



# INVESTMENT PORTFOLIO ICVC

ANNUAL LONG REPORT FOR THE YEAR ENDED 31<sup>ST</sup> OCTOBER 2019

**SCOTTISH WIDOWS**

# Investment Portfolio ICVC

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## The Company and Head Office

Investment Portfolio ICVC  
15 Dalkeith Road  
Edinburgh  
EH16 5WL

Incorporated in Great Britain under registered number IC000690. Authorised and regulated by the Financial Conduct Authority.

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## Authorised Corporate Director (ACD), Alternative Investment Fund Manager (AIFM) and Registrar\* ‡

Scottish Widows Unit Trust Managers Limited

*Registered Office:*

Charlton Place  
Andover  
Hampshire  
SP10 1RE

*Head Office:*

15 Dalkeith Road  
Edinburgh  
EH16 5WL

Authorised and regulated by the Financial Conduct Authority and a member of The Investment Association.

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## Investment Adviser\* ~

Aberdeen Investment Solutions Limited

*Registered Office:*

10 Queens Terrace  
Aberdeen  
AB10 1YG

*Correspondence Address:*

10 Queens Terrace  
Aberdeen  
AB10 1XL

Authorised and regulated by the Financial Conduct Authority and a member of The Investment Association.

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## Depositary\*

State Street Trustees Limited

*Registered Office:*

20 Churchill Place  
Canary Wharf  
London  
E14 5HJ

*Correspondence Address:*

Quartermile 3  
10 Nightingale Way  
Edinburgh  
EH3 9EG

Authorised and regulated by the Financial Conduct Authority.

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## Independent Auditors\*

PricewaterhouseCoopers LLP

Atria One

144 Morrison Street

Edinburgh

EH3 8EX

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\*The Company names and addresses form part of the Authorised Corporate Director's Report.

‡With effect from 9th December 2019, Scottish Widows Schroder Personal Wealth Limited became the ACD of the Company.

~With effect from 22nd November 2019, Schroder Investment Management Limited became the Investment Adviser of the Funds.

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\*Collectively, these comprise the Authorised Corporate Director's Report in accordance with the Financial Conduct Authority's (the "FCA") Collective Investment Schemes Sourcebook (the "COLL Sourcebook").

## About the Company

Welcome to the Annual Long Report for the Investment Portfolio ICVC (the "Company") covering the year ended 31st October 2019 (the "Report"). The Authorised Corporate Director (the "ACD") and Alternative Investment Fund Manager (the "AIFM") of the Company is Scottish Widows Unit Trust Managers Limited, a private company limited by shares which was incorporated in England and Wales on 19th April 1982. Its ultimate holding company is Lloyds Banking Group plc ("Lloyds"), which is incorporated in Scotland.

The Company is an Open-Ended Investment Company ("OEIC") with variable capital, incorporated in Great Britain under registration number IC000690 and is authorised and regulated by the Financial Conduct Authority (the "FCA") under regulation 12 of the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) (the "OEIC Regulations"), with effect from 7th August 2008.

Shareholders are not liable for the debts of the Company.

The Company is a non-UCITS retail scheme which complies with the rules contained in the Financial Conduct Authority's Collective Investment Schemes Sourcebook (the "COLL Sourcebook") and the Investment Funds Sourcebook (the "FUND Sourcebook").

The Company is structured as an umbrella fund, in that the scheme property of the Company is currently divided among 14 sub-funds, each with different investment objectives. The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to the sub-fund. The investment objective, policies and a review of the investment activities during the year are disclosed in the Investment Markets Overview of the individual sub-funds. New sub-funds may be established from time to time by the ACD with the approval of the FCA and Depositary.

Each sub-fund would, if it were a separate investment company with variable capital, also be a non-UCITS retail scheme which complies with Chapter 5 of the COLL Sourcebook.

The assets of each Fund belong exclusively to that sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other sub-fund and shall not be available for such purpose.

Whilst the provisions of the OEIC Regulations provide for segregated liability between Funds, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investments provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund of the Company in every circumstance.

The Financial Statements have been prepared on an individual basis including the 14 sub-funds in existence during the year covered by this Annual Long Report, as permitted by the OEIC Regulations and the COLL Sourcebook.

As required by the OEIC Regulations and the COLL Sourcebook, information for each of the 14 sub-funds has also been included.

The Report of the Authorised Corporate Director is defined as those items highlighted in the contents page in accordance with paragraph 4.5.9 of the COLL Sourcebook.

During the year there have been a number of changes to the Company. These changes are detailed in the section Prospectus changes below.

### Prospectus changes

During the year and up to the date of this report, the following changes were made to the Company and therefore the following changes were reflected in the Prospectus of Investment Portfolio ICVC:

- With effect from 23rd November 2018, the Company's Prospectus was updated to disclose the maximum level of Leverage which the ACD is entitled to employ on behalf of the Asset Allocator Fund. The table below sets out such updated levels, as calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive (AIFMD)):

Sub-fund Name	Previous maximum expected level of leverage on Gross method	Previous maximum expected level of leverage on Commitment method	Updated on 01/03/2018: maximum expected level of leverage on Gross method	Updated on 01/03/2018: maximum expected level of leverage on Commitment method
Asset Allocator Fund	500%	200%	600%	300%

- The investment objectives and policies of the following sub-funds:

- Asset Allocator Fund;
- IPS Growth Portfolio;
- IPS Higher Income Portfolio;
- IPS Income Portfolio;
- Managed Growth Fund 2;
- Managed Growth Fund 4; and

### Prospectus changes (continued)

- Managed Growth Fund 6;

(each a “sub-fund” and together, the “sub-funds”) were updated in August 2019 in order to comply with new rules and guidance issued by the FCA in April 2019 in respect of the investment objectives and policies for funds. The new FCA rules and guidance are designed to improve how investment objectives and policies are described in order to give greater clarity to investors around how funds are managed.

As required, we have taken account of the FCA’s new rules and guidance in amending the investment objectives and policies of the sub-funds. As a result, we have provided greater detail on how the sub-funds are managed. These changes clarify the sub-funds’ strategies, the assets they hold and how each sub-fund seeks to achieve its investment objective. As the sub-funds don’t have a benchmark (the index against which the performance of a fund is measured) we have suggested an Investment Association sector of similar funds which investors can use to compare performance.

These changes are for clarification purposes only rather than any change in investment strategy.

- Shareholders in the Company holding shares in the Managed Growth Fund 2, Managed Growth Fund 4 and Managed Growth Fund 6 have voted (at a series of meetings of those shareholders held on 29th August 2019) in favour of the ACD’s proposals to merge, by way of a scheme of arrangement, the above named funds (the “Merging Funds”) into the undernoted funds (the “Receiving Funds”) of Scottish Widows Investment Solutions Funds ICVC (the “Mergers”).

Merging Funds		Receiving Funds
Managed Growth Fund 2	merging into	Managed Growth Fund 2
Managed Growth Fund 4	merging into	Managed Growth Fund 4
Managed Growth Fund 6	merging into	Managed Growth Fund 6
each an existing fund of Investment Portfolio ICVC		each a new fund of Scottish Widows Investment Solutions Funds ICVC

The Mergers took effect on 16th September 2019. Upon completion of the Mergers each of the Merging Funds will be terminated.

- Shareholders in Scottish Widows Investment Solutions Funds ICVC holding shares in the Adventurous Solution fund, Balanced Solution fund, Cautious Solution fund, Defensive Solution fund, Discovery Solution fund, Dynamic Solution fund and Strategic Solution fund voted (at a series of meetings of those shareholders held on 29th August 2019) in favour of proposals to merge, by way of a scheme of arrangement, the below named funds (the “Merging Funds”) into the undernoted funds (the “Receiving Funds”) of the Company (Investment Portfolio ICVC) (the “Mergers”). The Receiving Funds were established in the Company on 22nd July 2019.

Merging Funds		Receiving Funds
Adventurous Solution	merging into	Adventurous Solution
Balanced Solution	merging into	Balanced Solution
Cautious Solution	merging into	Cautious Solution
Defensive Solution	merging into	Defensive Solution
Discovery Solution	merging into	Discovery Solution
Dynamic Solution	merging into	Dynamic Solution
Strategic Solution	merging into	Strategic Solution
each an existing fund of Scottish Widows Investment Solutions Funds ICVC		each a new fund of Investment Portfolio ICVC

The Mergers took effect on 16th September 2019. Upon completion of the Mergers each of the Merging Funds will be terminated.

A copy of the Prospectus is available on request.

### Important Information

Following the merger of Aberdeen Asset Management plc and Standard Life plc, Lloyds Banking Group decided to review their asset management arrangements with Aberdeen Asset Management plc. Following a competitive tender process, Schroder Investment Management Limited (“Schroders”) was appointed in place of Aberdeen Investment Solutions Limited as investment adviser in respect of the following sub-funds from 23rd November 2019:

- Adventurous Solution;
- Asset Allocator Fund;
- Balanced Solution;
- Cautious Solution;

**Important Information (continued)**

- Defensive Solution;
- Discovery Solution;
- Dynamic Solution;
- IPS Growth Portfolio;
- IPS Higher Income Portfolio;
- IPS Income Portfolio; and
- Strategic Solution.

In addition following the creation of a new joint venture between Lloyds Banking Group and Schroders plc, we are moving the management of certain funds away from Scottish Widows Unit Trust Managers Limited (SWUTM). This will affect your investments held in the sub-funds of the Company.

On 9th December 2019 the Authorised Corporate Director (ACD) for the Investment Portfolio Investment Company with Variable Capital (ICVC) changed from SWUTM to Scottish Widows Schroder Personal Wealth (ACD) Limited (SWSPWA). The investors in the sub-funds of the Company were contacted by SWUTM by letter dated 9th October 2019 explaining how this change will impact their investments held in the sub-funds in the Company.

Scottish Widows Schroder Personal Wealth (ACD) Limited became ACD of the Company on 9th December 2019. As required by the FCA an annual value assessment of the sub-funds of the Company must be carried out to consider overall value delivered to customers. To avoid duplication and for ease of communication Scottish Widows Schroder Personal Wealth (ACD) Limited will publish an annual statement on what they have done, what they have found and what they are doing in a combined statement across all of the funds. They intend to publish this separately on their website in September 2020.

**Sub-fund cross-holdings**

As at 31st October 2019 there were no shares in sub-funds of the Investment Portfolio ICVC held by other sub-funds of the Company.

**Remuneration disclosures**

The Alternative Investment Fund Managers Directive (AIFMD) requires the annual report of an Alternative Investment Fund (AIF) to contain a remuneration disclosure. The requirements include, disclosing the total amount of remuneration paid by the Alternative Investment Fund Manager (AIFM) to its staff for the financial year, split into fixed and variable remuneration.

This section provides an analysis of remuneration awards made by Lloyds Banking Group ('the Group') to its AIFMD Identified Staff for the Group's financial year to 31st December 2018, together with an explanation of the Group's remuneration policies, structure and governance.

**Quantitative remuneration disclosure**

Aggregate remuneration paid for the year ended 31st December 2018 to senior management and members of staff whose actions have a material impact on the risk profile of the AIFs (Identified Staff)			
	Senior management	Other members of staff with material impact	Total
Fixed remuneration	£642,034	£2,519,394	£3,161,428
Variable remuneration	£634,034	£2,426,245	£3,060,279
Carried interest	£0	£0	£0
<b>TOTAL</b>	<b>£1,276,068</b>	<b>£4,945,639</b>	<b>£6,221,707</b>
Number of Identified Staff <sup>1</sup>	4	10	14

<sup>1</sup>Excludes contractors as well as colleagues who receive remuneration in respect of their normal professional Group activities only and do not receive any remuneration specifically in relation to AIF/AIFM activities. There are 5 additional individuals falling into this category.

Staff shown in the table above are employed by the Group in relation to activities relating to the management of AIFs/AIFMs and are subject to the Group remuneration policy. They also perform other Group activities; no staff are directly employed by the AIFs/AIFMs. The investment management of the AIFs for the year to 31st December 2018 was carried out by an external investment adviser, Aberdeen Asset Investments Limited (AAIL) and the fees paid for these services are disclosed in the external investment adviser fees table.

Some individuals are subject to more than one regulatory regime, e.g. AIFMD and CRD IV, therefore the enhanced CRD IV regulatory requirements such as clawback apply.

**Remuneration disclosures (continued)**

**Quantitative AIF/AIFM disclosure**

The table below shows the total net asset value of all funds the identified staff are responsible for, specifically highlighting the proportion of the assets related to the Scottish Widows Investment Portfolio ICVC.

As at 31st December 2018 the assets under management for all funds were as follows:		
	Net asset value £	% of total assets
Scottish Widows Income and Growth Funds ICVC	11,335,634,989	18.83%
<b>Scottish Widows Investment Portfolio ICVC</b>	<b>4,727,685,326</b>	<b>7.85%</b>
Scottish Widows Investment Solutions Funds ICVC	11,714,465,962	19.46%
Scottish Widows Managed Investment Funds ICVC	3,189,586,903	5.30%
Scottish Widows Multi-Manager ICVC	4,834,869,406	8.03%
Scottish Widows Overseas Growth Investment Funds ICVC	2,771,334,409	4.60%
Scottish Widows Property Authorised Contractual Scheme	3,681,792,818	6.12%
Scottish Widows Tracker and Specialist Investment Funds ICVC	7,914,267,015	13.14%
Scottish Widows UK and Income Investment Funds ICVC	10,039,417,288	16.67%
<b>Total: Scottish Widows Unit Trust Managers Limited</b>	<b>60,209,054,116</b>	<b>100.00%</b>

**External investment adviser fees**

The table below is a summary of the annual investment adviser fees paid to Aberdeen Asset Investments Limited for investment management services, for the year to 31st December 2018, specifically highlighting the proportion of the fees related to the Scottish Widows Investment Portfolio ICVC.

These fees are paid by Scottish Widows Unit Trust Managers Limited.

Annual investment adviser fees paid to Aberdeen Asset Investments Limited for the year to 31st December 2018 were:		
	Fees £	% of total fees
Scottish Widows Income and Growth Funds ICVC	2,593,046	12.88%
<b>Scottish Widows Investment Portfolio ICVC</b>	<b>4,288,108</b>	<b>21.30%</b>
Scottish Widows Investment Solutions Funds ICVC	2,589,007	12.86%
Scottish Widows Managed Investment Funds ICVC	3,595,469	17.86%
Scottish Widows Multi-Manager ICVC	2,601,612	12.93%
Scottish Widows Overseas Growth Investment Funds ICVC	1,069,657	5.32%
Scottish Widows Property Authorised Contractual Scheme	139,366	0.69%
Scottish Widows Tracker and Specialist Investment Funds ICVC	392,328	1.95%
Scottish Widows UK and Income Investment Funds ICVC	2,861,436	14.21%
<b>Total: Scottish Widows Unit Trust Managers Limited</b>	<b>20,130,029</b>	<b>100.00%</b>

Aberdeen Asset Investments Limited is subject to remuneration rules under Directive 2013/36/EU ("CRD IV") that are equally as effective as those applicable under the AIFMD regime. Staff employed by Aberdeen Asset Investments Limited who are "Identified Staff" for the purposes of the Guidelines published from time to time by the European Securities and Markets Authority are subject to remuneration rules commensurate with those which apply to Identified Staff of the AIFM. Aberdeen Asset Investments Limited makes information on remuneration publicly available in accordance with the disclosure requirements.

**Qualitative remuneration disclosure**

**Decision-making process for remuneration policy**

The Group has a strong belief in aligning the remuneration delivered to the Group's executives with the successful performance of the business and, through this, the delivery of long-term, superior and sustainable returns to shareholders. It has continued to seek the views of shareholders and other key stakeholders with regard to remuneration policy and seeks to motivate, incentivise and retain talent while being mindful of the economic outlook. An essential component of the Group's approach to remuneration is the governance process that underpins it. This ensures that the policy is robustly applied and risk is managed appropriately.

### Remuneration disclosures (continued)

#### Decision-making process for remuneration policy (continued)

The overarching purpose of the Remuneration Committee is to consider, agree and recommend to the Board an overall remuneration policy and philosophy for the Group that is defined by, supports and is closely aligned to its long-term business strategy, business objectives, risk appetite and values and recognises the interests of relevant stakeholders.

The remuneration policy governs all aspects of remuneration and applies in its entirety to all divisions, business units and companies in the Group, including wholly-owned overseas businesses and all colleagues, contractors and temporary staff. The Committee reviews the policy annually and pays particular attention to the top management population, including the highest paid colleagues in each division, those colleagues who perform senior management functions for the Group and Material Risk Takers (MRTs).

#### Governance and risk management

An essential component of the approach to remuneration is the governance process that underpins it. This ensures that the policy is robustly applied and risk is managed appropriately.

In addition to setting the overall remuneration policy and philosophy for the Group, the Remuneration Committee ensures that colleagues who could have a material impact on the Group's risk profile are provided with appropriate incentives and reward to encourage them to enhance the performance of the Group and that they are recognised for their individual contribution to the success of the organisation, whilst ensuring that there is no reward for excessive risk taking. The Remuneration Committee works closely with the Risk Committee in ensuring the Group Performance Share (GPS) plan outcome is moderated. The two Committees determine whether the proposed GPS outcome and performance assessments adequately reflect the risk appetite and framework of the Group; whether it took account of current and future risks; and whether any further adjustment is required or merited. The Group and the Remuneration Committee are determined to ensure that the aggregate of the variable remuneration for all colleagues is appropriate and balanced with the interests of shareholders and all other stakeholders.

The Remuneration Committee's terms of reference are available from the Company Secretary and are displayed on the Group's website, [www.lloydsbankinggroup.com/our-group/corporate-governance](http://www.lloydsbankinggroup.com/our-group/corporate-governance). These terms are reviewed each year to ensure compliance with the remuneration regulations.

The Remuneration Committee appoints independent consultants to provide advice on specific matters according to their particular expertise. During the year, Mercer (part of the MMC group of companies) was the appointed adviser to the Remuneration Committee.

#### Composition of the Remuneration Committee

The members of the Committee during 2018 were Anita Frew (chairman until September 2018), Lord Blackwell, Alan Dickinson, Stuart Sinclair (chairman from September 2018), and Sara Weller.

#### Role of the relevant stakeholders

During 2018, the Committee has consulted extensively with a number of shareholders and key stakeholders, such as the Group's main regulators, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The Chairman of the Remuneration Committee has also met with the Group's recognised unions.

The Group conducts colleague surveys every six months to measure engagement and culture. The engagement survey includes specific questions relating to reward and discussions on the Group's remuneration approach takes place with union representatives during the annual pay review cycle and on relevant employee reward matters.

#### Link between pay and performance

The Group's approach to reward is intended to provide a clear link between remuneration and delivery of its key strategic objectives, supporting the aim of becoming the best bank for customers, and through that, for shareholders. To this end, the performance management process has been developed, with the close participation of the Group's Risk team, to embed performance measures across the Group's reward structure which are challenging and reflect Group and divisional achievement in addition to personal contribution.

The use of a balanced scorecard approach to measure performance enables the Remuneration Committee to assess the performance of the Group and its senior executives in a consistent and performance-driven way. The Group's remuneration policy supports the business values and strategy, based on building long-term relationships with customers and colleagues and managing the financial consequences of business decisions across the entire economic cycle.

#### Design and structure of remuneration processes

When establishing the remuneration policy and associated frameworks, the Group is required to take into account its size, organisation and the nature, scope and complexity of its activities.



### Remuneration disclosures (continued)

#### Design and structure of remuneration processes (continued)

Remuneration is delivered via a combination of fixed and variable remuneration. Fixed remuneration reflects the role, responsibility and experience of a colleague. Variable remuneration is based on an assessment of individual, business area and Group performance. The mix of variable and fixed remuneration is driven by seniority, grade and role. Taking into account the expected value of awards, the performance-related elements of pay make up a considerable proportion of the total remuneration package for Identified Staff, whilst maintaining an appropriate balance between the fixed and variable elements.

Remuneration for control functions is set in relation to benchmark market data to ensure that it is possible to attract and retain staff with the appropriate knowledge, experience and skills. An appropriate balance between fixed and variable compensation supports this approach. Generally, control function staff receive a higher proportion of fixed remuneration than other colleagues. Particular attention is paid to ensure remuneration for control function staff is linked to the performance of their function and independent from the business areas they control.

The information below summarises the different remuneration elements for Identified Staff.

#### Base salary

Base salaries are reviewed annually, taking into account individual performance and market information.

#### Fixed share award

The fixed share award, made annually, delivers Lloyds Banking Group shares over a period of five years. It ensures that total fixed remuneration is commensurate with the role and provides a competitive reward package, with an appropriate balance of fixed and variable remuneration, in line with regulatory requirements.

The fixed share award can be amended or withdrawn in the following circumstances:

- to reflect a change in role;
- to reflect a Group leave policy (e.g. parental leave or sickness absence);
- termination of employment with the Group;
- if the award would be inconsistent with any applicable legal, regulatory or tax requirements or market practice.

#### Benefits and all employee share plans

Core benefits for UK-based colleagues include pension, private medical insurance, life insurance, car or car allowance (eligibility dependent on grade) and other benefits that may be selected through the Group's flexible benefits plan. Benefits can be amended or withdrawn in the following circumstances:

- to reflect a change to colleague contractual terms;
- to reflect a change of grade;
- termination of employment with the Group;
- to reflect a change of Reward Strategy/benefit provision;
- if the award would be inconsistent with any statutory or tax requirements.

#### Short-term variable remuneration arrangements

The Group Performance Share (GPS) plan is an annual discretionary bonus plan.

The plan is designed to reflect specific goals linked to the performance of the Group. The majority of colleagues participate in the GPS plan.

Individual GPS awards are based upon individual contribution, overall Group financial results and Balanced Scorecard ratings over the past financial year. The Group's total risk-adjusted GPS outcome is determined by the Remuneration Committee annually as a percentage of the Group's underlying profit, modified for:

- Group Balanced Scorecard performance;
- Collective and discretionary adjustments to reflect risk matters and/or other factors.

The Group applies deferral arrangements to GPS and variable pay awards made to colleagues.

GPS awards for Identified Staff are subject to deferral and a holding period in line with regulatory requirements and market practice.

#### Group Ownership Share Plan

The Group Ownership Share (GOS) plan is a core part of the reward strategy and an important tool for aligning the Group's reward strategy to the long-term performance of the business.

Through the application of carefully considered, stretching target measures, the Group can ensure that awards are forfeited or restricted where performance does not meet the desired level.

### **Remuneration disclosures (continued)**

#### **Group Ownership Share Plan (continued)**

The GOS plan pays out in shares based on performance against Group financial and other non-financial strategic targets measured over a three-year period. Shares are released in line with regulatory requirements and market practice.

#### **Deferral, vesting and performance adjustment**

At least 40 per cent of Identified Staff variable remuneration above certain thresholds is deferred into Lloyds Banking Group Shares.

For all Identified Staff, GPS is deferred in line with the regulatory requirements and subject to a 12-month retention period.

For all colleagues, any deferred variable remuneration amount is subject to performance adjustment (malus) in accordance with the Group's Deferral and Performance Adjustment Policy.

## Statement of the Authorised Corporate Director's Responsibilities

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for the year ended 31st October 2019

The Financial Conduct Authority Collective Investment Schemes Sourcebook (the "COLL Sourcebook") requires the Authorised Corporate Director ("ACD") to prepare Financial Statements for each accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial affairs of the Company and of its net revenue and the net capital gains/(losses) for the year.

In preparing the Financial Statements the ACD is required to:

- comply with the Prospectus, the Statement of Recommended Practice (IMA SORP) for Financial Statements of Authorised Funds issued in May 2014, the Instrument of Incorporation, United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the COLL Sourcebook, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD is responsible for ensuring that, to the best of their knowledge and belief, there is no relevant audit information of which the auditors are unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise themselves with any relevant audit information and to establish that the auditors are aware of that information.

The ACD is also responsible for the maintenance and integrity of the website on which the financial statements and auditors' report are published and distributed electronically. Please note that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Report of the Authorised Corporate Director

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In accordance with the requirements of the COLL Sourcebook as issued and amended by the Financial Conduct Authority, I hereby certify the Report on behalf of Scottish Widows Unit Trust Managers Limited, the Authorised Corporate Director.

**Sean Lowther**  
**Director**  
**Scottish Widows Unit Trust Managers Limited**  
**27th February 2020**

## Statement of Depositary's Responsibilities in respect of the Scheme and Report of the Depositary to the Shareholders of the Investment Portfolio ICVC ("the Company")

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for the year ended 31st October 2019

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook and the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together the "Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out;
- the value of shares of the Company are calculated;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Scheme documents and the Regulations in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations, the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**State Street Trustees Limited**  
**27th February 2020**

# Independent Auditors' Report to the Shareholders of

## Investment Portfolio ICVC

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for the year ended 31st October 2019

### Report on the audit of the financial statements

#### Opinion

In our opinion, the financial statements of Investment Portfolio ICVC (the "Company"):

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31st October 2019 and of the net revenue and the net capital gains/(losses) on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Investment Portfolio ICVC (the "Company") is an Open Ended Investment Company ('OEIC') with fourteen sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Long Report (the "Annual Report"), which comprise: the Balance Sheets as at 31st October 2019; the Statements of Total Return, the Statements of Change in Net Assets Attributable to Shareholders; the Distribution Tables; the Summary of Significant Accounting Policies applicable to all sub-funds, and the notes to the financial statements for each of the sub-funds.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### ***Emphasis of matter – financial statements prepared on a basis other than going concern***

In forming our opinion on the financial statements, which is not modified, we draw attention to note 1 to the financial statements which describes the Authorised Corporate Director's reasons why the financial statements of Managed Growth Fund 2, Managed Growth Fund 4 and Managed Growth Fund 6 have been prepared on a basis other than going concern.

#### Conclusions relating to going concern

With the exception of the circumstances described in the Emphasis of Matter – financial statements prepared on a basis other than going concern paragraph above, we have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's or any of the sub-funds' ability to continue as a going concern. For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's or any of the sub-funds' business and the wider economy.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

#### ***Authorised Corporate Director's Report***

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Independent Auditors' Report to the Shareholders of

## Investment Portfolio ICVC

(continued)

for the year ended 31st October 2019

### Responsibilities for the financial statements and the audit

#### *Responsibilities of the Authorised Corporate Director for the financial statements*

As explained more fully in the Authorised Corporate Director's Responsibilities set out on page 9, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they 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 Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

#### *Auditors' 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 auditors' 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, 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.

### Other required reporting

#### **Opinion on matter required by the Collective Investment Schemes sourcebook**

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

#### **Collective Investment Schemes sourcebook exception reporting**

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- 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.

**PricewaterhouseCoopers LLP**  
**Chartered Accountants and Statutory Auditors**  
**Edinburgh**  
**27th February 2020**

## Summary of Significant Accounting Policies applicable to all sub-funds

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for the year ended 31st October 2019

### 1. Accounting basis and distribution policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with UK Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP) for Authorised Funds issued by the Investment Management Association (IMA) in May 2014.

The financial statements of the sub-funds have been prepared on a going concern basis with the exception of Managed Growth Fund 2, Managed Growth Fund 4 and Managed Growth Fund 6 which the Authorised Corporate Director intends to terminate within one year of the date of approval of the financial statements and therefore the financial statements of these sub-funds have been prepared on a basis other than going concern. No adjustments were necessary in the financial statements to adjust assets or liabilities to their realisable values, to provide for liabilities arising from the terminations and to reclassify long-term liabilities as current liabilities. The comparative information for these sub-funds has also been prepared on a basis other than going concern.

#### (b) Revenue

Dividend revenue from offshore reporting funds is recognised when the securities are quoted ex-dividend. Non-dividend revenue from offshore reporting funds is recognised when declared, and treated as revenue for taxation and distribution purposes.

Interest on deposits are recognised as earned. Revenue from debt securities is accounted for on an effective yield basis.

Revenue from other authorised collective investment schemes is recognised when the investments are quoted ex-dividend.

Where accumulation units or shares are held in another authorised collective investment scheme, the accumulation of revenue relating to the holding is recognised in the revenue account including any withholding taxes but excluding tax credits.

Equalisation on distributions received is deducted from the cost of the investment.

Revenue is allocated when earned in the proportion of the Net Asset Value of each share class to the total Net Asset Value of the sub-fund.

#### (c) Expenses

The underlying sub-funds may currently have up to six share classes; Class A, Class G, Class L, Class P, Class Q and Class X. Each share class suffers a different Authorised Corporate Director ("ACD") fee. Consequently the level of expenses attributable to each share class will differ.

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return. The only exception is interest on borrowing which is included in interest payable and similar charges in the Statement of Total Return.

The ACD's annual fee is charged to the revenue property of the respective sub-funds. Rebates are applied where ACD's fees are incurred by the underlying investments. Internal management fee rebates (rebates from Lloyds Banking Group companies) are offset against the ACD's periodic charge, meaning in some circumstances the accrued ACD fee will be negative due to rebates received.

Where it is the policy of the underlying investment to charge its management fees to capital in determining its distribution, the Fund recognises such management rebates as capital within note 2 - Net capital gains/(losses) on an accruals basis. Otherwise the rebate is recognised as revenue on an accruals basis within note 3 - revenue, or note 4 - expenses if internal, and forms part of the distribution.

Expenses incurred in respect of, or attributable to, the sub-funds as a whole are allocated when incurred in the proportion of the Net Asset Value of each share class to the total Net Asset Value of the sub-fund.

#### (d) Distribution policy

The revenue from the sub-funds' investments accumulates during each accounting period. If revenue exceeds expenses during the period, the net revenue of the sub-funds is available for distribution (or re-investment) at share class level to the shareholders in accordance with the OEIC Regulations. If expenses exceed revenue during the period, the net revenue shortfall may be funded from capital.

In accordance with the S2006/964 tax regulation, the following sub-funds satisfied the qualifying investments test of holding over 60% of interest bearing assets throughout the period.

Cautious Solution, Defensive Solution, IPS Higher Income Portfolio, IPS Income Portfolio and Managed Growth Fund 2.

All distributions were therefore made as interest distributions.

All other sub-funds make dividend distributions.

Under the IMA SORP 2014 section 3.71, it is now acceptable not to take into account marginal tax relief in determining the distribution.

#### (e) Taxation

Provision is made for corporation tax at the current rate on the excess of taxable income over allowable expenses. UK dividend revenue is disclosed net of any related tax credit. Overseas dividends continue to be disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the taxation note.

for the year ended 31st October 2019

### 1. Accounting basis and distribution policies (continued)

#### (e) Taxation (continued)

Deferred taxation is provided on all timing differences that have originated but not reversed by the Balance Sheet date other than those differences regarded as permanent. Any liability to deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

Deferred tax assets are only recognised to the extent that it is regarded more likely than not that there will be taxable profits against which the reversal of underlying timing differences can be offset.

#### (f) Valuation of investments

The listed investments of the Company have been valued at market value on 31st October 2019 at (GMT) 12:00pm with the exception of the Solution Funds. The Solution Funds have been valued at market value on 31st October 2019 at (GMT) 8:00am, excluding any accrued interest in the case of fixed interest securities. Market value is defined by the SORP as fair value, which is generally the bid value of each security. Where applicable, illiquid, unlisted, delisted, unapproved or suspended securities are based on the ACD's assessment of their net realisable value.

Open forward currency contracts are shown in the Portfolio Statement and are valued using contracted forward rates. The net gains/(losses) are reflected in "Forward currency contracts" in Net capital gains/(losses).

Open futures contracts are shown in the Portfolio Statement and are valued at their fair value as at balance sheet date. The fair value of long positions is the quoted bid price and fair value of short positions is the quoted offer price. The returns are either reflected in "Futures contracts" within Net capital gains/(losses) or are included within Revenue depending upon the nature of the transaction as per the accounting policy of derivatives (j).

For debt security investments where no independent price is readily available, an internal model price methodology is used. Credit spreads are often used as inputs into fair value modelling.

A review of all illiquid assets and prices obtained or calculated is conducted by the Investment Adviser on a monthly basis.

Unquoted debt securities

In order to ensure that a fair value is recognised for unquoted or illiquid debt securities, there are primary, secondary and tertiary price sources in the first instance and an independent broker will be used if necessary. The primary, secondary and tertiary price sources are regularly compared with one another to ensure accuracy. A formal review is then carried out by the ACD which challenges the external valuation and includes consideration of the impact of any relevant movements in underlying variables such as:

- underlying movements in the relevant markets, for example credit spreads;
- how current transactions are being priced in the market;
- how the security is structured; and
- any supporting quantitative analysis as appropriate, for example with reference to Bloomberg or internal models.

Investments in collective investment schemes operated by Scottish Widows Unit Trust Managers Limited have been valued at the single price as at the last business day of the year.

Investments in other collective investment schemes have been valued at bid price for dual priced funds and at the single price for single priced funds as at the last business day of the year.

#### (g) Exchange rates

All transactions in foreign currencies are translated into Sterling at the rate of exchange ruling on the date of such transactions. Foreign currency assets and liabilities at the end of the accounting year are translated at the exchange rates applicable at the end of the accounting year at the appropriate valuation point.

#### (h) Dilution adjustment

In certain circumstances (as detailed in the Prospectus) the ACD may charge a dilution adjustment on the creation or cancellation of shares, which is paid into the capital of the relevant sub-fund on an accruals basis. The adjustment is intended to cover certain dealing charges not included in the mid-market value of the sub-fund used in calculating the share price, which could have a diluting effect on the sub-fund.

#### (i) Equalisation

Equalisation only applies to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue included in the purchase price of all group 2 shares and is refunded to holders of these shares as a return of capital. Being capital, it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.



## Summary of Significant Accounting Policies applicable to all sub-funds

(continued)

for the year ended 31st October 2019

### 1. Accounting basis and distribution policies (continued)

#### (j) Derivatives

Some of the sub-funds may enter into permitted transactions such as derivative contracts or forward foreign currency contracts. The treatment of the returns from derivatives depends upon the nature of the transaction. Both motives and circumstances are used to determine whether returns should be treated as capital or revenue.

Where positions are undertaken to protect or enhance capital, and the circumstances support this, the returns are capital and included within gains/(losses) on investments in the Statement of Total Return. Similarly where they are for generating or protecting revenue, and the circumstances support this, the returns are revenue and included within net revenue in the Statement of Total Return. Where positions generate total returns it will generally be appropriate to apportion such returns between capital and revenue to properly reflect the nature of the transaction. Any open positions in these types of transactions at the year end are included in the Balance Sheet at their mark to market value.

#### (k) Securities Financing Transactions

Please note there have been no Securities Financing Transactions, therefore no Securities Financing Transactions disclosure is presented.

### Investment Markets Overview

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for the period ended 31st October 2019

#### Investment Objective and Policy

To provide capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to shares, the remainder may provide exposure to a mix of asset classes (including, but not limited to, property assets and fixed interest securities) and absolute return strategies\*.

\* Absolute return strategies aim to provide positive returns regardless of market conditions.

At least 65% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

A maximum of 25% of the Fund may provide exposure to fixed interest securities. This may include sterling denominated and overseas high yield bond\*\* funds and sterling denominated and overseas investment grade bond\*\* funds. These may include corporate, government, covered bonds and index-linked bonds.

A maximum of 15% of the Fund may provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending.

\*\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period 30.08.2016 to 17.01.2019 the Fund would have sat within the "Flexible Investment Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector.

**Investment Markets Overview**

(continued)

for the period ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the fund began. The Fund is ranked at 5* because, based on simulated data, it would have experienced medium to high levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 25th November 2019.</p>	<p>Typically lower rewards, lower risks</p> <p>←</p>	<p>Typically higher rewards, higher risks</p> <p>→</p>					
	1	2	3	4	5	6	7

**Investment Review**

Performance	16/09/19 to 31/10/19 %
Adventurous Solution A Accumulation	n/a

*On 16th September 2019 Adventurous Solution was launched with Share Class A Accumulation.*

*Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

UK shares performed well during September, boosted by hopes that a no-deal Brexit could be avoided. However, these gains were reversed during October. Share prices fell back due to a combination of economic concerns and disappointing corporate results.

Economic data revealed that the UK economy had contracted by 0.2% in the second quarter of the year. Various other indicators for services, manufacturing and the consumer pointed to the slowdown continuing.

Overseas markets generally outperformed the UK. In particular, US share prices performed well, boosted by hopes of progress in talks with China about a trade deal. Company results in the US also came in ahead of many investors' expectations.

Aberdeen Investment Solutions Limited  
November 2019

**Portfolio Statement**

as at 31st October 2019

	<b>Holdings</b>	<b>Market Value £000</b>	<b>Total Net Assets %</b>
<b>FINANCIALS (99.70%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Standard Global High Yield Bond Fund A Inc◊	686,285	623	0.88
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc†◊	1,783	1,783	2.53
Aberdeen Standard UK Equity Index Managed Fund A Acc◊	5,011,054	10,720	15.19
Aberdeen UK Property Feeder Unit Trust A Acc◊	845,248	1,219	1.73
BNY Mellon Insight Global Absolute Return Fund W Acc	861,407	1,068	1.51
Merian UK Smaller Companies Fund R Acc	398,114	1,071	1.52
Nordea 1 Diversified Return Fund BD GBP Acc	9,000	1,059	1.50
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	182,358	1,082	1.53
Russell Emerging Markets Equity Fund I Acc	66,233	3,554	5.04
Scottish Widows Multi-Manager Global Real Estate Securities Fund A Acct	459,947	1,211	1.72
Scottish Widows Multi-Manager International Equity Fund A Acct	5,432,591	19,829	28.10
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	7,222,020	17,889	25.36
Scottish Widows Multi-Manager UK Equity Income Fund A Acct	3,007,432	7,227	10.24
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	100,334	1,065	1.51
Vontobel Fund - Commodity G GBP Acc	10,083	944	1.34
		<b>70,344</b>	<b>99.70</b>
<b>TOTAL FINANCIALS</b>		<b>70,344</b>	<b>99.70</b>
<b>DERIVATIVES (0.02%)</b>			
<b>Forward Currency Contracts</b>			
Bought EUR576,000 for GBP516,756 Settlement 12/12/2019		(19)	(0.03)
Bought JPY167,005,000 for GBP1,199,968 Settlement 12/12/2019		(11)	(0.01)
Bought USD500,000 for GBP389,536 Settlement 12/12/2019		(4)	(0.01)
Bought USD410,000 for GBP330,705 Settlement 12/12/2019		(14)	(0.02)
Sold EUR576,000 for GBP497,768 Settlement 12/12/2019~		0	0.00
Sold JPY68,484,000 for GBP518,133 Settlement 12/12/2019		31	0.05
		<b>(17)</b>	<b>(0.02)</b>
<b>Futures Contracts</b>			
EURO STOXX 50 Index Futures December 2019	(12)	(3)	0.00
MSCI Emerging Markets Index Futures December 2019	9	8	0.01

**Portfolio Statement**

(continued)

as at 31st October 2019

	<b>Holdings</b>	<b>Market Value £000</b>	<b>Total Net Assets %</b>
S&P 500 E Mini Index Futures December 2019	4	10	0.01
TOPIX Index Futures December 2019	6	14	0.02
		<hr/> 29	<hr/> 0.04
<b>TOTAL DERIVATIVES</b>		<hr/> <b>12</b>	<hr/> <b>0.02</b>
<b>Portfolio of investments<sup>^</sup></b>		<hr/> <b>70,356</b>	<hr/> <b>99.72</b>
<b>Net other assets</b>		<hr/> <b>195</b>	<hr/> <b>0.28</b>
<b>Total net assets</b>		<hr/> <b>70,551</b>	<hr/> <b>100.00</b>

All holdings are in Collective Investment Schemes or represent securities quoted on a Listed Securities Market, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

The Fund was launched on 16th September 2019.

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

<sup>~</sup>The market value of the holding is below £500 and is therefore rounded down to £0.

