



**Polar Capital Funds plc**  
**Annual Report and Audited Financial Statements**  
**for the Financial year ended 31 December 2017**

Year ended  
**2017**

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## Investment Manager's Reports

### For the financial year ended 31 December 2017

## Asian Opportunities Fund

### Fund Performance

Asian markets saw consistent gains during the year and Asian Opportunities Fund ('the Fund') reached an all-time high at year end. In absolute terms, 2017 was one of the strongest years in the Fund's 20 year history (excluding the dramatic recoveries after the Asian Financial Crisis of 1997 and the Global Financial Crisis of 2008) rising 32.9% in USD terms (A USD Share Class versus a 33.5% rise in the MSCI AC Daily TR Net Asia Pacific Ex Japan USD benchmark index. The Fund's overweight position in financials (particularly in India and ASEAN countries) helped partially offset the drag from a relatively high cash position as well as an underweight position in technology (the sector was up 61.0% in 2017) and consumer discretionary (+41.0%).

### Market Review

The technology sector's returns were well above those of the next best sector and this was driven primarily by a few large-cap stocks, in particular, Chinese internet stocks, Tencent and Alibaba. Performance was underpinned by favourable results with both Tencent and Alibaba reporting results above expectations and both showing continued strong revenue growth momentum. The stellar performance should therefore be put in the context of strong growth momentum (and upward earnings revisions) as well as attractive long-term structural positioning. However, should there be a slowdown in 2018, expect to see material corrections since there was also a significant re-rating during the year.

Re-rating was not limited to technology stocks (where our exposure is well below the benchmarks); the financial sector (where we are most exposed) also saw a re-rating during the year. This was particularly apparent in India where weaker earnings from banks (driven primarily by a more conservative provisioning approach required by the Reserve Bank of India) did not dent what has been a stellar share price performance (albeit skewed to the first half of the year following relief that the impact from demonetisation was not as great as initially feared). Signs of improving loan growth (particularly in the Philippines, China, Singapore and Indian private sector banks) combined with evidence that margins are moving off their lows (the sector is one of the prime beneficiaries of higher rates given strong deposit franchises) supported sentiment and led to broad based gains across the region. Frontier/periphery markets such as Sri Lanka and Pakistan were the exception and saw material de-rating reflecting the material macro risks that are building up in these markets.

The healthcare sector saw a strong recovery in the second half of the year (rising 39.0% in 2017) following a relatively weak period (post the dramatic re-rating of 2014 and 2015) as regulatory change and reduced medical tourism took their toll. We focus on healthcare services (i.e. hospital providers) since it generally fits in better with our broader focus on changing demographics in the region (i.e. ageing is resulting in more demand for such services as asset management and insurance) and would happily raise it should valuations come down to a more reasonable level.

### Fund Activity

The key change during the year was the decision taken to broaden the Fund into other sectors, primarily technology, healthcare and motor companies. The Fund has focused on building exposures to areas where we have expertise, whilst also remaining focused on certain key themes in the region including the growing use of leverage, an ageing population and the impact of technological disruption on various sectors. This change has already enabled us to shift away from financials in markets such as China, Taiwan and South Korea, all areas where the sector offers few long-term attributes and consequently invest in sectors with clear long-term structural positives.

Following a particularly strong first half performance, we reduced the Fund's exposure to Indian financials in the second half of the year (falling to 17.0% at year-end versus 22.0% in 2016). Whilst operating trends within the private sector banks and non-banking financial companies (where the Fund's exposure is concentrated) remained resilient, we decided to take some profits on valuation considerations and ahead of potential complications surrounding the introduction of the new Goods & Services Tax regime.

As well as a reduction in bank exposure following a diversification into new sectors, the Fund also reduced its exposure to life insurance during the year, primarily by reducing our AIA and Ping An Insurance holdings. Ping An Insurance rose over 100.0% in 2017 helped by growing enthusiasm for its financial technology investments. Though we view the Company as the best established Chinese financial sector business we believe some expectations for 'Fin Tech' themes are running ahead of themselves and experience of investing in this segment globally has generally been a source of disappointment and high volatility.

## **Investment Manager's Reports** continued

**For the financial year ended 31 December 2017**

### **Asian Opportunities Fund** continued

#### **Market Outlook**

We remain convinced that we are investing in some of the best quality franchises globally in their respective sectors (e.g. internet stocks in China, private sector banks in India, property stocks in the Philippines and Hong Kong etc.) and in a region which has consistently shown stronger macro trends than anywhere else globally whilst still generating a huge trade surplus. The drivers of growth are changing, primarily driven by increased consumption in services and the impact of finance and technology on traditional businesses. This Fund tries to capture some of those structural changes through an active investment approach and developing expertise in certain core sectors. We have generated strong outperformance over many years by essentially not being driven by benchmark trends (the most recent being the rise of China and the technology sector) and going forward our approach will remain the same. However, should there be any material pull-back in share prices, it is without question an opportunity to buy.

#### **Financials Team**

**Polar Capital LLP**

February 2018

## Automation & Artificial Intelligence Fund\*

### Fund Performance

The Automation & Artificial Intelligence Fund ('the Fund') was successfully launched on 6 October 2017 and assets under management ('AUM') grew to US\$238m as at 29 December 2017. Absolute returns were solid, with the NAV gaining 3.3% over this period, but lagged the Fund's global equity benchmark (the MSCI ACWI Net TR Index) which rose 4.8% – both in US Dollar terms.

The Fund focuses on four core themes; Robotics (25.0% as of 29 December 2017), Industrial Automation (33.0%), Artificial Intelligence (17.0%) and Materials Science (16.0%), with cash representing the balance. It is important to note that as well as investing in the providers of these technologies, the Fund invests in the beneficiaries of these themes across a wide range of sectors. The flexibility to invest in four areas, along with the inclusion of beneficiaries, significantly differentiates the investment mandate from many investment products and exchange traded funds ('ETFs'), which focus only on one segment and exclude the users of these technologies. Whilst Artificial Intelligence was the smallest segment at launch, the pace of innovation here is staggering, and future disruption across all industries is likely to be very significant so this segment is likely to grow with time.

By geography, 38.0% of the Fund's assets are invested in North America, 28.0% in Europe, 22.0% in Japan and 4.0% in Asia ex Japan. By sector, in accordance with MSCI classification, the Fund's exposure to Technology is 49.0%, Industrials 28.0%, Consumer Discretionary 6.0%, Healthcare 5.0% and Materials 3.0%.

### Market Review

A stronger global economy should be a supportive tailwind for the Fund. Ten years after the financial crisis began, global growth is finally beginning to reaccelerate with world Gross Domestic Product ('GDP') pegged at 3.7% for 2018. US growth should remain at healthy levels due to supportive financial conditions, robust consumer confidence and unemployment at 17-year lows. Eurozone growth is expected to remain roughly in line (c.2.0%) for 2018 and is likely to continue outpacing the UK where consumption has been negatively impacted by Sterling weakness and Brexit/political uncertainty. Emerging markets have also strengthened, driven by China stimulus, higher commodity prices and the weaker US Dollar. An important region for the Fund, Japan has benefited from strengthening global demand and supportive fiscal policy, although growth is expected to slow as monetary stimulus is scaled back.

Economic data strengthened during the year and ended on a particularly robust note. The Eurozone manufacturing purchasing managers' index ('PMI') hit 60.6 in December 2017, the highest level since the survey began in mid-1997, significantly above the 50 level which divides expansion from contraction. The new orders component rose the most in 17 years. The US Institute for Supply Management ('ISM') manufacturing index rose to 59.7 in December 2017, the second-highest point of the year (the highest in September was boosted by storm related supply delays). Impressively the measure of new orders advanced to 69.4 and became the highest in nearly 14 years.

### Fund Activity

From a geographic perspective, there have been no major changes in the short period since launch. From a market cap perspective, the Fund has 27.0% exposure mega caps (US\$50bn+), 40.0% large cap (US\$10–50bn) and 25.0% mid cap (US\$1–10bn). The Fund only has 0.6% in small cap (largely because of a relatively low US\$1bn cut off).

The Fund ended the period with 67 holdings. Active share was 92.0%.

Cash was c.8.0% as at 29 December 2017, reflecting a conservative approach at launch and continuous inflows. We intend to deploy this liquidity post earnings season, with cash likely to fall to a more normal level (less than 5.0%).

Within Automation, we increased exposure to Diversified Industrials (added to Atlas Copco, Emerson Electric), Warehouse Automation (new positions: Toyota Industries, Ocado, added to KION Group, Jungheinrich), Vertical Applications (new positions: Caterpillar, Komatsu), Control Software (added to Aspen Technology, PTC and Ansys).

Within Robotics, we continue to take a conservative approach to position sizes but added modestly to smaller positions in stocks such as Harmonic Drive Systems and Yaskawa Electric where market positions are strong and long-term demand looks very robust.

We did not make any meaningful change within the Artificial Intelligence ('AI') segment, although we are actively searching for stocks across all sectors and geographies where AI has the potential to enrich the business by driving a sustainable competitive advantage and consequently faster growth or margin improvement.

## Investment Manager's Reports continued

For the financial year ended 31 December 2017

### Automation & Artificial Intelligence Fund\* continued

#### Fund Activity continued

Within Materials Science, we rotated from semiconductor equipment companies with high exposure to silicon wafer towards semiconductor equipment/wafer suppliers with a focus on compound semiconductors, set to benefit from increasing demand from electric vehicle ('EV')/Hybrid and automotive safety system demand (new positions: Soitec, Aixtron, added to Cree).

#### Market Outlook

We are in the infancy of the four major industry transformations that the Fund addresses. They represent large, multi-year investment opportunities.

Robotics demand is broadening from augmenting labour to previously impossible tasks. Our focus is on the key advanced components that enable this secular growth and vertical solution providers, rather than system original equipment manufacturers ('OEMs') who are likely to face increasing competition from China due to lower entry barriers. We are mindful of the sector's valuation after a material re-rating last year, but remain excited by the strong growth prospects of many companies, as new technological capabilities and lower costs open up entirely new market opportunities.

Within Industrials, the move towards connected, smart devices, known as 'Industry 4.0', is driving the replacement of over 60 million industrial machines in the field. Two-way communication (a key attribute of Industry 4.0) creates enormous new opportunities for sensors and control software and solutions providers – enabling predictive analytics and autonomous decision-making. We see a reshaping of the industrial landscape across end markets by innovative newcomers as well as incumbents who truly embrace these technologies to defend their positions. We aim to identify companies that will benefit meaningfully from this mega trend as well as cyclical recoveries in their respective sectors.

Technological advance has been significantly influenced by the evolution of material science, an area where there has been considerable research and development ('R&D') investment over recent years. Our focus is on using our technology experience to predict inflection points for new materials (i.e. acceleration of adoption, wider applications), leveraging and monetising this embedded R&D investment. Lightweight materials used in the automotive and semiconductor industries are current key focus areas.

Artificial intelligence will likely prove the most disruptive class of technology over the next five-to-ten years, with the pace of development and disruption accelerating due to unprecedented computational power, near-endless amounts of data and exponential advances in deep neural networks. For now, we are primarily exposed to 'enablers', i.e. semiconductor chip makers (whose products are extensively used in the training and/or inference process) or large internet companies (whose cloud computing segments offer 'AI as a Service' to clients as well as enriching their own core businesses and raising the competitive moat around them).

#### Technology Team

##### Polar Capital LLP

February 2018

\* Automation & Artificial Intelligence Fund launched on 6 October 2017.

## Biotechnology Fund

### Fund Performance

The Biotechnology Fund ('the Fund') returned +30.8% (in USD terms) in the twelve months to the end of December 2017 versus the benchmark's +21.1% (in USD terms) for a relative outperformance of +9.7%. The global biotechnology sector performed slightly better than the broader market with the S&P 500 Index returning +19.4% (in USD terms) over the year. Against the backdrop of a stable and constructive equity market environment, the year saw investor sentiment towards the biotechnology sector continue its rehabilitation from the depths of the negative sentiment experienced towards the end of 2016. The year for biotechnology was characterised by strong relative outperformance over the first nine months as investor concerns over political interference in drug pricing eased allowing the industry's technology and product cycle story to shine. However, there was material underperformance in the final three months, as chaotic earnings season for the larger commercial-stage companies dampened sentiment towards the sector's growth prospects. The year ended with investor sentiment muted, despite strong absolute returns over the year.

Within the portfolio, investments in Pharming Group, ARIAD Pharmaceuticals and BeiGene ADR were among the top absolute contributors to performance, with NanoString Technologies, Tesaro and Ra Pharmaceuticals among the main absolute detractors from performance. With respect to relative performance versus the benchmark, Pharming Group, ARIAD Pharmaceuticals and ArGEN-X were the largest positive contributors while NanoString Technologies, Vertex Pharmaceuticals and Illumina were the largest negative contributors. Overall, performance for the Fund was encouraging on both an absolute and relative basis. The majority of the Fund's relative outperformance was generated in the months of January and December, with the middle part of the year seeing relative underperformance during relatively short phases of trading activity when valuations in the sector, particularly for mid and smaller-cap companies, surged higher, largely driven by inflows from exchange traded funds ('ETFs'). The Fund's increasing active share versus the benchmark saw non-benchmark constituents contribute significantly to performance, but the Fund also missed out on some strong benchmark performers.

### Market Review

The biotechnology sector started 2017 on a constructive note after a somewhat laboured end to 2016. The first few trading days of the new year saw surprisingly robust strength for the sector, though this was perhaps less to do with a sudden improvement in investors' lacklustre sentiment towards the sector itself, and more a result of a softening of conviction, in the 'Trump reflation trade' that had taken hold, following the US Presidential elections in early November 2016. Biotechnology's sudden burst of performance was similarly shared by the technology sector. At the margin we believe there was also some short-term positioning ahead of the annual JP Morgan Healthcare Conference held in San Francisco during the second week of January 2017. While some positive mergers and acquisitions ('M&A') news flow involving Fund investment ARIAD Pharmaceuticals, and a major new product cycle 'reveal' from genetic sequencing leader Illumina, somewhat satisfied the expectant sector watchers, President Trump's negative comments directed towards the pharmaceutical industry during the conference dampened any fresh New Year enthusiasm, and trading over the rest of the January saw the sector's first week gains almost entirely given up.

Interestingly, the sector's outperformance appeared to re-establish itself in February 2017. In our view, a combination of factors was probably responsible. While the broader stock market was buoyant, and to some degree therefore set the tone, the healthcare sector appeared generally to be recovering from the extremely negative investor sentiment experienced towards the end of 2016 as the market started coming around to the view that despite uncertainty, with respect to the timing and nature of the new US Presidential administration's project to 'repeal and replace' Obamacare, material changes would likely take time to implement, if ever. Furthermore, through a series of comments, updates and leaks from the new administration, it started to look like direct government intervention in drug pricing. Instead, the political interest appeared to be on encouraging competition and improving transparency around pricing and value. Certainly, pharmaceutical and biotechnology companies' efforts to inform and educate the nature of the pharmaceutical supply chain in the United States appeared to have stepped up early in the year, and appeared to be shifting the focus of the debate around drug pricing trends behind the scenes in Washington.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Biotechnology Fund continued

### Market Review continued

The sector's performance moderated in March 2017 as investors first awaited, and then digested, a whole raft of political, clinical and regulatory news flow. For the majority of the month, investors seemed content to pause trading ahead of political developments in Washington where the Republican effort to quickly 'repeal and replace' the 'Obamacare' or Affordable Care Act ('ACA'), culminated towards the end of the month with a piece of replacement legislation titled the American Health Care Act (or 'AHCA'), being voted on in the House of Representatives. In the event, the legislation failed to pass, leaving the market to contemplate not only whether any material healthcare legislation would be possible in the near term, but perhaps more importantly, whether the current administration has the ability to pass any kind of legislation at all. The sector continued its muted performance in April 2017 as investors appeared content to digest recent developments in the space; prepare for first quarter earnings season for the larger commercial-stage revenue and earnings companies; and perhaps also contemplate the macro-economic environment. After two months of treading water, the biotechnology sector sold off in May 2017 while the broader market continued to grind higher. On the back of a muted first quarter earnings season and the absence of much anticipated M&A activity in the space, the sector softened as investors chose to lock in some profits after the sector's performance year to date.

In June 2017, the sector delivered a sudden burst of significant performance over just a handful of trading days. The speed and the magnitude of the move took many specialist investors, including ourselves, by surprise given there appeared to have been no sudden dramatic improvement in the sector's fundamentals to drive the move, but we believe there are a probably few explanations. At the start of the month, the major biotechnology sector index, the Nasdaq Biotechnology Index ('NBI'), was already testing the top of the sideways trading channel it had been stuck in for over a year. While generalist investors have remained concerned about drug pricing even post the US election with a Trump/Republican administration, and healthcare reform efforts in Congress have struggled to provide clarity, a number of biotechnology companies had delivered positive clinical and regulatory news flow since the start of the new calendar year (including 23 new Food and Drug Administration ('FDA') medication approvals) and that helped the NBI creep higher (and more so the small-cap biased XBI index). Fundamental value in the sector had quietly been building without any material shift in investor sentiment. Interestingly

technical analysts were in early June 2017 talking about a 'technical break-out' on chart trends alone – irrespective of this positive fundamental news flow.

Then in mid-June 2017, the New York Times leaked the details of a draft Executive Order from President Trump's office indicating he appeared to have little intention of directing the government to intervene directly in controlling drug pricing. Likewise, a new iteration of Obamacare 'repeal and replace' passed by the House and being worked on by the Senate targeted for passage in mid-July similarly included no proposed legislation to control drug prices or otherwise change the Medicare/Medicaid system's current mechanisms for paying for drugs. So, generalist growth-seeking investors were perhaps at the same time feeling more comfortable about a sector that from a positioning perspective they were 'underweight' given all the negative noise over the past couple of years, at the same time as concerns were building with respect to crowding into FANG/FAAMG (five most popular and best performing tech stocks in the market, namely Facebook, Apple, Amazon, Netflix, and Alphabet's Google) technology stocks. With investors looking for fresh leadership in an equity market that looked destined to grind higher, biotechnology seemed to have arrived at the right time as a new option. In our view, aggressive exchange traded funds ('ETF') based index buying was behind the majority of the move.

The sector's outperformance versus the broader market continued through most of July 2017 on the back of a number of positive clinical and regulatory developments, as well as a robust second quarter earnings season for the majority of the sector's leading commercial stage companies. Moving into the quieter summer period the sector's performance started to fade towards the end of July 2017 and continued to fade through August 2017 until a major piece of M&A toward the end of the month ignited a material recovery in sentiment towards the whole sector, as well as driving some material relative outperformance into month end. In the final few days of August 2017, sector bell-weather Gilead Sciences announced the acquisition of Kite Pharma for US\$11.9bn, satisfying frustrated shareholders who had been waiting several years for Gilead's management to execute a significant transaction to move the story beyond the Company's core therapeutic focus areas of HIV and HCV. While we have doubts over the attractions of the deal, it nevertheless, somewhat eased investor concerns regarding Gilead's long-term prospects (at least temporarily), but also ignited investor perceptions of the value of early-stage technology platforms in the eyes of cash-rich, innovation-starved, large biopharmaceutical companies.

The M&A induced investor enthusiasm for biotechnology proved short-lived with the sector resuming its fading absolute and relative performance trend in September 2017, during what was a busy, but ultimately mixed, month for major clinical trial read-outs for companies across the spectrum. A number of significant successes were matched by an almost equal number of significant disappointments, making it a tricky period to navigate for specialist biotechnology investors. The overall negative relative performance trend continued through to the middle of October 2017, but then turned into a slump from mid October as some stock-specific negative news flow for one of the sector's leading companies Celgene followed by a mixed third quarter earnings season for the sector's largest commercial-stage companies had a more materially negative impact on investor sentiment. The month of November continued in similar fashion before the sector ended the calendar year on a more solid, if still muted, note in December as investors positioned themselves for the possibility of an increase in M&A activity in early 2018, driven largely by the clarity on corporate tax reform in United States, that emerged towards the end of the calendar year.

### Fund Activity

The Fund outperformed the benchmark over the year as a number of the non-benchmark constituent investments delivered significantly ahead of market expectations on clinical development news flow, commercial launches of proprietary products, and two portfolio companies were the target of M&A activity. At the same time, the Fund missed out on several of the sector's significant success stories of the year, including companies delivering ahead of market expectations on clinical development news flow, commercial launches of proprietary products, and M&A activity. Where the companies concerned were reasonably significant benchmark constituents, these had a negative effect on the Fund's relative performance. The Fund's active share versus the benchmark increased steadily over the year, exacerbating the impact of this effect.

In January 2017, portfolio company ARIAD Pharmaceuticals announced that it had agreed to be acquired by Japanese pharmaceutical company Takeda for US\$5.2bn, representing a 75.0% premium to the market share price. Held at approximately 4.0% of NAV at the time of the announcement, the transaction was a significant contributor to performance during the month. In December 2017, portfolio company Ignyta announced that it had agreed to be acquired

by Swiss pharmaceutical company Roche for US\$1.7bn representing a 75.0% premium to the market share price. Held at approximately 2.0% of NAV at the time of the announcement, this transaction was also a significant contributor to performance during the month.

Other significant contributors to performance during the period were investments in ArGEN-X, a Belgian company developing a new medicine to treat patients with myasthenia gravis, a chronic autoimmune neuromuscular disease that causes weakness in skeletal muscles; AnaptysBio, a US company developing a new medicine to treat patients with dermatitis, Wilson Therapeutics, a Swedish company developing a medicine to treat the rare genetic condition Wilson's Disease which is characterised by the build-up of copper in the body, with the brain and liver being particularly affected. However, the standout contributor to performance over the year was the Fund's investment in Pharming Group, a Netherlands-based company commercialising a drug called Ruconest to treat hereditary angioedema – a disorder characterised by recurrent episodes of severe swelling most commonly affecting the limbs, face, intestinal tract and airways.

Among the more significant disappointments, during the period, were the Fund's investments in NanoString Technologies, Vertex Pharmaceuticals and Illumina. NanoString Technologies, a small-cap life sciences tools and diagnostics company with novel 'digital molecular barcoding' technology (with applications across a wide range of basic research, translational medicine and in molecular diagnostics), disappointed investors in January 2017 with a surprisingly weak fourth quarter pre-announcement, raising concerns over the Company's growth outlook for 2017, and by the end of the year had yet to see investor sentiment recover. Larger capitalisation Vertex Pharmaceuticals, the world's leading developer of drugs to treat cystic fibrosis, announced unexpectedly positive clinical data for a next-generation drug candidate to treat the disease. At the start of the year the investment was held at a lower than benchmark position size, and therefore acted as a drag on performance as the stock performed very strongly as previously cautious investors quickly reassessed the Company's prospects for future growth and profitability.

The share price of DNA-sequencing equipment maker and significant benchmark constituent Illumina was strong throughout the year as investors continue to be enthused about the launch of the Company's next generation DNA sequencing instrument NovaSeq. We continue to struggle with the Company's valuation versus its long-term growth prospects.

## **Investment Manager's Reports** continued

**For the financial year ended 31 December 2017**

### **Biotechnology Fund** continued

#### **Market Outlook**

While at the start of 2018 there is significant investor expectation that clarity on corporate tax reform in the United States may in the near term act as a catalyst for an increase in M&A activity that was unusually suppressed during 2017, we believe slowing growth for the larger-cap biotechnology companies, and high expectations for smaller-cap companies using concept technologies such as gene therapy and gene editing approaches, could make the overall course of 2018 a muted year for relative sector performance. While 2017 was a rehabilitation year for investor sentiment following the confidence sapping concerns and controversies of 2016, we believe 2018 will be a year when mid and smaller-cap companies using cutting edge drug discovery and development technologies will need to deliver on high expectations, particularly after raising significant quantities of equity capital over the past few years. While we believe the industry's research and development ('R&D') productivity story is intact, and the FDA in the United States continues to act constructively when it comes to the regulatory review and approval of breakthrough medicines, we are expecting approximately 25–30 new medicines to win regulatory approval this year, less than the 46 in 2017, which leaves less room for disappointment.

With the sector set for a solid but not necessarily spectacular 2018 in our view – meaning performance again approximately in line with the broader market as measured by the NBI – as with 2017, we nevertheless expect to see strong returns for companies that successfully deliver the key building blocks of fundamental value in this industry – compelling clinical data, positive regulatory decisions, new product launches ahead of expectations, and of course, being the target of M&A activity. Among the focus areas for investors this year is progress in the immuno-oncology field, as well as gene therapies for a range of relatively rare genetically inherited diseases.

With this expectation, we believe good active fund management will be absolutely crucial to capture the fundamental value being created within the biotechnology industry this year. We continue to advocate careful, risk-managed exposure to the sector's smaller companies where we see the potential for superior risk-adjusted returns. This includes mid and smaller-cap's in the United States, and particularly in Europe, in preference to the well-known larger-cap biotechnology names. And we continue to believe that a relatively high active share for the Fund versus standard sector benchmarks remains key to generating superior risk adjusted returns over the long-term.

#### **Healthcare Team**

##### **Polar Capital LLP**

February 2018

## **Emerging Markets Growth Fund**

Emerging Markets Growth Fund was terminated on 27 December 2017 and all shares were fully redeemed during the financial year.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Emerging Markets Income Fund

### Fund Performance

The Emerging Markets Income ('the Fund') rose 24.0% (Class I USD Acc Shares) during 2017 and thus substantially underperformed the benchmark, although performance was marginally ahead of the MSCI Emerging Market High Dividend Index. 2017 was a year in which performance was dominated by growth companies, with the MSCI Emerging Market Growth Index rising 46.8% during the year, a historically wide performance differential to both the MSCI Value and High Dividend Yield Indices. This was largely due to the performance of the technology sector and the Fund's positioning in that sector was the principal reason for the year's underperformance. The best performing stocks within technology were those displaying the highest growth and highest multiples, and consequently the lowest yields. It was noticeable that technology with yield, which is found in abundance in Taiwan and to a limited extent in India, performed very poorly in 2017, underperforming not only the technology sector but also the broader High Dividend Yield Index. Performance was also poor in real estate where the Fund's holdings are largely real estate investment trusts which generated somewhat muted returns in 2017, in contrast to the performance of a number of large Chinese real estate companies which enjoyed spectacular returns and were solely responsible for the returns of the sector. Similarly, in healthcare a number of Chinese and Korean pharmaceutical and biotechnology companies were responsible for the exceptional returns of the sector. Needless to say, the dividends in these companies are negligible. In contrast there were strong relative returns in consumer staples, energy and consumer discretionary.

Geographically performance was in line with sectoral experience with China being responsible for the largest part of the underperformance due to technology. The Korean holdings, which are heavily biased towards companies with strong free cash flow and a reasonable likelihood of an increase in pay-out ratios, also lagged the benchmark, where returns were dominated by technology and healthcare. Performance in South Africa was poor, in part due to the strength of Naspers but also due to weakness in Life Healthcare where the Chief Executive has proved to be a big disappointment and who left his post, an event which may offer a revival in the Company's prospects. On a more positive note, performance was very strong in both Poland and Russia. In the case of the former this was largely due to Dino Polska, the retailer, which enjoyed a spectacular debut on the Polish market and which proceeded to announce exceptional results leading to a considerable re-rating. In Russia performance can be attributed to not owning the large energy companies, which had a dismal year, whilst elsewhere performance was quite strong.

### Market Review

Emerging markets surged 37.3% (in USD terms) in 2017 which was the best performance for the asset class since 2009 and was also nearly 15.0% ahead of developed markets which rose just 22.4%. This performance can be attributed to a number of factors including the fact that investors started the year with a negative perception towards the asset class based on an expectation that the US Dollar would be strong with Trump as President and the US Federal Reserve ('the Fed') raising rates. However, the Dollar weakened by around 10.0% during the year as it became clear that there were no surprises coming from the Fed, whereas strong growth in Europe was pressuring Mario Draghi to withdraw quantitative easing. Furthermore, the recovery in economic growth in Europe has helped demand for product from emerging markets as evidenced by the strong recovery in global trade numbers and especially exports from North Asia. Emerging markets have also participated in the global economic recovery led by countries such as Brazil and Russia which have returned to growth after deep recessions in 2015 and 2016. Although the headline Gross Domestic Product ('GDP') numbers paint a slightly different story, there has also been the continued recovery in China following the tightening in 2013–2014. This is best illustrated by measures such as rail transport volumes which were negative in 2014, 2015 and much of 2016, but which soared in 2017. A similar picture was seen in electricity production and in Chinese Industrial Enterprises Total Profits (national data for total profits of all state-owned and non-state-owned industrial enterprises) which showed a rise of 21.9% at the end of November 2017, the highest level since 2011.

2017 was a very significant year for China. President Xi Jinping was re-elected at the 19th National Congress in October 2017 and, unusually, no obvious successor was chosen potentially hinting at the idea that he may extend his reign for more than two terms. In his acceptance speech he made many referrals to 'beautiful' China, thus making it clear that there will be a continued emphasis on the quality of growth in China. This is positive for commodities in general as it seemed to give a clear indication that heavy polluting industrial plants will continue to be closed. There has also been a concerted effort to reduce debt risk in China with limits being put on some of the more dubious practices. This has helped to de-risk the economy in the minds of investors and helped with the re-rating of the market.

The other factor has been the extraordinary performance of technology stocks in China which rose, on average 93.0% in 2017. The re-rating of the Chinese technology sector has resulted in it becoming by far the largest sector in MSCI China accounting for over 40.0% of the benchmark. The performance of these companies ensured that technology was the best performing sector in emerging markets in 2017. Korean technology also performed well but in both Taiwan and India it was a significant underperformer.

The only other sectors to outperform during the period were consumer discretionary and real estate. Performance in the former was largely due to Naspers, the South African media company, whose main asset is its shareholding in Tencent, whilst the latter can be attributed to some huge moves in a few Chinese real estate companies. All other eight sectors underperformed with the more defensive sectors such as utilities and telecom being the biggest laggards.

By region Asia comfortably outperformed, driven by technology in both China and Korea. Elsewhere, it was another stellar year in India despite the disruption caused by the introduction of the Goods and Services Tax ('GST'), as well as relatively weak economic data releases and anaemic profit growth. The driver was mutual fund inflows in what increasingly looks like a generational change in savings behaviour. The ASEAN markets lagged except for Thailand which enjoyed a strong run post the end of the one year mourning period for the late King. Latin America was dragged back by political concerns in Brazil but more acutely in Mexico, which suffered both from the anti-NAFTA rhetoric emanating from the US President as well as the prospect of the election of a very left-wing President in 2019. Elsewhere, there was a mixed picture with very strong returns in Eastern Europe bolstered by the economic recovery in the West but negligible returns in Russia, despite the surge in the oil price in the second-half of the year. South Africa enjoyed a very strong year, in part due to Naspers/Tencent but also because of the surge in the market and the Rand post Ramaphosa's victory in the ANC Presidential race.

## Fund Activity

The main change has been to increase the weighting in Russia over the year and it is now the largest overweight position in the Fund. The Russian economy is emerging from the post-Ukraine sanctions induced slump aided by a recovering oil price and lower interest rates. The new governor of the Central Bank has established credibility through exceptionally tight monetary policy which, when combined with a higher oil price, provides plenty of support for the currency. However, there is now plenty of scope for interest rates to be reduced. Valuations in the market remain at low levels both in a historical context and relative to the rest of the emerging market universe. Cash flow is improving and, in part through government coercion, dividends have increased substantially. The one sector that does not reflect this improvement has been the energy sector where capital discipline and corporate governance remains mixed. The new holdings include Sberbank preference shares which trade at close to a 20.0% discount to the ordinary shares and, at purchase, were trading at a discount-to-book value. The bank has boosted returns on equity to well over 20.0% and is thus creating capital well in excess of its needs for growth. It has pledged to boost dividend payments to up to 50.0% on 2019 earnings, so that returns are not diluted through excess capital, implying a dividend yield of close to 10.0% on the preference shares in 2020 all else pari passu. The increased weight in Russia was funded through a reduction in Mexico and the removal of the position in Qatar, after the country was hit by sanctions by fellow members of the Gulf Cooperation Council led by Saudi Arabia.

Sectorally, the weighting in telecommunications and industrials were reduced, the former through the sale of O2 Czech Republic and Advanced Information Systems of Thailand, and the latter through the sale of Gamuda, the Malaysian construction company. In contrast the weights in both financials and consumer staples, where growth prospects were deemed to be greater, were increased.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Emerging Markets Income Fund continued

### Market Outlook

Although 2017 was the best year for emerging markets since 2009 and despite the fact they have reached a new year-end peak, with valuations in terms of price-to-earnings and price-to-cash flow towards the higher end of historic ranges, the outlook for 2018 remains robust. This optimism stems, in part, from the global economic backdrop which remains very constructive. US growth may not see much impact from the tax reform bill, but it is likely that growth will continue at a similar, somewhat anaemic, pace. However, any acceleration may be negative given the likely implications for interest rates. Elsewhere, the recovery in Europe looks secure and could even accelerate, whilst there will also be an acceleration in growth in a number of emerging markets including India, Russia and Brazil. On paper it is likely that China will register slower growth in 2018 than in 2017, but this has never been a particularly useful way of looking at the Chinese economy. As mentioned above, other indicators, and particularly the profit cycle are indicative of an upturn. The US Dollar is unlikely to be as weak as it was in 2017 but again should provide a favourable backdrop. The main negative is that this is something of a consensus call in contrast to twelve months ago. However, the basics of the argument remain the same. The US currency remains expensive on a real effective exchange rate basis in contrast to both the Euro and Yen which are both cheap. With European growth accelerating there will be more pressure on Mario Draghi to tighten monetary policy and the same pressures may well come to bear in Japan. The external position of emerging markets is also in very good shape, notably relative to 2013 when there was a sharp sell-off post the 'taper tantrum'. Again, there are some obvious weaknesses, but these are largely confined to Turkey, South Africa and to a lesser extent Brazil. And of course, the risk profile of South Africa has improved considerably over the last month. Finally, the outlook for commodity prices remains positive with the acceleration in global growth being the main driver but with assistance from supply constraints, both from China and Organisation of the Petroleum Exporting Countries ('OPEC'). Historically, emerging markets have performed well when commodity prices have been rising.

There are, of course, plenty of risks. The greatest of these is a return of inflation, and with it a more rapid tightening of monetary policy than is currently expected. There are two commonly cited issues, namely the tight jobs market in the US and rising commodity prices and, in particular, the oil price. Of these the former appears exaggerated as, whilst the unemployment rate is low, the labour participation rate is also very low suggesting there is plenty of labour that could appear should wages start to rise in real terms. The oil price appears more concerning given that inventory is falling rapidly despite a sharp increase in US production. However, more US production is likely to come on stream if prices remain high. Saudi

Arabia will be happy given their budget issues, but the Russians less so given their concerns about market share and ability to increase production. Thus, the OPEC/Russia will come under pressure as the price rises, thus limiting the extent of that rise.

Politics is the other main concern but expectations here are low and, largely focused on Latin America where both Brazil and Mexico have Presidential elections. South Africa has recently demonstrated that the worst possible outcome is not necessarily going to be the result. However, it may be external politics that is the greater risk, notably the prospect that President Trump pursues his protectionist agenda.

Valuations remain slightly problematic but certainly not alarming. In terms of price to earnings, price-to-cash flow and enterprise value to earnings before interest, taxes, depreciation and amortisation ('EBITDA'), emerging markets are towards the higher end of historic valuations. However, in terms of price-to-book, valuations are more appealing at 1.83x, which is in-line with their historic medium. Earnings growth will slow after the strong recovery in 2017 but current expectations of 12.0%–13.0% appear achievable and could well be conservative given the strength of the global economy, the surge in commodity prices and the fact that margins have some way to rise before reaching historically high levels.

The fly in the ointment remains returns on equity which are low by historic standards, and at just a small premium to developed markets, do not reflect the additional risk. Improving margins and asset turns will help but the critical factor may well be leverage. With cash flow rebounding and capital investment still relatively muted there could be a significant increase in free cash flow in 2018. Historically emerging market companies have not been noted for their generosity towards investors but there are signs this is changing as investors, including governments, become more vociferous in their demands. This trend will become more pronounced in 2018 and with cash abundant it will be harder for corporations to resist. Thus, dividends can become a significant catalyst for performance.

