health care reform did not materialise. In Europe we saw Macron have a significant lead over Le Pen which calmed markets. Soft data continued to point towards a potential upside on the economic front in Europe. We believed that overvalued Bunds and a US market not pricing in as many Federal Reserve rate hikes as expected led to an opportunity to initiate a larger duration underweight via an underweight in Global bond markets.

*This report is solely for information purposes and is not intended to be and should not be construed as an offer or recommendation to buy and sell investments, nor shall it form the basis or part of any contract to be relied upon in any way.*

## Report of the Custodian to the Members of Lloyds Multi Strategy Fund Limited

### Statement of Custodian's Responsibilities

The Custodian is required under the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003 (as amended) (the 'Rules') to ensure that, inter alia, it:

- satisfies itself that the sale, issue, redemption, cancellation and valuation of shares in the Company are carried out in accordance with the Rules; and
- takes into its custody all the assets of the Company and holds them in trust for the shareholders in accordance with the Rules; and
- enquires into the conduct of the Company in each annual accounting year and reports thereon to shareholders in a report, which shall contain the matters prescribed by the Rules. The Custodian's Report is included in this Annual Report.

### Report of the Custodian to the Members of Lloyds Multi Strategy Fund Limited

In accordance with Article 2.06 of the Rules, Capita Trust Company (Jersey) Limited, has acted throughout the year as independent Custodian to the Company.

In accordance with Article 7.08 of the Rules we confirm, in our capacity as the Custodian, that we have enquired into the conduct of the Company for the year ended 31 May 2017 and in our opinion, to the best of our knowledge having made such enquiry, the affairs of the Company have been conducted in all material respects for the year then ended:

- in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association, by prospectuses and by all Orders for the time being in force under Article 11 of the Collective Investment Funds (Jersey) Law 1988 (as amended) ('the Law'); and
- otherwise in accordance with the provisions of the Memorandum and Articles of Association and the Law.

Capita Trust Company (Jersey) Limited,  
Custodian  
12 Castle Street, St Helier,  
Jersey, JE2 3RT  
Channel Islands

1 September 2017

## Independent Auditor's Report to the Members of Lloyds Multi Strategy Fund Limited

### Report on the audit of the financial statements

#### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Lloyds Multi Strategy Fund Limited (the "Company") and the separate financial statements of each Fund listed below (the "Funds"), (together "the financial statements") as at 31 May 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the Collective Investment Funds (Recognized Funds) (Rules) (Jersey) Order 2003.

#### What we have audited

The financial statements of the Company and the Funds listed below;

- Conservative Strategy Fund
- Growth Strategy Fund
- Aggressive Strategy Fund
- Global US\$ Growth Strategy Fund

These financial statements comprise:

- the Statements of Financial Position as at 31 May 2017;

#### Our audit approach



#### Materiality

Overall materiality represents 0.5% of net assets of the Company and the funds respectively.

#### Audit scope

Our audit work was performed solely in Jersey and included the audit of the financial statements of the Company and Funds as listed above.

We tailored the scope of our audit taking into account the types of investments within the Company and the Funds in addition to, the accounting processes and controls.

#### Key audit matters

Valuation of investments.

- the Statements of Comprehensive Income for the year then ended;
- the Statements of Changes in Net Assets Attributable to Holders of Participating Redeemable Preference Shares for the year then ended;
- the Cash Flow Statements for the year then ended;
- the Investment Portfolios of the Funds as at 31 May 2017; and
- the Notes to the Financial Statements, which include a summary of significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company and the Funds in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and with SEC Independence Rules. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the SEC Independence Rules.

#### Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company and Funds, the accounting processes and controls, and the industry in which they operate.

#### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company and Funds materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## Independent Auditor's Report to the Members of Lloyds Multi Strategy Fund Limited (continued)

### Overall materiality

Company	£730k
Conservative Strategy Fund	£147k
Growth Strategy Fund	£470k
Aggressive Strategy Fund	£76k
Global US\$ Growth Strategy Fund	£49k
How we determined it	0.5 % of net assets
Rationale for the materiality benchmark	We believe that net assets are the most appropriate benchmark because this is a key metric of interest to members and the regulator. It is also a generally accepted measure used for companies in this industry.

We agreed with the board of directors that we would report to them misstatements identified during our audit above 5% of overall materiality as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
<p><b>Valuation of investments</b></p> <p>The Company and Fund's investments are valued at £144,497,538 and represent the majority of the net assets attributable to holders of participating redeemable preference shares as at 31 May 2017.</p> <p>Refer to further information on the investment portfolios included in the financial statements on pages 28 – 31 and note 20.</p> <p>The fair value of the Company and Fund's investments is based on quoted market prices as at the statement of financial position date. The quoted market price used for these financial assets held by the Company and Fund's is the current mid-market price at the close of business on the last day of the accounting year, as required by IFRS 13.</p> <p>We have given specific audit focus and attention to investment valuations as only a small percentage difference in the prices individually, when aggregated, could result in a material misstatement.</p>	<p>Our audit procedures included understanding and evaluating the key controls around the valuation performed by the manager. This included controls over the review and approval of the daily net asset valuation ("NAV") reports. We selected a sample of NAV reports and tested that pricing data recorded within the Company's accounting system was reviewed for variances in excess of a reasonable defined threshold, with any variances investigated. This enabled us to determine whether the valuation controls throughout the year could be reasonably relied upon.</p> <p>In addition to this, we compared the investment prices used by the manager at year end to the prices obtained from an independent pricing source for reasonableness.</p> <p>Overall we found that the valuations of investments in the Company reported at fair value through profit and loss were consistent with the Company pricing and accounting policies and within a reasonable range.</p>

### Other information

The directors are responsible for the other information. The other information comprises the information as set out on the contents page within the Annual Report and Audited Financial Statements (but does not include the financial statements and our auditor's report thereon).

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditor's Report to the Members of Lloyds Multi Strategy Fund Limited (continued)

### Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Jersey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company and Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company and Funds or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Independent Auditor's Report to the Members of Lloyds Multi Strategy Fund Limited (continued)

### Report on other legal and regulatory requirements

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

This report, including the opinion, has been prepared for and only for the members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Trudy Dillon-Nugent  
For and on behalf of PricewaterhouseCoopers CI LLP  
Chartered Accountants  
Jersey, Channel Islands  
1 September 2017

## Statements of Financial Position

As at 31 May 2017

	Notes	Company	Conservative Strategy Fund
		£	£
<b>Current Assets</b>			
Cash and cash equivalents		2,557,118	360,165
Creations receivable		119,290	15,487
Investment sales receivable		—	—
Financial assets at fair value through profit or loss		144,497,538	29,384,552
Other accrued income and other debtors	4	301,454	14,713
<b>Total Assets</b>		<b>147,475,400</b>	<b>29,774,917</b>
<b>Equity</b>			
Ordinary share capital		1,000	—
<b>Total Equity</b>		<b>1,000</b>	<b>—</b>
<b>Current Liabilities</b>			
Redemption payable		89,849	89,849
Investment purchases payable		—	—
Distributions payable	5	929,889	264,459
Accrued expenses and other creditors	6	206,893	42,048
Nominal shares		237,403	—
<b>Total Liabilities*</b>		<b>1,464,034</b>	<b>396,356</b>
Net assets attributable to holders of participating redeemable preference shares	17	146,010,366	29,378,561
<b>Total Liabilities and Equity</b>		<b>147,475,400</b>	<b>29,774,917</b>

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

The financial statements on pages 16 to 55 were approved by the Board of Directors on 1 September 2017 and are signed on their behalf by:

R. D. Willcox  
B. Lysiak } Directors

The notes on pages 32 to 55 form an integral part of these financial statements.