## Material Portfolio Changes

for the period ended 31st October 2019

	<b>Cost £000</b>	<b>Total sales</b>	<b>Proceeds £000</b>
<b>Major purchases</b>			
Scottish Widows Multi-Manager International Equity Fund A Acct	20,669	MSCI Emerging Markets Index Futures December 2019	1,650
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	18,202	Scottish Widows Asia Pacific (ex Japan) Equity Fund X Acct	1,378
Aberdeen Standard UK Equity Index Managed Fund A Acc <sup>∅</sup>	10,703	S&P 500 E Mini Index Futures December 2019	1,175
Scottish Widows Multi-Manager UK Equity Income Fund A Acct	7,122	EURO STOXX 50 Index Futures December 2019	840
Russell Emerging Markets Equity Fund I Acc	3,616	TOPIX Index Futures December 2019	688
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc <sup>‡</sup> <sup>∅</sup>	2,371	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc <sup>‡</sup> <sup>∅</sup>	588
MSCI Emerging Markets Index Futures December 2019	1,975	Scottish Widows Multi-Manager International Equity Fund A Acct	350
S&P 500 E Mini Index Futures December 2019	1,682	Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	300
Scottish Widows Asia Pacific (ex Japan) Equity Fund X Acct	1,421		
TOPIX Index Futures December 2019	1,416		

Purchases and sales of Futures have been included at the value of their exposure.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>∅</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

**Comparative Table**

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class A - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	218.92
Return before operating charges*	(1.28)
Operating charges	(0.52)
Return after operating charges*	(1.80)
Distributions	(1.22)
Retained distributions on accumulation shares	1.22
Closing net asset value per share	217.12
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.82)%
<b>Other information</b>	
Closing net asset value (£000)	5,595
Closing number of shares	2,577,000
Operating charges#	1.82%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	219.50
Lowest share price	212.50

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class G - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	176.62
Return before operating charges*	(1.05)
Operating charges	(0.30)
Return after operating charges*	(1.35)
Distributions	(1.10)
Retained distributions on accumulation shares	1.10
Closing net asset value per share	175.27
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.76)%
<b>Other information</b>	
Closing net asset value (£000)	11,473
Closing number of shares	6,545,700
Operating charges#	1.32%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	177.10
Lowest share price	171.40

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was launched on 16th September 2019.



**Comparative Table****(continued)**

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class X - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	263.07
Return before operating charges*	(1.63)
Operating charges	(0.06)
Return after operating charges*	(1.69)
Distributions	(1.95)
Retained distributions on accumulation shares	1.95
Closing net asset value per share	261.38
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.64)%
<b>Other information</b>	
Closing net asset value (£000)	53,483
Closing number of shares	20,462,050
Operating charges#	0.17%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	263.90
Lowest share price	255.50

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation was launched on 16th September 2019.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

**Statement of Total Return**

for the period ended 31st October 2019

	Notes	16/09/19 to 31/10/19	
		£000	£000
Income			
Net capital losses	2		(989)
Revenue	3	478	
Expenses	4	44	
Interest payable and similar charges		-	
Net revenue before taxation		522	
Taxation	5	(20)	
Net revenue after taxation			502
<b>Total return before distributions</b>			<b>(487)</b>
Distributions	6		(505)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(992)</b>

**Statement of Change in Net Assets Attributable to Shareholders**

for the period ended 31st October 2019

	16/09/19 to 31/10/19	
	£000	£000
<b>Opening net assets attributable to shareholders</b>		-
Assets transferred from SW Investment Solutions Funds ICVC		71,594
Amounts receivable on creation of shares	337	
Less: Amounts payable on cancellation of shares	(891)	
		(554)
Change in net assets attributable to shareholders from investment activities		(992)
Retained distributions on accumulation shares		503
<b>Closing net assets attributable to shareholders</b>		<b>70,551</b>

*Notes to the Financial Statements are on pages 26 to 32.*

# Adventurous Solution

## Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments (excluding cash equivalents)‡		68,624
<b>Current assets</b>		
Debtors	8	94
Cash and bank balances	9	158
Cash equivalents‡		1,783
<b>Total assets</b>		<b>70,659</b>
<b>Liabilities</b>		
Investment liabilities		(51)
<b>Creditors</b>		
Bank overdrafts		(45)
Other creditors	10	(12)
<b>Total liabilities</b>		<b>(108)</b>
<b>Net assets attributable to shareholders</b>		<b>70,551</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 26 to 32.

## Notes to the Financial Statements

for the period ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital losses

The net capital losses during the period comprise:

	<b>16/09/19 to 31/10/19 £000</b>
Non-derivative securities	(1,001)
Futures contracts	16
Forward currency contracts	(17)
ACD's periodic charge rebates taken to capital	17
Currency losses	(4)
Net capital losses*	<u>(989)</u>

\*Includes realised losses of £57,000 and unrealised losses of £932,000 recognised in current accounting period.

### 3. Revenue

	<b>16/09/19 to 31/10/19 £000</b>
Distributions from Regulated Collective Investment Schemes:	
Investment income	434
Offshore distributions	31
AMC rebates	13
Total revenue	<u>478</u>

### 4. Expenses

	<b>16/09/19 to 31/10/19 £000</b>
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>	
ACD's periodic charge*	<u>(45)</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>	
Depositary's fees	<u>1</u>
<b>Other expenses:</b>	
Audit fee	1
Expense capping adjustment**	(1)
Total expenses	<u>(44)</u>

Expenses include irrecoverable VAT.

\*The current period ACD charge is in a negative net rebate position as the internal rebates received are higher than the expenses inherent in the underlying holdings.

\*\*Relating to the reimbursement of non-ACD expenses by the ACD in excess of 0.02% of the Net Asset Value. This is a related party transaction. The PwC audit fee for the period, exclusive of VAT is £8,400.

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**5. Taxation****(a) Analysis of charge in period:**

	<b>16/09/19 to 31/10/19 £000</b>
Corporation tax	20

**(b) Factors affecting total tax charge for the period:**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20%. The differences are explained below:

Net revenue before taxation	522
Corporation tax of 20%	104
<b>Effects of:</b>	
Franked UK income*	(84)
Overseas non-taxable revenue*	(3)
Taxable income taken to capital	3
Total tax charge for period (note 5a)	20

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current period.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	<b>16/09/19 to 31/10/19 £000</b>
Final	503
Add: Revenue deducted on cancellation of shares	3
Deduct: Revenue received on creation of shares	(1)
Net distribution for the period	505

Details of the distributions per share are set out in the Distribution Tables on page 33.

**7. Movement between net revenue and net distributions**

	<b>16/09/19 to 31/10/19 £000</b>
Net revenue after taxation	502
Tax charge on rebates taken to capital	3
Net distribution for the period	505

**8. Debtors**

	<b>31/10/19 £000</b>
Accrued revenue	1
AMC rebates receivable	9
Income tax receivable	2
Debtors from conversion	82
Total debtors	94

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**9. Cash and bank balances**

	<b>31/10/19</b>
	<b>£000</b>
Cash and bank balances	53
Amounts held at futures clearing houses and brokers	105
Total cash and bank balances	<u>158</u>

**10. Other creditors**

	<b>31/10/19</b>
	<b>£000</b>
Amounts payable for cancellation of shares	31
Accrued expenses*	(38)
Corporation tax payable	19
Total other creditors	<u>12</u>

\*Current period accrued expenses are in a negative net rebate position due to the level of expenses inherent in the underlying holdings.

**11. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Lloyds Banking Group investments, which amount to £17,339.

Amounts paid from Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in notes 2 and 4, with £40,357 due at the year end (inclusive of the expense reimbursement in note 8).

The Fund has a related party holding of 16,121,990 shares and value of £46,156,260 held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £424,359.

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the Fund's value were:

	<b>31/10/19</b>
	<b>%</b>
ACD and associates of the ACD	75.80

**12. Share classes**

The Fund has three share classes in issue.

The ACD's periodic charge on each share class is as follows:

	<b>%</b>
Share Class A - Accumulation:	1.65
Share Class G - Accumulation:	1.15
Share Class X - Accumulation:	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 21 to 23.

The distributions per share class are given in the Distribution Tables on page 33.

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**12. Share classes (continued)****Reconciliation of the shares movement in the period:**

	16/09/19 Opening shares in issue	Creations	Cancellations	31/10/19 Closing shares in issue
Share Class A - Accumulation	-	2,709,000	(132,000)	2,577,000
Share Class G - Accumulation	-	6,594,200	(48,500)	6,545,700
Share Class X - Accumulation	-	20,663,550	(201,500)	20,462,050

There are no conversions in the period to report.

**13. Capital commitments and contingent liabilities**

On 31st October 2019, the Fund had no capital commitments and no contingent liabilities.

**14. Risk management policies, derivatives and other financial instruments**

A statement of the Fund's objective and the policy for achieving it has been included on page 16. The risks inherent in the Fund's investment portfolio are as follows:

*(a) Currency risk*

A portion of the Fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2019, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been an increase or decrease of approximately £24,664.

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/19 £000
Euro	10
Japanese yen	672
US dollar	1,784
Total	<u>2,466</u>

*(b) Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in collective investment schemes. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The Fund's net cash holding of £53,016 is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £60,123, whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

*(c) Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**14. Risk management policies, derivatives and other financial instruments (continued)**

The fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the Fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

<b>Financial derivative instrument exposure - fair value</b>	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	32
Forward currency contracts	31
Total Financial derivative instrument exposure	<u><u>63</u></u>

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	1,923
Forward currency contracts	1,404
Total Financial derivative instrument exposure	<u><u>3,327</u></u>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>31/10/19</b>
	<b>£000</b>
Underlying exposure obtained through EPM techniques	<u><u>3,327</u></u>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/19</b>
	<b>£000</b>
HSBC Bank - Forward currency contracts	(17)
Merrill Lynch - Futures contracts	29
Total counterparty exposure	<u><u>12</u></u>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

<b>Collateral</b>	<b>31/10/19</b>
	<b>£000</b>

The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:

GBP Cash - Merrill Lynch	92
EUR Cash - Merrill Lynch	13
JPY Cash - Merrill Lynch	(43)
USD Cash - Merrill Lynch	(2)

**(d) Liquidity risk**

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

**(e) Market price risk and fair value of financial assets and liabilities**

The Fund invests principally in collective investment schemes managed withing Lloyds Banking Group. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The



for the period ended 31st October 2019

#### 14. Risk management policies, derivatives and other financial instruments (continued)

Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £703,564.

##### (f) Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/19
	%
Gross leverage	107.30
Commitment leverage	104.71

##### (g) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

#### 15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases 16/09/19 to 31/10/19 £000	Sales 16/09/19 to 31/10/19 £000
Collective Investment Schemes	73,512	2,616
<b>Commissions</b>		
Futures~	0	0
<b>Total net trades in the period after transaction costs</b>	73,512	2,616

~The value of transaction costs is below £500 and is therefore rounded down to £0.

#### Total transaction cost expressed as a percentage of average net asset value

	16/09/19 to 31/10/19
	%
Commissions	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**15. Portfolio transaction costs (continued)****Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.00%.

**16. Fair value**

Valuation technique	31/10/19	
	Assets £000	Liabilities £000
Level 1	32	(3)
Level 2	70,375	(48)
Level 3	-	-
Total fair value	<u>70,407</u>	<u>(51)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Adventurous Solution

### Distribution Tables

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for the period ended 31st October 2019

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 16th September 2019

Group 2 Final Shares purchased on or between 16th September 2019 and 31st October 2019

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 1.2228	(p) -	(p) 1.2228
Group 2 Final	(p) 0.8202	(p) 0.4026	(p) 1.2228

#### Share Class G - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 1.0998	(p) -	(p) 1.0998
Group 2 Final	(p) 0.2814	(p) 0.8184	(p) 1.0998

#### Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 1.9545	(p) -	(p) 1.9545
Group 2 Final	(p) 1.0987	(p) 0.8558	(p) 1.9545

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 85.03% of the dividend, is received as franked investment income.

Final - 14.97% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

# Asset Allocator Fund

## Investment Markets Overview

for the year ended 31st October 2019

### Investment Objective and Policy

The Fund provides a tactical investment strategy by seeking a total return (income and growth) from an actively managed exposure to a wide range of asset classes.

The Investment Adviser has discretion over these tactical allocations and may significantly vary the Fund's exposure to shares, bonds, cash, commodities, property and foreign currencies in order to take advantage of market opportunities. The Fund may use derivatives to achieve the required exposure to these investments.

The Fund is likely to gain exposure to a range of asset classes including shares (which may include UK, overseas and emerging market shares), fixed interest securities (including corporate bonds, high yield bonds\*, covered bonds and government bonds), property, commodities, cash and cash like investments and foreign currencies. These assets may cover a wide range of geographic regions including emerging markets.

As a consequence of the tactical changes which can be made by the Investment Adviser all or a substantial portion of the Fund may at any time provide exposure to shares or fixed interest securities or cash and cash like investments.

Investments in these asset classes can be made directly or indirectly through permitted derivative contracts and/or investment in units and/or shares of collective investment schemes, companies and other vehicles which invest in such assets.

Derivatives, including but not limited to futures, options, swaps and forward contracts, may be used for investment purposes and efficient portfolio management (including hedging).

The Fund may take long and short\*\* positions in markets and securities through derivative contracts but total net derivatives exposure may not exceed the limits in the FCA Rules.

\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\* Long exposure to an asset means the Fund could benefit if that asset rises in value. Short exposure to an asset means the Fund could benefit if that asset falls in value.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk and the ACD's view of the prospects of each asset class.

The Fund is, however, used as part of the Schroders Personal Wealth Investment Portfolio Service, as a component of portfolios that are managed to a multi asset benchmark for the portfolio as a whole. Reporting of performance against this portfolio benchmark is made available to investors as part of the Schroders Personal Wealth Investment Portfolio Service and is the appropriate way to assess the performance of the Fund.

If considered only on a stand-alone basis, investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to equities, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period from 03.04.2018 to 28.01.2019 the Fund would have sat within the "Flexible Investment Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector.

### Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 4* because it has experienced medium levels of volatility over the past 5 years.	Typically lower rewards, lower risks							Typically higher rewards, higher risks						
	←							→						
*As disclosed in the key investor information document dated 25th November 2019.	1	2	3	4	5	6	7							

**Investment Markets Overview**

(continued)

for the year ended 31st October 2019

**Investment Review**

<b>Performance</b>	<b>01/11/18 to 31/10/19</b>	<b>01/11/17 to 31/10/18</b>	<b>01/11/16 to 31/10/17</b>	<b>01/11/15 to 31/10/16</b>	<b>01/11/14 to 31/10/15</b>
	%	%	%	%	%
Asset Allocator Fund A Accumulation	5.47	(4.15)	3.82	6.03	(0.34)

Source: Lipper. Basis: Net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Approximately half of the Fund is invested in equities, with the UK market representing the largest single position. The rest of the Fund is invested in global equities, fixed-income securities (predominantly corporate bonds) and commercial property.

Global equity markets were up over the 12 months. Stocks in Europe, Latin America and the US performed particularly well. Those trading in the UK and Japan lagged in comparison. Over the period, political and economic concerns were to the fore. These ranged from Brexit to the escalation of the trade dispute between the US and China.

Early in the reporting period, a buoyant economy drove the strong performance of the US economy. While returns elsewhere were also positive, economic activity in other regions was muted. But towards the end of last year, markets across the globe weakened, erasing previous gains. Losses came as concerns resurfaced over political risks and the potential for rising interest rates. In particular, many questioned the decision to raise US rates in December, which came despite signs of faltering global growth.

Markets rebounded at the start of 2019, supported by a more favourable interest rate outlook and strong corporate profits. May brought a hiatus, with many markets tumbling on renewed fears about trade relations. In the UK, Prime Minister Theresa May announced her resignation. She was replaced by Boris Johnson.

Near the end of the period, the Federal Reserve moved to lower US interest rates, cutting the main rate in July, September and October. The European Central Bank also trimmed rates and announced bold new measures aimed at reviving the beleaguered Eurozone economy. Latterly, political developments dominated headlines. The US Democratic Party moved to impeach President Trump while, in the UK, the parliamentary furore over Brexit intensified and a general election was called for 12th December.

Bond markets performed well, producing higher returns than equities in many countries. Signs of faltering global growth raised hopes that central banks would re-instate economic stimulus measures in the form of bond purchases. Bonds also fared well due to their popularity in times of economic slowdown, which makes the fixed income that they pay an attractive quality for investors.

Stock selection within the global government bond portions of the portfolio had a positive effect on relative returns.

Overall, we continue to favour equities over bonds. Further stock market volatility is likely, but in the longer term, equities offer the best prospects for generating returns in our opinion.

Aberdeen Investment Solutions Limited  
November 2019

# Asset Allocator Fund

## Portfolio Statement

as at 31st October 2019

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
<b>FINANCIALS (87.11%, 31/10/18 89.11%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc†◊	212,423	212,423	13.73
Aberdeen Standard UK Equity Index Managed Fund Q Inc◊	44,692,785	71,525	4.62
Candriam Bonds Emerging Markets V2 GBP (Hedged) Dis	167,715	231,306	14.95
Federated Short-Term Sterling Prime Fund 3 Inc	47,823,573	47,824	3.09
JP Morgan Global Corporate Bond Fund I2 GBP (Hedged) Inc	784,543	80,533	5.21
Scottish Widows Multi-Manager International Equity Fund P Inct	111,057,061	391,809	25.33
Scottish Widows Multi-Manager UK Equity Focus Fund P Inct	58,811,293	116,799	7.55
Scottish Widows Multi-Manager UK Equity Income Fund P Inct	30,313,675	44,592	2.88
Vontobel Fund - Commodity G GBP Acc	758,886	70,683	4.57
		1,267,494	81.93
<b>Exchange Traded Funds</b>			
L&G Longer Dated All Commodities UCITS	7,522,933	80,108	5.18
		80,108	5.18
<b>TOTAL FINANCIALS</b>		<b>1,347,602</b>	<b>87.11</b>
<b>FIXED INCOME (12.16%, 31/10/18 11.24%)</b>			
<b>Government Bonds</b>			
US Treasury 0.375% Inflation Indexed Bonds 15/01/2027	USD165,035,200	136,733	8.84
US Treasury 1% Inflation Indexed Bonds 15/02/2046	USD28,881,900	26,642	1.72
US Treasury 0.875% Inflation Indexed Bonds 15/02/2047	USD28,098,900	24,784	1.60
		188,159	12.16
<b>TOTAL FIXED INCOME</b>		<b>188,159</b>	<b>12.16</b>
<b>DERIVATIVES (1.63%, 31/10/18 -2.28%)</b>			
<b>Forward Currency Contracts</b>			
Bought JPY11,700,865,000 for GBP89,215,056 Settlement 12/12/2019		(5,661)	(0.36)
Sold EUR61,000,000 for GBP55,039,751 Settlement 07/11/2019		2,556	0.16
Sold JPY14,937,000,000 for GBP110,732,785 Settlement 07/11/2019		4,184	0.27
Sold USD483,000,000 for GBP382,979,230 Settlement 07/11/2019		10,314	0.67
Sold USD113,456,000 for GBP91,898,757 Settlement 12/12/2019		4,460	0.29
		15,853	1.03
<b>Futures Contracts</b>			
EURO STOXX 50 Index Futures December 2019	(1,263)	(1,019)	(0.07)
MSCI Emerging Markets Index Futures December 2019	988	556	0.04
S&P 500 E Mini Index Futures December 2019	491	1,062	0.07
TOPIX Index Futures December 2019	679	6,471	0.42
UK Long Gilt Futures December 2019	143	(20)	0.00

# Asset Allocator Fund

## Portfolio Statement

(continued)

as at 31st October 2019

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
US Treasury Ultra Bond Futures December 2019	(492)	4,072	0.26
US Treasury Note 10 Year Ultra Bond Futures December 2019	853	(1,846)	(0.12)
		9,276	0.60
<b>TOTAL DERIVATIVES</b>		<b>25,129</b>	<b>1.63</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>1,560,890</b>	<b>100.90</b>
<b>Net other liabilities</b>		<b>(13,860)</b>	<b>(0.90)</b>
<b>Total net assets</b>		<b>1,547,030</b>	<b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Asset Allocator Fund

### Material Portfolio Changes

for the period ended 31st October 2019

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
US Treasury Note 10 Year Ultra Bond Futures March 2019	420,803	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc†‡	438,275
US Treasury Note 10 Year Ultra Bond Futures June 2019	288,499	US Treasury Note 10 Year Ultra Bond Futures December 2018	436,319
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc†‡	272,904	US Treasury Note 10 Year Ultra Bond Futures March 2019	424,961
US Treasury Note 10 Year Ultra Bond Futures September 2019	246,100	US Treasury Note 10 Year Ultra Bond Futures June 2019	302,515
German Euro Bund Futures December 2018	236,005	US Treasury Note 10 Year Ultra Bond Futures September 2019	270,157
German Euro Bund Futures March 2019	235,895	German Euro Bund Futures March 2019	237,276
TOPIX Index Futures March 2019	127,054	TOPIX Index Futures December 2018	127,408
German Euro Bund Futures September 2019	123,573	TOPIX Index Futures March 2019	127,211
German Euro Bund Futures June 2019	113,068	German Euro Bund Futures September 2019	114,694
US Treasury Note 10 Year Ultra Bond Futures December 2019	100,877	German Euro Bund Futures June 2019	106,144

Purchases and sales of Futures have been included at the value of their exposure.

†Cash equivalents.

‡Asset managed by the Investment Adviser or a related party of the Investment Adviser.



## Asset Allocator Fund

### Comparative Table

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	122.50	127.79	123.04
Return before operating charges*	9.09	(2.99)	7.16
Operating charges	(2.36)	(2.30)	(2.41)
Return after operating charges*	6.73	(5.29)	4.75
Distributions	(0.90)	(0.53)	(0.86)
Retained distributions on accumulation shares	0.90	0.53	0.86
Closing net asset value per share	129.23	122.50	127.79
*after direct transaction cost of:	0.01	0.02	0.05
<b>Performance</b>			
Return after charges	5.49%	(4.14)%	3.86%
<b>Other information</b>			
Closing net asset value (£000)	869	587	309
Closing number of shares	673,000	479,500	242,000
Operating charges#	1.88%	1.81%	1.91%
Direct transaction costs	0.01%	0.02%	0.04%
<b>Prices**</b>			
Highest share price	130.20	131.10	128.20
Lowest share price	116.70	121.50	120.10

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

# Asset Allocator Fund

## Comparative Table

(continued)

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class P - Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	116.64	122.24	118.54
Return before operating charges*	8.37	(3.19)	6.50
Operating charges	(0.69)	(0.63)	(0.74)
Return after operating charges*	7.68	(3.82)	5.76
Distributions	(2.10)	(1.78)	(2.06)
Closing net asset value per share	122.22	116.64	122.24
*after direct transaction cost of:	0.01	0.02	0.04
<b>Performance</b>			
Return after charges	6.58%	(3.13)%	4.86%
<b>Other information</b>			
Closing net asset value (£000)	125,923	112,243	114,570
Closing number of shares	103,025,927	96,226,627	93,725,127
Operating charges#	0.58%	0.52%	0.61%
Direct transaction costs	0.01%	0.02%	0.04%
<b>Prices**</b>			
Highest share price	124.20	125.80	123.40
Lowest share price	111.30	116.90	115.80

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

**Comparative Table**

(continued)

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class Q - Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	116.66	122.25	118.55
Return before operating charges*	8.36	(3.19)	6.48
Operating charges	(0.62)	(0.55)	(0.64)
Return after operating charges*	7.74	(3.74)	5.84
Distributions	(2.16)	(1.85)	(2.14)
Closing net asset value per share	122.24	116.66	122.25
*after direct transaction cost of:	0.01	0.02	0.04
<b>Performance</b>			
Return after charges	6.63%	(3.06)%	4.93%
<b>Other information</b>			
Closing net asset value (£000)	1,420,238	1,400,770	1,518,989
Closing number of shares	1,161,864,850	1,200,772,250	1,242,490,750
Operating charges#	0.52%	0.45%	0.53%
Direct transaction costs	0.01%	0.02%	0.04%
<b>Prices**</b>			
Highest share price	124.20	125.80	123.50
Lowest share price	111.30	116.90	115.80

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

## Asset Allocator Fund

### Statement of Total Return

for the year ended 31st October 2019

	Notes	01/11/18 to 31/10/19		01/11/17 to 31/10/18	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		71,565		(72,576)
Revenue	3	33,513		31,007	
Expenses	4	(2,318)		(2,695)	
Interest payable and similar charges		(44)		(303)	
Net revenue before taxation		31,151		28,009	
Taxation	5	(3,691)		(3,738)	
Net revenue after taxation			27,460		24,271
<b>Total return before distributions</b>			<b>99,025</b>		<b>(48,305)</b>
Distributions	6		(27,537)		(24,286)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>71,488</b>		<b>(72,591)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2019

	01/11/18 to 31/10/19		01/11/17 to 31/10/18	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>1,513,600</b>		<b>1,633,868</b>
Amounts receivable on creation of shares	28,641		20,657	
Less: Amounts payable on cancellation of shares	(66,714)		(68,347)	
		(38,073)		(47,690)
Dilution adjustment		9		10
Change in net assets attributable to shareholders from investment activities		71,488		(72,591)
Retained distributions on accumulation shares		6		3
<b>Closing net assets attributable to shareholders</b>		<b>1,547,030</b>		<b>1,513,600</b>

Notes to the Financial Statements are on pages 44 to 51.

# Asset Allocator Fund

## Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000	31/10/18 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		1,357,013	1,146,769
<b>Current assets</b>			
Debtors	8	6,807	7,095
Cash and bank balances	9	1,250	42,130
Cash equivalents‡		212,423	377,795
<b>Total assets</b>		<b>1,577,493</b>	<b>1,573,789</b>
<b>Liabilities</b>			
Investment liabilities		(8,546)	(40,206)
<b>Creditors</b>			
Bank overdrafts		(12)	(1,504)
Distribution payable		(17,603)	(15,318)
Other creditors	10	(4,302)	(3,161)
<b>Total liabilities</b>		<b>(30,463)</b>	<b>(60,189)</b>
<b>Net assets attributable to shareholders</b>		<b>1,547,030</b>	<b>1,513,600</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 44 to 51.

## Notes to the Financial Statements

for the year ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Non-derivative securities	53,807	(35,326)
Futures contracts	18,759	(19,487)
Forward currency contracts	(2,381)	(22,281)
ACD's periodic charge rebates taken to capital	88	73
AMC rebates taken to capital	300	-
Currency gains	995	3,944
Transaction charges	(3)	(2)
Compensation for error~	-	503
Net capital gains/(losses)*	<u>71,565</u>	<u>(72,576)</u>

\*Includes realised losses of £27,274,000 and unrealised gains of £98,839,000 (31/10/18: realised gains of £15,249,000 and unrealised losses of £87,825,000). Included in realised losses for the year were unrealised gains/(losses) recognised in the prior accounting year.

~Compensation received from Aberdeen Asset Management with regards to FX trades.

### 3. Revenue

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	13,086	9,392
Offshore distributions	15,670	13,054
Bank interest	271	334
Interest on debt securities	4,486	8,227
Total revenue	<u>33,513</u>	<u>31,007</u>

### 4. Expenses

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>2,057</u>	<u>2,403</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	165	174
Safe custody fees	7	23
	<u>172</u>	<u>197</u>

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2019

## 4. Expenses (continued)

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
<b>Other expenses:</b>		
Audit fee	11	12
Registration fees	982	1,162
Expense capping adjustment†	(904)	(1,079)
	<u>89</u>	<u>95</u>
Total expenses	<u>2,318</u>	<u>2,695</u>

Expenses include irrecoverable VAT.

†From 9th May 2014 within the Q Income share class no registration fee has been deducted and this has been borne by the ACD.

The PwC audit fee for the year, exclusive of VAT is £10,330 (31/10/18: £10,030).

## 5. Taxation

## (a) Analysis of charge in year:

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Corporation tax	<u>3,691</u>	<u>3,738</u>

## (b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	31,151	28,009
Corporation tax of 20% (2018: 20%)	<u>6,230</u>	<u>5,602</u>
<b>Effects of:</b>		
Franked UK income*	(2,617)	(1,879)
Taxable income taken to capital	78	15
Total tax charge for year (note 5a)	<u>3,691</u>	<u>3,738</u>

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

## (c) Deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

## 6. Distributions

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

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Interim	9,799	8,792
Final	<u>17,608</u>	<u>15,321</u>
	27,407	24,113
Add: Revenue deducted on cancellation of shares	257	248
Deduct: Revenue received on creation of shares	(127)	(75)
Net distributions for the year	<u>27,537</u>	<u>24,286</u>

Details of the distributions per share are set out in the Distribution Tables on pages 52 to 53.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**7. Movement between net revenue and net distributions**

	<b>01/11/18 to 31/10/19</b>	<b>01/11/17 to 31/10/18</b>
	<b>£000</b>	<b>£000</b>
Net revenue after taxation	27,460	24,271
Undistributed revenue	(1)	-
Tax charge on rebates taken to capital	78	15
Net distributions for the year	<u>27,537</u>	<u>24,286</u>

**8. Debtors**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Amounts receivable for issue of shares	68	723
Accrued revenue	6,589	6,292
AMC rebates receivable	72	-
Expense capping adjustment receivable	78	80
Total debtors	<u>6,807</u>	<u>7,095</u>

**9. Cash and bank balances**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Cash and bank balances	-	286
Amounts held at futures clearing houses and brokers	1,250	41,844
Total cash and bank balances	<u>1,250</u>	<u>42,130</u>

**10. Other creditors**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	1,724	888
Accrued expenses	307	317
Corporation tax payable	2,271	1,956
Total other creditors	<u>4,302</u>	<u>3,161</u>



for the year ended 31st October 2019

### 11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Lloyds Banking Group investments, which amount to £88,306 (31/10/18: £73,372).

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in notes 2 and 4, with £256,844 (31/10/18: £260,398) due at the year end.

Amounts paid by Scottish Widows Unit Trust Managers Limited in respect of the Expense capping adjustments are disclosed in note 4 with £78,305 (31/10/18: £80,099) due at the year end.

The Fund has a related party holding of 200,182,029 shares (31/10/18: 206,837,604 shares) and value of £553,199,958 (31/10/18: £535,125,877) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £10,044,997 (31/10/18: £7,961,547).

#### Shares held by associates of the ACD

On 31st October, shares held as a percentage of the Fund's value were:

	31/10/19	31/10/18
	%	%
ACD and associates of the ACD	0.01	0.04

#### Material Shareholders

Boltro Nominees Limited held 55.15% of the Fund at 31st October 2019 (31/10/18: 54.07%).

Perry Nominees Limited held 32.02% of the Fund at 31st October 2019 (31/10/18: 38.38%).

### 12. Share classes

The Fund has three share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.50
Share Class P - Income:	0.20
Share Class Q - Income:	0.20

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 39 to 41.

The distributions per share class are given in the Distribution Tables on pages 52 to 53.

#### Reconciliation of the shares movement in the year:

	01/11/18			31/10/19
	Opening shares	Creations	Cancellations	Closing shares
	in issue			in issue
Share Class A - Accumulation	479,500	668,000	(474,500)	673,000
Share Class P - Income	96,226,627	9,460,300	(2,661,000)	103,025,927
Share Class Q - Income	1,200,772,250	13,765,500	(52,672,900)	1,161,864,850

There are no conversions in the year to report.

### 13. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments (31/10/18: £nil) and no contingent liabilities (31/10/18: £nil).

for the year ended 31st October 2019

#### 14. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 34. The risks inherent in the Fund's investment portfolio are as follows:

##### (a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 31st October 2019, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been a decrease or increase of approximately £2,577,757 (31/10/18: £2,451,592).

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure	Currency exposure
	31/10/19	31/10/18
	£000	£000
Euro	(53,503)	(56,578)
Japanese yen	(16,525)	(31,186)
US dollar	(187,748)	(157,395)
Total	<u>(257,776)</u>	<u>(245,159)</u>

The Fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the Fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the Fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Fund in circumstances where no such hedging transactions are undertaken.

##### (b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in collective investment schemes and exchange traded funds. The cashflow from the Fund's investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The Fund's net cash overdraft of £11,663 (31/10/18: holding £286,469) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £1,249,443 (31/10/18: cash £40,339,744), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

##### (c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2019

**14. Risk management policies, derivatives and other financial instruments (continued)**

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

<b>Financial derivative instrument exposure - fair value</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	12,161	3,954
Forward currency contracts	21,514	1,715
Total Financial derivative instrument exposure	<b>33,675</b>	<b>5,669</b>

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	401,103	1,009,424
Forward currency contracts	535,583	560,591
Total Financial derivative instrument exposure	<b>936,686</b>	<b>1,570,015</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>936,686</b>	<b>1,570,015</b>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Goldman Sachs - Forward currency contracts	7,016	58
HSBC Bank - Forward currency contracts	4,653	(2,504)
Lloyds Bank - Forward currency contracts	4,184	-
Merrill Lynch - Forward currency contracts	-	1,658
Morgan Stanley - Forward currency contracts	-	(12,714)
State Street Bank and Trust Company - Forward currency contracts	-	(4,817)
Merrill Lynch - Futures contracts	9,276	(16,218)
Total counterparty exposure	<b>25,129</b>	<b>(34,537)</b>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

<b>Collateral</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	1,249	41,520
EUR Cash - Merrill Lynch	-	(1,176)
JPY Cash - Merrill Lynch	-	324
USD Cash - Merrill Lynch	-	(328)

**(d) Liquidity risk**

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

for the year ended 31st October 2019

#### 14. Risk management policies, derivatives and other financial instruments (continued)

##### (e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £15,608,901 (31/10/18: £14,843,584).

##### (f) Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/19	31/10/18
	%	%
Gross leverage	165.18	214.96
Commitment leverage	128.17	158.82

##### (g) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

#### 15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Collective Investment Schemes	496,658	1,425,981	539,352	1,158,721
Fixed Income	-	203,778	-	516,697
<b>Trades in the year before transaction costs</b>	<b>496,658</b>	<b>1,629,759</b>	<b>539,352</b>	<b>1,675,418</b>
<b>Commissions</b>				
Collective Investment Schemes	-	49	(23)	(3)
Futures	37	129	(45)	(127)
Total commissions	37	178	(68)	(130)
<b>Total net trades in the year after transaction costs</b>	<b>496,695</b>	<b>1,629,937</b>	<b>539,284</b>	<b>1,675,288</b>

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2019

## 15. Portfolio transaction costs (continued)

## Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %
<b>Commissions</b>				
Collective Investment Schemes	-	0.00	0.00	0.00

## Total transaction cost expressed as a percentage of average net asset value

	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %
Commissions	0.01	0.02

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes and fixed income have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

## Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.02% (31/10/18: 0.03%).

## 16. Fair value

Valuation technique	31/10/19		31/10/18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	280,428	(2,885)	336,540	(20,171)
Level 2	1,289,008	(5,661)	1,188,024	(20,035)
Level 3	-	-	-	-
Total fair value	1,569,436	(8,546)	1,524,564	(40,206)

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Asset Allocator Fund

### Distribution Tables

for the year ended 31st October 2019

#### Distribution in pence per share

Group 1 Interim Shares purchased prior to 1st November 2018

Final Shares purchased prior to 1st May 2019

Group 2 Interim Shares purchased on or between 1st November 2018 and 30th April 2019

Final Shares purchased on or between 1st May 2019 and 31st October 2019

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
Interim	0.1284	-	0.1284	0.0052
Final	0.7688	-	0.7688	0.5260
Group 2	(p)	(p)	(p)	(p)
Interim	0.1284	-	0.1284	0.0052
Final	0.7688	-	0.7688	0.5260

#### Share Class P - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
Interim	0.7383	-	0.7383	0.6281
Final	1.3626	-	1.3626	1.1507
Group 2	(p)	(p)	(p)	(p)
Interim	0.4061	0.3322	0.7383	0.6281
Final	0.7551	0.6075	1.3626	1.1507

#### Share Class Q - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
Interim	0.7686	-	0.7686	0.6660
Final	1.3942	-	1.3942	1.1835
Group 2	(p)	(p)	(p)	(p)
Interim	0.4661	0.3025	0.7686	0.6660
Final	0.7696	0.6246	1.3942	1.1835

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Interim - 43.59% of the dividend, is received as franked investment income.

Interim - 56.41% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

for the year ended 31st October 2019

**Corporate shareholder information (unaudited) for all share classes (continued)**

Final - 48.91% of the dividend, is received as franked investment income.

Final - 51.09% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

## Balanced Solution

### Investment Markets Overview

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for the period ended 31st October 2019

#### Investment Objective and Policy

To provide capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to shares with the remainder providing exposure to fixed interest securities, property assets and absolute return strategies\*.

\* Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 25% and 65% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

Between 15% and 45% of the Fund will provide exposure to fixed interest securities. This will include sterling denominated investment grade bond\*\* funds which may consist of corporate and UK government bonds, covered bonds and index-linked bonds. It may also invest in overseas corporate and government bond funds and high yield bond funds\*\*.

A maximum of 25% of the Fund will provide exposure to property. This may include UK and overseas property.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending.

\*\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period 30.08.2016 to 17.01.2019 the Fund would have sat within the "Mixed Investment 40-85% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.



**Investment Markets Overview**

(continued)

for the period ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 4* because, based on simulated data, it would have experienced medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 25th November 2019.</p>	<p>Typically lower rewards, lower risks</p> <p style="text-align: right;">Typically higher rewards, higher risks</p>							
	←	1	2	3	4	5	6	7

**Investment Review**

<b>Performance</b>	<b>16/09/19 to 31/10/19 %</b>
Balanced Solution A Accumulation	n/a

*On 16th September 2019 Balanced Solution was launched with Share Class A Accumulation.*

*Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

Returns from global stock markets were mixed. In the UK share prices fell in October, having rallied during the previous month. US and other global markets produced higher returns. Overseas share prices were boosted by strong company results in the US and hopes that China and the US were moving towards a trade agreement.

Government bond prices fell as investors became more optimistic that the UK would avoid a no-deal Brexit. Investors often prefer government bonds during times of uncertainty due to the reliable income they provide. Corporate bond markets performed better than government bonds. Investors were happy to take on the extra risk to potentially receive the extra yield that corporate bonds provide.

Returns from UK commercial property have been small, but positive. Investors are reducing risk in their real estate portfolios in response to weaker economic growth forecasts and lower future returns. This is leading to lower demand for properties and falling prices in some areas.

Aberdeen Investment Solutions Limited  
November 2019

## Balanced Solution

### Portfolio Statement

as at 31st October 2019

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (99.80%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Alternative Strategies Fund Q GBP Acc◊	1,675,657	16,718	2.00
Aberdeen Standard Corporate Bond Fund A Inc◊	46,751,136	56,242	6.73
Aberdeen Standard Global High Yield Bond Fund A Inc◊	36,351,396	32,978	3.94
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc±◊	20,099	20,099	2.40
Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc◊	44,564,680	51,129	6.12
Aberdeen Standard UK Equity Index Managed Fund A Acc◊	34,442,471	73,681	8.81
Aberdeen UK Property Feeder Unit Trust A Acc◊	58,824,773	84,847	10.15
BNY Mellon Insight Global Absolute Return Fund W Acc	14,829,361	18,381	2.20
Candriam Bonds Total Return S GBP (Hedged) Acc	16,319	24,501	2.93
iShares UK Gilts All Stocks Index Fund H Inc	3,626,269	4,330	0.52
Nordea 1 Diversified Return Fund BD GBP Acc	145,926	17,174	2.05
Payden Absolute Return Bond Fund GBP Acc	2,202,882	24,904	2.98
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	11,573,930	68,633	8.21
Russell Emerging Markets Equity Fund I Acc	179,233	9,618	1.15
Scottish Widows Multi-Manager Global Real Estate Securities Fund A Acct	6,945,468	18,294	2.19
Scottish Widows Multi-Manager International Equity Fund A Acct	34,156,890	124,673	14.91
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	49,088,196	121,591	14.54
Scottish Widows Multi-Manager UK Equity Income Fund A Acct	20,927,556	50,289	6.02
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	781,497	8,297	0.99
Vontobel Fund - Commodity G GBP Acc	85,705	8,025	0.96
		834,404	99.80
<b>TOTAL FINANCIALS</b>		<b>834,404</b>	<b>99.80</b>
<b>DERIVATIVES (-0.03%)</b>			
<b>Forward Currency Contracts</b>			
Bought EUR4,883,000 for GBP4,380,764 Settlement 12/12/2019		(163)	(0.02)
Bought JPY992,325,000 for GBP7,130,078 Settlement 12/12/2019		(63)	0.00
Bought JPY191,011,000 for GBP1,445,143 Settlement 12/12/2019		(85)	(0.01)
Bought USD9,349,000 for GBP7,540,878 Settlement 12/12/2019		(326)	(0.04)
Sold EUR4,883,000 for GBP4,219,791 Settlement 12/12/2019		3	0.00
		(634)	(0.07)
<b>Futures Contracts</b>			
EURO STOXX 50 Index Futures December 2019	(134)	(30)	(0.01)
MSCI Emerging Markets Index Futures December 2019	101	88	0.01

## Balanced Solution

### Portfolio Statement

(continued)

as at 31st October 2019

	Holdings	Market Value £000	Total Net Assets %
S&P 500 E Mini Index Futures December 2019	52	139	0.02
TOPIX Index Futures December 2019	69	158	0.02
		355	0.04
<b>TOTAL DERIVATIVES</b>		<b>(279)</b>	<b>(0.03)</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>834,125</b>	<b>99.77</b>
<b>Net other assets</b>		<b>1,912</b>	<b>0.23</b>
<b>Total net assets</b>		<b>836,037</b>	<b>100.00</b>

All holdings are in Collective Investment Schemes or represent securities quoted on a Listed Securities Market, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

The Fund was launched on 16th September 2019.