2017 was in many ways a spectacular year for flows into emerging market funds. The US\$85bn of inflows has only been exceeded in one year, 2010, suggesting that sentiment towards the asset class is very positive. However, this does not appear to be the case with global funds, on average, continuing to be underweight, albeit less so than at any point since mid 2011. The flows have largely been into exchange traded funds ('ETFs') from US institutional investors suggesting there is plenty of scope for further flows from elsewhere.

### Emerging Markets Team

Polar Capital LLP

February 2018

## European Ex UK Income Fund

### Fund Performance

The European Ex UK Income Fund ('the Fund') performed 10.44% on an absolute basis (Class I EUR Acc Shares) – this represented 0.95% underperformance relative to the MSCI Europe ex UK index (in EUR terms).

The top relative contributors to the performance were Novo Nordisk, Infrastructure Wireless Italiana, TUI, Unilever (not owning) and Nokia. Overweights in healthcare and utilities and underweight consumer staples were positive contributors to performance. The main relative detractors were Euskatel, Deutsche Telekom, Cia de Distribution Integral Logista, Sanofi and Svenska Handelsbanken. The main sector detractor was industrials.

### Market Review

After several years of disappointing earnings, 2017 saw a return of European earnings growth. The European economic recovery has become more entrenched with solid economic data generally surprising positively in the year. The Euro strengthened as political risks dissipated and focus turned to the potential for the European Central Bank ('the ECB') to normalise monetary policy. The elections in the Netherlands and France avoided the worst case populist outcomes; although Macron's stunning French victory swept away the traditional parties to remarkably reshape the political landscape there.

Europe's banks remained in the spotlight in 2017, with the market's calm response to Italy and Spanish bank resolutions contrasting so dramatically with the fears at the peak of the Eurozone crisis. The European bank resolution remains a work in progress with the ECB becoming more proactive in its agenda of pushing for faster resolution of non-performing loans. In December 2017, the long awaited Basel 4 regulations were announced that seemed broadly benign and should increase the visibility for the better capitalised banks to increase returns to shareholders in future years. We remain cautious on investment banks and retail banks in fragmented markets, and hold no Peripheral European financials due to a poor risk reward in our view.

Confidence has been improving in both the household and corporate sector, while most of the hard data has now been improving for several years from very depressed troughs. After seeing moderate growth in other regions and Europe's growth accelerate recently, the region now looks more compelling and continues to offer pockets of attractive valuation.

### Fund Activity

Early in the year, we started a position in Scandinavian Tobacco (a Swedish producer and distributor of niche tobacco products). They have a strong position with more than 70.0% of sales from markets where they hold the number one or number two positions and have an extremely strong competitive position. We are attracted to their strong and visible cash flow profile, material self-help opportunities across the business, and an appealing shareholder returns policy with considerable scope for upside underpinned by a strong balance sheet. We expect opportunities for the Company to consolidate the fragmented European market for machine made cigars.

Within the utilities sector, we started positions in Enel and Gas Natural. The utility sector had one of the most painful experiences post-crisis, driven by excessive leverage and an EU energy policy that has destroyed the profitability of big swathes of unregulated conventional power generation. This was compounded by some disastrous capital allocation decisions over the last decade. Generation now accounts for less than 10.0% of the sector's profitability, with most companies rightly focusing on investments in grids, regulated/contracted generation and renewables. Having attended the Enel Capital Markets Day in 2016, we felt that the strategy was attractive, and the shares looked cheap given the pull-back of the Italian market. Gas Natural is a very interesting situation with a new activist infrastructure shareholder (Global Infrastructure Partners has a 20.0% stake) likely to push a more shareholder friendly approach. We expect portfolio rotation and cost-cutting to add value going forward.

In the energy sector, we started a position in TOTAL (French Oil Company). We believe this to be the best managed European oil major given a track record of superior returns, management actions in the recent downturn and its counter-cyclical approach to finding new resources at a time when many peers are looking to execute very large disposal programmes at the worst point in the cycle. Total is often seen as dull due to its lower beta to the oil price, given we have no conviction which way the oil price will fluctuate next; this stability is an attraction to us.

We are not fans of scrip dividends, but we think that it is acceptable in this instance due to the severity of the downturn, the clearer path to cash dividends as free cash flow inflects and the fact retained cash is being invested counter-cyclically.

## Investment Manager's Reports continued

For the financial year ended 31 December 2017

### European Ex UK Income Fund continued

Within the financials sector, we see the reinsurance sub-sector as a clear valuation outlier. We started positions in Munich Re and Hannover Re. Munich Re is a world leader in reinsurance with a strong reputation for underwriting and conservative reserving. The reinsurance market has suffered from excess capital driving down pricing in recent years. The rise of alternative capital (e.g. cat bonds) has pressured some of the most mature market segments (e.g. Florida wind) due to strong risk modelling capability being available to all. Hannover Re is a top four global reinsurer with attractive returns on equity relative to the peer group. Management has done a good job improving the group's fortunes in recent years.

Elsewhere in financials, we bought a position in UBS. After a very strong financials rally since the lows of 2016, UBS stood out as cheap only trading at a small premium-to-book value. This does not fully reflect its improved prospects after focusing on its wealth management business (a much better business than investment banking in our view). The limited ambitions in investment banking are a key part of management's strategy. The bank is well capitalised and offers good leverage to any further improvement in economic sentiment. Increased regulatory certainty should lead to an acceleration of shareholder returns.

In healthcare, we started a position in Novo Nordisk (Danish Pharma company). Novo Nordisk was previously one of the most loved companies in Europe due to its strong track record of innovation, attractive long-term growth and high returns on capital. The shares fell dramatically due to concerns around increased competition and falling drug prices, creating an attractive entry point as we felt the risk reward looked very compelling with the shares offering a 6.0% free cash flow yield.

Within the transport sector, we started a position in PostNL (Dutch postal business). PostNL has had an eventful few years with the disposal of TNT simplifying the group, while it was also the subject of a merger approach by Bpost (not held) in 2016. The shares trade on a high single-digit free cash flow yield – highlighting the value opportunity. The strategy is built around delivering cost cutting, building out e-commerce logistic exposure and a strong balance sheet. The Dutch mail market has been very competitive – the Company has strong optionality from improved local regulation or competitive intensity.

In the consumer goods sector, we bought a position in Societe Bic (French consumer goods company). Societe Bic ('BIC') is a family-controlled business that has an expertise in mass producing cheap consumer products – lighters, razors and pens. The shares had underperformed markedly in the last two years due to

moderating organic growth and concerns about the disruption to the razors' market from new subscription model entrants like Dollar Shave Club. We think that this excessively discounts BIC's outlook due to its discount positioning (we see Gillette as materially exposed even after its price cuts) and its profit mix is diversified with the majority of profits from non-razor segments.

We sold several positions that we felt had reached expensive valuations which offered less attractive risk reward. These included Deutsche Post (German postal and logistics business), SKF (Swedish capital goods business), Allianz (German insurer), Banco Bilbao Vizcaya Argentaria ('BBVA') (Spanish listed global retail bank), Nokia (Finnish telecom equipment maker) and Galp (Portuguese integrated energy business). We also sold our position in Telefonaktiebolaget LM Ericsson ('Ericsson') (Swedish telecom equipment business) post its dividend cut.

We sold Unilever (Anglo-Dutch consumers staples business) and Nestle (Swiss food and beverage business) having been more cautious on the consumer staples space over the last 12 months. Many of the names were reporting lacklustre volumes and the worry is that these companies have taken too much pricing without sufficient product innovation. Local and regional competition in emerging markets is increasing and we worry that big consumer brands may be seeing some of their barriers to entry shrink. In all markets, technology has reduced the barriers to entry as distribution has become significantly easier for new entrants. Having been comfortable with the consumer staples' valuation premium for much of the last five years, we feel it is more questionable at this point and see better opportunities elsewhere for now.

### Market Outlook

We expect medium-term low-trend growth for several reasons, including levels of debt, demographics and a more subdued global economy. As such, we believe that high quality companies that can deliver solid, if unspectacular, growth over long periods are very attractive. Confidence in the short-term growth outlook will fluctuate around low levels in our view.

Low risk equities with reasonable and growing dividends continue to look attractively valued relative to other asset classes, in our view. We are more sceptical on the prospects for high yielding stocks with no growth and see them as particularly vulnerable to uncertainty in the bond market.

### European Income Team

Polar Capital LLP  
February 2018

## European Income Fund

### Fund Performance

The European Income Fund ('the Fund') delivered a return of 8.25% on an absolute basis (Class I EUR Acc Shares) and underperformed the benchmark by 1.99% relative to the index.

The top relative contributors to the performance were Novo Nordisk, Infrastructure Wireless Italiana, Sunrise Communications, TUI and Enel. Positive sector contributions came from overweights in healthcare and utilities and underweights in consumer staples and energy. The top relative detractors to performance were BT Group, Euskaltel, Stagecoach, Pearson and Imperial Brands. The main sector detractor was telecommunications services where we frustratingly bought BT Group shortly before its profit warning in January 2017. We have exited the positions in Stagecoach and Pearson given our reduced conviction in their medium-term outlook.

### Market Review

After several years of disappointing earnings, 2017 saw a return of European earnings growth. The European economic recovery has become more entrenched with solid economic data generally surprising positively in the year. The Euro strengthened as political risks dissipated and focus turned to the potential for the European Central Bank ('ECB') to normalise monetary policy. The elections in the Netherlands and France avoided the worst case populist outcomes, although Macron's stunning French victory swept away the traditional parties to remarkably reshape the political landscape there.

Europe's banks remained in the spotlight in 2017 – with the market's calm response to Italy and Spanish bank resolutions contrasting so dramatically with the fears at the peak of the Eurozone crisis. The European bank resolution remains a work in progress with the ECB becoming more proactive in its agenda of pushing for faster resolution of non-performing loans. In December 2017, the long awaited Basel 4 regulations that were announced seemed broadly benign and should increase the visibility for the better capitalised banks to increase returns to shareholders in future years. We remain cautious on investment banks and retail banks in fragmented markets, and hold no Peripheral European financials due to a poor risk reward in our view.

Confidence has been improving in both the household and corporate sector, while most of the hard data has now been improving for several years from very depressed troughs. After seeing moderate growth in other regions and Europe's growth accelerate recently, the region now looks more compelling and continues to offer pockets of attractive valuation.

### Fund Activity

Early in the year, we started a position in BT Group (UK telecom business). The shares were down materially over the last twelve months even before the warning. The profit warning was driven by a surprisingly big fraud in its Italy business relative to the size of revenues, but also increased caution on the UK public sector outlook. We feel the starting valuation of an 8.0% free cash flow yield gives a margin of error for navigating challenges around the pension and higher capital expenditure (that BT has a good track record of monetising anyway).

Within the utilities sector, we started a position in Enel. The utility sector had one of the most painful experiences post-crisis, driven by excessive leverage and an EU energy policy that has destroyed the profitability of big swathes of unregulated conventional power generation. This was compounded by some disastrous capital allocation decisions over the last decade. Generation now accounts for less than 10.0% of the sector's profitability, with most companies rightly focusing on investments in grids, regulated/contracted generation and renewables. Having attended the Enel Capital Markets Day in 2016, we felt that the strategy was attractive, and the shares looked cheap given the pull back of the Italian market.

In the energy sector, we started a position in TOTAL (French oil company). We believe this to be the best managed European oil major given a track record of superior returns, management actions in the recent downturn and its counter-cyclical approach to finding new resources at a time when many peers are looking to execute very large disposal programmes at the worst point in the cycle. Total is often seen as dull due to its lower beta to the oil price – given we have no conviction which way the oil price will fluctuate next, this stability is an attraction to us.

We are not fans of scrip dividends, but we think that it is acceptable in this instance due to the severity of the downturn, the clearer path to cash dividends as free cash flow inflects and the fact retained cash is being invested counter-cyclically.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

#### European Income Fund continued

Within the financials sector, we see the reinsurance sub-sector as a clear valuation outlier. We started positions in Munich Re and Hannover Re. Munich Re is a world leader in reinsurance with a strong reputation for underwriting and conservative reserving. The reinsurance market has suffered from excess capital driving down pricing in recent years. The rise of alternative capital (e.g. cat bonds) has pressured some of the most mature market segments (e.g. Florida wind) due to strong risk modelling capability being available to all. Hannover Re is a top four global reinsurer with attractive returns on equity relative to the peer group. Management has done a good job improving the group's fortunes in recent years.

Elsewhere in financials, we bought a position in UBS. After a very strong financials rally since the lows of 2016, UBS stood out as cheap only trading at a small premium to book value. This does not fully reflect its improved prospects after focusing on its wealth management business (a much better business than investment banking in our view). The limited ambitions in investment banking are a key part of management's strategy. The bank is well capitalised and offers good leverage to any further improvement in economic sentiment. Increased regulatory certainty should lead to an acceleration of shareholder returns.

In healthcare, we started a position in Novo Nordisk (Danish Pharma company). Novo Nordisk was previously one of the most loved companies in Europe due to its strong track record of innovation, attractive long-term growth and high returns on capital. The shares fell dramatically due to concerns around increased competition and falling drug prices, creating an attractive entry point as we felt the risk reward looked very compelling with the shares offering a 6.0% free cash flow yield.

While we are broadly cautious on valuations within the consumer staples sector, we were presented with an attractive entry point in British American Tobacco (UK listed global tobacco stock). The sector had been weak following the Food and Drug Administration's ('FDA's') announcements over the summer that they would look to increase regulation. We feel that the weakness in BAT was unmerited as we expect any regulation changes to play out only slowly and the Group is well positioned in Next Generation tobacco products that seem to be gaining traction in markets where they have been launched. The tobacco sub-segment valuation discount to other parts of the consumer staples universe looks extreme to us given the issues elsewhere around more muted organic growth and increased competition.

We sold several positions that we felt had reached expensive valuations which offered less attractive risk reward. These included Deutsche Post (German postal and logistics business), SKF (Swedish capital goods business), Allianz (German insurer), Banco Bilbao Vizcaya Argentaria ('BBVA') (Spanish listed global retail bank), Nokia (Finnish telecom equipment maker) and Galp (Portuguese integrated energy business). We also sold our positions in Telefonaktiebolaget LM Ericsson ('Ericsson') (Swedish telecom equipment business) post its dividend cut and Pearson (UK media stock) as we lost conviction in the medium-term outlook.

We sold Unilever (Anglo-Dutch consumers staples business) and Nestle (Swiss food and beverage business) having been more cautious on the consumer staples space over the last 12 months – many of the names were reporting lacklustre volumes and the worry is that these companies have taken too much pricing without sufficient product innovation. Local and regional competition in emerging markets is increasing – and we worry that big consumer brands may be seeing some of their barriers to entry shrink. In all markets, technology has reduced the barriers to entry as distribution has become significantly easier for new entrants. Having been comfortable with the consumer staples' valuation premium for much of the last five years, we feel it is more questionable at this point and see better opportunities elsewhere for now.

#### Market Outlook

We expect medium-term low-trend growth for several reasons – including levels of debt, demographics and a more subdued global economy. As such, we believe that high quality companies that can deliver solid, if unspectacular, growth over long periods are very attractive. Confidence in the short-term growth outlook will fluctuate around low levels in our view.

Low risk equities with reasonable and growing dividends continue to look attractively valued relative to other asset classes, in our view. We are more sceptical on the prospects for high yielding stocks with no growth and see them as particularly vulnerable to uncertainty in the bond market.

#### European Income Team

##### Polar Capital LLP

February 2018

## Financial Opportunities Fund

### Fund Performance

The Financial Opportunities Fund ('the Fund') rose by 23.76% (Class I USD Acc Shares) in 2017, outperforming the benchmark index by 3.9% (in USD terms) supported by our exposure to emerging markets (primarily India and Thailand), a strong performance by payments companies in both the US and Europe and certain small-cap European financials, which included two acquisitions of small-cap UK banks held in the Fund. With the benchmark having little exposure to emerging markets and very biased to the US, we are always overweight Asia and so benefited from its broad-based rise during the year, although with hindsight we should have had greater exposure to areas we historically avoid such as Chinese and Korean banks. In terms of our largest exposure, the US, the fact that we are biased to faster growing smaller banks detracted from our performance since most of the momentum trades were in the better value, large banks as investors scrambled for exposure to corporate tax cuts and rising interest rate trends.

### Market Review

Overall in 2017 we would have hoped that financials would have outperformed global markets in view of their sensitivity to rising interest rates and attractive valuations, but performance ended broadly neutral and they have barely made a dent in their ten-year underperformance.

The one sector which disappointed during the year was European financials (+8.3% in EUR, +23.5% in USD) since not only are stocks still offering deep value but equally the macro environment has strengthened materially. However, economic recovery in the region has not been accompanied by a meaningful increase in loan growth, given continued deleveraging and low rates remain a headwind to revenues. The European Central Bank's decision to run the Quantitative Easing programme 'lower for longer' as well as political and regulatory uncertainty (primarily in relation to Basel 4 which European banks are particularly exposed to) all served to weaken sentiment on the sector.

United States financials saw strong gains in 2017 (+19.9%) with large-cap banks outperforming as prime beneficiaries of the improved sentiment towards the sector on the back of higher rates and tax reform. Positive macro data provided a supportive backdrop for the sector and with labour markets tightening market expectations for rate hikes continued to build despite muted inflationary pressures. Comments by the US Federal Reserve chair nominee Jerome Powell later in the year also buoyed sentiment after he indicated his preference for a normalisation in interest rates and signalled a potential easing in bank regulation

(supporting the idea of re-writing the Volcker rule). One segment which disappointed was smaller-cap US banks which were relatively weak in 2017. These stocks generally trade at a premium to the large banks since they offer attractive growth prospects, but saw that growth premium erode as their loan growth weakened. Added to which (as we found with Meta Financial), investors are very unforgiving if these smaller players do not hit targets or are affected by one off events (the share has subsequently recovered).

Asian financials were particularly strong in 2017 (rising 35.0%) supported by a resilient economic environment with inflationary pressures generally subdued, combined with the prospect for only a gradual pace of rate normalisation in developed markets. Operating trends remained reasonable and the key driver of loan growth showed some encouraging signs, particularly, in the Philippines, China, Singapore and Indian private sector banks. A positive development was evidence of rising margins and with a few exceptions (Pakistani banks in particular) margins appear to be moving off their lows and we are not surprised since, as global interest rates rise, the Asian banking sector is one of the prime beneficiaries in view of its strong deposit franchise (the shift to higher margin retail lending has also helped).

### Fund Activity

Given the valuation opportunity and as the macro environment strengthened, we gradually raised our exposure to Europe, in particular, Southern Europe. The reduction in systemic risk in Southern Europe was highlighted by the acquisitions of two Venetian banks and Banco Popular by Intesa Sanpaolo and Banco Santander respectively (both held in the Fund) demonstrating the ability to manage the resolution of a failing bank without it becoming a broader issue and with credit markets remaining unaffected. The finalisation of the Basel 4 framework in December 2017 also represented a major turning point for the sector with the reforms more benign than the market expected. We now expect European banks to return more capital than previously expected and, importantly, it gives clarity on the regulatory outlook. With the region offering considerable value combined with lower regulatory and political risk, we expect to continue the gradual shift in the portfolio to Europe.

The Fund's emerging market exposure fell during the year primarily through reductions in India on valuation grounds after a sharp recovery in the first half of the year, following relief that the impact from demonetisation was not as great as initially feared. Regulatory action by the Reserve Bank of India (requiring a more conservative provisioning approach) and the announcement by the Indian

## **Investment Manager's Reports** continued

**For the financial year ended 31 December 2017**

### **Financial Opportunities Fund** continued

government of a Rs1.4trn recapitalisation for state banks, weighed on the performance of private sector banks and non-banking financial companies (where the Fund has exposure) in light of a perceived shift in the competitive environment. Given the differential in credit risk assessment, technology and retail franchises, we are sceptical as to the ultimate impact on private sector banks but reduced exposure on valuation grounds following a strong performance.

The exposure to the UK fell in 2017 in part due to acquisitions of two positions held in the Fund whilst macro uncertainty has also influenced our underweight position. FirstRand acquired Aldermore (launching the bid in October 2017) whilst Shawbrook was taken private following a private equity bid from a consortium that included its largest shareholder (Pollen Street Capital). The transactions highlight the value on offer within UK specialist banks trading on relatively low multiples due to macro uncertainty despite offering attractive growth and profitability. Aside from Aldermore, we have exposure to UK challenger banks through our holdings in Charter Court Financial Services (initial public offering in September 2017) and Atom Bank (unlisted).

### **Market Outlook**

Whilst the sector has been a strong performer this year, its recovery relative to other sectors remains limited and it continues to offer considerable value (particularly in Europe). The overhangs the sector had faced from regulation and litigation following the financial crisis are fading and the debate has shifted from the prospect of negative rates to the timing and pace of policy normalisation. These factors combined with the ability for banks to sustain an attractive level of capital return underpins our confidence for a sustained recovery in the sector.

### **Financials Team**

**Polar Capital LLP**

February 2017

## **Global Alpha Fund**

Global Alpha Fund was terminated on 28 December 2017 and all shares were fully redeemed during the financial year.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Global Convertible Fund

### Fund Performance

The Global Convertible Fund ('the Fund') returned 11.50% over 2017, taking its return since inception to 26.0% (Class I USD Acc). In comparison, the Thomson Reuters Global Focus Convertible Bond Index returned 9.67% and 16.03% (in USD terms) for the full year 2017 and since the Fund's inception, respectively.

The ability of the Fund to deliver solid returns with moderate volatility lies in the consistent execution of the team's core investment principles, prudent security selection, diligent risk management, and opportunistic execution. We believe that our aim to provide a distinctive solution to investors' needs has proven successful in a Fund that has generated class leading income of circa 4.0% while maintaining a balanced convertible portfolio with solid upside participation.

### Market Review

We headed into 2017 with animal spirits driving market sentiment post the Trump win of the US Presidential election. The 'Reflation Trade' was in full force to start the year, however, only within weeks of inauguration the news flow from the White House led markets to begin questioning the new administration's ability to make any of the impactful economic changes once expected. By the end of the first quarter, the reflation trade began to unravel causing the long end of the US Treasury ('USTs') curve to rally. The US Federal Reserve's ('Fed's') steadfast willingness to overlook soft inflation data, a second-rate hike in June 2017, and the expectation of Balance Sheet 'normalisation' during the year, kept the short end of the curve well anchored into the end of first half. This Fed rhetoric impacting the short end of the curve, combined with the unwinding of the Trump trade and a weaker longer-term economic outlook, caused the UST curve to flatten beyond levels prior to the US Elections and near the lows post the Global Financial Crisis.

The shift by the Central Banks, the pro-Euro French election outcome, the unwind of the US 'Reflation Trade' and the flattening of the USTs curve all led to a significant selloff in the US Dollar relative to the majors, especially the Euro. The GBP also found strength, first when UK Prime Minister Theresa May called for a snap election in June, and again post the election outcome.

With the US Treasury curve and the US Dollar having completely unwound the 'Trump trade' moves, Emerging Market equities outperformed most of their Developed Market counterparts (MXEF +17.2%, MXWO +9.4%).

In the developed markets, equities and credit were still oddly unaffected by the above mentioned pressures. Despite Trump's alleged interference with FBI investigations, escalating geopolitical concerns

around Syria and North Korea and weakness in energy markets, equities and credit remained positive through the first half of the year.

However, underneath the surface there was a clear rotation. First, by the end of the first half of the year, equity strength shifted geographically from Europe back to the US. Equity leadership shifted even more noticeably. Tech stocks, which had led the global advance, were sold aggressively in June whereas more defensive sectors that had lagged were June's outperformers. Similarly, small-cap and value outperformed. Although the magnitude of the corrections in June is noteworthy, June's price action only retraced a small portion of the 2017 trends.

The second half of 2017 began with much more of the same – continued US Dollar weakness, still unconvincing reflation trade and heightened concerns of global central banks tightening faster than the Fed. Equities also continued their grind higher with the US leading geographically, though more importantly, June's 2017 sector rotation reversed and IT resumed its leading role in the equity rally. Overall, volatility remained muted only giving way briefly in August 2017 when tensions picked up in North Korea. Volatility and safe haven assets temporarily spiked and rates dropped, however, equities were at worst, mixed, before resuming their grind higher and credit spreads widened only to whip back to even tighter levels than where we started.

By September 2017, the geopolitical tensions stepped aside allowing the markets' focus to shift back to economic policy with the Federal Open Market Committee taking centre stage. Chair Yellen's comments on balance sheet normalisation on the back of a 'strong enough' US economy sent US rates higher and finally paused the sell-off in the US Dollar. This dynamic of higher US rates and relatively weaker Euro set into motion a market consensus to overweight U.S. financials and European equities even in the face of rising tensions in Catalonia. The European Central Bank also helped reverse earlier concerns of faster non-US tightening by presenting a dovish tone. This, combined with solid economic data in the region and eventual curtailment of the political developments in Catalonia, pushed European equities higher and high-yield spreads tighter. In Asia, bullish sentiment was even stronger, especially post the Japanese elections, which spurred expectations of increased government spending and sent the Nikkei to highs not seen for two decades.

The Nikkei rarely looked back for the remainder of the year, however, globally; markets diverged in the last two months. In the US, markets were mixed given the conflicting dynamics of strong economic data, calming effects of having Chair Yellen replaced with

a similar philosophy in Jerome Powell, and increasing expectations of US tax reform being approved. US Swap rates pushed higher, credit spreads widened and the US yield curve bear-flattened. Although the S&P closed higher for the remainder of the year, we saw a major rotation out of sectors such as IT in favour of sectors expecting benefits from tax reform. The earlier rally in European markets set their peaks for the year as the US Dollar resumed its weakness relative to the Euro.

Commodities stood out as an asset class in terms of negative overall performance in the first half of 2017, with Energy and Iron ore being the weakest and most volatile. The price declines were largely being attributed to US shale producers in energy and concerns regarding Chinese interbank rates and a crackdown on shadow banking practices and off-balance sheet lending for iron ore. In this environment, we employed our credit expertise to remain in the defensive, high asset value energy names. Near mid-year, WTI and Brent began to diverge and for crude overall, the potential of an infinite backwardation loop provided reason to swap from US energy exposure to European energy exposure as well as from low delta, defensive plays to names with greater participation in an upswing in crude. Thus, we swapped out of our defensive US energy exposure into higher delta, European energy investments. In the subsequent months, oil became the biggest beneficiary of the macro-economic backdrop, helped along by Saudi Arabia's pledge to reduce exports as well as broader co-ordinated action from the Organization of Petroleum Exporting Countries ('OPEC') members. Even the September 2017 bounce in the US Dollar was not enough to derail the energy markets as by then demand had increased to balance oil supply. This fundamental shift translated into markets implying a minimal premium for geopolitical tensions, just as tensions in oil centric regions were beginning to rise. These tailwinds supported a continued rally in oil through to year end.

In Convertibles, valuations began the year with a firm tone globally despite a strong showing from the primary markets which had the largest January start since 2013 (source: UBS). The strength on both fronts continued into the end of the first-quarter with Thomson Reuters Global Focus (US\$) Convertible Bond Index returning 3.8% (in USD terms) and total issuance ending at US\$24.2bn putting the market on an annual run-rate for issuance, above the average of the past three years (source: UBS). The following two months saw a slight decline in primary issuance which only drove secondary valuations even higher. Global Convertible valuations did eventually plateau in the final month of the first-half once convertible issuance increased pace led by the strongest month for EMEA convertible issuance since June 2014 (source: UBS). The Global Convertible issuance reached

a total of US\$49.9bn and the Thomson Reuters Global Focus (US\$) Convertible Bond Index returned 6.86% (in USD terms) for the first-half of 2017.

Convertibles also started the second half of 2017 with more of the same – continued stable-to-rising valuations; especially given July 2017 was another quiet summer month on the new-issue front. However, issuance picked up dramatically in August 2017, resulting in the most active August since 2008 and sparking hopes for an active calendar for the remainder of the year. The primary market did not disappoint. The second half of 2017 ended with US\$30.3bn to bring the total for the full year 2017, to US\$72.5bn in issuance consisting of 187 deals, broken down geographically as follows: US\$35.5bn US, US\$22.6bn Europe, and \$14.5bn in Asia (source: UBS). Technology was the dominant sector responsible for 30.4% of issuance with the next largest single sector being healthcare at 14.3%.

Valuations took a brief pause in August 2017 in conjunction with the unexpectedly strong calendar before resuming a steady increase higher to close the year near the highs. The Thomson Reuters Global Focus (US\$) Convertible Bond Index increased returns by another 281bps (in USD total return terms) over the latter half of the year.

## Fund Activity

Throughout 2017, we focused on constructing a balanced portfolio with regional, sectoral and secular themes to not only navigate the idiosyncrasies of each region but to also take advantage of rotations among regions, and industries while staying focused on secular tailwinds. Regionally speaking, mid-year we shifted greater capital allocations to Europe and Japan. We also swapped out of US energy exposure into European energy investments. With regards to sectors, via the energy regional swap we also increased our energy related equity sensitivity as well as our overall weighting to energy, along with increasing our weighting in materials and industrials, all to overweight. In healthcare, we reduced our overweight to neutral through the equity market's sector rotation in June 2017. Within our neutral positioning, we deployed our expertise in the healthcare space to differentiate and select optimal reward-to-risk storylines and product launches. Meanwhile in information technology ('IT'), we increased our exposure to neutral, though maintained over and under-weights within IT based on secular themes such as the Internet of Things and cloud based enterprise software solutions. Other secular themes included content producers who we view to be in the driver's seat during the transformation currently unfolding in the media/telecom industry.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Global Convertible Fund continued

### Fund Activity continued

We also continued to consistently deploy our credit expertise to protect the portfolio and avoid pitfalls such as Steinhoff Africa Retail. Although at one time we did hold a position in Steinhoff Africa Retail, we sold this in fall 2017, due to growing concerns about the quality of the Company's accounts and management credibility. At the same time, we employed our strategic, transactional experience to maximise the return potential in Premier Oil which not only benefited from the oil related dynamics discussed earlier, but also from strategic initiatives including asset sales.

We expect our steadfast adherence to our investment principles to continue to keep us away from troubled sectors and allow us to avoid transactions we deem uneconomic or unattractive on a risk/return basis. The Fund's preference still remains to grow the portfolio via the primary calendar, while supplementing the portfolio with diligent high quality positions via the secondary market. We continue to apply the same criteria to evaluate primary market opportunities as secondary market bonds – fundamental belief in the credit quality and/or equity valuation, sector, and market positioning. We are also not afraid to shift capital allocation and our research focus to asymmetric opportunities and special situations. Consequently, the Fund has been able to return solid performance in both quiet and active calendar periods.

### Market Outlook

For the year ahead we consider a number of conflicting themes that point to an unclear outlook for the direction of markets. For instance, as discussed in detail in our recently published white paper, 'The Asset Allocation Conundrum', equity multiples are at, or near, historic highs at a time when Central Bank liquidity is likely close to a peak and the Federal Reserve is executing its planned rate rises. On the other hand, with the support of high corporate profitability and ongoing global economic growth, equities still offer the prospect of strong positive returns and thus remains a 'must own' for many. Consequently, more so than usual, the dual investment objectives of capital protection and capital gain appear inconsistent, making asset allocation a particularly challenging exercise for investors.

As also discussed in detail in 'The Asset Allocation Conundrum', we believe that it is for the abovementioned conflicting reasons that balanced convertible bonds are of particular relevance in today's environment and we strongly believe should play a key role in many investor's portfolios. Specifically, the unique capability of convertible bonds in general, and balanced convertible bonds in particular, to protect downside risk while retaining upside participation is extremely beneficial in an uncertain market environment.

Finally, while we are positive on the relative prospects of the convertible bond market in general, we are especially positive on the relative performance prospects of the Fund. This is because we focus on balanced, convex and credit worthy investments to provide good upside participation and downside protection, but also because we seek to avoid individual severe negative credit events such as the Steinhoff Africa Retail debacle through considered fundamental analysis.

This investment process served the Fund well in 2017, resulting in net return of 11.50% for the year and outperformance of 183bp relative to our benchmark while also achieving our 4.0% Fund yield target (Class I USD Acc).

For 2018 we are again confident of achieving our 4.0% Fund yield target and by following our well-defined investment process will again seek to deliver solid absolute and risk-adjusted returns for our investors and material outperformance relative to our benchmark.

'The Asset Allocation Conundrum' is available via your usual Polar Capital Representative

### Convertibles Team

#### Polar Capital LLP

February 2018

## Global Insurance Fund

### Fund Performance

The GBP Retail Accumulation units of the Global Insurance Fund ('the Fund') were up 6.36% in 2017 versus the MSCI World Insurance Index (Net Total Return GBP) benchmark's return of +10.6%, the FTSE All-Share Index +13.1% (Total Return GBP), the S&P 500 Index +11.2% (Total Return GBP) and the MSCI World Index +11.7% (Total Return £).

As was the case in 2016, the movement in the Sterling/Dollar exchange rate had a material impact on performance. Excluding a £/US\$ drag of c.7.0% (versus a 12.0% benefit in the prior year) the Fund rose c.13.0% in 2017 which is a pleasing performance in a year that is set to rival 2005 and 2011 for record catastrophe activity. We estimate 10.0% of our return to have come from book value/earnings growth (in the middle of our 9.0%–11.0% expectation for 2017) and the balance from modest price-to-book value expansion.

### Market Review

2017 is set to rival 2005 and 2011 as the record year for natural catastrophe insured losses. After a relatively quiet first half, activity surged in the third quarter led by hurricanes Harvey, Irma and Maria. Combined, the likely insured losses from these hurricanes is in the region of c.US\$90bn. This could have been considerably more had Irma's storm track not veered away from Miami as it made landfall. Losses from the Californian wildfires in the fourth quarter are expected to approach US\$20bn. Munich Re estimates overall catastrophe losses for 2017 were c.US\$135bn, almost three times the ten-year average of US\$49bn. The Fund significantly reduced its catastrophe exposure in 2013 from c.10.0% of the portfolio to a weighting of c.4.0%–5.0%. Whilst Mother Nature was relatively benign in 2013–2016, this prudence served us well in 2017.

Given the extent of the 2017 catastrophes, reinsurance pricing improved on 1 January 2017 (a key renewal date where two-thirds of reinsurance business is placed). The rise was the first since 2012. We have spoken to a variety of industry participants in early January about the renewal to take the temperature of the market. The broad view was that the reinsurance market has passed an inflection point and pricing is now hardening. However, rate rises were described as more orderly than the pricing spike that some reinsurers were seeking. Two contributing factors to the slightly more modest increases were (1) 2017 cat losses were relatively well spread out by event (rather than caused by a single huge catastrophe) and (2) the continued interest in cat risk from non-traditional market participants such as hedge funds, pension schemes and other institutions which access the market from ILS (Insurance Linked Securities) funds.

Our sense is that loss affected US property catastrophe accounts typically rose +10.0%–25.0% whereas non-loss affected US risks, as well as European and other international catastrophe placements, rose +0.0%–5.0%. The most significant rate increases were seen in the retrocession market. Retro refers to catastrophe reinsurance bought by reinsurers and is typically provided by ILS funds. On average retro pricing rose c.20.0% but in some cases, it was up materially more than this. Insurance broker JLT Re suggested reinsurance pricing overall was up 5.0%, a meaningfully better outcome than many expectations prior to the second half losses.

It is also important to remember that 1 January renewals are much broader than just catastrophe reinsurance which tends to get most of the headlines. Catastrophe reinsurance premiums globally are c.US\$22bn and represent c.10% of the overall reinsurance market and only c.1% of the global non-life market. Industry commentators and sell side analysts often get fixated on catastrophe rate changes but this only tells a small part of the story. Some of our more nuanced observations include clear indications that casualty reinsurance saw a better than expected renewal with reinsurers securing higher pricing as well as improved terms and conditions. Specialty US property insurance rates are obtaining 10.0%–25.0% rate increases with Caribbean exposed risks achieving significantly more. The renewal also saw primary lines such as aviation and energy experiencing rising prices for the first time in many years. In summary, pricing adequacy in 2018 is better than a year ago and is likely to improve further as the year progresses.