## Statements of Financial Position

As at 31 May 2017

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
<b>Current Assets</b>			
Cash and cash equivalents	1,815,314	68,257	404,560
Creations receivable	79,387	15,614	11,363
Investment sales receivable	—	—	—
Financial assets at fair value through profit or loss	92,726,814	15,113,058	9,389,226
Other accrued income and other debtors	36,318	4,474	9,742
<b>Total Assets</b>	<b>94,657,833</b>	<b>15,201,403</b>	<b>9,814,891</b>
<b>Equity</b>			
Ordinary share capital	—	—	—
<b>Total Equity</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Current Liabilities</b>			
Redemption payable	—	—	—
Investment purchases payable	—	—	—
Distributions payable	665,430	—	—
Accrued expenses and other creditors	124,926	23,295	21,461
Nominal shares	—	—	—
<b>Total Liabilities*</b>	<b>790,356</b>	<b>23,295</b>	<b>21,461</b>
Net assets attributable to holders of participating redeemable preference shares	93,867,477	15,178,108	9,793,430
<b>Total Liabilities and Equity</b>	<b>94,657,833</b>	<b>15,201,403</b>	<b>9,814,891</b>

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

## Statements of Financial Position (continued)

As at 31 May 2016

	Notes	Company	Conservative Strategy Fund
		£	£
<b>Current Assets</b>			
Cash and cash equivalents		276,722	111,412
Creations receivable		338,021	38,834
Investment sales receivable		42,539	27,000
Financial assets at fair value through profit or loss		129,046,704	26,623,872
Other accrued income and other debtors	4	169,895	6,239
<b>Total Assets</b>		<b>129,873,881</b>	<b>26,807,357</b>
<b>Equity</b>			
Ordinary share capital		1,000	—
<b>Total Equity</b>		<b>1,000</b>	<b>—</b>
<b>Current Liabilities</b>			
Redemption payable		66,584	—
Investment purchases payable		15,539	—
Distributions payable	5	1,545,744	463,761
Accrued expenses and other creditors	6	150,546	28,272
Nominal shares		136,455	—
<b>Total Liabilities*</b>		<b>1,914,868</b>	<b>492,033</b>
Net assets attributable to holders of participating redeemable preference shares	17	127,958,013	26,315,324
<b>Total Liabilities and Equity</b>		<b>129,873,881</b>	<b>26,807,357</b>

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

## Statements of Financial Position (continued)

As at 31 May 2016

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
<b>Current Assets</b>			
Cash and cash equivalents	98,945	37,490	42,028
Creations receivable	266,999	15,607	24,134
Investment sales receivable	15,539	—	—
Financial assets at fair value through profit or loss	83,666,022	12,588,579	8,977,860
Other accrued income and other debtors	26,201	—	—
<b>Total Assets</b>	<b>84,073,706</b>	<b>12,641,676</b>	<b>9,044,022</b>
<b>Equity</b>			
Ordinary share capital	—	—	—
<b>Total Equity</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Current Liabilities</b>			
Redemption payable	—	66,584	—
Investment purchases payable	15,539	—	—
Distributions payable	1,081,983	—	—
Accrued expenses and other creditors	87,883	21,963	18,090
Nominal shares	—	—	—
<b>Total Liabilities*</b>	<b>1,185,405</b>	<b>88,547</b>	<b>18,090</b>
Net assets attributable to holders of participating redeemable preference shares	82,888,301	12,553,129	9,025,932
<b>Total Liabilities and Equity</b>	<b>84,073,706</b>	<b>12,641,676</b>	<b>9,044,022</b>

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

## Statements of Comprehensive Income

For the year ended 31 May 2017

	Notes	Company	Conservative Strategy Fund
		£	£
<b>Operating Profit</b>			
Net profit on financial assets at fair value through profit or loss	7	23,183,117	3,309,050
Investment income		2,208,756	515,554
Other income	8	168,272	22,874
Operating expenses	9	(1,539,432)	(262,090)
Operating profit		24,020,713	3,585,388
<b>Finance Costs</b>			
Distributions to holders of participating redeemable preference shares	5	(929,889)	(264,459)
Total finance costs		(929,889)	(264,459)
Profit before tax		23,090,824	3,320,929
Withholding tax on dividends and other investment income	18	—	—
Increase in net assets attributable to holders of participating redeemable preference shares from operations		23,090,824	3,320,929

For the year ended 31 May 2016

	Notes	Company	Conservative Strategy Fund
		£	£
<b>Operating Profit</b>			
Net loss on financial assets at fair value through profit or loss	7	(5,389,078)	(387,112)
Investment income		2,713,317	662,661
Other income	8	372	12
Operating expenses	9	(1,204,452)	(196,248)
Operating (loss)/ profit		(3,879,841)	79,313
<b>Finance Costs</b>			
Distributions to holders of participating redeemable preference shares	5	(1,545,744)	(463,761)
Total finance costs		(1,545,744)	(463,761)
Loss before tax		(5,425,585)	(384,448)
Withholding tax on dividends and other investment income	18	—	—
Decrease in net assets attributable to holders of participating redeemable preference shares from operations		(5,425,585)	(384,448)

The notes on pages 32 to 55 form an integral part of these financial statements.

## Statements of Comprehensive Income

For the year ended 31 May 2017

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
<b>Operating Profit</b>			
Net profit on financial assets at fair value through profit or loss	15,493,095	3,459,513	1,176,151
Investment income	1,503,829	177,943	14,589
Other income	101,244	22,559	27,563
Operating expenses	(998,291)	(177,899)	(129,109)
Operating profit	16,099,877	3,482,116	1,089,194
<b>Finance Costs</b>			
Distributions to holders of participating redeemable preference shares	(665,430)	—	—
Total finance costs	(665,430)	—	—
Profit before tax	15,434,447	3,482,116	1,089,194
Withholding tax on dividends and other investment income	—	—	—
Increase in net assets attributable to holders of participating redeemable preference shares from operations	15,434,447	3,482,116	1,089,194

For the year ended 31 May 2016

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
<b>Operating Profit</b>			
Net loss on financial assets at fair value through profit or loss	(3,758,199)	(779,792)	(691,195)
Investment income	1,801,516	207,440	62,119
Other income	318	6	54
Operating expenses	(776,943)	(157,650)	(109,660)
Operating (loss)/ profit	(2,733,308)	(729,996)	(738,682)
<b>Finance Costs</b>			
Distributions to holders of participating redeemable preference shares	(1,081,983)	—	—
Total finance costs	(1,081,983)	—	—
Loss before tax	(3,815,291)	(729,996)	(738,682)
Withholding tax on dividends and other investment income	—	—	—
Decrease in net assets attributable to holders of participating redeemable preference shares from operations	(3,815,291)	(729,996)	(738,682)

The notes on pages 32 to 55 form an integral part of these financial statements.

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

For the year ended 31 May 2017

	Company	Conservative Strategy Fund
	£	£
Net assets attributable to holders of participating redeemable preference shares as at 1 June	127,958,013	26,315,324
Creation of participating redeemable preference shares issued	8,197,421	2,207,925
Redemption of participating redeemable preference shares	(14,059,917)	(2,465,617)
Net decrease from share transactions	(5,862,496)	(257,692)
Increase in net assets attributable to holders of participating redeemable preference shares from operations	23,090,824	3,320,929
Movement in currency translation	824,025	—
Net assets attributable to holders of participating redeemable preference shares as at 31 May	146,010,366	29,378,561

For the year ended 31 May 2016

	Company	Conservative Strategy Fund
	£	£
Net assets attributable to holders of participating redeemable preference shares as at 1 June	137,424,866	27,681,034
Creation of participating redeemable preference shares issued	8,594,807	2,140,776
Redemption of participating redeemable preference shares	(12,954,966)	(3,122,038)
Net (decrease)/ increase from share transactions	(4,360,159)	(981,262)
Decrease in net assets attributable to holders of participating redeemable preference shares from operations	(5,425,586)	(384,448)
Movement in currency translation	318,892	—
Net assets attributable to holders of participating redeemable preference shares as at 31 May	127,958,013	26,315,324

The notes on pages 32 to 55 form an integral part of these financial statements.



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

For the year ended 31 May 2017

	Growth Strategy Fund £	Aggressive Strategy Fund £	Global US\$ Growth Strategy Fund US\$
Net assets attributable to holders of participating redeemable preference shares as at 1 June	82,888,301	12,553,129	9,025,932
Creation of participating redeemable preference shares issued	3,911,096	822,719	1,645,173
Redemption of participating redeemable preference shares	(8,366,367)	(1,679,856)	(1,966,869)
Net decrease from share transactions	(4,455,271)	(857,137)	(321,696)
Increase in net assets attributable to holders of participating redeemable preference shares from operations	15,434,447	3,482,116	1,089,194
Movement in currency translation	—	—	—
Net assets attributable to holders of participating redeemable preference shares as at 31 May	93,867,477	15,178,108	9,793,430

For the year ended 31 May 2016

	Growth Strategy Fund £	Aggressive Strategy Fund £	Global US\$ Growth Strategy Fund US\$
Net assets attributable to holders of participating redeemable preference shares as at 1 June	89,701,807	13,260,366	10,348,472
Creation of participating redeemable preference shares issued	5,151,676	729,960	835,641
Redemption of participating redeemable preference shares	(8,149,891)	(707,201)	(1,419,499)
Net (decrease)/ increase from share transactions	(2,998,215)	22,759	(583,858)
Decrease in net assets attributable to holders of participating redeemable preference shares from operations	(3,815,291)	(729,996)	(738,682)
Movement in currency translation	—	—	—
Net assets attributable to holders of participating redeemable preference shares as at 31 May	82,888,301	12,553,129	9,025,932

The notes on pages 32 to 55 form an integral part of these financial statements.