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Balanced Solution

### Material Portfolio Changes

for the period ended 31st October 2019

	Cost £000	Total sales	Proceeds £000
<b>Major purchases</b>			
Scottish Widows Multi-Manager International Equity Fund A Acct	133,156	Scottish Widows Asia Pacific (ex Japan) Equity Fund X Acct	9,039
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	125,111	MSCI Emerging Markets Index Futures December 2019	8,784
Aberdeen UK Property Feeder Unit Trust A Acc	85,699	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc	8,346
Aberdeen Standard UK Equity Index Managed Fund A Acc	73,579	EURO STOXX 50 Index Futures December 2019	7,471
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	69,212	Scottish Widows Multi-Manager International Equity Fund A Acct	5,300
Aberdeen Standard Corporate Bond Fund A Inc	56,045	S&P 500 E Mini Index Futures December 2019	4,935
Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc	50,795	Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	3,300
Scottish Widows Multi-Manager UK Equity Income Fund A Acct	49,556		
Aberdeen Standard Global High Yield Bond Fund A Inc	32,789		
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc	28,445		

Purchases and sales of Futures have been included at the value of their exposure.

†This investment is a related party (see note 11).

‡Cash equivalents.

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Balanced Solution

### Comparative Table

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class A - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	176.11
Return before operating charges*	(0.46)
Operating charges	(0.43)
Return after operating charges*	(0.89)
Distributions	(0.72)
Retained distributions on accumulation shares	0.72
Closing net asset value per share	175.22
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.51)%
<b>Other information</b>	
Closing net asset value (£000)	107,985
Closing number of shares	61,629,400
Operating charges#	1.88%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	176.70
Lowest share price	173.20

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation was launched on 16th September 2019.

**Comparative Table****(continued)**

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class G - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	147.54
Return before operating charges*	(0.40)
Operating charges	(0.27)
Return after operating charges*	(0.67)
Distributions	(0.68)
Retained distributions on accumulation shares	0.68
Closing net asset value per share	146.87
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.45)%
<b>Other information</b>	
Closing net asset value (£000)	375,404
Closing number of shares	255,607,200
Operating charges#	1.38%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	148.00
Lowest share price	145.20

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class X - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	211.42
Return before operating charges*	(0.64)
Operating charges	(0.06)
Return after operating charges*	(0.70)
Distributions	(1.23)
Retained distributions on accumulation shares	1.23
Closing net asset value per share	210.72
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.33)%
<b>Other information</b>	
Closing net asset value (£000)	352,648
Closing number of shares	167,354,400
Operating charges#	0.23%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	212.20
Lowest share price	208.10

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation was launched on 16th September 2019.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

## Balanced Solution

### Statement of Total Return

for the period ended 31st October 2019

		16/09/19 to 31/10/19	
	Notes	£000	£000
Income			
Net capital losses	2		(7,728)
Revenue	3	4,895	
Expenses	4	(325)	
Interest payable and similar charges		(2)	
Net revenue before taxation		4,568	
Taxation	5	(336)	
Net revenue after taxation			4,232
<b>Total return before distributions</b>			<b>(3,496)</b>
Distributions	6		(4,260)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(7,756)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31st October 2019

	16/09/19 to 31/10/19	
	£000	£000
<b>Opening net assets attributable to shareholders</b>		-
Assets transferred from SW Investment Solutions Funds ICVC		849,670
Amounts receivable on creation of shares	647	
Less: Amounts payable on cancellation of shares	(10,752)	
		(10,105)
Change in net assets attributable to shareholders from investment activities		(7,756)
Retained distributions on accumulation shares		4,228
<b>Closing net assets attributable to shareholders</b>		<b>836,037</b>

Notes to the Financial Statements are on pages 64 to 70.



## Balanced Solution

### Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments (excluding cash equivalents)‡		814,693
<b>Current assets</b>		
Debtors	8	3,480
Cash and bank balances	9	709
Cash equivalents‡		20,099
<b>Total assets</b>		<b>838,981</b>
<b>Liabilities</b>		
Investment liabilities		(667)
<b>Creditors</b>		
Bank overdrafts		(614)
Other creditors	10	(1,663)
<b>Total liabilities</b>		<b>(2,944)</b>
<b>Net assets attributable to shareholders</b>		<b>836,037</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 64 to 70.

## Notes to the Financial Statements

for the period ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital losses

The net capital losses during the period comprise:

	<b>16/09/19 to 31/10/19 £000</b>
Non-derivative securities	(7,632)
Futures contracts	357
Forward currency contracts	(635)
ACD's periodic charge rebates taken to capital	144
AMC rebates taken to capital	2
Currency gains	36
Net capital losses*	<u>(7,728)</u>

\*Includes realised losses of £463,000 and unrealised losses of £7,265,000 recognised in current accounting period.

### 3. Revenue

	<b>16/09/19 to 31/10/19 £000</b>
Distributions from Regulated Collective Investment Schemes:	
Investment income	3,661
Offshore distributions	859
AMC rebates	375
Total revenue	<u>4,895</u>

### 4. Expenses

	<b>16/09/19 to 31/10/19 £000</b>
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>	
ACD's periodic charge	<u>311</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>	
Depositary's fees	12
Safe custody fees	1
	<u>13</u>
<b>Other expenses:</b>	
Audit fee	1
Total expenses	<u>325</u>

Expenses include irrecoverable VAT.

The PwC audit fee for the period, exclusive of VAT is £8,400.

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**5. Taxation****(a) Analysis of charge in period:**

	<b>16/09/19 to 31/10/19 £000</b>
Corporation tax	<u>336</u>

**(b) Factors affecting total tax charge for the period:**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20%. The differences are explained below:

Net revenue before taxation	4,568
Corporation tax of 20%	<u>914</u>
<b>Effects of:</b>	
Franked UK income*	(597)
Overseas non-taxable revenue*	(10)
Taxable income taken to capital	<u>29</u>
Total tax charge for period (note 5a)	<u>336</u>

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current period.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	<b>16/09/19 to 31/10/19 £000</b>
Final	4,228
Add: Revenue deducted on cancellation of shares	35
Deduct: Revenue received on creation of shares	<u>(3)</u>
Net distribution for the period	<u>4,260</u>

Details of the distributions per share are set out in the Distribution Tables on page 71.

**7. Movement between net revenue and net distributions**

	<b>16/09/19 to 31/10/19 £000</b>
Net revenue after taxation	4,232
Undistributed revenue	(1)
Tax charge on rebates taken to capital	<u>29</u>
Net distribution for the period	<u>4,260</u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**8. Debtors**

	<b>31/10/19</b>
	<b>£000</b>
Sales awaiting settlement	564
Amounts receivable for issue of shares	194
Accrued revenue	12
AMC rebates receivable	249
Income tax receivable	135
Debtors from conversion	2,326
Total debtors	<u>3,480</u>

**9. Cash and bank balances**

	<b>31/10/19</b>
	<b>£000</b>
Amounts held at futures clearing houses and brokers	<u>709</u>

**10. Other creditors**

	<b>31/10/19</b>
	<b>£000</b>
Amounts payable for cancellation of shares	1,201
Accrued expenses	126
Corporation tax payable	336
Total other creditors	<u>1,663</u>

**11. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the period end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Lloyds Banking Group investments, which amount to £143,541.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in notes 2 and 4, with £110,329 due at the period end.

The Fund has a related party holding of 111,118,110 shares and value of £314,847,390 held at the period end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £2,981,577.

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the Fund's value were:

	<b>31/10/19</b>
	<b>%</b>
ACD and associates of the ACD	42.15

for the period ended 31st October 2019

## 12. Share classes

The Fund has three share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.65
Share Class G - Accumulation:	1.15
Share Class X - Accumulation:	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 59 to 61.

The distributions per share class are given in the Distribution Tables on page 71.

### Reconciliation of the shares movement in the period:

	16/09/19			31/10/19
	Opening shares			Closing shares
	in issue	Creations	Cancellations	in issue
Share Class A - Accumulation	-	62,919,900	(1,290,500)	61,629,400
Share Class G - Accumulation	-	259,341,700	(3,734,500)	255,607,200
Share Class X - Accumulation	-	168,806,400	(1,452,000)	167,354,400

There are no conversions in the period to report.

## 13. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments and no contingent liabilities.

## 14. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 54. The risks inherent in the Fund's investment portfolio are as follows:

### (a) Currency risk

A portion of the Fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2019, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been an increase or decrease of approximately £243,681.

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

	Currency exposure 31/10/19 £000
Euro	58
Japanese yen	8,586
US dollar	15,724
Total	<u>24,368</u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**14. Risk management policies, derivatives and other financial instruments (continued)***(b) Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in collective investment schemes. The cash flow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The Fund's net cash overdraft of £599,090 is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £694,768, whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

*(c) Derivatives and other financial instruments*

During the period, the ACD entered into derivative contracts on behalf of the Fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

The fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the Fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the period end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

**Financial derivative instrument exposure - fair value**

	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	385
Forward currency contracts	3
Total Financial derivative instrument exposure	<u><u>388</u></u>

**Financial derivative instrument exposure - notional**

	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	22,597
Forward currency contracts	15,643
Total Financial derivative instrument exposure	<u><u>38,240</u></u>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

**Efficient portfolio management techniques**

	<b>31/10/19</b>
	<b>£000</b>
Underlying exposure obtained through EPM techniques	<u><u>38,240</u></u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**14. Risk management policies, derivatives and other financial instruments (continued)**

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/19</b>
	<b>£000</b>
HSBC Bank - Forward currency contracts	(634)
Merrill Lynch - Futures contracts	355
Total counterparty exposure	<u><u>(279)</u></u>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

<b>Collateral</b>	<b>31/10/19</b>
	<b>£000</b>

The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:

GBP Cash - Merrill Lynch	622
EUR Cash - Merrill Lynch	88
USD Cash - Merrill Lynch	(15)

*(d) Liquidity risk*

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

*(e) Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £8,341,251.

*(f) Leverage*

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	<b>31/10/19</b>
	<b>%</b>
Gross leverage	105.34
Commitment leverage	104.41

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**14. Risk management policies, derivatives and other financial instruments (continued)***(g) Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**15. Portfolio transaction costs**

Analysis of total trade costs.

	<b>Purchases</b>	<b>Sales</b>
	<b>16/09/19 to</b>	<b>16/09/19 to</b>
	<b>31/10/19</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Collective Investment Schemes	864,448	25,985
<b>Commissions</b>		
Futures~	0	0
<b>Total net trades in the period after transaction costs</b>	<u>864,448</u>	<u>25,985</u>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of average net asset value**

	<b>16/09/19 to 31/10/19</b>
	<b>%</b>
Commissions	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.00%.

**16. Fair value**

	<b>31/10/19</b>	
<b>Valuation technique</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£000</b>	<b>£000</b>
Level 1	385	(30)
Level 2	834,407	(637)
Level 3	-	-
Total fair value	<u>834,792</u>	<u>(667)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.



## Balanced Solution

### Distribution Tables

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for the period ended 31st October 2019

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 16th September 2019

Group 2 Final Shares purchased on or between 16th September 2019 and 31st October 2019

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 0.7176	(p) -	(p) 0.7176
Group 2 Final	(p) 0.2931	(p) 0.4245	(p) 0.7176

#### Share Class G - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 0.6783	(p) -	(p) 0.6783
Group 2 Final	(p) 0.1611	(p) 0.5172	(p) 0.6783

#### Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 1.2262	(p) -	(p) 1.2262
Group 2 Final	(p) 0.0448	(p) 1.1814	(p) 1.2262

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 69.27% of the dividend, is received as franked investment income.

Final - 30.73% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

### Investment Markets Overview

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for the period ended 31st October 2019

#### Investment Objective and Policy

To provide an income and some potential for capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to fixed interest securities, with the remainder providing exposure to a mix of asset classes (including, but not limited to, property assets and shares) and absolute return strategies\*.

\* Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 45% and 75% of the Fund will provide exposure to fixed interest securities. This will include sterling denominated investment grade bond\*\* funds which may consist of corporate and UK government bonds, covered bonds and index-linked bonds. It may also invest in overseas corporate and government bonds funds and high yield bond\*\* funds.

A maximum of 35% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

A maximum of 25% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates. Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending.

\*\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

As at 17.01.2019 the Fund would have sat within the "Mixed Investment 0-35% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

**Investment Markets Overview**

(continued)

for the period ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 3* because, based on simulated data, it would have experienced low to medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 25th November 2019.</p>	<p>Typically lower rewards, lower risks</p> <p>←</p>	<p>Typically higher rewards, higher risks</p> <p>→</p>					
	1	2	3	4	5	6	7

**Investment Review**

Performance	16/09/19 to 31/10/19 %
Cautious Solution A Accumulation	n/a

*On 16th September 2019 Cautious Solution was launched with Share Class A Accumulation.*

*Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

Government bond prices fell as investors became more optimistic that the UK would avoid a no-deal Brexit. Investors often prefer government bonds during times of uncertainty due to the reliable income they provide. Corporate bond markets performed better than government bonds. Investors were happy to take on the extra risk to potentially receive the extra yield that corporate bonds provide.

Returns from stock markets around the world were mixed. In the UK share prices fell in October, having rallied during the previous month. US and other global markets produced higher returns. Overseas share prices were boosted by strong company results in the US and hopes that China and the US were moving towards a trade agreement.

Returns from UK commercial property have been small, but positive. Investors are reducing risk in their real estate portfolios in response to weaker economic growth forecasts and lower future returns. This is leading to lower demand for properties and falling prices in some areas.

Aberdeen Investment Solutions Limited  
November 2019

## Cautious Solution

### Portfolio Statement

as at 31st October 2019

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (99.57%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Alternative Strategies Fund Q GBP Acc◊	1,973,274	19,687	2.98
Aberdeen Standard Corporate Bond Fund A Inc◊	74,537,672	89,669	13.56
Aberdeen Standard Global High Yield Bond Fund A Inc◊	29,964,305	27,184	4.11
Aberdeen Standard Liquidity Fund (Lux) - Short Duration Sterling Fund Z-2 Acc◊	71,337	9,567	1.45
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc◊	16,343	16,343	2.47
Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc◊	110,837,695	127,164	19.24
Aberdeen Standard UK Equity Index Managed Fund A Acc◊	12,634,680	27,029	4.09
Aberdeen UK Property Feeder Unit Trust A Inc◊	62,055,372	59,465	9.00
BNY Mellon Insight Global Absolute Return Fund W Acc	11,755,104	14,570	2.20
Candriam Bonds Total Return S GBP (Hedged) Acc	16,434	24,672	3.73
Invesco Corporate Bond Fund (UK) Z Inc	15,376,165	33,328	5.04
iShares UK Gilts All Stocks Index Fund H Inc	5,355,750	6,395	0.97
Nordea 1 Diversified Return Fund BD GBP Acc	148,786	17,511	2.65
Payden Absolute Return Bond Fund GBP Acc	2,234,709	25,264	3.82
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	9,050,359	53,669	8.12
Scottish Widows Multi-Manager Global Real Estate Securities Fund A Inc†	5,944,264	11,353	1.72
Scottish Widows Multi-Manager International Equity Fund A Acct	4,680,795	17,085	2.58
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	18,508,764	45,846	6.94
Scottish Widows Multi-Manager UK Equity Income Fund A Inc†	15,998,013	18,254	2.76
		644,055	97.43
<b>Exchange Traded Funds</b>			
iShares USD TIPS UCITS Acc	84,255	14,162	2.14
		14,162	2.14
<b>TOTAL FINANCIALS</b>		<b>658,217</b>	<b>99.57</b>
<b>DERIVATIVES (0.00%)</b>			
<b>Forward Currency Contracts</b>			
Bought EUR5,395,000 for GBP4,840,103 Settlement 12/12/2019		(181)	(0.03)
Bought JPY1,359,701,000 for GBP10,287,166 Settlement 12/12/2019		(603)	(0.09)
Sold USD4,465,000 for GBP3,601,457 Settlement 12/12/2019		156	0.03
Sold USD1,700,000 for GBP1,324,421 Settlement 12/12/2019		13	0.00
		(615)	(0.09)
<b>Futures Contracts</b>			
EURO STOXX 50 Index Futures December 2019	(106)	(24)	0.00
MSCI Emerging Markets Index Futures December 2019	80	79	0.01

**Portfolio Statement**

(continued)

as at 31st October 2019

	<b>Holdings</b>	<b>Market Value £000</b>	<b>Total Net Assets %</b>
S&P 500 E Mini Index Futures December 2019	41	100	0.01
TOPIX Index Futures December 2019	55	443	0.07
		598	0.09
<b>TOTAL DERIVATIVES</b>		<b>(17)</b>	<b>0.00</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>658,200</b>	<b>99.57</b>
<b>Net other assets</b>		<b>2,862</b>	<b>0.43</b>
<b>Total net assets</b>		<b>661,062</b>	<b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

The Fund was launched on 16th September 2019.

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Cautious Solution

### Material Portfolio Changes

for the period ended 31st October 2019

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Total sales</b>	
Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc <sup>◇</sup>	127,327	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc <sup>†</sup> <sup>◇</sup>	9,048
Aberdeen Standard Corporate Bond Fund A Inc <sup>◇</sup>	93,316	Aberdeen Standard Corporate Bond Fund A Inc <sup>◇</sup>	4,000
Aberdeen UK Property Feeder Unit Trust A Inc <sup>◇</sup>	60,449	EURO STOXX 50 Index Futures December 2019	3,735
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	54,121	Scottish Widows Asia Pacific (ex Japan) Equity Fund X Acct	1,302
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	45,883	Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc <sup>◇</sup>	1,000
Invesco Corporate Bond Fund (UK) Z Inc	33,627	Invesco Corporate Bond Fund (UK) Z Inc	500
Aberdeen Standard Global High Yield Bond Fund A Inc <sup>◇</sup>	27,028	iShares UK Gilts All Stocks Index Fund H Inc	500
Aberdeen Standard UK Equity Index Managed Fund A Acc <sup>◇</sup>	26,991		
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc <sup>†</sup> <sup>◇</sup>	25,391		
Payden Absolute Return Bond Fund GBP Acc	25,179		

Purchases and sales of Futures have been included at the value of their exposure.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Cautious Solution

### Comparative Table

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class A - Accumulation (Gross)</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	154.57
Return before operating charges*	0.25
Operating charges	(0.33)
Return after operating charges*	(0.08)
Distributions	(0.32)
Retained distributions on accumulation shares	0.32
Closing net asset value per share	154.49
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.05)%
<b>Other information</b>	
Closing net asset value (£000)	61,727
Closing number of shares	39,954,700
Operating charges#	1.62%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	155.30
Lowest share price	153.70

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation (Gross) was launched on 16th September 2019.

**Comparative Table****(continued)**

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class A - Income (Gross)</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	113.28
Return before operating charges*	0.18
Operating charges	(0.24)
Return after operating charges*	(0.06)
Distributions	(0.23)
Closing net asset value per share	112.99
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.05)%
<b>Other information</b>	
Closing net asset value (£000)	9,047
Closing number of shares	8,006,700
Operating charges#	1.62%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	113.80
Lowest share price	112.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Income (Gross) was launched on 16th September 2019.



**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class G - Accumulation (Gross)</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	130.48
Return before operating charges*	0.20
Operating charges	(0.19)
Return after operating charges*	0.01
Distributions	(0.36)
Retained distributions on accumulation shares	0.36
Closing net asset value per share	130.49
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	0.01%
<b>Other information</b>	
Closing net asset value (£000)	365,805
Closing number of shares	280,324,300
Operating charges#	1.12%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	131.10
Lowest share price	129.80

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation (Gross) was launched on 16th September 2019.

**Comparative Table****(continued)**

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class G - Income (Gross)</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	112.31
Return before operating charges*	0.19
Operating charges	(0.17)
Return after operating charges*	0.02
Distributions	(0.31)
Closing net asset value per share	112.02
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	0.02%
<b>Other information</b>	
Closing net asset value (£000)	13,364
Closing number of shares	11,930,400
Operating charges#	1.12%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	112.80
Lowest share price	111.70

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Income (Gross) was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class X - Accumulation (Gross)</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	180.84
Return before operating charges*	0.30
Operating charges	(0.07)
Return after operating charges*	0.23
Distributions	(0.70)
Retained distributions on accumulation shares	0.70
Closing net asset value per share	181.07
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	0.13%
<b>Other information</b>	
Closing net asset value (£000)	211,119
Closing number of shares	116,595,100
Operating charges#	0.28%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	181.80
Lowest share price	180.10

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation (Gross) was launched on 16th September 2019.

Prices for Share Class X Accumulation (Gross) are not published externally, as this is an internal share class.

## Cautious Solution

### Statement of Total Return

for the period ended 31st October 2019

		16/09/19 to 31/10/19	
	Notes	£000	£000
Income			
Net capital losses	2		(1,735)
Revenue	3	2,551	
Expenses	4	(439)	
Interest payable and similar charges		(2)	
Net revenue before taxation		2,110	
Taxation	5	(108)	
Net revenue after taxation			2,002
<b>Total return before distributions</b>			<b>267</b>
Distributions	6		(2,015)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(1,748)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31st October 2019

	16/09/19 to 31/10/19	
	£000	£000
<b>Opening net assets attributable to shareholders</b>		-
Assets transferred from SW Investment Solutions Funds ICVC		670,619
Amounts receivable on creation of shares	1,081	
Less: Amounts payable on cancellation of shares	(10,828)	
		(9,747)
Change in net assets attributable to shareholders from investment activities		(1,748)
Retained distributions on accumulation shares		1,938
<b>Closing net assets attributable to shareholders</b>		<b>661,062</b>

Notes to the Financial Statements are on pages 84 to 90.

## Cautious Solution

### Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments (excluding cash equivalents)‡		633,098
<b>Current assets</b>		
Debtors	8	4,343
Cash and bank balances	9	233
Cash equivalents‡		25,910
<b>Total assets</b>		<b>663,584</b>
<b>Liabilities</b>		
Investment liabilities		(808)
Provision for liabilities	10	(95)
<b>Creditors</b>		
Bank overdrafts		(205)
Distribution payable		(55)
Other creditors	11	(1,359)
<b>Total liabilities</b>		<b>(2,522)</b>
<b>Net assets attributable to shareholders</b>		<b>661,062</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 84 to 90.

## Notes to the Financial Statements

for the period ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital losses

The net capital losses during the period comprise:

	<b>16/09/19 to 31/10/19 £000</b>
Non-derivative securities	(1,638)
Futures contracts	364
Forward currency contracts	(616)
ACD's periodic charge rebates taken to capital	63
Currency gains	92
Net capital losses*	<u>(1,735)</u>

\*Includes realised losses of £59,000 and unrealised losses of £1,676,000 recognised in current accounting period.

### 3. Revenue

	<b>16/09/19 to 31/10/19 £000</b>
Distributions from Regulated Collective Investment Schemes:	
Investment income	1,477
Offshore distributions	640
AMC rebates	434
Total revenue	<u>2,551</u>

### 4. Expenses

	<b>16/09/19 to 31/10/19 £000</b>
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>	
ACD's periodic charge	<u>427</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>	
Depositary's fees	10
Safe custody fees	<u>1</u>
	<u>11</u>
<b>Other expenses:</b>	
Audit fee	<u>1</u>
Total expenses	<u>439</u>

Expenses include irrecoverable VAT.

The PwC audit fee for the period, exclusive of VAT is £8,400.

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**5. Taxation****(a) Analysis of charge in period:**

	<b>16/09/19 to 31/10/19 £000</b>
Corporation tax	13
Total deferred tax (note 5c)	95
Total taxation (note 5b)	<u>108</u>

**(b) Factors affecting total tax charge for the period:**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20%. The differences are explained below:

Net revenue before taxation	2,110
Corporation tax of 20%	422
<b>Effects of:</b>	
Franked UK income*	(200)
Tax deductible interest distributions	(127)
Taxable income taken to capital	13
Total tax charge for period (note 5a)	<u>108</u>

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

Provision at the start of the period	-
Deferred tax charge in profit and loss account for the period (note 5a)	95
Provision at the end of the period	<u>95</u>
Provision consists of:	
Revenue taxable in different periods	<u>95</u>

**6. Distributions**

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

	<b>16/09/19 to 31/10/19 £000</b>
Final	1,994
	1,994
Add: Revenue deducted on cancellation of shares	24
Deduct: Revenue received on creation of shares	(3)
Net distribution for the period	<u>2,015</u>

Details of the distributions per share are set out in the Distribution Tables on page 91.

**7. Movement between net revenue and net distributions**

	<b>16/09/19 to 31/10/19 £000</b>
Net revenue after taxation	2,002
Tax charge on rebates taken to capital	13
Net distribution for the period	<u>2,015</u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**8. Debtors**

	<b>31/10/19</b>
	<b>£000</b>
Sales awaiting settlement	179
Amounts receivable for issue of shares	3
Accrued revenue	680
AMC rebates receivable	282
Income tax receivable	95
Debtors from conversion	3,104
Total debtors	<u>4,343</u>

**9. Cash and bank balances**

	<b>31/10/19</b>
	<b>£000</b>
Amounts held at futures clearing houses and brokers	<u>233</u>

**10. Provision for liabilities**

	<b>31/10/19</b>
	<b>£000</b>
Deferred taxation	<u>95</u>

**11. Other creditors**

	<b>31/10/19</b>
	<b>£000</b>
Amounts payable for cancellation of shares	1,098
Accrued expenses	248
Corporation tax payable	13
Total other creditors	<u>1,359</u>

**12. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the period end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Lloyds Banking Group investments, which amount to £63,200.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in notes 2 and 4, with £234,488 due at the period end.

The Fund has a related party holding of 45,131,836 shares and value of £92,538,386 held at the period end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £998,208.

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the Fund's value were:

	<b>31/10/19</b>
	<b>%</b>
ACD and associates of the ACD	31.96



for the period ended 31st October 2019

### 13. Share classes

The Fund has three share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation (Gross):	1.35
Share Class A - Income (Gross):	1.35
Share Class G - Accumulation (Gross):	0.85
Share Class G - Income (Gross):	0.85
Share Class X - Accumulation (Gross):	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 77 to 81.

The distributions per share class are given in the Distribution Tables on page 91.

#### Reconciliation of the shares movement in the period:

	16/09/19 Opening shares in issue	Creations	Cancellations	31/10/19 Closing shares in issue
Share Class A - Accumulation (Gross)	-	40,892,200	(937,500)	39,954,700
Share Class A - Income (Gross)	-	8,203,200	(196,500)	8,006,700
Share Class G - Accumulation (Gross)	-	283,690,300	(3,366,000)	280,324,300
Share Class G - Income (Gross)	-	12,737,400	(807,000)	11,930,400
Share Class X - Accumulation (Gross)	-	118,749,100	(2,154,000)	116,595,100

There are no conversions in the period to report.

### 14. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments and no contingent liabilities.

### 15. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 72. The risks inherent in the Fund's investment portfolio are as follows:

#### (a) Currency risk

A portion of the Fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2019, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been an increase or decrease of approximately £243,343.

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/19 £000
Euro	4,648
Ghanaian cedi	(24)
Japanese yen	10,127
US dollar	9,583
Total	<u>24,334</u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)***(b) Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in regulated collective investment schemes and exchange traded funds. The cash flow from the Fund's investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating long term capital growth.

The Fund's net cash overdraft of £205,125 is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £233,174, whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

*(c) Derivatives and other financial instruments*

During the period, the ACD entered into derivative contracts on behalf of the Fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

The fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the Fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the period end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

**Financial derivative instrument exposure - fair value**

	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	622
Forward currency contracts	169
Total Financial derivative instrument exposure	<b>791</b>

**Financial derivative instrument exposure - notional**

	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	17,913
Forward currency contracts	19,101
Total Financial derivative instrument exposure	<b>37,014</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

**Efficient portfolio management techniques**

	<b>31/10/19</b>
	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>37,014</b>

for the period ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)****Counterparties to financial derivative instruments and efficient portfolio management techniques**

	<b>31/10/19</b>
	<b>£000</b>
HSBC Bank - Forward currency contracts	(615)
Merrill Lynch - Futures contracts	598
Total counterparty exposure	<u><u>(17)</u></u>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

**Collateral**

**31/10/19**  
**£000**

The type and amount of collateral received to reduce counterparty exposure:

GBP Cash - Merrill Lynch	222
EUR Cash - Merrill Lynch	11

*(d) Liquidity risk*

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

*(e) Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in collective investment schemes. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £6,582,003.

*(f) Leverage*

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	<b>31/10/19</b>
	<b>%</b>
Gross leverage	105.10
Commitment leverage	103.91

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)***(g) Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**16. Portfolio transaction costs**

Analysis of total trade costs.

	<b>Purchases</b>	<b>Sales</b>
	<b>16/09/19 to</b>	<b>16/09/19 to</b>
	<b>31/10/19</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Collective Investment Schemes	675,491	16,349
<b>Commissions</b>		
Futures~	0	0
<b>Total net trades in the period after transaction costs</b>	<u>675,491</u>	<u>16,349</u>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of average net asset value**

	<b>16/09/19 to 31/10/19</b>
	<b>%</b>
Commissions	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.00%.

**17. Fair value**

	<b>31/10/19</b>	
<b>Valuation technique</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£000</b>	<b>£000</b>
Level 1	14,784	(24)
Level 2	644,224	(784)
Level 3	-	-
Total fair value	<u>659,008</u>	<u>(808)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Cautious Solution

### Distribution Tables

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for the period ended 31st October 2019

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 16th September 2019

Group 2 Final Shares purchased on or between 16th September 2019 and 31st October 2019

#### Share Class A - Accumulation (Gross)

	Gross revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.3206	-	0.3206
Group 2	(p)	(p)	(p)
Final	0.0814	0.2392	0.3206

#### Share Class A - Income (Gross)

	Gross revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.2349	-	0.2349
Group 2	(p)	(p)	(p)
Final	0.2130	0.0219	0.2349

#### Share Class G - Accumulation (Gross)

	Gross revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.3564	-	0.3564
Group 2	(p)	(p)	(p)
Final	0.1079	0.2485	0.3564

#### Share Class G - Income (Gross)

	Gross revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.3069	-	0.3069
Group 2	(p)	(p)	(p)
Final	0.0682	0.2387	0.3069

#### Share Class X - Accumulation (Gross)

	Gross revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.6957	-	0.6957
Group 2	(p)	(p)	(p)
Final	0.1654	0.5303	0.6957

## Defensive Solution

### Investment Markets Overview

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for the period ended 31st October 2019

#### Investment Objective and Policy

To provide an income with the potential for some capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to fixed interest securities, with the remainder providing exposure to a mix of asset classes (including, but not limited to, property assets and shares) and absolute return strategies\*.

\* Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 40% and 80% of the Fund will provide exposure to fixed interest securities. This will include sterling denominated investment grade bond\*\* funds which may consist of corporate and UK government bonds, covered bonds and index-linked bonds. It may also invest in overseas corporate and government bond funds and high yield bond\*\* funds.

A maximum of 30% of the Fund will provide exposure to shares. This may include UK, overseas and emerging market shares.

A maximum of 20% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging).

If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending.

\*\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period 30.08.2016 to 17.01.2019 the Fund would have sat within the "Mixed Investment 0-35% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

**Investment Markets Overview**

(continued)

for the period ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 3* because, based on simulated data, it would have experienced low to medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 25th November 2019.</p>	<p>Typically lower rewards, lower risks</p> <p>←</p>	<p>Typically higher rewards, higher risks</p> <p>→</p>					
	1	2	3	4	5	6	7

**Investment Review**

Performance	16/09/19 to 31/10/19 %
Defensive Solution A Accumulation	n/a

*On 16th September 2019 Defensive Solution was launched with Share Class A Accumulation.*

*Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

Government bond prices fell as investors became more optimistic that the UK would avoid a no-deal Brexit. Investors often prefer government bonds during times of uncertainty due to the reliable income they provide. Corporate bond markets performed better than government bonds. Investors were happy to take on the extra risk to potentially receive the extra yield that corporate bonds provide.

Returns from global stock markets were mixed. In the UK share prices fell in October, having rallied during the previous month. US and other global markets produced higher returns. Overseas share prices were boosted by strong company results in the US and hopes that China and the US were moving towards a trade agreement.

Returns from UK commercial property have been small, but positive. Investors are reducing risk in their real estate portfolios in response to weaker economic growth forecasts and lower future returns. This is leading to lower demand for properties and falling prices in some areas.

Aberdeen Investment Solutions Limited  
November 2019

## Defensive Solution

### Portfolio Statement

as at 31st October 2019

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (98.92%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Alternative Strategies Fund Q GBP Acc◊	160,533	1,602	2.97
Aberdeen Standard Corporate Bond Fund A Inc◊	6,791,616	8,170	15.17
Aberdeen Standard Global High Yield Bond Fund A Inc◊	1,383,712	1,255	2.33
Aberdeen Standard Liquidity Fund (Lux) - Short Duration Sterling Fund Z-2 Acc◊	7,657	1,027	1.91
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc◊	2,197	2,197	4.08
Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc◊	11,136,825	12,777	23.72
Aberdeen Standard UK Equity Index Managed Fund A Acc◊	615,352	1,316	2.44
Aberdeen UK Property Feeder Unit Trust A Inc◊	4,691,047	4,495	8.34
BNY Mellon Insight Global Absolute Return Fund W Acc	899,923	1,116	2.07
Candriam Bonds Total Return S GBP (Hedged) Acc	1,446	2,170	4.03
Invesco Corporate Bond Fund (UK) Z Inc	1,838,081	3,984	7.40
iShares UK Gilts All Stocks Index Fund H Inc	443,751	530	0.98
Nordea 1 Diversified Return Fund BD GBP Acc	13,537	1,593	2.96
Payden Absolute Return Bond Fund GBP Acc	190,978	2,159	4.01
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	430,440	2,553	4.74
Scottish Widows Multi-Manager Global Real Estate Securities Fund A Inct	500,379	956	1.77
Scottish Widows Multi-Manager International Equity Fund A Acct	365,176	1,333	2.47
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	884,136	2,190	4.07
Scottish Widows Multi-Manager UK Equity Income Fund A Inct	686,427	783	1.45
		<b>52,206</b>	<b>96.91</b>
<b>Exchange Traded Funds</b>			
iShares USD TIPS UCITS Acc	6,433	1,081	2.01
		<b>1,081</b>	<b>2.01</b>
<b>TOTAL FINANCIALS</b>		<b>53,287</b>	<b>98.92</b>
<b>DERIVATIVES (0.00%)</b>			
<b>Forward Currency Contracts</b>			
Bought EUR439,000 for GBP393,847 Settlement 12/12/2019		(15)	(0.03)
Bought JPY112,538,000 for GBP851,435 Settlement 12/12/2019		(50)	(0.09)
Sold JPY13,740,000 for GBP98,725 Settlement 12/12/2019		1	0.00
Sold USD331,000 for GBP266,984 Settlement 12/12/2019		12	0.03
Sold USD135,000 for GBP105,175 Settlement 12/12/2019		1	0.00
		<b>(51)</b>	<b>(0.09)</b>
<b>Futures Contracts</b>			
EURO STOXX 50 Index Futures December 2019	(9)	(2)	0.00
MSCI Emerging Markets Index Futures December 2019	6	6	0.01



## Defensive Solution

### Portfolio Statement

(continued)

as at 31st October 2019

	Holdings	Market Value £000	Total Net Assets %
S&P 500 E Mini Index Futures December 2019	3	7	0.01
TOPIX Index Futures December 2019	4	38	0.07
		49	0.09
<b>TOTAL DERIVATIVES</b>		<b>(2)</b>	<b>0.00</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>53,285</b>	<b>98.92</b>
<b>Net other assets</b>		<b>584</b>	<b>1.08</b>
<b>Total net assets</b>		<b>53,869</b>	<b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

The Fund was launched on 16th September 2019.

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Defensive Solution

### Material Portfolio Changes

for the period ended 31st October 2019

	<b>Cost £000</b>	<b>Total sales</b>	<b>Proceeds £000</b>
<b>Major purchases</b>			
Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc <sup>‡</sup>	13,062	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc <sup>‡</sup>	1,992
Aberdeen Standard Corporate Bond Fund A Inc <sup>‡</sup>	8,587	Aberdeen Standard Corporate Bond Fund A Inc <sup>‡</sup>	450
Aberdeen UK Property Feeder Unit Trust A Inc <sup>‡</sup>	4,570	Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc <sup>‡</sup>	370
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc <sup>‡</sup>	4,189	EURO STOXX 50 Index Futures December 2019	311
Invesco Corporate Bond Fund (UK) Z Inc	4,035	Scottish Widows Multi-Manager International Equity Fund A Acct	130
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	2,574	Scottish Widows Asia Pacific (ex Japan) Equity Fund X Acct	100
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	2,282	Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	90
Candriam Bonds Total Return S GBP (Hedged) Acc	2,154	Nordea 1 Diversified Return Fund BD GBP Acc	87
Payden Absolute Return Bond Fund GBP Acc	2,152	Invesco Corporate Bond Fund (UK) Z Inc	76
Nordea 1 Diversified Return Fund BD GBP Acc	1,688		

Purchases and sales of Futures have been included at the value of their exposure.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>‡</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Defensive Solution

### Comparative Table

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class A - Accumulation (Gross)</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	142.66
Return before operating charges*	0.26
Operating charges	(0.31)
Return after operating charges*	(0.05)
Distributions	(0.16)
Retained distributions on accumulation shares	0.16
Closing net asset value per share	142.61
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.04)%
<b>Other information</b>	
Closing net asset value (£000)	3,699
Closing number of shares	2,593,900
Operating charges#	1.64%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	143.30
Lowest share price	142.00

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation (Gross) was launched on 16th September 2019.

## Defensive Solution

### Comparative Table

(continued)

as at 31st October 2019

	31/10/19 (p)
<b>Share Class A - Income (Gross)</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	106.98
Return before operating charges*	0.19
Operating charges	(0.23)
Return after operating charges*	(0.04)
Distributions	(0.12)
Closing net asset value per share	106.82
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.04)%
<b>Other information</b>	
Closing net asset value (£000)	528
Closing number of shares	494,300
Operating charges#	1.64%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	107.50
Lowest share price	106.50

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Income (Gross) was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class G - Accumulation (Gross)</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	126.16
Return before operating charges*	0.23
Operating charges	(0.19)
Return after operating charges*	0.04
Distributions	(0.22)
Retained distributions on accumulation shares	0.22
Closing net asset value per share	126.20
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	0.03%
<b>Other information</b>	
Closing net asset value (£000)	11,587
Closing number of shares	9,181,700
Operating charges#	1.14%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	126.80
Lowest share price	125.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation (Gross) was launched on 16th September 2019.

## Defensive Solution

### Comparative Table

(continued)

as at 31st October 2019

	31/10/19 (p)
<b>Share Class G - Income (Gross)</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	110.27
Return before operating charges*	0.21
Operating charges	(0.17)
Return after operating charges*	0.04
Distributions	(0.20)
Closing net asset value per share	110.11
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	0.04%
<b>Other information</b>	
Closing net asset value (£000)	736
Closing number of shares	668,500
Operating charges#	1.14%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	110.80
Lowest share price	109.80

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Income (Gross) was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class X - Accumulation (Gross)</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	166.90
Return before operating charges*	0.29
Operating charges	(0.06)
Return after operating charges*	0.23
Distributions	(0.48)
Retained distributions on accumulation shares	0.48
Closing net asset value per share	167.13
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	0.14%
<b>Other information</b>	
Closing net asset value (£000)	37,319
Closing number of shares	22,329,100
Operating charges#	0.29%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	167.80
Lowest share price	166.30

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation (Gross) was launched on 16th September 2019.

Prices for Share Class X Accumulation (Gross) are not published externally, as this is an internal share class.

## Defensive Solution

### Statement of Total Return

for the period ended 31st October 2019

		16/09/19 to 31/10/19	
	Notes	£000	£000
Income			
Net capital losses	2		(78)
Revenue	3	156	
Expenses	4	(16)	
Interest payable and similar charges		-	
Net revenue before taxation		140	
Taxation	5	(8)	
Net revenue after taxation			132
<b>Total return before distributions</b>			<b>54</b>
Distributions	6		(133)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(79)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31st October 2019

	16/09/19 to 31/10/19	
	£000	£000
<b>Opening net assets attributable to shareholders</b>		-
Assets transferred from SW Investment Solutions Funds ICVC		53,690
Amounts receivable on creation of shares	802	
Less: Amounts payable on cancellation of shares	(677)	
		125
Change in net assets attributable to shareholders from investment activities		(79)
Retained distributions on accumulation shares		133
<b>Closing net assets attributable to shareholders</b>		<b>53,869</b>

Notes to the Financial Statements are on pages 104 to 110.