Company earnings will also be helped in 2018 and beyond by the US Tax Cuts and Jobs Act that was passed in December 2017, with the headline US corporate tax rate falling from 35.0% to 21.0%. This benefits all US based businesses which represent the majority of our portfolio. All else being equal, many of our companies will see double-digit increases in earnings per share ('EPS') including top ten holdings Berkshire Hathaway, WR Berkley, Alleghany and Markel.

At the margin a handful of our multinational companies with US operations will need to move more of their capital onshore to the US (and away from markets such as Bermuda). We have spoken to the companies affected and management teams expect an immaterial impact on profitability. However, the stock market has recently been discounting a significantly worse outcome for Bermudan domiciled companies such as Arch Capital, Validus and RenaissanceRe. We believe concerns are overdone and these companies are well positioned to take advantage of the improving (re)insurance market and we have added to these holdings accordingly.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Global Insurance Fund continued

### Fund Activity

The Fund still has a low turnover and we did not change our overall positioning materially in 2017.

In early July 2017 Bermudan (re)insurer AXIS Capital announced the acquisition of Novae, a Lloyd's based specialty insurer. We owned both AXIS Capital and Novae. The deal was completed in the fourth quarter.

In September 2017 the Fund initiated a position in Chinese insurer Ping An following a number of management meetings. This is our second pure Asian holding following on from our investment in Asian life insurance company AIA at the beginning of 2016. We believe that the Chinese market has hit an inflection point where low penetration, increasing urbanisation and a favourable regulatory environment for life insurance should provide a tailwind to growth, irrespective of broader macroeconomic trends in the country. Although Ping An Insurance has been one of the most highly regarded insurers in China for many years, we only decided to make an investment after the Company's recent significant improvement in financial disclosures and management access. As well as owning some strong insurance businesses we have been impressed by the Company's innovation and technology investment portfolio which we believe is being underappreciated by the market.

Given the improved pricing in the retro market we increased our retro exposure from c.0.7% of the Fund before the third quarter 2017 cat losses to c.2.0% in early 2018. This was done through the addition to the Fund of two new retro underwriting vehicles. They are managed by two of our long-term portfolio companies where we have known the management teams for many years. The vehicles are not available to most investors. As a result, our overall catastrophe exposure has moved towards 6.0%–7.0% compared with the c.5.0% historic low we have maintained during the last four years.

### Market Outlook

We expect the improvement in catastrophe pricing at 1 January 2018 to build momentum as 2018 progresses with more significant rate hardening expected ahead of the Atlantic hurricane season in June 2018. However, catastrophe pricing in aggregate remains some way below the levels of five years ago and we would need to see materially better prospective margins for catastrophe ('cat') risk before we would consider returning our weighting towards our maximum c.10.0% holding.

Increased reinsurance costs will need to be passed through to customers by primary insurers adding momentum to the growing number of insurance classes seeing pricing improvement. We expect underwriting margins in 2018 to see some benefit from these rate rises. Company earnings could also be helped if the recent rise in short-term bond yields continue. We see non-life insurance as one of only a handful of sectors that are beneficiaries of rising interest rates.

This year in October the Fund will celebrate its 20th anniversary. It has compounded returns at 10.0% per annum (Class GBP R Acc Shares) since inception outperforming the MSCI World Index by over 3.0% a year. In a world of accelerating change and volatility the demand for insurance and the value it provides remain undiminished. With pricing improving in many parts of the (re)insurance market and valuations remaining undemanding in what is arguably an overheated stock market, we believe the Fund is poised for another good year. The team has added to their personal holdings in the Fund in early January 2018.

### Financials Team

#### Polar Capital LLP

February 2018

## Global Technology Fund

### Fund Performance

The Global Technology Fund's ('the Fund's') performance was strong over the full year of 2017, its NAV rising 47.5%, outperforming its benchmark, the Dow Jones World Technology Index, which gained 39.4%. The technology sector and the Fund continue to display strong leadership, outperforming the total return of the FTSE World Index at 24.1% and the S&P 500 Index at 21.8%. All returns mentioned are retail share class and/or in US Dollar (USD) terms.

Fund performance was pleasing both in absolute terms and relative to its technology peer group – resulting in retention of its five star Morningstar rating (and an upgrade to Silver). Over one year, the Fund was solidly first quartile versus the Lipper Global Equity Technology peer group while ranking first out of thirty nine funds over three years with a total return of 74.6%, the result of compounding several years of outperformance. Over the ten-year period, since the current team took over the reins, it ranks second of thirty-two funds, with returns of 193.2% (all USD Share Class).

The Fund's assets under management ('AUM') increased from US\$917m to US\$1,866m over the period, due to a combination of robust absolute returns and steady inflows. As a result, although the liquidity profile remains strong (96.0% of the Fund can be liquidated in 7 days\*\*\*) we have stepped back from new client marketing activity.

### Relative Performance

Outperformance was driven by strong stock selection particularly in the US but also Japan and Europe, partially offset by liquidity/cash, Middle East (largely Israel) exposure and an Asia Pacific underweight position.

Encouragingly, our holdings beat the benchmark in all major regions, US +50.4% (Fund) vs +36.9% (Benchmark), Japan +61.7% vs +38.9%, Europe +57.9% vs +37.3% and APAC +64.1% vs +60.5% but our underweight (u/w) position here dragged on performance. From a market-cap perspective, large-cap (+52.9% (Fund) vs +43.0% (Benchmark) and mid-cap +49.0% vs +30.1% were the primary drivers. Whilst our allocation to mid-cap dragged on returns given large-cap strength, much of this was offset by strong mid-cap stock selection. What was particularly pleasing given our mid-cap bias is that the Fund outperformed in a year when the Russell 2000 Tech (small/mid-cap) total return was 17.9%, significantly lagging the Russell 1000 Tech (large-cap) which gained 38.4%.

The top five contributors to relative performance over 2017 were: Universal Display\*, IBM (\*\* not held), Arista Networks\*, New Relic\* and Ubisoft Entertainment\* (followed by RingCentral\* Tokyo Electron\*, Qualcomm\*\*, Shopify\*\* and HubSpot\*). Not owning IBM and Qualcomm contributed positively to relative returns over the full-year – at least until December 2017 when Qualcomm received a US\$130bn bid from Broadcom (initially rejected as too low).

Electronic components were a significant contributor, largely due to Universal Display's gains (driven by Apple's decision to adopt OLED screen technology in the iPhone X). Arista Networks performed strongly on the back of continued market share gains from Cisco, particularly in the cloud networking segment. Application Software stocks generally had a good year supported by the strengthening global economy, and the shift to Cloud delivery. Cloud and small/mid-size business ('SMB') orientated software stocks such as New Relic (application performance management), RingCentral (communications as a service), Shopify (retail commerce platform) and HubSpot (SMB marketing software) were particularly strong. Home entertainment software (gaming) returns were also robust with Ubisoft Entertainment a clear winner (in part due to interest from Vivendi) but Nintendo and Activision Blizzard also delivered robust returns.

The top five detractors to relative performance over 2017 were: Advanced Micro Devices (AMD)\*, CyberArk Software\*, MACOM Technology Solutions\*\*, Lumentum\* and Criteo ADR\*\* (followed by Taser (now Axon Enterprise\*), Power Integrations\*\*, Cloudera\*, 8x8\* and Murata Manufacturing\*\*). From a sector perspective, semiconductors were the largest detractor and one of the few areas where stock selection dragged on returns.

AMD was our largest positive contributor in 2016 but dragged in 2017 as new product traction failed to drive material revenue or gross margin ('GM') upside. It is our expectation that by mid 2018 we should see the benefits of Cloud service providers and enterprise customers adopting both new central processing unit ('CPU') and graphics processing unit ('GPU') products, with potential to take share from Intel\*\* and NVIDIA\*.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Global Technology Fund continued

### Relative Performance continued

CyberArk Software was another significant detractor due to sales execution issues during the first-half of the year; fortunately, by third quarter results showed signs of improvement. We believe the Company will benefit from General Data Protection Regulation ('GDPR') regulation implementation beginning in May 2018. MACOM Technology Solutions and Lumentum were both impacted by weakness in the Chinese optical/communications market which offset strong growth in newer products – in the case of Lumentum the VCSEL laser array used for 3D facial recognition in the iPhone X. Criteo ADR underperformed following the release of Apple's new intelligent ad blocker for Safari – we exited believing the impact could be worse than expected and more importantly that GDPR regulation could also negatively impact their core advertising business.

### Market review

Global equity markets added to their post financial crisis gains in 2017, driven by a combination of earnings growth and valuation expansion aided by a strengthening global economy. The S&P 500 Index achieved a full calendar year of positive monthly total returns, the first time this has ever happened (using monthly data going back 90 years). The record run of total consecutive positive monthly returns has now extended to fourteen.

Economic data was certainly supportive, strengthening through the year and ending on a particularly robust note. The Eurozone manufacturing PMI hit 60.6 in December 2017, the highest level since the survey began in mid-1997 – significantly above the 50 level which divides expansion from contraction. The new orders component rose the most in 17 years whilst the December ISM Manufacturing Index rose to 59.7 the second highest print of the year (the highest in September 2017 was boosted by storm related supply delays). Impressively, the measure of new orders advanced to 69.4 and became the highest in nearly 14 years.

Central banks did little to concern investors. The US Federal Reserve ('the Fed') raised interest rates gradually – ending the year with an increase of 25bps to 1.5% – whilst revising up its Gross Domestic product ('GDP') growth forecast for 2018 alongside a lower unemployment rate forecast. Encouragingly, neither inflation forecasts or the median dot plot forecast for three more hikes in 2018 changed. The European Central Bank also raised its growth forecast for 2018 highlighting the renewed confidence central banks have in the global recovery.

US inflation data continued to disappoint during the year providing limited evidence that the trend in the core Consumer Price Index ('CPI') is likely to reach the Fed's inflation target of +2.0%. Despite the recent inflation weakness market expectations have been picking up in recent months, derived from the differential between nominal and inflation-adjusted Treasury yields (TIPS spread).

Technology stocks outperformed materially in most major markets due to a combination of superior earnings growth and valuation re-rating as the sector continued to attract incremental investors. The new US President's apparent inability to pass or repeal key legislation such as tax reform and ACA ('Obamacare') weighed on earlier reflationary hopes in the first half of the year, resulting in downward revisions to future interest rate expectations.

The eventual passage of tax reform in the final month of the year reversed this trend leading to the sector giving up some ground. The legislation includes reducing the corporate tax rate to 21.0% from 35.0%, its lowest point since 1939. Individual taxes will be cut for most households along with a provision for the repatriation of corporate earnings and cash held overseas. This should not only boost earnings through lower taxes, but repatriation is likely to lead to accelerated buyback activity and further Mergers and Acquisitions ('M&A').

All major technology sub-sectors delivered strong absolute returns, but the stand-out performers were Internet and Semiconductor stocks; the NASDAQ Internet Index total return was +40.7% while the Philadelphia Semiconductor Index returned +40.5%. Mega-caps performed particularly well with bellwether stocks including 'FANG' (Facebook +53.4%, Apple +48.5%, Netflix +55.1% and Google (Alphabet) +32.9%) garnering a lot of media attention.

However, strength was broad based with Asian mega-caps Tencent +112.9%, Alibaba ADR +96.4% and Samsung Electronics +60.7% together with many high growth software stocks returning well over 40.0%, all in USD terms. Next-generation software companies also performed well as most continued to deliver strong growth and for the most part, improved profitability.

Security stocks trailed somewhat with CyberArk Software and Proofpoint being two notable detractors dragging on Fund performance, but we are hopeful that the forthcoming European GDPR regulation due to be implemented in May 2018 should spur better performance in 2018.

Cloud adoption remains robust and with its share of workloads set to quadruple by 2022, new cycle deflation is likely to intensify from here, prompting our decision to exit our underweight Cisco and Intel positions during the first-half (H1). That said, even areas being disrupted by the cloud transition, such as legacy hardware, networking and IT services, delivered solid absolute returns in 2017, as a strengthening global economic outlook supported healthy IT spending i.e. 'a rising tide lifts all boats'.

While the absence of volatility/market setbacks resulted in limited M&A during the year, Amazon's acquisition of Whole Foods ensured that technology disruption remained very much at the forefront of investors' minds. Meanwhile Apple regained its poise, outperforming ahead of its September iPhone X release, although the stock sold off towards year end on weaker supply chain data.

Political risks remain heightened, with so-called 'populism' continuing to pose a threat to the market friendly status quo while the UK's exit from the European Union ('Brexit'), North Korea and terrorism represent significant exogenous risks. The combination of low volatility, elevated valuations and a market that is currently enjoying its longest run without a 5.0% correction since 1960 makes it susceptible to profit taking. While prior sell-offs have been brief, a 'sharp reversal in asset prices could have damaging effects on the economy' reflecting the risk of reflexivity as highlighted in recent Fed minutes.

Ten years after the financial crisis began, global growth is finally beginning to re-accelerate with world GDP pegged at 3.7% for 2018. US growth should remain at healthy levels due to supportive financial conditions, robust consumer confidence and unemployment at 17-year lows. Eurozone growth is expected to remain roughly in-line (c.2%) for 2018 and is likely to continue outpacing the UK where consumption has been negatively impacted by Sterling weakness and Brexit/political uncertainty. Emerging markets have also strengthened, driven by China stimulus, higher commodity prices and the weaker US Dollar. True to form, Japan has benefited from strengthening global demand and supportive fiscal policy, although growth is expected to slow as monetary stimulus is scaled back.

Central Bank policy is likely to remain supportive but it's worth noting net purchases of sovereign and corporate notes and bonds may stop at some point in second half of 2018 according to industry veteran Bill Gross at Janus Henderson, who has called this 'the

beginning of a mild bear market' for bonds. In our view, if the increase in bond yields is orderly/gradual and driven by economic strength rather than inflation, it should be positive for equities – perhaps triggering the long discussed 'great rotation' from bonds. That said, the risks associated with policy error will also increase and as such investors should expect greater volatility over coming years.

### Fund Activity

From a geographic perspective, once adjusted for higher cash levels, there have been no major changes. The US at 67.6% of the Fund (down modestly) remains the Fund's largest exposure, followed by Asia Pacific 14.9%, Japan 10.2% (up modestly) and Europe 6.5%. The same is true from a market-cap perspective, with 53.9% mega-caps (US\$50bn+), 21.3% large-cap (US\$10–50bn), US\$23.8% mid-cap (US\$1–10bn). The Fund only has 1.0% in small-cap (largely because of a static US\$1bn cut off).

We added a number of new positions during the year in several areas; payments (PayPal and Square) although unusually we also sold Square after a strong move, robotics/machine vision (FANUC and Cognex), automotive-related semi exposure (Infineon Technologies, Renesas Electronics), enterprise software (Ansys, Cloudera and Tableau Software), semiconductor capital equipment/materials (ASML, Fuji Machine Manufacturing, Nitto Denko and small positions in Aixtron and Soitec) as well as potential artificial intelligence ('AI') beneficiaries (such as Baidu ADR).

To fund these purchases, we sold the following stocks (for a variety of reasons); Price target attainment/valuation (Paycom Software, Talend ADR, Shopify and Square), Lam Research to fund our ASML purchase (a shift from NAND (flash technology) related spend to logic and EUV (extreme ultraviolet lithography) adoption) and deteriorating fundamentals (MACOM Technology Solutions and Criteo ADR for the reasons mentioned above). During the year we made the decision to exit semiconductor stocks reliant on unit/volume growth, particularly in smartphones (SK Materials, Murata Manufacturing and Power Integrations) and legacy incumbents (such as Cisco Systems and Intel) as well as exiting a few smaller, lower conviction holdings in the tail of the portfolio.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

#### Global Technology Fund continued

The Fund ended the period with 66 holdings down slightly over the period (68 prior). Active share fell to 57.0% (64.0% prior) largely because we increased holdings in Microsoft, Alphabet (Google), Apple and Tencent. Despite strong moves we believe enterprise value ('EV') to free cash flow ('FCF') based valuations remain compelling relative to growth at Alphabet and Tencent whilst solid product cycles and significant free cash flow yields support both Microsoft and Apple. That said we reduced Apple exposure in early 2018 due to softer iPhone X supply chain news flow. Despite these changes, portfolio turnover remains close to an eight-year low, because at the core of the portfolio are many high-quality companies supported by robust secular tailwinds which we have held and intend to hold for years.

The Fund ended the period with cash at c.8.0%, although some of this was held to offset delta adjusted option exposure from our Apple<sup>^</sup> and Advanced Micro Devices ('AMD')<sup>^</sup> call option positions, so actual cash available to invest was approximately half this level. Whilst options are not a core part of our strategy they can be a very useful tool for efficient portfolio management, reducing capital at risk but ensuring adequate exposure should a specific stock related catalyst occur (such as a successful new product launch) in a specified time-period.

#### Market Outlook

Technology stocks enjoyed a banner year in 2017 driven by strong earnings progress, augmented by further valuation expansion. The combination of earnings outperformance and elevated levels of technology-related disruption elsewhere (most evident in retail) resulted in our sector delivering its best year of relative performance since 2009 and the fourth consecutive year of outperformance versus broader market measures. The Fund also delivered its best performance relative to its benchmark since 2013 supported, as usual, by the robust underlying growth of our holdings.

The strength of these absolute and relative returns together with other factors including valuations and the duration of the current bull market, has inevitably led some to conclude that we are once again in the midst of another technology 'bubble'. As previously stated, we believe the 1990s parallel is likely to prove fallacious; over-exuberance appears contained to a few emerging areas such as cryptocurrencies ('Bitcoin') where we concede that the juxtaposition of remarkable short-term returns and the 'long-term promise of transformative technologies' are reminiscent of Internet stocks in that earlier period.

That is not to say investing in technology stocks is low risk and investors should be aware of the downside risks. There are areas of the sector where valuations are well above five-year averages, largely high-profile stocks within software as a service ('SaaS'), robotics and payments. But in each case the secular trends are increasingly powerful, and we are still finding stocks where valuations look compelling to us. Pressure on public finances and widening wealth inequality are leading many to focus on the power and profitability of large Internet/technology companies, possibly leading to increased regulation and/or higher international taxes.

There is potential for further market volatility tied to political shocks (US mid-terms, the Italian general election and ongoing political uncertainty in the UK) and/or an escalation of trade wars/barriers (particularly between the US and China). The greatest risk we believe would be sharply higher inflation data leading to policy error and/or a US recession.

Fortunately, improving economic activity has yet to show up in prices (beyond the UK) allowing the so-called 'goldilocks' backdrop and low volatility to persist. Inflation and bond yields are therefore likely to heavily influence the roadmap for equity markets in 2018.

Recent US Dollar weakness (in part due to reflationary growth failing to materialise) has acted as a tailwind for risk and emerging market/energy-related assets, a trade which could reverse if the US Dollar strengthens. This is by no means a foregone conclusion with the 2004–2006 Fed rate hike cycle a useful precedent when the US Dollar weakened despite becoming one of the highest-yielding currencies in the world (weaker flows into the US mattered more than rising rates).

As usual we have been travelling extensively and our recent company meetings, conferences and trade shows (including International Consumer Electronics Show ('CES')) all support our view that the 'new cycle' continues to gather momentum. Where we are most excited is the potential for Machine Learning ('ML') and AI where the Internet platforms today enjoy a leadership position to accelerate this trend and disrupt almost every sector, expanding our addressable market. This should further stimulate growth; widen the gap between winners and losers (increasing the already wide competitive moat of many Internet companies) and act as a continued tailwind for our 'active' growth centric investment approach.

We therefore remain excited by eight core secular themes;

- Automation and robotics
- Cloud computing and artificial intelligence ('AI')
- Digital marketing and advertising
- Digital payments and eCommerce
- Digital content and gaming
- Rising semiconductor complexity
- Security (cyber and physical)
- Software as a Service ('SaaS')
- Other (includes Apple iPhone X related holdings)

Of note, while we have remained underweight the Semiconductor sector, and have rotated away from smartphone related names, we are in fact positive on the industry. Semiconductor companies have matured over the years leading to lower capital intensity, more stable revenue and better margins. They are also often early beneficiaries and a relatively cheap way of gaining exposure to exciting themes (including AI, cloud computing, Internet of things ('IoT'), cryptocurrency/block chain, hybrid vehicles and driver assistance technologies such as ADAS).

We therefore remain constructive on the outlook for the Fund due to the robust growth potential of our underlying holdings, supported by these secular tailwinds. Sell side estimates appear reasonable for 2018, especially with tax reform likely to boost domestic US earnings and repatriation supporting buybacks (and earnings) and/or further M&A activity. Meanwhile, a stronger global economy and recent US Dollar weakness should provide powerful tailwinds for IT spending – even if they also increase the relative appeal of more cyclical areas and emerging markets. It feels to us that in the absence of a recession, the path of least resistance for equities remains upward on the back of a continued synchronized global growth upswing.

\* Held

\*\* Not held

\*\*\* days to sell, assuming 30% of daily volume, based on the average volume over the previous 60 days.

^ The Fund holds AMD and Apple Call options which represent 32bps of NAV and a delta adjusted exposure of 3.74%. The Fund also currently holds a QQQ ('NASDAQ') put option, which represents 14bps of NAV and a delta adjusted exposure of 3.62%. All are held to reduce risk/beta (in the event of a market correction) whilst maintaining optimal portfolio.

## Technology Team

Polar Capital LLP

February 2018

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

#### Healthcare Blue Chip Fund

##### Fund Performance

The Healthcare Blue Chip Fund ('the Fund') returned 17.7% (Class I USD Shares) versus the benchmark of 20.1% (in USD terms) for the year of 2017. The healthcare sector was a strong performer over the year but lagged in the fourth quarter. The strength surprised many considering sentiment was so poor at the end of 2016.

In terms of attribution, this was positive for mid-cap stocks but negative for large-caps. On a geographic basis, Japan was the most positive and the US and Asia Pacific (ex-Japan) were negative for the Fund. Currency effect was a significant drag on relative performance. Allocation was a positive for performance, but stock selection was a negative over the 12 months. On a sub-sector basis, allocation was positive for managed care, healthcare equipment (both overweight) and pharmaceuticals (underweight) and was negative for healthcare services, healthcare facilities (both overweight) and life science tools and services (underweight). Stock selection was positive for healthcare services, healthcare facilities and life science tools and services, and negative for biotechnology, healthcare equipment and pharmaceuticals.

The top five stocks in terms of contribution to performance were Centene, Aetna, Abbott Laboratories, Bristol-Myers Squibb and Lundbeck. Centene was a top performer bouncing back from a difficult period in 2016 with stronger financial performance and an acquisition. Aetna performed well, as did most managed care companies in 2017, culminating in an announced acquisition of the Company by CVS Health. Abbott was strong after consolidating the acquisition of St Jude and approval of a key product for diabetes. Bristol-Myers Squibb was volatile during 2017, but outperformance was generated following a short-term investment in the stock. Lundbeck outperformed expectations through cost rationalisation generating significant upside to earnings over the year.

The bottom five stocks in terms of contribution were Celgene, Alexion Pharmaceuticals, Hologic, Vertex Pharmaceuticals and Bayer. Celgene had a disappointing end to 2017 with stock falling significantly in October on the back of a clinical trial failure for a late stage asset and lowered long-term

guidance. Alexion Pharmaceuticals was weak over competitive fears. Hologic disappointed expectations after an acquisition. Vertex Pharmaceuticals pulled back on profit – taking after a significant move higher. Bayer underperformed due to uncertainty around completion of its acquisition of Monsanto.

##### Market Review

The improvement in the global economy was the story of 2017, growth improved across the world driving equities higher throughout the year. Inflation remained subdued and with no unexpected changes on the path of monetary policy, investors continued to allocate capital to equities. Liquidity conditions also remained favourable, despite the US Federal Reserve beginning to reverse the efforts behind quantitative easing. Investors became concerned about the shape of the yield curve, with the spread between the two year and ten year in the US narrowing, as the two year Treasury sold off. However, the ten year yield started to move higher, allaying concerns for a while.

The growth investment style was the winner through the year, although performance of more cyclical areas of the market improved as economic activity increased. In terms of currencies, the weakness of the US Dollar was the main focus with a big move relative to consensus expectations for further strength at the beginning of the year.

Tax reform was voted through in the US at the end of the year and should have a significant impact in a number of ways. This was another driver for market strength with the increase in earnings per share ('EPS') forecasts for many companies still not fully discounted by the market. The reform was also seen as a potential catalyst for Mergers and Acquisitions ('M&A') moving into 2018 and onwards.

Healthcare surprised many with its strength, only lagging in the third quarter as more cyclical areas of the market moved higher. Outperformance came from managed care, medical devices and life science tools and equipment sub-sectors. Large-cap pharmaceuticals and biotechnology struggled versus the market as earnings revisions were generally negative and confidence in the growth outlook for these stocks diminished.

## Fund Activity

At the beginning of 2017, the outlook appeared most positive for medical devices and managed care, hence the significant exposure to these sub-sectors at the beginning of the year. In fact, the positioning in the latter was increased with the addition of Aetna and Anthem. Biotechnology exposure was reduced with sales of Amgen and Regeneron Pharmaceuticals. A new position was started in Novartis. In the second quarter, biotechnology exposure was reduced further due to more compelling opportunities elsewhere with sales of Biomarin Pharmaceutical and Incyte Corporation, the latter due to an upcoming binary event. Replacements included Jazz Pharmaceuticals and PerkinElmer.

In the third quarter, the pharmaceutical weighting was reduced with sales of positions in Merck KGaA and Bristol-Myers Squibb, the former due to growth concerns, the latter after taking advantage of outperformance following rumours that the Company might be acquired. In September, the position in Hologics was sold following a disappointing quarter after the Company struggled with an acquisition. The biotechnology sub-sector exposure was increased through the purchase of Amgen, and the position in Novartis was increased.

In October 2017, the portfolio was transitioned with sales of Sanofi, Medtronic and HCA Healthcare, which were switched into Stryker, Terumo, Bio-Rad Laboratories and PRA Health Sciences. The disappointing news from Celgene led to the sale of the position, and Jazz Pharmaceuticals was also sold. Alnylam Pharmaceuticals was purchased due to its long-term growth prospects.

## Market Outlook

Investors are nervous following the strength of the market in 2017 which has pushed valuations higher, although analysts have been slow to add the benefits of tax reform to EPS growth. Healthcare is one of the cheapest sectors in the market and offers upside if fundamentals do continue to improve. The environment for equities remains favourable, with growth, low yields, tame inflation and ample liquidity. This could obviously all change with inflation being key for 2018. Whilst the market will likely be volatile at certain times, the outlook appears positive for now.

The tax reform will likely have significant impact in three ways: lower corporate rates, cash repatriation and lastly the potential to drive increased capital expenditure ('CAPEX') spending. These can all positively impact the healthcare sector from driving significant EPS upside for high rate domestically focused companies, cash repatriation that can be used for buy-backs, dividends and M&A, and increased investment spend which should benefit relevant product companies.

M&A should be an important driver for the sector in 2018. The healthcare industry is too fragmented and thus consolidation is needed to drive efficiencies that will offset headwinds impacting growth. For pharmaceuticals, large biotechnology and medical devices, bolstered by the benefits of cash repatriation and the need to boost pipelines and revenue growth, thus expect small/mid-size deals here with decent premiums, as most situations will be highly competitive. This should ultimately boost the growth profile of the acquiring companies over the long-term.

## Healthcare Team

### Polar Capital LLP

February 2018

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Healthcare Opportunities Fund

### Fund Performance

The Healthcare Opportunities Fund ('the Fund') returned 24.30% (Class I USD Shares) versus the benchmark (MSCI ACWI Health Care Index) of 18.39% (in USD terms) for 2017. The healthcare sector's performance was very strong, surprising many, although it lagged in the last quarter of the year.

In terms of attribution, this was positive for mid-cap stocks but negative for small and large-cap stocks. On a geographic basis, the US was a major positive, offset by negative performance from Europe and Asia Pacific (ex-Japan).

Currency had a negative drag on performance. Allocation and stock selection effects were positive for the Fund. On a sub-sector basis, allocation was positive for pharmaceuticals (underweight), managed healthcare (overweight) and healthcare equipment (overweight), with no significant negative contributors. Stock selection was positive for pharmaceuticals, biotechnology and healthcare supplies, and negative for healthcare equipment and healthcare technology.

The top five stocks in terms of contribution to performance were Nektar Therapeutics, Loxo Oncology, Kite Pharma, ARIAD Pharmaceuticals and Acceleron Pharma. Nektar Therapeutics outperformed after reporting better than expected data at a medical meeting for their oncology drug program in early stage trials. Loxo Oncology reported positive data throughout the year on a number of drug candidates in their pipeline and announced a significant partnership with Bayer. Kite Pharma reported strong clinical data for their chimeric antigen receptor technology ('CAR-T') program. ARIAD Pharmaceuticals was acquired by Takeda Pharmaceutical early in the year. Lastly, Acceleron Pharma reported positive clinical updates for its lead clinical program which is partnered with Celgene.

The bottom five stocks in terms of contribution to performance were Alexion Pharmaceuticals, Aclaris Therapeutics, Jazz Pharmaceuticals, Celgene and Oxford Immunotec. Global Alexion Pharmaceuticals underperformed due to concerns over competition. Aclaris Therapeutics was weak due to fears over the pace of the launch of its new product which was approved before year end. Jazz Pharmaceuticals was weak after reporting disappointing growth for its lead commercial product. Celgene had a significant pull-back after reporting disappointing clinical trial results and reduced long-term forecasts. Lastly, Oxford Immunotec Global underperformed after reporting disappointing sales growth.

### Market Review

Markets were very strong in 2017 with exceptional strength from growth stocks and with better performance from cyclical areas in the market by year end. Technology was the stand-out sector with healthcare not far behind, which was surprising considering investor sentiment towards the sector in 2017. Macro-economic conditions and monetary policy provided an excellent framework for strength in equities, and with correlations falling, provided opportunity for stock picking even with overall volatility declining. The action of the two year US Treasury with a significant break-out in the third quarter suggested increasing economic growth ahead for the US economy, and economic data globally was consistent, driving better performance of cyclicals and financials.

Monetary policy has not dramatically shifted, with interest rate increases in the US not surprising investors and liquidity still high, despite the US Federal Reserve starting actions to reduce the effects of quantitative easing, albeit at a limited pace. Hence further support for equity outperformance and US Dollar weakness, which has faced pressure all year and looks likely to decline further, despite being oversold in the short-term.

Fiscal policy received a significant boost with the surprise success of corporate tax changes before the end of 2017. On top of the rate changes, repatriation of cash held overseas and implications for capital expenditure spending have all been taken very positively, driving an acceleration of the market at the end of the year and into 2017. This is obviously a significant positive for the highest rate tax payers, typically the domestic based businesses, which in healthcare include pharmacies, pharmacy benefit managers, distributors, managed care and small-caps in general. Global companies have typically managed their tax rates down to lower levels, but even at the large-cap end of the spectrum there have been positive surprises. This should bode well for 2018 in terms of earnings growth and in driving further economic growth.

## Fund Activity

The Fund began the year with elevated exposure to managed care and medical devices, which had been the winning strategy for 2016. The market moved higher, accelerating to overbought levels, causing cash levels to be raised in March 2017 in case of a sell-off. This cash was gradually re-invested, including purchases of Jazz Pharmaceuticals and Quotient through fund-raising. In May 2017, trading was more active with purchases of Edwards Lifesciences, Evolent Health and Regeneron Pharmaceuticals. To fund this, profits were taken in Baxter International and Stryker and the position in Merck was sold due to longer term concerns for the Company.

In June 2017, Johnson & Johnson was purchased due to expectations of faster than expected growth, the stock being made the largest position in the Fund. The overall medical device weighting was reduced due to concerns over valuation, and the biotechnology weighting was increased through purchases of Puma Biotechnology and Dynavax Technologies, both ahead of important upcoming catalysts. Weightings in biotechnology were further increased including the purchase of Amgen. New holdings also included Bayer, Tivity Health and Teladoc. Short-term investments in GlaxoSmithKline and Bristol-Myers Squibb were sold from the Fund. In October 2017, a new position was created in Nektar Therapeutics ahead of the release of key clinical data in October.

In the fourth quarter, Celgene was sold from the Fund after disappointing updates in October 2017, as was Amgen over the potential future impact of biosimilars. Alnylam Pharmaceuticals was purchased following very positive clinical data released at a medical meeting. The position in ABIOMED was sold following an extremely strong period of performance. New holdings for the Fund added before year-end included GlycoMimetics, Madrigal Pharmaceuticals, Wilson Therapeutics and Hansa Medical.

## Market Outlook

The impact of the changes to the tax system in the US will be the greatest focus for investors and also the outlook for global growth, which is clearly accelerating, but the question remains as to whether it can get that much better in the short-term. Any change in inflation trends will be closely scrutinised as to the outlook for monetary policy. Whilst nervousness is building due to the extent of the recent rally, and indeed the length of this cycle since the low in 2009, numerous drivers remain in place to propel the market higher in 2018.

Mergers and Acquisitions ('M&A') activity is expected to increase significantly, relative to the past couple of years. This should be bolstered firstly by tax reform, in some cases, through the benefits of cash repatriation from overseas at a more favourable rate, and secondly by the need of large pharmaceuticals/biotechnologies, in particular, to bolster their financial outlook and pipelines. The sector remains far too fragmented across all sub-sectors in healthcare and thus is ripe for consolidation.

In terms of fundamentals, medical devices, life science tools and equipment and managed care remain the strongest sub-sectors of the Group. Earnings revisions continue to be strong and valuations whilst higher still offer significant upside from current levels. Large-cap pharmaceuticals/biotechnologies will likely continue to struggle, outside of a few specific names. Small/mid-caps continue to offer some of the most exciting opportunities and would likely be the biggest beneficiaries of M&A.

The outlook for healthcare is promising, and sentiment is reminiscent of the beginning of 2017, which was poor then, and is so now, despite the performance of last year. Hopefully, this will act as a contrary indicator again.

## Healthcare Team

**Polar Capital LLP**

February 2018

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Income Opportunities Fund

### Fund Performance

The Income Opportunities Fund ('the Fund') generated a return of 12.35% (Class B2 I GBP Acc Shares) over the year in comparison to our benchmark index, the STOXX Financials Index which rose by 16.6% in GBP terms. Dividends of 6.05p per unit were declared and paid.

### Market Review

Financials had a strong start to the financial year but gave up their outperformance in April 2017 as concerns about the outlook for US economic growth and interest rates, as well as the Trump administration's ability to deliver its legislative program, weighed on sentiment. The sector recovered the underperformance in June 2017 and then largely performed in line with underlying equity markets for the remainder of the year as some of these concerns faded.

European financials were expected to be held back at the start of the year. They had risen sharply in December 2016 even though there was a 'no' vote in the Italian referendum leading to the resignation of the Italian prime minister. But there were concerns with potential consequences if the French elections became a run-off between Marine Le Pen, the Front National candidate, and the far left candidate, Jean-Luc Melenchon. Also, concern that capital requirements would be ratcheted up even further than previously expected dampened sentiment.

Nevertheless, they performed strongly as these concerns abated and were boosted by the election of Emmanuel Macron, the centrist candidate, as French President and by better results in regional elections for Angela Merkel in Germany. Dutch elections also produced a positive result with the incumbent centre-right party retaining its majority. Positive macro data in the Eurozone also then helped underpin improved sentiment towards European equities and raised expectations that the European Central Bank ('ECB') would raise interest rates earlier than previously expected.

In the last two months of the year, European financials underperformed as the ECB raised pressure on banks to accelerate the pace of reduction in non-performing exposures (i.e. bad debts) with the weaker banks in the periphery particularly affected. Political risk related to the Catalan separatist movement and Merkel's failure to form a coalition, combined with the potential for higher capital requirements, also dampened sentiment.

US financials, having initially continued their run of strong performance seen post the US election, lost momentum and the sector gave back a lot of its performance on the back of softer economic data and therefore the expectation for a slower rise in US interest rates. Concern about the ability of the US administration to deliver its legislative agenda increased following the failure to pass healthcare reforms which lowered expectations on other parts of their agenda, primarily tax reforms and cutting regulation.

In the latter half of the year these concerns reversed. Stronger economic data and a more hawkish tone from the Federal Reserve raised interest rate expectations. Jerome Powell, President Trump's proposed candidate to replace Janet Yellen, while also pushing for continued increases in interest rates, was also perceived to be more willing to ease regulation on the financial sector. US financials rallied sharply at the end of November 2017 as tax reform looked increasingly likely to succeed and was subsequently passed in December 2017.