## Cash Flow Statements

For the year ended 31 May 2017

	Company	Conservative Strategy Fund
	£	£
<b>Cash flows from operating activities</b>		
Purchase of financial assets and settlement of financial liabilities	(128,852,091)	(25,797,048)
Receipts from sale of investments	137,433,683	26,382,760
Investment income received	2,236,589	521,793
Fee rebates received	109,634	8,146
Bank interest received	107	15
Interest paid	(18,786)	(2,674)
Operating expenses paid	(1,465,849)	(245,643)
Net cash inflow from operating activities	9,443,287	867,349
<b>Cash flows from financing activities</b>		
Distributions paid to holders of participating redeemable preference shares issued	(1,545,744)	(463,761)
Proceeds received from issue of participating redeemable preference shares	8,399,571	2,231,272
Payments on redemption of participating redeemable preference shares	(14,001,525)	(2,375,768)
Net cash outflow from financing activities	(7,147,698)	(608,257)
Net increase in cash and cash equivalents	2,295,589	259,092
Cash and cash equivalents as at 1 June	276,722	111,412
Exchange (losses)/ gain on cash and cash equivalents	(39,715)	(10,339)
Movement in currency translation	24,522	—
Cash and cash equivalents as at 31 May	2,557,118	360,165

The notes on pages 32 to 55 form an integral part of these financial statements.

## Cash Flow Statements

For the year ended 31 May 2017

	Growth Strategy Fund £	Aggressive Strategy Fund £	Global US\$ Growth Strategy Fund US\$
<b>Cash flows from operating activities</b>			
Purchase of financial assets and settlement of financial liabilities	(83,616,261)	(11,218,010)	(10,492,993)
Receipts from sale of investments	90,073,777	12,157,131	11,257,867
Investment income received	1,530,030	177,943	8,709
Fee rebates received	64,913	18,060	23,632
Bank interest received	13	25	69
Interest paid	(13,435)	(2,393)	(363)
Operating expenses paid	(947,809)	(174,174)	(125,372)
Net cash inflow from operating activities	7,091,228	958,582	671,549
<b>Cash flows from financing activities</b>			
Distributions paid to holders of participating redeemable preference shares issued	(1,081,983)	—	—
Proceeds received from issue of participating redeemable preference shares	4,098,708	822,712	1,657,944
Payments on redemption of participating redeemable preference shares	(8,366,367)	(1,746,440)	(1,966,869)
Net cash outflow from financing activities	(5,349,642)	(923,728)	(308,925)
Net increase in cash and cash equivalents	1,741,586	34,854	362,624
Cash and cash equivalents as at 1 June	98,945	37,490	42,028
Exchange (losses)/ gain on cash and cash equivalents	(25,217)	(4,087)	(92)
Movement in currency translation	—	—	—
Cash and cash equivalents as at 31 May	1,815,314	68,257	404,560

The notes on pages 32 to 55 form an integral part of these financial statements.

## Cash Flow Statements (continued)

For the year ended 31 May 2016

	Company	Conservative Strategy Fund
	£	£
<b>Cash flows from operating activities</b>		
Purchase of financial assets and settlement of financial liabilities	(48,216,819)	(8,682,986)
Receipts from sale of investments	51,883,733	9,592,982
Investment income received	2,680,878	656,422
Fee rebates received	—	—
Bank interest received	372	12
Interest paid	(9,748)	(1,731)
Operating expenses paid	(1,177,932)	(189,037)
Net cash inflow / (outflow) from operating activities	5,160,484	1,375,662
<b>Cash flows from financing activities</b>		
Distributions paid to holders of participating redeemable preference shares issued	(1,845,680)	(580,024)
Proceeds received from issue of participating redeemable preference shares	7,891,156	2,130,427
Payments on redemption of participating redeemable preference shares	(13,980,765)	(3,122,038)
Net cash (outflow)/ inflow from financing activities	(7,935,289)	(1,571,635)
Net (decrease)/ increase in cash and cash equivalents	(2,774,805)	(195,973)
Cash and cash equivalents as at 1 June	1,417,039	320,955
Exchange losses on cash and cash equivalents	(24,789)	(13,570)
Movement in currency translation	1,659,277	—
Cash and cash equivalents as at 31 May	276,722	111,412

The notes on pages 32 to 55 form an integral part of these financial statements.

## Cash Flow Statements (continued)

For the year ended 31 May 2016

	Growth Strategy Fund £	Aggressive Strategy Fund £	Global US\$ Growth Strategy Fund US\$
<b>Cash flows from operating activities</b>			
Purchase of financial assets and settlement of financial liabilities	(36,400,073)	(2,107,558)	(1,528,759)
Receipts from sale of investments	38,878,477	2,007,987	2,092,002
Investment income received	1,775,315	207,441	62,120
Fee rebates received	—	—	—
Bank interest received	318	6	54
Interest paid	(7,591)	(278)	(221)
Operating expenses paid	(765,356)	(153,593)	(104,199)
Net cash inflow/(outflow) from operating activities	3,481,090	(45,995)	520,997
<b>Cash flows from financing activities</b>			
Distributions paid to holders of participating redeemable preference shares issued	(1,265,656)	—	—
Proceeds received from issue of participating redeemable preference shares	5,004,813	737,183	834,649
Payments on redemption of participating redeemable preference shares	(8,149,891)	(640,617)	(1,419,499)
Net cash (outflow)/ inflow from financing activities	(4,410,734)	96,566	(584,850)
Net (decrease)/ increase in cash and cash equivalents	(929,644)	50,571	(63,853)
Cash and cash equivalents as at 1 June	1,036,683	(11,268)	107,837
Exchange losses on cash and cash equivalents	(8,094)	(1,813)	(1,956)
Movement in currency translation	—	—	—
Cash and cash equivalents as at 31 May	98,945	37,490	42,028

The notes on pages 32 to 55 form an integral part of these financial statements.

## Investment Portfolios

As at 31 May 2017

## Conservative Strategy Fund

	Holding 31.05.16	Holding 31.05.17	Market Value 31.05.17 £	% of Total Net Assets	Market Value 31.05.16 £
<b>Bond Funds 60.43% (85.01%)*</b>					
Aberdeen Corporate Bond Fund	2,573,244	—	—	—	5,010,080
BlackRock Overseas Corporate Bond Fund	—	3,480,284	5,103,837	17.37	—
BlackRock Overseas Government Bond Fund	—	353,001	453,076	1.54	—
L&G Emerging Government Bond Fund	—	2,151,334	1,490,229	5.07	—
Lloydstrust Gilt Fund	159,662	184,794	2,394,933	8.15	2,000,562
Lloyds Gilt Fund A Class	1,530,244	—	—	—	2,001,560
Lloyds Investment Funds High Income	5,777,617	3,370,886	3,050,652	10.38	5,020,171
Lloyds Investment Funds Sterling Bond	3,381,644	1,932,902	3,055,918	10.40	5,021,741
Robeco High Yield Bonds Fund	—	19,220	2,208,710	7.52	—
<b>Equity Funds 23.00% (8.76%)*</b>					
Russell Continental Europe Equity Fund	—	32,323	741,169	2.52	—
Russell Emerging Markets Equity Fund	—	15,068	583,436	1.99	—
Russell Japan Equity Fund	—	43,157	1,055,189	3.59	—
Russell UK Equity Fund	159	152	2,603,989	8.86	2,304,416
Russell US Equity Fund	—	70,016	1,773,509	6.04	—
<b>Property Funds 2.04% (7.41%)*</b>					
BlackRock Global Property Securities Fund	—	306,454	598,963	2.04	—
Scottish Widows Multi Manager Global Real Estate Fund	1,327,692	—	—	—	1,950,380
<b>Money Market Funds 5.00% (12.60%)*</b>					
Lloyds Sterling Money Fund	62,974	27,959	1,470,073	5.00	3,314,962
<b>Absolute Return Funds 9.53% (0.00%)*</b>					
SLI Global Absolute Return Fund	—	217,260	2,800,869	9.53	—
<b>Total value of investments</b>			29,384,552	100.00	26,623,872
<b>Other assets</b>			390,365	1.33	183,485
<b>Total assets</b>			29,774,917	101.33	26,807,357
<b>Liabilities</b>			(396,356)	(1.33)	(492,033)
<b>Net assets attributable to holders of participating redeemable preferences shares</b>			29,378,561	100.00	26,315,324
* as at 31.05.16					
			For the year ended 31.05.17		For the year ended 31.05.16
Cost of investments purchased			£25,797,048		£8,682,986
Proceeds from investments sold			£26,355,760		£9,619,986