## Defensive Solution

### Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments (excluding cash equivalents)‡		50,128
<b>Current assets</b>		
Debtors	8	445
Cash and bank balances	9	171
Cash equivalents‡		3,224
<b>Total assets</b>		<b>53,968</b>
<b>Liabilities</b>		
Investment liabilities		(67)
Provision for liabilities	10	(7)
<b>Creditors</b>		
Distribution payable		(2)
Other creditors	11	(23)
<b>Total liabilities</b>		<b>(99)</b>
<b>Net assets attributable to shareholders</b>		<b>53,869</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 104 to 110.

## Notes to the Financial Statements

for the period ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital losses

The net capital losses during the period comprise:

	<b>16/09/19 to 31/10/19 £000</b>
Non-derivative securities	(67)
Futures contracts	28
Forward currency contracts	(51)
ACD's periodic charge rebates taken to capital	4
Currency gains	8
Net capital losses*	<u>(78)</u>

\*Includes realised losses of £7,000 and unrealised losses of £71,000 recognised in current accounting period.

### 3. Revenue

	<b>16/09/19 to 31/10/19 £000</b>
Distributions from Regulated Collective Investment Schemes:	
Investment income	87
Offshore distributions	31
AMC rebates	38
Total revenue	<u>156</u>

### 4. Expenses

	<b>16/09/19 to 31/10/19 £000</b>
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>	
ACD's periodic charge	<u>15</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>	
Depositary's fees	<u>1</u>
<b>Other expenses:</b>	
Audit fee	1
Expense capping adjustment*	(1)
Total expenses	<u>16</u>

Expenses include irrecoverable VAT.

\*Relating to the reimbursement of non-ACD expenses by the ACD in excess of 0.02% of the Net Asset Value. This is a related party transaction. The PwC audit fee for the period, exclusive of VAT is £8,400.

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**5. Taxation****(a) Analysis of charge in period:**

	<b>16/09/19 to 31/10/19 £000</b>
Corporation tax	1
Total deferred tax (note 5c)	7
Total taxation (note 5b)	<u>8</u>

**(b) Factors affecting total tax charge for the period:**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20%. The differences are explained below:

Net revenue before taxation	140
Corporation tax of 20%	28
<b>Effects of:</b>	
Franked UK income*	(10)
Tax deductible interest distributions	(11)
Taxable income taken to capital	1
Total tax charge for period (note 5a)	<u>8</u>

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

Provision at the start of the period	-
Deferred tax charge in profit and loss account for the period (note 5a)	7
Provision at the end of the period	<u>7</u>
Provision consists of:	
Revenue taxable in different periods	<u>7</u>

**6. Distributions**

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

	<b>16/09/19 to 31/10/19 £000</b>
Final	134
	134
Add: Revenue deducted on cancellation of shares	1
Deduct: Revenue received on creation of shares	(2)
Net distribution for the period	<u>133</u>

Details of the distributions per share are set out in the Distribution Tables on page 111.

**7. Movement between net revenue and net distributions**

	<b>16/09/19 to 31/10/19 £000</b>
Net revenue after taxation	132
Tax charge on rebates taken to capital	1
Net distribution for the period	<u>133</u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**8. Debtors**

	<b>31/10/19</b>
	<b>£000</b>
Amounts receivable for issue of shares	43
Accrued revenue	45
AMC rebates receivable	24
Income tax receivable	7
Expense capping adjustment receivable	1
Debtors from conversion	325
Total debtors	<u>445</u>

**9. Cash and bank balances**

	<b>31/10/19</b>
	<b>£000</b>
Cash and bank balances	157
Amounts held at futures clearing houses and brokers	14
Total cash and bank balances	<u>171</u>

**10. Provision for liabilities**

	<b>31/10/19</b>
	<b>£000</b>
Deferred taxation	<u>7</u>

**11. Other creditors**

	<b>31/10/19</b>
	<b>£000</b>
Amounts payable for cancellation of shares	13
Accrued expenses	9
Corporation tax payable	1
Total other creditors	<u>23</u>

**12. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the period end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Lloyds Banking Group investments, which amount to £3,801.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in notes 2 and 4, with £6,172 due at the period end (inclusive of the expense reimbursement in note 8).

The Fund has a related party holding of 2,436,118 shares and value of £5,261,833 held at the period end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £51,079.

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the Fund's value were:

	<b>31/10/19</b>
	<b>%</b>
ACD and associates of the ACD	69.31

for the period ended 31st October 2019

### 13. Share classes

The Fund has three share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation (Gross):	1.35
Share Class A - Income (Gross):	1.35
Share Class G - Accumulation (Gross):	0.85
Share Class G - Income (Gross):	0.85
Share Class X - Accumulation (Gross):	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 97 to 101.

The distributions per share class are given in the Distribution Tables on page 111.

#### Reconciliation of the shares movement in the period:

	16/09/19 Opening shares in issue	Creations	Cancellations	31/10/19 Closing shares in issue
Share Class A - Accumulation (Gross)	-	2,658,900	(65,000)	2,593,900
Share Class A - Income (Gross)	-	494,300	-	494,300
Share Class G - Accumulation (Gross)	-	9,368,200	(186,500)	9,181,700
Share Class G - Income (Gross)	-	668,500	-	668,500
Share Class X - Accumulation (Gross)	-	22,538,100	(209,000)	22,329,100

There are no conversions in the period to report.

### 14. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments and no contingent liabilities.

### 15. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 92. The risks inherent in the Fund's investment portfolio are as follows:

#### (a) Currency risk

A portion of the Fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2019, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been an increase or decrease of approximately £18,546.

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/19 £000
Euro	378
Japanese yen	742
US dollar	735
Total	<u>1,855</u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)***(b) Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in collective investment schemes and exchange traded funds. The cash flow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing an income return.

The Fund's net cash holding of £157,136 is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £14,394, whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

*(c) Derivatives and other financial instruments*

During the period, the ACD entered into derivative contracts on behalf of the Fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

The fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the Fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the period end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

**Financial derivative instrument exposure - fair value**

	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	51
Forward currency contracts	14
Total Financial derivative instrument exposure	<b>65</b>

**Financial derivative instrument exposure - notional**

	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	1,353
Forward currency contracts	1,442
Total Financial derivative instrument exposure	<b>2,795</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

**Efficient portfolio management techniques**

	<b>31/10/19</b>
	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>2,795</b>

for the period ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)****Counterparties to financial derivative instruments and efficient portfolio management techniques**

	<b>31/10/19</b>
	<b>£000</b>
HSBC Bank - Forward currency contracts	(51)
Merrill Lynch - Futures contracts	49
Total counterparty exposure	<u><u>(2)</u></u>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

**Collateral**

**31/10/19**  
**£000**

The type and amount of collateral received to reduce counterparty exposure:

GBP Cash - Merrill Lynch	13
EUR Cash - Merrill Lynch	1

*(d) Liquidity risk*

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

*(e) Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £532,850.

*(f) Leverage*

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	<b>31/10/19</b>
	<b>%</b>
Gross leverage	104.54
Commitment leverage	103.30

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)***(g) Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**16. Portfolio transaction costs**

Analysis of total trade costs.

	<b>Purchases</b>	<b>Sales</b>
	<b>16/09/19 to</b>	<b>16/09/19 to</b>
	<b>31/10/19</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Collective Investment Schemes	56,612	3,294
<b>Commissions</b>		
Futures~	0	0
<b>Total net trades in the period after transaction costs</b>	<u>56,612</u>	<u>3,294</u>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of average net asset value**

	<b>16/09/19 to 31/10/19</b>
	<b>%</b>
Commissions	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to non-equity investment instruments.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.00%.

**17. Fair value**

	<b>31/10/19</b>	
<b>Valuation technique</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£000</b>	<b>£000</b>
Level 1	1,132	(2)
Level 2	52,220	(65)
Level 3	-	-
Total fair value	<u>53,352</u>	<u>(67)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.



## Defensive Solution

### Distribution Tables

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for the period ended 31st October 2019

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 16th September 2019

Group 2 Final Shares purchased on or between 16th September 2019 and 31st October 2019

#### Share Class A - Accumulation (Gross)

	Gross revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.1600	-	0.1600
Group 2	(p)	(p)	(p)
Final	0.1491	0.0109	0.1600

#### Share Class A - Income (Gross)

	Gross revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.1200	-	0.1200
Group 2	(p)	(p)	(p)
Final	0.1200	-	0.1200

#### Share Class G - Accumulation (Gross)

	Gross revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.2241	-	0.2241
Group 2	(p)	(p)	(p)
Final	0.0797	0.1444	0.2241

#### Share Class G - Income (Gross)

	Gross revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.1960	-	0.1960
Group 2	(p)	(p)	(p)
Final	0.0376	0.1584	0.1960

#### Share Class X - Accumulation (Gross)

	Gross revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.4829	-	0.4829
Group 2	(p)	(p)	(p)
Final	0.0117	0.4712	0.4829

### Investment Markets Overview

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for the period ended 31st October 2019

#### Investment Objective and Policy

To provide an income and potential for capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to fixed interest securities and shares, with the remainder providing exposure to a mix of asset classes (including, but not limited to, property assets) and absolute return strategies\*.

\* Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 20% and 55% of the Fund will provide exposure to fixed interest securities. This will include sterling denominated investment grade bond\*\* funds which may consist of corporate and UK government bonds, covered bonds and index-linked bonds. It may also invest in overseas corporate and government bond funds and high yield bond\*\* funds.

Between 20% and 55% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

A maximum of 25% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending.

\*\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period 30.08.2016 to 17.01.2019 the Fund would have sat within the "Mixed Investment 20-60% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

**Investment Markets Overview**

(continued)

for the period ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 4* because, based on simulated data, it would have experienced medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 25th November 2019.</p>	<p>Typically lower rewards, lower risks</p> <p>←</p>						
	<p>Typically higher rewards, higher risks</p> <p>→</p>						
	1	2	3	4	5	6	7

**Investment Review**

<b>Performance</b>	<b>16/09/19 to 31/10/19 %</b>
Discovery Solution A Accumulation	n/a

*On 16th September 2019 Discovery Solution was launched with Share Class A Accumulation.*

*Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

Returns from global stock markets were mixed. In the UK share prices fell in October, having rallied during the previous month. US and other global markets produced higher returns. Overseas share prices were boosted by strong company results in the US and hopes that China and the US were moving towards a trade agreement.

Government bond prices fell as investors became more optimistic that the UK would avoid a no-deal Brexit. Investors often prefer government bonds during times of uncertainty due to the reliable income they provide. Corporate bond markets performed better than government bonds. Investors were happy to take on the extra risk to potentially receive the extra yield that corporate bonds provide.

Returns from UK commercial property have been small, but positive. Investors are reducing risk in their real estate portfolios in response to weaker economic growth forecasts and lower future returns. This is leading to lower demand for properties and falling prices in some areas.

Aberdeen Investment Solutions Limited  
November 2019

## Portfolio Statement

as at 31st October 2019

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (99.58%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Alternative Strategies Fund Q GBP Acc◊	1,178,609	11,759	3.01
Aberdeen Standard Corporate Bond Fund A Inc◊	27,802,808	33,447	8.57
Aberdeen Standard Global High Yield Bond Fund A Inc◊	14,377,925	13,044	3.34
Aberdeen Standard Liquidity Fund (Lux) - Short Duration Sterling Fund Z-2 Acc◊	27,742	3,720	0.95
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc◊	9,745	9,745	2.49
Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc◊	41,435,308	47,539	12.18
Aberdeen Standard UK Equity Index Managed Fund A Acc◊	13,663,018	29,228	7.49
Aberdeen UK Property Feeder Unit Trust A Inc◊	43,905,713	42,073	10.78
BNY Mellon Insight Global Absolute Return Fund W Acc	7,619,654	9,444	2.42
Candriam Bonds Total Return S GBP (Hedged) Acc	10,555	15,847	4.06
iShares UK Gilts All Stocks Index Fund H Inc	3,363,534	4,016	1.03
Nordea 1 Diversified Return Fund BD GBP Acc	79,486	9,355	2.40
Payden Absolute Return Bond Fund GBP Acc	1,423,402	16,092	4.12
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	4,598,458	27,269	6.98
Scottish Widows Multi-Manager Global Real Estate Securities Fund A Inct	3,714,059	7,094	1.82
Scottish Widows Multi-Manager International Equity Fund A Acct	9,083,119	33,153	8.49
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	19,506,278	48,317	12.37
Scottish Widows Multi-Manager UK Equity Income Fund A Inct	17,075,331	19,483	4.99
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	412,885	4,384	1.12
Vontobel Fund - Commodity G GBP Acc	40,332	3,777	0.97
		<b>388,786</b>	<b>99.58</b>
<b>TOTAL FINANCIALS</b>		<b>388,786</b>	<b>99.58</b>
<b>DERIVATIVES (-0.02%)</b>			
<b>Forward Currency Contracts</b>			
Bought EUR1,668,000 for GBP1,496,440 Settlement 12/12/2019		(56)	(0.01)
Bought JPY180,810,000 for GBP1,299,160 Settlement 12/12/2019		(11)	0.00
Bought JPY366,519,000 for GBP2,772,993 Settlement 12/12/2019		(163)	(0.04)
Bought USD4,242,000 for GBP3,421,586 Settlement 12/12/2019		(148)	(0.04)
Sold EUR1,668,000 for GBP1,441,452 Settlement 12/12/2019		1	0.00
		<b>(377)</b>	<b>(0.09)</b>
<b>Futures Contracts</b>			
EURO STOXX 50 Index Futures December 2019	(63)	(14)	0.00
MSCI Emerging Markets Index Futures December 2019	47	41	0.01

**Portfolio Statement**

(continued)

as at 31st October 2019

	<b>Holdings</b>	<b>Market Value £000</b>	<b>Total Net Assets %</b>
S&P 500 E Mini Index Futures December 2019	24	64	0.01
TOPIX Index Futures December 2019	32	182	0.05
		<u>273</u>	<u>0.07</u>
<b>TOTAL DERIVATIVES</b>		<u><b>(104)</b></u>	<u><b>(0.02)</b></u>
<b>Portfolio of investments<sup>^</sup></b>		<u><b>388,682</b></u>	<u><b>99.56</b></u>
<b>Net other assets</b>		<u><b>1,737</b></u>	<u><b>0.44</b></u>
<b>Total net assets</b>		<u><u><b>390,419</b></u></u>	<u><u><b>100.00</b></u></u>

All holdings are in Collective Investment Schemes or represent securities quoted on a Listed Securities Market, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

The Fund was launched on 16th September 2019.

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

**Material Portfolio Changes**

for the period ended 31st October 2019

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	49,808	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc‡	6,984
Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc	48,421	EURO STOXX 50 Index Futures December 2019	2,864
Aberdeen UK Property Feeder Unit Trust A Inc	42,769	Scottish Widows Asia Pacific (ex Japan) Equity Fund X Acct	2,447
Scottish Widows Multi-Manager International Equity Fund A Acct	35,503	Aberdeen Standard Corporate Bond Fund A Inc	1,600
Aberdeen Standard Corporate Bond Fund A Inc	34,914	Scottish Widows Multi-Manager International Equity Fund A Acct	1,500
Aberdeen Standard UK Equity Index Managed Fund A Acc	29,292	Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	1,400
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	27,499	MSCI Emerging Markets Index Futures December 2019	1,237
Scottish Widows Multi-Manager UK Equity Income Fund A Inc†	19,607	Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc	1,200
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc‡	16,729	S&P 500 E Mini Index Futures December 2019	822
Payden Absolute Return Bond Fund GBP Acc	16,038	Scottish Widows Multi-Manager UK Equity Income Fund A Inc†	200

Purchases and sales of Futures have been included at the value of their exposure.

†This investment is a related party (see note 12).

‡Cash equivalents.

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

**Comparative Table**

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class A - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	168.61
Return before operating charges*	(0.09)
Operating charges	(0.35)
Return after operating charges*	(0.44)
Distributions	(0.59)
Retained distributions on accumulation shares	0.59
Closing net asset value per share	168.17
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.26)%
<b>Other information</b>	
Closing net asset value (£000)	41,394
Closing number of shares	24,614,500
Operating charges#	1.61%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	169.30
Lowest share price	166.70

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation was launched on 16th September 2019.

**Comparative Table****(continued)**

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class A - Income</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	126.97
Return before operating charges*	(0.07)
Operating charges	(0.27)
Return after operating charges*	(0.34)
Distributions	(0.44)
Closing net asset value per share	126.19
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.27)%
<b>Other information</b>	
Closing net asset value (£000)	5,548
Closing number of shares	4,396,600
Operating charges#	1.61%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	127.50
Lowest share price	125.50

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Income was launched on 16th September 2019.



**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class G - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	139.24
Return before operating charges*	(0.09)
Operating charges	(0.20)
Return after operating charges*	(0.29)
Distributions	(0.56)
Retained distributions on accumulation shares	0.56
Closing net asset value per share	138.95
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.21)%
<b>Other information</b>	
Closing net asset value (£000)	171,720
Closing number of shares	123,580,600
Operating charges#	1.11%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	139.80
Lowest share price	137.70

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was launched on 16th September 2019.

**Comparative Table****(continued)**

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class G - Income</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	121.31
Return before operating charges*	(0.07)
Operating charges	(0.18)
Return after operating charges*	(0.25)
Distributions	(0.49)
Closing net asset value per share	120.57
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.21)%
<b>Other information</b>	
Closing net asset value (£000)	11,934
Closing number of shares	9,898,000
Operating charges#	1.11%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	121.80
Lowest share price	120.00

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Income was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class X - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	195.67
Return before operating charges*	(0.17)
Operating charges	(0.07)
Return after operating charges*	(0.24)
Distributions	(0.96)
Retained distributions on accumulation shares	0.96
Closing net asset value per share	195.43
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.12)%
<b>Other information</b>	
Closing net asset value (£000)	159,823
Closing number of shares	81,779,100
Operating charges#	0.26%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	196.50
Lowest share price	193.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation was launched on 16th September 2019.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

## Discovery Solution

### Statement of Total Return

for the period ended 31st October 2019

		16/09/19 to 31/10/19	
	Notes	£000	£000
Income			
Net capital losses	2		(2,417)
Revenue	3	1,990	
Expenses	4	(133)	
Interest payable and similar charges		(1)	
Net revenue before taxation		1,856	
Taxation	5	(159)	
Net revenue after taxation			1,697
<b>Total return before distributions</b>			<b>(720)</b>
Distributions	6		(1,708)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(2,428)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31st October 2019

	16/09/19 to 31/10/19	
	£000	£000
<b>Opening net assets attributable to shareholders</b>		-
Assets transferred from SW Investment Solutions Funds ICVC		398,787
Amounts receivable on creation of shares	88	
Less: Amounts payable on cancellation of shares	(7,652)	
		(7,564)
Change in net assets attributable to shareholders from investment activities		(2,428)
Retained distributions on accumulation shares		1,624
<b>Closing net assets attributable to shareholders</b>		<b>390,419</b>

Notes to the Financial Statements are on pages 124 to 130.

# Discovery Solution

## Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments (excluding cash equivalents)‡		375,609
<b>Current assets</b>		
Debtors	8	2,223
Cash and bank balances	9	217
Cash equivalents‡		13,465
<b>Total assets</b>		<b>391,514</b>
<b>Liabilities</b>		
Investment liabilities		(392)
Provision for liabilities	10	(67)
<b>Creditors</b>		
Bank overdrafts		(30)
Distribution payable		(68)
Other creditors	11	(538)
<b>Total liabilities</b>		<b>(1,095)</b>
<b>Net assets attributable to shareholders</b>		<b>390,419</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 124 to 130.

## Notes to the Financial Statements

for the period ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital losses

The net capital losses during the period comprise:

	<b>16/09/19 to 31/10/19 £000</b>
Non-derivative securities	(2,327)
Futures contracts	192
Forward currency contracts	(377)
ACD's periodic charge rebates taken to capital	56
AMC rebates taken to capital	1
Currency gains	38
Net capital losses*	<u>(2,417)</u>

\*Includes realised losses of £178,000 and unrealised losses of £2,239,000 recognised in current accounting period.

### 3. Revenue

	<b>16/09/19 to 31/10/19 £000</b>
Distributions from Regulated Collective Investment Schemes:	
Investment income	1,455
Offshore distributions	325
AMC rebates	210
Total revenue	<u>1,990</u>

### 4. Expenses

	<b>16/09/19 to 31/10/19 £000</b>
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>	
ACD's periodic charge	<u>126</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>	
Depositary's fees	<u>6</u>
<b>Other expenses:</b>	
Audit fee	<u>1</u>
Total expenses	<u>133</u>

Expenses include irrecoverable VAT.

The PwC audit fee for the period, exclusive of VAT is £8,400.

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**5. Taxation****(a) Analysis of charge in period:**

	<b>16/09/19 to 31/10/19 £000</b>
Corporation tax	92
Total deferred tax (note 5c)	67
Total taxation (note 5b)	<u>159</u>

**(b) Factors affecting total tax charge for the period:**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20%. The differences are explained below:

Net revenue before taxation	1,856
Corporation tax of 20%	371
<b>Effects of:</b>	
Franked UK income*	(223)
Taxable income taken to capital	11
Total tax charge for period (note 5a)	<u>159</u>

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

Provision at the start of the period	-
Deferred tax charge in profit and loss account for the period (note 5a)	67
Provision at the end of the period	<u>67</u>
Provision consists of:	
Revenue taxable in different periods	<u>67</u>

**6. Distributions**

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

	<b>16/09/19 to 31/10/19 £000</b>
Final	1,691
Add: Revenue deducted on cancellation of shares	17
Net distribution for the period	<u>1,708</u>

Details of the distributions per share are set out in the Distribution Tables on pages 131 to 132.

**7. Movement between net revenue and net distributions**

	<b>16/09/19 to 31/10/19 £000</b>
Net revenue after taxation	1,697
Tax charge on rebates taken to capital	11
Net distribution for the period	<u>1,708</u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**8. Debtors**

	<b>31/10/19</b>
	<b>£000</b>
Amounts receivable for issue of shares	2
Accrued revenue	556
AMC rebates receivable	138
Income tax receivable	67
Debtors from conversion	1,460
Total debtors	<u>2,223</u>

**9. Cash and bank balances**

	<b>31/10/19</b>
	<b>£000</b>
Amounts held at futures clearing houses and brokers	<u>217</u>

**10. Provision for liabilities**

	<b>31/10/19</b>
	<b>£000</b>
Deferred taxation	<u>67</u>

**11. Other creditors**

	<b>31/10/19</b>
	<b>£000</b>
Amounts payable for cancellation of shares	392
Accrued expenses	54
Corporation tax payable	92
Total other creditors	<u>538</u>

**12. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Lloyds Banking Group investments, which amount to £55,998.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in notes 2 and 4, with £45,836 due at the period end.

The Fund has a related party holding of 49,378,787 shares and value of £108,047,239 held at the period end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £1,116,336.

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the Fund's value were:

	<b>31/10/19</b>
	<b>%</b>
ACD and associates of the ACD	40.92



for the period ended 31st October 2019

### 13. Share classes

The Fund has three share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.35
Share Class A - Income:	1.35
Share Class G - Accumulation:	0.85
Share Class G - Income:	0.85
Share Class X - Accumulation:	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 117 to 121.

The distributions per share class are given in the Distribution Tables on pages 131 to 132.

#### Reconciliation of the shares movement in the period:

	16/09/19 Opening shares in issue	Creations	Cancellations	31/10/19 Closing shares in issue
Share Class A - Accumulation	-	25,899,000	(1,284,500)	24,614,500
Share Class A - Income	-	4,443,600	(47,000)	4,396,600
Share Class G - Accumulation	-	125,721,100	(2,140,500)	123,580,600
Share Class G - Income	-	10,036,500	(138,500)	9,898,000
Share Class X - Accumulation	-	82,964,100	(1,185,000)	81,779,100

There are no conversions in the period to report.

### 14. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments and no contingent liabilities.

### 15. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 112. The risks inherent in the Fund's investment portfolio are as follows:

#### (a) Currency risk

A portion of the Fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2019, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been an increase or decrease of approximately £118,506.

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/19 £000
Euro	10
Japanese yen	4,080
US dollar	7,761
Total	<u>11,851</u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)***(b) Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in regulated collective investment schemes. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing an income return and potential for capital growth.

The Fund's net cash overdraft of £28,892 is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £215,737, whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

*(c) Derivatives and other financial instruments*

During the period, the ACD entered into derivative contracts on behalf of the Fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

The fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the Fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the period end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

**Financial derivative instrument exposure - fair value**

	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	287
Forward currency contracts	1
Total Financial derivative instrument exposure	<u><u>288</u></u>

**Financial derivative instrument exposure - notional**

	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	10,499
Forward currency contracts	7,172
Total Financial derivative instrument exposure	<u><u>17,671</u></u>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

**Efficient portfolio management techniques**

	<b>31/10/19</b>
	<b>£000</b>
Underlying exposure obtained through EPM techniques	<u><u>17,671</u></u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)****Counterparties to financial derivative instruments and efficient portfolio management techniques**

	<b>31/10/19</b>
	<b>£000</b>
HSBC Bank - Forward currency contracts	(377)
Merrill Lynch - Futures contracts	273
Total counterparty exposure	<u><u>(104)</u></u>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

**Collateral****31/10/19**  
**£000**

The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:

GBP Cash - Merrill Lynch	193
EUR Cash - Merrill Lynch	24
USD Cash - Merrill Lynch	(1)

*(d) Liquidity risk*

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

*(e) Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in collective investment schemes. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £3,886,821.

*(f) Leverage*

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	<b>31/10/19</b>
	<b>%</b>
Gross leverage	104.83
Commitment leverage	104.13

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)***(g) Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**16. Portfolio transaction costs**

Analysis of total trade costs.

	<b>Purchases</b> <b>16/09/19 to</b> <b>31/10/19</b> <b>£000</b>	<b>Sales</b> <b>16/09/19 to</b> <b>31/10/19</b> <b>£000</b>
Collective Investment Schemes	405,705	15,431
<b>Commissions</b>		
Futures~	0	0
<b>Total net trades in the period after transaction costs</b>	<u>405,705</u>	<u>15,431</u>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of average net asset value**

	<b>16/09/19 to 31/10/19</b> <b>%</b>
Commissions	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.00%.

**17. Fair value**

	<b>31/10/19</b>	
<b>Valuation technique</b>	<b>Assets</b> <b>£000</b>	<b>Liabilities</b> <b>£000</b>
Level 1	287	(14)
Level 2	388,787	(378)
Level 3	-	-
Total fair value	<u>389,074</u>	<u>(392)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Discovery Solution

### Distribution Tables

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for the period ended 31st October 2019

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 16th September 2019

Group 2 Final Shares purchased on or between 16th September 2019 and 31st October 2019

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.5898	-	0.5898
Group 2	(p)	(p)	(p)
Final	0.3462	0.2436	0.5898

#### Share Class A - Income

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.4444	-	0.4444
Group 2	(p)	(p)	(p)
Final	0.4444	-	0.4444

#### Share Class G - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.5602	-	0.5602
Group 2	(p)	(p)	(p)
Final	0.1768	0.3834	0.5602

#### Share Class G - Income

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.4881	-	0.4881
Group 2	(p)	(p)	(p)
Final	0.4513	0.0368	0.4881

#### Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1	(p)	(p)	(p)
Final	0.9614	-	0.9614
Group 2	(p)	(p)	(p)
Final	0.9614	-	0.9614

for the period ended 31st October 2019

**Corporate shareholder information (unaudited) for all share classes**

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 63.74% of the dividend, is received as franked investment income.

Final - 36.26% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

### Investment Markets Overview

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for the period ended 31st October 2019

#### Investment Objective and Policy

To provide capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to shares with the remainder providing exposure to a mix of asset classes (including, but not limited to, property assets and fixed interest securities) and absolute return strategies\*.

\* Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 55% and 85% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

A maximum of 30% of the Fund will provide exposure to fixed interest securities. This may include sterling denominated and overseas high yield bond\*\* funds and sterling denominated and overseas investment grade bond\*\* funds. These may include corporate, government, covered bonds and index-linked bonds.

A maximum of 25% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending.

\*\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period 30.08.2016 to 17.01.2019 the Fund would have sat within the "Mixed Investment 40-85% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

**Investment Markets Overview**

(continued)

for the period ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 4* because, based on simulated data, it would have experienced medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 25th November 2019.</p>	<p>Typically lower rewards, lower risks</p> <p>←</p>						
	<p>Typically higher rewards, higher risks</p> <p>→</p>						
	1	2	3	<b>4</b>	5	6	7

**Investment Review**

<b>Performance</b>	<b>16/09/19 to 31/10/19 %</b>
Dynamic Solution A Accumulation	n/a

*On 16th September 2019 Dynamic Solution was launched with Share Class A Accumulation.*

*Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

UK shares performed well during September, boosted by hopes that a no-deal Brexit could be avoided. However, these gains were reversed during October. Share prices fell back due to a combination of economic concerns and disappointing corporate results.

Economic data revealed that the UK economy had contracted by 0.2% in the second quarter of the year. Various other indicators for services, manufacturing and the consumer pointed to the slowdown continuing.

Overseas markets generally outperformed the UK. In particular, US share prices performed well, boosted by hopes of progress in talks with China about a trade deal. Company results in the US also came in ahead of many investors' expectations.

Corporate bond markets produced positive returns. Although government bonds struggled, investors were happy to take on the extra risk to potentially receive the extra yield that corporate bonds provide.

Aberdeen Investment Solutions Limited  
November 2019



**Portfolio Statement**

as at 31st October 2019

	<b>Holdings</b>	<b>Market Value £000</b>	<b>Total Net Assets %</b>
<b>FINANCIALS (100.03%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Standard Global High Yield Bond Fund A Inc◇	3,170,448	2,876	2.28
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc†◇	4,484	4,484	3.55
Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc◇	1,061,947	1,218	0.96
Aberdeen Standard UK Equity Index Managed Fund A Acc◇	8,005,758	17,126	13.56
Aberdeen UK Property Feeder Unit Trust A Acc◇	5,779,635	8,337	6.60
BNY Mellon Insight Global Absolute Return Fund W Acc	1,570,026	1,946	1.54
Nordea 1 Diversified Return Fund BD GBP Acc	16,405	1,931	1.53
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	905,952	5,373	4.26
Russell Emerging Markets Equity Fund I Acc	101,566	5,450	4.32
Scottish Widows Multi-Manager Global Real Estate Securities Fund A Acct	1,355,138	3,569	2.83
Scottish Widows Multi-Manager International Equity Fund A Acct	8,638,051	31,529	24.97
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	11,542,733	28,591	22.64
Scottish Widows Multi-Manager UK Equity Income Fund A Acct	4,823,348	11,591	9.18
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	108,184	1,149	0.91
Vontobel Fund - Commodity G GBP Acc	12,100	1,133	0.90
		<b>126,303</b>	<b>100.03</b>
<b>TOTAL FINANCIALS</b>		<b>126,303</b>	<b>100.03</b>
<b>DERIVATIVES (0.03%)</b>			
<b>Forward Currency Contracts</b>			
Bought EUR973,000 for GBP872,923 Settlement 12/12/2019		(32)	(0.02)
Bought JPY254,080,000 for GBP1,825,622 Settlement 12/12/2019		(16)	(0.01)
Bought USD1,190,000 for GBP927,095 Settlement 12/12/2019		(9)	(0.01)
Sold EUR973,000 for GBP840,847 Settlement 12/12/2019~		0	0.00
Sold JPY89,261,000 for GBP675,327 Settlement 12/12/2019		39	0.03
Sold USD75,000 for GBP60,495 Settlement 12/12/2019		3	0.00
		<b>(15)</b>	<b>(0.01)</b>
<b>Futures Contracts</b>			
EURO STOXX 50 Index Futures December 2019	(21)	(5)	0.00
MSCI Emerging Markets Index Futures December 2019	15	13	0.01

**Portfolio Statement**

(continued)

as at 31st October 2019

	<b>Holdings</b>	<b>Market Value £000</b>	<b>Total Net Assets %</b>
S&P 500 E Mini Index Futures December 2019	7	19	0.01
TOPIX Index Futures December 2019	10	23	0.02
		<u>50</u>	<u>0.04</u>
<b>TOTAL DERIVATIVES</b>		<u><b>35</b></u>	<u><b>0.03</b></u>
<b>Portfolio of investments<sup>^</sup></b>		<u><b>126,338</b></u>	<u><b>100.06</b></u>
<b>Net other liabilities</b>		<u><b>(76)</b></u>	<u><b>(0.06)</b></u>
<b>Total net assets</b>		<u><u><b>126,262</b></u></u>	<u><u><b>100.00</b></u></u>

All holdings are in Collective Investment Schemes or represent securities quoted on a Listed Securities Market, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

The Fund was launched on 16th September 2019.

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

<sup>~</sup>The market value of the holding is below £500 and is therefore rounded down to £0.

## Dynamic Solution

### Material Portfolio Changes

for the period ended 31st October 2019

	<b>Cost £000</b>	<b>Total sales</b>	<b>Proceeds £000</b>
<b>Major purchases</b>			
Scottish Widows Multi-Manager International Equity Fund A Acct	33,219	MSCI Emerging Markets Index Futures December 2019	2,722
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	29,133	Scottish Widows Asia Pacific (ex Japan) Equity Fund X Acct	2,246
Aberdeen Standard UK Equity Index Managed Fund A Acc <sup>‡</sup>	17,103	S&P 500 E Mini Index Futures December 2019	1,762
Scottish Widows Multi-Manager UK Equity Income Fund A Acct	11,422	EURO STOXX 50 Index Futures December 2019	1,463
Aberdeen UK Property Feeder Unit Trust A Acc <sup>‡</sup>	8,420	TOPIX Index Futures December 2019	917
Russell Emerging Markets Equity Fund I Acc	5,544	Scottish Widows Multi-Manager International Equity Fund A Acct	900
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	5,418	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc <sup>‡</sup>	767
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc <sup>‡</sup>	5,251	Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	500
Scottish Widows Multi-Manager Global Real Estate Securities Fund A Acct	3,586		
MSCI Emerging Markets Index Futures December 2019	3,265		

Purchases and sales of Futures have been included at the value of their exposure.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>‡</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Dynamic Solution

### Comparative Table

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class A - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	212.22
Return before operating charges*	(1.14)
Operating charges	(0.50)
Return after operating charges*	(1.64)
Distributions	(1.21)
Retained distributions on accumulation shares	1.21
Closing net asset value per share	210.58
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.77)%
<b>Other information</b>	
Closing net asset value (£000)	17,318
Closing number of shares	8,223,998
Operating charges#	1.83%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	212.80
Lowest share price	206.50

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class G - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	169.17
Return before operating charges*	(0.93)
Operating charges	(0.29)
Return after operating charges*	(1.22)
Distributions	(1.05)
Retained distributions on accumulation shares	1.05
Closing net asset value per share	167.95
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.72)%
<b>Other information</b>	
Closing net asset value (£000)	38,849
Closing number of shares	23,131,000
Operating charges#	1.33%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	169.60
Lowest share price	164.70

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class X - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	254.97
Return before operating charges*	(1.46)
Operating charges	(0.06)
Return after operating charges*	(1.52)
Distributions	(1.89)
Retained distributions on accumulation shares	1.89
Closing net asset value per share	253.45
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.60)%
<b>Other information</b>	
Closing net asset value (£000)	70,095
Closing number of shares	27,656,800
Operating charges#	0.18%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	255.80
Lowest share price	248.40

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation was launched on 16th September 2019.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

## Dynamic Solution

### Statement of Total Return

for the period ended 31st October 2019

		16/09/19 to 31/10/19	
	Notes	£000	£000
Income			
Net capital losses	2		(1,719)
Revenue	3	891	
Expenses	4	20	
Interest payable and similar charges		-	
Net revenue before taxation		911	
Taxation	5	(44)	
Net revenue after taxation			867
<b>Total return before distributions</b>			<b>(852)</b>
Distributions	6		(873)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(1,725)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31st October 2019

	16/09/19 to 31/10/19	
	£000	£000
<b>Opening net assets attributable to shareholders</b>		-
Assets transferred from SW Investment Solutions Funds ICVC		128,188
Amounts receivable on creation of shares	464	
Less: Amounts payable on cancellation of shares	(1,532)	
		(1,068)
Change in net assets attributable to shareholders from investment activities		(1,725)
Retained distributions on accumulation shares		867
<b>Closing net assets attributable to shareholders</b>		<b>126,262</b>

Notes to the Financial Statements are on pages 143 to 149.

# Dynamic Solution

## Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments (excluding cash equivalents)‡		121,916
<b>Current assets</b>		
Debtors	8	235
Cash and bank balances	9	165
Cash equivalents‡		4,484
<b>Total assets</b>		<b>126,800</b>
<b>Liabilities</b>		
Investment liabilities		(62)
<b>Creditors</b>		
Bank overdrafts		(260)
Other creditors	10	(216)
<b>Total liabilities</b>		<b>(538)</b>
<b>Net assets attributable to shareholders</b>		<b>126,262</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 143 to 149.



## Notes to the Financial Statements

for the period ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital losses

The net capital losses during the period comprise:

	<b>16/09/19 to 31/10/19 £000</b>
Non-derivative securities	(1,762)
Futures contracts	34
Forward currency contracts	(15)
ACD's periodic charge rebates taken to capital	32
Currency losses	(8)
Net capital losses*	<u>(1,719)</u>

\*Includes realised losses of £122,000 and unrealised losses of £1,597,000 recognised in current accounting period.

### 3. Revenue

	<b>16/09/19 to 31/10/19 £000</b>
Distributions from Regulated Collective Investment Schemes:	
Investment income	764
Offshore distributions	92
AMC rebates	35
Total revenue	<u>891</u>

### 4. Expenses

	<b>16/09/19 to 31/10/19 £000</b>
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>	
ACD's periodic charge*	<u>(23)</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>	
Depositary's fees	<u>2</u>
<b>Other expenses:</b>	
Audit fee	<u>1</u>
Total expenses	<u>(20)</u>

Expenses include irrecoverable VAT.

\*The current period ACD charge is in a negative net rebate position as the internal rebates received are higher than the expenses inherent in the underlying holdings.

The PwC audit fee for the period, exclusive of VAT is £8,400.

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**5. Taxation****(a) Analysis of charge in period:**

	<b>16/09/19 to 31/10/19 £000</b>
Corporation tax	44

**(b) Factors affecting total tax charge for the period:**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20%. The differences are explained below:

Net revenue before taxation	911
Corporation tax of 20%	182
<b>Effects of:</b>	
Franked UK income*	(139)
Overseas non-taxable revenue*	(5)
Taxable income taken to capital	6
Total tax charge for period (note 5a)	44

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current period.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	<b>16/09/19 to 31/10/19 £000</b>
Final	867
Add: Revenue deducted on cancellation of shares	7
Deduct: Revenue received on creation of shares	(1)
Net distribution for the period	873

Details of the distributions per share are set out in the Distribution Tables on page 150.

**7. Movement between net revenue and net distributions**

	<b>16/09/19 to 31/10/19 £000</b>
Net revenue after taxation	867
Tax charge on rebates taken to capital	6
Net distribution for the period	873

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**8. Debtors**

	<b>31/10/19</b>
	<b>£000</b>
Amounts receivable for issue of shares	14
Accrued revenue	2
AMC rebates receivable	23
Income tax receivable	13
Debtors from conversion	183
Total debtors	<u>235</u>

**9. Cash and bank balances**

	<b>31/10/19</b>
	<b>£000</b>
Amounts held at futures clearing houses and brokers	<u>165</u>

**10. Other creditors**

	<b>31/10/19</b>
	<b>£000</b>
Amounts payable for cancellation of shares	204
Accrued expenses*	(32)
Corporation tax payable	44
Total other creditors	<u>216</u>

\*Current period accrued expenses are in a negative net rebate position due to the level of expenses inherent in the underlying holdings.

**11. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Lloyds Banking Group investments, which amount to £31,582.

Amounts paid from Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in notes 2 and 4, with £34,947 due at the year end (inclusive of the expense reimbursement in note 8).

The Fund has a related party holding of 26,359,270 shares and value of £75,280,175 held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £697,526.

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the Fund's value were:

	<b>31/10/19</b>
	<b>%</b>
ACD and associates of the ACD	55.47

for the period ended 31st October 2019

## 12. Share classes

The Fund has three share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.65
Share Class G - Accumulation:	1.15
Share Class X - Accumulation:	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 138 to 140.

The distributions per share class are given in the Distribution Tables on page 150.