Asian financials performed well over the year, more than recovering losses post the US election, although they did give up some of their performance towards the end. The region also benefited as concerns regarding the risk from US protectionist measures reduced. A weaker US Dollar, as well as an improving global economic outlook and expectations of a gradual normalisation in US interest rates, also underpinned the improvement in sentiment.

Conversely, Australian and Japanese financials did not perform well over the period. After having been one of the biggest beneficiaries of the deflation trade post the US election, Japanese financials, although rising over the year, significantly lagged Japanese equity markets. Australian banks, similarly having performed well, suffered from profit taking on the back of the announcement of a bank tax. Canadian financials performed better, benefiting from a surprise rise in interest rates and a stronger currency.

Banks have been the biggest driver of performance in the sector as they are seen as the most positively geared to rising rates as wider net interest margins feed through into higher profitability. Conversely, real estate investment trusts (REITs) lagged significantly. Rising interest rates are seen as unhelpful for REITs as property values have benefited from falling interest rates, while the converse is true. REITs focused on the retail sector were particularly weak, with concerns about rising vacancy rates from the failure of retailers, as a result of rising competition from the internet.

The insurance sector performed largely in line with the financial sector, since, while it is seen as not being as big a beneficiary of rising interest rates as banks, it is also seen not having the negative drag on valuations of the REITs sector. This performance was, despite 2017, being likely to be one of the costliest years for catastrophes, following the hurricanes, Harvey, Irma and Maria, the Mexican earthquake and wildfires in California.

There was a pick-up in Merger and Acquisition ('M&A') activity during the year with examples including the takeovers of Aldermore by a private equity consortium, and Shawbrook by FirstRand. Banco Popular, a Spanish bank, was taken over by Banco Santander following its collapse, and Intesa Sanpaolo, the largest Italian bank, took over two small Venetian banks. Amundi, a French listed asset management company, merged with Pioneer Investments which had been owned by Unicredit, the second largest bank in Italy.

### Fund Activity

Despite the weak macro outlook for the UK, the largest rise in share prices came from a number of our UK holdings, two of which, Aldermore and Shawbrook, both UK banks, succumbed to bids. Personal Group, a UK insurance and benefits business, was the largest contributor to performance, otherwise the biggest contributors, reflecting their larger positions in the Fund, were ING Groep and KBC Bank, the Dutch and Belgian banks respectively.

Conversely, the weakest performer in the Fund was a holding in Synchrony Financial, a US credit card business, which fell on a weaker outlook for asset quality. Our holdings in business development companies ('BDCs'), for example Ares Capital and Pennant Park Floating Rate Capital, were slightly lower over the year with the fall in the US Dollar also acting as a drag on performance. Finally, the Fund's holdings in fixed-income securities, while producing some good returns, not surprisingly lagged the rise in equity markets. We had a very small holding in the bonds of Provident Financial which fell on the back of a profit warning from the Company.

As spreads on subordinated bank and insurance bonds narrowed sharply over the year, the biggest change to the portfolio was to take the opportunity to reduce the Fund's exposure and increase holdings in shorter dated, more highly rated senior unsecured bonds of banks. The takeover of a number of our UK holdings resulted in exposure to the UK reducing and against this exposure to US and Europe was increased. We sold our holding in Synchrony Financial.

### Market Outlook

The sector's performance has picked up in recent months but it remains very reliant on the outlook for economic growth and therefore interest rates. Part of this stronger performance has been driven by the expectation of US tax reform, since enacted, and the consequent earnings benefit that US financials will derive from the legislation. The potential for secondary benefits, for example, stronger loan and fee income growth are harder to quantify but expectations remain low.

In the US, net interest margins of banks, the difference between what they earn on loans and pay for deposits and other funding, have risen following the recent increase in US interest rates. Similarly, European banks have highlighted the sensitivity of their earnings to any increase in Eurozone interest rates. Not all European banks are beneficiaries of rising interest rates but, as with Japanese banks, any change in outlook will have a large impact given such low expectations and valuations.

Outside of selective pockets of weakness in, for example, auto lending and credit cards in the US, asset quality remains very benign globally. Banks have consistently surprised by putting aside less in provisions to cover loan losses than had been expected, reflecting the relatively benign economic environment. In the short-term, the only area of concern as highlighted earlier is that some European banks are expected to raise coverage ratios and accelerate the process of reducing bad debts.

New accounting rules (IFRS9) will also force banks to take higher provisions for all loans starting in 2018, but these are not expected to be material for the large majority of banks and the capital impact will be phased in (and back-loaded) over a number of years. However, it does mean that earnings for banks will be more volatile in the future as banks are forced to provision earlier when they see evidence of a slowdown, but conversely write back up these same provisions more quickly as economic growth picks up.

With respect to regulation, the oversight body of the Basel Committee on Banking Supervision was meant to meet in January 2017 to announce final proposals on capital requirements for the banking sector, so-called Basel IV. However, the meeting was postponed several times on the back of US and European regulators being unable to come to an agreement. At the beginning of December 2017 agreement was finally struck following a compromise.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Income Opportunities Fund continued

### Market Outlook continued

While European banks will see an increase in capital requirements, it was marginally better than expected and within most banks' capital plans with significant discretion for national regulators. A number of banks have held back from returning surplus capital in the last couple of years because of the lack of clarity on capital requirements, so this should result in an increase in dividends and/or buyback from banks in 2018. Nevertheless, US banks have already been able to return more capital to shareholders, in some cases with payout ratios exceeding their earnings.

For the most part, the risk of further significant regulation in the sector has decreased, albeit MiFID II ('Markets in Financial Instruments Directive') regulations that came into effect in January 2018 for the asset management, wealth management and investment banking sectors has caused significant disruption. In the US, the Trump administration's appointees for heads of key regulatory bodies are seen as more market friendly and there is bi-partisan support for reducing the regulatory burden for smaller and mid-sized banks.

There has been a sharp fall in the yields of banks' AT1 securities (bonds that can be written down or converted into equity even while a bank is still solvent to reduce the need for state support) which should be very positive for the sector as they can be seen as a proxy for cost of equity. As yet, equity analysts and the wider market do not appear to factor in the price at which credit markets are willing to lend to the banking sector in their analysis despite the fundamental change in how the sector is viewed by credit markets, although some of this undoubtedly reflects the chase for yield.

There have been exceptions, with Banco Popular being the standout and one in which we did not have any exposure. Its shares and bonds were effectively written down to zero, following the announcement of its resolution and takeover by Banco Santander following months of speculation about the weakness of its balance sheet. The credit markets shrugged this off, unlike in early 2016 when there was concern about Deutsche Bank which led to a sharp correction.

Technology will have a growing impact on the financial sector and is already materially impacting areas such as payments and remittances. In 2018, PSD2 (EU Payment Services Directive) and Open Banking, in the UK, come into effect. This forces banks to provide access to customers' accounts and allow payments to third parties where permission has been given. In the US, similar rules have so far had little impact but the risk remains of the banking sector being disintermediated as well as the potential impact to price competition as it should be easier for people to move bank account.

Nevertheless, those banks or insurers unable to invest the sums needed in their IT systems are likely to lose market share, over time, unless they have a cost structure lower than peers or their competitive edge is from operating in a niche or specialist markets. In the US the largest banks are investing so much more than their smaller peers and winning market share, as a result, that it will likely force a wave of merger and acquisition activity, at some point, as regional banks try compete.

Looking forward, then it can be seen that regulatory and technological changes are leading to profound changes to the sector. In the short-term, the impact of technology has been limited and the main drivers remain the outlook for economic growth and interest rates, and while the sector has performed well, arguably far better than many would have believed a few years ago, its recovery relative to the underlying equity market remains limited.

The sector continues to offer considerable value, especially in Europe, where the overhang from regulation and litigation following the financial crisis is fading and the debate has moved on to the timing and pace of policy normalisation. These factors combined with the ability for banks, where our largest exposure lies, to sustain an attractive level of capital return, as well as other opportunities across the sector underpins our confidence for a continued recovery in the sector.

### Financials Team

Polar Capital LLP

February 2018

## **International Alpha Fund**

International Alpha Fund was terminated on 31 October 2017 and all shares were fully redeemed during the financial year.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Japan Fund

### Fund Performance

After a very difficult equity market environment in 2016 characterised by political uncertainty, faltering global growth and stubbornly low inflation, the investment landscape in 2017 improved considerably. On the back of a strong and synchronised global recovery in economic growth, equity markets around the world performed very well. Our portfolio was well positioned to take advantage of an earnings recovery in cyclical and commodity related areas and did relatively well throughout 2017. The Japan Fund (the 'Fund') outperformed the benchmark TOPIX Total Return Index in JPY terms by 9.7%, with the benchmark rising 22.2% and the Fund rising 31.9% (Class I JPY Shares).

During the first six months of 2017 the Fund rose 10.6% while the benchmark index rose 7.4%. The best performing sectors in the market during this period included Nintendo, rubber, chemicals and technology while the worst performers were transportation equipment, financials and commodity related names. Strong relative performance during the first half came predominantly from good individual stock selection (predominantly real estate, autos, machinery) as our broad sector allocation (overweight financials, machinery and autos while underweight in defensives and more expensive technology areas) proved a headwind. Smaller companies performed well in the first half of 2017 but more value oriented companies, especially banks and autos, struggled to make any relative headway.

Most of the market performance, and our relative performance, for 2017 came in the second half of the year. A sector rotation saw the market leadership move away from technology and chemical related names towards commodity, machinery and automotive related sectors. In the latter half of 2017 the oil and coal index rallied 51.0% and the mining sector 30.0% on a sharp rally in commodity prices.

For the year almost all of our relative outperformance came from reasonably good stock selection, particularly in real estate, machinery and financials. Selection in small and mid-cap companies was positive and our overweight smaller companies proved accretive. Best performing shares in 2017 include two real estate companies (Katitas, Open House) and linear motion guide manufacturer, Nippon Thompson. Our biggest detractors included Subaru, Kobe Steel and Sony (which we did not own).

### Market Review

Despite a stronger Yen, a volatile start to Trump's presidency and North Korea testing its long range missile capabilities off the seas of Japan, Japanese equities continued the strong run of performance that started in July 2016. During 2017 the TOPIX Index rose

26.6% (in USD terms), outperforming the S&P 500 Index (+21.8%), MSCI Europe (+26.3%) and the MSCI World Index (+23.1%) – all figures total return.

Early in 2017 a series of political scandals involving Prime Minister Abe saw his popularity drop to the lowest level since he returned to office in 2012. This cast some doubt on the durability of 'Abenomics' and returned to memory the revolving door politics that dominated Japanese politics for so long. The victory of Ms Koike in the Tokyo assembly elections dealt another blow to the ruling Liberal Democratic Party. In September 2017 Prime Minister Abe took advantage of improving polls and a weaker opposition to call a snap election in October 2017. The market reacted positively to a sweeping election victory as the Japanese electorate gave Prime Minister Abe a fresh mandate, with a two-thirds majority, to pursue his goals of economic revival. Emboldened by his victory, Prime Minister Abe told his council on economic and fiscal policy that he expects them to 'realise wage increases of 3.0% in 2018'. He reiterated that government will use all tools at their disposal to ensure record high corporate profits result in higher capital investment and pay packets for employees.

The manufacturing sector in Japan came under intense scrutiny after a series of scandals were uncovered at companies including Kobe Steel, Mitsubishi Materials and Nissan Motor. The Kobe Steel scandal was by far the biggest with the Company falsifying product quality data for more than a decade across multiple segments and products with end clients including aerospace manufacturers and auto manufacturers. The scandals cast a long shadow over the Japanese manufacturing sector, once thought unassailable in terms of quality, workmanship and precision.

Economic growth in Japan remained upbeat, posting the best consecutive run of quarterly growth in more than a decade. Consumption, business investment and exports all contributed to a period of strong growth in Japan and third-quarter Gross Domestic Product ('GDP') grew at an annualised 2.5%. A sharp increase in the number of tourists visiting Japan contributed to acute labour shortages in the service sector and is contributing to upwards pressure on hourly wages. With growth well ahead of the potential growth rate the Japanese economy continued to use up existing spare capacity. Unemployment is down to 2.7% and given tight market conditions it could continue to fall. A recent Bank of Japan ('BOJ') survey of business conditions at large companies was at the highest level since the September quarter in 2007. The recovery was not just at large companies however, with the reading for all companies at the highest since at least 1991.

While inflationary pressures remained weak in Japan, there was steady improvement on the -0.1% year on year (Consumer Price Index ('CPI') excluding fresh food and energy) general price decrease recorded in March 2017. By November 2017 the number had improved to 0.3% year-on-year. The BOJ revised down its inflation expectations for both 2017 and 2018 and is now only expecting 1.5% for the year ending March 2019. Despite this downwards revision to inflation expectations the BOJ kept monetary policy unchanged during 2017.

Companies guided for 5.0% recurring profit growth in fiscal 2017, well below consensus, calling for double-digit profit growth. After very strong first-half results it became clear companies were conservative in their initial guidance and more companies delivered positive rather than negative earnings surprises. TOPIX (ex-financials) net profit grew 18.0% year-on-year in the second quarter, driven mainly by strong revenue growth of 8.0%. Thanks to strong external demand and a weaker Yen, profits at manufacturers grew 29.0% year-on-year compared to a very respectable 7.0% growth at non-manufacturers. Earnings at technology, machinery and commodity related companies were particularly strong with some weakness visible in the financials, real estate and retail sectors.

Somewhat disappointingly, big companies in Japan offered smaller wage rises than in 2016 and this suggests companies are still backwards looking, as corporate Japan had a more difficult 2016 due to the stronger Yen. Corporate balance sheets remained very strong and given this, and the fact that Japan returns far less to shareholders than peers in the US and Europe, it was disappointing to see a sharp slowdown in the pace of share buybacks in 2017.

Strong orders for machine tools, factory automation and semiconductor related equipment and rising commodity prices saw technology, machinery and commodity related shares perform very well during 2017. Key sectors that lagged the benchmark include automakers that remained under pressure as the market tried to come to grips with slowing auto demand in the US, rising incentives and the potential disruption from electric vehicles. Financial sectors (banks and insurance) also lagged the benchmark as US ten year rates declined from the highs reached in March 2017. More recently, financial shares have performed better as US treasury yields (and inflation expectations) have started to improve.

### **Fund Activity**

In general, Fund activity is driven either by selling ideas that reach our fair value estimates, or deteriorating company fundamentals causes us to lose conviction in the original investment thesis. The proceeds would

then be recycled into new ideas where we see a better risk reward trade-off. 2017 was no exception. Following this process over the period generally led to lower exposure to Japanese exporters and higher exposure to financials. We reduced our exposure to more expensive technology shares (selling Taiyo Yuden, Seiko Holdings and Alps Electric) and transportation equipment (selling Mitsubishi Motors, Toyo Tire & Rubber and Showa). We reinvested some of the proceeds into machinery companies (Nippon Pillar Packaging, Sumitomo Heavy Industries, Mitsubishi Heavy Industries and Amada) poised to benefit from a global recovery in capital expenditure. Within the financial sector our exposure to Japanese banks increased slightly (taking a new position in Fukuoka Financial), but by adding Tokio Marine and Sampo we increased our exposure to insurance companies materially. As the year progressed we became more convinced that a combination of rising US bond yields and increasing talk of tightening at the BOJ will be positive for earnings at Japanese financials. Towards the end of the year we began looking for a few large-cap ideas given the strong performance of smaller companies versus larger peers and we added both Toyota and TDK to the portfolio.

At Toyota we felt the electric vehicle thematic had gotten the market a bit too excited and the shares were trading too cheaply given longer-term fundamentals. At TDK we are optimistic on the longer-term opportunity presented by both the battery and the sensor businesses and the valuations met our value criteria. In December 2017 we also took part in two initial public offerings, SG Holdings and Katitas. SG Holdings, a domestic parcel delivery company, reached our target price fairly quickly and we sold the shares. Despite the sharp rally in Katitas shares, we still believe the Company to be fundamentally undervalued given the longer-term growth opportunity in Japan.

### **Market Outlook**

We are encouraged by the strong fundamental economic data out of Japan and believe a combination of strong fundamentals, a tight labour market, and a historically high share of Japanese corporate profits to GDP should, in time, lead to higher wages and prices domestically. While inflation and wage growth remains modest for now, few can argue that Japan is not on a growth trajectory. The IMF recently upgraded its growth outlook for Japan, now expecting the economy to grow 1.5% in 2017, well above the economy's potential growth rate of around 0.7%. The IMF expects the global economy to accelerate from 3.6% in 2017 to 3.7% in 2018 and, as corporate Japan now derives almost 60% of sales and profits from overseas; this bodes well for corporate profits in the year ahead.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## Japan Fund continued

### Market Outlook continued

In April 2017, Japanese companies (ex-financials) guided for recurring profits to grow 5.0% in 2017, up from 3.0% in 2016. Initial guidance turned out to be far too conservative as first-half recurring profits (excluding financials) grew 21.0% year-on-year, well ahead of company and sell side expectations. We expect TOPIX earnings per share will grow 25.0% in fiscal 2017 and between 8.0% and 10.0% in fiscal 2018. Disappointingly share buybacks in Japan have been falling year-on-year in 2017 but we believe companies in Japan are backwards looking when they make buyback plans. 2016 was a tougher year for corporate earnings due to a weak external environment and a stronger Yen but we believe, given the strong earnings environment in 2017, share buybacks will accelerate again in 2018.

Thanks to synchronised global growth, shares in Japan have done very well in 2017 driven primarily by technology and industrial sectors. While we believe some consolidation in the short-term is possible, we expect any weakness to be short lived as the market is not overly expensive and good performance has been driven more by strong earnings growth than multiple expansion. In general technology, machinery and chemical areas look expensive to us and could lead any correction we see in the market as investors start to discount a deceleration in the latter half of 2018. The ratio of positive earnings surprises were very high at both first and second-quarter results announcements and this will undoubtedly slow down over the coming quarters. Areas that could do relatively better in this environment include financials and 2017 laggards that are expected to post stronger profit growth in 2018 and beyond.

'Abenomics' has been given a fresh mandate through to at least 2020 and Prime Minister Abe is soon expected to announce his preferred candidate to take over governorship at the BOJ. We expect he will re-elect Governor Kuroda. Prime Minister Abe could also announce the official end to deflation in 2018 to highlight his achievements before the party conference late in 2018. We have also seen numerous announcements of restructures and buyouts that point to steadily improving corporate governance and we expect this trend to continue. Recently the BOJ indicated they are contemplating the next steps in quantitative easing and highlighted the risk of keeping the ten-year bond yield at zero percent for too long. The BOJ supplied money to the market at an annual pace of 80 trillion Yen during 2016 but in November they only increased the money supply by an annualised 52 trillion Yen, the smallest amount since around 2013. When the market discounted similar actions at the European Central Bank ('the ECB') it led to a stronger

Euro and we would be remiss if we did not consider the possibility of a somewhat stronger Yen once the BOJ starts normalising interest rate policy in Japan. At the moment we believe the BOJ will wait for better inflation data and/or the government will announce the end of deflation before they embark on any policy normalisation. In a scenario where the BOJ starts on the path towards tighter monetary policy we believe Japanese financial shares will likely perform very well.

We continue to focus on companies and areas of the market where we find an attractive combination of expected earnings growth, improvements in shareholder returns and compelling valuations. As we are very valuation sensitive, we maintain a large underweight in more expensive areas of the market like technology and factory automation, where we feel the strong earnings momentum is well discounted by the market. We also remain underweight more in defensive (and expensive) consumer staples and healthcare areas that saw multiple expansion driven partly by falling interest rates globally. We retain a cyclical bias to our portfolio but we much prefer cheaper financials, domestic companies (that can benefit from higher disposable incomes and rising prices) and stocks that have performed poorly in 2017 where we have high conviction in an earnings recovery in 2018 and beyond.

Valuations in Japan remain reasonable with the TOPIX Total return Index trading on a forward price-earnings ratio of 15 times compared to the S&P 500 Index at 16.9 times and the MSCI World Index at 15.9 times. The current Japanese environment of strong and visible earnings growth, solid economic fundamentals and reasonable valuations compared to developed market peers leaves us comfortable with a positive bias towards Japanese equities and we continue to invest accordingly.

### Japan Team

#### Polar Capital LLP

February 2018

## Japan Value Fund (formerly Japan Alpha Fund)

### Fund Performance

In 2017 the Japan Value Fund (formerly Japan Alpha Fund) ('the Fund') (Class S JPY Shares) increased by 26.8% versus a 22.2% (in JPY terms) increase in the benchmark index (TOPIX Total Return Index).

Despite the strong relative performance of the Fund, our value biased strategy has been out of favour with investors for much of 2017. The resurgence of value investing in the latter half of 2016 was short-lived with the peaking of US yields in March 2017 causing a rebound in growth stocks globally. The Fund was able to offset this headwind with strong selection within the value universe. From a stock specific perspective, C Uyemura was the largest positive contributor to our performance. The Company produces plating chemicals used in a variety of electrical components. The share has outperformed the market as earnings grew faster than consensus expectations due to increased use of their chemicals for automotive applications. The largest negative contributor to performance was HI-LEX, with investors reacting negatively to the downward revision in September 2017. The weaker guidance was due to a combination of one-off recall costs related to a Korean subsidiary and pricing pressure which materialised in the second half of 2017. Going forward, we continue to expect the Company to adopt a better capital management policy that would lead to large scale Mergers and Acquisitions ('M&A') or significantly improved returns to shareholders. At a sector level, the Fund's exposure proved costly in the time period, largely as a result of our overweight in the transportation equipment sector. However, this was more than offset by positive selection within the sector.

### Market Review

The TOPIX benchmark rose 22.2% (in JPY terms) putting Japan largely in line with the 23.1% (in US\$ terms) return in the MSCI World Index. In USD terms, the benchmark rose 26.6%. Equity markets were supported by synchronised global economic growth driving corporate earnings higher.

The Japanese market was less volatile than in recent years, despite facing both a strengthening currency and a number of geopolitical events during this period. The correlation between the Japanese Yen and the TOPIX Benchmark has been extremely high since Prime Minister Abe came to power in 2012. We have been encouraged by the decoupling of this correlation in 2017 with the market rising despite seeing the Japanese Yen strengthen by 3.7% versus the US Dollar over the course of the year.

Fundamentally, Japan's economic data points have stayed upbeat and the labour market remains extremely tight. The headline unemployment rate

has fallen to 2.7%, whilst the jobs to applicant ratio reached 1.56. The data has continuously improved throughout the year and remains at peak levels. Critically, there has been acceleration in the number of permanent job openings, suggesting that labour shortages are spreading beyond casual and part-time staff to permanent employees. This shift will be instrumental if Japan is to see acceleration in its headline inflation rate. Politically, a risk factor emerged during the year as Prime Minister Abe's approval ratings fell significantly following scandals surrounding his stewardship. However, the Prime Minister saw his popularity improve following a party reshuffle whilst public support for constitution reform improved following increased tensions with North Korea. Simultaneously, there was a slow public disintegration of the main opposition party, the Democratic Party of Japan ('DPJ'), which led to the Liberal Democratic Party of Japan ('LDP') calling a snap election they then went on to win. The corporate reporting season was again stronger than market expectations despite the conservative guidance released by corporates during May 2017. This can be attributed mainly to aggressive cost cutting in attempts to offset the strong Yen that plagued corporates in previous years.

### Fund Activity

Fund activity was slightly higher throughout 2017 than we would normally expect over a year. This is largely due to a combination of strong stock selection and the resurgence of value investing in the second half of 2016 which led to a number of our names no longer meeting our valuation criteria. There have been two key portfolio shifts over the course of the year. Firstly, our exposure to financial segments has increased whilst we have moved further underweight technology related sectors. This is mainly due to the global rally in technology leading to a number of our holdings reaching our valuation targets (Rohm, Citizen, DTS, Zeon). As we exited these names we increased exposure to a number of segments, however, one large beneficiary has been financials. We have bought a number of stocks (Tokio Marine, Bank of Kyoto) that we believe will benefit from rising bond yields globally as central banks continue/start tapering over the coming years. Secondly, our exposure to small and mid-caps has decreased. These areas of the market have seen unusually high demand from the unprecedented levels of exchange traded funds ('ETF') purchases at the Bank of Japan ('BOJ'). We remain overweight but have found buying opportunities less frequently following the upwards momentum of share prices. Given the underperformance of large-caps we are naturally, on a relative basis, seeing value opportunities arise here and have taken the opportunity to increase the Fund's exposure.

## **Investment Manager's Reports** continued

**For the financial year ended 31 December 2017**

### **Japan Value Fund (formerly Japan Alpha Fund)** continued

#### **Market Outlook**

The Japanese equity market has performed admirably in 2017 driven by a combination of improving macroeconomic data, earnings recovery and the ongoing corporate reform. Despite these largely visible drivers, foreign investors have been sceptical for much of the year and have made the costly decision to remain heavily underweight Japanese equities. Although 2018 will unlikely match the strong returns we've seen this year, a statement which we would expect to apply to indices globally, we believe Japanese equities can again outperform relatively when compared to developed peers.

The recent victory for the ruling coalition in the lower house election removes a risk factor which concerned many investors throughout 2017. The result paves the way for another pro-growth fiscal package that will likely support both the domestic economy and enhance corporate earnings through tax breaks for companies that raise wages or make the necessary capital investments. The victory also decreases uncertainty surrounding Haruhiko Kuroda's future, with Prime Minister Abe's election success increasing the likelihood that the BOJ Governor will be given another term. In the event this does not materialise, we would expect the appointment of a new Governor with similar views on Japan's need to do whatever it takes to sustainably exit deflation. The combination of supportive monetary and fiscal policies, in addition to the extremely tight labour market, should in theory lead to higher wage inflation. Japan's struggle to drive inflation higher is a problem shared globally, however, we remain confident that we can see some improvement going forward. The permanent jobs market is showing signs of acceleration and we continually hear about labour shortages from our meetings with management teams.

In addition to the favourable policy and economic environment, we continue to expect a tailwind from corporate restructuring and changes in shareholder returns. Improvements in these corporate areas are becoming more common and we expect this to provide support for Japanese equities, and our style, over the years to come.

#### **Co-Manager Appointment**

Chris Smith has officially been appointed co-manager of the Fund from 1 January 2018 in recognition of his substantial contribution to the performance of the Fund since the change to a value strategy on 1 August 2016. In practice, Chris has largely been undertaking this role on an informal basis over the last 18 months, meaning there will be no change to the investment research and portfolio construction process.

#### **Japan Team**

##### **Polar Capital LLP**

February 2018

## North American Fund

### Fund Performance

Over the year, the Polar Capital North American Fund ('the Fund') (Class I USD Shares) increased by 25.1%. This compared with the MSCI North America Index (with net dividends reinvested), which increased by 20.9%. Since launch until the end of 2017 the Fund has increased by 140.9%, which compares with the performance benchmark increase of 123.1% (in USD terms).

In a year in which there was a lot of publicity about the market being driven by a handful of very similar stocks and sectors, it was pleasing that the drivers of the Fund's outperformance were diverse in nature and not driven by one or two systematic factors. We are very happy with the business value creation of the underlying holdings in the portfolio and this broad operating performance certainly helped portfolio performance. The Fund's bias towards value creation was helpful for performance in a market that has become a bit more discriminatory over other quality fundamental factors such as balance sheet strength (and has done so since the bottoming of interest rates in the middle of 2016). This benefited the portfolio well and we think will continue to do so.

The top ten active bets in the portfolio delivered over half of the alpha generation. Anthem, the health insurer and a top three holding for most of the year, was a notably strong performer (as were peers Cigna and Aetna which were also held, albeit in smaller positions). It benefited from a significant re-rating from only 12x 2017 earnings to 19x at the end of the year as the market became more confident about receding political risk following the 2016 presidential election and the firm's long runway for earnings growth. Though we took some profits (we also sold Cigna and Aetna on valuation grounds and following a bid for the latter from the drugstore operator, CVS) it remains an important holding. We still see a path for cash flow per share to grow at a rate in the teens over three to five years driven by underlying healthcare expenditure growth, allocation of the Company's prodigious cash flow and the expiry of a currently unprofitable drug purchasing contract which should free up a significant amount of cash to both invest in the business and improve margins. Adjusted for tax reform, the stock trades at a reasonable 15x 2018 earnings and cash flow.

Ametek, the industrial conglomerate and another top five holding, also performed very well. We took advantage of the weakness of the shares, caused by the industrial recession in 2016, to purchase this high quality industrial business with an excellent capital allocation record, at a very reasonable valuation of cyclically depressed earnings and cash flow. Again, we have taken some profits on valuation grounds; though continue to like the prospects for business value creation. S&P Global, the owner of Standard and Poor's bond ratings and indices businesses, performed very well as the Company delivered very strong operational growth, with earnings growing over 20.0% over the year.

A lack of exposure to the underperforming Utilities, Telecoms and Real Estate sectors helped performance from a relative perspective as they have lagged other areas of the market. Many stocks in these sectors have been utilised by some investors as 'bond proxies' this decade but have performed poorly since interest rates troughed in the middle of 2016.

Some of the Fund's insurance holdings, in particular Validus and Arch Capital, delivered disappointing performance as their book value growth was negatively impacted by the severe hurricane season. We think it is likely that the potential for improved future pricing could potentially more than offset the immediate underwriting losses from a net present value perspective, and we like the longer-term resilience of the business models. We therefore took advantage of the weakness in stock prices and the lowered (and attractive), valuations to slightly add to positions.

Kirby, the barge operator purchased at the beginning of the year, was another performance laggard. We purchased Kirby for the Fund in first quarter ('Q1') 2017. In recent years, the Company has endured severe headwinds with significant volume declines in their core barge business as commodity volumes have fallen at the same time as industrial America was hit with a recession. We saw an opportunity to buy shares at a low valuation with the business poised for recovery and potential for earnings per share to more than triple over the next three to five years. The operating cycle has continued to remain depressed, but we continue to be optimistic on the long-term recovery potential for the business and the price-to-book valuation remains depressed and close to 25-year lows, a rare occurrence in the current market. We slightly topped up this position too.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

## North American Fund continued

### Fund Performance continued

Interpublic Group of Companies, the advertising agency holding company, was another detractor from performance in 2017 despite its relatively small position size. It, along with its peers, has delivered disappointing results reflecting a slow-down in sales growth across the industry. This has deepened concerns regarding the impact of secular pressures on these businesses from ongoing changes in how media is consumed. In retrospect, we perhaps underestimated some of these secular forces. However, whilst we understand some of these concerns, we still feel the business is a relevant one over the long-term and should grow over time, albeit perhaps at a lower rate than in the past. We also think these concerns are reflected in the stock, which trades at a high single free cash flow yield. We still think it is most likely that some operational growth and allocation of cash flow can drive double digit business value creation over time and have therefore held onto the position. However, given industry change it is not a position we have added to and it remains a relatively small one.

Finally, as has been the case in most years since launch, liquidity or cash held was a notable drag to relative performance in a very strong market. If cash were to be seen as an individual stock, then it was the second largest relative negative contribution to relative performance after Validus. Some cash held is a necessity of portfolio management and a cash drag in general has not helped active fund managers this decade, given the extent of the bull market. The good news is that we are confident that the negative impact that cash has had to alpha generation since inception is highly unlikely to be repeated over the next six to seven years. The bad news is that this is largely because the stellar market performance since inception is almost certainly not likely to be repeated over the next six to seven years!

### Market Review

2017 was the ninth year of a bull market which started in the aftermath of the financial crisis. A key driver of markets again last year, as it has been since 2009, was the background of very loose monetary conditions, which have suppressed interest rates and consequently made stocks and other assets relatively more appealing to investors. In addition, equity markets benefited from a broadening of economic growth in the US and across the world as the year progressed and as the commodity/manufacturing-led drag to economic

growth in 2015 and 2016 turned into a fully-fledged recovery. Broader economic growth, a weaker dollar and a recovery in commodity prices presaged better profit growth for US companies following a fallow period. On top of that, in the second half of the year, increasing expectations that tax reform would further boost net profits helped the market to further gains. (For a fuller discussion of the impact of tax reform, please see the December 2017 quarterly commentary for the open-ended investment company ('OEIC') and/or the February 2018 fund newsletter).

Despite the length of the economic cycle and the very easy monetary conditions, we would not describe many parts of the real domestic economy as frothy or extended. It is only in the last two years that the bottom 80.0% of income earners in the US started to see a pick-up in real wage growth and hence that consumer spending seemed well supported. Business spending has not been excessive and could accelerate given high confidence, tax reform and an old capital stock compared to history. Government and state spending programs have also been restrained for most of this cycle given the need to normalise deficits and should start to see better growth. A weaker dollar following a significant strengthening cycle from 2014–2016 is also now beneficial for exporters. 'Animal spirits' in the economy have continued to grow, with surveys of consumer and business confidence at very high levels versus historic norms.

In general, monetary conditions have continued to be very accommodative. Although government bond yields have bottomed, they remain very low by historic standards. In addition to this, credit spreads are very tight so lending conditions for companies and consumers are still very benign. A classic cyclical push in inflation and a resultant increase in interest rates is perhaps a threat to the fairly rosy economic outlook. However, we feel that the absence of excess in the real economy, despite the very accommodative financial conditions, could provide some insulation. The direct threat to equity and other asset valuations (though some reflation is of course positive for-profit growth) is probably larger. We do not tend to talk much about volatility (or lack of) but, as of writing, the S&P 500 Index has just broken a record of the longest run without a 5.0% pull back, exceeding the great bull market of 1999. This is perhaps one example of a symptom of the impact that ultra-loose monetary policy has had on the equity market.

Overall, the backdrop of economic and other macro conditions is supportive for attractive near-term profit growth for American businesses. The economy is seeing broad growth domestically and globally, yet there is a lack of apparent excess in the real economy, the dollar's recent weakness is helpful for overseas earners and tax cuts are helpful, particularly for domestic earners.

### **Fund Activity**

Activity in the portfolio picked up in 2017 versus the relatively low turnover exhibited in 2016.

New purchases came from a wide selection of industries and from across the market capitalisation spectrum and included: the barge operator, Kirby; the sound and vision IP company, Dolby Laboratories; the low-cost airlines, Copa Airlines and Spirit Airlines; the door and windows manufacturer, Jeld-Wen; the floorings manufacturer, Mohawk Industries; the industrial conglomerate, United Technologies; the contract manufacturer, Flex; the social media holding company, Facebook, and the eponymous Amazon.com. We have found and continue to find a number of opportunities in companies (many referred to above) where we feel profits are below normalised, for example, because that firm is investing heavily and deliberately suppressing near term profitability, yet the market is extrapolating this lower level well beyond the point at which the Company will see meaningful cash flow benefits.

The only other wholesale change of note was the reduction in the overall healthcare weighting in the portfolio. This was not because of any top down view per se, but rather because we sold a number of stocks for somewhat unrelated reasons. McKesson (a pharmaceutical distributor) was sold given our concerns that drug price deflation (deflation is the scourge of any distributor) could be around for a long time. Mednax (a provider of outsourced physician services to hospitals) was sold given what we felt was a deterioration in the original investment case. CR Bard (a medical device maker) was sold following an approved bid for the Company from Becton Dickinson. Thermo Fisher Scientific was sold partly on valuation grounds and partly as we were concerned that the acquisition strategy that has served the Company well in the past would be less replicable in the future. We also sold the cardiovascular devices business, Livanova, following strong valuation appreciation and we sold Aetna following the announced acquisition of the business by the drug retailer CVS. Both LivaNova and Aetna were purchased during the year.

The portfolio ended the year with 46 stocks, or 45 if you count the holdings in Expedia and Liberty Expedia as one. This is down from 50 stocks (or 49 if you treat the two Expedia entities as one) in December 2016. The concentration in the number of underlying holdings in the portfolio reflects our increased conviction in some of the larger active positions.