## Investment Portfolios

As at 31 May 2017

Growth Strategy Fund

	Holding 31.05.16	Holding 31.05.17	Market Value 31.05.17 £	% of Total Net Assets	Market Value 31.05.16 £
<b>Bond Funds 33.36% (34.57%)*</b>					
Aberdeen Corporate Bond Fund	3,694,849	—	—	—	7,193,871
BlackRock Overseas Corporate Bond Fund	—	5,203,913	7,631,538	8.13	—
BlackRock Overseas Government Bond Fund	—	—	—	—	—
L&G Emerging Government Bond Fund	—	1,366,878	946,836	1.01	—
Lloydstrust Gilt Fund	198,909	403,673	5,231,604	5.57	2,492,335
Lloyds Gilt Fund A Class	1,906,819	—	—	—	2,494,119
Lloyds Investment Funds High Income	8,289,917	8,360,730	7,566,461	8.06	7,203,109
Lloyds Investment Funds Sterling Bond	4,847,562	—	—	—	7,198,630
Robeco High Yield Bonds Fund	—	40,736	4,681,392	4.99	—
<b>Equity Funds 60.35% (56.64%)*</b>					
Russell Continental Europe Equity Fund	257,492	391,094	8,967,786	9.55	4,405,693
Russell Emerging Markets Equity Fund	46,201	131,866	5,105,850	5.44	1,228,935
Russell Japan Equity Fund	136,617	294,184	7,192,798	7.66	2,446,805
Russell Asia Pacific Ex Japan Equity Fund	94,401	27,778	938,602	1.00	2,269,407
Russell UK Equity Fund	950	580	9,932,975	10.58	13,732,771
Russell UK Equity Plus Fund	110,886	—	—	—	13,676,709
Russell US Equity Fund	481,902	574,998	14,564,692	15.52	9,180,240
Threadneedle Luxembourg UK Equity Fund	—	252,259	9,946,587	10.60	—
<b>Property Funds 5.07% (9.74%)*</b>					
BlackRock Global Property Securities Fund	—	2,435,627	4,760,433	5.07	—
Scottish Widows Multi Manager Global Real Estate Fund	5,494,431	—	—	—	8,071,319
<b>Money Market Funds 5.60% (2.50%)*</b>					
Lloyds Sterling Money Fund	39,363	100,026	5,259,260	5.60	2,072,079
<b>Total value of investments</b>			92,726,814	98.78	83,666,022
<b>Other assets</b>			1,931,019	2.06	407,684
<b>Total assets</b>			94,657,833	100.84	84,073,706
<b>Liabilities</b>			(790,356)	(0.84)	(1,185,405)
<b>Net assets attributable to holders of participating redeemable preferences shares</b>			93,867,477	100.00	82,888,301
* as at 31.05.16					
			For the year ended 31.05.17		For the year ended 31.05.16
Cost of investments purchased			£83,616,261		£36,415,612
Proceeds from investments sold			£90,073,778		£38,894,014

## Investment Portfolios (continued)

As at 31 May 2017

## Aggressive Strategy Fund

	Holding 31.05.16	Holding 31.05.17	Market Value 31.05.17 £	% of Total Net Assets	Market Value 31.05.16 £
<b>Bond Funds 2.98% (0.00%)*</b>					
Robeco High Yield Bonds Fund	—	3,939	452,652	2.98	—
<b>Equity Funds 89.88% (100.29%)*</b>					
Russell Continental Europe Equity Fund	92,397	106,105	2,432,997	16.03	1,580,919
Russell Emerging Markets Equity Fund	21,179	36,685	1,420,447	9.36	563,370
Russell Japan Equity Fund	51,637	63,186	1,544,889	10.18	924,827
Russell Asia Pacific Ex Japan Equity Fund	41,597	10,092	341,001	2.25	999,988
Russell UK Equity Fund	151	111	1,904,904	12.55	2,187,698
Russell UK Equity Plus Fund	17,662	—	—	—	2,178,476
Russell US Equity Fund	109,162	80,698	2,044,091	13.47	2,079,528
Russell US Quant Equity Fund	71,052	74,743	2,044,215	13.47	1,452,295
Russell US Small Cap Equity Fund	26,003	—	—	—	621,478
Threadneedle Luxembourg UK Equity Fund	—	48,371	1,907,279	12.57	—
<b>Money Market Funds 2.68% (0.00%)*</b>					
Lloyds Sterling Money Fund	—	7,732	406,522	2.68	—
<b>Property Funds 4.05% (0.00%)*</b>					
BlackRock Global Property Securities Fund	—	314,178	614,061	4.05	—
<b>Total value of investments</b>			15,113,058	99.59	12,588,579
<b>Other assets</b>			88,345	0.58	53,097
<b>Total assets</b>			15,201,403	100.17	12,641,676
<b>Liabilities</b>			(23,295)	(0.17)	(88,547)
<b>Net assets attributable to holders of participating redeemable preferences shares</b>			15,178,108	100.00	12,553,129

\* as at 31.05.16

	For the year ended 31.05.17	For the year ended 31.05.16
Cost of investments purchased	£11,218,010	£2,107,558
Proceeds from investments sold	£12,157,131	£1,958,988



## Investment Portfolios (continued)

As at 31 May 2017

Global US\$ Growth Strategy Fund

	Holding 31.05.16	Holding 31.05.17	Market Value 31.05.17 US\$	% of Total Net Assets	Market Value 31.05.16 US\$
<b>Bond Funds 30.80% (0.00%)*</b>					
BlackRock GIF Emerging Market Government Bond Fund	—	2,901	351,104	3.59	—
Kames Investment Grade Global Bond Fund	—	75,047	904,467	9.24	—
Robeco High Yield Bonds Fund	—	1,134	299,804	3.06	—
Vanguard US Government Bond Fund	—	2,201	402,481	4.11	—
Vanguard US Investment Grade Credit Fund	—	5,839	1,056,750	10.80	—
<b>Equity Funds 59.98% (99.46%)*</b>					
Brown Advisory American Fund	101,699	—	—	—	1,573,284
Russell Continental Europe Equity Fund	52,606	46,125	1,307,178	13.36	1,243,599
Russell Emerging Markets Equity Fund	1,442	1,566	642,280	6.56	457,657
Russell Japan Equity Fund	44,052	38,607	765,584	7.82	724,218
Russell Asia Pacific Ex Japan Equity Fund	24,140	2,469	99,584	1.02	780,918
Russell UK Equity Fund	40,279	6,465	150,174	1.53	877,282
Russell US Equity Fund	71,689	56,554	1,453,433	14.85	1,567,845
Russell US Quant Equity Fund	72,320	57,461	1,452,626	14.84	1,557,059
Russell US Small Cap Equity Fund	5,368	—	—	—	195,998
<b>Property Funds 5.15% (0.00%)*</b>					
BlackRock Developed Real Estate Fund	—	45,053	503,761	5.15	—
<b>Total value of investments</b>			9,389,226	95.93	8,977,860
<b>Other assets</b>			425,665	4.35	66,162
<b>Total assets</b>			9,814,891	100.28	9,044,022
<b>Liabilities</b>			(21,461)	(0.28)	(18,090)
<b>Net assets attributable to holders of participating redeemable preferences shares</b>			9,793,430	100.00	9,025,932

\* as at 31.05.16

	For the year ended 31.05.17	For the year ended 31.05.16
Cost of investments purchased	\$10,492,993	\$1,528,759
Proceeds from investments sold	\$11,257,867	\$2,092,000

## Notes to the Financial Statements

For the year ended 31 May 2017

### 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 International Stock Exchange (formerly the Channel Islands Securities Exchange Authority). Full details of the Company, Investment Objectives and Policy and Report of the Directors are stated on pages 2 to 6.

### 2. Basis of Preparation

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

Conservative Strategy Fund

Growth Strategy Fund

Aggressive Strategy Fund

Global US\$ Growth Strategy Fund

The policies set out below have been consistently applied to all years 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, performance records (unaudited), change in net asset value per share (unaudited) and Distribution Tables. At the statement of financial position date there were four Funds in existence; Conservative Strategy Fund, Growth Strategy Fund, Aggressive Strategy Fund and Global US\$ Growth Strategy 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 that Fund's 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 estimates and judgements.

### 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 years presented, unless otherwise stated in the following text:

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

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

##### 3.1 Standards, amendments and interpretations effective for the current year

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

Amendments to IAS 1 and IAS 34: The Company has applied the amendments to IAS1 and IAS 34 for the first time in the current year.

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

- IAS 7, 'Statement of cash flows on disclosure initiative' (effective from 1 January 2017)
- IAS 12, 'Income taxes on recognition of deferred tax assets for unrealised losses' (effective from 1 January 2017)
- IAS 28, 'Investments in associates and joint ventures' (effective from 1 January 2018)
- IFRIC 22, 'Foreign currency transactions and advance consideration' (effective from 1 January 2018)
- IFRS 9, 'Financial Instruments' (effective from 1 January 2018).
- IFRS 12, 'Disclosure of interests in other entities' (effective from 1 January 2017)
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018).

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.

#### 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 which reflects the Company's primary activity of investing in sterling share Classes and the regulatory environment of the majority of investors, being UK based.

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

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

#### Functional currency and presentational currency (continued)

The Company has adopted sterling as its presentational and functional currency for the Conservative Strategy Fund, Growth Strategy Fund and Aggressive Strategy Fund as the majority of the 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 the US Dollar as its presentation and functional currency for the Global US\$ Growth Strategy Fund. The primary activity of this Strategy is to invest in US Dollar denominated securities, the majority of shares in this Strategy have been subscribed for in US Dollars and the primary currency in which income, fees and expenses are paid is the US Dollar.