### Reconciliation of the shares movement in the period:

	16/09/19 Opening shares in issue	Creations	Cancellations	31/10/19 Closing shares in issue
Share Class A - Accumulation	-	8,493,998	(270,000)	8,223,998
Share Class G - Accumulation	-	23,266,000	(135,000)	23,131,000
Share Class X - Accumulation	-	27,951,800	(295,000)	27,656,800

There are no conversions in the period to report.

## 13. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments and no contingent liabilities.

## 14. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 133. The risks inherent in the Fund's investment portfolio are as follows:

### (a) Currency risk

A portion of the Fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

The ACD seeks to manage the portfolio exposure to currency movements by using forward currency contracts. The forward currency contracts are shown in the portfolio statement.

As at 31st October 2019, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been an increase or decrease of approximately £31,934.

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/19 £000
Euro	17
Japanese yen	1,139
US dollar	2,037
Total	<u>3,193</u>

for the period ended 31st October 2019

#### 14. Risk management policies, derivatives and other financial instruments (continued)

##### (b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in collective investment schemes. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The Fund's net cash overdraft of £198,673 is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £103,441, whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

##### (c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of Efficient Portfolio Management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

The fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the Fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

#### Financial derivative instrument exposure - fair value

	31/10/19
	£000
Exchange traded derivatives	55
Forward currency contracts	42
Total Financial derivative instrument exposure	<u>97</u>

#### Financial derivative instrument exposure - notional

	31/10/19
	£000
Exchange traded derivatives	3,276
Forward currency contracts	2,034
Total Financial derivative instrument exposure	<u>5,310</u>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

#### Efficient portfolio management techniques

	31/10/19
	£000
Underlying exposure obtained through EPM techniques	<u>5,310</u>

for the period ended 31st October 2019

**14. Risk management policies, derivatives and other financial instruments (continued)****Counterparties to financial derivative instruments and efficient portfolio management techniques**

	<b>31/10/19</b>
	<b>£000</b>
HSBC Bank - Forward currency contracts	(15)
Merrill Lynch - Futures contracts	50
Total counterparty exposure	<u><u>35</u></u>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

**Collateral**

	<b>31/10/19</b>
	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:	
GBP Cash - Merrill Lynch	143
EUR Cash - Merrill Lynch	22
JPY Cash - Merrill Lynch	(58)
USD Cash - Merrill Lynch	(4)

*(d) Liquidity risk*

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

*(e) Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in collective investment schemes. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £1,263,376.

*(f) Leverage*

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	<b>31/10/19</b>
	<b>%</b>
Gross leverage	106.65
Commitment leverage	104.26

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**14. Risk management policies, derivatives and other financial instruments (continued)***(g) Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**15. Portfolio transaction costs**

Analysis of total trade costs.

	<b>Purchases</b> <b>16/09/19 to</b> <b>31/10/19</b> <b>£000</b>	<b>Sales</b> <b>16/09/19 to</b> <b>31/10/19</b> <b>£000</b>
Collective Investment Schemes	131,699	4,413
<b>Commissions</b>		
Futures~	0	0
<b>Total net trades in the period after transaction costs</b>	<u>131,699</u>	<u>4,413</u>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of average net asset value**

	<b>16/09/19 to 31/10/19</b> <b>%</b>
Commissions	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of equities, futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.00%.

**16. Fair value**

	<b>31/10/19</b>	
<b>Valuation technique</b>	<b>Assets</b> <b>£000</b>	<b>Liabilities</b> <b>£000</b>
Level 1	55	(5)
Level 2	126,345	(57)
Level 3	-	-
Total fair value	<u>126,400</u>	<u>(62)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Dynamic Solution

### Distribution Tables

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for the period ended 31st October 2019

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 16th September 2019

Group 2 Final Shares purchased on or between 16th September 2019 and 31st October 2019

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 1.2116	(p) -	(p) 1.2116
Group 2 Final	(p) 0.7760	(p) 0.4356	(p) 1.2116

#### Share Class G - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 1.0538	(p) -	(p) 1.0538
Group 2 Final	(p) 0.5712	(p) 0.4826	(p) 1.0538

#### Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 1.8937	(p) -	(p) 1.8937
Group 2 Final	(p) 0.9366	(p) 0.9571	(p) 1.8937

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 80.61% of the dividend, is received as franked investment income.

Final - 19.39% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.



### Investment Markets Overview

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for the year ended 31st October 2019

#### Investment Objective and Policy

The Fund aims to achieve capital growth by investing indirectly through collective investment schemes and/or directly in a wide range of asset classes. At least 65% of the Fund will provide exposure to shares, which may include UK, overseas and emerging markets shares.

A maximum of 25% of the Fund will provide exposure to fixed interest securities. This may include UK and overseas government and corporate bonds (including investment grade and high yield bonds\*), emerging market bonds, covered bonds and convertibles.

A maximum of 20% of the Fund will provide exposure to UK and/or overseas property.

In addition the Fund may provide exposure to cash and cash like investments, commodities, absolute return strategies\*\* and private equity.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

The Investment Adviser may delegate some or all of its duties in respect of the Fund to one or more Sub-Advisers.

#### *Collective Investment Schemes*

The Fund may invest substantially in other collective investment schemes. Such collective investment schemes are established principally in EEA Member States.

#### *Use of derivatives*

Derivatives transactions may be used for the purposes of efficient portfolio management (as defined) (including hedging) and to meet the investment objectives of the Fund. Derivatives may be exchange traded or Over the Counter (OTC) derivatives.

The use of derivatives has the potential to increase or decrease the Fund's risk profile and could result in increased price volatility. The ACD employs a detailed risk management process to oversee and manage these derivative risks within the Fund. Investors should be prepared to accept the risks that derivative-related investment can create.

In particular, the Fund may use derivative transactions to achieve tactical exposure to the underlying assets which may result in the Fund having a large derivatives holding at any one time.

\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\* Absolute return strategies aim to provide positive returns regardless of market conditions.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk and the ACD's view of the prospects of each asset class.

The Fund is, however, used as part of the Schroders Personal Wealth Investment Portfolio Service, and when combined with another Fund it is managed to a multi asset benchmark for the portfolio as a whole. Reporting of performance against this portfolio benchmark is made available to investors as part of the Schroders Personal Wealth Investment Portfolio Service and is the appropriate way to assess the performance of the Fund.

If considered only on a stand-alone basis, investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period from 03.04.2018 to 28.01.2019 the Fund would have sat within the "Flexible Investment Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector.

for the year ended 31st October 2019

### Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>The Fund is ranked at 4* because it has experienced medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 25th November 2019.</p>	Typically lower rewards, lower risks			Typically higher rewards, higher risks			
	←			→			
	1	2	3	4	5	6	7

### Investment Review

Performance	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %
IPS Growth Portfolio A Accumulation	8.25	(0.77)	11.74	15.33	5.24

Source: IPS Growth Portfolio A Accumulation share price movement in GBP at valuation point. Basis: Net revenue reinvested and net of expenses. Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The IPS Growth Portfolio invests mainly in equities, although there are smaller holdings in assets such as corporate bonds and commercial property. Global equity markets were up over the 12 months. Stocks in Europe, Latin America and the US performed particularly well. Those trading in the UK and Japan lagged in comparison. Over the period, political and economic concerns were to the fore. These ranged from Brexit to the escalation of the trade dispute between the US and China.

Early in the reporting period, a buoyant economy drove the strong performance of the US economy. While returns elsewhere were also positive, economic activity in other regions was muted. But towards the end of last year, markets across the globe weakened, erasing previous gains. Losses came as concerns resurfaced over political risks and the potential for rising interest rates. In particular, many questioned the decision to raise US rates in December, which came despite signs of faltering global growth.

Markets rebounded at the start of 2019, supported by a more favourable interest rate outlook and strong corporate profits. May brought a hiatus, with many markets tumbling on renewed fears about trade relations. In the UK, Prime Minister Theresa May announced her resignation. She was replaced by Boris Johnson.

Near the end of the period, the Federal Reserve moved to lower US interest rates, cutting the main rate in July, September and October. The European Central Bank also trimmed rates and announced bold new measures aimed at reviving the beleaguered Eurozone economy. Latterly, political developments dominated headlines. The US Democratic Party moved to impeach President Trump while, in the UK, the parliamentary furore over Brexit intensified and a general election was called for 12th December.

The performance of the Fund was enhanced by holdings in UK equities, which rose in value by more than the wider market. However, holdings in global equities and overseas bonds underperformed.

The Fund's comparatively large weighting in US equities boosted returns, but this was offset by the relatively small positions in bonds markets, as bonds produced strong returns over the year.

We believe that the outlook for global growth has deteriorated. This reflects subdued activity data and rising political uncertainty. Even this gloomier outlook is dependent on several major central banks easing monetary policy and the trade war between the US and China not escalating further. However, while the balance of risks is to the downside, we believe there is a relatively low chance of a US recession over the next two years.

## **Investment Markets Overview**

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**(continued)**

for the year ended 31st October 2019

### **Investment Review (continued)**

Against this backdrop, we continue to expect low returns from equity markets over the next three to five years. Similarly, the recent rise in bonds prices means that we now expect lower returns from bonds. A diversified approach therefore continues to make sense.

Aberdeen Investment Solutions Limited  
November 2019

# IPS Growth Portfolio

## Portfolio Statement

as at 31st October 2019

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
<b>FINANCIALS (96.82%, 31/10/18 97.00%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Alternative Strategies Fund Q GBP Acc◊	704,970	7,033	0.39
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund K-3 Inc◊	40,610,678	40,611	2.24
Aberdeen Standard UK Equity Index Managed Fund Q Inc◊	84,439,352	135,135	7.45
Aberdeen UK Property Feeder Unit Trust J Inc◊	29,691,354	33,123	1.83
Amundi Emerging Markets Bond I2 GBP (Hedged)	9,042	8,752	0.48
Candriam Bonds Emerging Markets V2 GBP (Hedged) Dis	44,316	61,119	3.37
Candriam Bonds Total Return S GBP (Hedged) Acc	4,491	6,749	0.37
Findlay Park American Fund USD Inc	2,203,998	220,765	12.18
J O Hambro Continental European Fund Y Inc	37,982,286	62,557	3.45
Nordea 1 Diversified Return Fund BD GBP Acc	62,493	7,355	0.40
Payden Absolute Return Bond Fund GBP Acc	769,227	8,696	0.48
Scottish Widows Japan Equity Fund X Acct	34,316,189	69,010	3.81
Scottish Widows Multi-Manager Global Real Estate Securities Fund P Inc†	19,865,172	40,803	2.25
Scottish Widows Multi-Manager International Equity Fund P Inc†	177,886,723	627,584	34.63
Scottish Widows Multi-Manager UK Equity Focus Fund P Inc†	112,682,606	223,788	12.35
Scottish Widows Multi-Manager UK Equity Income Fund P Inc†	59,362,877	87,323	4.82
Standard Life Absolute Return Global Bond Strategies D GBP Acc◊	474,808	5,372	0.30
State Street Global Treasury Bond Index Fund I GBP (Hedged) Acc	5,060,955	54,161	2.99
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	951,226	10,086	0.56
Vontobel Fund - Commodity G GBP Acc	71,080	6,620	0.36
		1,716,642	94.71
<b>Exchange Traded Funds</b>			
iShares Global Corp Bond UCITS	1,567,711	8,235	0.46
iShares MSCI EM UCITS USD Dist	410,453	12,696	0.70
L&G Longer Dated All Commodities UCITS	1,622,962	17,282	0.95
		38,213	2.11
<b>TOTAL FINANCIALS</b>		<b>1,754,855</b>	<b>96.82</b>
<b>FIXED INCOME (2.66%, 31/10/18 2.56%)</b>			
<b>Government Bonds</b>			
US Treasury 0.375% Inflation Indexed Bonds 15/01/2027	USD46,801,400	38,776	2.14
US Treasury 1% Inflation Indexed Bonds 15/02/2046	USD5,093,100	4,698	0.26
US Treasury 0.875% Inflation Indexed Bonds 15/02/2047	USD5,267,900	4,646	0.26
		48,120	2.66
<b>TOTAL FIXED INCOME</b>		<b>48,120</b>	<b>2.66</b>
<b>DERIVATIVES (0.61%, 31/10/18 -0.51%)</b>			
<b>Forward Currency Contracts</b>			
Bought JPY2,624,320,000 for GBP20,009,534 Settlement 12/12/2019		(1,270)	(0.07)
Bought USD26,614,000 for GBP21,540,902 Settlement 12/12/2019		(1,030)	(0.05)
Sold EUR57,000,000 for GBP51,430,587 Settlement 07/11/2019		2,388	0.13

# IPS Growth Portfolio

## Portfolio Statement

(continued)

as at 31st October 2019

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
Sold JPY7,990,000,000 for GBP59,232,440 Settlement 07/11/2019		2,238	0.12
Sold USD244,000,000 for GBP193,471,909 Settlement 07/11/2019		5,211	0.29
		<hr/> 7,537	<hr/> 0.42
<b>Futures Contracts</b>			
EURO STOXX 50 Index Futures December 2019	(245)	(198)	(0.01)
MSCI Emerging Markets Index Futures December 2019	1,333	751	0.04
TOPIX Index Futures December 2019	154	1,467	0.08
US Treasury Ultra Bond Futures December 2019	(102)	844	0.05
US Treasury Note 10 Year Ultra Bond Futures December 2019	(280)	608	0.03
		<hr/> 3,472	<hr/> 0.19
<b>TOTAL DERIVATIVES</b>		<hr/> <b>11,009</b>	<hr/> <b>0.61</b>
<b>Portfolio of investments<sup>^</sup></b>		<hr/> <b>1,813,984</b>	<hr/> <b>100.09</b>
<b>Net other liabilities</b>		<hr/> <b>(1,549)</b>	<hr/> <b>(0.09)</b>
<b>Total net assets</b>		<hr/> <b>1,812,435</b>	<hr/> <b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Material Portfolio Changes

for the year ended 31st October 2019

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡	173,849	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡	227,407
MSCI Emerging Markets Index Futures September 2019	85,575	MSCI Emerging Markets Index Futures September 2019	86,833
German Euro Bund Futures December 2018	62,667	German Euro Bund Futures March 2019	63,002
German Euro Bund Futures March 2019	62,641	S&P 500 E Mini Index Futures March 2019	54,686
MSCI Emerging Markets Index Futures December 2019	55,144	MSCI Emerging Markets Index Futures June 2019	54,038
S&P 500 E Mini Index Futures March 2019	53,647	MSCI Emerging Markets Index Futures March 2019	53,057
MSCI Emerging Markets Index Futures June 2019	53,108	MSCI Emerging Markets Index Futures December 2018	51,487
MSCI Emerging Markets Index Futures March 2019	51,617	US Treasury Note 10 Year Ultra Bond Futures September 2019	43,788
Findlay Park American Fund USD Inc	45,659	Scottish Widows Multi-Manager UK Equity Focus Fund P Inct	41,000
US Treasury Note 10 Year Ultra Bond Futures September 2019	43,227	US Treasury Note 10 Year Ultra Bond Futures December 2019	33,115

Purchases and sales of Futures have been included at the value of their exposure.

†This investment is a related party (see note 12).

‡Cash equivalents.

◊Asset managed by the Investment Adviser or a related party of the Investment Adviser.

**Comparative Table**

as at 31st October 2019

	<b>31/10/19</b> <b>(p)</b>	<b>31/10/18</b> <b>(p)</b>	<b>31/10/17</b> <b>(p)</b>
<b>Share Class A - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	192.74	194.20	173.83
Return before operating charges*	17.64	0.27	21.97
Operating charges	(1.80)	(1.73)	(1.60)
Return after operating charges*	15.84	(1.46)	20.37
Distributions	(3.31)	(2.99)	(3.36)
Retained distributions on accumulation shares	3.31	2.99	3.36
Closing net asset value per share	208.58	192.74	194.20
*after direct transaction cost of:	0.00	0.01	0.01
<b>Performance</b>			
Return after charges^	8.22%	(0.75)%	11.72%
<b>Other information</b>			
Closing net asset value (£000)	8,433	8,327	9,479
Closing number of shares	4,043,199	4,320,199	4,881,199
Operating charges#	0.90%	0.88%	0.87%
Direct transaction costs	0.00%	0.00%	0.01%
<b>Prices**</b>			
Highest share price	214.00	206.00	194.50
Lowest share price	182.20	184.40	168.30

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This can be different to the performance return stated in the Investment Market Review which is sourced from Aberdeen and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

**Comparative Table**

(continued)

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class P - Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	163.91	167.70	152.84
Return before operating charges*	14.91	0.21	19.15
Operating charges	(1.27)	(1.23)	(1.16)
Return after operating charges*	13.64	(1.02)	17.99
Distributions	(3.01)	(2.77)	(3.13)
Closing net asset value per share	174.54	163.91	167.70
*after direct transaction cost of:	0.00	0.01	0.01
<b>Performance</b>			
Return after charges	8.32%	(0.61)%	11.77%
<b>Other information</b>			
Closing net asset value (£000)	109	102	104
Closing number of shares	62,331	62,331	62,331
Operating charges#	0.75%	0.73%	0.72%
Direct transaction costs	0.00%	0.00%	0.01%
<b>Prices**</b>			
Highest share price	180.90	176.30	169.00
Lowest share price	155.00	158.80	148.00

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.



**Comparative Table**

(continued)

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class Q - Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	163.71	167.50	152.65
Return before operating charges*	14.90	0.20	19.12
Operating charges	(1.20)	(1.16)	(1.09)
Return after operating charges*	13.70	(0.96)	18.03
Distributions	(3.07)	(2.83)	(3.18)
Closing net asset value per share	174.34	163.71	167.50
*after direct transaction cost of:	0.00	0.01	0.01
<b>Performance</b>			
Return after charges	8.37%	(0.57)%	11.81%
<b>Other information</b>			
Closing net asset value (£000)	1,366,746	1,307,648	1,351,816
Closing number of shares	783,963,877	798,740,077	807,034,177
Operating charges#	0.71%	0.69%	0.68%
Direct transaction costs	0.00%	0.00%	0.01%
<b>Prices**</b>			
Highest share price	180.70	176.10	168.80
Lowest share price	154.80	158.60	147.80

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

**Comparative Table**

(continued)

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class X - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	177.36	178.20	159.06
Return before operating charges*	16.14	0.12	20.02
Operating charges	(1.02)	(0.96)	(0.88)
Return after operating charges*	15.12	(0.84)	19.14
Distributions	(3.57)	(3.26)	(3.55)
Retained distributions on accumulation shares	3.57	3.26	3.55
Closing net asset value per share	192.48	177.36	178.20
*after direct transaction cost of:	0.00	0.01	0.01
<b>Performance</b>			
Return after charges	8.53%	(0.47)%	12.03%
<b>Other information</b>			
Closing net asset value (£000)	436,730	397,339	381,509
Closing number of shares	226,899,368	224,034,118	214,085,118
Operating charges#	0.55%	0.53%	0.52%
Direct transaction costs	0.00%	0.00%	0.01%
<b>Prices**</b>			
Highest share price	197.30	189.50	178.50
Lowest share price	167.70	169.40	154.00

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

**Comparative Table**

(continued)

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class X - Income</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	149.64	153.10	139.53
Return before operating charges*	13.56	0.14	17.43
Operating charges	(0.85)	(0.82)	(0.77)
Return after operating charges*	12.71	(0.68)	16.66
Distributions	(3.00)	(2.78)	(3.09)
Closing net asset value per share	159.35	149.64	153.10
*after direct transaction cost of:	0.00	0.01	0.01
<b>Performance</b>			
Return after charges	8.49%	(0.44)%	11.94%
<b>Other information</b>			
Closing net asset value (£000)	417	414	493
Closing number of shares	261,559	276,859	321,759
Operating charges#	0.55%	0.53%	0.52%
Direct transaction costs	0.00%	0.00%	0.01%
<b>Prices**</b>			
Highest share price	165.20	161.00	154.40
Lowest share price	141.50	145.00	135.10

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X Income are not published externally, as this is an internal share class.

**Statement of Total Return**

for the year ended 31st October 2019

	Notes	01/11/18 to 31/10/19		01/11/17 to 31/10/18	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		112,059		(37,555)
Revenue	3	35,359		32,848	
Expenses	4	(1,460)		(1,536)	
Interest payable and similar charges		(76)		(115)	
Net revenue before taxation		33,823		31,197	
Taxation	5	(1,235)		(1,093)	
Net revenue after taxation			32,588		30,104
<b>Total return before distributions</b>			<b>144,647</b>		<b>(7,451)</b>
Distributions	6		(32,647)		(30,168)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>112,000</b>		<b>(37,619)</b>

**Statement of Change in Net Assets Attributable to Shareholders**

for the year ended 31st October 2019

	01/11/18 to 31/10/19		01/11/17 to 31/10/18	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>1,713,830</b>		<b>1,743,401</b>
Amounts receivable on creation of shares	58,335		79,871	
Less: Amounts payable on cancellation of shares	(80,002)		(79,179)	
		(21,667)		692
Dilution adjustment		1		7
Change in net assets attributable to shareholders from investment activities		112,000		(37,619)
Retained distributions on accumulation shares		8,271		7,349
<b>Closing net assets attributable to shareholders</b>		<b>1,812,435</b>		<b>1,713,830</b>

*Notes to the Financial Statements are on pages 164 to 171.*

# IPS Growth Portfolio

## Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000	31/10/18 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		1,775,871	1,613,462
<b>Current assets</b>			
Debtors	8	11,853	11,966
Cash and bank balances	9	517	14,580
Cash equivalents‡		40,611	94,168
<b>Total assets</b>		<b>1,828,852</b>	<b>1,734,176</b>
<b>Liabilities</b>			
Investment liabilities		(2,498)	(10,035)
Provision for liabilities	10	(63)	(30)
<b>Creditors</b>			
Bank overdrafts		(31)	(173)
Distribution payable		(9,483)	(8,926)
Other creditors	11	(4,342)	(1,182)
<b>Total liabilities</b>		<b>(16,417)</b>	<b>(20,346)</b>
<b>Net assets attributable to shareholders</b>		<b>1,812,435</b>	<b>1,713,830</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 164 to 171.

## Notes to the Financial Statements

for the year ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Non-derivative securities	114,226	(28,765)
Futures contracts	872	(7,999)
Forward currency contracts	(3,217)	(993)
ACD's periodic charge rebates taken to capital	257	318
AMC rebates taken to capital	38	-
Currency losses	(114)	(115)
Transaction charges	(3)	(1)
Net capital gains/(losses)*	<u>112,059</u>	<u>(37,555)</u>

\*Includes realised losses of £8,418,000 and unrealised gains of £120,477,000 (31/10/18: realised gains of £47,008,000 and unrealised losses of £84,563,000). Included in realised losses for the year were unrealised gains/(losses) recognised in the prior accounting year.

### 3. Revenue

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	28,261	26,811
Interest distributions	20	288
Offshore distributions	5,839	4,363
Bank interest	1	2
Interest on debt securities	1,148	1,247
AMC rebates	90	137
Total revenue	<u>35,359</u>	<u>32,848</u>

### 4. Expenses

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>1,055</u>	<u>1,145</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	191	191
Safe custody fees	6	6
	<u>197</u>	<u>197</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**4. Expenses (continued)**

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
<b>Other expenses:</b>		
Audit fee	11	11
Registration fees	814	799
Expense capping adjustment†	(617)	(616)
	<u>208</u>	<u>194</u>
Total expenses	<u>1,460</u>	<u>1,536</u>

Expenses include irrecoverable VAT.

†From 9th May 2014 within the Q Income share class no registration fee has been deducted and this has been borne by the ACD.

The PwC audit fee for the year, exclusive of VAT is £9,523 (31/10/18: £9,223).

**5. Taxation****(a) Analysis of charge in year:**

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Corporation tax	1,202	1,108
Double tax relief	(122)	(142)
Irrecoverable overseas tax	122	142
Total current tax	<u>1,202</u>	<u>1,108</u>
Total deferred tax (note 5c)	<u>33</u>	<u>(15)</u>
Total taxation (note 5b)	<u>1,235</u>	<u>1,093</u>

**(b) Factors affecting total tax charge for the year:**

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	33,823	31,197
Corporation tax of 20% (2018: 20%)	<u>6,765</u>	<u>6,239</u>
<b>Effects of:</b>		
Franked UK income*	(5,280)	(5,057)
Overseas non-taxable revenue*	(309)	(153)
Double tax relief	(122)	(142)
Irrecoverable overseas tax	122	142
Taxable income taken to capital	<u>59</u>	<u>64</u>
Total tax charge for year (note 5a)	<u>1,235</u>	<u>1,093</u>

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

Provision at the start of the year	30	45
Deferred tax charge/(credit) in profit and loss account for the year (note 5a)	<u>33</u>	<u>(15)</u>
Provision at the end of the year	<u>63</u>	<u>30</u>
Provision consists of:		
Revenue taxable in different periods	<u>63</u>	<u>30</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**6. Distributions**

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

	<b>01/11/18 to 31/10/19</b>	<b>01/11/17 to 31/10/18</b>
	<b>£000</b>	<b>£000</b>
First interim	5,580	5,999
Second interim	6,898	5,626
Third interim	7,369	6,813
Final	12,681	11,801
	<hr/>	<hr/>
	32,528	30,239
Add: Revenue deducted on cancellation of shares	199	101
Deduct: Revenue received on creation of shares	(80)	(172)
	<hr/>	<hr/>
Net distributions for the year	<u>32,647</u>	<u>30,168</u>

*Details of the distributions per share are set out in the Distribution Tables on pages 172 to 174.*

**7. Movement between net revenue and net distributions**

	<b>01/11/18 to 31/10/19</b>	<b>01/11/17 to 31/10/18</b>
	<b>£000</b>	<b>£000</b>
Net revenue after taxation	32,588	30,104
Tax charge on rebates taken to capital	59	64
	<hr/>	<hr/>
Net distributions for the year	<u>32,647</u>	<u>30,168</u>

**8. Debtors**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Amounts receivable for issue of shares	102	569
Accrued revenue	11,402	11,122
AMC rebates receivable	14	17
Income tax receivable	281	208
Expense capping adjustment receivable	54	50
	<hr/>	<hr/>
Total debtors	<u>11,853</u>	<u>11,966</u>

**9. Cash and bank balances**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Amounts held at futures clearing houses and brokers	517	14,580
	<hr/>	<hr/>

**10. Provision for liabilities**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Deferred taxation	63	30
	<hr/>	<hr/>

**11. Other creditors**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	3,358	471
Accrued expenses	192	166
Corporation tax payable	792	545
	<hr/>	<hr/>
Total other creditors	<u>4,342</u>	<u>1,182</u>



for the year ended 31st October 2019

## 12. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Lloyds Banking Group investments, which amount to £257,423 (31/10/18: £318,289).

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in notes 2 and 4, with £141,932 (31/10/18: £128,848) due at the year end.

Amounts paid by Scottish Widows Unit Trust Managers Limited in respect of the Expense capping adjustments are disclosed in note 4 with £54,169 (31/10/18: £49,819) due at the year end.

The Fund has a related party holding of 404,113,567 shares (31/10/18: 425,848,136 shares) and value of £1,048,507,723 (31/10/18: £1,011,179,517) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £21,060,510 (31/10/18: £19,510,202).

### Shares held by associates of the ACD

On 31st October, shares held as a percentage of the Fund's value were:

	31/10/19	31/10/18
	%	%
ACD and associates of the ACD	23.97	23.09

### Material Shareholders

Boltro Nominees Limit held 45.29% of the Fund at 31st October 2019 (31/10/18: 40.99%).

Perry Nominees Limited held 31.89% of the Fund at 31st October 2019 (31/10/18: 35.36%).

## 13. Share classes

The Fund has four share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	0.35
Share Class P - Income:	0.20
Share Class Q - Income:	0.20
Share Class X - Accumulation:	-
Share Class X - Income:	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 157 to 161.

The distributions per share class are given in the Distribution Tables on pages 172 to 174.

### Reconciliation of the shares movement in the year:

	01/11/18			31/10/19
	Opening shares	Creations	Cancellations	Closing shares
	in issue			in issue
Share Class A - Accumulation	4,320,199	1,631,000	(1,908,000)	4,043,199
Share Class P - Income	62,331	-	-	62,331
Share Class Q - Income	798,740,077	19,480,500	(34,256,700)	783,963,877
Share Class X - Accumulation	224,034,118	12,689,750	(9,824,500)	226,899,368
Share Class X - Income	276,859	7,500	(22,800)	261,559

There are no conversions in the year to report.

for the year ended 31st October 2019

#### 14. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments (31/10/18: £nil) and no contingent liabilities (31/10/18: £nil).

#### 15. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 151. The risks inherent in the Fund's investment portfolio are as follows:

##### (a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 31st October 2019, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been an increase or decrease of approximately £447,383 (31/10/18: £1,170,956).

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure	Currency exposure
	31/10/19	31/10/18
	£000	£000
Euro	(49,240)	(26,158)
Japanese yen	(36,787)	(12,504)
US dollar	130,765	155,758
Total	44,738	117,096

The Fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the Fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the Fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Fund in circumstances where no such hedging transactions are undertaken.

##### (b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in collective investment schemes and exchange traded funds. The cashflow from the Fund's investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The Fund's net cash overdraft of £31,519 (31/10/18: overdraft £68,042) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £517,389 (31/10/18: cash £14,475,237), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

##### (c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)**

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

<b>Financial derivative instrument exposure - fair value</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	3,670	848
Forward currency contracts	9,837	446
Total Financial derivative instrument exposure	<b>13,507</b>	<b>1,294</b>

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	125,094	187,828
Forward currency contracts	255,048	113,656
Total Financial derivative instrument exposure	<b>380,142</b>	<b>301,484</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>380,142</b>	<b>301,484</b>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Goldman Sachs - Forward currency contracts	2,388	13
HSBC Bank - Forward currency contracts	2,911	(689)
Lloyds Bank - Forward currency contracts	2,238	-
Morgan Stanley - Forward currency contracts	-	(3,160)
State Street Bank and Trust Company - Forward currency contracts	-	166
Merrill Lynch - Futures contracts	3,472	(5,070)
Total counterparty exposure	<b>11,009</b>	<b>(8,740)</b>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

<b>Collateral</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	517	14,431
EUR Cash - Merrill Lynch~	0	(105)
JPY Cash - Merrill Lynch~	0	149
USD Cash - Merrill Lynch~	0	0

~The value is less than £500 and is therefore rounded down to £0.

**(d) Liquidity risk**

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)***(e) Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £18,139,841 (31/10/18: £16,975,948).

*(f) Leverage*

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	<b>31/10/19</b>	<b>31/10/18</b>
	%	%
Gross leverage	123.31	119.44
Commitment leverage	108.79	110.62

*(g) Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**16. Portfolio transaction costs**

Analysis of total trade costs.

	<b>Purchases</b>		<b>Sales</b>	
	<b>01/11/18 to 31/10/19 £000</b>	<b>01/11/17 to 31/10/18 £000</b>	<b>01/11/18 to 31/10/19 £000</b>	<b>01/11/17 to 31/10/18 £000</b>
Collective Investment Schemes	311,407	826,858	331,451	800,325
Fixed Income	-	22,214	-	54,985
<b>Trades in the year before transaction costs</b>	<b>311,407</b>	<b>849,072</b>	<b>331,451</b>	<b>855,310</b>
<b>Commissions</b>				
Collective Investment Schemes	6	5	-	-
Futures	15	30	(16)	(28)
Total commissions	21	35	(16)	(28)
<b>Total net trades in the year after transaction costs</b>	<b>311,428</b>	<b>849,107</b>	<b>331,435</b>	<b>855,282</b>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**16. Portfolio transaction costs (continued)****Total transaction cost expressed as a percentage of asset class trades**

	Purchases		Sales	
	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %
<b>Commissions</b>				
Collective Investment Schemes	0.00	0.00	-	-

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %
Commissions	0.00	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes and fixed income have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.01% (31/10/18: 0.00%).

**17. Fair value**

Valuation technique	31/10/19		31/10/18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	90,003	(198)	62,686	(5,918)
Level 2	1,726,479	(2,300)	1,644,944	(4,117)
Level 3	-	-	-	-
Total fair value	1,816,482	(2,498)	1,707,630	(10,035)

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## IPS Growth Portfolio

### Distribution Tables

for the year ended 31st October 2019

#### Distribution in pence per share

Group 1 First interim Shares purchased prior to 1st November 2018  
 Second interim Shares purchased prior to 1st February 2019  
 Third interim Shares purchased prior to 1st May 2019  
 Final Shares purchased prior to 1st August 2019

Group 2 First interim Shares purchased on or between 1st November 2018 and 31st January 2019  
 Second interim Shares purchased on or between 1st February 2019 and 30th April 2019  
 Third interim Shares purchased on or between 1st May 2019 and 31st July 2019  
 Final Shares purchased on or between 1st August 2019 and 31st October 2019

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
First interim	0.5355	-	0.5355	0.5749
Second interim	0.6788	-	0.6788	0.5249
Third interim	0.7450	-	0.7450	0.6586
Final	1.3546	-	1.3546	1.2285
Group 2	(p)	(p)	(p)	(p)
First interim	0.5355	-	0.5355	0.5749
Second interim	0.6788	-	0.6788	0.5249
Third interim	-	-	-	0.6586
Final	1.3546	-	1.3546	1.2285

#### Share Class P - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
First interim	0.5083	-	0.5083	0.5484
Second interim	0.6302	-	0.6302	0.5049
Third interim	0.6780	-	0.6780	0.6173
Final	1.1946	-	1.1946	1.1039
Group 2	(p)	(p)	(p)	(p)
First interim	0.5083	-	0.5083	0.5484
Second interim	0.6302	-	0.6302	0.5049
Third interim	0.6780	-	0.6780	0.6173
Final	1.1946	-	1.1946	1.1039

**Distribution Tables****(continued)**

for the year ended 31st October 2019

**Share Class Q - Income**

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
First interim	0.5212	-	0.5212	0.5630
Second interim	0.6451	-	0.6451	0.5192
Third interim	0.6920	-	0.6920	0.6320
Final	1.2091	-	1.2091	1.1170
Group 2	(p)	(p)	(p)	(p)
First interim	0.2642	0.2570	0.5212	0.5630
Second interim	0.5078	0.1373	0.6451	0.5192
Third interim	0.4801	0.2119	0.6920	0.6320
Final	0.1772	1.0319	1.2091	1.1170

**Share Class X - Accumulation**

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
First interim	0.6197	-	0.6197	0.6550
Second interim	0.7597	-	0.7597	0.6069
Third interim	0.8099	-	0.8099	0.7349
Final	1.3852	-	1.3852	1.2597
Group 2	(p)	(p)	(p)	(p)
First interim	0.3544	0.2653	0.6197	0.6550
Second interim	0.3996	0.3601	0.7597	0.6069
Third interim	0.6085	0.2014	0.8099	0.7349
Final	0.6170	0.7682	1.3852	1.2597

**Share Class X - Income**

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
First interim	0.5229	-	0.5229	0.5627
Second interim	0.6389	-	0.6389	0.5194
Third interim	0.6783	-	0.6783	0.6268
Final	1.1552	-	1.1552	1.0703
Group 2	(p)	(p)	(p)	(p)
First interim	0.5114	0.0115	0.5229	0.5627
Second interim	0.6238	0.0151	0.6389	0.5194
Third interim	0.6783	-	0.6783	0.6268
Final	1.1552	-	1.1552	1.0703

for the year ended 31st October 2019

**Corporate shareholder information (unaudited) for all share classes**

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

First interim - 77.38% of the dividend, is received as franked investment income.

First interim - 19.25% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

First interim - 3.37% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Second interim - 90.12% of the dividend, is received as franked investment income.

Second interim - 8.75% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Second interim - 1.13% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Third interim - 80.31% of the dividend, is received as franked investment income.

Third interim - 16.78% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Third interim - 2.91% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Final - 87.39% of the dividend, is received as franked investment income.

Final - 12.61% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.



# IPS Higher Income Portfolio

## Investment Markets Overview

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for the year ended 31st October 2019

### Investment Objective and Policy

The Fund aims to provide a high level of income by investing indirectly through collective investment schemes and/or directly in a wide range of asset classes and geographic regions.

At least 60% of the Fund will provide exposure to fixed interest securities. This may include UK and overseas government and corporate bonds (including investment grade and high yield bonds\*), emerging market bonds, covered bonds, and convertibles.

A maximum of 30% of the Fund will also provide exposure to shares, which may include UK, overseas and emerging markets shares.

A maximum of 20% of the Fund may provide exposure to UK and/or overseas property.

In addition the Fund may provide exposure to cash and cash like investments, commodities and absolute return strategies\*\* and private equity.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

The Investment Adviser may delegate some or all of its duties in respect of the Fund to one or more Sub-Advisers.

### *Collective Investment Schemes*

The Fund may invest substantially in other collective investment schemes. Such collective investment schemes are established principally in EEA Member States.

### *Use of derivatives*

Derivatives transactions may be used for the purposes of efficient portfolio management (as defined) (including hedging) and to meet the investment objectives of the Fund. Derivatives may be exchange traded or Over the Counter (OTC) derivatives.

The use of derivatives has the potential to increase or decrease the Fund's risk profile and could result in increased price volatility. The ACD employs a detailed risk management process to oversee and manage these derivative risks within the Fund. Investors should be prepared to accept the risks that derivative-related investment can create.

In particular, the Fund may use derivative transactions to achieve tactical exposure to the underlying assets which may result in the Fund having a large derivatives holding at any one time.

\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\* Absolute return strategies aim to provide positive returns regardless of market conditions.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk and the ACD's view of the prospects of each asset class.

The Fund is, however, used as part of the Schroders Personal Wealth Investment Portfolio Service, and when combined with another Fund it is managed to a multi asset benchmark for the portfolio as a whole. Reporting of performance against this portfolio benchmark is made available to investors as part of the Schroders Personal Wealth Investment Portfolio Service and is the appropriate way to assess the performance of the Fund.

If considered only on a stand-alone basis, investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period from 03.04.2018 to 28.01.2019 the Fund would have sat within the "Flexible Investment Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector.

for the year ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 3* because it has experienced low to medium levels of volatility over the past 5 years.  *As disclosed in the key investor information document dated 25th November 2019.	Typically lower rewards, lower risks							Typically higher rewards, higher risks						
	←							→						
	1	2	<b>3</b>	4	5	6	7							

**Investment Review**

Performance	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %
IPS Higher Income Portfolio A Accumulation	8.22	(1.36)	6.01	5.12	1.13

Source: IPS Higher Income Portfolio A Accumulation share price movement in GBP at valuation point. Basis: Gross revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Global equity markets were up over the 12 months. Stocks in Europe, Latin America and the US performed particularly well. Those trading in the UK and Japan lagged in comparison. Over the period, political and economic concerns were to the fore. These ranged from Brexit to the escalation of the trade dispute between the US and China.

Early in the reporting period, a buoyant economy drove the strong performance of the US economy. While returns elsewhere were also positive, economic activity in other regions was muted. But towards the end of last year, markets across the globe weakened, erasing previous gains. Losses came as concerns resurfaced over political risks and the potential for rising interest rates. In particular, many questioned the decision to raise US rates in December, which came despite signs of faltering global growth.

Markets rebounded at the start of 2019, supported by a more favourable interest rate outlook and strong corporate profits. May brought a hiatus, with many markets tumbling on renewed fears about trade relations. In the UK, Prime Minister Theresa May announced her resignation. She was replaced by Boris Johnson.

Near the end of the period, the Federal Reserve moved to lower US interest rates, cutting the main rate in July, September and October. The European Central Bank also trimmed rates and announced bold new measures aimed at reviving the beleaguered Eurozone economy. Latterly, political developments dominated headlines. The US Democratic Party moved to impeach President Trump while, in the UK, the parliamentary furore over Brexit intensified and a general election was called for 12th December.

Bond markets performed well, producing higher returns than equities in many countries. Signs of faltering global growth raised hopes that central banks would re-instate economic stimulus measures in the form of bond purchases. Bonds also fared well due to their popularity in times of economic slowdown, which makes the fixed income that they pay an attractive quality for investors.

The performance of the Fund was negatively affected by stock selection within UK equities and overseas bonds, which rose in value by less than the wider market.

Stock selection among the high yield bond holdings proved positive, as they rose in value by more than the wider market, thereby enhancing returns to investors.

We believe that the outlook for global growth has deteriorated. This reflects subdued activity data and rising political uncertainty. Even this gloomier outlook is dependent on several major central banks easing monetary policy and the trade war between the US and China not escalating further. However, while the balance of risks is to the downside, we believe there is a relatively low chance of a US recession over the next two years.

**Investment Markets Overview**

(continued)

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for the year ended 31st October 2019

**Investment Review (continued)**

Against this backdrop we continue to expect low returns from equity markets over the next three to five years. Similarly, the recent rise in bonds prices means that we now expect lower returns from bonds. A diversified approach therefore continues to make sense.