### **Market Outlook**

We are very enthusiastic about the prospects for attractive business value creation for the portfolio. We are comfortable that the macroeconomic backdrop is conducive for good profit growth and, even if the macro-economic environment were to disappoint, we think the portfolio is well placed to deliver double-digit compounding of business value over our investment time horizon of three to five years. Strong returns in the equity market have meant that the market has appreciated more than corporate profits have grown over the last year, which has resulted in prospective valuations slightly increasing and the market's valuation looking quite expensive from a historical context. However, at a median forward free cash flow yield of ~5.0%, excluding any benefit from tax reform, we are comfortable with the Fund's absolute valuation given its business value creation prospects and are particularly comfortable with its valuation versus the average North American and global stock. This is especially true given that we feel the portfolio exhibits superior business and financial qualities compared to the average American and global business.

### **North American Team**

#### **Polar Capital LLP**

February 2018

## **Investment Manager's Reports** continued

**For the financial year ended 31 December 2017**

### **UK Absolute Equity Fund**

#### **Fund Performance**

The UK Absolute Equity Fund ('the Fund') had a strong year returning 47.5% (Class I GBP Shares), which compared favourably with the FTSE All-Share Index returns of +9.3%. The long book contributed 55.2% (gross) and the short book 7.5% (gross). It was especially pleasing to have generated positive returns from the short book given the FTSE All Share Index rose. The key drivers of the long book were Burford Capital (+110.0%) and First Derivatives (+101.0%) but 18 long positions rose >40.0% demonstrating a number of key performers. Key detractors were several mining shares. The key positive drivers on the short book were a financial services company, an oil services company and a contractor all of which fell >50.0%. The key negative detractor on the short book was a FTSE 100 short.

#### **Market review**

Markets had a very strong 2017 with global stock markets all rallying strongly, confounding sceptics. This was driven by a synchronised global economic recovery which began in late 2016 and coincided with the election of Donald Trump. This was further propelled by looser fiscal policy (tax cuts). Whilst interest rates are now rising, low inflation has enabled policy makers to increase rates very slowly and so monetary policy has remained accommodating.

#### **Fund Activity**

The Fund increased the level of market exposure (net) in late 2016 and maintained these levels throughout the course of 2017 (net long of approximately 60.0%) recognising that markets usually perform strongly when economic growth is accelerating. The Fund also increased exposure outside the UK somewhat (principally in Japan and Europe) as individual stock opportunities were identified, as well as a view that Europe and Japan stock markets would perform especially well.

#### **Market Outlook**

The global economic recovery, which began in late 2016, remains intact which will support equity markets. However, investor sentiment is now quite bullish (in contrast to 2017) and strong economic data is largely anticipated. Whilst we remain positive on equities in 2018, it is highly likely they will not have such a strong year in 2018 and we expect increased volatility, which may present opportunities to long/short managers such as ourselves.

#### **UK Absolute Return Team**

##### **Polar Capital LLP**

February 2018

## UK Value Opportunities Fund\*

### Fund Performance

The UK Value Opportunities Fund ('the Fund') returned 21.4% (Class I GBP Acc Shares) in the eleven months to the end of December 2017 versus the FTSE All Share Index's return of 12.1% (in GBP terms).

Outperformance was driven by stock selection with sector selection contributing a minor negative offset. This output is similar to the manager's previous track record and a reflection of the rigorous bottom up investment process. The Fund has a high active share, around 90.0%, and has demonstrated relatively low correlation, around 0.71, with the FTSE All Share Total Return.

The best sectors on an absolute and relative basis were consumer durables, capital goods and commercial and professional services. Within these sectors, stocks that drove performance had reasonably diverse end markets and geographic exposure. Consumer durables were driven by two housebuilders and also Jimmy Choo, an international luxury retailer and Coats, an international industrial. Capital goods benefited from strong performances in international industrials such as XP Power and Vesuvius, but also UK infrastructure companies Costain and Polypipe. Finally, commercial and professional services were propelled by global scaffolding company Cape as well as steady eddy UK services businesses Restore and Johnson Service. All sectors contributed a positive return with the exception of minor negatives in pharmaceuticals (-0.27%, driven by Shire), energy (-0.11%, driven by James Fischer & Sons) and utilities (-0.02%). However, on a relative basis the Fund suffered from zero exposure to energy producers and to a lesser degree zero exposure in household and personal goods and a combination of poor stock selection and low allocation in pharmaceuticals.

While each market cap segment^ made a positive contribution to Fund performance, over half was made in small-caps and the balance in mid-caps with a negligible contribution from large-caps. Poor stock selection let us down in the FTSE 100.

On a stock basis, our median returns and hit rate improved in the second-half. Our largest contributors to performance were Watkin Jones, a student accommodation provider, Forterra, a brick manufacturer and Bellway, a housebuilder. The largest detractors to performance were Dixons Carphone, Anglo American and Dignity. On a relative basis the largest detractors were HSBC, Royal Dutch Shell and BP.

### Market Review

The UK market rose 12.1% from the launch of the Fund on 31 January 2017 to the end of December 2017. This was reasonably evenly spread across the indices with the FTSE 100 delivering a total return of c.10.0% and the FTSE 250 and Small Cap delivering c.15.0%.

We assess the period on our three investment criteria: valuation, sustainability of returns and financial soundness. Valuation remains reasonable in the context of very cheap, readily available capital. The UK 10 year, a proxy for risk free rates, ranged from 1.5% to 0.9% and averaged c.1.2%. This optically makes equities look cheap, however, we highlight just how volatile the yield curve is. So, while valuations remain okay, shares could rapidly look expensive. In general, domestically focussed shares remain cheaper than overseas shares; this is a valuation gap that has remained since the EU referendum vote last year.

Sustainability of returns is perhaps easier to assess when divided into international revenue and domestic revenue. Those exposed to international revenue saw large foreign exchange ('FX') driven upgrades in the first-half of the year. Indeed, the FTSE 100, comprised predominately of overseas shares, will not have seen such a large percentage of stocks getting earnings upgrades for over a decade. However, as the year ran on, earnings upgrades have fallen back to around 50%. The FTSE 250, which has a more balanced geographic exposure, did not see such a boost at the start of the year but has also ended around 50.0%. This remains high in the context of medium-term history for both indices. We caution, earnings upgrades are a proxy for returns, they can often differ from visibility of returns on capital and that is particularly the case for FX driven upgrades. They are a one-off event. On the domestic side, there was a much broader range of earnings moves with some disasters and some positive surprises.

Large cap: >£4bn, Mid cap: £600m–£4bn, Small cap: <£600m.

We have consistently said that the UK consumer is in a very tough spot and we expect the UK's exit from the European Union ('Brexit') to be a messy divorce at best. Visibility for many domestically focused shares remains low.

Finally, from a funding position, we still see pockets of danger; on our analysis some businesses are paying their dividends out of debt, but overall the picture is relatively healthy. We continue to believe that the energy producers and utilities fail our safety check.

## Investment Manager's Reports continued

### For the financial year ended 31 December 2017

#### UK Value Opportunities Fund\* continued

##### Fund Activity

The Fund has three investment criteria (i) cheap valuation (ii) sustainable returns and (iii) solid funding position. In the same way that shares are only bought if all three investment criteria are met, shares are sold if any of the three are breached. Taking the first criteria, not only do we seek cheap valuations, but we go further, the cheaper the share the larger the position in the Fund. This ensures that more of the Fund's capital is exposed to the cheapest share that we find. All else being equal, if a share price is rising, it will have less upside and therefore, a lower target weight in the Fund. Shares are reduced as they approach target price and sold in full at target price. In 2017, four shares hit target price and were exited; these comprised XP Power, Victoria Carpets, Marshalls and Michael Page. Four further shares were bid for, Jimmy Choo, Cape, Paysafe and Aldermore. These were all sold by the end of the year. It is positive to recycle capital into shares with more upside.

The second criteria, sustainability of returns was the most frequent reason for exiting shares. This is assessed primarily from company meetings but also sell side earnings reports. Visibility on UK shares in particular is lower than usual. In the majority of cases exiting these shares has been the right thing to do.

New shares in the Fund have been added in a similar mix to existing market cap and geographic exposures. In general, we are finding more ideas in the mid and small cap space than in the large. And we are adding internationally focussed earners in roughly equal balance to domestically focussed earners.

##### Market Outlook

Domestically focussed shares are in general cheaper. We believe that Brexit will be extremely tough for the UK, however, you cannot tar all UK domestic shares with the same brush. We have been focussing on those with the most visible returns. These continue to be infrastructure-related, housebuilding, essential services that go on regardless and those that, from a bottom-up perspective, are in a very strong market position or niche. With respect to shares with predominately international earners, we are finding a number of shares that remain cheap further down the market-cap sector and are not solely driven by FX upgrades. While many of these fall in the industrials sector, this is often a catch all for a big range of shares and it is very difficult to group our overseas shares, they are in a vast array of end markets. We are very encouraged by the diversification within the current Fund and it gives us confidence for the months ahead.

Given an elevated number of profit warnings and severe share price reactions, there continues to be elevated risk in the UK market. However, this is balanced by a higher potential return than in the past few years. As we look to 2018, we see a good opportunity to make returns.

##### UK Value Team

##### Polar Capital LLP

February 2018

\* UK Value Opportunities Fund launched on 31 January 2017.

# Report of the Directors

## For the financial year ended 31 December 2017

The Directors of Polar Capital Funds plc (the 'Company') have pleasure in submitting their Annual Report and Audited Financial Statements for the financial year ended 31 December 2017 to the Shareholders.

### Directors Responsibilities Statement

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017, hereinafter 'Companies Act 2014') and the applicable regulations.

Irish company law requires the Directors to prepare financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which: correctly explain and record the transactions of the Company; enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; enable the financial statements and Directors' report to comply with the Companies Act 2014 and with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the 'UCITS Regulations') and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings

for Collective Investment in Transferable Securities) Regulations 2015 (as amended) (the 'Central Bank UCITS Regulations') and the Listing Rules of the Irish Stock Exchange; and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In this regard, Northern Trust International Fund Administration Services (Ireland) Limited (the 'Administrator') has been appointed for the purpose of maintaining adequate accounting records and Northern Trust Fiduciary Services (Ireland) Limited ('the Depositary') has been appointed for the purpose of safeguarding the assets of the Company.

### Basis of Presentation

The format and certain wording in the Financial Statements has been adapted from those contained in the Companies Act 2014 and IFRS so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company's business as an investment fund.

### Directors' Statement on Adequate Accounting Records

The Directors believe that they have complied with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained by the Administrator at Georges Court, 54–62 Townsend Street, Dublin 2, Ireland.

### Business Review and Future Developments

The Company is an open-ended investment company with variable capital and segregated liability between its sub-funds (the 'Funds'), organised under the laws of Ireland. The Company was incorporated on 28 September 2001.

During the financial year ended 31 December 2017, the Company launched two new Funds: UK Value Opportunities Fund and Automation & Artificial Intelligence Fund. The following Funds terminated during the financial year:

International Alpha Fund terminated on 31 October 2017.

Emerging Markets Growth terminated on 27 December 2017.

Global Alpha Fund terminated on 28 December 2017.

## Report of the Directors continued

### For the financial year ended 31 December 2017

#### Business Review and Future Developments continued

The Company will continue to act as an investment vehicle as set out in its Prospectus.

A detailed review of the Company's activities for the financial year ended 31 December 2017 is included in the Investment Manager's Reports.

#### Risk Management Objectives and Policies

The principal risks and uncertainties faced by the Company are the investment risks associated with the portfolio of investments held for the account of each Fund and the operational risks associated with their management and administration. A more detailed analysis of some of the risks facing the Company is included in Note 10 of the Notes to the Financial Statements.

#### Directors' Interests in Shares of the Company

Other than as disclosed in Note 8 to the Financial Statements, there were no contracts or agreements of any significance in relation to the business of the Company in which the Directors had any interest, as defined in the Companies Act 2014, at any time during the financial year.

#### Transactions with Connected Persons

Any transaction carried out with the Company by a management company or depositary to the Company, the delegates or sub-delegates of the Company or management company or depositary, and any associated or group company of such a Company or management company, depositary, delegate or sub-delegate ('connected persons') must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the shareholders.

The Directors are satisfied that there are arrangements (evidenced by written procedures) in place, to ensure that the obligations set out in Regulation 41(1) of the Central Bank UCITS Regulations are applied to all transactions with connected persons, and are satisfied that transactions with connected persons entered into during the year complied with these obligations.

#### Distributions

Distributions declared for the financial year are as set out in Note 13 on pages 280 to 289.

#### Corporate Governance Statement

The Company is subject to corporate governance practices imposed by:

- (i) The Memorandum and Articles of Association of the Company;
- (ii) The Companies Act 2014;
- (iii) The UCITS Regulations;
- (iv) The Irish Stock Exchange ('ISE') Code of Listing Requirements and Procedures, copies of which are all available for inspection at the Company's registered office at Georges Court, 54–62 Townsend Street, Dublin 2.

The Company has adopted the Corporate Governance Code for Collective Investment Schemes and Management Companies (the 'Code') issued by Irish Funds (formerly Irish Funds Industry Association). The Company is organised in such a way to meet all the provisions of the Code and there are no exceptions to be noted.

The Directors are responsible for establishing and maintaining adequate internal control and risk management systems in relation to the financial reporting process of the Company. Such systems are designed to manage, rather than eliminate, the risk of error or fraud in achieving the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has procedures in place to ensure all relevant accounting records are properly maintained and are readily available, including production of annual and half-yearly financial statements. The annual and half-yearly financial statements of the Company are required to be approved by the Directors of the Company and filed with the Central Bank of Ireland and the Irish Stock Exchange.

The accounting information given in the annual financial statements is required to be audited by an independent auditor who reports annually to the Shareholders of the Company on the audit process and their findings. The auditor's report on the financial statements, including any qualifications, is reproduced in full in the annual report of the Company.

The Directors of the Company meet regularly to review the business and affairs of the Company and they will also discuss and evaluate significant accounting and reporting issues as the need arises.

The convening and conduct of Shareholders' meetings are governed by Company Law and the Memorandum and Articles of Association. Shareholders together holding 5 per cent or more in aggregate of the shares of the Company in issue may at any time request that the Directors convene a meeting of Shareholders to consider any matters that may be proposed by the Shareholders requesting the meeting.

A meeting of Shareholders held in accordance with the provisions of the Memorandum and Articles of Association may by a 75% majority of those voting approve a change to the Memorandum and Articles of Association or a proposal to wind up the Company. A simple majority vote is required for most other proposals, including proposals to determine that the Directors shall retire, or to terminate any of its Funds, and any material change in the investment objective and policies or the investment restrictions set out in the Prospectus issued by the Company.

Twenty one days' notice at least of every meeting shall be given to Shareholders in the manner provided in the Memorandum and Articles of Association. At any meeting any matter put to a vote shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by one or more Shareholders present in person or by proxy and holding or representing one-twentieth of the number of shares for the time being in issue. Unless a poll is so demanded, a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

If a poll is duly demanded, it shall be taken in such manner as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

The minimum required number of Directors is two, which is also the minimum number of Directors required for a meeting to take place. Currently there are six non-executive Directors, five of whom are independent of the Investment Manager. The Directors are listed on page 352.

The business of the Company is managed by the Directors, who are responsible for the Company's overall direction and strategy, including review of investment management performance, administration of the Company's Funds and compliance with the Company's regulatory requirements. Custody of the Company's assets are overseen by the Depositary, which is independent of the Company.

The Board meets at least four times a financial year to review the operations of the Company, to address matters of strategic importance and to receive reports from the Administrator, Depositary and the Investment Manager. However, a Director may call a meeting of Directors at any time.

Questions arising at any meeting of the Directors are generally decided by consensus, but majority voting can be used if necessary to reach a decision. If there are an equal number of votes for or against a resolution the Chairman of the meeting can effectively decide the matter by exercising a second or casting vote.

## **Results**

The results of operations for the financial year are set out in the Statement of Comprehensive Income.

## **Significant Events during the financial year**

The events which were significant during the financial year are detailed in Note 18 on page 320.

## **Subsequent Events**

The significant events since the financial year end date are detailed in Note 19 on page 321.

## **UCITS Remuneration Report**

The Company has established a remuneration policy in accordance with the Central Bank of Ireland UCITS Regulations, which transpose the relevant provisions of Directive 2009/65/EC (as amended, the 'UCITS Directive') and the Guidelines on Sound Remuneration Policies issued by the European Securities and Markets Authority under the UCITS Directive (the 'ESMA Guidelines') into Irish law with effect from 18 March 2016. A copy of this policy is available on [www.polarcapital.co.uk](http://www.polarcapital.co.uk).

Please see the remuneration disclosure in Appendix I.

## Report of the Directors continued

### For the financial year ended 31 December 2017

#### Directors Compliance Statement

(made in accordance with Section 225 of the Companies Act 2014)

The Directors acknowledge that they are responsible for securing compliance by the Company with its Relevant Obligations as defined with the Companies Act 2014 (hereinafter called the 'Relevant Obligations').

The Directors confirm that they have drawn up and adopted a Compliance Policy Statement setting out the Company's policies that, in the Directors' opinion, are appropriate to the Company in respect of its compliance with its Relevant Obligations.

The Directors further confirm the Company has put into place appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with its Relevant Obligations including reliance on the advice of persons employed by the Company and external legal and tax advisers as considered appropriate from time to time and that they have reviewed the effectiveness of these arrangements or structures during the financial year to which this Report relates.

#### Audit Committee

During the financial year ended 31 December 2017 the Company did not have an audit committee in place. The Board considered setting up an audit committee as outlined in Section 167 of the Companies Act 2014. The Board made the decision not to establish an audit committee as this was deemed most appropriate to the Company's structure as a UCITS fund and the nature, scale and complexity of the Company's operations at this time.

#### Statement on Relevant Audit Information

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all the steps that should have been taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### Independent Auditor

Deloitte, Chartered Accountants and Statutory Audit Firm, was appointed as the auditors of the Company on 22 October 2014. In accordance with Section 383 (2) of the Companies Act 2014, the auditors have indicated their willingness to continue in office.

On behalf of the Board

**David Hammond**

Directors

**Ronan Daly**

4 April 2018

## Report of the Depositary to the Shareholders

### For the financial year ended 31 December 2017

We, Northern Trust Fiduciary Services (Ireland) Limited, appointed Depositary to Polar Capital Funds plc ('the Company') provide this report solely in favour of the shareholders of the Company for the period from 1 January 2017 to 31 December 2017 ('the Annual Accounting Period'). This report is provided in accordance with the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (SI No 352 of 2011), as amended, which implemented Directive 2009/65/EU into Irish Law ('the Regulations'). We do not, in the provision of this report, accept nor assume responsibility for any other purpose or person to whom this report is shown.

In accordance with our Depositary obligation as provided for under the Regulations, we have enquired into the conduct of the Company for this Annual Accounting Period and we hereby report thereon to the shareholders of the Company as follows;

We are of the opinion that the Company has been managed during the Annual Accounting Period, in all material respects:

- (i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the constitutional documents and by the Regulations; and
- (ii) otherwise in accordance with the provisions of the constitutional document and the Regulations.

For and on behalf of

**Northern Trust Fiduciary Services  
(Ireland) Limited**

Georges Court  
54–62 Townsend Street  
Dublin 2

4 April 2018

## Independent Auditor's Report

### To the Shareholders of Polar Capital Funds plc

## Report on the audit of the Financial Statements

### Opinion on the Financial Statements of Polar Capital Funds Plc (the 'Company')

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at financial year end and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014 and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 and Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations, 2015 (as amended).

The financial statements we have audited comprise:

- the Statement of Financial Position;
- the Statement of Comprehensive Income;
- the Statement of Changes in Net Assets to Holders of Redeemable Participating Shares;
- the Statement of Cash Flow; and
- the related notes 1 to 21, including a summary of significant accounting policies as set out in note 2.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ('the relevant financial reporting framework').

### Basis for Opinion

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

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Accounting and Auditing Supervisory Authority, as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Summary of our Audit Approach

<b>Key audit matters</b>	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> <li>• Valuation of Financial Assets and Liabilities at Fair Value Through Profit or Loss</li> <li>• Existence of Financial Assets and Liabilities at Fair Value Through Profit or Loss</li> <li>• Performance Fees</li> </ul>
<b>Materiality</b>	<p>The materiality that we used in the current year was 1% average net assets for each sub-fund.</p>
<b>Significant changes in our approach</b>	<p>There have been no significant changes in our approach from our prior year audit.</p>

## Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the Board of Directors' (the 'Directors') use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's 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.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of Transferable Securities and Financial Derivative Instruments

**Key audit matter description** For the financial year ended the transferable securities and financial derivative instruments of the Company are US\$11.7bn representing 96% of total net assets US\$12.2bn. The valuation of transferable securities and financial derivative instruments are considered a key audit matter as it represents a significant balance on the Statement of Financial Position.



There is a risk that transferable securities and financial derivative instruments are valued incorrectly, inappropriate valuation methodology applied and the use of inappropriate assumptions could result in the valuation being materially misstated.

Refer also to note 2 and 10 in the financial statements.

**How the scope of our audit responded to the key audit matter**

We have performed the following procedures:

- We obtained an understanding and evaluated the key controls that have been implemented over the valuation process for transferable securities and financial derivative instruments.
- We obtained Northern Trust Fund Administration Services (Ireland) Limited (the 'Administrator') SOC 1 Report and identified the key controls in place over the valuation process and reviewed those key controls for any exceptions.
- We compared the prices of equities, warrants, contracts for difference, bonds, futures and forward foreign exchange contracts in the investment portfolio at year end to prices published by independent pricing sources.



### Existence of Transferable Securities and Financial Derivative Instruments

**Key audit matter description** For the financial year ended the transferable securities and financial derivative instruments of the Company are US\$11.7bn representing 96% of total net assets US\$12.2bn. The existence of transferable securities and financial derivative instruments are considered a key audit matter as it represents a significant balance on the Statement of Financial Position.



There is a risk that transferable securities and financial derivative instruments do not exist.

Refer also to note 2 and 10 in the Financial Statements.

## Independent Auditor's Report continued

### To the Shareholders of Polar Capital Funds plc

#### Key Audit Matters continued

##### Existence of Transferable Securities and Financial Derivative Instruments (continued)

###### How the scope of our audit responded to the key audit matter



We have performed the following procedures:

- We obtained an understanding and evaluated the key controls that have been implemented over the reconciliation process for existence from the Administrator to the depositary and counterparties.
- We obtained the Administrator's SOC 1 Report and identified the key controls in place over the reconciliation process and reviewed those key controls for any exceptions.
- We obtained independent confirmations from the depositary and counterparties at the financial year end and agreed the amounts held to the investment portfolio.
- We tested a sample of reconciling trades to ensure that they have been recorded in the correct period including a review of a sample of unsettled trades.

##### Performance Fees

###### Key audit matter description



For the financial year end the total performance fee of the Company was US\$43.2m. The performance fee crystallises on an annual basis. This accuracy of performance fees are considered a key audit matter because the performance fee is calculated used a complex methodology as set out in the Prospectus and Supplements to each sub-fund.

The performance fee is a significant expense to the Company. The complexity of the performance fee calculation increases the risk of incorrectly calculating the performance fees.

Refer also to note 3 in the financial statements.

###### How the scope of our audit responded to the key audit matter



We have performed the following procedures:

- We obtained an understanding and assessed the design of the key controls over the calculation and approval of the performance fees.
- We reviewed the prospectus of the Funds to understand the calculation methodology.
- We reviewed the inputs used in the performance fee calculation to ensure compliance with the prospectus.
- We recalculated performance fees in accordance with the prospectus.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

#### Our Application of Materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

As the Company is set up as an umbrella fund with segregated liabilities between sub funds, we determined materiality on a sub fund basis to be 1% of average net assets. We have considered the average net assets to be the critical component for calculating materiality because the main objective of the sub funds is to provide investors with a total return. We have considered quantitative and qualitative factors such as understanding the Company and its environment, history of misstatements, complexity of the Company and reliability of control environment.

We agreed with the Directors that we would report to the Directors any audit differences in excess of 5% of materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## **An Overview of the Scope of our Audit**

Our audit is a risk based approach taking into account the structure of the Company, types of investments, the involvement of the third parties service providers, the accounting processes and controls in place and the industry in which the Company operates. The Company is incorporated as an open-ended investment Company with variable capital and is organised under the laws of Ireland as a public limited company pursuant to the Irish Companies Act, 2014. The Company is authorised by the Central Bank of Ireland (the 'Central Bank') as a UCITS (Undertaking for Collective Investment in Transferable Securities) pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2015 (as amended). The Company is organised as an umbrella fund with segregated liability between sub funds. The redeemable participating shares of the sub funds are listed on the Irish Stock Exchange (the 'ISE'). At 31 December 2017, the Company had nineteen active sub funds. We assess the risks of each Sub Fund separately. We have conducted our audit based on the books and records maintained by the administrator Northern Trust Fund Administration Services (Ireland) Limited, Georges Court, 54–62 Townsend Street, Dublin 2, Ireland.

## **Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Audited Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

## **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's 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 Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

## **Independent Auditor's Report** continued

### **To the Shareholders of Polar Capital Funds plc**

#### **Auditor's Responsibilities for the Audit of the Financial Statements** continued

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

This report is made solely to the Company's Shareholders, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's Shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

## **Report on other legal and regulatory requirements**

### **Opinion on other matters prescribed by the Companies Act 2014**

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' report is consistent with the financial statements and the Directors' report has been prepared in accordance with the Companies Act 2014.

### **Matters on which we are required to report by exception**

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

### **Other matters which we are required to address**

We were appointed by the Directors on 22 October 2014 to audit the financial statements for the financial year end date 31 December 2014 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years, covering the years ending 31 December 2014 to 31 December 2017.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the Company in conducting the audit.

Our audit opinion is consistent with the additional report to the Directors we are required to provide in accordance with ISA (Ireland) 260.

## **Michael Hartwell**

For and on behalf of Deloitte  
Chartered Accountants and Statutory Audit Firm  
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

4 April 2018

## Portfolio Statement

As at 31 December 2017

### Asian Opportunities Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>EQUITIES: 93.62% (2016: 88.54%)</b>			
<b>Australia: 1.29% (2016: Nil)</b>			
9,828	Commonwealth Bank of Australia	617,453	1.29
	<b>Total Australia</b>	617,453	1.29
<b>Bermuda: 0.58% (2016: Nil)</b>			
636,100	Silverlake Axis	276,162	0.58
	<b>Total Bermuda</b>	276,162	0.58
<b>Cayman Islands: 11.90% (2016: 3.71%)</b>			
8,526	Alibaba ADR	1,469,030	3.07
222,000	Chailease	646,040	1.35
338,500	China Resources Phoenix Healthcare	427,050	0.89
116,500	CK Asset	1,018,099	2.12
17,234	Qudian ADR	213,874	0.45
37,100	Tencent	1,927,273	4.02
	<b>Total Cayman Islands</b>	5,701,366	11.90
<b>Hong Kong: 6.85% (2016: 12.05%)</b>			
171,900	AIA	1,465,950	3.06
131,000	BOC Hong Kong	663,758	1.39
115,326	Dah Sing Financial	738,541	1.54
427,000	Universal Medical Financial & Technical Advisory Services	410,309	0.86
	<b>Total Hong Kong</b>	3,278,558	6.85
<b>India: 17.89% (2016: 22.38%)</b>			
74,229	Axis Bank	655,853	1.37
16,209	Bajaj Finance	446,114	0.93
18,552	HDFC Bank ADR	1,874,308	3.91
32,582	Housing Development Finance	873,107	1.82
62,297	Indiabulls Housing Finance	1,167,907	2.44
48,397	IndusInd Bank	1,250,273	2.61
504,370	Manappuram Finance	975,117	2.04
76,085	Oberoi Realty	573,610	1.20
152,877	Yes Bank	754,834	1.57
	<b>Total India</b>	8,571,123	17.89
<b>Indonesia: 7.35% (2016: 5.97%)</b>			
839,300	Astra International	513,447	1.07
772,000	Bank Central Asia	1,246,125	2.60
2,373,500	Bank Rakyat Indonesia Persero	636,782	1.33
1,977,100	Bank Tabungan Pensiunan Nasional	358,479	0.75

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 93.62% (2016: 88.54%) continued</b>		
	<b>Indonesia: 7.35% (2016: 5.97%) continued</b>		
4,373,300	BFI Finance Indonesia	219,189	0.46
6,268,600	Ciputra Development	547,506	1.14
	<b>Total Indonesia</b>	<b>3,521,528</b>	<b>7.35</b>
	<b>Malaysia: 0.80% (2016: Nil)</b>		
708,000	Bermaz Auto	384,878	0.80
	<b>Total Malaysia</b>	<b>384,878</b>	<b>0.80</b>
	<b>Pakistan: 3.28% (2016: 4.67%)</b>		
39,320	Indus Motor	598,619	1.25
187,700	MCB Bank	358,901	0.75
360,700	United Bank	614,514	1.28
	<b>Total Pakistan</b>	<b>1,572,034</b>	<b>3.28</b>
	<b>People's Republic of China: 8.95% (2016: 10.40%)</b>		
1,406,296	China Construction Bank	1,295,545	2.70
1,340,310	Industrial & Commercial Bank of China	1,078,696	2.25
116,200	Ping An Insurance	1,209,503	2.53
162,400	Sinopharm	702,338	1.47
	<b>Total People's Republic of China</b>	<b>4,286,082</b>	<b>8.95</b>
	<b>Philippines: 5.65% (2016: 4.14%)</b>		
991,200	Ayala Land	885,567	1.85
15,230	GT Capital	394,174	0.82
382,740	Metropolitan Bank & Trust	777,441	1.62
129,238	Security Bank	650,850	1.36
	<b>Total Philippines</b>	<b>2,708,032</b>	<b>5.65</b>
	<b>Republic of South Korea: 9.17% (2016: 6.34%)</b>		
894	Naver	726,524	1.52
800	Samsung Electronics	1,904,068	3.97
1,830	Samsung Fire & Marine Insurance	456,410	0.95
4,281	Samsung Life Insurance	497,860	1.04
17,541	Shinhan Financial	809,421	1.69
	<b>Total Republic of South Korea</b>	<b>4,394,283</b>	<b>9.17</b>
	<b>Singapore: 4.64% (2016: 5.73%)</b>		
429,000	Fortune Real Estate Investment Trust REIT	530,246	1.11
499,406	Keppel DC REIT	534,564	1.12
124,800	Oversea-Chinese Banking	1,157,432	2.41
	<b>Total Singapore</b>	<b>2,222,242</b>	<b>4.64</b>

## Portfolio Statement continued

As at 31 December 2017

### Asian Opportunities Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>Sri Lanka: 2.56% (2016: 3.08%)</b>			
718,286	Commercial Bank of Ceylon	491,336	1.03
578,195	Hatton National Bank	734,515	1.53
<b>Total Sri Lanka</b>		1,225,851	2.56
<b>Taiwan: 6.87% (2016: 4.22%)</b>			
391,000	Cathay Financial	702,942	1.47
1,322,830	E.Sun Financial	840,146	1.75
4,250	Largan Precision	574,122	1.20
152,000	Taiwan Semiconductor Manufacturing	1,172,236	2.45
<b>Total Taiwan</b>		3,289,446	6.87
<b>Thailand: 5.84% (2016: 5.85%)</b>			
290,600	Muangthai Leasing	345,528	0.72
148,337	Siam Commercial Bank Plc	682,742	1.43
276,184	Srisawad	552,961	1.15
644,100	Supalai	468,400	0.98
276,100	Tisco Financial	749,765	1.56
<b>Total Thailand</b>		2,799,396	5.84
<b>Total Equities</b>		44,848,434	93.62
<b>WARRANTS: 0.16% (2016: Nil)</b>			
<b>Thailand: 0.16% (2016: Nil)</b>			
130,400	Supalai	76,824	0.16
<b>Total Thailand</b>		76,824	0.16
<b>Total Warrants</b>		76,824	0.16
<b>Total Transferable Securities</b>		44,925,258	93.78

#### OPEN FORWARD FOREIGN CURRENCY CONTRACTS: 0.01% (2016: NIL)

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Gain US\$	% of Net Assets
USD 768,877	EUR 644,598	0.8341	31/01/2018	5,311	0.01
USD 127,095	GBP 94,648	0.7401	31/01/2018	915	–
<b>Total unrealised gain on forward foreign currency contracts</b>				6,226	0.01
<b>Total Financial Assets at fair value through profit or loss</b>				6,226	0.01

	Fair Value US\$	% of Net Assets
<b>Total Value of Investments (Cost: US\$ 34,509,946)</b>	44,931,484	93.79
Cash at Bank	4,293,302	8.96
Other Net Liabilities	(1,317,959)	(2.75)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	47,906,827	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

The counterparty for the forward foreign currency contracts is The Northern Trust Company.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities admitted to official stock exchange listing	91.14	88.29
OTC financial derivative instruments	0.01	–
Other assets	8.85	11.71
	100.00	100.00

The % of Net Assets was rounded to Nil if the amount is less than 0.01.

## Portfolio Statement continued

As at 31 December 2017

### Automation & Intelligence Fund\*

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 91.94%</b>		
	<b>Cayman Islands: 3.40%</b>		
169,000	AirTAC International	3,038,292	1.28
12,191	Alibaba ADR	2,102,094	0.88
12,588	Baidu ADR	2,948,235	1.24
	<b>Total Cayman Islands</b>	<b>8,088,621</b>	<b>3.40</b>
	<b>France: 3.67%</b>		
35,878	Dassault Systemes	3,816,661	1.60
49,102	Schneider Electric	4,178,025	1.76
10,363	Soitec	739,789	0.31
	<b>Total France</b>	<b>8,734,475</b>	<b>3.67</b>
	<b>Germany: 9.11%</b>		
120,777	Aixtron	1,679,436	0.71
187,996	Infineon Technologies	5,154,901	2.17
4,837	Isra Vision	1,234,838	0.52
109,431	Jungheinrich	5,170,120	2.17
38,964	KION Group	3,367,798	1.41
17,113	Krones	2,352,894	0.99
19,448	Siemens	2,712,470	1.14
	<b>Total Germany</b>	<b>21,672,457</b>	<b>9.11</b>
	<b>Italy: 1.48%</b>		
231,880	Brembo	3,527,854	1.48
	<b>Total Italy</b>	<b>3,527,854</b>	<b>1.48</b>
	<b>Japan: 21.89%</b>		
138,800	Advantest	2,576,394	1.08
39,300	Daifuku	2,142,051	0.90
11,800	Disco	2,626,063	1.10
19,400	FANUC	4,660,133	1.96
101,600	Fuji Machine Manufacturing	1,952,632	0.82
66,700	Hamamatsu Photonics	2,244,057	0.94
33,900	Harmonic Drive Systems	1,983,142	0.83
63,200	Hoya	3,157,475	1.33
11,700	Keyence	6,555,739	2.76
34,200	Nitto Denko	3,038,988	1.28
283,600	Renesas Electronics	3,305,520	1.39
39,000	Shima Seiki Manufacturing	2,464,980	1.04
50,500	Shin-Etsu Chemical	5,132,934	2.15

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 91.94%</b> continued		
	<b>Japan: 21.89%</b> continued		
20,100	Tokyo Electron	3,639,947	1.53
29,100	Toyota Industries	1,870,253	0.79
74,800	Yaskawa Electric	3,296,778	1.39
85,100	Zuken	1,437,597	0.60
	<b>Total Japan</b>	<b>52,084,683</b>	<b>21.89</b>
	<b>Jersey: 0.60%</b>		
16,943	Aptiv	1,437,275	0.60
	<b>Total Jersey</b>	<b>1,437,275</b>	<b>0.60</b>
	<b>Netherlands: 8.13%</b>		
35,562	ASM International	2,407,160	1.01
18,093	ASML	3,153,540	1.33
361,949	RELX	8,329,653	3.50
171,076	STMicroelectronics	3,739,818	1.57
26,974	TKH	1,714,423	0.72
	<b>Total Netherlands</b>	<b>19,344,594</b>	<b>8.13</b>
	<b>Sweden: 2.24%</b>		
123,185	Atlas Copco	5,329,115	2.24
	<b>Total Sweden</b>	<b>5,329,115</b>	<b>2.24</b>
	<b>Taiwan: 1.00%</b>		
60,228	Taiwan Semiconductor Manufacturing ADR	2,388,040	1.00
	<b>Total Taiwan</b>	<b>2,388,040</b>	<b>1.00</b>
	<b>United Kingdom: 2.39%</b>		
473,335	Ocado	2,542,647	1.07
44,513	Renishaw	3,146,232	1.32
	<b>Total United Kingdom</b>	<b>5,688,879</b>	<b>2.39</b>
	<b>United States: 38.03%</b>		
155,690	Advanced Micro Devices	1,600,493	0.67
11,227	Align Technology	2,494,527	1.05
7,818	Alphabet	8,235,481	3.46
2,838	Amazon.com	3,318,956	1.39
23,661	Analog Devices	2,106,539	0.89
26,142	Ansys	3,858,298	1.62
28,862	Applied Materials	1,475,425	0.62
74,988	Aspen Technology	4,964,206	2.09

## Portfolio Statement continued

As at 31 December 2017

### Automation & Intelligence Fund\* continued

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 91.94%</b> continued		
	<b>United States: 38.03%</b> continued		
48,646	Cognex	2,975,189	1.25
193,003	Corning	6,174,166	2.60
43,723	Cree	1,623,872	0.68
51,326	Emerson Electric	3,576,909	1.50
46,091	Honeywell International	7,068,516	2.98
9,115	Intuitive Surgical	3,326,428	1.40
24,569	Microchip Technology	2,159,124	0.91
66,543	Microsoft	5,692,088	2.39
15,399	NVIDIA	2,979,707	1.25
8,803	Proto Labs	906,709	0.38
69,444	PTC	4,220,112	1.77
17,366	Rockwell Automation	3,409,814	1.43
13,492	Roper Technologies	3,494,428	1.47
53,885	Synopsys	4,593,157	1.93
5,060	Tesla	1,575,431	0.66
19,819	Thermo Fisher Scientific	3,763,232	1.58
8,640	Universal Display	1,491,696	0.63
50,522	Xilinx	3,406,193	1.43
	<b>Total United States</b>	90,490,696	38.03
	<b>Total Equities</b>	218,786,689	91.94
	<b>Total Transferable Securities</b>	218,786,689	91.94
	<b>Total Value of Investments (Cost: USD 216,544,593)</b>	218,786,689	91.94
	Cash at Bank	19,278,206	8.10
	Other Net Liabilities	(94,832)	(0.04)
	<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	237,970,063	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

	31 December 2017 % of Total Assets
<b>Analysis of total assets (unaudited)</b>	
Transferable securities	91.81
Other assets	8.19
	100.00

\* Automation & Intelligence Fund launched on 6 October 2017, therefore there are no comparatives.