#### 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 has been translated using the average exchange rate for the year.

#### Segmental reporting

The Company, at the statement of financial position date is organised into four business segments, each focusing 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 year, are recognised in the statement of comprehensive income.

The rate of exchange to sterling from dollar ruling at 31 May 2017 used for the conversion of statement of financial position items was 1.2910 and the average rate for the year used for the conversion of the statement of comprehensive income was 1.2764.

#### 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 at 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 year in which they arise.

#### Investment sales receivable and Investment purchases payable

Investment sales receivable represent securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date.

Investment purchases payable represent securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment.

When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

A provision for impairment of amounts due on investment sales receivable is established when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the amount due from the broker is impaired.

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

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

#### Revenue recognition

Investment income from Fund investments is recognised in the statement of comprehensive income on an ex-dividend basis when the right to receive payment is established. When a Fund holds derivatives with offsetting market risks, it uses bid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid-market price to the net open position as appropriate, please note the Funds held no derivatives at 31 May 2017 (31 May 2016 : Nil).

Fee rebate income is recognised in the statement of comprehensive income on a time proportionate basis using the rates provided by the underlying fund managers.

Bank Interest is recognised in the statement of comprehensive income on a time proportionate basis using the effective interest rate method ("EIR"). The EIR 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 year, 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 year.

#### 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 and classified 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 year ended 31 May 2017

## 4. Other Accrued Income and Other Debtors

	Company	Conservative Strategy Fund
	£	£
<b>As at 31 May 2017</b>		
Accrued dividend income	4,734	—
Fee rebate income accrued	58,317	14,713
Founders shares	1,000	—
Nominal shares	237,403	—
Total other accrued income and other debtors	<u>301,454</u>	<u>14,713</u>
<b>As at 31 May 2016</b>		
Accrued dividend income	32,440	6,239
Fee rebate income accrued	—	—
Founders shares	1,000	—
Nominal shares	136,455	—
Total other accrued income and other debtors	<u>169,895</u>	<u>6,239</u>

## 5. Distributions

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

	Company	Conservative Strategy Fund
	£	£
<b>Year ended 31 May 2017</b>		
Distributions due to holders of participating redeemable preference shares as at 31 May	929,889	264,459
Income paid on cancellation of shares	42,738	10,435
Income received on creation of shares	(85,085)	(16,283)
Net distributions for the year	<u>887,542</u>	<u>258,611</u>
<b>Year ended 31 May 2016</b>		
Distributions due to holders of participating redeemable preference shares as at 31 May	1,545,744	463,761
Income paid on cancellation of shares	67,751	20,101
Income received on creation of shares	(101,995)	(33,786)
Net distributions for the year	<u>1,511,500</u>	<u>450,076</u>

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 4. Other Accrued Income and Other Debtors

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
<b>As at 31 May 2017</b>			
Accrued dividend income	—	—	6,112
Fee rebate income accrued	36,318	4,474	3,630
Founders shares	—	—	—
Nominal shares	—	—	—
Total other accrued income and other debtors	36,318	4,474	9,742
<b>As at 31 May 2016</b>			
Accrued dividend income	26,201	—	—
Fee rebate income accrued	—	—	—
Founders shares	—	—	—
Nominal shares	—	—	—
Total other accrued income and other debtors	26,201	—	—

## 5. Distributions

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

	Growth Strategy Fund	Aggressive Strategy Fund	* Global US\$ Growth Strategy Fund
	£	£	US\$
<b>Year ended 31 May 2017</b>			
Distributions due to holders of participating redeemable preference shares as at 31 May	665,430	—	—
Income paid on cancellation of shares	23,520	7,912	1,112
Income received on creation of shares	(49,378)	(16,917)	(3,200)
Net distributions for the year	639,572	(9,005)	—
<b>Year ended 31 May 2016</b>			
Distributions due to holders of participating redeemable preference shares as at 31 May	1,081,983	—	—
Income paid on cancellation of shares	40,675	6,975	—
Income received on creation of shares	(61,588)	(6,621)	—
Net distributions for the year	1,061,070	354	—

\* The Global US\$ Growth Strategy Fund takes the form of a roll-up fund where income generated from underlying investments is retained in the fund rather than paid out to investors by way of dividends.

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 6. Accrued Expenses and Other Creditors

	Company	Conservative Strategy Fund
	£	£
<b>As at 31 May 2017</b>		
Due to Manager	131,561	26,665
Due to Custodian	28,392	6,113
Other Creditors	46,940	9,270
Total accrued expenses and other creditors	<u>206,893</u>	<u>42,048</u>
<b>As at 31 May 2016</b>		
Due to Manager	110,889	18,828
Due to Custodian	10,599	2,353
Other Creditors	29,058	7,091
Total accrued expenses and other creditors	<u>150,546</u>	<u>28,272</u>

## 7. Net Gain/ (Loss) on Financial Assets at Fair Value Through Profit or Loss

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

	Company	Conservative Strategy Fund
	£	£
<b>Year ended 31 May 2017</b>		
Proceeds from sales of investments during the year	137,406,684	26,355,760
Original cost of investments sold during the year	(116,997,976)	(23,158,674)
Gains realised on investments sold during the year	<u>20,408,708</u>	<u>3,197,086</u>
Realised gains on investments sold during the year	20,537,850	3,227,952
Realised losses on investments sold during the year	(129,142)	(30,866)
Realised foreign exchange losses	(41,739)	(11,198)
Unrealised gains for the year	2,861,933	170,116
Unrealised losses for the year	(47,809)	(47,809)
Unrealised foreign exchange gains	2,024	855
Net gain on investments	<u>23,183,117</u>	<u>3,309,050</u>



## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 6. Accrued Expenses and Other Creditors

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
<b>As at 31 May 2017</b>			
Due to Manager	84,391	13,545	8,985
Due to Custodian	17,692	3,351	1,595
Other Creditors	22,843	6,399	10,881
Total accrued expenses and other creditors	124,926	23,295	21,461
<b>As at 31 May 2016</b>			
Due to Manager	70,810	15,259	8,721
Due to Custodian	6,590	1,113	791
Other Creditors	10,483	5,591	8,578
Total accrued expenses and other creditors	87,883	21,963	18,090

## 7. Net Gain/ (Loss) on Financial Assets at Fair Value Through Profit or Loss

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

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
<b>Year ended 31 May 2017</b>			
Proceeds from sales of investments during the year	90,073,778	12,157,131	11,257,867
Original cost of investments sold during the year	(76,062,050)	(9,738,391)	(10,260,802)
Gains realised on investments sold during the year	14,011,728	2,418,740	997,065
Realised gains on investments sold during the year	14,083,328	2,428,310	1,018,899
Realised losses on investments sold during the year	(71,600)	(9,570)	(21,834)
Realised foreign exchange losses	(25,446)	(4,902)	(246)
Unrealised gains for the year	1,506,579	1,044,860	179,179
Unrealised losses for the year	—	—	—
Unrealised foreign exchange gains	234	815	153
Net gain on investments	15,493,095	3,459,513	1,176,151

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 7. Net Gain/ (Loss) on Financial Assets at Fair Value Through Profit or Loss (continued)

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

	Company	Conservative Strategy Fund
	£	£
<b>Year ended 31 May 2016</b>		
Proceeds from sales of investments during the year	51,877,274	9,619,986
Original cost of investments sold during the year	(48,412,007)	(9,128,612)
Gains realised on investments sold during the year	3,465,267	491,374
Realised gains on investments sold during the year	3,651,014	511,681
Realised losses on investments sold during the year	(185,747)	(20,307)
Realised foreign exchange losses	(25,037)	(13,755)
Unrealised gains for the year	—	—
Unrealised losses for the year	(8,829,634)	(864,937)
Unrealised foreign exchange gains/(losses)	326	206
Net loss on investments	(5,389,078)	(387,112)

## 8. Other Income

	Company	Conservative Strategy Fund
	£	£
<b>Year ended 31 May 2017</b>		
Fee rebate	167,983	22,859
Bank interest	289	15
Total other income	168,272	22,874
<b>Year ended 31 May 2016</b>		
Fee rebate	—	—
Bank interest	372	12
Total other income	372	12

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 7. Net Gain/ (Loss) on Financial Assets at Fair Value Through Profit or Loss (continued)

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

	Growth Strategy Fund £	Aggressive Strategy Fund £	Global US\$ Growth Strategy Fund US\$
<b>Year ended 31 May 2016</b>			
Proceeds from sales of investments during the year	38,894,014	1,958,988	2,092,000
Original cost of investments sold during the year	(36,400,593)	(1,642,199)	(1,848,157)
Gains realised on investments sold during the year	2,493,421	316,789	243,843
Realised gains on investments sold during the year	2,627,562	328,144	273,554
Realised losses on investments sold during the year	(134,141)	(11,355)	(29,711)
Realised foreign exchange losses	(8,332)	(1,733)	(1,813)
Unrealised gains for the year	—	—	—
Unrealised losses for the year	(6,243,524)	(1,094,827)	(933,083)
Unrealised foreign exchange gains/(losses)	236	(21)	(142)
Net loss on investments	(3,758,199)	(779,792)	(691,195)