Aberdeen Investment Solutions Limited  
November 2019

# IPS Higher Income Portfolio

## Portfolio Statement

as at 31st October 2019

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (99.44%, 31/10/18 100.59%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Standard Corporate Bond Fund Q Inc◊	5,203,670	6,136	16.63
Aberdeen Standard Global High Yield Bond Fund Q Inc◊	1,718,719	1,499	4.06
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡◊	46,206	46	0.13
Aberdeen UK Property Feeder Unit Trust J Inc◊	588,158	656	1.78
Amundi Emerging Markets Bond I2 GBP (Hedged)	1,652	1,598	4.33
Candriam Bonds Emerging Markets V2 GBP (Hedged) Dis	736	1,015	2.75
iShares UK Gilts All Stocks Index Fund H Inc	610,760	735	1.99
J O Hambro UK Equity Income Fund Y GBP Inc	1,697,991	2,145	5.82
JP Morgan Global Corporate Bond Fund I2 GBP (Hedged) Inc	7,984	820	2.22
Legal & General International Index Trust C Inc	720	1	0.00
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	921,717	5,466	14.82
PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	398,956	5,601	15.18
Royal London Sterling Credit Fund Z Inc	2,980,621	4,271	11.58
Scottish Widows Multi-Manager Global Real Estate Securities Fund P Inct	598,757	1,230	3.33
Scottish Widows Multi-Manager UK Equity Income Fund P Inct	1,313,644	1,932	5.24
UBAM Global High Yield Solution UHD GBP	11,994	1,216	3.30
Veritas Global Equity Fund D Inc	11,003	2,318	6.28
		<b>36,685</b>	<b>99.44</b>
<b>TOTAL FINANCIALS</b>		<b>36,685</b>	<b>99.44</b>
<b>Portfolio of investments</b>		<b>36,685</b>	<b>99.44</b>
<b>Net other assets</b>		<b>205</b>	<b>0.56</b>
<b>Total net assets</b>		<b>36,890</b>	<b>100.00</b>

All holdings are in Collective Investment Schemes or represent securities quoted on a Listed Securities Market, unless otherwise stated.

†This investment is a related party (see note 11).

‡Cash equivalents.

◊Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## IPS Higher Income Portfolio

### Material Portfolio Changes

for the year ended 31st October 2019

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Total sales</b>	
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡	4,260	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡	5,450
Aberdeen Standard Global High Yield Bond Fund Q Inc	1,450	Royal London Sterling Credit Fund Z Inc	1,020
J O Hambro UK Equity Income Fund Y GBP Inc	355	Aberdeen Standard Corporate Bond Fund Q Inc	852
Scottish Widows Multi-Manager UK Equity Income Fund P Inc†	240	Scottish Widows Multi-Manager UK Equity Income Fund P Inc†	145
JP Morgan Global Corporate Bond Fund C GBP (Hedged)	175	PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	129
UBAM Global High Yield Solution UHD GBP	150	Veritas Global Equity Fund D Inc	85
Royal London Sterling Credit Fund Z Inc	130	PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	40
Aberdeen Standard Corporate Bond Fund Q Inc	90		
Veritas Global Equity Fund D Inc	80		
Candriam Bonds Emerging Markets V2 GBP (Hedged) Dis	75		

†This investment is a related party (see note 11).

‡Cash equivalents.

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## IPS Higher Income Portfolio

### Comparative Table

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class A - Accumulation (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	137.55	139.33	131.51
Return before operating charges*	12.63	(0.49)	9.19
Operating charges	(1.38)	(1.29)	(1.19)
Return after operating charges*	11.25	(1.78)	8.00
Distributions	(4.92)	(4.67)	(3.86)
Retained distributions on accumulation shares	4.92	4.67	3.68
Closing net asset value per share	148.80	137.55	139.33
*after direct transaction cost of:	-	0.00	0.01
<b>Performance</b>			
Return after charges^	8.18%	(1.28)%	6.08%
<b>Other information</b>			
Closing net asset value (£000)	11	10	10
Closing number of shares	7,500	7,500	7,500
Operating charges#	0.97%	0.93%	0.88%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	149.00	141.30	139.70
Lowest share price	134.70	136.70	129.30

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This can be different to the performance return stated in the Investment Market Review which is sourced from Aberdeen and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation (Gross) converted from net to gross on 1st February 2017.

**Comparative Table**

(continued)

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class P - Income (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	109.79	115.03	111.51
Return before operating charges*	9.95	(0.38)	7.78
Operating charges	(0.92)	(0.88)	(0.84)
Return after operating charges*	9.03	(1.26)	6.94
Distributions	(4.04)	(3.98)	(3.42)
Closing net asset value per share	114.78	109.79	115.03
*after direct transaction cost of:	-	0.00	0.00
<b>Performance</b>			
Return after charges	8.22%	(1.10)%	6.22%
<b>Other information</b>			
Closing net asset value (£000)	11	10	11
Closing number of shares	9,500	9,500	9,500
Operating charges#	0.82%	0.77%	0.74%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	116.10	116.70	116.30
Lowest share price	107.60	110.40	109.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class P Income (Gross) converted from net to gross on 1st February 2017.

**Comparative Table**

(continued)

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class Q - Income (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	109.23	114.45	110.96
Return before operating charges*	9.91	(0.39)	7.71
Operating charges	(0.81)	(0.76)	(0.72)
Return after operating charges*	9.10	(1.15)	6.99
Distributions	(4.13)	(4.07)	(3.50)
Closing net asset value per share	114.20	109.23	114.45
*after direct transaction cost of:	-	0.00	0.00
<b>Performance</b>			
Return after charges	8.33%	(1.00)%	6.30%
<b>Other information</b>			
Closing net asset value (£000)	36,189	34,824	36,882
Closing number of shares	31,689,375	31,881,075	32,225,975
Operating charges#	0.73%	0.68%	0.64%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	115.50	116.10	115.70
Lowest share price	107.00	109.90	109.10

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class Q Income (Gross) converted from net to gross on 1st February 2017.



**Comparative Table**

(continued)

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class X - Income (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	105.98	111.04	107.66
Return before operating charges*	9.61	(0.37)	7.47
Operating charges	(0.67)	(0.62)	(0.58)
Return after operating charges*	8.94	(0.99)	6.89
Distributions	(4.12)	(4.07)	(3.51)
Closing net asset value per share	110.80	105.98	111.04
*after direct transaction cost of:	-	0.00	0.00
<b>Performance</b>			
Return after charges	8.44%	(0.89)%	6.40%
<b>Other information</b>			
Closing net asset value (£000)	679	671	771
Closing number of shares	612,606	633,106	694,106
Operating charges#	0.62%	0.57%	0.53%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	112.10	112.70	112.30
Lowest share price	103.90	106.70	105.80

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Income (Gross) converted from net to gross on 1st February 2017.

Prices for Share Class X Income (Gross) are not published externally, as this is an internal share class.

## IPS Higher Income Portfolio

### Statement of Total Return

for the year ended 31st October 2019

	Notes	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Income			
Net capital gains/(losses)	2	1,629	(1,691)
Revenue	3	1,440	1,407
Expenses	4	(88)	(87)
Interest payable and similar charges		-	-
Net revenue before taxation		1,352	1,320
Taxation	5	(4)	(3)
Net revenue after taxation		1,348	1,317
<b>Total return before distributions</b>		<b>2,977</b>	<b>(374)</b>
Distributions	6	(1,348)	(1,318)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>1,629</b>	<b>(1,692)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2019

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
<b>Opening net assets attributable to shareholders</b>	<b>35,515</b>	<b>37,674</b>
Amounts receivable on creation of shares	3,445	3,504
Less: Amounts payable on cancellation of shares	(3,699)	(3,972)
	(254)	(468)
Dilution adjustment	-	1
Change in net assets attributable to shareholders from investment activities	1,629	(1,692)
<b>Closing net assets attributable to shareholders</b>	<b>36,890</b>	<b>35,515</b>

Notes to the Financial Statements are on pages 186 to 192.

# IPS Higher Income Portfolio

## Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000	31/10/18 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		36,639	34,490
<b>Current assets</b>			
Debtors	8	517	129
Cash and bank balances		94	71
Cash equivalents‡		46	1,236
<b>Total assets</b>		<b>37,296</b>	<b>35,926</b>
<b>Liabilities</b>			
Provision for liabilities	9	(1)	(1)
<b>Creditors</b>			
Distribution payable		(383)	(380)
Other creditors	10	(22)	(30)
<b>Total liabilities</b>		<b>(406)</b>	<b>(411)</b>
<b>Net assets attributable to shareholders</b>		<b>36,890</b>	<b>35,515</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 186 to 192.

## Notes to the Financial Statements

for the year ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Non-derivative securities	1,624	(1,696)
ACD's periodic charge rebates taken to capital	6	6
Transaction charges	(1)	(1)
Net capital gains/(losses)*	1,629	(1,691)

\*Includes realised gains of £18,000 and unrealised gains of £1,611,000 (31/10/18: realised gains of £697,000 and unrealised losses of £2,388,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

### 3. Revenue

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	263	223
Interest distributions	409	339
Offshore distributions	767	844
AMC rebates	1	1
Total revenue	1,440	1,407

### 4. Expenses

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	72	71
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	4	4
<b>Other expenses:</b>		
Audit fee	11	11
Registration fees	34	34
Expense capping adjustment†	(33)	(33)
	12	12
Total expenses	88	87

Expenses include irrecoverable VAT.

†From 9th May 2014 within the Q Income (Gross) share class no registration fee has been deducted and this has been borne by the ACD.

The PwC audit fee for the year, exclusive of VAT is £9,523 (31/10/18: £9,223).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**5. Taxation****(a) Analysis of charge in year:**

	<b>01/11/18 to 31/10/19 £000</b>	<b>01/11/17 to 31/10/18 £000</b>
Corporation tax	1	2
Double tax relief	(1)	(2)
Irrecoverable overseas tax	4	3
Total taxation (note 5b)	<u>4</u>	<u>3</u>

**(b) Factors affecting total tax charge for the year:**

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	1,352	1,320
Corporation tax of 20% (2018: 20%)	<u>270</u>	<u>264</u>
<b>Effects of:</b>		
Franked UK income*	(44)	(37)
Overseas non-taxable revenue*	(13)	(13)
Double tax relief	(1)	(2)
Irrecoverable overseas tax	4	3
Tax deductible interest distributions	(212)	(213)
Taxable income taken to capital	-	1
Total tax charge for year (note 5a)	<u>4</u>	<u>3</u>

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

Provision at the start of the year	1	1
Provision at the end of the year	<u>1</u>	<u>1</u>
Provision consists of:		
Revenue taxable in different periods	<u>1</u>	<u>1</u>

**6. Distributions**

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

	<b>01/11/18 to 31/10/19 £000</b>	<b>01/11/17 to 31/10/18 £000</b>
First interim	290	325
Second interim	341	311
Third interim	328	300
Final	<u>384</u>	<u>380</u>
	1,343	1,316
Add: Revenue deducted on cancellation of shares	21	23
Deduct: Revenue received on creation of shares	<u>(16)</u>	<u>(21)</u>
Net distributions for the year	<u>1,348</u>	<u>1,318</u>

Details of the distributions per share are set out in the Distribution Tables on pages 193 to 194.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**7. Movement between net revenue and net distributions**

	<b>01/11/18 to 31/10/19</b>	<b>01/11/17 to 31/10/18</b>
	<b>£000</b>	<b>£000</b>
Net revenue after taxation	1,348	1,317
Tax charge on rebates taken to capital	-	1
Net distributions for the year	<u>1,348</u>	<u>1,318</u>

**8. Debtors**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Sales awaiting settlement	340	-
Amounts receivable for issue of shares	25	-
Accrued revenue	139	105
Income tax receivable	10	21
Expense capping adjustment receivable	3	3
Total debtors	<u>517</u>	<u>129</u>

**9. Provision for liabilities**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Deferred taxation	<u>1</u>	<u>1</u>

**10. Other creditors**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	-	10
Accrued expenses	22	20
Total other creditors	<u>22</u>	<u>30</u>

for the year ended 31st October 2019

**11. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Lloyds Banking Group investments, which amount to £6,156 (31/10/18: £5,664).

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in notes 2 and 4, with £8,576 (31/10/18: £8,297) due at the year end.

Amounts paid by Scottish Widows Unit Trust Managers Limited in respect of the Expense capping adjustments are disclosed in note 4 with £2,843 (31/10/18: £2,748) due at the year end.

The Fund has a related party holding of 1,912,401 shares (31/10/18: 1,838,178 shares) and value of £3,162,217 (31/10/18: £2,875,552) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £125,291 (31/10/18: £100,913).

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the Fund's value were:

	31/10/19	31/10/18
	%	%
ACD and associates of the ACD	1.80	1.86

*Material Shareholders*

Boltro Nominees Limited held 77.36% of the Fund at 31st October 2019 (31/10/17: 74.39%).

Perry Nominees Limited held 20.10% of the Fund at 31st October 2019 (31/10/17: 23.76%).

**12. Share classes**

The Fund has four share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation (Gross):	0.35
Share Class P - Income (Gross):	0.20
Share Class Q - Income (Gross):	0.20
Share Class X - Income (Gross):	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 180 to 183.

The distributions per share class are given in the Distribution Tables on pages 193 to 194.

**Reconciliation of the shares movement in the year:**

	01/11/18			31/10/19
	Opening shares	Creations	Cancellations	Closing shares
	in issue			in issue
Share Class A - Accumulation (Gross)	7,500	-	-	7,500
Share Class P - Income (Gross)	9,500	-	-	9,500
Share Class Q - Income (Gross)	31,881,075	3,092,800	(3,284,500)	31,689,375
Share Class X - Income (Gross)	633,106	28,000	(48,500)	612,606

There are no conversions in the year to report.

for the year ended 31st October 2019

### 13. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments (31/10/18: £nil) and no contingent liabilities (31/10/18: £nil).

### 14. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 175. The risks inherent in the Fund's investment portfolio are as follows:

#### (a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at the 31st October 2019 the Fund's net foreign currency exposure was less than 10% of the Fund NAV and so no table of currency risk has been disclosed.

The Fund's net foreign currency exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the Fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the Fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Fund in circumstances where no such hedging transactions are undertaken.

#### (b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in regulated collective investment schemes. The cash flow from the Fund's investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating long term capital growth.

The Fund's net cash holding of £93,607 (31/10/18: holding £71,156) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The Fund did not have any long term financial liabilities.

#### (c) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

#### (d) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £366,853 (31/10/18: £357,262).

#### (e) Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.



## Notes to the Financial Statements

(continued)

for the year ended 31st October 2019

**14. Risk management policies, derivatives and other financial instruments (continued)**

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/19	31/10/18
	%	%
Gross leverage	98.45	99.53
Commitment leverage	98.57	99.73

*(f) Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**15. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/18 to 31/10/19	01/11/17 to 31/10/18	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000	£000	£000
Collective Investment Schemes	7,055	19,963	7,721	20,201
<b>Commissions</b>				
Collective Investment Schemes~	-	-	-	0
<b>Total net trades in the year after transaction costs</b>	<u>7,055</u>	<u>19,963</u>	<u>7,721</u>	<u>20,201</u>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of asset class trades**

	Purchases		Sales	
	01/11/18 to 31/10/19	01/11/17 to 31/10/18	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	%	%	%	%
<b>Commissions</b>				
Collective Investment Schemes	-	-	-	0.00

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	%	%
Commissions	-	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. Collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.00% (31/10/18: 0.00%).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**16. Fair value**

Valuation technique	31/10/19		31/10/18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	-	-	-	-
Level 2	36,685	-	35,726	-
Level 3	-	-	-	-
Total fair value	<u>36,685</u>	<u>-</u>	<u>35,726</u>	<u>-</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## IPS Higher Income Portfolio

### Distribution Tables

for the year ended 31st October 2019

#### Distribution in pence per share

Group 1 First interim Shares purchased prior to 1st November 2018  
 Second interim Shares purchased prior to 1st February 2019  
 Third interim Shares purchased prior to 1st May 2019  
 Final Shares purchased prior to 1st August 2019

Group 2 First interim Shares purchased on or between 1st November 2018 and 31st January 2019  
 Second interim Shares purchased on or between 1st February 2019 and 30th April 2019  
 Third interim Shares purchased on or between 1st May 2019 and 31st July 2019  
 Final Shares purchased on or between 1st August 2019 and 31st October 2019

#### Share Class A - Accumulation (Gross)

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
	(p)	(p)	(p)	(p)
Group 1				
First interim	-	-	-	-
Second interim	-	-	-	-
Third interim	-	-	-	-
Final	-	-	-	-
Group 2	(p)	(p)	(p)	(p)
First interim	1.0365	-	1.0365	1.1356
Second interim	1.2480	-	1.2480	1.0977
Third interim	1.1911	-	1.1911	1.0710
Final	1.4405	-	1.4405	1.3676

#### Share Class P - Income (Gross)

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
	(p)	(p)	(p)	(p)
Group 1				
First interim	-	-	-	-
Second interim	-	-	-	-
Third interim	-	-	-	-
Final	-	-	-	-
Group 2	(p)	(p)	(p)	(p)
First interim	0.8687	-	0.8687	0.9830
Second interim	1.0298	-	1.0298	0.9404
Third interim	0.9786	-	0.9786	0.9138
Final	1.1653	-	1.1653	1.1464

**Distribution Tables****(continued)**

for the year ended 31st October 2019

**Share Class Q - Income (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
First interim	0.8898	-	0.8898	1.0052
Second interim	1.0516	-	1.0516	0.9629
Third interim	0.9999	-	0.9999	0.9366
Final	1.1868	-	1.1868	1.1691
Group 2	(p)	(p)	(p)	(p)
First interim	0.3791	0.5107	0.8898	1.0052
Second interim	0.7322	0.3194	1.0516	0.9629
Third interim	0.5838	0.4161	0.9999	0.9366
Final	0.3882	0.7986	1.1868	1.1691

**Share Class X - Income (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
First interim	0.8921	-	0.8921	1.0057
Second interim	1.0490	-	1.0490	0.9626
Third interim	1.0003	-	1.0003	0.9388
Final	1.1822	-	1.1822	1.1645
Group 2	(p)	(p)	(p)	(p)
First interim	0.6928	0.1993	0.8921	1.0057
Second interim	1.0490	-	1.0490	0.9626
Third interim	0.9300	0.0703	1.0003	0.9388
Final	1.0536	0.1286	1.1822	1.1645

## Investment Markets Overview

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for the year ended 31st October 2019

### Investment Objective and Policy

The Fund aims to provide income with some potential for capital growth by investing indirectly through collective investment schemes and/or directly in a wide range of asset classes.

Between 55% and 85% of the Fund will provide exposure to fixed interest securities. This may include UK and overseas government and corporate bonds (including investment grade and high yield bonds\*), emerging market bonds, covered bonds and convertibles.

A maximum of 20% of the Fund may provide exposure to a shares (which may include UK, overseas and emerging markets shares).

A maximum of 20% of the Fund may provide exposure to UK and overseas property.

In addition the Fund may provide exposure to absolute return strategies\*\*, cash and cash like investments, commodities and private equity.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

The Investment Adviser may delegate some or all of its duties in respect of the Fund to one or more Sub-Advisers.

### *Collective Investment Schemes*

The Fund may invest substantially in other collective investment schemes. Such collective investment schemes are established principally in EEA Member States.

### *Use of derivatives*

Derivatives transactions may be used for the purposes of efficient portfolio management (as defined) (including hedging) and to meet the investment objectives of the Fund. Derivatives may be exchange traded or Over the Counter (OTC) derivatives.

The use of derivatives has the potential to increase or decrease the Fund's risk profile and could result in increased price volatility. The ACD employs a detailed risk management process to oversee and manage these derivative risks within the Fund. Investors should be prepared to accept the risks that derivative-related investment can create.

In particular, the Fund may use derivative transactions to achieve tactical exposure to the underlying assets which may result in the Fund having a large derivatives holding at any one time.

\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\* Absolute return strategies aim to provide positive returns regardless of market conditions.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk and the ACD's view of the prospects of each asset class.

The Fund is, however, used as part of the Schroders Personal Wealth Investment Portfolio Service, and when combined with another Fund it is managed to a multi asset benchmark for the portfolio as a whole. Reporting of performance against this portfolio benchmark is made available to investors as part of the Schroders Personal Wealth Investment Portfolio Service and is the appropriate way to assess the performance of the Fund.

If considered only on a stand-alone basis, investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period from 03.04.2018 to 28.01.2019 the Fund would have sat within the "Flexible Investment Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector.

for the year ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 3* because it has experienced low to medium levels of volatility over the past 5 years.  *As disclosed in the key investor information document dated 25th November 2019.	Typically lower rewards, lower risks							Typically higher rewards, higher risks						
	←							→						
	1	2	<b>3</b>	4	5	6	7							

**Investment Review**

Performance	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %
IPS Income Portfolio A Accumulation	7.08	(1.85)	4.00	4.83	1.39

Source: IPS Income Portfolio A Accumulation share price movement in GBP at valuation point. Basis: Gross revenue reinvested and net of expenses. Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The IPS Income Portfolio invests mainly in corporate bonds, although it also has smaller holdings in government bonds, equities and commercial property.

Global equity markets were up over the 12 months. Stocks in Europe, Latin America and the US performed particularly well. Those trading in the UK and Japan lagged in comparison. Over the period, political and economic concerns were to the fore. These ranged from Brexit to the escalation of the trade dispute between the US and China.

Early in the reporting period, a buoyant economy drove the strong performance of the US economy. While returns elsewhere were also positive, economic activity in other regions was muted. But towards the end of last year, markets across the globe weakened, erasing previous gains. Losses came as concerns resurfaced over political risks and the potential for rising interest rates. In particular, many questioned the decision to raise US rates in December, which came despite signs of faltering global growth.

Markets rebounded at the start of 2019, supported by a more favourable interest rate outlook and strong corporate profits. May brought a hiatus, with many markets tumbling on renewed fears about trade relations. In the UK, Prime Minister Theresa May announced her resignation. She was replaced by Boris Johnson.

Near the end of the period, the Federal Reserve moved to lower US interest rates, cutting the main rate in July, September and October. The European Central Bank also trimmed rates and announced bold new measures aimed at reviving the beleaguered Eurozone economy. Latterly, political developments dominated headlines. The US Democratic Party moved to impeach President Trump while, in the UK, the parliamentary furore over Brexit intensified and a general election was called for 12th December.

Bond markets performed well, producing higher returns than equities in many countries. Signs of faltering global growth raised hopes that central banks would re-instate economic stimulus measures in the form of bond purchases. Bonds also fared well due to their popularity in times of economic slowdown, which makes the fixed income that they pay an attractive quality for investors.

The performance of the Fund was negatively affected by the holdings in overseas bonds, which produced lower returns than the wider market.

On the upside, the relatively high weighting in index-linked bonds helped enhance returns, as the asset class performed comparatively well over the year.

We believe that the outlook for global growth has deteriorated. This reflects subdued activity data and rising political uncertainty. Even this gloomier outlook is dependent on several major central banks easing monetary policy and the trade war between the US and China not escalating further. However, while the balance of risks is to the downside, we believe there is a relatively low chance of a US recession over the next two years.

## **Investment Markets Overview**

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**(continued)**

for the year ended 31st October 2019

### **Investment Review (continued)**

Against this backdrop we continue to expect low returns from equity markets over the next three to five years. Similarly, the recent rise in bonds prices means that we now expect lower returns from bonds. A diversified approach therefore continues to make sense.

Aberdeen Investment Solutions Limited  
November 2019

# IPS Income Portfolio

## Portfolio Statement

as at 31st October 2019

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
<b>FINANCIALS (97.13%, 31/10/18 97.47%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Alternative Strategies Fund Q GBP Acc◊	4,766,632	47,557	3.10
Aberdeen Standard Corporate Bond Fund Q Inc◊	137,520,450	162,150	10.58
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund K-3 Inc±◊	2,955,557	2,956	0.19
Aberdeen Standard UK Equity Index Managed Fund Q Inc◊	8,172,488	13,079	0.85
Aberdeen UK Property Feeder Unit Trust J Inc◊	25,260,988	28,181	1.84
Amundi Emerging Markets Bond I2 GBP (Hedged)	37,847	36,630	2.39
Candriam Bonds Emerging Markets V2 GBP (Hedged) Dis	61,533	84,864	5.54
Candriam Bonds Total Return S GBP (Hedged) Acc	32,026	48,128	3.14
Eastspring US Corporate Bond Fund RGDM GBP (Hedged) Inc	20,805,234	209,238	13.66
iShares UK Gilts All Stocks Index Fund H Inc	40,673,613	48,930	3.19
JP Morgan Global Corporate Bond Fund I2 GBP (Hedged) Inc	821,917	84,370	5.51
Nordea 1 Diversified Return Fund BD GBP Acc	422,554	49,730	3.25
Payden Absolute Return Bond Fund GBP Acc	5,380,900	60,833	3.97
PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	14,553,177	204,327	13.34
Royal London Sterling Credit Fund Z Inc	55,066,873	78,911	5.15
Scottish Widows Multi-Manager Global Real Estate Securities Fund P Inct	8,623,995	17,714	1.16
Scottish Widows Multi-Manager International Equity Fund P Inct	8,747,656	30,862	2.02
Scottish Widows Multi-Manager UK Equity Focus Fund P Inct	11,855,552	23,545	1.54
Scottish Widows Multi-Manager UK Equity Income Fund P Inct	6,122,709	9,006	0.59
Standard Life Absolute Return Global Bond Strategies D GBP Acc◊	3,193,492	36,129	2.36
State Street Global Treasury Bond Index Fund I GBP (Hedged) Acc	7,233,294	77,409	5.05
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	539,508	5,721	0.37
Vontobel Fund - Commodity G GBP Acc	60,925	5,675	0.37
		1,365,945	89.16
<b>Exchange Traded Funds</b>			
iShares Core EUR Corporate Bond UCITS	19,602,881	104,268	6.81
L&G Longer Dated All Commodities UCITS	1,670,465	17,788	1.16
		122,056	7.97
<b>TOTAL FINANCIALS</b>		<b>1,488,001</b>	<b>97.13</b>
<b>FIXED INCOME (2.36%, 31/10/18 2.52%)</b>			
<b>Government Bonds</b>			
US Treasury 0.375% Inflation Indexed Bonds 15/01/2027	USD35,755,400	29,623	1.93
US Treasury 1% Inflation Indexed Bonds 15/02/2046	USD3,421,000	3,156	0.21
US Treasury 0.875% Inflation Indexed Bonds 15/02/2047	USD3,872,700	3,416	0.22
		36,195	2.36
<b>TOTAL FIXED INCOME</b>		<b>36,195</b>	<b>2.36</b>
<b>DERIVATIVES (0.30%, 31/10/18 -0.28%)</b>			
<b>Forward Currency Contracts</b>			
Bought JPY2,153,010,000 for GBP16,415,958 Settlement 12/12/2019		(1,042)	(0.07)
Sold JPY2,390,000,000 for GBP17,717,839 Settlement 07/11/2019		669	0.04



# IPS Income Portfolio

## Portfolio Statement

(continued)

as at 31st October 2019

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
Sold USD67,000,000 for GBP53,125,483 Settlement 07/11/2019		1,431	0.09
Sold USD21,706,000 for GBP17,568,454 Settlement 12/12/2019		840	0.06
		<hr/> 1,898	<hr/> 0.12
<b>Futures Contracts</b>			
EURO STOXX 50 Index Futures December 2019	(249)	(201)	(0.01)
MSCI Emerging Markets Index Futures December 2019	180	101	0.01
S&P 500 E Mini Index Futures December 2019	96	211	0.01
TOPIX Index Futures December 2019	134	1,277	0.08
UK Long Gilt Futures December 2019	81	(11)	0.00
US Treasury Ultra Bond Futures December 2019	(93)	770	0.05
US Treasury Note 10 Year Ultra Bond Futures December 2019	(248)	538	0.04
		<hr/> 2,685	<hr/> 0.18
<b>TOTAL DERIVATIVES</b>		<hr/> <b>4,583</b>	<hr/> <b>0.30</b>
<b>Portfolio of investments<sup>^</sup></b>		<hr/> <b>1,528,779</b>	<hr/> <b>99.79</b>
<b>Net other assets</b>		<hr/> <b>3,277</b>	<hr/> <b>0.21</b>
<b>Total net assets</b>		<hr/> <b>1,532,056</b>	<hr/> <b>100.00</b>

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 12).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## IPS Income Portfolio

### Material Portfolio Changes

for the year ended 31st October 2019

	Cost £000		Proceeds £000
<b>Major purchases</b>		<b>Major sales</b>	
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡	159,765	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡	214,604
iShares Core EUR Corporate Bond UCITS#	101,073	Aberdeen Standard Corporate Bond Fund Q Inc	104,585
JP Morgan Global Corporate Bond Fund C GBP (Hedged)	80,051	German Euro Bund Futures March 2019	51,152
Eastspring US Corporate Bond Fund RGDM GBP (Hedged) Inc	51,524	Fidelity Euro Corporate Bond Fund Y Inc	43,217
German Euro Bund Futures December 2018	50,881	US Treasury Note 10 Year Ultra Bond Futures September 2019	38,712
German Euro Bund Futures March 2019	50,816	Royal London Sterling Credit Fund Z Inc	37,397
US Treasury Note 10 Year Ultra Bond Futures September 2019	38,202	US Treasury Note 10 Year Ultra Bond Futures December 2019	29,330
German Euro Bund Futures September 2019	29,342	German Euro Bund Futures September 2019	27,236
German Euro Bund Futures June 2019	26,850	PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	27,099
UK Long Gilt Bond Futures March 2019	26,294	UK Long Gilt Bond Futures December 2018	26,472

Purchases and sales of Futures have been included at the value of their exposure.

‡Cash equivalents.

#Exchange Traded Fund.

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

# IPS Income Portfolio

## Comparative Table

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class A - Accumulation (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	132.81	135.19	130.11
Return before operating charges*	10.70	(1.17)	6.47
Operating charges	(1.28)	(1.21)	(1.19)
Return after operating charges*	9.42	(2.38)	5.28
Distributions	(3.05)	(2.81)	(3.38)
Retained distributions on accumulation shares	3.05	2.81	3.18
Closing net asset value per share	142.23	132.81	135.19
*after direct transaction cost of:	0.00	0.00	0.01
<b>Performance</b>			
Return after charges^	7.09%	(1.76)%	4.06%
<b>Other information</b>			
Closing net asset value (£000)	1,539	1,276	657
Closing number of shares	1,082,097	960,997	485,997
Operating charges#	0.93%	0.90%	0.90%
Direct transaction costs	0.00%	0.00%	0.01%
<b>Prices**</b>			
Highest share price	142.90	136.50	135.70
Lowest share price	131.40	132.50	127.90

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This can be different to the performance return stated in the Investment Market Review which is sourced from Aberdeen and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation (Gross) converted from net to gross on 1st February 2017.

**Comparative Table**

(continued)

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class P - Income (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	109.43	113.74	112.11
Return before operating charges*	8.73	(0.95)	5.54
Operating charges	(0.88)	(0.86)	(0.87)
Return after operating charges*	7.85	(1.81)	4.67
Distributions	(2.65)	(2.50)	(3.04)
Closing net asset value per share	114.63	109.43	113.74
*after direct transaction cost of:	0.00	0.00	0.01
<b>Performance</b>			
Return after charges	7.17%	(1.59)%	4.17%
<b>Other information</b>			
Closing net asset value (£000)	11	11	11
Closing number of shares	9,500	9,500	9,500
Operating charges#	0.79%	0.76%	0.76%
Direct transaction costs	0.00%	0.00%	0.01%
<b>Prices**</b>			
Highest share price	115.90	115.00	115.00
Lowest share price	108.30	109.90	110.20

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class P Income (Gross) converted from net to gross on 1st February 2017.

**Comparative Table**

(continued)

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class Q - Income (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	109.44	113.75	112.14
Return before operating charges*	8.75	(0.96)	5.53
Operating charges	(0.77)	(0.74)	(0.75)
Return after operating charges*	7.98	(1.70)	4.78
Distributions	(2.77)	(2.61)	(3.17)
Closing net asset value per share	114.65	109.44	113.75
*after direct transaction cost of:	0.00	0.00	0.01
<b>Performance</b>			
Return after charges	7.29%	(1.49)%	4.26%
<b>Other information</b>			
Closing net asset value (£000)	1,198,438	1,173,081	1,188,549
Closing number of shares	1,045,301,043	1,071,914,543	1,044,868,043
Operating charges#	0.69%	0.66%	0.66%
Direct transaction costs	0.00%	0.00%	0.01%
<b>Prices**</b>			
Highest share price	116.00	115.00	115.00
Lowest share price	108.30	109.90	110.30

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class Q Income (Gross) converted from net to gross on 1st February 2017.

**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>	<b>31/10/18</b>	<b>31/10/17</b>
	<b>(p)</b>	<b>(p)</b>	<b>(p)</b>
<b>Share Class X - Accumulation (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	129.50	131.36	126.01
Return before operating charges*	10.45	(1.13)	6.29
Operating charges	(0.78)	(0.73)	(0.72)
Return after operating charges*	9.67	(1.86)	5.57
Distributions	(3.45)	(3.18)	(3.73)
Retained distributions on accumulation shares	3.45	3.18	3.51
Closing net asset value per share	139.17	129.50	131.36
*after direct transaction cost of:	0.00	0.00	0.01
<b>Performance</b>			
Return after charges	7.47%	(1.42)%	4.42%
<b>Other information</b>			
Closing net asset value (£000)	332,068	309,269	296,628
Closing number of shares	238,602,079	238,814,579	225,814,579
Operating charges#	0.58%	0.55%	0.56%
Direct transaction costs	0.00%	0.00%	0.01%
<b>Prices**</b>			
Highest share price	139.80	132.80	131.80
Lowest share price	128.10	129.20	123.90

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation (Gross) converted from net to gross on 1st February 2017.

Prices for Share Class X Accumulation (Gross) are not published externally, as this is an internal share class.

## IPS Income Portfolio

### Statement of Total Return

for the year ended 31st October 2019

	Notes	01/11/18 to 31/10/19		01/11/17 to 31/10/18	
		£000	£000	£000	£000
Income					
Net capital gains/(losses)	2		70,399		(57,413)
Revenue	3	40,571		37,738	
Expenses	4	(2,772)		(2,779)	
Interest payable and similar charges		(36)		(58)	
Net revenue before taxation		37,763		34,901	
Taxation	5	(80)		(89)	
Net revenue after taxation			37,683		34,812
<b>Total return before distributions</b>			<b>108,082</b>		<b>(22,601)</b>
Distributions	6		(37,683)		(34,813)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>70,399</b>		<b>(57,414)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2019

	01/11/18 to 31/10/19		01/11/17 to 31/10/18	
	£000	£000	£000	£000
<b>Opening net assets attributable to shareholders</b>		<b>1,483,637</b>		<b>1,485,845</b>
Amounts receivable on creation of shares	38,659		86,234	
Less: Amounts payable on cancellation of shares	(68,979)		(38,534)	
		(30,320)		47,700
Dilution adjustment		3		16
Change in net assets attributable to shareholders from investment activities		70,399		(57,414)
Retained distributions on accumulation shares		8,337		7,490
<b>Closing net assets attributable to shareholders</b>		<b>1,532,056</b>		<b>1,483,637</b>

Notes to the Financial Statements are on pages 207 to 215.

# IPS Income Portfolio

## Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000	31/10/18 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments (excluding cash equivalents)‡		1,527,077	1,426,509
<b>Current assets</b>			
Debtors	8	10,470	5,372
Cash and bank balances	9	2,224	8,168
Cash equivalents‡		2,956	57,794
<b>Total assets</b>		<b>1,542,727</b>	<b>1,497,843</b>
<b>Liabilities</b>			
Investment liabilities		(1,254)	(4,931)
Provision for liabilities	10	(53)	(25)
<b>Creditors</b>			
Bank overdrafts		(388)	(72)
Distribution payable		(8,413)	(7,727)
Other creditors	11	(563)	(1,451)
<b>Total liabilities</b>		<b>(10,671)</b>	<b>(14,206)</b>
<b>Net assets attributable to shareholders</b>		<b>1,532,056</b>	<b>1,483,637</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 207 to 215.



## Notes to the Financial Statements

for the year ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Non-derivative securities	73,740	(55,557)
Futures contracts	(2,767)	(552)
Forward currency contracts	(693)	(1,623)
ACD's periodic charge rebates taken to capital	51	62
AMC rebates taken to capital	44	-
Currency gains	27	258
Transaction charges	(3)	(1)
Net capital gains/(losses)*	<u>70,399</u>	<u>(57,413)</u>

\*Includes realised losses of £6,001,000 and unrealised gains of £76,400,000 (31/10/18: realised gains of £12,210,000 and unrealised losses of £69,623,000). Included in realised losses for the year were unrealised gains/(losses) recognised in the prior accounting year.

### 3. Revenue

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Distributions from Regulated Collective Investment Schemes:		
Investment income	3,548	2,781
Interest distributions	10,606	12,714
Offshore distributions	25,269	20,898
Bank interest	25	27
HM Revenue and Customs interest	6	-
Interest on debt securities	953	1,086
AMC rebates	164	232
Total revenue	<u>40,571</u>	<u>37,738</u>

### 4. Expenses

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>2,278</u>	<u>2,299</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	163	160
Safe custody fees	12	15
	<u>175</u>	<u>175</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**4. Expenses (continued)**

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
<b>Other expenses:</b>		
Audit fee	11	11
Registration fees	1,436	1,424
Expense capping adjustment†	(1,128)	(1,130)
	<u>319</u>	<u>305</u>
Total expenses	<u>2,772</u>	<u>2,779</u>

Expenses include irrecoverable VAT.

†From 9th May 2014 within the Q Income (Gross) share class no registration fee has been deducted and this has been borne by the ACD.

The PwC audit fee for the year, exclusive of VAT is £9,523 (31/10/18: £9,223).

**5. Taxation****(a) Analysis of charge in year:**

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Corporation tax	7	44
Double tax relief	(7)	(44)
Irrecoverable overseas tax	52	103
Total current tax	<u>52</u>	<u>103</u>
Total deferred tax (note 5c)	<u>28</u>	<u>(14)</u>
Total taxation (note 5b)	<u>80</u>	<u>89</u>

**(b) Factors affecting total tax charge for the year:**

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	37,763	34,901
Corporation tax of 20% (2018: 20%)	7,553	6,980
<b>Effects of:</b>		
Franked UK income*	(452)	(315)
Overseas non-taxable revenue*	(124)	-
Double tax relief	(7)	(44)
Irrecoverable overseas tax	52	103
Tax deductible interest distributions	(6,961)	(6,647)
Taxable income taken to capital	19	12
Total tax charge for year (note 5a)	<u>80</u>	<u>89</u>

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

Provision at the start of the year	25	39
Deferred tax charge/(credit) in profit and loss account for the year (note 5a)	<u>28</u>	<u>(14)</u>
Provision at the end of the year	<u>53</u>	<u>25</u>
Provision consists of:		
Revenue taxable in different periods	<u>53</u>	<u>25</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**6. Distributions**

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

	<b>01/11/18 to 31/10/19</b>	<b>01/11/17 to 31/10/18</b>
	<b>£000</b>	<b>£000</b>
First interim	8,345	8,348
Second interim	7,996	8,276
Third interim	10,417	8,554
Final	10,825	9,841
	<hr/>	<hr/>
	37,583	35,019
Add: Revenue deducted on cancellation of shares	277	174
Deduct: Revenue received on creation of shares	(177)	(380)
	<hr/>	<hr/>
Net distributions for the year	<u>37,683</u>	<u>34,813</u>

*Details of the distributions per share are set out in the Distribution Tables on pages 216 to 217.*

**7. Movement between net revenue and net distributions**

	<b>01/11/18 to 31/10/19</b>	<b>01/11/17 to 31/10/18</b>
	<b>£000</b>	<b>£000</b>
Net revenue after taxation	37,683	34,812
Add: brought forward from previous year	-	1
	<hr/>	<hr/>
Net distributions for the year	<u>37,683</u>	<u>34,813</u>

**8. Debtors**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Sales awaiting settlement	3,000	-
Amounts receivable for issue of shares	4,203	422
Accrued revenue	2,744	3,382
AMC rebates receivable	44	116
Income tax receivable	382	1,357
Expense capping adjustment receivable	97	95
	<hr/>	<hr/>
Total debtors	<u>10,470</u>	<u>5,372</u>

**9. Cash and bank balances**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Cash and bank balances	2,224	890
Amounts held at futures clearing houses and brokers	-	7,278
	<hr/>	<hr/>
Total cash and bank balances	<u>2,224</u>	<u>8,168</u>

**10. Provision for liabilities**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Deferred taxation	53	25
	<hr/>	<hr/>

for the year ended 31st October 2019

**11. Other creditors**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Amounts payable for cancellation of shares	198	1,102
Accrued expenses	365	349
Total other creditors	<u>563</u>	<u>1,451</u>

**12. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Lloyds Banking Group investments, which amount to £50,942 (31/10/18: £61,486).