## Biotechnology Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 96.80% (2016: 100.08%)</b>		
	<b>Diagnostic Equipment: 2.49% (2016: 1.91%)</b>		
325,000	Oxford Immunotec Global	4,540,250	1.56
546,767	Quotient	2,706,497	0.93
	<b>Total Diagnostic Equipment</b>	<b>7,246,747</b>	<b>2.49</b>
	<b>Drug Detection Systems: 0.46% (2016: 0.77%)</b>		
1,250,000	C4X Discovery	1,335,841	0.46
	<b>Total Drug Detection Systems</b>	<b>1,335,841</b>	<b>0.46</b>
	<b>Medical Information System: 0.56% (2016: 1.48%)</b>		
150,000	MEDIAN Technologies	1,621,080	0.56
	<b>Total Medical Information System</b>	<b>1,621,080</b>	<b>0.56</b>
	<b>Medical Products: 0.51% (2016: 3.51%)</b>		
200,000	NanoString Technologies	1,494,000	0.51
	<b>Total Medical Products</b>	<b>1,494,000</b>	<b>0.51</b>
	<b>Medical-Biomedical/Gene: 69.69% (2016: 61.95%)</b>		
250,000	Alder Biopharmaceuticals	2,862,500	0.99
75,000	Alexion Pharmaceuticals	8,969,250	3.09
90,000	Alnylam Pharmaceuticals	11,434,500	3.94
25,000	AnaptysBio	2,518,000	0.87
100,000	ArGEN-X	6,306,602	2.17
75,000	Biogen	23,892,750	8.23
107,500	BioMarin Pharmaceutical	9,585,775	3.30
17,500	Bluebird Bio	3,116,750	1.07
1,847,656	Cascadian Therapeutics	6,836,327	2.35
225,000	Celgene	23,481,000	8.09
250,000	Cymabay Therapeutics	2,300,000	0.79
250,000	Deciphera Pharmaceuticals	5,667,500	1.95
500,000	Exelixis	15,200,000	5.23
10,076	GlycoMimetics	169,176	0.06
42,500	Incyte	4,025,175	1.39
37,500	Juno Therapeutics	1,714,125	0.59
50,000	Loxo Oncology	4,209,000	1.45
115,000	MorphoSys	10,575,086	3.64
100,000	Newron Pharmaceuticals	1,190,354	0.41
11,577,550	Pharming Group	15,737,429	5.42
40,000	Regeneron Pharmaceuticals	15,038,400	5.18
115,000	Vertex Pharmaceuticals	17,233,900	5.93

## Portfolio Statement continued

As at 31 December 2017

### Biotechnology Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>EQUITIES: 96.80% (2016: 100.08%) continued</b>			
<b>Medical-Biomedical/Gene: 69.69% (2016: 61.95%) continued</b>			
2,500,000	Viralytics	1,349,209	0.46
725,000	Wilson Therapeutics	8,965,649	3.09
<b>Total Medical-Biomedical/Gene</b>		<b>202,378,457</b>	<b>69.69</b>
<b>Medical-Drugs: 20.39% (2016: 26.82%)</b>			
50,000	ACADIA Pharmaceuticals	1,505,500	0.52
150,000	Achaogen	1,611,000	0.55
50,000	Aclaris Therapeutics	1,233,000	0.42
100,000	Aerie Pharmaceuticals	5,975,000	2.06
250,000	Array BioPharma	3,200,000	1.10
75,000	Ascendis Pharma	3,004,500	1.04
80,000	BeiGene ADR	7,817,600	2.69
50,000	Protagonist Therapeutics	1,040,000	0.36
125,000	Ra Pharmaceuticals	1,062,500	0.37
3,500,000	Realm Therapeutics	1,751,811	0.60
30,000	Shire ADR	4,653,600	1.60
750,000	Summit Therapeutics	1,724,756	0.60
100,000	Summit Therapeutics ADR	1,108,000	0.38
200,000	Supernus Pharmaceuticals	7,970,000	2.75
140,000	TESARO	11,601,800	3.99
2,000,000	Verona Pharma	2,827,248	0.97
95,149	Verona Pharma ADR	1,134,176	0.39
<b>Total Medical-Drugs</b>		<b>59,220,491</b>	<b>20.39</b>
<b>Research &amp; Development: 2.22% (2016: 1.34%)</b>			
1,000,000	AVEO Pharmaceuticals	2,790,000	0.96
225,000	Evotec	3,647,430	1.26
<b>Total Research &amp; Development</b>		<b>6,437,430</b>	<b>2.22</b>
<b>Therapeutics: 0.48% (2016: 2.30%)</b>			
25,000	Sarepta Therapeutics	1,391,000	0.48
<b>Total Therapeutics</b>		<b>1,391,000</b>	<b>0.48</b>
<b>Total Equities</b>		<b>281,125,046</b>	<b>96.80</b>

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>WARRANTS: 0.13% (2016: Nil)</b>		
	<b>United States: 0.13% (2016: Nil)</b>		
68,750	Quotient Pre Funded	340,313	0.12
215,517	Quotient Warrants	26,940	0.01
	<b>Total United States</b>	367,253	0.13
	<b>Total Warrants</b>	367,253	0.13
	<b>Total Transferable Securities</b>	281,492,299	96.93
	<b>Total Value of Investments (Cost: US\$ 265,213,286)</b>	281,492,299	96.93
	Cash at Bank	11,132,072	3.83
	Other Net Liabilities	(2,211,920)	(0.76)
	<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	290,412,451	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at financial year end.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	95.99	97.16
Other assets	4.01	2.84
	100.00	100.00

## Portfolio Statement continued

As at 31 December 2017

### Emerging Markets Income Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>INVESTMENT FUNDS: 1.60% (2016: 1.82%)</b>			
Thailand: 1.60% (2016: 1.82%)			
9,850,026	Tesco Lotus Retail Growth Freehold & Leasehold Property Fund	5,228,765	1.60
<b>Total Thailand</b>		5,228,765	1.60
<b>Total Investment Funds</b>		5,228,765	1.60
<b>EQUITIES: 98.26% (2016: 95.26%)</b>			
<b>Brazil: 5.88% (2016: 4.95%)</b>			
1,000,000	Ambev	6,415,242	1.96
1,100,000	CCR	5,355,582	1.64
360,000	Telefonica Brasil	5,276,657	1.61
390,500	Valid Solucoes	2,182,590	0.67
<b>Total Brazil</b>		19,230,071	5.88
<b>Czech Republic: 2.46% (2016: 3.28%)</b>			
26,774	Komerční banka	1,152,315	0.35
1,777,809	Moneta Money Bank	6,890,473	2.11
<b>Total Czech Republic</b>		8,042,788	2.46
<b>Hong Kong: 5.68% (2016: 6.27%)</b>			
622,000	China Mobile	6,305,694	1.92
5,052,000	Guangdong Investment	6,759,869	2.07
1,924,000	Shanghai Industrial	5,513,106	1.69
<b>Total Hong Kong</b>		18,578,669	5.68
<b>India: 11.39% (2016: 11.23%)</b>			
695,000	Bharat Petroleum	5,637,092	1.72
1,485,000	ICICI Bank	7,305,472	2.24
600,000	LIC Housing Finance	5,297,090	1.62
1,150,000	Motherson Sumi Systems	6,833,066	2.09
2,170,000	Power Grid of India	6,811,476	2.08
2,200,000	Rural Electrification	5,368,376	1.64
<b>Total India</b>		37,252,572	11.39
<b>Indonesia: 1.25% (2016: 1.34%)</b>			
5,612,000	Semen Indonesia Persero	4,094,992	1.25
<b>Total Indonesia</b>		4,094,992	1.25
<b>Malaysia: 1.93% (2016: 3.11%)</b>			
2,600,239	Malayan Banking	6,296,600	1.93
<b>Total Malaysia</b>		6,296,600	1.93

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>EQUITIES: 98.26% (2016: 95.26%) continued</b>			
<b>Mexico: 3.20% (2016: 4.10%)</b>			
3,600,000	Bolsa Mexicana de Valores	6,228,310	1.90
4,000,000	Macquarie Mexico Real Estate Management	4,242,161	1.30
<b>Total Mexico</b>		10,470,471	3.20
<b>People's Republic of China: 16.41% (2016: 14.25%)</b>			
12,235,000	Bank of China	6,010,055	1.84
16,029,900	China BlueChemical	5,064,901	1.55
9,666,000	China Construction Bank	8,902,716	2.72
2,305,000	Haier Electronics	6,309,979	1.93
9,624,000	Industrial & Commercial Bank of China	7,743,717	2.36
5,105,000	Jiangsu Expressway	7,771,161	2.38
1,322,000	Sinopharm	5,715,989	1.75
470,000	VTech	6,156,601	1.88
<b>Total People's Republic of China</b>		53,675,119	16.41
<b>Poland: 1.86% (2016: 1.64%)</b>			
502,000	Powszechny Zakład Ubezpieczeń	6,090,802	1.86
<b>Total Poland</b>		6,090,802	1.86
<b>Qatar: Nil (2016: 1.80%)</b>		–	–
<b>Republic of South Korea: 11.33% (2016: 10.14%)</b>			
104,000	Dongbu Insurance	6,916,818	2.12
193,000	Kangwon Land	6,273,785	1.92
220,000	KT	6,216,431	1.90
73,000	KT&G	7,875,858	2.41
4,100	Samsung Electronics	9,758,349	2.98
<b>Total Republic of South Korea</b>		37,041,241	11.33
<b>Romania: 1.25% (2016: 0.70%)</b>			
55,742,000	OMV Petrom	4,100,363	1.25
<b>Total Romania</b>		4,100,363	1.25
<b>Russian Federation: 11.02% (2016: 5.75%)</b>			
308,000	Gazprom Neft ADR	6,431,040	1.97
776,547	Globaltrans Investment GDR	7,291,776	2.23
80,829	Magnit	8,901,246	2.72
1,050,000	Mobile TeleSystems ADR	5,033,763	1.54
2,550,000	Sberbank	8,371,366	2.56
<b>Total Russian Federation</b>		36,029,191	11.02

## Portfolio Statement continued

As at 31 December 2017

### Emerging Markets Income Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>EQUITIES: 98.26% (2016: 95.26%) continued</b>			
<b>Singapore: 1.73% (2016: 1.81%)</b>			
9,000,000	Religare Health Trust	5,656,989	1.73
<b>Total Singapore</b>		5,656,989	1.73
<b>South Africa: 8.94% (2016: 7.95%)</b>			
460,000	AVI	4,108,045	1.26
1,000,000	Coronation Fund Managers	5,969,305	1.82
360,000	Foschini Group	5,738,191	1.76
2,845,391	Life Healthcare	6,377,997	1.95
6,500,000	Redefine Properties REIT	5,617,932	1.72
1,092,000	Steinhoff Africa Retail	1,406,898	0.43
<b>Total South Africa</b>		29,218,368	8.94
<b>Taiwan: 9.37% (2016: 10.47%)</b>			
2,275,325	Chicony Electronics	5,734,475	1.75
3,476,000	CTCI	5,273,834	1.61
962,646	Delta Electronics	4,642,025	1.42
2,193,000	Far EasTone Telecommunications	5,416,452	1.66
1,242,000	Taiwan Semiconductor Manufacturing	9,578,407	2.93
<b>Total Taiwan</b>		30,645,193	9.37
<b>Thailand: 1.78% (2016: 3.05%)</b>			
13,000,000	Digital Telecommunications Infrastructure	5,823,872	1.78
<b>Total Thailand</b>		5,823,872	1.78
<b>Turkey: 1.06% (2016: 1.63%)</b>			
581,892	TAV Havalimanlari	3,446,907	1.06
<b>Total Turkey</b>		3,446,907	1.06
<b>United Arab Emirates: 1.72% (2016: 1.79%)</b>			
2,018,940	First Abu Dhabi Bank	5,634,430	1.72
<b>Total United Arab Emirates</b>		5,634,430	1.72
<b>Total Equities</b>		321,328,638	98.26
<b>Total Transferable Securities</b>		326,557,403	99.86

	Fair Value US\$	% of Net Assets
<b>Total Value of Investments</b>		
<b>(Cost: US\$ 310,919,102)</b>	326,557,403	99.86
Cash at Bank	3,138,859	0.96
Other Net Liabilities	(2,678,740)	(0.82)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	327,017,522	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	98.70	96.57
Other assets	1.30	3.43
	100.00	100.00

## Portfolio Statement continued

As at 31 December 2017

### European Ex UK Income Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value EUR€	% of Net Assets
	<b>EQUITIES: 98.05% (2016: 99.15%)</b>		
	<b>Basic Materials: 6.66% (2016: 6.75%)</b>		
79,367	BASF	7,281,129	3.57
243,712	UPM-Kymmene	6,314,578	3.09
	<b>Total Basic Materials</b>	<b>13,595,707</b>	<b>6.66</b>
	<b>Communications: 20.69% (2016: 28.73%)</b>		
512,297	Deutsche Telekom	7,579,433	3.71
69,142	El Towers	3,699,097	1.81
837,333	Euskaltel	5,692,190	2.79
124,739	Infrastrutture Wireless Italiane	773,382	0.38
2,096,352	Koninklijke	6,096,192	2.99
1,049,226	NOS	5,750,808	2.81
478,103	Orange	6,920,541	3.39
75,557	Sunrise Communications	5,746,616	2.81
	<b>Total Communications</b>	<b>42,258,259</b>	<b>20.69</b>
	<b>Consumer, Cyclical: 2.66% (2016: 7.02%)</b>		
317,095	TUI Class D	5,444,521	2.66
	<b>Total Consumer, Cyclical</b>	<b>5,444,521</b>	<b>2.66</b>
	<b>Consumer, Non-cyclical: 26.77% (2016: 21.45%)</b>		
218,566	Atlantia	5,752,657	2.82
548,269	Groupe Eurotunnel	5,877,444	2.88
100,810	Novartis	7,098,691	3.47
163,557	Novo Nordisk	7,348,096	3.60
49,168	Roche	10,357,308	5.07
115,210	Sanofi	8,277,839	4.05
252,145	Scandinavian Tobacco	4,063,883	1.99
64,550	Societe Bic	5,916,653	2.89
	<b>Total Consumer, Non-cyclical</b>	<b>54,692,571</b>	<b>26.77</b>
	<b>Energy: 4.42% (2016: 2.94%)</b>		
196,063	TOTAL	9,027,720	4.42
	<b>Total Energy</b>	<b>9,027,720</b>	<b>4.42</b>

Holdings	Financial assets at fair value through profit or loss	Fair Value EUR€	% of Net Assets
<b>EQUITIES: 98.05% (2016: 99.15%) continued</b>			
<b>Financial: 20.33% (2016: 16.67%)</b>			
42,479	Hannover Re	4,456,047	2.18
402,919	ING Groep	6,174,734	3.02
81,947	KBC Bank	5,827,251	2.85
36,982	Muenchener Rueckversicherungs-Gesellschaftin	6,684,497	3.27
255,173	Nordea Bank Class A	2,577,282	1.26
132,290	Sampo Class A	6,058,882	2.96
293,507	Svenska Handelsbanken Class A	3,349,572	1.65
417,861	UBS	6,406,218	3.14
<b>Total Financial</b>		<b>41,534,483</b>	<b>20.33</b>
<b>Industrial: 7.41% (2016: 12.74%)</b>			
213,652	Cia de Distribucion Integral Logista	4,095,709	2.01
337,082	Ferrovial	6,379,277	3.12
1,144,061	PostNL	4,663,193	2.28
<b>Total Industrial</b>		<b>15,138,179</b>	<b>7.41</b>
<b>Utilities: 9.11% (2016: 2.85%)</b>			
1,325,887	Enel	6,801,800	3.33
303,756	Gas Natural	5,847,303	2.86
318,116	Red Electrica	5,951,950	2.92
<b>Total Utilities</b>		<b>18,601,053</b>	<b>9.11</b>
<b>Total Equities</b>		<b>200,292,493</b>	<b>98.05</b>
<b>Total Transferable Securities</b>		<b>200,292,493</b>	<b>98.05</b>
<b>Total Financial Assets at fair value through profit or loss</b>		<b>200,292,493</b>	<b>98.05</b>

## Portfolio Statement continued

As at 31 December 2017

### European Ex UK Income Fund continued

Financial liabilities at fair value through profit or loss						
OPEN FORWARD FOREIGN CURRENCY CONTRACTS: (0.01%) (2016: (0.94%))						
Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Loss EUR€	% of Net Assets	
GBP 122,356,447	EUR 137,769,399	1.1265	31/01/2018	(23,418)	(0.01)	
Total unrealised loss on forward foreign currency contracts				(23,418)	(0.01)	
Total Financial Liabilities at fair value through profit or loss				(23,418)	(0.01)	
Total Value of Investments (Cost: EUR 193,498,589)				200,269,075	98.04	
Cash at Bank				4,153,884	2.03	
Other Net Liabilities				(157,244)	(0.07)	
Net Assets Attributable to Holders of Redeemable Participating Shares				204,265,715	100.00	

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

The counterparty for the forward foreign currency contracts is The Northern Trust Company.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	97.91	98.08
OTC financial derivative instruments	(0.01)	(0.93)
Other assets	2.10	2.85
	100.00	100.00

## European Income Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value EUR€	% of Net Assets
	<b>EQUITIES: 99.51% (2016: 100.24%)</b>		
	<b>Basic Materials: 6.94% (2016: 5.00%)</b>		
5,142	BASF	471,727	3.83
14,761	UPM-Kymmene	382,458	3.11
	<b>Total Basic Materials</b>	<b>854,185</b>	<b>6.94</b>
	<b>Communications: 24.15% (2016: 29.69%)</b>		
98,550	BT Group	301,643	2.45
28,763	Deutsche Telekom	425,549	3.46
5,981	El Towers	319,984	2.60
53,285	Euskaltel	362,231	2.95
8,155	Infrastrutture Wireless Italiane	50,561	0.41
127,615	Koninklijke	371,104	3.02
65,127	NOS	356,961	2.90
28,570	Orange	413,551	3.36
4,860	Sunrise Communications	369,636	3.00
	<b>Total Communications</b>	<b>2,971,220</b>	<b>24.15</b>
	<b>Consumer, Cyclical: 2.72% (2016: 2.24%)</b>		
19,274	TUI Class D	334,379	2.72
	<b>Total Consumer, Cyclical</b>	<b>334,379</b>	<b>2.72</b>
	<b>Consumer, Non-cyclical: 29.31% (2016: 30.01%)</b>		
4,364	AstraZeneca	251,760	2.05
13,781	Atlantia	362,716	2.95
9,714	British American Tobacco	549,131	4.46
11,641	Imperial Brands	415,191	3.37
7,059	Novartis	497,070	4.04
10,627	Novo Nordisk	477,437	3.88
2,786	Roche	586,875	4.77
6,484	Sanofi	465,875	3.79
	<b>Total Consumer, Non-cyclical</b>	<b>3,606,055</b>	<b>29.31</b>
	<b>Energy: 4.21% (2016: 3.08%)</b>		
11,250	TOTAL	518,006	4.21
	<b>Total Energy</b>	<b>518,006</b>	<b>4.21</b>

## Portfolio Statement continued

As at 31 December 2017

### European Income Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value EUR€	% of Net Assets
<b>EQUITIES: 99.51% (2016: 100.24%) continued</b>			
<b>Financial: 22.56% (2016: 18.09%)</b>			
2,728	Hannover Re	286,167	2.33
28,066	ING Groep	430,111	3.50
5,382	KBC Bank	382,714	3.11
2,119	Muenchener Rueckversicherungs-Gesellschaftin	383,009	3.11
32,654	Nordea Bank Class A	329,810	2.68
8,637	Sampo Class A	395,575	3.21
23,299	Svenska Handelsbanken Class A	265,894	2.16
19,746	UBS	302,726	2.46
<b>Total Financial</b>		2,776,006	22.56
<b>Industrial: 3.12% (2016: 9.59%)</b>			
20,280	Ferrovial	383,799	3.12
<b>Total Industrial</b>		383,799	3.12
<b>Utilities: 6.50% (2016: 2.54%)</b>			
80,122	Enel	411,026	3.34
20,772	Red Electrica	388,643	3.16
<b>Total Utilities</b>		799,669	6.50
<b>Total Equities</b>		12,243,319	99.51
<b>Total Transferable Securities</b>		12,243,319	99.51
<b>Total Value of Investments (Cost: EUR 11,775,050)</b>		12,243,319	99.51
Cash at Bank		62,221	0.50
Other Net Liabilities		(1,334)	(0.01)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>		12,304,206	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	99.26	100.00
Other assets	0.74	–
	100.00	100.00

## Financial Opportunities Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 96.84% (2016: 91.75%)</b>		
	<b>Australia: 1.92% (2016: 2.07%)</b>		
19,135	Commonwealth Bank of Australia	1,202,404	1.92
	<b>Total Australia</b>	1,202,404	1.92
	<b>Belgium: Nil (2016: 1.17%)</b>	–	–
	<b>Bermuda: 3.74% (2016: 5.00%)</b>		
14,838	Arch Capital	1,346,845	2.15
21,323	Validus	1,000,475	1.59
	<b>Total Bermuda</b>	2,347,320	3.74
	<b>Brazil: 1.04% (2016: 0.88%)</b>		
91,968	Cielo	652,102	1.04
	<b>Total Brazil</b>	652,102	1.04
	<b>Canada: 1.96% (2016: 1.83%)</b>		
20,957	Toronto-Dominion Bank	1,231,879	1.96
	<b>Total Canada</b>	1,231,879	1.96
	<b>Cayman Islands: 0.17% (2016: Nil)</b>		
8,612	Qudian ADR	107,994	0.17
	<b>Total Cayman Islands</b>	107,994	0.17
	<b>Denmark: 1.15% (2016: 1.22%)</b>		
18,488	Danske Bank	720,389	1.15
	<b>Total Denmark</b>	720,389	1.15
	<b>Finland: 1.21% (2016: 1.50%)</b>		
13,781	Sampo Class A	757,909	1.21
	<b>Total Finland</b>	757,909	1.21
	<b>France: 3.32% (2016: 3.60%)</b>		
27,867	BNP Paribas	2,083,053	3.32
	<b>Total France</b>	2,083,053	3.32
	<b>Germany: 2.60% (2016: 1.31%)</b>		
3,373	Allianz	775,632	1.23
7,668	Wirecard Class A	856,964	1.37
	<b>Total Germany</b>	1,632,596	2.60

## Portfolio Statement continued

As at 31 December 2017

### Financial Opportunities Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 96.84% (2016: 91.75%) continued</b>		
	<b>Greece: 0.83% (2016: Nil)</b>		
242,195	Alpha Bank AE	519,709	0.83
	<b>Total Greece</b>	519,709	0.83
	<b>Hong Kong: 3.26% (2016: 3.12%)</b>		
144,609	AIA	1,232,931	1.97
160,070	BOC Hong Kong	810,865	1.29
	<b>Total Hong Kong</b>	2,043,796	3.26
	<b>India: 4.03% (2016: 1.43%)</b>		
6,399	HDFC Bank ADR	650,586	1.04
18,684	IndusInd Bank	482,677	0.77
503,677	Manappuram Finance	973,777	1.55
85,123	Yes Bank	420,297	0.67
	<b>Total India</b>	2,527,337	4.03
	<b>Italy: 1.51% (2016: 1.01%)</b>		
284,403	Intesa Sanpaolo	945,986	1.51
	<b>Total Italy</b>	945,986	1.51
	<b>Japan: 3.93% (2016: 3.34%)</b>		
158,454	Mitsubishi UFJ Financial	1,162,418	1.85
30,110	Sumitomo Mitsui Financial	1,301,158	2.08
	<b>Total Japan</b>	2,463,576	3.93
	<b>Mexico: Nil (2016: 0.93%)</b>	–	–
	<b>Netherlands: 3.06% (2016: 3.01%)</b>		
104,351	ING Groep	1,920,294	3.06
	<b>Total Netherlands</b>	1,920,294	3.06
	<b>Norway: 2.64% (2016: 1.63%)</b>		
123,963	Komplett Bank	287,957	0.46
62,690	Norwegian Finans Holdings	705,127	1.13
66,685	Skandiabanken	660,381	1.05
	<b>Total Norway</b>	1,653,465	2.64
	<b>Pakistan: 0.67% (2016: 1.07%)</b>		
221,179	MCB Bank	422,916	0.67
	<b>Total Pakistan</b>	422,916	0.67
	<b>Qatar: Nil (2016: 1.20%)</b>	–	–

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>EQUITIES: 96.84% (2016: 91.75%) continued</b>			
<b>Singapore: Nil (2016: 0.97%)</b>			
		–	–
<b>Spain: 2.20% (2016: Nil)</b>			
210,151	Banco Santander	1,382,622	2.20
	<b>Total Spain</b>	1,382,622	2.20
<b>Sri Lanka: Nil (2016: 0.70%)</b>			
		–	–
<b>Sweden: 2.68% (2016: 1.32%)</b>			
18,632	Intrum Justitia	690,209	1.10
40,953	Swedbank Class A	989,875	1.58
	<b>Total Sweden</b>	1,680,084	2.68
<b>Switzerland: 5.68% (2016: 4.10%)</b>			
11,563	Chubb	1,689,701	2.69
104,894	Credit Suisse	1,872,915	2.99
	<b>Total Switzerland</b>	3,562,616	5.68
<b>Thailand: 2.15% (2016: Nil)</b>			
316,300	Muangthai Leasing	376,085	0.60
356,900	Tisco Financial	969,182	1.55
	<b>Total Thailand</b>	1,345,267	2.15
<b>United Kingdom: 7.40% (2016: 6.77%)</b>			
194,444	Atom Bank	302,489	0.48
165,004	Arrow Global	885,582	1.41
217,843	Charter Court Financial Services	831,755	1.33
1,124,181	Earthport	157,776	0.25
100,177	HSBC	1,039,260	1.66
867,869	Lloyds Banking	799,031	1.27
26,404	TBC Bank	625,065	1.00
	<b>Total United Kingdom</b>	4,640,958	7.40
<b>United States: 39.69% (2016: 42.57%)</b>			
107,151	Bank of America	3,163,098	5.04
6,491	Berkshire Hathaway Class B	1,286,646	2.05
27,348	Blackstone	875,683	1.40
26,251	Citigroup	1,953,337	3.11
37,898	Citizens Financial	1,590,958	2.54
18,243	Enterprise Financial Services	823,671	1.31
7,720	First Republic Bank	668,861	1.07

## Portfolio Statement continued

As at 31 December 2017

### Financial Opportunities Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 96.84% (2016: 91.75%) continued</b>		
	<b>United States: 39.69% (2016: 42.57%) continued</b>		
31,406	JPMorgan Chase	3,358,558	5.35
90,924	KeyCorp	1,833,937	2.92
12,357	Mastercard Class A	1,870,356	2.98
11,401	Meta Financial	1,056,303	1.68
31,482	Pacific Premier Bancorp	1,259,280	2.01
11,281	PayPal	830,507	1.32
3,576	SVB Financial	835,962	1.34
9,350	US Bancorp	500,973	0.80
7,097	Visa Class A	809,200	1.29
35,976	Wells Fargo Class C	2,182,664	3.48
	<b>Total United States</b>	<b>24,899,994</b>	<b>39.69</b>
	<b>Total Equities</b>	<b>60,744,266</b>	<b>96.84</b>
	<b>Warrants: Nil (2016: 5.11%)</b>		
	<b>Curacao: Nil (2016: 2.86%)</b>	–	–
	<b>Singapore: Nil (2016: 2.25%)</b>	–	–
	<b>Total Warrants</b>	–	–
	<b>Total Transferable Securities</b>	<b>60,744,266</b>	<b>96.84</b>
	<b>Total Value of Investments (Cost: US\$ 52,048,350)</b>	<b>60,744,266</b>	<b>96.84</b>
	Cash at Bank	2,166,591	3.45
	Other Net Liabilities	(182,869)	(0.29)
	<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	<b>62,727,988</b>	<b>100.00</b>

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	96.46	94.13
Other assets	3.54	5.87
	100.00	100.00

## Global Convertible Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>CORPORATE BONDS: 90.42% (2016: 82.43%)</b>			
<b>Austria: Nil (2016: 2.12%)</b>			
		–	–
<b>Belgium: 1.25% (2016: 1.37%)</b>			
4,000,000	Ablynx 3.250% 27/05/2020	7,934,190	1.25
<b>Total Belgium</b>		7,934,190	1.25
<b>Cayman Islands: Nil (2016: 2.96%)</b>			
		–	–
<b>France: 4.59% (2016: 2.37%)</b>			
5,000,000	Archer Obligations 0.000% 31/03/2023	6,574,258	1.03
4,200,000	Fonciere Des Regions 0.875% 01/04/2019	5,320,345	0.84
231,617	Genfit 3.500% 16/10/2022	8,492,371	1.34
7,800,000	Vinci 0.375% 16/02/2022	8,796,450	1.38
<b>Total France</b>		29,183,424	4.59
<b>Germany: 4.24% (2016: 1.60%)</b>			
14,000,000	Bayer 0.050% 15/06/2020	20,448,573	3.22
4,000,000	MTU Aero Engines 0.125% 17/05/2023	6,479,589	1.02
<b>Total Germany</b>		26,928,162	4.24
<b>Japan: 17.38% (2016: 10.58%)</b>			
1,100,000,000	HIS 0.000% 15/11/2024	10,673,209	1.68
445,000,000	Hosiden 0.000% 20/09/2024	4,352,380	0.69
700,000,000	Kansai Paint 0.000% 17/06/2019	7,157,289	1.13
1,500,000,000	Mitsubishi Chemical 0.000% 30/03/2022	14,944,047	2.35
700,000,000	SBI 0.000% 14/09/2020	8,645,477	1.36
1,500,000,000	Sony 0.000% 30/09/2022	16,419,468	2.58
750,000,000	Suzuki Motor 0.000% 31/03/2021	10,574,404	1.66
1,600,000,000	Taiyo Yuden 0.000% 27/01/2021	15,684,533	2.47
550,000,000	Terumo 0.000% 04/12/2019	6,747,080	1.06
760,000,000	Toray Industries 0.000% 31/08/2021	8,935,121	1.41
600,000,000	Yamada Denki 0.000% 28/06/2019	6,308,007	0.99
<b>Total Japan</b>		110,441,015	17.38
<b>Jersey: 6.69% (2016: 6.11%)</b>			
9,000,000	Helical Bar Jersey 4.000% 17/06/2019	12,277,648	1.93
16,000,000	Premier Oil Finance 2.500% 31/05/2022	17,740,000	2.79
10,000,000	Sirius Minerals Finance 8.500% 28/11/2023	12,500,000	1.97
<b>Total Jersey</b>		42,517,648	6.69

## Portfolio Statement continued

As at 31 December 2017

### Global Convertible Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>CORPORATE BONDS: 90.42% (2016: 82.43%) continued</b>			
<b>Netherlands: 14.83% (2016: 12.76%)</b>			
10,000,000	Airbus 0.000% 01/07/2022	13,660,272	2.15
25,000,000	America Movil 5.500% 17/09/2018	26,822,973	4.22
21,000,000	Bayer Capital 5.625% 22/11/2019	28,433,867	4.48
7,500,000	NXP Semiconductors 1.000% 01/12/2019	9,285,938	1.46
13,000,000	STMicroelectronics 0.000% 03/07/2022	16,006,250	2.52
<b>Total Netherlands</b>		<b>94,209,300</b>	<b>14.83</b>
<b>Norway: Nil (2016: 2.62%)</b>			
<b>People's Republic of China: Nil (2016: 1.65%)</b>			
<b>United Arab Emirates: 3.23% (2016: 2.67%)</b>			
20,000,000	Aabar Investments 1.000% 27/03/2022	20,509,642	3.23
<b>Total United Arab Emirates</b>		<b>20,509,642</b>	<b>3.23</b>
<b>United Kingdom: 3.06% (2016: 3.04%)</b>			
4,300,000	BP Capital Markets 1.000% 28/04/2023	7,183,400	1.13
11,000,000	Hurricane Energy 7.500% 24/07/2022	12,265,000	1.93
<b>Total United Kingdom</b>		<b>19,448,400</b>	<b>3.06</b>
<b>United States: 35.15% (2016: 32.58%)</b>			
11,105,000	Air Transport Services 1.125% 15/10/2024	11,493,675	1.81
7,500,000	Altaba 0.000% 01/12/2018	10,129,688	1.59
7,000,000	BioMarin Pharmaceutical 0.599% 01/08/2024	6,991,250	1.10
7,700,000	Carbonite 2.500% 01/04/2022	9,442,125	1.49
6,750,000	Citrix Systems 0.500% 15/04/2019	8,745,469	1.38
5,000,000	CSG Systems International 4.250% 15/03/2036	5,462,500	0.86
8,000,000	Cypress Semiconductor 2.000% 01/02/2023	8,315,000	1.31
15,000,000	Dermira 3.000% 15/05/2022	16,584,375	2.61
18,750,000	Dish Network 3.375% 15/08/2026	20,449,219	3.22
14,800,000	Dycom Industries 0.750% 15/09/2021	19,369,500	3.05
9,500,000	II-VI 0.250% 01/09/2022	11,471,250	1.81
7,000,000	Insulet 1.375% 15/11/2024	7,109,375	1.12
5,000,000	Macquarie Infrastructure 2.875% 15/07/2019	5,178,125	0.82
3,000,000	Microchip Technology 1.625% 15/02/2027	3,530,625	0.56
1,500,000	Nice Systems 1.250% 15/01/2024	1,855,313	0.29
8,775,000	NRG Yield 3.500% 01/02/2019	8,901,141	1.40
6,500,000	ON Semiconductor 1.625% 15/10/2023	8,039,688	1.27
2,250,000	Red Hat 0.250% 01/10/2019	3,712,500	0.58
3,500,000	Sarepta Therapeutics 1.500% 15/11/2024	3,749,375	0.59