## 8. Other Income

	Growth Strategy Fund £	Aggressive Strategy Fund £	Global US\$ Growth Strategy Fund US\$
<b>Year ended 31 May 2017</b>			
Fee rebate	101,231	22,534	27,262
Bank interest	13	25	301
Total other income	101,244	22,559	27,563
<b>Year ended 31 May 2016</b>			
Fee rebate	—	—	—
Bank interest	318	6	54
Total other income	318	6	54

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 9. Operating Expenses

	Notes	Company	Conservative Strategy Fund
		£	£
<b>Year ended 31 May 2017</b>			
Payable to the Manager:			
Annual management fees	10	1,180,636	202,253
Registrar fees	10	51,498	11,489
Payable to the Custodian:			
Custodian fees	11	132,115	29,073
Other expenses:			
Administration expenses *		74,575	12,975
Dilution Levy		76,341	—
Audit fee		24,267	6,300
<b>Total expenses</b>		<b>1,539,432</b>	<b>262,090</b>
<b>Total Expense Ratio**</b>			<b>1.63%</b>
<b>Year ended 31 May 2016</b>			
Payable to the Manager:			
Annual management fees	10	864,968	132,479
Registrar fees	10	62,942	13,429
Payable to the Custodian:			
Custodian fees	11	122,087	27,025
Other expenses:			
Administration expenses *		78,309	17,115
Dilution Levy		52,402	—
Audit fee		23,744	6,200
<b>Total expenses</b>		<b>1,204,452</b>	<b>196,248</b>
<b>Total Expense Ratio **</b>			<b>1.49%</b>

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

\*\* The Total Expense Ratio (“TER”) represents the total expenses charged to the Fund and includes the Annual Management Charge (“AMC”), the Custodian Fee, any underlying fund costs payable and the operating expenses incurred in running the Fund, expressed as a percentage of the average daily net asset values during the year.

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 9. Operating Expenses

	Growth Strategy Fund £	Aggressive Strategy Fund £	Global US\$ Growth Strategy Fund US\$
<b>Year ended 31 May 2017</b>			
Payable to the Manager:			
Annual management fees	755,711	143,026	101,660
Registrar fees	32,486	5,524	2,551
Payable to the Custodian:			
Custodian fees	80,810	14,546	9,810
Other expenses:			
Administration expenses *	40,943	10,403	13,088
Dilution Levy	76,341	—	—
Audit fee	12,000	4,400	2,000
<b>Total expenses</b>	<b>998,291</b>	<b>177,899</b>	<b>129,109</b>
<b>Total Expense Ratio **</b>	<b>1.73%</b>	<b>1.96%</b>	<b>1.86%</b>
<b>Year ended 31 May 2016</b>			
Payable to the Manager:			
Annual management fees	560,629	121,051	75,693
Registrar fees	39,189	7,360	4,416
Payable to the Custodian:			
Custodian fees	75,822	12,704	9,737
Other expenses:			
Administration expenses *	36,901	12,335	17,814
Dilution Levy	52,402	—	—
Audit fee	12,000	4,200	2,000
<b>Total expenses</b>	<b>776,943</b>	<b>157,650</b>	<b>109,660</b>
<b>Total Expense Ratio **</b>	<b>1.70%</b>	<b>2.04%</b>	<b>2.10%</b>

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 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 Asset Allocation Adviser, Aberdeen Asset Investments Limited.
- Key management personnel.

The fees received by the Manager are set out in Note 9. The Asset Allocation Adviser is paid by the Manager. Details of amounts due to the Manager at the end of the year 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 22 and 23.

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

	31 May 2017	31 May 2016
Conservative Strategy Fund	6,962	6,943
Growth Strategy Fund	6,900	10,332
Aggressive Strategy Fund	6,878	7,000
Global US\$ Growth Strategy Fund	15,848	15,690
	36,588	39,965

**(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.

From 19 August 2016 the Management fee for each Fund was reduced to 1%.

	31 May 2017	31 May 2016
Conservative Strategy Fund	1.00%	1.25%
Growth Strategy Fund	1.00%	1.50%
Aggressive Strategy Fund	1.00%	1.75%
Global US\$ Growth Strategy Fund	1.00%	1.75%

The Directors and the Manager may agree a higher fee for any Fund subject to a maximum annual rate of 2.00% 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.

None of the Funds as represented within these financial statements invest in other Funds within the Company.

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 year. The Manager and the Company may agree a higher fee.

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

**(b) Key management personnel**

The following Directors of the Company at 31 May 2017 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.

**(c) Directors' fees**

Directors who are employees of the Lloyds Banking Group do not receive Directors' fees. All other directors currently receive a fee of £5,000 per annum (May 2016: £5,000 per annum).

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

### 11. Custodian

The fees received by the Custodian are set out in Note 9. Details of amounts due to the Custodian at the end of the year 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 £5,000 per annum per sterling Fund Class and US\$10,000 per US\$ Fund Class. The minimum fee for the US\$ Fund Classes has been waived until further notice.

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 Fund Classes	NAV of each Fund		
	Up to £50M	Next £50M	£100M Plus
Conservative Strategy Fund	0.100%	0.075%	0.050%
Growth Strategy Fund	0.100%	0.075%	0.050%
Aggressive Strategy Fund	0.100%	0.075%	0.050%

  

US\$ Fund Class	NAV of each Fund		
	Up to US\$100M	Next US\$100M	US\$ 100M Plus
Global US\$ Growth Strategy 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 Standard (IAS) 24 Related Party Disclosures.

### 13. Equalisation

The price of a share includes an equalisation amount calculated by dividing the net undistributed income of that 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 year to which the distribution relates.

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 14. Share Capital

	31 May 2017		31 May 2016	
	£		£	
<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
		<u>7,501,000</u>		<u>7,501,000</u>
<b>Issued Ordinary Share Capital:</b>				
Founders Shares		<u>1,000</u>		<u>1,000</u>
<b>Nominal Shares:</b>				
Balance brought forward		203,399		169,927
Creations		91,790		97,780
Redemptions		(57,786)		(64,308)
Balance carried forward		<u>237,403</u>		<u>203,399</u>
<b>Participating Shares:</b>				
Balance brought forward		926,187		959,659
Creations		57,786		64,308
Redemptions		(91,790)		(97,780)
Balance carried forward		<u>892,183</u>		<u>926,187</u>
<b>Fund</b>	Shares	£	Shares	£
Conservative Strategy	23,612,408	236,124	23,782,599	237,825
Growth Strategy	52,811,918	528,119	55,486,323	554,863
Aggressive Strategy	6,470,606	64,706	6,835,041	68,350
Total Sterling Funds	<u>82,894,932</u>	<u>828,949</u>	<u>86,103,963</u>	<u>861,038</u>
	Shares	US\$	Shares	US\$
Global US\$ Growth Strategy	<u>6,322,881</u>	<u>156,313</u>	<u>6,514,336</u>	<u>158,228</u>
	Shares	£	Shares	£
Total Company (Sterling equivalent)	<u>89,217,813</u>	<u>892,183</u>	<u>92,618,299</u>	<u>926,187</u>



## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 15. Share Premium

	31 May 2017	31 May 2016
	£	£
Conservative Strategy	23,044,745	23,294,887
Growth Strategy	57,054,841	61,457,510
Aggressive Strategy	6,567,086	7,411,574
Total Sterling Funds	86,666,672	92,163,971
	US\$	US\$
Global US\$ Growth Strategy	5,829,454	6,147,147
Total Company (Sterling equivalent)	88,784,962	94,572,745
Balance brought forward	94,572,745	98,865,187
Premium on creations	8,097,766	8,462,748
Premium on redemptions	(13,885,549)	(12,755,190)
Balance carried forward	88,784,962	94,572,745

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 16. Capital Reserves

	Notes	Company	Conservative Strategy Fund
		£	£
Net realised gains on investments brought forward		15,045,085	1,129,283
Net realised gains for the year	7	20,366,969	3,185,888
Net realised gains on investments carried forward		35,412,054	4,315,171
Net unrealised movement on investment brought forward		15,813,789	1,647,177
Net unrealised movement in the year	7	2,816,148	123,162
Net unrealised movement on investment carried forward		18,629,937	1,770,339
Total realised / unrealised movement		54,041,991	6,085,510
Net transfer (from)/ to capital reserve brought forward		(354,297)	—
Net movement (from)/ to capital reserve in the year		(132,506)	—
Net transfer (from)/ to capital reserve carried forward		(486,803)	—
As at 31 May		53,555,188	6,085,510

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

	Notes	Company	Conservative Strategy Fund
		£	£
<b>As at 31 May 2017</b>			
Share capital	14	892,183	236,124
Share premium	15	88,784,962	23,044,745
Capital reserves	16	53,555,188	6,085,510
Undistributed income *		5,773	12,182
Movement in currency translation		2,772,260	—
Net assets attributable to holders of participating redeemable preference shares		146,010,366	29,378,561
<b>As at 31 May 2016</b>			
Share capital	14	926,187	237,825
Share premium	15	94,572,745	23,294,887
Capital reserves	16	30,452,175	2,776,460
Undistributed income *		7,908	6,152
Movement in currency translation		1,998,996	—
Net assets attributable to holders of participating redeemable preference shares		127,958,013	26,315,324

\* Undistributed income under the accruals method as at 31 May 2017 amounts to £(77,581) (31 May 2016 amounts to £(424,557)).