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees are disclosed in notes 2 and 4, with £315,002 (31/10/18: £309,202) due at the year end.

Amounts paid by Scottish Widows Unit Trust Managers Limited in respect of the Expense capping adjustment are disclosed in note 4 with £96,860 (31/10/18: £95,363) due at the year end.

The Fund has a related party holding of 35,349,912 shares (31/10/18: 34,108,590 shares) and value of £81,127,048 (31/10/18: £73,144,234) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £1,835,145 (31/10/18: £1,647,059).

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the Fund's value were:

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>%</b>	<b>%</b>
ACD and associates of the ACD	21.58	20.73

*Material Shareholders*

Boltro Nominees held 69.91% of the Fund at 31st October 2018 (31/10/18: 66.17%).

Perry Nominees held 10.97% of the Fund at 31st October 2018 (31/10/18: 13.02%).

**13. Share classes**

The Fund has four share classes in issue.

The ACD's periodic charge on each share class is as follows:

	<b>%</b>
Share Class A - Accumulation (Gross):	0.35
Share Class P - Income (Gross):	0.20
Share Class Q - Income (Gross):	0.20
Share Class X - Accumulation (Gross):	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 201 to 204.

The distributions per share class are given in the Distribution Tables on pages 216 to 217.

for the year ended 31st October 2019

### 13. Share classes (continued)

#### Reconciliation of the shares movement in the year:

	01/11/18 Opening shares in issue	Creations	Cancellations	31/10/19 Closing shares in issue
Share Class A - Accumulation (Gross)	960,997	1,231,100	(1,110,000)	1,082,097
Share Class P - Income (Gross)	9,500	-	-	9,500
Share Class Q - Income (Gross)	1,071,914,543	20,633,500	(47,247,000)	1,045,301,043
Share Class X - Accumulation (Gross)	238,814,579	10,554,000	(10,766,500)	238,602,079

There are no conversions in the year to report.

### 14. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments (31/10/18: £nil) and no contingent liabilities (31/10/18: £nil).

### 15. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 195. The risks inherent in the Fund's investment portfolio are as follows:

#### (a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 31st October 2019, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been a decrease or increase of approximately £76,531 (31/10/18: £57,785).

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/19 £000	Currency exposure 31/10/18 £000
Euro	(201)	(284)
Japanese yen	(397)	(1,475)
US dollar	(7,055)	(4,020)
Total	<u>(7,653)</u>	<u>(5,779)</u>

The Fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the Fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the Fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Fund in circumstances where no such hedging transactions are undertaken.

#### (b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in collective investment schemes and exchange traded funds. The cash flow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. Given that the Fund's objective is to seek capital growth, these cash flows are considered to be of secondary importance and are not actively managed.

The Fund's net cash holding of £2,224,202 (31/10/18: holding £889,882) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash overdraft at futures brokers of £387,724 (31/10/18: cash £7,206,623), whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**15. Risk management policies, derivatives and other financial instruments (continued)***(c) Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

<b>Financial derivative instrument exposure - fair value</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	2,897	761
Forward currency contracts	2,940	10
Total Financial derivative instrument exposure	<b>5,837</b>	<b>771</b>

<b>Financial derivative instrument exposure - notional</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Exchange traded derivatives	93,551	151,224
Forward currency contracts	70,097	71,335
Total Financial derivative instrument exposure	<b>163,648</b>	<b>222,559</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

<b>Efficient portfolio management techniques</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>163,648</b>	<b>222,559</b>

<b>Counterparties to financial derivative instruments and efficient portfolio management techniques</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Goldman Sachs International - Forward currency contracts	-	10
HSBC Bank - Forward currency contracts	1,229	(363)
Lloyds Bank - Forward currency contracts	669	-
Morgan Stanley - Forward currency contracts	-	(1,585)
State Street Bank and Trust Company - Forward currency contracts	-	(456)
Merrill Lynch - Futures contracts	2,685	(1,766)
Total counterparty exposure	<b>4,583</b>	<b>(4,160)</b>

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

<b>Collateral</b>	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:		
GBP Cash - Merrill Lynch	388	7,232
EUR Cash - Merrill Lynch~	0	(71)
JPY Cash - Merrill Lynch~	0	46
USD Cash - Merrill Lynch~	0	0

~The value is less than £500 and is therefore rounded down to £0.

for the year ended 31st October 2019

### 15. Risk management policies, derivatives and other financial instruments (continued)

#### (d) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

#### (e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £15,287,785 (31/10/18: £14,793,718).

#### (f) Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/19	31/10/18
	%	%
Gross leverage	110.80	114.87
Commitment leverage	105.59	108.62

#### (g) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**16. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Collective Investment Schemes	466,132	1,039,643	498,851	953,481
Fixed Income	-	18,771	5,167	47,449
<b>Trades in the year before transaction costs</b>	<b>466,132</b>	<b>1,058,414</b>	<b>504,018</b>	<b>1,000,930</b>
<b>Commissions</b>				
Collective Investment Schemes~	30	9	(4)	0
Futures	6	20	(7)	(19)
Total commissions	36	29	(11)	(19)
<b>Total net trades in the year after transaction costs</b>	<b>466,168</b>	<b>1,058,443</b>	<b>504,007</b>	<b>1,000,911</b>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of asset class trades**

	Purchases		Sales	
	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %
<b>Commissions</b>				
Collective Investment Schemes	0.01	0.00	0.00	0.00

**Total transaction cost expressed as a percentage of average net asset value**

	01/11/18 to 31/10/19 %	01/11/17 to 31/10/18 %
Commissions	0.00	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes and fixed income have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.01% (31/10/18: 0.01%).



**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**17. Fair value**

Valuation technique	31/10/19		31/10/18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	161,148	(212)	68,058	(2,526)
Level 2	1,368,885	(1,042)	1,416,245	(2,405)
Level 3	-	-	-	-
Total fair value	<u>1,530,033</u>	<u>(1,254)</u>	<u>1,484,303</u>	<u>(4,931)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## IPS Income Portfolio

### Distribution Tables

for the year ended 31st October 2019

#### Distribution in pence per share

Group 1 First interim Shares purchased prior to 1st November 2018  
 Second interim Shares purchased prior to 1st February 2019  
 Third interim Shares purchased prior to 1st May 2019  
 Final Shares purchased prior to 1st August 2019

Group 2 First interim Shares purchased on or between 1st November 2018 and 31st January 2019  
 Second interim Shares purchased on or between 1st February 2019 and 30th April 2019  
 Third interim Shares purchased on or between 1st May 2019 and 31st July 2019  
 Final Shares purchased on or between 1st August 2019 and 31st October 2019

#### Share Class A - Accumulation (Gross)

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
First interim	0.6567	-	0.6567	0.6679
Second interim	0.6356	-	0.6356	0.6667
Third interim	0.8564	-	0.8564	0.6849
Final	0.9041	-	0.9041	0.7865
Group 2	(p)	(p)	(p)	(p)
First interim	0.6567	-	0.6567	0.6679
Second interim	0.6356	-	0.6356	0.6667
Third interim	-	-	-	0.6849
Final	0.9041	-	0.9041	0.7865

#### Share Class P - Income (Gross)

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
First interim	-	-	-	-
Second interim	-	-	-	-
Third interim	-	-	-	-
Final	-	-	-	-
Group 2	(p)	(p)	(p)	(p)
First interim	0.5818	-	0.5818	0.5986
Second interim	0.5582	-	0.5582	0.5973
Third interim	0.7359	-	0.7359	0.6104
Final	0.7721	-	0.7721	0.6905

**Distribution Tables****(continued)**

for the year ended 31st October 2019

**Share Class Q - Income (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
First interim	0.6085	-	0.6085	0.6277
Second interim	0.5875	-	0.5875	0.6257
Third interim	0.7695	-	0.7695	0.6400
Final	0.8048	-	0.8048	0.7209
Group 2	(p)	(p)	(p)	(p)
First interim	0.1207	0.4878	0.6085	0.6277
Second interim	0.2148	0.3727	0.5875	0.6257
Third interim	0.4450	0.3245	0.7695	0.6400
Final	0.0363	0.7685	0.8048	0.7209

**Share Class X - Accumulation (Gross)**

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
First interim	0.7542	-	0.7542	0.7599
Second interim	0.7333	-	0.7333	0.7597
Third interim	0.9570	-	0.9570	0.7823
Final	1.0068	-	1.0068	0.8818
Group 2	(p)	(p)	(p)	(p)
First interim	0.1605	0.5937	0.7542	0.7599
Second interim	0.1194	0.6139	0.7333	0.7597
Third interim	0.3234	0.6336	0.9570	0.7823
Final	0.3181	0.6887	1.0068	0.8818

## Managed Growth Fund 2

### Investment Markets Overview

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for the year ended 31st October 2019

#### Investment Objective and Policy

The Fund aims to achieve capital growth by investing in a portfolio of collective investment schemes to achieve exposure to a wide range of investments, consisting of UK and Global fixed interest securities, shares and property assets, with some exposure to absolute return strategies\*.

\* Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 50% and 70% of the Fund will provide exposure to fixed interest securities. This will include UK and overseas investment grade corporate bond funds and also government bond funds. It may also include a small exposure to high yield\*\* corporate bond funds and emerging market bond funds.

Between 15% and 35% of the Fund will provide exposure to shares. This may consist of UK, overseas and emerging markets shares.

A maximum of 20% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies.

The Fund will normally be fully invested in the above asset classes however the ACD may invest a small part of the Fund's assets in cash and cash like investments in the interests of efficient fund management.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at the time.

The ACD is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by Scottish Widows Unit Trust Managers Limited (SWUTM) and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund. Although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending or hedging.

\*\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk and the ACD's view of the prospects of each asset class.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period from 12.02.2018 to 28.02.2019 the Fund would have sat within the "Mixed Investment 0-35% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

for the year ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 3* because it has experienced low to medium levels of volatility over the past 5 years.  *As disclosed in the key investor information document dated 6th August 2019.	Typically lower rewards, lower risks		Typically higher rewards, higher risks				
	←						→
	1	2	3	4	5	6	7

**Investment Review**

Performance	01/11/18 to 13/09/19 %	01/11/17 to 31/10/18 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %
Managed Growth Fund 2 L Accumulation	8.52	(1.03)	5.28	9.98	3.08

Source: Managed Growth Fund 2 L Accumulation share price movement in GBP at valuation point. Basis: Gross revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The Fund mainly invests in fixed-income securities, predominantly corporate bonds, although it also has holdings in UK and global equities and commercial property.

Early in the review period, monetary policy was unfavourable for corporate bonds. The Federal Reserve (the Fed) continued to unwind its huge Quantitative Easing (QE) programme and raised interest rates four times in 2018. However, from early 2019 there were growing indications that the Fed was adopting a more dovish stance to forestall the effects of a global slowdown. While the European Central Bank also halted its QE buying programme in December, a dovish tone from President Mario Draghi prompted markets to price in the prospect of further QE. Meanwhile, the prospect of further Bank of England rate hikes reduced amid mounting Brexit-related worries.

This led to a rally in risk assets, buoyed also by optimism around a US-China trade settlement. For the first three months of 2019, corporate bond markets delivered strong returns. However, returns were then flat in April, largely affected by Brexit uncertainties. In May, escalating global trade tensions came once more to the fore. Corporate bonds suffered as investors' appetite for risk fell, but recovered in June and July as market-friendly central bank policies led to a more constructive environment.

Towards the end of the 12-month review period, fixed income markets delivered some strong returns. These were fuelled by collapsing government bond yields across developed markets and stable credit spreads in most higher-quality fixed income markets. Although yields were already lower than many investors thought possible, deteriorating economic data and the threat of further policy action caused a further re-pricing.

Global equity markets were up over the 12 months. Stocks in Europe, Latin America and the US performed particularly well. Those trading in the UK and Japan lagged in comparison. Over the period, political and economic concerns were to the fore. These ranged from Brexit to the escalation of the trade dispute between the US and China.

The performance of the Fund was negatively affected by stock selection with the property holdings, which fell slightly in value. On the upside, holdings in corporate bonds performed relatively well. The Fund's holdings rose in value by more than the wider market.

We believe that the outlook for global growth has deteriorated. This reflects subdued activity data and rising political uncertainty. Even this gloomier outlook is dependent on several major central banks easing monetary policy and the trade war between the US and China not escalating further. However, while the balance of risks is to the downside, we believe there is a relatively low chance of a US recession over the next two years.

## **Investment Markets Overview**

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**(continued)**

for the year ended 31st October 2019

### **Investment Review (continued)**

Against this backdrop we continue to expect low returns from equity markets over the next three to five years. Similarly, the recent rise in bonds prices means that we now expect lower returns from bonds. A diversified approach therefore continues to make sense.

Aberdeen Investment Solutions Limited  
November 2019

## Managed Growth Fund 2

### Material Portfolio Changes

for the year ended 31st October 2019

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Scottish Widows Corporate Bond Fund W Gross Acct	1,590	Scottish Widows Corporate Bond Fund W Gross Acct	11,137
Scottish Widows Corporate Bond 1 Fund W Gross Acct	850	Scottish Widows Corporate Bond 1 Fund W Gross Acct	6,001
Scottish Widows UK All Share Tracker Fund X Acct	775	Scottish Widows UK All Share Tracker Fund X Acct	4,208
Aberdeen UK Property Feeder Unit Trust J Inc	650	Aberdeen UK Property Feeder Unit Trust J Inc	2,972
Scottish Widows Fundamental Index Global Equity Fund X Acct	300	Scottish Widows UK Fixed Interest Tracker Fund W Gross Acct	2,587
Scottish Widows UK Fixed Interest Tracker Fund W Gross Acct	290	Scottish Widows Fundamental Index Global Equity Fund X Acct	1,782
Scottish Widows European Growth Fund X Acct	200	Aberdeen Standard Emerging Markets Local Currency Bond Fund Z Acc USD	1,090
Payden Absolute Return Bond Fund GBP Acc	151	Aberdeen Global High Yield Bond Fund Q Inc	992
Aberdeen Standard Emerging Markets Local Currency Bond Fund Z Acc USD	150	Scottish Widows International Equity Tracker Fund X Acct	983
Aberdeen Standard Emerging Markets Corporate Bond Fund IM GBP (Hedged) Inc	138	Aberdeen Standard Emerging Markets Corporate Bond Fund IM GBP (Hedged) Inc	913

†This investment is a related party (see note 11).

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Managed Growth Fund 2

### Comparative Table

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class L - Accumulation (Gross)</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	124.44	125.66	119.39
Return before operating charges*	10.85	(0.82)	6.82
Operating charges	(0.32)	(0.40)	(0.55)
Return after operating charges*	10.53	(1.22)	6.27
Distributions	(3.26)	(3.23)	(3.04)
Retained distributions on accumulation shares	3.26	3.23	3.04
Return to shareholder as a result of class closure	(134.97)	-	-
Closing net asset value per share	-	124.44	125.66
*after direct transaction cost of:	-	-	-
<b>Performance</b>			
Return after charges^	8.46%	(0.97)%	5.25%
<b>Other information</b>			
Closing net asset value (£000)	-	29,230	21,439
Closing number of shares	-	23,488,570	17,060,370
Operating charges#	0.29%	0.32%	0.45%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	135.80	127.90	126.60
Lowest share price	122.50	123.20	116.70

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This can be different to the performance return stated in the Investment Market Review which is sourced from Lipper and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class L Accumulation (Gross) was closed on 13th September 2019.



## Managed Growth Fund 2

### Statement of Total Return

for the year ended 31st October 2019

	Notes	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Income			
Net capital gains/(losses)	2	1,810	(950)
Revenue	3	855	724
Expenses	4	(54)	(53)
Interest payable and similar charges		-	-
Net revenue before taxation		801	671
Taxation	5	-	-
Net revenue after taxation		801	671
<b>Total return before distributions</b>		<b>2,611</b>	<b>(279)</b>
Distributions	6	(802)	(671)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>1,809</b>	<b>(950)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2019

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
<b>Opening net assets attributable to shareholders</b>	<b>29,230</b>	<b>21,439</b>
Assets transferred to SW Investment Solutions Funds ICVC	(36,306)	-
Amounts receivable on creation of shares	6,292	9,282
Less: Amounts payable on cancellation of shares	(1,869)	(1,272)
	4,423	8,010
Change in net assets attributable to shareholders from investment activities	1,809	(950)
Retained distributions on accumulation shares	844	731
<b>Closing net assets attributable to shareholders</b>	<b>-</b>	<b>29,230</b>

Notes to the Financial Statements are on pages 225 to 230.

## Managed Growth Fund 2

### Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000	31/10/18 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments*		-	29,136
<b>Current assets</b>			
Debtors	8	23	76
Cash and bank balances		170	36
<b>Total assets</b>		<b>193</b>	<b>29,248</b>
<b>Liabilities</b>			
Provision for liabilities	9	-	(2)
<b>Creditors</b>			
Other creditors	10	(193)	(16)
<b>Total liabilities</b>		<b>(193)</b>	<b>(18)</b>
<b>Net assets attributable to shareholders</b>		<b>-</b>	<b>29,230</b>

\*The Managed Growth Fund 2 was closed on 13th September 2019 and all holdings have been sold by way of a scheme of arrangement.

Notes to the Financial Statements are on pages 225 to 230.

## Managed Growth Fund 2

### Notes to the Financial Statements

for the year ended 31st October 2019

#### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

#### 2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000
Non-derivative securities	1,812	(951)
Currency (losses)/gains	(1)	1
Transaction charges	(1)	-
Net capital gains/(losses)*	1,810	(950)

\*Includes realised gains of £1,366,000 and unrealised gains of £444,000 (31/10/18: realised gains of £243,000 and unrealised losses of £1,193,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

#### 3. Revenue

	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000
Distributions from Regulated Collective Investment Schemes:		
Investment income	210	252
Interest distributions	517	421
Offshore distributions	86	22
Registration fee rebate	16	11
AMC rebates	26	18
Total revenue	855	724

#### 4. Expenses

	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	41	40
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	3	3
<b>Other expenses:</b>		
Audit fee	10	10
Total expenses	54	53

Expenses include irrecoverable VAT.

The PwC audit fee for the year, exclusive of VAT is £7,413 (31/10/18: £8,966).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**5. Taxation**

**(a) Analysis of charge in year:**

	<b>01/11/18 to 31/10/19 £000</b>	<b>01/11/17 to 31/10/18 £000</b>
Corporation tax	2	1
Total deferred tax (note 5c)	(2)	(1)
Total taxation (note 5b)	-	-

**(b) Factors affecting total tax charge for the year:**

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	801	671
Corporation tax of 20% (2018: 20%)	160	134
<b>Effects of:</b>		
Franked UK income*	(28)	(39)
Overseas non-taxable revenue*	(2)	-
Tax deductible interest distributions	(130)	(95)
Total tax charge for year (note 5a)	-	-

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

Provision at the start of the year	2	3
Deferred tax credit in profit and loss account for the year (note 5a)	(2)	(1)
Provision at the end of the year	-	2
Provision consists of:		
Revenue taxable in different periods	-	2

**6. Distributions**

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

	<b>01/11/18 to 31/10/19 £000</b>	<b>01/11/17 to 31/10/18 £000</b>
Interim	473	380
Final	371	351
	844	731
Add: Revenue deducted on cancellation of shares	11	9
Deduct: Revenue received on creation of shares	(53)	(69)
Net distributions for the year	802	671

Details of the distributions per share are set out in the Distribution Table on page 231.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**7. Movement between net revenue and net distributions**

	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000
Net revenue after taxation	801	671
Undistributed revenue	(13)	-
Net distributions for the year	<u>788</u>	<u>671</u>

**8. Debtors**

	31/10/19	31/10/18
	£000	£000
Amounts receivable for issue of shares	-	22
Accrued revenue	-	30
AMC rebates receivable	1	4
Income tax receivable	22	20
Total debtors	<u>23</u>	<u>76</u>

**9. Provision for liabilities**

	31/10/19	31/10/18
	£000	£000
Deferred taxation	-	2

**10. Other creditors**

	31/10/19	31/10/18
	£000	£000
Accrued expenses	11	15
Corporation tax payable	2	1
Creditors from conversion	180	-
Total other creditors	<u>193</u>	<u>16</u>

**11. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in note 4, with £nil (31/10/18: £3,734) due at the year end.

Amounts paid by Scottish Widows Unit Trust Managers Limited in respect of the registration fee rebate received from underlying investments are disclosed in note 3 with £nil receivable (31/10/18: £1,406) due at the year end.

The Fund has a related party holding of nil shares (31/10/18: 15,656,168 shares) and value of £nil (31/10/18: £22,527,776) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £601,396 (31/10/18: £473,924).

*Shares held by associates of the ACD*

There were no shares held by the ACD and associates of the ACD in the Fund at the current and prior year.

*Material Shareholders*

Minster Nominees Limited held 0.00% of the Fund at 31st October 2019 (31/10/18: 100.00%).

for the year ended 31st October 2019

## 12. Share classes

The Fund has one share classes in issue.

The ACD's periodic charge on each share class is as follows:

Share Class L - Accumulation (Gross):	%
	0.15

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on page 222.

The distributions per share class are given in the Distribution Table on page 231.

### Reconciliation of the shares movement in the year:

	01/11/18 Opening shares in issue	Creations	Cancellations	31/10/19 Closing shares in issue
Share Class L - Accumulation (Gross)	23,488,570	4,887,700	(28,376,270)	-

There are no conversions in the year to report.

## 13. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments (31/10/18: £nil) and no contingent liabilities (31/10/18: £nil).

## 14. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 218. The risks inherent in the Fund's investment portfolio are as follows:

### (a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at the 31st October 2019 the Fund's net foreign currency exposure was less than 10% of the Fund NAV and so no table of currency risk has been disclosed.

The Fund's net foreign currency exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

### (b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in collective investment schemes. The cash flow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. Given that the Fund's objective is to seek capital growth, these cash flows are considered to be of secondary importance and are not actively managed.

The Fund's net cash holding of £169,605 (31/10/18: holding £36,159) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

### (c) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

for the year ended 31st October 2019

#### 14. Risk management policies, derivatives and other financial instruments (continued)

##### (d) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £nil (31/10/18: £291,360).

##### (e) Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/19	31/10/18
	%	%
Gross leverage	n/a	99.72
Commitment leverage	n/a	99.72

##### (f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

#### 15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Collective Investment Schemes	5,651	20,562	37,256	12,342
<b>Total net trades in the year</b>	<b>5,651</b>	<b>20,562</b>	<b>37,256</b>	<b>12,342</b>

There were no transactions costs incurred during the year (31/10/18: £nil).

##### Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.00% (31/10/18: 0.00%).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**16. Fair value**

Valuation technique	31/10/19		31/10/18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	-	-	-	-
Level 2	-	-	29,136	-
Level 3	-	-	-	-
Total fair value	-	-	29,136	-

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.



## Managed Growth Fund 2

### Distribution Table

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for the year ended 31st October 2019

#### Distribution in pence per share

Group 1 Interim Shares purchased prior to 1st November 2018

Final Shares purchased prior to 1st May 2019

Group 2 Interim Shares purchased on or between 1st November 2018 and 30th April 2019

Final Shares purchased on or between 1st May 2019 and 13th September 2019

#### Share Class L - Accumulation (Gross)

	Gross revenue	Equalisation	Distributions paid to 13/11/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
Interim	1.8835	-	1.8835	1.7371
Final	1.3768	-	1.3768	1.4964
Group 2	(p)	(p)	(p)	(p)
Interim	0.7305	1.1530	1.8835	1.7371
Final	0.5916	0.7852	1.3768	1.4964

## Managed Growth Fund 4

### Investment Markets Overview

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for the year ended 31st October 2019

#### Investment Objective and Policy

The Fund aims to achieve capital growth by investing in a portfolio of collective investment schemes to achieve exposure to a wide range of investments, consisting of UK and Global shares and fixed interest securities, with the remainder in property assets and some exposure to absolute return strategies\*.

\* Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 40% and 60% of the Fund will provide exposure to shares. This may consist of UK, overseas and emerging markets shares.

Between 25% and 45% of the Fund will provide exposure to fixed interest securities. This will include UK and overseas investment grade corporate bond funds and also government bond funds. It may also include a small exposure to high yield\*\* corporate bond funds and emerging market bond funds.

A maximum of 20% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies.

The Fund will normally be fully invested in the above asset classes however the ACD may invest a small part of the Fund's assets in cash and cash like investments in the interests of efficient fund management.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at the time.

The ACD is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by Scottish Widows Unit Trust Managers Limited (SWUTM) and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund. Although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending or hedging.

\*\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk and the ACD's view of the prospects of each asset class.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period from 12.02.2018 to 28.02.2019 the Fund would have sat within the "Mixed Investment 20-60% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

for the year ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 4* because it has experienced medium levels of volatility over the past 5 years.  *As disclosed in the key investor information document dated 6th August 2019.	Typically lower rewards, lower risks			Typically higher rewards, higher risks			
	←			→			
	1	2	3	4	5	6	7

**Investment Review**

Performance	01/11/18 to 13/09/19 %	01/11/17 to 31/10/18 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %
Managed Growth Fund 4 L Accumulation	8.65	(1.81)	8.63	10.17	3.31

Source: Managed Growth Fund 4 L Accumulation share price movement in GBP at valuation point. Basis: Net revenue reinvested and net of expenses. Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Approximately half of the Fund is invested in equities, with the UK market representing the largest single position. The rest of the Fund is invested in global equities, fixed-income securities (predominantly corporate bonds) and commercial property.

Global equity markets were up over the 12 months. Stocks in Europe, Latin America and the US performed particularly well. Those trading in the UK and Japan lagged in comparison. Over the period, political and economic concerns were to the fore. These ranged from Brexit to the escalation of the trade dispute between the US and China.

Early in the reporting period, a buoyant economy drove the strong performance of the US economy. While returns elsewhere were also positive, economic activity in other regions was muted. But towards the end of last year, markets across the globe weakened, erasing previous gains. Losses came as concerns resurfaced over political risks and the potential for rising interest rates. In particular, many questioned the decision to raise US rates in December, which came despite signs of faltering global growth.

Markets rebounded at the start of 2019, supported by a more favourable interest rate outlook and strong corporate profits. May brought a hiatus, with many markets tumbling on renewed fears about trade relations. In the UK, Prime Minister Theresa May announced her resignation. She was replaced by Boris Johnson.

Near the end of the period, the Federal Reserve moved to lower US interest rates, cutting the main rate in July, September and October. The European Central Bank also trimmed rates and announced bold new measures aimed at reviving the beleaguered Eurozone economy. Latterly, political developments dominated headlines. The US Democratic Party moved to impeach President Trump while, in the UK, the parliamentary furore over Brexit intensified and a general election was called for 12th December.

Bond markets performed well, producing higher returns than equities in many countries. Signs of faltering global growth raised hopes that central banks would re-instate economic stimulus measures in the form of bond purchases. Bonds also fared well due to their popularity in times of economic slowdown, which makes the fixed income that they pay an attractive quality for investors.

The performance of the Fund was negatively affected by stock selection within the property portfolio. Returns lagged behind the wider market, thereby detracting from returns.

We believe that the outlook for global growth has deteriorated. This reflects subdued activity data and rising political uncertainty. Even this gloomier outlook is dependent on several major central banks easing monetary policy and the trade war between the US and China not escalating further. However, while the balance of risks is to the downside, we believe there is a relatively low chance of a US recession over the next two years.

**Investment Markets Overview**

(continued)

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for the year ended 31st October 2019

**Investment Review (continued)**

Against this backdrop we continue to expect low returns from equity markets over the next three to five years. Similarly, the recent rise in bonds prices means that we now expect lower returns from bonds. A diversified approach therefore continues to make sense.

Aberdeen Investment Solutions Limited  
November 2019

## Managed Growth Fund 4

### Material Portfolio Changes

for the year ended 31st October 2019

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Scottish Widows UK All Share Tracker Fund X Acct†	2,375	Scottish Widows UK All Share Tracker Fund X Acct†	16,686
Scottish Widows Corporate Bond Fund W Gross Acct	2,075	Scottish Widows Corporate Bond Fund W Gross Acct	15,113
Aberdeen UK Property Feeder Unit Trust J Inc◇	1,350	Aberdeen UK Property Feeder Unit Trust J Inc◇	6,418
Scottish Widows Emerging Markets Fund X Acct†	840	Scottish Widows Corporate Bond 1 Fund W Gross Acct†	6,276
Scottish Widows Corporate Bond 1 Fund W Gross Acct†	700	Scottish Widows International Equity Tracker Fund X Acct†	5,982
Aberdeen Standard Global High Yield Bond Fund Q Inc◇	650	Scottish Widows Fundamental Index Global Equity Fund X Acct†	5,212
Scottish Widows Fundamental Index Global Equity Fund X Acct†	625	Aberdeen Standard Global High Yield Bond Fund Q Inc◇	3,854
Scottish Widows International Equity Tracker Fund X Acct†	500	Scottish Widows European Growth Fund X Acct†	3,746
Scottish Widows Japan Growth Fund X Acct†	450	Scottish Widows Emerging Markets Fund X Acct†	3,672
Aberdeen Standard Emerging Markets Corporate Bond Fund IM GBP (Hedged) Inc◇	427	Scottish Widows Japan Growth Fund X Acct†	3,122

†This investment is a related party (see note 10).

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Managed Growth Fund 4

### Comparative Table

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class L - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	124.76	127.08	116.93
Return before operating charges*	11.09	(1.96)	10.65
Operating charges	(0.29)	(0.36)	(0.50)
Return after operating charges*	10.80	(2.32)	10.15
Distributions	(2.67)	(3.00)	(2.91)
Retained distributions on accumulation shares	2.67	3.00	2.91
Return to shareholder as a result of class closure	(135.56)	-	-
Closing net asset value per share	-	124.76	127.08
*after direct transaction cost of:	-	-	-
<b>Performance</b>			
Return after charges^	8.66%	(1.83)%	8.68%
<b>Other information</b>			
Closing net asset value (£000)	-	62,468	43,039
Closing number of shares	-	50,070,044	33,868,044
Operating charges#	0.26%	0.28%	0.40%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	136.90	130.30	127.20
Lowest share price	121.20	122.70	114.50

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This can be different to the performance return stated in the Investment Market Review which is sourced from Lipper and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class L Accumulation was closed on 13th September 2019.

## Managed Growth Fund 4

### Statement of Total Return

for the year ended 31st October 2019

	Notes	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Income			
Net capital gains/(losses)	2	4,357	(2,389)
Revenue	3	1,729	1,535
Expenses	4	(105)	(100)
Interest payable and similar charges		-	-
Net revenue before taxation		1,624	1,435
Taxation	5	(216)	(146)
Net revenue after taxation		1,408	1,289
<b>Total return before distributions</b>		<b>5,765</b>	<b>(1,100)</b>
Distributions	6	(1,410)	(1,289)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>4,355</b>	<b>(2,389)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2019

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
<b>Opening net assets attributable to shareholders</b>	<b>62,468</b>	<b>43,039</b>
Assets transferred to SW Investment Solutions Funds ICVC	(77,721)	-
Amounts receivable on creation of shares	11,742	21,541
Less: Amounts payable on cancellation of shares	(2,325)	(1,135)
	9,417	20,406
Dilution adjustment	-	1
Change in net assets attributable to shareholders from investment activities	4,355	(2,389)
Retained distributions on accumulation shares	1,481	1,411
<b>Closing net assets attributable to shareholders</b>	<b>-</b>	<b>62,468</b>

Notes to the Financial Statements are on pages 239 to 243.

## Managed Growth Fund 4

### Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000	31/10/18 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments*		-	62,258
<b>Current assets</b>			
Debtors	7	92	118
Cash and bank balances		337	305
<b>Total assets</b>		<b>429</b>	<b>62,681</b>
<b>Liabilities</b>			
Provision for liabilities	8	-	(4)
<b>Creditors</b>			
Other creditors	9	(429)	(209)
<b>Total liabilities</b>		<b>(429)</b>	<b>(213)</b>
<b>Net assets attributable to shareholders</b>		<b>-</b>	<b>62,468</b>

\*The Managed Growth Fund 4 was closed on 13th September 2019 and all holdings have been sold by way of a scheme of arrangement.

Notes to the Financial Statements are on pages 239 to 243.



## Notes to the Financial Statements

for the year ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000
Non-derivative securities	4,356	(2,390)
Currency gains	2	1
Transaction charges	(1)	-
Net capital gains/(losses)*	<u>4,357</u>	<u>(2,389)</u>

\*Includes realised gains of £3,586,000 and unrealised gains of £771,000 (31/10/18: realised gains of £546,000 and unrealised losses of £2,935,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

### 3. Revenue

	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000
Distributions from Regulated Collective Investment Schemes:		
Investment income	684	819
Interest distributions	769	603
Offshore distributions	177	46
Registration fee rebate	36	24
AMC rebates	63	43
Total revenue	<u>1,729</u>	<u>1,535</u>

### 4. Expenses

	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>89</u>	<u>83</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	<u>6</u>	<u>6</u>
<b>Other expenses:</b>		
Audit fee	<u>10</u>	<u>11</u>
Total expenses	<u>105</u>	<u>100</u>

Expenses include irrecoverable VAT.

The PwC audit fee for the year, exclusive of VAT is £7,413 (31/10/18: £8,966).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**5. Taxation**

**(a) Analysis of charge in year:**

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Corporation tax	220	147
Total deferred tax (note 5c)	(4)	(1)
Total taxation (note 5b)	<u>216</u>	<u>146</u>

**(b) Factors affecting total tax charge for the year:**

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	1,624	1,435
Corporation tax of 20% (2018: 20%)	325	287
<b>Effects of:</b>		
Franked UK income*	(103)	(141)
Overseas non-taxable revenue*	(6)	-
Total tax charge for year (note 5a)	<u>216</u>	<u>146</u>

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

Provision at the start of the year	4	5
Deferred tax credit in profit and loss account for the year (note 5a)	(4)	(1)
Provision at the end of the year	<u>-</u>	<u>4</u>
Provision consists of:		
Revenue taxable in different periods	<u>-</u>	<u>4</u>

**6. Distributions**

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

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Interim	904	752
Final	577	659
	<u>1,481</u>	<u>1,411</u>
Add: Revenue deducted on cancellation of shares	11	8
Deduct: Revenue received on creation of shares	(82)	(130)
Net distributions for the year	<u>1,410</u>	<u>1,289</u>

Details of the distributions per share are set out in the Distribution Table on page 244.

**7. Debtors**

	31/10/19 £000	31/10/18 £000
Accrued revenue	55	84
AMC rebates receivable	1	7
Income tax receivable	36	27
Total debtors	<u>92</u>	<u>118</u>

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**8. Provision for liabilities**

	31/10/19	31/10/18
	£000	£000
Deferred taxation	-	4

**9. Other creditors**

	31/10/19	31/10/18
	£000	£000
Amounts payable for cancellation of shares	-	43
Accrued expenses	10	20
Corporation tax payable	220	146
Creditors from conversion	199	-
Total other creditors	429	209

**10. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in note 4, with £nil (31/10/18: £8,015) due at the year end.

Amounts paid by Scottish Widows Unit Trust Managers Limited in respect of the registration fee rebate received from underlying investments are disclosed in note 3 with £nil receivable (31/10/18: £3,218) due at the year end.

The Fund has a related party holding of nil shares (31/10/18: 25,490,812 shares) and value of £nil (31/10/18: £46,667,920) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £1,090,891 (31/10/18: £947,478).

*Shares held by associates of the ACD*

There were no shares held by the ACD and associates of the ACD in the Fund at the current and prior year.

*Material Shareholders*

Minster Nominees Limited held 0.00% of the Fund at 31st October 2019 (31/10/18: 100.00%).

**11. Share classes**

The Fund has one share classes in issue.

The ACD's periodic charge on each share class is as follows:

Share Class L - Accumulation:	%
	0.15

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on page 236.

The distributions per share class are given in the Distribution Table on page 244.

**Reconciliation of the shares movement in the year:**

	01/11/18			31/10/19
	Opening shares	Creations	Cancellations	Closing shares
	in issue			in issue
Share Class L - Accumulation	50,070,044	9,095,300	(59,165,344)	-

There are no conversions in the year to report.

for the year ended 31st October 2019

## 12. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments (31/10/18: £nil) and no contingent liabilities (31/10/18: £nil).

## 13. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 232. The risks inherent in the Fund's investment portfolio are as follows:

### (a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at the 31st October 2019 the Fund's net foreign currency exposure was less than 10% of the Fund NAV and so no table of currency risk has been disclosed.

The Fund's net foreign currency exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

### (b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in collective investment schemes. The cash flow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. Given that the Fund's objective is to seek capital growth, these cash flows are considered to be of secondary importance and are not actively managed.

The Fund's net cash holding of £336,697 (31/10/18: holding £304,979) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

### (c) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

### (d) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £nil (31/10/18: £622,580).

### (e) Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

## Notes to the Financial Statements

(continued)

for the year ended 31st October 2019

**13. Risk management policies, derivatives and other financial instruments (continued)**

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/19	31/10/18
	%	%
Gross leverage	n/a	99.63
Commitment leverage	n/a	100.06

*(f) Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**14. Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/18 to 31/10/19	01/11/17 to 31/10/18	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000	£000	£000
Collective Investment Schemes	11,298	44,535	79,115	23,488
<b>Total net trades in the year</b>	<b>11,298</b>	<b>44,535</b>	<b>79,115</b>	<b>23,488</b>

There were no transactions costs incurred during the year (31/10/18: £nil).

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.00% (31/10/18: 0.00%).

**15. Fair value**

Valuation technique	31/10/19		31/10/18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	-	-	-	-
Level 2	-	-	62,258	-
Level 3	-	-	-	-
Total fair value	-	-	62,258	-

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Managed Growth Fund 4

### Distribution Table

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for the year ended 31st October 2019

#### Distribution in pence per share

Group 1 Interim Shares purchased prior to 1st November 2018  
Final Shares purchased prior to 1st May 2019

Group 2 Interim Shares purchased on or between 1st November 2018 and 30th April 2019  
Final Shares purchased on or between 1st May 2019 and 13th September 2019

#### Share Class L - Accumulation

	Net revenue	Equalisation	Distributions paid to 13/11/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
Interim	1.6684	-	1.6684	1.6805
Final	1.0064	-	1.0064	1.3155
Group 2	(p)	(p)	(p)	(p)
Interim	0.6752	0.9932	1.6684	1.6805
Final	0.4349	0.5715	1.0064	1.3155

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Interim - 47.57% of the dividend, is received as franked investment income.

Interim - 52.43% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Final - 27.03% of the dividend, is received as franked investment income.

Final - 72.70% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.27% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

## Managed Growth Fund 6

### Investment Markets Overview

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for the year ended 31st October 2019

#### Investment Objective and Policy

The Fund aims to achieve capital growth by investing in a portfolio of collective investment schemes to achieve exposure to a wide range of investments, consisting of UK and Global shares, plus fixed interest securities and property assets with some exposure to absolute return strategies\*.

\* Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 65% and 85% of the Fund will provide exposure to shares. This may consist of UK, overseas and emerging markets shares.

A maximum of 25% of the Fund will provide exposure to fixed interest securities. This may include UK and overseas, including emerging market, government bond funds, together with investment grade and high yield\*\* corporate bond funds.

A maximum of 15% of the Fund will provide exposure to property. This may include UK and overseas property funds.

The Fund may also provide exposure to absolute return strategies.

The Fund will normally be fully invested in the above asset classes however the ACD may invest a small part of the Fund's assets in cash and cash like investments in the interests of efficient fund management.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at the time.

The ACD is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by Scottish Widows Unit Trust Managers Limited (SWUTM) and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund. Although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending or hedging.

\*\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk and the ACD's view of the prospects of each asset class.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period from 12.02.2018 to 28.02.2019 the Fund would have sat within the "Mixed Investment 40-85% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

for the year ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

The Fund is ranked at 4* because it has experienced medium levels of volatility over the past 5 years.  *As disclosed in the key investor information document dated 6th August 2019.	Typically lower rewards, lower risks							Typically higher rewards, higher risks						
	←	1	2	3	4	5	6	7	→					

**Investment Review**

Performance	01/11/18 to 13/09/19 %	01/11/17 to 31/10/18 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %
Managed Growth Fund 6 L Accumulation	9.77	(2.20)	11.03	12.61	3.43

Source: Managed Growth Fund 6 L Accumulation share price movement in GBP at valuation point. Basis: Net revenue reinvested and net of expenses. Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The Fund mainly invests in UK equities, but it also has holdings in global equities, corporate bonds and commercial property.