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>CORPORATE BONDS: 90.42% (2016: 82.43%) continued</b>			
<b>United States: 35.15% (2016: 32.58%) continued</b>			
7,000,000	ServiceNow 0.000% 01/06/2022	8,045,625	1.27
10,200,000	Silicon Laboratories 1.375% 01/03/2022	11,787,375	1.85
2,000,000	Tesla 0.250% 01/03/2019	2,116,250	0.33
10,000,000	Tesla 2.375% 15/03/2022	11,656,250	1.83
13,850,000	World Wrestling Entertainment 3.375% 15/12/2023	19,147,624	3.01
<b>Total United States</b>		223,283,317	35.15
<b>Total Corporate Bonds</b>		574,455,098	90.42
<b>Equities: 14.81% (2016: 17.22%)</b>			
<b>Israel: 1.40% (2016: 4.21%)</b>			
25,000	Teva Pharmaceuticals	8,870,500	1.40
<b>Total Israel</b>		8,870,500	1.40
<b>United States: 13.41% (2016: 13.01%)</b>			
100,000	Belden	10,305,000	1.62
251,600	Mandatory Exchangeable Trust	49,033,065	7.72
250,000	Mandatory Exchangeable Trust – 2017	25,862,500	4.07
<b>Total United States</b>		85,200,565	13.41
<b>Total Equities</b>		94,071,065	14.81
<b>WARRANTS: 0.37% (2016: 0.06%)</b>			
<b>Cayman Islands: Nil (2016: 0.06%)</b>			
<b>United Kingdom: 0.37% (2016: Nil)</b>			
4,881,420	Premier Oil	2,376,500	0.37
<b>Total United Kingdom</b>		2,376,500	0.37
<b>Total Warrants</b>		2,376,500	0.37
<b>Total Transferable Securities</b>		670,902,663	105.60

## Portfolio Statement continued

As at 31 December 2017

### Global Convertible Fund continued

Holdings	Financial assets at fair value through profit or loss	Unrealised Gain US\$	% of Net Assets
<b>CONTRACTS FOR DIFFERENCE (ON CONVERTIBLE BONDS)</b>			
<b>– UNREALISED GAINS: NIL (2016: 1.40%)</b>			
	<b>Netherlands: Nil (2016: 1.40%)</b>	–	–
	<b>Total Contracts for Difference (on Convertible Bonds) – Unrealised Gains</b>	–	–
<b>CONTRACTS FOR DIFFERENCE (ON EQUITIES) – UNREALISED GAINS: 0.22% (2016: 1.34%)</b>			
<b>Germany: 0.06% (2016: Nil)</b>			
(152,500)	Bayer	371,078	0.06
	<b>Total Germany</b>	371,078	0.06
	<b>Israel: Nil (2016: 1.34%)</b>	–	–
	<b>Japan: Nil (2016: Nil)</b>		
(76,000)	Hosiden	4,725	–
(200,000)	Toray Industries	1,012	–
	<b>Total Japan</b>	5,737	–
	<b>Netherlands: 0.04% (2016: Nil)</b>		
(5,135,000)	Koninklijke	260,921	0.04
(165,000)	STMicroelectronics	27,844	–
	<b>Total Netherlands</b>	288,765	0.04
	<b>United States: 0.12% (2016: Nil)</b>		
(115,000)	Belden	422,651	0.07
(12,000)	Red Hat	11,200	–
(15,000)	Tesla	298,841	0.05
	<b>Total United States</b>	732,692	0.12
	<b>Total Contracts for Difference (on Equities) – Unrealised Gains</b>	1,398,272	0.22
<b>FUTURES CONTRACTS – UNREALISED GAINS: 0.07% (2016: NIL)</b>			

### Financial assets at fair value through profit or loss

Description	Country	Currency	No. of Contracts	Unrealised Gain US\$	% of Net Assets
<b>United States: 0.07% (2016: Nil)</b>					
Fut. IMM EUR Mar18	US	USD	171	428,569	0.07
Fut. Sterling Pound Mar18	US	USD	16	7,000	–
<b>Total United States</b>				435,569	0.07
<b>Total Futures Contracts – Unrealised Gains</b>				435,569	0.07

### OPEN FORWARD FOREIGN CURRENCY CONTRACTS: 0.19% (2016: 0.01%)

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Gain US\$	% of Net Assets
USD 66,598,960	GBP 49,565,705	0.7442	25/01/18	485,160	0.08
USD 51,795,144	GBP 38,571,775	0.7447	31/01/18	420,288	0.07
JPY 2,089,113,724	GBP 13,860,893	0.0066	25/01/18	184,029	0.03
USD 7,074,128	CHF 6,943,964	0.9816	31/01/18	71,744	0.01
USD 1,755,799	EUR 1,485,510	0.8461	12/01/18	31,125	–
JPY 53,910,776	EUR 402,725	0.0075	12/01/18	5,397	–
USD 207,732	GBP 155,001	0.7462	31/01/18	2,096	–
GBP 80,937	EUR 91,480	1.1303	12/01/18	549	–
USD 47,113	EUR 39,505	0.8385	12/01/18	407	–
USD 35,529	GBP 26,508	0.7461	31/01/18	356	–
JPY 1,777,041	EUR 13,377	0.0075	12/01/18	301	–
USD 24,165	GBP 17,996	0.7447	31/01/18	196	–
USD 17,256	GBP 12,874	0.7460	25/01/18	168	–
USD 11,363	GBP 8,478	0.7461	31/01/18	114	–
JPY 470,689	GBP 3,107	0.0066	04/01/18	21	–
JPY 533,175	GBP 3,522	0.0066	25/01/18	26	–
USD 59,688	GBP 44,118	0.7391	25/01/18	24	–
USD 1,231	EUR 1,032	0.8384	31/01/18	12	–
GBP 2,392	EUR 2,691	1.1250	25/01/18	2	–
USD 70	GBP 52	0.7461	31/01/18	1	–
USD 50	GBP 37	0.7461	31/01/18	1	–
<b>Total unrealised gains on forward foreign currency contracts</b>				1,202,017	0.19
<b>Total Financial Assets at fair value through profit or loss</b>				673,938,521	106.08

## Portfolio Statement continued

As at 31 December 2017

### Global Convertible Fund continued

Holdings	Financial liabilities at fair value through profit or loss	Unrealised Loss US\$	% of Net Assets
<b>CONTRACTS FOR DIFFERENCE (ON CONVERTIBLE BONDS) – UNREALISED LOSSES: NIL (2016: (0.87%))</b>			
	<b>Cayman Islands: Nil (2016: (0.40%))</b>	–	–
	<b>Germany: Nil (2016: (0.40%))</b>	–	–
	<b>United States: Nil (2016: (0.07%))</b>	–	–
	<b>Total Contracts for Difference (on Convertible Bonds) – Unrealised Losses</b>	–	–
<b>CONTRACTS FOR DIFFERENCE (ON EQUITIES) – UNREALISED LOSSES: (1.59%) (2016: (0.02%))</b>			
	<b>Cayman Islands: (1.23%) (2016: Nil)</b>		
(312,455)	Alibaba	(7,785,362)	(1.23)
	<b>Total Cayman Islands</b>	(7,785,362)	(1.23)
	<b>Israel: (0.16%) (2016: Nil)</b>		
(400,000)	Teva Pharmaceutical ADR	(999,440)	(0.16)
	<b>Total Israel</b>	(999,440)	(0.16)
	<b>Japan: (0.02%) (2016: Nil)</b>		
(260,000)	Taiyo Yuden	(146,840)	(0.02)
	<b>Total Japan</b>	(146,840)	(0.02)
	<b>Netherlands: Nil (2016: (0.02%))</b>	–	–
	<b>United States: (0.18%) (2016: Nil)</b>		
(45,000)	Cypress Semiconductor	(13,347)	–
(15,000)	Dycom Industries	(320,441)	(0.05)
(985,000)	New York Times	(698,279)	(0.11)
(40,091)	Silicon Laboratories	(11,081)	–
(107,100)	World Wrestling Entertainment	(115,176)	(0.02)
	<b>Total United States</b>	(1,158,324)	(0.18)
	<b>Total Contracts for Difference (on Equities) – Unrealised Losses</b>	(10,089,966)	(1.59)

### Financial liabilities at fair value through profit or loss

Description	Country	Currency	No. of Contracts	Unrealised Loss US\$	% of Net Assets
<b>FUTURES CONTRACTS – UNREALISED LOSSES: (0.01%) (2016: (0.03%))</b>					
<b>United States: (0.01%) (2016: (0.03%))</b>					
Fut. Japanese Yen Mar18	US	USD	69	(44,246)	(0.01)
<b>Total United States</b>				(44,246)	(0.01)
<b>Total Futures Contracts – Unrealised Losses</b>				(44,246)	(0.01)
<b>OPEN FORWARD FOREIGN CURRENCY CONTRACTS: (0.04%) (2016: (0.02%))</b>					
Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Loss US\$	% of Net Assets
EUR 23,542,712	GBP 20,746,426	0.8812	25/01/18	(263,996)	(0.04)
GBP 19,848	USD 26,602	1.3403	25/01/18	(266)	–
GBP 334,810	USD 452,998	1.3530	25/01/18	(245)	–
GBP 5,787	USD 7,753	1.3397	25/01/18	(79)	–
EUR 5,990	GBP 5,304	0.8855	25/01/18	(34)	–
EUR 20,762	GBP 18,456	0.8889	25/01/18	(17)	–
GBP 1,585	JPY 240,351	151.6410	25/01/18	(8)	–
GBP 7,300	USD 9,877	1.3530	25/01/18	(5)	–
JPY 1,852,650	GBP 12,167	0.0066	25/01/18	(6)	–
GBP 353	USD 474	1.3424	25/01/18	(4)	–
<b>Total unrealised losses on forward foreign currency contracts</b>				(264,660)	(0.04)
<b>Total Financial Liabilities at fair value through profit or loss</b>				(10,398,872)	(1.64)

## Portfolio Statement continued

As at 31 December 2017

### Global Convertible Fund continued

	Fair Value US\$	% of Net Assets
<b>Total Value of Investments (Cost: USD 598,889,271)</b>	663,539,649	104.44
Margin Cash	1,697,777	0.27
Margin Payable	(8,405,581)	(1.32)
Bank Overdraft	(32,911,293)	(5.18)
Other Net Assets	11,389,790	1.79
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	635,310,342	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

The counterparty for the contracts for difference and future contracts is UBS AG.

The counterparty for the forward foreign currency contracts is The Northern Trust Company.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	97.25	95.25
Exchange traded financial derivative instruments	0.06	(0.03)
OTC Financial derivative instruments	(1.12)	1.76
Other assets	3.81	3.02
	100.00	100.00

## Global Insurance Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value GBPE	% of Net Assets
<b>INVESTMENT FUNDS: 1.27% (2016: 1.02%)</b>			
<b>Bermuda: 1.27% (2016: 1.02%)</b>			
7,500,000	Catco Reinsurance Opportunities Fund Class C	5,655,146	0.55
9,874,875	Catco Reinsurance Opportunities Fund	7,409,349	0.72
<b>Total Investment Funds</b>		<b>13,064,495</b>	<b>1.27</b>
<b>EQUITIES: 95.12% (2016: 95.36%)</b>			
<b>Insurance Brokers: 12.56% (2016: 9.71%)</b>			
261,950	Brown & Brown	9,964,846	0.97
2,950,000	Jardine Lloyd Thompson	41,034,500	3.99
1,071,500	Marsh & McLennan	64,468,212	6.27
1,785,000	Ping An Insurance	13,731,608	1.33
<b>Total Insurance Brokers</b>		<b>129,199,166</b>	<b>12.56</b>
<b>Life/Health Insurance: 2.93% (2016: 2.91%)</b>			
234,250	Aflac	15,200,490	1.48
2,363,000	AIA	14,893,251	1.45
<b>Total Life/Health Insurance</b>		<b>30,093,741</b>	<b>2.93</b>
<b>Multi-line Insurance: 9.09% (2016: 6.92%)</b>			
4,800,000	Direct Line Insurance	18,321,600	1.78
111,200	Fairfax Financial	43,913,720	4.27
500,000	Sampo Class A	20,327,716	1.98
340,250	Topdanmark	10,875,711	1.06
<b>Total Multi-line Insurance</b>		<b>93,438,747</b>	<b>9.09</b>
<b>Property/Casualty Insurance: 47.12% (2016: 46.89%)</b>			
714,500	Admiral	14,304,290	1.39
106,450	Alleghany	46,907,243	4.56
930,000	Arch Capital	62,403,319	6.07
617,000	Chubb	66,651,044	6.48
9,850,000	Hastings	31,520,000	3.07
1,300,000	Heritage Insurance	17,317,314	1.68
575,000	Intact Financial	35,617,583	3.46
2,000,000	Lancashire	13,640,000	1.33
57,600	Markel	48,504,069	4.72
387,500	ProAssurance	16,370,817	1.59
892,000	Progressive Corp	37,137,264	3.61
306,900	RLI	13,762,005	1.34
336,000	Travelers Cos	33,690,656	3.28
881,000	WR Berkley	46,663,199	4.54
<b>Total Property/Casualty Insurance</b>		<b>484,488,803</b>	<b>47.12</b>

## Portfolio Statement continued

As at 31 December 2017

### Global Insurance Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP£	% of Net Assets			
	<b>EQUITIES: 95.12% (2016: 95.36%) continued</b>					
	<b>Reinsurance: 23.42% (2016: 28.93%)</b>					
300,800	Aon	29,796,485	2.90			
300,000	Axis Capital	11,146,182	1.08			
300,800	Berkshire Hathaway Class B	44,076,562	4.28			
1,239,000	Essent	39,768,895	3.87			
75,000	Muenchener Rueckversicherungs	12,033,520	1.17			
278,300	Reinsurance of America	32,079,330	3.12			
335,500	RenaissanceRe	31,147,987	3.03			
1,178,000	Validus	40,858,807	3.97			
	<b>Total Reinsurance</b>	240,907,768	23.42			
	<b>Total Equities</b>	978,128,225	95.12			
	<b>Total Transferable Securities</b>	991,192,720	96.39			
	<b>OPEN FORWARD FOREIGN CURRENCY CONTRACTS: NIL (2016: NIL)</b>					
	<b>Currency Sold</b>	<b>Currency Bought</b>	<b>Currency Rate</b>	<b>Maturity Date</b>	<b>Unrealised Gain GBP£</b>	<b>% of Net Assets</b>
	GBP 18,587,192	EUR 20,928,576	1.1260	31/01/2018	3,156	–
	EUR 1,417,138	GBP 1,259,170	1.1255	31/01/2018	360	–
	<b>Total unrealised gain on forward foreign currency contracts</b>				3,516	–
	<b>Total Financial Assets at fair value through profit or loss</b>				991,196,236	96.39
	<b>Financial liabilities at fair value through profit or loss</b>					
	<b>OPEN FORWARD FOREIGN CURRENCY CONTRACTS: NIL (2016: NIL)</b>					
	<b>Currency Sold</b>	<b>Currency Bought</b>	<b>Currency Rate</b>	<b>Maturity Date</b>	<b>Unrealised Loss GBP£</b>	<b>% of Net Assets</b>
	GBP 6,690,521	USD 8,984,199	1.3428	31/01/2018	(54,831)	–
	EUR 24,525	GBP 21,781	1.1260	31/01/2018	(4)	–
	<b>Total unrealised loss on forward foreign currency contracts</b>				(54,835)	–
	<b>Total Financial Liabilities at fair value through profit or loss</b>				(54,835)	–

	Fair Value GBP£	% of Net Assets
<b>Total Value of Investments (Cost: GBP£ 714,581,220)</b>	991,141,401	96.39
Cash at Bank	35,598,203	3.46
Other Net Assets	1,564,476	0.15
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	1,028,304,080	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

The counterparty for the forward foreign currency contracts is The Northern Trust Company.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	96.14	96.14
OTC financial derivative instruments	(0.01)	–
Other assets	3.87	3.86
	100.00	100.00

The % of Net Assets was rounded to Nil if the amount is less than 0.01.

## Portfolio Statement continued

As at 31 December 2017

### Global Technology Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 91.62% (2016: 97.92%)</b>		
	<b>Basic Materials: 0.85% (2016: Nil)</b>		
179,050	Nitto Denko	15,910,257	0.85
	<b>Total Basic Materials</b>	15,910,257	0.85
	<b>Communications: 28.76% (2016: 33.63%)</b>		
1,165,743	8x8	16,436,976	0.88
249,761	Alibaba ADR	43,066,289	2.31
69,105	Alphabet Class A	72,795,207	3.90
69,673	Alphabet Class C	72,905,827	3.91
37,280	Amazon.com	43,597,842	2.34
54,667	Arista Networks	12,878,452	0.69
100,338	Baidu ADR	23,500,163	1.25
544,574	Facebook	96,095,528	5.15
664,212	Mimecast	19,042,958	1.02
13,035	NAVER	10,593,106	0.57
189,357	Proofpoint	16,816,795	0.90
292,006	RingCentral	14,133,090	0.76
1,206,700	Tencent	62,671,280	3.36
951,287	Zendesk	32,191,552	1.72
	<b>Total Communications</b>	536,725,065	28.76
	<b>Consumer, Cyclical: 2.33% (2016: 2.30%)</b>		
441,856	Dolby Laboratories	27,395,072	1.46
44,290	Nintendo	16,194,453	0.87
	<b>Total Consumer, Cyclical</b>	43,589,525	2.33
	<b>Consumer, Non-cyclical: 0.90% (2016: 0.90%)</b>		
226,989	PayPal	16,710,930	0.90
	<b>Total Consumer, Non-cyclical</b>	16,710,930	0.90
	<b>Financial: 0.91% (2016: 1.04%)</b>		
148,311	Visa Class A	16,910,420	0.91
	<b>Total Financial</b>	16,910,420	0.91
	<b>Industrial: 6.98% (2016: 7.74%)</b>		
388,411	Axon Enterprise	10,292,892	0.55
232,872	Cognex	14,242,452	0.76
105,900	FANUC	25,438,562	1.36
740,500	Fuji Machine Manufacturing	14,231,536	0.77
162,500	Harmonic Drive Systems	9,506,214	0.51
40,600	Keyence	22,748,975	1.22
632,550	Silergy	14,454,156	0.78
111,775	Universal Display	19,297,954	1.03
	<b>Total Industrial</b>	130,212,741	6.98

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 91.62% (2016: 97.92%) continued</b>		
	<b>Technology: 50.89% (2016: 52.31%)</b>		
162,980	2U	10,513,840	0.56
363,891	Activision Blizzard	23,041,578	1.23
122,327	Adobe Systems	21,436,583	1.15
3,840,468	Advanced Micro Devices	39,480,011	2.12
845,800	Advantest	15,699,670	0.84
1,043,332	Aixtron	14,507,808	0.78
146,775	Ansys	21,662,522	1.16
466,381	Apple	78,925,657	4.23
367,156	Applied Materials	18,769,015	1.01
195,519	ASML	34,078,205	1.83
1,463,961	Box	30,918,856	1.66
1,037,712	Cloudera	17,143,002	0.92
333,190	CyberArk Software	13,790,734	0.74
124,635	Electronic Arts	13,094,153	0.70
573,159	Everbridge	17,034,285	0.91
558,735	Five9	13,901,327	0.74
280,166	HubSpot	24,766,674	1.33
771,619	Infineon Technologies	21,158,001	1.13
298,454	Lumentum	14,594,401	0.78
195,108	Medidata Solutions	12,363,994	0.66
457,065	Micron Technology	18,794,513	1.01
1,483,988	Microsoft	126,940,334	6.80
56,732	NetEase ADR	19,576,511	1.05
380,059	New Relic	21,956,008	1.18
99,736	NVIDIA	19,298,916	1.03
233,014	Pegasystems	10,986,610	0.59
226,276	Red Hat	27,175,748	1.46
2,133,750	Renesas Electronics	24,870,073	1.33
197,251	Salesforce.com	20,164,970	1.08
16,559	Samsung Electronics	39,411,828	2.11
13,912	Samsung Electronics Pref	27,159,946	1.46
131,065	ServiceNow	17,089,565	0.92
82,023	Soitec	5,855,422	0.31
227,133	Splunk	18,815,698	1.01
152,100	Tableau Software	10,525,320	0.56
2,106,450	Taiwan Semiconductor Manufacturing	16,245,116	0.87
170,250	Tokyo Electron	30,830,892	1.65
211,067	Ubisoft Entertainment	16,256,236	0.87
310,845	Xilinx	20,957,170	1.12
	<b>Total Technology</b>	<b>949,791,192</b>	<b>50.89</b>
	<b>Total Equities</b>	<b>1,709,850,130</b>	<b>91.62</b>
	<b>Total Transferable Securities</b>	<b>1,709,850,130</b>	<b>91.62</b>

## Portfolio Statement continued

As at 31 December 2017

### Global Technology Fund continued

#### Financial assets at fair value through profit or loss

##### OPTIONS PURCHASED: 0.47% (2016: 0.30%)

Description	Base Currency	Strike Price	No. of Contracts	Maturity Date	Fair Value US\$	% of Net Assets
Option Apple Call 165.00						
Option Powershares QQQ Trust Series 1 P145.00	USD	165.00	6,000	16/02/2018	5,100,000	0.28
Option Advanced Micro Devices Call 15.00	USD	145.00	29,500	16/02/2018	2,655,000	0.14
Option Advanced Micro Devices Call 15.00	USD	15.00	25,500	20/07/2018	918,000	0.05
Option Advanced Micro Devices Call 15.00	USD	15.00	23,000	19/01/2018	23,000	–
<b>Total Options Purchased</b>					8,696,000	0.47

##### OPEN FORWARD FOREIGN CURRENCY CONTRACTS: 0.07% (2016: 0.01%)

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Gain US\$	% of Net Assets
USD 70,769,170	EUR 59,330,290	1.1928	31/01/2018	583,276	0.03
USD 64,367,138	GBP 47,934,122	1.3428	31/01/2018	530,947	0.03
USD 21,467,503	CHF 21,072,501	1.0187	31/01/2018	195,492	0.01
USD 1,192,800	EUR 1,000,000	1.1928	31/01/2018	9,831	–
USD 376,290	GBP 280,772	1.3402	31/01/2018	3,847	–
USD 436,225	EUR 365,715	1.1928	31/01/2018	3,595	–
USD 150,171	EUR 126,099	1.1909	31/01/2018	1,479	–
USD 149,558	GBP 111,376	1.3428	31/01/2018	1,234	–
USD 59,221	EUR 49,728	1.1909	31/01/2018	583	–
USD 43,617	EUR 36,699	1.1885	31/01/2018	518	–
USD 53,004	CHF 52,029	1.0187	31/01/2018	483	–
USD 36,865	EUR 31,018	1.1885	31/01/2018	438	–
USD 27,258	CHF 26,859	0.0149	31/01/2018	353	–
USD 33,105	GBP 24,700	1.3403	31/01/2018	336	–
USD 30,152	GBP 22,462	1.3424	31/01/2018	259	–
USD 20,245	EUR 17,000	1.1909	31/01/2018	199	–
USD 10,517	CHF 10,362	1.0149	31/01/2018	136	–
USD 4,334	CHF 4,270	1.0149	31/01/2018	56	–
USD 5,782	EUR 4,843	1.1938	31/01/2018	43	–
USD 2,082	CHF 2,052	1.0149	31/01/2018	27	–
USD 1,194	EUR 1,000	1.1938	31/01/2018	9	–
EUR 6,266	USD 7,542	0.8309	31/01/2018	6	–
<b>Total unrealised gain on forward foreign currency contracts</b>				1,333,147	0.07
<b>Total Financial Assets at fair value through profit or loss</b>				1,719,879,277	92.16

### Financial liabilities at fair value through profit or loss

OPEN FORWARD FOREIGN CURRENCY CONTRACTS: NIL (2016: NIL)

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Loss US\$	% of Net Assets
USD 211,683	EUR 175,879	1.2036	31/01/2018	(162)	–
EUR 12,590	USD 15,030	0.8377	31/01/2018	(111)	–
USD 143,103	EUR 118,899	1.2036	31/01/2018	(110)	–
EUR 9,996	USD 11,923	0.8384	31/01/2018	(98)	–
GBP 54,825	USD 74,178	0.7391	31/01/2018	(50)	–
USD 38,777	CHF 37,708	1.0284	31/01/2018	(12)	–
<b>Total unrealised loss on forward foreign currency contracts</b>				(543)	–
<b>Total Financial Liabilities at fair value through profit or loss</b>				(543)	–

  

	Fair Value US\$	% of Net Assets
<b>Total Value of Investments (Cost: US\$ 1,325,437,490)</b>	1,719,878,734	92.16
Cash at Bank	164,333,671	8.80
Margin Cash	1,345,813	0.07
Other Net Liabilities	(19,309,447)	(1.03)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	1,866,248,771	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

The counterparty for the options is Credit Suisse Securities (Europe) Limited.

The counterparty for the forward foreign currency contracts is The Northern Trust Company.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	89.89	97.52
OTC financial derivative instruments	0.53	0.31
Other assets	9.58	2.17
	100.00	100.00

The % of Net Assets was rounded to Nil if the amount is less than 0.01.

## Portfolio Statement continued

As at 31 December 2017

### Healthcare Blue Chip Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 99.26% (2016: 95.46%)</b>		
	<b>Diagnostic Equipment: 8.16% (2016: 2.44%)</b>		
57,500	Abbott Laboratories	3,281,525	4.25
32,560	Danaher	3,022,219	3.91
	<b>Total Diagnostic Equipment</b>	<b>6,303,744</b>	<b>8.16</b>
	<b>Dialysis Centers: 4.09% (2016: 6.08%)</b>		
30,000	Fresenius Medical Care	3,162,187	4.09
	<b>Total Dialysis Centers</b>	<b>3,162,187</b>	<b>4.09</b>
	<b>Disposable Medical Products: Nil (2016: 2.59%)</b>	–	–
	<b>Electronic Measuring Instruments: Nil (2016: 1.51%)</b>	–	–
	<b>Instruments-Scientific: 2.48% (2016: Nil)</b>		
26,181	PerkinElmer	1,914,355	2.48
	<b>Total Instruments-Scientific</b>	<b>1,914,355</b>	<b>2.48</b>
	<b>Medical Instruments: 1.96% (2016: 7.13%)</b>		
61,000	Boston Scientific	1,512,190	1.96
	<b>Total Medical Instruments</b>	<b>1,512,190</b>	<b>1.96</b>
	<b>Medical Labs &amp; Testing Services: 4.13% (2016: 3.45%)</b>		
20,000	Laboratory of America	3,190,200	4.13
	<b>Total Medical Labs &amp; Testing Services</b>	<b>3,190,200</b>	<b>4.13</b>
	<b>Medical Products: 12.20% (2016: 4.23%)</b>		
14,000	Becton Dickinson	2,996,840	3.87
14,700	Stryker	2,276,148	2.95
29,000	Terumo	1,374,700	1.78
25,000	Varian Medical Systems	2,778,750	3.60
	<b>Total Medical Products</b>	<b>9,426,438</b>	<b>12.20</b>
	<b>Medical-Biomedical/Gene: 19.32% (2016: 17.34%)</b>		
20,500	Alexion Pharmaceuticals	2,451,595	3.17
27,300	BioMarin Pharmaceutical	2,434,341	3.15
14,000	Alnylam Pharmaceuticals	1,778,700	2.30
9,040	Biogen	2,879,873	3.73
10,000	Bio-Rad Laboratories	2,386,700	3.09
20,000	Vertex Pharmaceuticals	2,997,200	3.88
	<b>Total Medical-Biomedical/Gene</b>	<b>14,928,409</b>	<b>19.32</b>

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets			
	<b>EQUITIES: 99.26% (2016: 95.46%) continued</b>					
	<b>Medical-Drugs: 30.19% (2016: 30.22%)</b>					
23,500	Bayer	2,934,755	3.80			
46,752	Johnson & Johnson	6,532,189	8.45			
54,266	Merck	3,053,548	3.95			
59,000	Novartis	4,988,815	6.46			
29,000	PRA Health Sciences	2,641,030	3.42			
56,000	Takeda Pharmaceutical	3,182,033	4.11			
	<b>Total Medical-Drugs</b>	23,332,370	30.19			
	<b>Medical-Generic Drugs: Nil (2016: 3.01%)</b>	–	–			
	<b>Medical-HMO: 16.73% (2016: 9.44%)</b>					
8,383	Aetna	1,512,209	1.96			
14,300	Anthem	3,217,643	4.16			
20,000	Centene	2,017,600	2.61			
10,436	Humana	2,588,859	3.35			
16,300	UnitedHealth	3,593,498	4.65			
	<b>Total Medical-HMO</b>	12,929,809	16.73			
	<b>Medical-Hospitals: Nil (2016: 4.64%)</b>	–	–			
	<b>Retail-Drug Store: Nil (2016: 3.38%)</b>	–	–			
	<b>Total Equities</b>	76,699,702	99.26			
	<b>Total Transferable Securities</b>	76,699,702	99.26			
	<b>OPEN FORWARD FOREIGN CURRENCY CONTRACTS: 0.04% (2016: NIL)</b>					
	<b>Currency Sold</b>	<b>Currency Bought</b>	<b>Currency Rate</b>	<b>Maturity Date</b>	<b>Unrealised Gain US\$</b>	<b>% of Net Assets</b>
	USD 3,373,608	GBP 2,512,321	1.3428	31/01/2018	27,828	0.04
	<b>Total unrealised gain on forward foreign currency contracts</b>				27,828	0.04
	<b>Total Financial Assets at fair value through profit or loss</b>				76,727,530	99.30

## Portfolio Statement continued

As at 31 December 2017

### Healthcare Blue Chip Fund continued

	Fair Value US\$	% of Net Assets
<b>Total Value of Investments (Cost: US\$ 68,886,873)</b>	76,727,530	99.30
Cash at Bank	668,288	0.86
Other Net Liabilities	(123,503)	(0.16)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	77,272,315	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

The counterparty for the forward foreign currency contracts is The Northern Trust Company.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets</b>		
Transferable securities admitted to official stock exchange listing	98.93	95.30
OTC financial derivative instruments	0.04	–
Other assets	1.03	4.70
	100.00	100.00

## Healthcare Opportunities Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 99.77% (2016: 90.86%)</b>		
	<b>Biotechnology: 20.91% (2016: Nil)</b>		
380,871	Alexion Pharmaceuticals	45,548,363	3.08
351,232	Alnylam Pharmaceuticals	44,624,026	3.01
150,300	Assembly Biosciences	6,801,075	0.46
180,000	Bio-Rad Laboratories	42,960,600	2.90
1,750,000	Dynavax Technologies	32,725,000	2.21
654,125	GlycoMimetics	10,982,759	0.74
150,263	Illumina	32,830,963	2.21
431,800	Loxo Oncology	36,348,924	2.45
445,000	Puma Biotechnology	43,988,250	2.97
1,059,934	Wilson Therapeutics	13,107,581	0.88
	<b>Total Biotechnology</b>	<b>309,917,541</b>	<b>20.91</b>
	<b>Commercial Services: 1.33% (2016: Nil)</b>		
7,077,429	AVEO Pharmaceuticals	19,746,027	1.33
	<b>Total Commercial Services</b>	<b>19,746,027</b>	<b>1.33</b>
	<b>Dental Supplies &amp; Equipment: Nil (2016: 1.10%)</b>	–	–
	<b>Diagnostic Equipment: 2.12% (2016: 8.21%)</b>		
550,000	Abbott Laboratories	31,388,500	2.12
	<b>Total Diagnostic Equipment</b>	<b>31,388,500</b>	<b>2.12</b>
	<b>Dialysis Centers: Nil (2016: 3.31%)</b>	–	–
	<b>Drug Delivery Systems: Nil (2016: 4.20%)</b>	–	–
	<b>Electronic Measuring Instrument: Nil (2016: 1.39%)</b>	–	–
	<b>Enterprise Software/Services: 1.77% (2016: Nil)</b>		
540,938	Omnicell	26,235,493	1.77
	<b>Total Enterprise Software/Services</b>	<b>26,235,493</b>	<b>1.77</b>
	<b>Healthcare-Products: 16.88% (2016: Nil)</b>		
1,886,698	Consort Medical	29,810,059	2.01
385,000	Edwards Lifesciences	43,393,350	2.93
125,006	ICU Medical	27,001,296	1.82
1,975,022	Oxford Immunotec Global	27,591,057	1.86
345,385	Penumbra	32,500,729	2.19
3,333,018	Quotient	16,498,439	1.11
326,384	STERIS	28,548,808	1.93
290,000	Stryker	44,903,600	3.03
	<b>Total Healthcare-Products</b>	<b>250,247,338</b>	<b>16.88</b>

## Portfolio Statement continued

As at 31 December 2017

### Healthcare Opportunities Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 99.77% (2016: 90.86%) continued</b>		
	<b>Health Care-Services: 19.63% (2016: Nil)</b>		
300,000	Centene	30,264,000	2.04
170,000	Cigna	34,525,300	2.33
310,000	Fresenius Medical Care	32,675,931	2.21
551,089	Hansa Medical	16,793,491	1.13
185,000	Humana	45,892,950	3.10
100,471	Laboratory of America	16,026,129	1.08
1,773,847	Select Medical	31,308,400	2.11
656,446	Teladoc	22,877,143	1.54
275,000	UnitedHealth	60,626,500	4.09
	<b>Total Health Care-Services</b>	<b>290,989,844</b>	<b>19.63</b>
	<b>Instruments-Scientific: Nil (2016: 2.08%)</b>	<b>–</b>	<b>–</b>
	<b>Medical Instruments: Nil (2016: 5.51%)</b>	<b>–</b>	<b>–</b>
	<b>Medical Labs &amp; Testing Services: Nil (2016: 2.41%)</b>	<b>–</b>	<b>–</b>
	<b>Medical Products: Nil (2016: 12.37%)</b>	<b>–</b>	<b>–</b>
	<b>Medical-Biomedical/Gene: 2.95% (2016: 21.52%)</b>		
1,030,000	Accelaron Pharma	43,713,200	2.95
	<b>Total Medical-Biomedical/Gene</b>	<b>43,713,200</b>	<b>2.95</b>
	<b>Medical-Drugs: 3.31% (2016: 12.30%)</b>		
1,605,548	Achaogen	17,243,586	1.16
1,289,931	Aclaris Therapeutics	31,809,698	2.15
	<b>Total Medical-Drugs</b>	<b>49,053,284</b>	<b>3.31</b>
	<b>Medical-HMO: 2.43% (2016: 9.89%)</b>		
160,000	Anthem	36,001,600	2.43
	<b>Total Medical-HMO</b>	<b>36,001,600</b>	<b>2.43</b>
	<b>Medical-Outpatient/Home Med: Nil (2016: 1.41%)</b>	<b>–</b>	<b>–</b>

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>EQUITIES: 99.77% (2016: 90.86%) continued</b>			
<b>Pharmaceuticals: 28.44% (2016: Nil)</b>			
2,300,000	Aurinia Pharmaceuticals	10,419,000	0.70
445,000	Bayer	55,573,027	3.75
975,000	Johnson & Johnson	136,227,000	9.19
180,000	Madrigal Pharmaceuticals	16,522,200	1.11
933,776	Nektar Therapeutics	55,765,103	3.77
950,000	Novartis	80,328,374	5.42
538,100	Portola Pharmaceuticals	26,194,708	1.77
445,294	PRA Health Sciences	40,552,924	2.73
<b>Total Pharmaceuticals</b>		<b>421,582,336</b>	<b>28.44</b>
<b>Respiratory Products: Nil (2016: 0.39%)</b>		<b>–</b>	<b>–</b>
<b>Retail-Drug Store: Nil (2016: 2.95%)</b>		<b>–</b>	<b>–</b>
<b>Therapeutics: Nil (2016: 1.82%)</b>		<b>–</b>	<b>–</b>
<b>Total Equities</b>		<b>1,478,875,163</b>	<b>99.77</b>
<b>WARRANTS: 0.13% (2016: NIL)</b>			
<b>United States: 0.13% (2016: Nil)</b>			
360,800	Quotient Pre Funded	1,785,960	0.12
1,131,034	Quotient	141,378	0.01
<b>Total United States</b>		<b>1,927,338</b>	<b>0.13</b>
<b>Total Warrants</b>		<b>1,927,338</b>	<b>0.13</b>
<b>Total Transferable Securities</b>		<b>1,480,802,501</b>	<b>99.90</b>
<b>Total Value of Investments (Cost: US\$ 1,349,646,723)</b>		<b>1,480,802,501</b>	<b>99.90</b>
Cash at Bank		2,535,044	0.17
Other Net Liabilities		(1,122,031)	(0.07)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>		<b>1,482,215,514</b>	<b>100.00</b>