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 16. Capital Reserves

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Net realised gains on investments brought forward	9,403,460	2,886,231	2,588,655
Net realised gains for the year	13,986,282	2,413,838	996,819
Net realised gains on investments carried forward	23,389,742	5,300,069	3,585,474
Net unrealised movement on investment brought forward	11,523,114	2,073,937	964,340
Net unrealised movement in the year	1,506,813	1,045,675	179,332
Net unrealised movement on investment carried forward	13,029,927	3,119,612	1,143,672
Total realised / unrealised movement	36,419,669	8,419,681	4,729,146
Net transfer (from)/ to capital reserve brought forward	(52,402)	113,037	(832,438)
Net movement (from)/ to capital reserve in the year	(76,341)	13,598	(89,045)
Net transfer (from)/ to capital reserve carried forward	(128,743)	126,635	(921,483)
As at 31 May	36,290,926	8,546,316	3,807,663

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

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
<b>As at 31 May 2017</b>			
Share capital	528,119	64,706	156,313
Share premium	57,054,841	6,567,086	5,829,454
Capital reserves	36,290,926	8,546,316	3,807,663
Undistributed income *	(6,409)	—	—
Movement in currency translation	—	—	—
Net assets attributable to holders of participating redeemable preference shares	93,867,477	15,178,108	9,793,430
<b>As at 31 May 2016</b>			
Share capital	554,863	68,350	158,228
Share premium	61,457,510	7,411,574	6,147,147
Capital reserves	20,874,172	5,073,205	2,720,557
Undistributed income *	1,756	—	—
Movement in currency translation	—	—	—
Net assets attributable to holders of participating redeemable preference shares	82,888,301	12,553,129	9,025,932

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

### 18. Taxation

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

During the year ended 31 May 2017 no income tax was suffered (31 May 2016 : Nil)

The Company is liable to be charged at a tax rate of 0% under Schedule D of 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. Investment Dealing

During the year no transactions in the property of the Strategies were carried out through brokers. All transactions were carried out directly with the Fund Managers.

### 20. 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 May 2017.

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

These may include:

- Investments including equity and non-equity Shares, bonds 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 Funds invest principally in equities, bonds and cash, dependent on each Fund's investment policy. The value of these are not fixed 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 year end portfolios of each Fund are detailed on pages 28 to 31.

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 May 2017. 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 year ended 31 May 2017

## 20. Financial risk management (continued)

## Market risk (continued)

End of Year	Strategy	Value (base currency)	Equities 5% Movement in equity index	Bonds 5% Movement in bond index	Cash 1% Movement in interest rate
31.05.17	Conservative	29,378,561	337,865	887,868	3,904
31.05.16	Conservative	26,315,324	97,519	983,171	1,114
31.05.17	Growth	93,867,477	2,832,465	1,302,892	19,310
31.05.16	Growth	82,888,301	3,779,735	1,432,707	989
31.05.17	Aggressive	15,178,108	681,991	22,633	883
31.05.16	Aggressive	12,553,129	629,429	—	375
31.05.17	Global US\$ Growth	9,793,430	293,543	150,730	4,257
31.05.16	Global US\$ Growth	9,025,932	448,893	—	420

## Interest rate risk

Each Strategy receives income from its various investments. The income received by each Strategy is not fixed in nature. It is derived from the securities held in the portfolio of each underlying Strategy which may be varied from time to time in accordance with its investment objective and policy. In accordance with the Strategy's policy, the Manager monitors the Strategy'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.

## Foreign currency risk

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.

The Company is not currently involved in any 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. The Funds do not currently hold any investments in currencies other than the base currency.

## 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 May 2017, 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 underlying Strategy level. If any of the Strategies hold any interest bearing instruments directly or indirectly (via underlying funds), at least 90% of these instruments must have a credit rating of 'investment grade' as provided by Moodys Investor Services Limited, Standard and Poor's 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 one or more Funds 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 year.

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

### 20. Financial Risk Management (continued)

#### 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 Founders Shares are shown in notes 3 and 14. Due to the nature and requirement for 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 year 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 year 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 year 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 requires 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.

There have been no transfers between levels. The financial assets at fair value through profit or loss of the Company are all quoted in active markets and therefore fall under level 1 as defined above.

#### 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 year, 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.

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

### 20. Financial Risk Management (continued)

#### Derivatives (continued)

##### (b) Options (continued)

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 year 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. From time to time assets held could become illiquid due to in-active trading. At 31 May 2017 the percentage of the assets within the portfolios which are subject to special arrangements arising from their illiquid nature is 0% (2016: 0%). 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 year.

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.

## Notes to the Financial Statements (continued)

For the year ended 31 May 2017

## 20. Financial Risk Management (continued)

**Liquidity risk (continued)**

Year ended 31 May 2017

	Company	Conservative Strategy Fund
	£	£
Share Capital (less than 1 month)	146,248,769	29,378,561
Cancellation payable (less than 1 month)	89,849	89,849
Proposed dividend (less than 1 month)	—	—
(1 month to 3 months)	929,889	264,459
Other liabilities (less than 1 month)	159,953	32,778
(1 month to 3 months)	46,940	9,270
Total financial liabilities	147,475,400	29,774,917

Year ended 31 May 2016

	Company	Conservative Strategy Fund
	£	£
Share Capital (less than 1 month)	128,095,468	26,315,324
Proposed dividend (less than 1 month)	—	—
(1 month to 3 months)	1,627,867	463,761
Other liabilities (less than 1 month)	121,487	21,181
(1 month to 3 months)	29,059	7,091
Total financial liabilities	129,873,881	26,807,357

**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 year ended 31 May 2017

## 20. Financial Risk Management (continued)

## Liquidity risk (continued)

Year ended 31 May 2017

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Share Capital (less than 1 month)	93,867,477	15,178,108	9,793,430
Cancellation payable (less than 1 month)	—	—	—
Proposed dividend (less than 1 month)	—	—	—
(1 month to 3 months)	665,430	—	—
Other liabilities (less than 1 month)	102,083	16,896	10,580
(1 month to 3 months)	22,843	6,399	10,881
Total financial liabilities	94,657,833	15,201,403	9,814,891

Year ended 31 May 2016

	Growth Strategy Fund	Aggressive Strategy Fund	Global US\$ Growth Strategy Fund
	£	£	US\$
Share Capital (less than 1 month)	82,888,301	12,553,129	9,025,932
Proposed dividend (less than 1 month)	—	—	—
(1 month to 3 months)	1,097,522	—	—
Other liabilities (less than 1 month)	77,400	82,956	9,512
(1 month to 3 months)	10,483	5,591	8,578
Total financial liabilities	84,073,706	12,641,676	9,044,022

## 21. Events After the Year End Date

There has not arisen in the interval between the end of the financial year and the date of this report, any other item, transaction or event of a material nature likely in the opinion of the Directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial years.

## Performance Records (unaudited)

For the year ended 31 May 2017

## Conservative Strategy Fund

Shares in the Fund were first offered to the public on the 14 September 2004 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 31/12/07 £
2008	100.20	84.55	4.00	40.19
2009	96.07	83.97	4.00	40.19
2010	101.70	95.25	3.70	37.17
2011	102.60	98.00	3.40	34.16
2012	108.30	101.50	3.30	33.16
2013	113.20	102.40	3.60	36.17
2014	112.40	104.60	2.60	26.12
2015	117.30	108.10	2.35	23.61
2016	123.10	107.30	1.95	19.59
31.05.17	125.50	120.90	1.12	11.25

## Growth Strategy Fund

Shares in the Fund were first offered to the public on the 14 September 2004 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 31/12/07 £
2008	118.50	84.26	2.50	21.17
2009	109.70	82.48	2.90	24.56
2010	122.60	106.10	2.10	17.78
2011	125.50	108.90	1.90	16.09
2012	129.20	117.00	2.20	18.63
2013	146.00	129.80	2.50	21.17
2014	149.50	138.80	2.50	21.17
2015	160.80	141.80	2.20	18.63
2016	171.30	137.70	1.95	16.51
31.05.17	179.30	170.40	1.26	10.67

## Performance Records (unaudited) (continued)

For the year ended 31 May 2017

## Aggressive Strategy Fund

Shares in the Fund were first offered to the public on the 14 September 2004 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 31/12/07 £
2008	131.10	78.44	—	—
2009	117.10	75.65	1.200	9.17
2010	135.50	110.10	0.117	0.89
2011	139.60	111.60	—	—
2012	138.20	121.40	—	—
2013	168.30	140.20	—	—
2014	180.80	162.30	—	—
2015	198.60	166.70	—	—
2016	221.10	162.20	—	—
31.05.17	235.40	220.00	—	—

## Global US\$ Growth Strategy Fund

Shares in the Fund were first offered to the public on the 14 October 2005 at an offer price of US\$1.00 per share.