Global equity markets were up over the 12 months. Stocks in Europe, Latin America and the US performed particularly well. Those trading in the UK and Japan lagged in comparison. Over the period, political and economic concerns were to the fore. These ranged from Brexit to the escalation of the trade dispute between the US and China.

Early in the reporting period, a buoyant economy drove the strong performance of the US economy. While returns elsewhere were also positive, economic activity in other regions was muted. But towards the end of last year, markets across the globe weakened, erasing previous gains. Losses came as concerns resurfaced over political risks and the potential for rising interest rates. In particular, many questioned the decision to raise US rates in December, which came despite signs of faltering global growth.

Markets rebounded at the start of 2019, supported by a more favourable interest rate outlook and strong corporate profits. May brought a hiatus, with many markets tumbling on renewed fears about trade relations. In the UK, Prime Minister Theresa May announced her resignation. She was replaced by Boris Johnson.

Near the end of the period, the Federal Reserve moved to lower US interest rates, cutting the main rate in July, September and October. The European Central Bank also trimmed rates and announced bold new measures aimed at reviving the beleaguered Eurozone economy. Latterly, political developments dominated headlines. The US Democratic Party moved to impeach President Trump while, in the UK, the parliamentary furore over Brexit intensified and a general election was called for 12th December.

The performance of the Fund was negatively affected by stock selection within the Japanese equities portion of the portfolio. The holdings within property also underperformed, failing to capture all of the wider property market's gains.

The Fund had a relatively large holding in cash, which was negative for performance, as bonds and equities outperformed cash.

We believe that the outlook for global growth has deteriorated. This reflects subdued activity data and rising political uncertainty. Even this gloomier outlook is dependent on several major central banks easing monetary policy and the trade war between the US and China not escalating further. However, while the balance of risks is to the downside, we believe there is a relatively low chance of a US recession over the next two years.

Against this backdrop, we continue to expect low returns from equity markets over the next three to five years. Similarly, the recent rise in bonds prices means that we now expect lower returns from bonds. A diversified approach therefore continues to make sense.



## Managed Growth Fund 6

### Material Portfolio Changes

for the year ended 31st October 2019

	<b>Cost £000</b>		<b>Proceeds £000</b>
<b>Major purchases</b>		<b>Major sales</b>	
Scottish Widows UK All Share Tracker Fund X Acct†	1,950	Scottish Widows UK All Share Tracker Fund X Acct†	17,278
Scottish Widows International Equity Tracker Fund X Acct†	800	Scottish Widows International Equity Tracker Fund X Acct†	10,930
Aberdeen Standard Global High Yield Bond Fund Q Inc◇	600	Scottish Widows Emerging Markets Fund X Acct†	4,321
Scottish Widows Japan Growth Fund X Acct†	550	Scottish Widows Japan Growth Fund X Acct†	3,674
Aberdeen UK Property Feeder Unit Trust J Inc◇	500	Scottish Widows European Growth Fund X Acct†	3,674
Scottish Widows Corporate Bond Fund W Gross Acct†	460	Scottish Widows Corporate Bond Fund W Gross Acct†	3,168
Scottish Widows Emerging Markets Fund X Acct†	450	Aberdeen Standard Global High Yield Bond Fund Q Inc◇	3,042
Scottish Widows European Growth Fund X Acct†	400	Aberdeen UK Property Feeder Unit Trust J Inc◇	2,785
Aberdeen Standard Emerging Markets Local Currency Bond Fund Z Acc USD◇	349	Aberdeen Standard UK All Share Tracker Fund B Acc◇	2,514
BNY Mellon Insight Global Absolute Return Fund W Acc	328	Scottish Widows Fundamental Index Global Equity Fund X Acct	1,911

†This investment is a related party (see note 10).

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Managed Growth Fund 6

### Comparative Table

as at 31st October 2019

	31/10/19 (p)	31/10/18 (p)	31/10/17 (p)
<b>Share Class L - Accumulation</b>			
<b>Change in net assets per share</b>			
Opening net asset value per share	128.98	131.92	118.82
Return before operating charges*	12.89	(2.58)	13.60
Operating charges	(0.29)	(0.36)	(0.50)
Return after operating charges*	12.60	(2.94)	13.10
Distributions	(2.39)	(2.86)	(3.00)
Retained distributions on accumulation shares	2.39	2.86	3.00
Return to shareholder as a result of class closure	(141.58)	-	-
Closing net asset value per share	-	128.98	131.92
*after direct transaction cost of:	-	-	-
<b>Performance</b>			
Return after charges^	9.77%	(2.23)%	11.03%
<b>Other information</b>			
Closing net asset value (£000)	-	47,891	32,101
Closing number of shares	-	37,130,259	24,333,659
Operating charges#	0.25%	0.27%	0.39%
Direct transaction costs	0.00%	0.00%	0.00%
<b>Prices**</b>			
Highest share price	143.90	137.30	132.20
Lowest share price	123.90	125.80	115.90

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This can be different to the performance return stated in the Investment Market Review which is sourced from Lipper and based on daily published prices.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class L Accumulation was closed on 13th September 2019.

## Managed Growth Fund 6

### Statement of Total Return

for the year ended 31st October 2019

	Notes	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Income			
Net capital gains/(losses)	2		(1,982)
Revenue	3	1,100	1,043
Expenses	4	(84)	(78)
Interest payable and similar charges		-	-
Net revenue before taxation		1,016	965
Taxation	5	(89)	(59)
Net revenue after taxation		927	906
<b>Total return before distributions</b>		<b>4,974</b>	<b>(1,076)</b>
Distributions	6	(927)	(906)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>4,047</b>	<b>(1,982)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2019

	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
<b>Opening net assets attributable to shareholders</b>	<b>47,891</b>	<b>32,101</b>
Assets transferred to SW Investment Solutions Funds ICVC	(59,003)	-
Amounts receivable on creation of shares	8,453	17,525
Less: Amounts payable on cancellation of shares	(2,354)	(748)
	6,099	16,777
Change in net assets attributable to shareholders from investment activities	4,047	(1,982)
Retained distributions on accumulation shares	966	995
<b>Closing net assets attributable to shareholders</b>	<b>-</b>	<b>47,891</b>

Notes to the Financial Statements are on pages 251 to 256.

## Managed Growth Fund 6

### Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000	31/10/18 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments*		-	47,712
<b>Current assets</b>			
Debtors	7	56	122
Cash and bank balances		140	187
<b>Total assets</b>		<b>196</b>	<b>48,021</b>
<b>Liabilities</b>			
Provision for liabilities	8	-	(2)
<b>Creditors</b>			
Other creditors	9	(196)	(128)
<b>Total liabilities</b>		<b>(196)</b>	<b>(130)</b>
<b>Net assets attributable to shareholders</b>		<b>-</b>	<b>47,891</b>

\*The Managed Growth Fund 6 was closed on 13th September 2019 and all holdings have been sold by way of a scheme of arrangement.

Notes to the Financial Statements are on pages 251 to 256.

## Managed Growth Fund 6

### Notes to the Financial Statements

for the year ended 31st October 2019

#### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

#### 2. Net capital gains/(losses)

The net capital gains/(losses) during the year comprise:

	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000
Non-derivative securities	4,049	(1,982)
Currency (losses)/gains	(1)	1
Transaction charges	(1)	(1)
Net capital gains/(losses)*	<u>4,047</u>	<u>(1,982)</u>

\*Includes realised gains of £4,180,000 and unrealised losses of £132,000 (31/10/18: realised gains of £421,000 and unrealised losses of £2,403,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

#### 3. Revenue

	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000
Distributions from Regulated Collective Investment Schemes:		
Investment income	628	727
Interest distributions	271	233
Offshore distributions	130	35
Registration fee rebate	33	22
AMC rebates	38	26
Total revenue	<u>1,100</u>	<u>1,043</u>

#### 4. Expenses

	01/11/18 to 31/10/19	01/11/17 to 31/10/18
	£000	£000
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>		
ACD's periodic charge	<u>68</u>	<u>63</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>		
Depositary's fees	<u>5</u>	<u>4</u>
<b>Other expenses:</b>		
Audit fee	<u>11</u>	<u>11</u>
Total expenses	<u>84</u>	<u>78</u>

Expenses include irrecoverable VAT.

The PwC audit fee for the year, exclusive of VAT is £7,413 (31/10/18: £8,966).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**5. Taxation****(a) Analysis of charge in year:**

	<b>01/11/18 to 31/10/19 £000</b>	<b>01/11/17 to 31/10/18 £000</b>
Corporation tax	91	60
Total deferred tax (note 5c)	(2)	(1)
Total taxation (note 5b)	<u>89</u>	<u>59</u>

**(b) Factors affecting total tax charge for the year:**

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2018: 20%). The differences are explained below:

Net revenue before taxation	1,016	965
Corporation tax of 20% (2018: 20%)	203	193
<b>Effects of:</b>		
Franked UK income*	(110)	(134)
Overseas non-taxable revenue*	(4)	-
Total tax charge for year (note 5a)	<u>89</u>	<u>59</u>

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

Provision at the start of the year	2	3
Deferred tax credit in profit and loss account for the year (note 5a)	(2)	(1)
Provision at the end of the year	<u>-</u>	<u>2</u>
Provision consists of:		
Revenue taxable in different periods	<u>-</u>	<u>2</u>

**6. Distributions**

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

	<b>01/11/18 to 31/10/19 £000</b>	<b>01/11/17 to 31/10/18 £000</b>
Interim	698	532
Final	268	463
	<u>966</u>	<u>995</u>
Add: Revenue deducted on cancellation of shares	9	3
Deduct: Revenue received on creation of shares	(48)	(92)
Net distributions for the year	<u>927</u>	<u>906</u>

Details of the distributions per share are set out in the Distribution Table on page 257.

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**7. Debtors**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Amounts receivable for issue of shares	-	51
Accrued revenue	41	55
AMC rebates receivable	1	4
Income tax receivable	14	12
Total debtors	<u>56</u>	<u>122</u>

**8. Provision for liabilities**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Deferred taxation	-	2

**9. Other creditors**

	<b>31/10/19</b>	<b>31/10/18</b>
	<b>£000</b>	<b>£000</b>
Accrued expenses	12	18
Corporation tax payable	91	110
Creditors from conversion	93	-
Total other creditors	<u>196</u>	<u>128</u>

**10. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in note 4, with £nil (31/10/18: £6,152) due at the year end.

Amounts paid by Scottish Widows Unit Trust Managers Limited in respect of the registration fee rebate received from underlying investments are disclosed in note 3 with £nil receivable (31/10/18: £2,946) due at the year end.

The Fund has a related party holding of nil shares (31/10/18: 14,257,081 shares) and value of £nil (31/10/17: £35,860,727) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £586,445 (31/10/18: £596,156).

*Shares held by associates of the ACD*

There were no shares held by the ACD and associates of the ACD in the Fund at the current and prior year.

*Material Shareholders*

Minster Nominees Limited held 0.00% of the Fund at 31st October 2019 (31/10/18: 100.00%).

for the year ended 31st October 2019

### 11. Share classes

The Fund has one share classes in issue.

The ACD's periodic charge on each share class is as follows:

Share Class L - Accumulation:	%
	0.15

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on page 248.

The distributions per share class are given in the Distribution Table on page 257.

#### Reconciliation of the shares movement in the year:

	01/11/18 Opening shares in issue	Creations	Cancellations	31/10/19 Closing shares in issue
Share Class L - Accumulation	37,130,259	6,315,500	(43,445,759)	-

There are no conversions in the year to report.

### 12. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments (31/10/18: £nil) and no contingent liabilities (31/10/18: £nil).

### 13. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 245. The risks inherent in the Fund's investment portfolio are as follows:

#### (a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at the 31st October 2019 the Fund's net foreign currency exposure was less than 10% of the Fund NAV and so no table of currency risk has been disclosed.

The Fund's net foreign currency exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

#### (b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in collective investment schemes. The cash flow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. Given that the Fund's objective is to seek capital growth, these cash flows are considered to be of secondary importance and are not actively managed.

The Fund's net cash holding of £139,817 (31/10/18: holding £186,862) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

#### (c) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.



for the year ended 31st October 2019

### 13. Risk management policies, derivatives and other financial instruments (continued)

#### (d) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the restricted investment limits under the Financial Conduct Authority Rules. The restricted investment limits are summarised in the investment and borrowing powers of the Company set out in the Prospectus.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £nil (31/10/18: £477,115).

#### (e) Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/19	31/10/18
	%	%
Gross leverage	n/a	99.69
Commitment leverage	n/a	99.98

#### (f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

### 14. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000	01/11/18 to 31/10/19 £000	01/11/17 to 31/10/18 £000
Collective Investment Schemes	7,122	30,129	59,636	13,000
<b>Total net trades in the year</b>	<b>7,122</b>	<b>30,129</b>	<b>59,636</b>	<b>13,000</b>

There were no transactions costs incurred during the year (31/10/18: £nil).

#### Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.00% (31/10/18: 0.00%).

**Notes to the Financial Statements**

(continued)

for the year ended 31st October 2019

**15. Fair value**

Valuation technique	31/10/19		31/10/18	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	-	-	-	-
Level 2	-	-	47,712	-
Level 3	-	-	-	-
Total fair value	-	-	47,712	-

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Managed Growth Fund 6

### Distribution Table

for the year ended 31st October 2019

#### Distribution in pence per share

Group 1 Interim Shares purchased prior to 1st November 2018

Final Shares purchased prior to 1st May 2019

Group 2 Interim Shares purchased on or between 1st November 2018 and 30th April 2019

Final Shares purchased on or between 1st May 2019 and 13th September 2019

#### Share Class L - Accumulation

	Net revenue	Equalisation	Distributions paid to 13/11/2019	Distributions paid to 31/12/2018
Group 1	(p)	(p)	(p)	(p)
Interim	1.7475	-	1.7475	1.6138
Final	0.6433	-	0.6433	1.2465
Group 2	(p)	(p)	(p)	(p)
Interim	0.8393	0.9082	1.7475	1.6138
Final	0.2605	0.3828	0.6433	1.2465

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Interim - 71.33% of the dividend, is received as franked investment income.

Interim - 28.67% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Final - 38.10% of the dividend, is received as franked investment income.

Final - 61.70% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.20% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

### Investment Markets Overview

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for the period ended 31st October 2019

#### Investment Objective and Policy

To provide capital growth through investment in collective investment schemes.

These collective investment schemes will provide exposure to shares, with the remainder providing exposure to a mix of asset classes (including, but not limited to, property assets and fixed interest securities) and absolute return strategies\*.

\* Absolute return strategies aim to provide positive returns regardless of market conditions.

Between 50% and 80% of the Fund will provide exposure to shares. This may include UK, overseas and emerging markets shares.

A maximum of 35% of the Fund will provide exposure to fixed interest securities. This may include sterling denominated investment grade bond\*\* funds which may consist of corporate and UK government bonds, covered bonds and index-linked bonds. The Fund may also invest in overseas corporate and government bond funds and high yield bonds funds\*\*.

A maximum of 25% of the Fund will provide exposure to property. This may include UK and overseas property.

The Fund may also provide exposure to absolute return strategies, private equity, commodities and (directly or indirectly) cash and cash like investments.

The ACD is responsible for determining the percentage of the Fund normally allocated to each asset class based on its medium to long term outlook for that asset class. The ACD may review and change this from time to time based on their view at that time.

The Investment Adviser may make shorter term allocation changes, which vary from the above, allocating more or less to specific asset classes. This is based on their short term view of the asset class.

The Investment Adviser is also responsible for selecting the collective investment schemes used by the Fund. These may be actively or passively managed\*\*\* and include those managed by the ACD and its associates.

Derivatives may be used for the purpose of managing the Fund in a way that is designed to reduce risk or cost and/or generate extra income or growth (often referred to as efficient portfolio management).

It is not currently intended that derivatives will be used for any purpose other than the efficient portfolio management (including hedging) of the Fund, although derivatives may, subject to the ACD giving not less than 60 days' notice to shareholders, be used for investment purposes in the future as well as for efficient portfolio management (including hedging). If derivatives are used for the purpose of meeting the investment objective of the Fund it is not intended that their use would raise the risk profile.

Non-sterling investments may be hedged back to sterling. Hedging aims to reduce the effect of fluctuations in the exchange rates between the currency of the asset and the currency of the Fund.

The collective investment schemes in which the Fund invests may use techniques which are not employed by the Fund itself, for example stocklending.

\*\* Credit ratings indicate the likelihood that an issuer will be able to make their payments. Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating.

Non-investment grade bonds, also known as high yield bonds, have a lower credit rating than investment grade bonds, and so are considered higher risk.

\*\*\* Active management is where the Investment Adviser seeks to add value by making decisions on which investments to buy, sell or hold depending on, for example company, market or economic factors.

Passive management is where the Investment Adviser aims to match a benchmark and will buy, sell or hold investments depending on the components of that benchmark.

The ACD does not quote a benchmark or outperformance target for the Fund. This is because the asset allocation of the Fund will change over time taking into consideration risk, the ACD's view of the prospects of each asset class and the changes the Investment Adviser can make to the asset allocation.

Investors may assess the Fund relative to similar funds offered by other investment firms. A number of fund industry bodies and data providers group similar funds together and provide analysis on performance and risk characteristics of the fund group. The Investment Association "Mixed Assets Sectors" group funds with a range of different assets according to their allocation to shares, fixed interest securities and cash. More information on the Investment Association sectors can be found at <https://www.theinvestmentassociation.org/fund-sectors>

Over the period 30.08.2016 to 17.01.2019 the Fund would have sat within the "Mixed Investment 40-85% Shares Sector". Investors may wish to consider the performance of the Fund by looking at the performance of this sector which has a broadly similar allocation to shares, fixed interest securities and cash.

**Investment Markets Overview**

(continued)

for the period ended 31st October 2019

**Synthetic Risk and Reward Indicator**

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

<p>As this Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 4* because, based on simulated data, it would have experienced medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 25th November 2019.</p>	<p>Typically lower rewards, lower risks</p>						<p>Typically higher rewards, higher risks</p>	
	←	1	2	3	4	5	6	7

**Investment Review**

<b>Performance</b>	<b>16/09/19 to 31/10/19 %</b>
Strategic Solution A Accumulation	n/a

*On 16th September 2019 Strategic Solution was launched with Share Class A Accumulation.*

*Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.*

Returns from global stock markets were mixed. In the UK share prices fell in October, having rallied during the previous month. US and other global markets produced higher returns. Overseas share prices were boosted by strong company results in the US and hopes that China and the US were moving towards a trade agreement.

Government bond prices fell as investors became more optimistic that the UK would avoid a no-deal Brexit. Investors often prefer government bonds during times of uncertainty due to the reliable income they provide. Corporate bond markets performed better than government bonds. Investors were happy to take on the extra risk to potentially receive the extra yield that corporate bonds provide.

Returns from UK commercial property have been small, but positive. Investors are reducing risk in their real estate portfolios in response to weaker economic growth forecasts and lower future returns. This is leading to lower demand for properties and falling prices in some areas.

Aberdeen Investment Solutions Limited  
November 2019

## Strategic Solution

### Portfolio Statement

as at 31st October 2019

	Holdings	Market Value £000	Total Net Assets %
<b>FINANCIALS (100.03%)</b>			
<b>Collective Investment Schemes</b>			
Aberdeen Alternative Strategies Fund Q GBP Acc◊	369,179	3,683	2.14
Aberdeen Standard Corporate Bond Fund A Inc◊	2,311,655	2,781	1.62
Aberdeen Standard Global High Yield Bond Fund A Inc◊	4,879,461	4,427	2.57
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc±◊	3,824	3,824	2.22
Aberdeen Standard Sterling Opportunistic Corporate Bond Fund A Inc◊	3,034,692	3,482	2.02
Aberdeen Standard UK Equity Index Managed Fund A Acc◊	9,624,175	20,588	11.96
Aberdeen UK Property Feeder Unit Trust A Acc◊	12,537,256	18,083	10.50
BNY Mellon Insight Global Absolute Return Fund W Acc	2,996,912	3,715	2.16
Candriam Bonds Total Return S GBP (Hedged) Acc	2,211	3,320	1.93
Nordea 1 Diversified Return Fund BD GBP Acc	31,678	3,728	2.17
Payden Absolute Return Bond Fund GBP Acc	294,418	3,329	1.93
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	1,630,373	9,668	5.62
Russell Emerging Markets Equity Fund I Acc	81,256	4,360	2.53
Scottish Widows Multi-Manager Global Real Estate Securities Fund A Acct	1,524,735	4,016	2.33
Scottish Widows Multi-Manager International Equity Fund A Acct	8,681,651	31,688	18.41
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct	13,720,244	33,985	19.74
Scottish Widows Multi-Manager UK Equity Income Fund A Acct	5,818,091	13,981	8.12
Threadneedle Lux Enhanced Commodities Portfolio IU USD Acc	182,483	1,938	1.13
Vontobel Fund - Commodity G GBP Acc	17,141	1,605	0.93
		172,201	100.03
<b>TOTAL FINANCIALS</b>		<b>172,201</b>	<b>100.03</b>
<b>DERIVATIVES (0.00%)</b>			
<b>Forward Currency Contracts</b>			
Bought EUR993,000 for GBP890,866 Settlement 12/12/2019		(33)	(0.02)
Bought JPY238,350,000 for GBP1,712,598 Settlement 12/12/2019		(15)	(0.01)
Bought USD585,000 for GBP455,757 Settlement 12/12/2019		(5)	0.00
Sold EUR993,000 for GBP858,131 Settlement 12/12/2019		1	0.00
		(52)	(0.03)
<b>Futures Contracts</b>			
EURO STOXX 50 Index Futures December 2019	(28)	(7)	0.00

**Portfolio Statement**

(continued)

as at 31st October 2019

	<b>Holdings</b>	<b>Market Value £000</b>	<b>Total Net Assets %</b>
S&P 500 E Mini Index Futures December 2019	10	27	0.01
TOPIX Index Futures December 2019	14	32	0.02
		52	0.03
<b>TOTAL DERIVATIVES</b>		<b>0</b>	<b>0.00</b>
<b>Portfolio of investments<sup>^</sup></b>		<b>172,201</b>	<b>100.03</b>
<b>Net other liabilities</b>		<b>(54)</b>	<b>(0.03)</b>
<b>Total net assets</b>		<b>172,147</b>	<b>100.00</b>

All holdings are in Collective Investment Schemes or represent securities quoted on a Listed Securities Market, unless otherwise stated.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

The Fund was launched on 16th September 2019.

<sup>^</sup>Including investment liabilities.

<sup>†</sup>This investment is a related party (see note 11).

<sup>‡</sup>Cash equivalents.

<sup>◇</sup>Asset managed by the Investment Adviser or a related party of the Investment Adviser.

## Strategic Solution

### Material Portfolio Changes

for the period ended 31st October 2019

	<b>Cost £000</b>	<b>Total sales</b>	<b>Proceeds £000</b>
<b>Major purchases</b>			
Scottish Widows Multi-Manager UK Equity Focus Fund A Acct†	34,764	MSCI Emerging Markets Index Futures December 2019	3,052
Scottish Widows Multi-Manager International Equity Fund A Acct†	32,865	Scottish Widows Asia Pacific (ex Japan) Equity Fund X Acct†	2,347
Aberdeen Standard UK Equity Index Managed Fund A Acc‡	20,760	EURO STOXX 50 Index Futures December 2019	1,681
Aberdeen UK Property Feeder Unit Trust A Acc‡	18,265	S&P 500 E Mini Index Futures December 2019	1,527
Scottish Widows Multi-Manager UK Equity Income Fund A Acct†	13,977	Scottish Widows Multi-Manager UK Equity Focus Fund A Acct†	750
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	9,750	Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc‡‡	481
Russell Emerging Markets Equity Fund I Acc	4,436	TOPIX Index Futures December 2019	458
Aberdeen Standard Global High Yield Bond Fund A Inc‡	4,401	Scottish Widows Multi-Manager International Equity Fund A Acct†	400
Aberdeen Standard Liquidity Fund (Lux) - Sterling Fund Z-3 Inc‡‡	4,306	Scottish Widows Multi-Manager UK Equity Income Fund A Acct†	200
Scottish Widows Multi-Manager Global Real Estate Securities Fund A Acct†	4,034	Aberdeen Standard UK Equity Index Managed Fund A Acc‡	200

Purchases and sales of Futures have been included at the value of their exposure.

†This investment is a related party (see note 11).

‡Cash equivalents.

‡‡Asset managed by the Investment Adviser or a related party of the Investment Adviser.



**Comparative Table**

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class A - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	190.90
Return before operating charges*	(0.67)
Operating charges	(0.47)
Return after operating charges*	(1.14)
Distributions	(0.96)
Retained distributions on accumulation shares	0.96
Closing net asset value per share	189.76
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.60)%
<b>Other information</b>	
Closing net asset value (£000)	34,455
Closing number of shares	18,157,500
Operating charges#	1.88%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	191.50
Lowest share price	186.70

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class G - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	155.94
Return before operating charges*	(0.57)
Operating charges	(0.28)
Return after operating charges*	(0.85)
Distributions	(0.87)
Retained distributions on accumulation shares	0.87
Closing net asset value per share	155.09
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.55)%
<b>Other information</b>	
Closing net asset value (£000)	45,845
Closing number of shares	29,560,200
Operating charges#	1.38%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	156.40
Lowest share price	152.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class G Accumulation was launched on 16th September 2019.

**Comparative Table**

(continued)

as at 31st October 2019

	<b>31/10/19</b>
	<b>(p)</b>
<b>Share Class X - Accumulation</b>	
<b>Change in net assets per share</b>	
Opening net asset value per share	229.41
Return before operating charges*	(0.91)
Operating charges	(0.07)
Return after operating charges*	(0.98)
Distributions	(1.55)
Retained distributions on accumulation shares	1.55
Closing net asset value per share	228.43
*after direct transaction cost of:	0.00
<b>Performance</b>	
Return after charges	(0.43)%
<b>Other information</b>	
Closing net asset value (£000)	91,847
Closing number of shares	40,208,200
Operating charges#	0.23%
Direct transaction costs	0.00%
<b>Prices**</b>	
Highest share price	230.20
Lowest share price	224.60

#Operating charges are representative of the ongoing charges figure.

\*\*The highest and lowest share prices are based on issued price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation was launched on 16th September 2019.

Prices for Share Class X Accumulation are not published externally, as this is an internal share class.

## Strategic Solution

### Statement of Total Return

for the period ended 31st October 2019

		16/09/19 to 31/10/19	
	Notes	£000	£000
Income			
Net capital losses	2		(1,914)
Revenue	3	1,137	
Expenses	4	(18)	
Interest payable and similar charges		-	
Net revenue before taxation		1,119	
Taxation	5	(68)	
Net revenue after taxation			1,051
<b>Total return before distributions</b>			<b>(863)</b>
Distributions	6		(1,059)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(1,922)</b>

### Statement of Change in Net Assets Attributable to Shareholders

for the period ended 31st October 2019

	16/09/19 to 31/10/19	
	£000	£000
<b>Opening net assets attributable to shareholders</b>		-
Assets transferred from SW Investment Solutions Funds ICVC		174,629
Amounts receivable on creation of shares	313	
Less: Amounts payable on cancellation of shares	(1,927)	
		(1,614)
Change in net assets attributable to shareholders from investment activities		(1,922)
Retained distributions on accumulation shares		1,054
<b>Closing net assets attributable to shareholders</b>		<b>172,147</b>

Notes to the Financial Statements are on pages 268 to 274.

## Strategic Solution

### Balance Sheet

as at 31st October 2019

	Notes	31/10/19 £000
<b>Assets</b>		
<b>Fixed assets</b>		
Investments (excluding cash equivalents)‡		168,437
<b>Current assets</b>		
Debtors	8	538
Cash and bank balances	9	149
Cash equivalents‡		3,824
<b>Total assets</b>		<b>172,948</b>
<b>Liabilities</b>		
Investment liabilities		(60)
<b>Creditors</b>		
Bank overdrafts		(125)
Other creditors	10	(616)
<b>Total liabilities</b>		<b>(801)</b>
<b>Net assets attributable to shareholders</b>		<b>172,147</b>

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current period to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 268 to 274.

## Notes to the Financial Statements

for the period ended 31st October 2019

### 1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 13 to 15.

### 2. Net capital losses

The net capital losses during the period comprise:

	<b>16/09/19 to 31/10/19 £000</b>
Non-derivative securities	(1,947)
Futures contracts	48
Forward currency contracts	(52)
ACD's periodic charge rebates taken to capital	38
Currency losses	(1)
Net capital losses*	<u>(1,914)</u>

\*Includes realised losses of £57,000 and unrealised losses of £1,857,000 recognised in current accounting period.

### 3. Revenue

	<b>16/09/19 to 31/10/19 £000</b>
Distributions from Regulated Collective Investment Schemes:	
Investment income	940
Offshore distributions	136
AMC rebates	61
Total revenue	<u>1,137</u>

### 4. Expenses

	<b>16/09/19 to 31/10/19 £000</b>
<b>Payable to the ACD, associates of the ACD, and agents of either of them:</b>	
ACD's periodic charge	<u>14</u>
<b>Payable to the Depositary, associates of the Depositary, and agents of either of them:</b>	
Depositary's fees	<u>3</u>
<b>Other expenses:</b>	
Audit fee	<u>1</u>
Total expenses	<u>18</u>

Expenses include irrecoverable VAT.

The PwC audit fee for the period, exclusive of VAT is £8,400.

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**5. Taxation****(a) Analysis of charge in period:**

	<b>16/09/19 to 31/10/19 £000</b>
Corporation tax	<u>68</u>

**(b) Factors affecting total tax charge for the period:**

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20%. The differences are explained below:

Net revenue before taxation	1,119
Corporation tax of 20%	<u>224</u>
<b>Effects of:</b>	
Franked UK income*	(160)
Overseas non-taxable revenue*	(4)
Taxable income taken to capital	<u>8</u>
Total tax charge for period (note 5a)	<u>68</u>

\*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

**(c) Deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current period.

**6. Distributions**

The distribution takes account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprises:

	<b>16/09/19 to 31/10/19 £000</b>
Final	1,054
Add: Revenue deducted on cancellation of shares	7
Deduct: Revenue received on creation of shares	<u>(2)</u>
Net distribution for the period	<u>1,059</u>

Details of the distributions per share are set out in the Distribution Tables on page 275.

**7. Movement between net revenue and net distributions**

	<b>16/09/19 to 31/10/19 £000</b>
Net revenue after taxation	1,051
Tax charge on rebates taken to capital	<u>8</u>
Net distribution for the period	<u>1,059</u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**8. Debtors**

	<b>31/10/19</b>
	<b>£000</b>
Sales awaiting settlement	107
Accrued revenue	2
AMC rebates receivable	41
Income tax receivable	29
Debtors from conversion	359
Total debtors	<u>538</u>

**9. Cash and bank balances**

	<b>31/10/19</b>
	<b>£000</b>
Amounts held at futures clearing houses and brokers	<u>149</u>

**10. Other creditors**

	<b>31/10/19</b>
	<b>£000</b>
Purchases awaiting settlement	13
Amounts payable for cancellation of shares	546
Accrued expenses*	(11)
Corporation tax payable	68
Total other creditors	<u>616</u>

\*Current period accrued expenses are in a negative net rebate position due to the level of expenses inherent in the underlying holdings.

**11. Related party transactions**

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

The ACD's periodic charge rebates taken to capital disclosed in note 2 are received from Lloyds Banking Group investments, which amount to £37,628.

Amounts paid from Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in notes 2 and 4, with £14,826 due at the year end.

The Fund has a related party holding of 29,744,721 shares and value of £83,670,095 held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £795,704.

*Shares held by associates of the ACD*

On 31st October, shares held as a percentage of the Fund's value were:

	<b>31/10/19</b>
	<b>%</b>
ACD and associates of the ACD	53.31



for the period ended 31st October 2019

## 12. Share classes

The Fund has three share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.65
Share Class G - Accumulation:	1.15
Share Class X - Accumulation:	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table (unaudited) on pages 263 to 265.

The distributions per share class are given in the Distribution Tables on page 275.

### Reconciliation of the shares movement in the period:

	16/09/19 Opening shares in issue	Creations	Cancellations	31/10/19 Closing shares in issue
Share Class A - Accumulation	-	18,398,000	(240,500)	18,157,500
Share Class G - Accumulation	-	29,945,200	(385,000)	29,560,200
Share Class X - Accumulation	-	40,593,700	(385,500)	40,208,200

There are no conversions in the period to report.

## 13. Capital commitments and contingent liabilities

On 31st October 2019, the Fund had no capital commitments and no contingent liabilities.

## 14. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 258. The risks inherent in the Fund's investment portfolio are as follows:

### (a) Currency risk

A portion of the Fund's financial assets and liabilities are invested overseas. As a result, movements in exchange rates may affect the Sterling value of the portfolio, cash and investment purchases and sales.

The Fund hedges the initial investment but not the subsequent gains/losses on the settling value of investments that are denominated in foreign currencies.

As at 31st October 2019, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been an increase or decrease of approximately £41,256.

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/19 £000
Euro	15
Japanese yen	1,701
US dollar	2,410
Total	<u>4,126</u>

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**14. Risk management policies, derivatives and other financial instruments (continued)***(b) Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in collective investment schemes. The cashflow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of providing long term capital growth.

The Fund's net cash overdraft of £89,729 is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £113,905, whose rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

*(c) Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. Derivative contracts were either traded on an eligible derivatives exchange or were Over the Counter (OTC) Forward Currency Contracts.

The fund manager may vary the exposure to the various markets within the benchmark asset mix to take advantage of short term strategic asset allocation positions. Tactical Asset Allocation ("TAA") allows the fund manager to take short term positions away from the benchmark asset mix, but within set parameters, in the anticipation of adding value to the Fund. Derivatives are often used to achieve the optimum TAA positions due to speed of dealing and cost efficiency.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

**Financial derivative instrument exposure - fair value**

	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	59
Forward currency contracts	1
Total Financial derivative instrument exposure	<b>60</b>

**Financial derivative instrument exposure - notional**

	<b>31/10/19</b>
	<b>£000</b>
Exchange traded derivatives	3,714
Forward currency contracts	2,149
Total Financial derivative instrument exposure	<b>5,863</b>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

**Efficient portfolio management techniques**

	<b>31/10/19</b>
	<b>£000</b>
Underlying exposure obtained through EPM techniques	<b>5,863</b>

## Notes to the Financial Statements

(continued)

for the period ended 31st October 2019

## 14. Risk management policies, derivatives and other financial instruments (continued)

**Counterparties to financial derivative instruments and efficient portfolio management techniques**

	<b>31/10/19</b>
	<b>£000</b>
HSBC Bank - Forward currency contracts	(52)
Merrill Lynch - Futures contracts	52
Total counterparty exposure	-

Counterparty risk is limited to the profit (or loss) on a contract, not the notional value. The counterparty exposures above represent the net profit (or loss) of all open positions that would be at risk should the counterparty default.

**Collateral**

	<b>31/10/19</b>
	<b>£000</b>
The type and amount of collateral received/(paid) to reduce/(increase) counterparty exposure:	
GBP Cash - Merrill Lynch	127
EUR Cash - Merrill Lynch	22
JPY Cash - Merrill Lynch	(29)
USD Cash - Merrill Lynch	(6)

*(d) Liquidity risk*

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

*(e) Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in collective investment schemes. The value of these collective investment schemes 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 asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2019, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £1,722,011.

*(f) Leverage*

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	<b>31/10/19</b>
	<b>%</b>
Gross leverage	104.30
Commitment leverage	103.38

**Notes to the Financial Statements**

(continued)

for the period ended 31st October 2019

**14. Risk management policies, derivatives and other financial instruments (continued)***(g) Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

**15. Portfolio transaction costs**

Analysis of total trade costs.

	<b>Purchases</b>	<b>Sales</b>
	<b>16/09/19 to</b>	<b>16/09/19 to</b>
	<b>31/10/19</b>	<b>31/10/19</b>
	<b>£000</b>	<b>£000</b>
Collective Investment Schemes	177,592	4,378
<b>Commissions</b>		
Futures~	0	0
<b>Total net trades in the period after transaction costs</b>	<u>177,592</u>	<u>4,378</u>

~The value of transaction costs is below £500 and is therefore rounded down to £0.

**Total transaction cost expressed as a percentage of average net asset value**

	<b>16/09/19 to 31/10/19</b>
	<b>%</b>
Commissions	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. However, as futures contracts do not have relative purchases and sales amounts, the notional value of futures contracts is not shown in the analysis of total trade costs above. Other types of investments such as collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread.

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.00%.

**16. Fair value**

	<b>31/10/19</b>	
<b>Valuation technique</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>£000</b>	<b>£000</b>
Level 1	59	(7)
Level 2	172,202	(53)
Level 3	-	-
Total fair value	<u>172,261</u>	<u>(60)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

## Strategic Solution

### Distribution Tables

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for the period ended 31st October 2019

#### Distribution in pence per share

Group 1 Final Shares purchased prior to 16th September 2019

Group 2 Final Shares purchased on or between 16th September 2019 and 31st October 2019

#### Share Class A - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 0.9610	(p) -	(p) 0.9610
Group 2 Final	(p) 0.4184	(p) 0.5426	(p) 0.9610

#### Share Class G - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 0.8663	(p) -	(p) 0.8663
Group 2 Final	(p) 0.2855	(p) 0.5808	(p) 0.8663

#### Share Class X - Accumulation

	Net revenue	Equalisation	Distribution payable to 31/12/2019
Group 1 Final	(p) 1.5498	(p) -	(p) 1.5498
Group 2 Final	(p) 0.1176	(p) 1.4322	(p) 1.5498

#### Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Final - 75.08% of the dividend, is received as franked investment income.

Final - 24.92% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

## General Information

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### About OEICs

The Investment Portfolio ICVC (the "Company") is an umbrella Open Ended Investment Company ("OEIC"). An OEIC is a collective investment vehicle with variable capital in which your funds are pooled with a portfolio of investments in accordance with its Prospectus and the Collective Investment Schemes Sourcebook (COLL Sourcebook).

Scottish Widows is committed to being a responsible investor on behalf of our customers, with particular focus on Stewardship, Ethical investment and Environmental, Social and Governance (ESG) issues. Our commitment to responsible investment is explained in more detail through this link: [www.scottishwidows.co.uk/about\\_us/responsibleinvestment](http://www.scottishwidows.co.uk/about_us/responsibleinvestment)

It should be remembered that the value of your shares will be affected by fluctuations in the relevant markets and foreign currency exchange rates (where applicable) and may, therefore, go down as well as up. You should view your investment over the medium to long term.

Please contact us on 0345 300 2244 for more information. We may record and monitor calls to help us improve our service.

All sub-funds are classified as non-UCITS retail schemes which complies with Chapter 5 of the COLL Sourcebook.

The base currency of the Company is Sterling, but a class of shares in respect of any sub-fund may be designated in any currency other than Sterling.

### Shares

The Company currently offers six share classes; Class A, Class G, Class L, Class P, Class Q and Class X. Each share class has a different ACD fee.

### Prices and Dealing Times

The price used for either the purchase or sale of shares is normally the next price calculated after your instructions are received and accepted at our Edinburgh Office. Advisers have no authority to guarantee applications or prices.

The latest prices are obtainable from the Dealing Desk on 0345 845 0066.

Shares may be bought or sold between 9:00am and 5:00pm on Mondays to Fridays inclusive.

### Liability

Shareholders are not liable for the debts of the Company.

### Prospectus

The Prospectus, which is available from the ACD free of charge, outlines how the Company is managed and gives details of the types of assets in which each sub-fund may invest. The Prospectus and (where applicable) the Instrument of Incorporation have been amended during the year to 31st October 2019 (as noted on pages 2 and 3). Full terms and conditions are available from the ACD.

### Personal Taxation

Unless your shares are held within an ISA, if you sell your shares or switch your shares to a different sub-fund, this is treated as a disposal for Capital Gains Tax purposes. Tax rules can change. The value to an investor of the tax advantages of an ISA will depend on personal circumstances, which may change.

Shareholders are recommended to consult with their professional tax advisers if they are in any doubt about their position.

### Queries

If you have any queries about the operation of your sub-fund you should in the first instance contact the ACD. Please supply details of your holding (including surname, initials and account number).

Scottish Widows Unit Trust Managers Limited. Registered in England and Wales No. 1629925.  
Registered Office in the United Kingdom at Charlton Place, Andover, Hampshire SP10 1RE. Tel: 0345 300 2244.  
Authorised and regulated by the Financial Conduct Authority. Financial Services Register number 122129.

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