Calendar Year/Period	Highest Offer Price US\$ cents	Lowest Bid Price US\$ cents	Income per Share US\$ cents	Income per \$1,000 Invested at 31/12/07 US\$
2008	125.40	56.54	—	—
2009	92.80	52.17	—	—
2010	103.30	83.08	—	—
2011	112.50	85.67	—	—
2012	110.40	93.74	—	—
2013	137.10	111.80	—	—
2014	145.90	130.40	—	—
2015	150.90	130.30	—	—
2016	145.40	120.30	—	—
31.05.17	154.90	143.20	—	—

## Change in Net Asset Value per Share (unaudited)

For the year ended 31 May 2017

Year	Net Asset Value of Fund	Number of Shares in Issue	Opening net asset value per share	Return before operating charges
	£		p	p
<b>Conservative Strategy Fund</b>				
31.05.2015	27,681,034	24,681,876	106.06	8.48
31.05.2016	26,315,324	23,782,599	112.15	0.33
31.05.2017	29,378,561	23,612,408	110.65	15.18
<b>Growth Strategy Fund</b>				
31.05.2015	89,701,807	57,529,804	142.30	16.06
31.05.2016	82,888,301	55,486,322	155.92	(4.93)
31.05.2017	93,867,477	52,811,918	149.39	30.49
<b>Aggressive Strategy Fund</b>				
31.05.2015	13,260,366	6,823,008	171.17	23.56
31.05.2016	12,553,129	6,835,041	194.35	(10.68)
31.05.2017	15,178,108	6,470,606	183.66	53.81
	Net Asset Value of Fund	Number of Shares in Issue	Opening net asset value per share	Return before operating charges
	\$		c	c
<b>Global US\$ Growth Strategy Fund</b>				
31.05.2015	10,348,472	6,930,837	141.37	8.02
31.05.2016	9,025,932	6,514,336	149.31	(11.34)
31.05.2017	9,793,430	6,322,881	138.55	17.23

## Change in Net Asset Value per Share (unaudited) (continued)

For the year ended 31 May 2017

Operating charges	Return after operating charges	Distributions on shares	Appreciation / (Depreciation) on capital assets	Closing net asset value per share	Retained income per share
p	p	p	p	p	p
(0.70)	7.78	(2.35)	0.66	112.15	0.07
(0.83)	(0.50)	(1.95)	0.95	110.65	0.03
(1.11)	14.07	(1.12)	0.82	124.42	0.05
(1.21)	14.85	(2.20)	0.97	155.92	0.05
(1.40)	(6.33)	(1.95)	1.75	149.39	(0.09)
(1.89)	28.60	(1.26)	1.01	177.74	(0.01)
(2.17)	21.39	—	1.79	194.35	0.92
(2.31)	(12.99)	—	2.30	183.66	1.65
(2.75)	51.06	—	(0.15)	234.57	1.96
Operating charges	Return after operating charges	Distributions on shares	Appreciation / (Depreciation) on capital assets	Closing net asset value per share	Retained income per share
c	c	c	c	c	c
(1.54)	6.48	—	1.46	149.31	(11.33)
(1.68)	(13.02)	—	2.26	138.55	(12.78)
(2.04)	15.19	—	1.15	154.89	(14.57)

## Distribution Tables

For the year ended 31 May 2017

The following table reflects the distribution rates per unit for the year

### Conservative Strategy Fund

	Gross income p	Equalisation payable	Distribution paid current year p	Distribution paid prior year p
31 May 2017				
Group 1	1.120	—	1.120	1.950
Group 2	0.549	0.571	1.120	1.950

### Growth Strategy Fund

	Gross income	Equalisation payable	Distribution paid current year p	Distribution paid prior year p
31 May 2017				
Group 1	1.260	—	1.260	1.950
Group 2	0.277	0.983	1.260	1.950

Group 1 : Shares purchased prior to 31 May 2016

Group 2 : Shares purchased between 1 June 2016 and 31 May 2017

## Notice of Meeting

Notice is hereby given that the 13th Annual General Meeting of Lloyds Multi Strategy Fund Limited will be held at: 11-12 Esplanade, St. Helier, Jersey, on Tuesday 24 October 2017 at 9.30 a.m. for the following purposes:

### Agenda

#### Ordinary Business

1. To appoint the Chairman of the meeting.
2. To read the convening notice.
3. RESOLUTION 1.  
To receive and if deemed appropriate, adopt the Annual Report and Audited Financial Statements of the Company for the year ended 31 May 2017.
4. RESOLUTION 2.  
To consider, and if deemed appropriate, re-elect Ross Davey Willcox as a Director of the Company.
5. RESOLUTION 3.  
To consider, and if deemed appropriate, re-elect Ian Mark Jeremie Hardy as a Director of the Company.
6. RESOLUTION 4.  
To consider, and if deemed appropriate, re-elect Timothy Joseph Herbert as a Director of the Company.
7. RESOLUTION 5.  
To consider, and if deemed appropriate, re-elect Brian Charles James as a Director of the Company.
8. RESOLUTION 6.  
To consider, and if deemed appropriate, re-elect Bronislaw Lysiak as a Director of the Company.
9. RESOLUTION 7.  
To re-appoint PricewaterhouseCoopers CI LLP as Auditors of the Company for the ensuing year and to authorise the Directors to agree their remuneration.
10. RESOLUTION 8.  
To fix the remuneration of each of the Directors at a maximum of £5,000 per annum.

### NOTES:

A Member entitled to attend and vote at this Meeting may appoint one or more Proxies to attend and, on a poll, vote instead of him. A Proxy need not be a Member of the Company. To be valid, completed proxy forms must be deposited at the Company's principal place of business not less than 48 hours before the appointed time for holding the meeting, or any adjournment thereof.

In the case of joint holders the vote of the senior shall be accepted to the exclusion of the votes of the other joint holder(s).

The quorum requirement is two members present in person or by proxy. If a quorum is not present, the meeting shall stand adjourned to Tuesday 31 October 2017 at 9.30 a.m. at the same venue and at such adjourned meeting the shareholder's present in person or by proxy shall be the quorum.

By Order of the Board  
Lloyds Corporate Services (Jersey) Limited,  
Secretary,  
PO Box 160, 25 New Street, St. Helier,  
Jersey JE4 8RG,  
Channel Islands.

1 September 2017

# Lloyds Multi Strategy Fund Limited Form of Proxy

BLOCK LETTERS PLEASE.

FULL NAME(S) .....

ADDRESS .....

I/We being a Member(s) of the above named Company hereby appoint the Chairman of the Meeting ..... (see Note 1.) as my/our proxy to attend and vote for me/us on my/our behalf at the 13th Annual General Meeting of the Company to be held on Tuesday 24 October 2017 at 9.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote on the resolutions as follows:

Ordinary Resolutions:

1. To receive and if deemed appropriate, adopt the Annual Report and Audited Financial Statements of the Company for the year ended 31 May 2017.
2. To consider, and if deemed appropriate, re-elect Ross Davey Willcox as a Director of the Company.
3. To consider, and if deemed appropriate, re-elect Ian Mark Jeremie Hardy as a Director of the Company.
4. To consider, and if deemed appropriate, re-elect Timothy Joseph Herbert as a Director of the Company.
5. To consider, and if deemed appropriate, re-elect Brian Charles James as a Director of the Company.
6. To consider, and if deemed appropriate, re-elect Bronislaw Lysiak as a Director of the Company.
7. To re-appoint PricewaterhouseCoopers CI LLP as Auditors and to authorise the Directors to agree their remuneration.
8. To fix the remuneration of each of the Directors at a maximum of £5,000 per annum.

FOR	AGAINST

NOTES:

1. If you wish to appoint another person to be your proxy instead of the Chairman of the Meeting, you should delete the words "the Chairman of the Meeting", and write the name of your proxy in the space provided and initial the alteration.
2. Except as otherwise indicated by you, the proxy will vote, or abstain from voting, at the meeting or any adjournment thereof as the proxy thinks fit.
3. In the case of a corporation, the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
5. To be valid, forms of proxy must reach the principal place of business of the Company, P.O. Box 311, 11-12 Esplanade, St. Helier, Jersey JE4 8ZU, Channel Islands, not later than 48 hours before the time appointed for the meeting (or any adjourned meeting). Any power of attorney or other authority under which the form of proxy is signed must be sent with the form of proxy.

Signature ..... Date .....



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

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