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

## Portfolio Statement continued

As at 31 December 2017

### Healthcare Opportunities Fund continued

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	99.56	90.02
Other assets	0.44	9.98
	100.00	100.00

## Income Opportunities Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value GBPE	% of Net Assets
	<b>CORPORATE BONDS: 25.03% (2016: 30.40%)</b>		
	<b>Australia: 1.52% (2016: 1.22%)</b>		
1,700,000	Australia & New Zealand Banking FRN 16/11/2018	1,263,063	0.39
3,000,000	National Australia Bank FRN 08/11/2018	1,744,015	0.54
2,250,000	QBE Insurance 6.750% 02/12/2044	1,891,979	0.59
	<b>Total Australia</b>	<b>4,899,057</b>	<b>1.52</b>
	<b>Bermuda: 0.00% (2016: 0.20%)</b>	–	–
	<b>Canada: 0.52% (2016: Nil)</b>		
2,250,000	Bank of Montreal FRN 15/06/2020	1,668,064	0.52
	<b>Total Canada</b>	<b>1,668,064</b>	<b>0.52</b>
	<b>Cayman Islands: 1.54% (2016: Nil)</b>		
1,900,000	PGH Capital 6.625% 18/12/2025	2,277,758	0.71
4,000,000	XLIT FRN 31/12/2049	2,655,331	0.83
	<b>Total Cayman Islands</b>	<b>4,933,089</b>	<b>1.54</b>
	<b>Georgia: 0.63% (2016: Nil)</b>		
7,000,000	Bank of Georgia 11.000% 01/06/2020	2,030,925	0.63
	<b>Total Georgia</b>	<b>2,030,925</b>	<b>0.63</b>
	<b>Guernsey: 0.85% (2016: 2.08%)</b>		
3,550,000	Pershing Square 5.500% 15/07/2022	2,729,780	0.85
	<b>Total Guernsey</b>	<b>2,729,780</b>	<b>0.85</b>
	<b>Ireland: 0.42% (2016: 1.64%)</b>		
700,000	Cloverie for Zurich Insurance 8.250% 31/12/2049	519,677	0.16
800,000	GE Capital UK Funding 6.750% 06/08/2018	828,319	0.26
	<b>Total Ireland</b>	<b>1,347,996</b>	<b>0.42</b>
	<b>Jersey: 0.47% (2016: 0.92%)</b>		
1,500,000	Helical Bar Jersey 4.000% 17/06/2019	1,513,125	0.47
	<b>Total Jersey</b>	<b>1,513,125</b>	<b>0.47</b>
	<b>Marshall Islands: 0.55% (2016: Nil)</b>		
2,400,000	Borealis Finance 7.500% 16/11/2022	1,764,738	0.55
	<b>Total Marshall Islands</b>	<b>1,764,738</b>	<b>0.55</b>
	<b>Netherlands: 1.28% (2016: Nil)</b>		
1,500,000	ABN AMRO Bank 2.500% 18/12/2018	1,525,342	0.47
3,500,000	ABN AMRO Bank FRN 18/01/2019	2,599,301	0.81
	<b>Total Netherlands</b>	<b>4,124,643</b>	<b>1.28</b>

## Portfolio Statement continued

As at 31 December 2017

### Income Opportunities Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP£	% of Net Assets
<b>CORPORATE BONDS: 25.03% (2016: 30.40%) continued</b>			
<b>Sweden: 0.45% (2016: Nil)</b>			
2,500,000	Svenska Handelsbanken FRN 10/04/2019	1,454,790	0.45
	<b>Total Sweden</b>	<b>1,454,790</b>	<b>0.45</b>
<b>Switzerland: 0.46% (2016: Nil)</b>			
2,000,000	UBS FRN 07/12/2018	1,480,301	0.46
	<b>Total Switzerland</b>	<b>1,480,301</b>	<b>0.46</b>
<b>United Kingdom: 12.87% (2016: 23.58%)</b>			
750,000	Admiral 5.500% 25/07/2024	859,937	0.27
1,150,000	Aldermore 8.500% 28/10/2026	1,306,688	0.41
1,200,000	Aldermore 11.875% 31/12/2049	1,377,000	0.43
700,000	Aviva 6.875% 29/11/2049	767,207	0.24
150,000	Beazley 5.375% 25/09/2019	156,450	0.05
850,000	Brit Insurance 6.625% 09/12/2030	919,700	0.28
400,000	Clerical Medical Finance 7.375% 31/12/2049	429,040	0.13
2,400,000	CYBG FRN 31/12/2049	2,541,000	0.79
277,000	Direct Line Insurance 9.250% 27/04/2042	359,539	0.11
50,000	HDL Debenture 10.375% 31/07/2023	61,736	0.02
4,500,000	International Personal Finance 5.750% 07/04/2021	3,781,861	1.18
1,010,000	International Personal Finance 6.125% 08/05/2020	989,800	0.31
500,000	Investec Bank 9.625% 17/02/2022	624,957	0.19
750,000	JRP Group 9.000% 26/10/2026	970,808	0.30
750,000	Lloyds Bank 13.000% 31/12/2049	1,411,313	0.44
800,000	National Westminster Bank 11.500% 31/12/2049	1,360,080	0.42
29,250	Nationwide Building Society FRN 29/06/2049	4,603,219	1.43
500,000	Paragon Banking 6.000% 28/08/2024	536,653	0.17
1,350,000	Paragon Banking 6.125% 30/01/2022	1,431,115	0.45
1,000,000	Partnership Assurance 9.500% 24/03/2025	1,154,698	0.36
3,300,000	Pension Insurance 6.500% 03/07/2024	3,773,464	1.17
998,000	Phoenix Life 7.250% 31/12/2049	1,113,932	0.34
1,250,000	Prudential 1.750% 27/11/2018	1,260,770	0.39
1,950,000	Rothsay Life 8.000% 30/10/2025	2,373,833	0.74
2,500,000	Sainsbury's Bank FRN 23/11/2027	2,608,750	0.81
900,000	Santander UK 7.375% 29/12/2049	993,668	0.31
620,000	Scottish Amicable Finance 8.500% 31/12/2049	644,291	0.20
700,000	Scottish Widows 5.500% 16/06/2023	802,332	0.25
1,500,000	Shawbrook 8.500% 28/10/2025	1,635,000	0.51
500,000	Shawbrook London 8.500% 28/10/2025	545,000	0.17
	<b>Total United Kingdom</b>	<b>41,393,841</b>	<b>12.87</b>

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP£	% of Net Assets
	<b>CORPORATE BONDS: 25.03% (2016: 30.40%) continued</b>		
	<b>United States: 3.47% (2016: 0.76%)</b>		
2,250,000	BAC Capital Trust XIV 5.630% 31/12/2049	1,488,434	0.46
2,000,000	Citigroup FRN 07/12/2018	1,485,082	0.46
2,500,000	JPMorgan Chase FRN 28/01/2019	1,856,969	0.58
4,500,000	Morgan Stanley FRN 23/07/2019	3,347,740	1.04
4,000,000	Wachovia Capital Trust III 5.570% 29/03/2049	2,982,813	0.93
	<b>Total United States</b>	<b>11,161,038</b>	<b>3.47</b>
	<b>Total Corporate Bonds</b>	<b>80,501,387</b>	<b>25.03</b>
	<b>SUPRANATIONAL BONDS: 0.09% (2016: NIL)</b>		
400,000	European Investment Bank FRN 24/01/2018	295,685	0.09
	<b>Total Supranational Bonds</b>	<b>295,685</b>	<b>0.09</b>
	<b>EQUITIES: 63.44% (2016: 65.82%)</b>		
	<b>Australia: 0.94% (2016: 1.08%)</b>		
65,000	Commonwealth Bank of Australia	3,019,379	0.94
	<b>Total Australia</b>	<b>3,019,379</b>	<b>0.94</b>
	<b>Belgium: 1.86% (2016: 1.73%)</b>		
95,000	KBC Bank	5,996,632	1.86
	<b>Total Belgium</b>	<b>5,996,632</b>	<b>1.86</b>
	<b>Bermuda: 1.02% (2016: Nil)</b>		
95,000	Validus	3,295,065	1.02
	<b>Total Bermuda</b>	<b>3,295,065</b>	<b>1.02</b>
	<b>Canada: 0.97% (2016: 1.02%)</b>		
71,500	Toronto-Dominion Bank	3,106,901	0.97
	<b>Total Canada</b>	<b>3,106,901</b>	<b>0.97</b>
	<b>Denmark: 1.05% (2016: 0.98%)</b>		
117,500	Danske Bank	3,384,523	1.05
	<b>Total Denmark</b>	<b>3,384,523</b>	<b>1.05</b>
	<b>Finland: 2.53% (2016: 2.33%)</b>		
200,000	Sampo Class A	8,131,086	2.53
	<b>Total Finland</b>	<b>8,131,086</b>	<b>2.53</b>

## Portfolio Statement continued

As at 31 December 2017

### Income Opportunities Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP£	% of Net Assets
	<b>EQUITIES: 63.44% (2016: 65.82%) continued</b>		
	<b>France: 3.29% (2016: 3.43%)</b>		
105,000	BNP Paribas	5,802,054	1.80
125,000	Societe Generale	4,776,791	1.49
	<b>Total France</b>	<b>10,578,845</b>	<b>3.29</b>
	<b>Guernsey: 2.82% (2016: 1.37%)</b>		
1,171,781	Chenavari Capital Solutions	1,051,673	0.32
4,000,000	Duke Royalty	1,560,000	0.48
2,050,000	Real Estate Credit Investments	3,444,000	1.08
4,000,000	Tufton Oceanic Assets	3,016,078	0.94
	<b>Total Guernsey</b>	<b>9,071,751</b>	<b>2.82</b>
	<b>Ireland: 1.49% (2016: 0.72%)</b>		
1,700,000	Green REIT	2,414,471	0.75
2,500,000	Greencoat Renewables	2,374,526	0.74
	<b>Total Ireland</b>	<b>4,788,997</b>	<b>1.49</b>
	<b>Italy: 1.65% (2016: 1.74%)</b>		
750,000	Banca Sistema	1,509,932	0.47
1,550,000	Intesa Sanpaolo SPA	3,811,225	1.18
	<b>Total Italy</b>	<b>5,321,157</b>	<b>1.65</b>
	<b>Japan: 1.19% (2016: 0.93%)</b>		
120,000	Sumitomo Mitsui Financial	3,833,390	1.19
	<b>Total Japan</b>	<b>3,833,390</b>	<b>1.19</b>
	<b>Jersey: 0.59% (2016: Nil)</b>		
2,150,000	Blackstone GSO Loan Financing	1,879,870	0.59
	<b>Total Jersey</b>	<b>1,879,870</b>	<b>0.59</b>
	<b>Netherlands: 2.45% (2016: 2.13%)</b>		
580,000	ING Groep	7,890,082	2.45
	<b>Total Netherlands</b>	<b>7,890,082</b>	<b>2.45</b>
	<b>Norway: 1.27% (2016: 1.49%)</b>		
550,000	SpareBank 1 SMN	4,088,483	1.27
	<b>Total Norway</b>	<b>4,088,483</b>	<b>1.27</b>

Holdings	Financial assets at fair value through profit or loss	Fair Value GBPE	% of Net Assets
	<b>EQUITIES: 63.44% (2016: 65.82%) continued</b>		
	<b>Singapore: 3.39% (2016: 2.87%)</b>		
3,075,000	Fortune Real Estate Investment Trust REIT	2,808,975	0.87
1,900,000	Frasers Centrepoint Trust REIT	2,354,223	0.73
3,075,000	Mapletree Commercial Trust REIT	2,755,536	0.86
435,000	Oversea-Chinese Banking	2,981,306	0.93
	<b>Total Singapore</b>	<b>10,900,040</b>	<b>3.39</b>
	<b>Spain: 1.25% (2016: Nil)</b>		
825,000	Banco Santander	4,012,438	1.25
	<b>Total Spain</b>	<b>4,012,438</b>	<b>1.25</b>
	<b>Sweden: 1.25% (2016: 1.31%)</b>		
225,000	Swedbank Class A	4,020,309	1.25
	<b>Total Sweden</b>	<b>4,020,309</b>	<b>1.25</b>
	<b>Switzerland: 2.96% (2016: 2.83%)</b>		
53,500	Chubb	5,779,304	1.80
275,000	UBS	3,742,447	1.16
	<b>Total Switzerland</b>	<b>9,521,751</b>	<b>2.96</b>
	<b>Thailand: 0.75% (2016: 0.91%)</b>		
1,200,800	Tisco Financial	2,410,527	0.75
	<b>Total Thailand</b>	<b>2,410,527</b>	<b>0.75</b>

## Portfolio Statement continued

As at 31 December 2017

### Income Opportunities Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP£	% of Net Assets
<b>EQUITIES: 63.44% (2016: 65.82%) continued</b>			
<b>United Kingdom: 15.59% (2016: 21.12%)</b>			
825,000	Arrow Global	3,273,188	1.02
455,000	City of London Investment	1,887,113	0.59
3,500,000	Civitas Social Housing REIT	3,648,750	1.13
1,172,500	Direct Line Insurance	4,475,432	1.39
1,035,000	Hastings	3,312,000	1.03
380,000	HSBC	2,872,948	0.89
312,500	International Personal Finance	617,188	0.19
5,250,000	Lloyds Banking	3,573,150	1.11
1,480,000	Morses Club	1,894,400	0.59
325,000	Mortgage Advice Bureau	1,803,750	0.56
929,250	OneSavings Bank	3,834,086	1.19
1,100,000	Orchard Funding	1,111,000	0.35
400,000	P2P Global Investments	3,260,000	1.01
700,000	Personal	3,339,000	1.04
675,000	Premier Asset Management	1,606,500	0.50
1,000,000	RM Secured Direct Lending	1,015,000	0.32
500,000	RM Secured Direct Lending Class C	510,000	0.16
75,000	Schroders	1,881,000	0.58
6,250,000	VPC Specialty Lending Investments Plc	4,875,000	1.52
700,000	Xafinity	1,340,500	0.42
57,692	Xafinity REIT	12,404	–
<b>Total United Kingdom</b>		<b>50,142,409</b>	<b>15.59</b>

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP£	% of Net Assets
<b>EQUITIES: 63.44% (2016: 65.82%) continued</b>			
<b>United States: 15.13% (2016: 17.83%)</b>			
410,000	Ares Capital	4,764,516	1.48
180,000	Bank of America	3,927,998	1.22
121,000	Blackstone	2,864,106	0.89
74,250	Citigroup	4,084,230	1.27
43,600	First Republic Bank	2,792,462	0.87
122,350	JPMorgan Chase	9,672,228	3.01
35,500	Main Street Capital	1,042,628	0.32
275,000	New Mountain Finance	2,754,574	0.86
475,000	PennantPark Floating Rate Capital Class C	4,817,593	1.50
47,300	PNC Financial Services Group	5,045,215	1.57
230,000	Solar Capital	3,436,185	1.07
20,000	SVB Financial	3,456,218	1.07
<b>Total United States</b>		48,657,953	15.13
<b>Total Equities</b>		204,051,588	63.44
<b>Total Transferable Securities</b>		284,848,660	88.56

**OPEN FORWARD FOREIGN CURRENCY CONTRACTS: NIL (2016: NIL)**

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Gain GBP£	% of Net Assets
GBP 16,849,124	EUR 18,971,568	0.8881	31/01/2018	2,861	–
USD 353,891	GBP 261,560	1.3530	31/01/2018	176	–
EUR 53,529	GBP 47,594	1.1247	31/01/2018	46	–
EUR 19,985	GBP 17,757	1.1255	31/01/2018	5	–
<b>Total unrealised gain on forward foreign currency contracts</b>				3,088	–
<b>Total Financial Assets at fair value through profit or loss</b>				284,851,748	88.56

**Financial liabilities at fair value through profit or loss**

**FUTURES CONTRACTS – UNREALISED LOSSES: (0.02%) (2016: (0.13%))**

Description	Country	Currency	No. of Contracts	Unrealised Loss GBP£	% of Net Assets
<b>United Kingdom: (0.02%) (2016: (0.13%))</b>					
Future Long Gilt ICF March 2018	GB	GBP	(60)	(67,300)	(0.02)
<b>Total United Kingdom</b>				(67,300)	(0.02)
<b>Total Futures Contracts – Unrealised Losses</b>				(67,300)	(0.02)

## Portfolio Statement continued

As at 31 December 2017

### Income Opportunities Fund continued

#### Financial liabilities at fair value through profit or loss

##### OPEN FORWARD CURRENCY CONTRACTS: (0.19%) (2016: NIL)

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Loss GBP£	% of Net Assets
GBP 74,506,616	USD 100,049,347	0.7447	31/01/2018	(610,612)	(0.19)
GBP 2,487,166	USD 3,365,136	0.7391	31/01/2018	(1,676)	–
GBP 78,047	USD 104,599	0.7462	31/01/2018	(791)	–
GBP 74,476	USD 100,008	0.7447	31/01/2018	(610)	–
GBP 177,877	EUR 200,000	0.8894	31/01/2018	(222)	–
<b>Total unrealised loss on forward foreign currency contracts</b>				(613,911)	(0.19)
<b>Total Financial Liabilities at fair value through profit or loss</b>				(681,211)	(0.21)

	Fair Value GBP£	% of Net Assets
<b>Total Value of Investments (Cost: GBP£ 259,772,487)</b>	284,170,537	88.35
Cash at Bank	33,128,716	10.30
Margin Cash	1,153,425	0.36
Other Net Assets	3,195,687	0.99
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	321,648,365	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

The counterparty for the futures contracts is Credit Suisse Securities (Europe) Limited.

The counterparty for the forward foreign currency contracts is The Northern Trust Company.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets</b>		
Transferable securities admitted to official stock exchange listing	88.09	95.97
Exchange traded financial derivative instruments	(0.19)	(0.13)
OTC financial derivative instruments	(0.02)	–
Other assets	12.12	4.16
	100.00	100.00

The % of Net Assets was rounded to Nil if the amount is less than 0.01.

## Japan Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value JPY ¥	% of Net Assets
	<b>EQUITIES: 100.26% (2016: 101.06%)</b>		
	<b>Basic Materials: 6.55% (2016: 6.30%)</b>		
588,900	ADEKA	1,168,966,500	0.92
116,000	C Uyemura	998,760,000	0.79
956,900	Hitachi Metals	1,548,264,200	1.22
806,500	Kyoei Steel	1,734,781,500	1.37
421,800	Lintec	1,326,561,000	1.05
1,435,800	Toray Industries	1,525,537,500	1.20
	<b>Total Basic Materials</b>	<b>8,302,870,700</b>	<b>6.55</b>
	<b>Communications: 1.70% (2016: 1.88%)</b>		
749,800	Aucnet	1,076,712,800	0.85
384,800	Tokyo Broadcasting System	1,082,827,200	0.85
	<b>Total Communications</b>	<b>2,159,540,000</b>	<b>1.70</b>
	<b>Consumer, Cyclical: 22.01% (2016: 32.80%)</b>		
578,900	Alpine Electronics	1,350,573,700	1.07
263,000	Aoyama Trading	1,107,230,000	0.87
358,100	Chiyoda	1,085,043,000	0.86
265,700	Daiwabo	1,231,519,500	0.97
527,500	H2O Retailing	1,244,372,500	0.98
2,885,200	IDOM	2,308,160,000	1.82
559,500	Iida	1,188,937,500	0.94
524,000	Lixil Viva	1,016,036,000	0.80
3,519,000	Mitsui-Soko	1,354,815,000	1.07
474,300	NGK Spark Plug	1,299,107,700	1.02
919,100	NHK Spring	1,139,684,000	0.90
360,000	Nippon Seiki	870,840,000	0.69
472,400	Sekisui Chemical	1,068,568,800	0.84
553,400	Sekisui House	1,126,445,700	0.89
374,000	Shimachu	1,213,630,000	0.96
553,600	Subaru	1,983,548,800	1.56
610,900	Sumitomo Electric Industries	1,163,764,500	0.92
704,000	Toyota Motor	5,077,952,000	4.01
496,100	Xebio	1,064,134,500	0.84
	<b>Total Consumer, Cyclical</b>	<b>27,894,363,200</b>	<b>22.01</b>

## Portfolio Statement continued

As at 31 December 2017

### Japan Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value JPY ¥	% of Net Assets
<b>EQUITIES: 100.26% (2016: 101.06%) continued</b>			
<b>Consumer, Non-cyclical: 3.30% (2016: Nil)</b>			
116,900	Ajis	344,036,700	0.27
327,000	Nishimoto Trading	1,505,835,000	1.19
210,300	San A	1,146,135,000	0.90
929,700	Toppan Forms	1,186,297,200	0.94
<b>Total Consumer, Non-cyclical</b>		<b>4,182,303,900</b>	<b>3.30</b>
<b>Diversified: Nil (2016: 0.91%)</b>			
<b>Energy: 2.84% (2016: 2.18%)</b>			
856,900	Inpex	1,207,372,100	0.95
370,900	Japan Petroleum Exploration	1,108,249,200	0.87
1,774,000	JXTG	1,289,698,000	1.02
<b>Total Energy</b>		<b>3,605,319,300</b>	<b>2.84</b>
<b>Financial: 30.87% (2016: 27.71%)</b>			
1,864,500	Dai-ichi Life	4,333,098,000	3.42
2,687,000	Fukuoka Financial	1,700,871,000	1.34
1,000,100	Ichiyoshi Securities	1,286,128,600	1.01
2,062,900	Iyo Bank	1,862,798,700	1.47
2,750,500	Japan Securities Finance	1,757,569,500	1.39
1,781,200	Katitas	4,606,183,200	3.63
6,374,500	Mitsubishi UFJ Financial	5,267,886,800	4.16
1,697,900	Mitsubishi UFJ Lease & Finance	1,139,290,900	0.90
819,300	Mitsui Fudosan	2,068,732,500	1.63
954,800	NTT Urban Development	1,245,059,200	0.98
233,900	Open House	1,417,434,000	1.12
254,600	Sompo	1,111,074,400	0.88
6,538,400	Sparx	2,039,980,800	1.61
685,900	Sumitomo Mitsui Financial	3,338,961,200	2.63
906,000	Sumitomo Mitsui Trust	4,052,538,000	3.20
370,600	Tokio Marine	1,905,254,600	1.50
<b>Total Financial</b>		<b>39,132,861,400</b>	<b>30.87</b>
<b>Industrial: 28.84% (2016: 24.26%)</b>			
893,000	Amada	1,369,862,000	1.08
404,700	Eagle Industry	853,107,600	0.67
329,900	HI-LEX	927,019,000	0.73
1,767,800	Iino Kaiun Kaisha	1,122,553,000	0.89
980,000	Kandenko	1,162,280,000	0.92

Holdings	Financial assets at fair value through profit or loss	Fair Value JPY ¥	% of Net Assets
	<b>EQUITIES: 100.26% (2016: 101.06%)</b> continued		
	<b>Industrial: 28.84% (2016: 24.26%)</b> continued		
790,700	Kawasaki Heavy Industries	3,127,218,500	2.47
671,800	Kumagai Gumi	2,116,170,000	1.67
166,000	Kyudenko	904,700,000	0.71
578,000	LIXIL	1,762,900,000	1.39
218,600	Mabuchi Motor	1,335,646,000	1.05
638,300	Hitachi Maxell	1,536,388,100	1.21
347,700	Mitsubishi Heavy Industries	1,463,817,000	1.15
940,000	Nichias	1,410,940,000	1.11
486,000	Nippo	1,281,582,000	1.01
451,100	Nippon Densetsu Kogyo	1,102,037,300	0.87
1,208,500	Nippon Pillar Packing	2,096,747,500	1.66
3,439,600	Nippon Thompson	3,099,079,600	2.45
253,500	Nitta	1,100,190,000	0.87
581,800	Noritz	1,285,778,000	1.01
157,700	Riken Keiki	409,546,900	0.32
506,300	SBS	572,119,000	0.45
600,000	SG Holdings	1,374,000,000	1.08
318,800	Sumitomo Heavy Industries	1,520,676,000	1.20
734,800	Takuma	1,159,514,400	0.92
559,400	Toshiba Plant Systems & Services	1,175,858,800	0.93
282,300	Toyo Kanetsu	1,294,345,500	1.02
	<b>Total Industrial</b>	<b>36,564,076,200</b>	<b>28.84</b>
	<b>Technology: 4.15% (2016: 5.02%)</b>		
642,000	Mimasu Semiconductor Industry	1,386,720,000	1.09
70,200	SRA	283,608,000	0.22
265,900	TDK	2,390,441,000	1.89
1,686,000	Toshiba TEC	1,197,060,000	0.95
	<b>Total Technology</b>	<b>5,257,829,000</b>	<b>4.15</b>
	<b>Total Equities</b>	<b>127,099,163,700</b>	<b>100.26</b>
	<b>Total Transferable Securities</b>	<b>127,099,163,700</b>	<b>100.26</b>

## Portfolio Statement continued

As at 31 December 2017

### Japan Fund continued

#### Financial assets at fair value through profit or loss

##### OPEN FORWARD FOREIGN CURRENCY CONTRACTS: 0.05% (2016: 0.05%)

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Gain JPY ¥	% of Net Assets
JPY 33,658,520,587	GBP 221,776,867	0.0066	31/01/2018	53,553,646	0.04
JPY 2,766,755,113	CHF 24,034,497	0.0087	31/01/2018	7,705,391	0.01
JPY 15,720,760,819	EUR 116,648,815	0.0074	31/01/2018	1,153,319	–
JPY 7,429,361,490	EUR 55,126,226	0.0074	31/01/2018	545,039	–
JPY 44,819,921	EUR 333,792	0.0074	31/01/2018	168,474	–
JPY 29,179,231	CHF 254,076	0.0087	31/01/2018	150,392	–
JPY 37,412,955	EUR 277,874	0.0074	04/01/2018	27,543	–
JPY 9,497,124	GBP 62,629	0.0066	04/01/2018	27,506	–
USD 54,871	JPY 6,193,564	0.0089	31/01/2018	25,154	–
JPY 63,716,893	EUR 472,893	0.0074	31/01/2018	19,568	–
EUR 114,512	JPY 15,448,642	0.0074	31/01/2018	14,723	–
JPY 6,007,162	GBP 39,576	0.0066	09/01/2018	11,040	–
JPY 3,036,875	CHF 26,381	0.0087	31/01/2018	8,458	–
JPY 105,594,047	EUR 783,513	0.0074	31/01/2018	7,747	–
USD 30,173	JPY 3,399,592	0.0089	31/01/2018	7,637	–
JPY 3,206,977	GBP 21,128	0.0066	09/01/2018	5,893	–
JPY 101,199,833	CHF 876,690	0.0087	31/01/2018	2,464	–
JPY 339,827	GBP 2,241	0.0066	04/01/2018	984	–
<b>Total unrealised gain on forward foreign currency contracts</b>				63,434,978	0.05
<b>Total Financial Assets at fair value through profit or loss</b>				127,162,598,678	100.31

### Financial liabilities at fair value through profit or loss

#### OPEN FORWARD FOREIGN CURRENCY CONTRACTS: 0.14% (2016: 0.46%)

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Loss JPY ¥	% of Net Assets
JPY 31,236,678,046	USD 276,308,519	0.0088	31/01/2018	(175,088,165)	(0.14)
JPY 185,978,024	USD 1,644,448	0.0088	31/01/2018	(1,115,322)	–
GBP 427,424	JPY 64,695,110	0.0066	31/01/2018	(277,263)	–
JPY 36,628,050	USD 324,501	0.0089	31/01/2018	(148,753)	–
GBP 94,040	JPY 14,272,216	0.0066	31/01/2018	(22,708)	–
JPY 3,517,212	USD 31,112	0.0088	31/01/2018	(19,715)	–
JPY 15,447,669	EUR 114,512	0.0074	09/01/2018	(17,556)	–
GBP 39,576	JPY 6,002,611	0.0066	31/01/2018	(13,298)	–
GBP 62,629	JPY 9,507,771	0.0066	31/01/2018	(12,398)	–
EUR 277,874	JPY 37,440,326	0.0074	31/01/2018	(11,497)	–
JPY 3,404,721	USD 30,173	0.0089	09/01/2018	(8,920)	–
JPY 1,389,724	USD 12,293	0.0088	31/01/2018	(7,790)	–
EUR 591,424	JPY 79,706,212	0.0074	31/01/2018	(5,848)	–
EUR 5,013	JPY 673,121	0.0074	31/01/2018	(2,530)	–
JPY 515,127	USD 4,572	0.0089	31/01/2018	(1,157)	–
GBP 2,241	JPY 340,208	0.0066	31/01/2018	(444)	–
<b>Total unrealised loss on forward foreign currency contracts</b>				(176,753,364)	(0.14)
<b>Total Financial Liabilities at fair value through profit or loss</b>				(176,753,364)	(0.14)

	Fair Value JPY ¥	% of Net Assets
<b>Total Value of Investments (Cost: JPY ¥ 110,182,779,470)</b>	126,985,845,314	100.17
Cash at Bank	1,118,833,664	0.88
Other Net Liabilities	(1,333,019,788)	(1.05)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	126,771,659,190	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

The counterparty for the forward foreign currency contracts is The Northern Trust Company.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	97.92	97.83
OTC financial derivative instruments	(0.09)	(0.40)
Other assets	2.17	2.57
	100.00	100.00

The % of Net Assets was rounded to Nil if the amount is less than 0.01.

## Portfolio Statement continued

As at 31 December 2017

### Japan Value Fund (formerly Japan Alpha Fund)

Holdings	Financial assets at fair value through profit or loss	Fair Value JPY ¥	% of Net Assets
	<b>EQUITIES: 94.58% (2016: 97.02%)</b>		
	<b>Basic Materials: 7.26% (2016: 12.46%)</b>		
8,500	C Uyemura	73,185,000	0.81
108,600	Hitachi Metals	175,714,800	1.94
49,700	Lintec	156,306,500	1.72
16,400	Nippon Shokubai	124,804,000	1.37
26,500	Tokyo Ohka Kogyo	128,922,500	1.42
	<b>Total Basic Materials</b>	<b>658,932,800</b>	<b>7.26</b>
	<b>Communications: 6.15% (2016: 8.45%)</b>		
57,700	Nippon Telegraph & Telephone	305,867,700	3.37
213,500	SKY Perfect JSAT	110,166,000	1.21
50,700	Tokyo Broadcasting System	142,669,800	1.57
	<b>Total Communications</b>	<b>558,703,500</b>	<b>6.15</b>
	<b>Consumer, Cyclical: 25.48% (2016: 30.42%)</b>		
46,900	Alpine Electronics	109,417,700	1.21
28,000	Denso	189,364,000	2.09
88,900	Gecoss	124,015,500	1.37
69,100	H2O Retailing	163,006,900	1.79
75,200	Iida	159,800,000	1.76
73,500	Inabata	125,611,500	1.38
43,700	Japan Airlines	192,629,600	2.12
131,300	NHK Spring	162,812,000	1.79
64,500	Nissin Kogyo	144,028,500	1.59
125,000	Shinmaywa Industries	134,250,000	1.48
110,700	Showa Aircraft Industry	160,182,900	1.76
96,500	Sumitomo Electric Industries	183,832,500	2.02
64,400	Toyota Motor	464,517,200	5.12
	<b>Total Consumer, Cyclical</b>	<b>2,313,468,300</b>	<b>25.48</b>
	<b>Consumer, Non-cyclical: 7.90% (2016: 5.01%)</b>		
19,600	Dydo Drinco	116,620,000	1.29
31,100	Medikit	163,275,000	1.80
40,000	Secom Joshinetsu	169,800,000	1.87
34,200	TKC	141,075,000	1.55
98,800	Toppan Forms	126,068,800	1.39
	<b>Total Consumer, Non-cyclical</b>	<b>716,838,800</b>	<b>7.90</b>

Holdings	Financial assets at fair value through profit or loss	Fair Value JPY ¥	% of Net Assets
	<b>EQUITIES: 94.58% (2016: 97.02%)</b> continued		
	<b>Energy: 3.62% (2016: 2.02%)</b>		
121,200	Inpex	170,770,800	1.88
52,800	Japan Petroleum Exploration	157,766,400	1.74
	<b>Total Energy</b>	<b>328,537,200</b>	<b>3.62</b>
	<b>Financial: 19.57% (2016: 13.43%)</b>		
65,400	Aeon Mall	144,141,600	1.59
30,600	Bank of Kyoto	179,622,000	1.98
46,500	Hitachi Capital	131,827,500	1.45
480,500	Mitsubishi UFJ Financial	397,085,200	4.37
221,100	Mitsubishi UFJ Lease & Finance	148,358,100	1.64
85,300	Mitsui Fudosan	215,382,500	2.37
64,300	Sumitomo Mitsui Financial	313,012,400	3.45
48,000	Tokio Marine	246,768,000	2.72
	<b>Total Financial</b>	<b>1,776,197,300</b>	<b>19.57</b>
	<b>Industrial: 19.71% (2016: 18.83%)</b>		
45,500	Chudenko	149,240,000	1.65
122,000	Daiwa Industries	157,746,000	1.74
48,400	HI-LEX	136,004,000	1.50
42,900	Kinki Sharyo	136,422,000	1.50
22,000	Kyocera	162,206,000	1.79
47,000	Metawater	137,240,000	1.51
48,100	Mitsubishi Heavy Industries	202,501,000	2.23
46,300	Nitto Kohki	132,093,900	1.46
58,900	Noritz	130,169,000	1.43
290,000	Sumitomo Osaka Cement	157,470,000	1.73
35,200	Taikisha	134,112,000	1.48
73,100	Toshiba Plant Systems & Services	153,656,200	1.69
	<b>Total Industrial</b>	<b>1,788,860,100</b>	<b>19.71</b>
	<b>Technology: 3.47% (2016: 6.40%)</b>		
23,400	TDK	210,366,000	2.32
54,800	Zuken	104,284,400	1.15
	<b>Total Technology</b>	<b>314,650,400</b>	<b>3.47</b>
	<b>Utilities: 1.42% (2016: Nil)</b>		
135,000	Shizuoka Gas	129,195,000	1.42
	<b>Total Utilities</b>	<b>129,195,000</b>	<b>1.42</b>
	<b>Total Equities</b>	<b>8,585,383,400</b>	<b>94.58</b>
	<b>Total Transferable Securities</b>	<b>8,585,383,400</b>	<b>94.58</b>

## Portfolio Statement continued

As at 31 December 2017

### Japan Value Fund (formerly Japan Alpha Fund) continued

#### Financial assets at fair value through profit or loss

##### OPEN FORWARD FOREIGN CURRENCY CONTRACTS: 0.13% (2016: 0.03%)

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Gain JPY ¥	% of Net Assets
JPY 6,818,066,700	GBP 44,924,419	0.0066	31/01/2018	10,848,140	0.12
JPY 279,568,898	GBP 1,842,087	0.0066	31/01/2018	444,818	0.01
USD 388,523	JPY 43,854,534	0.0089	31/01/2018	178,103	–
JPY 44,054,150	EUR 328,089	0.0074	31/01/2018	165,596	–
JPY 680,103,670	EUR 5,046,403	0.0074	31/01/2018	49,894	–
JPY 3,033,460	GBP 20,000	0.0066	31/01/2018	6,721	–
<b>Total unrealised gain on forward foreign currency contracts</b>				11,693,272	0.13
<b>Total Financial Assets at fair value through profit or loss</b>				8,597,076,672	94.71

#### Financial liabilities at fair value through profit or loss

##### OPEN FORWARD FOREIGN CURRENCY CONTRACTS: (0.07%) (2016: (0.87%))

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Loss JPY ¥	% of Net Assets
JPY 1,058,793,609	USD 9,365,711	0.0088	31/01/2018	(5,934,761)	(0.07)
<b>Total unrealised loss on forward foreign currency contracts</b>				(5,934,761)	(0.07)
<b>Total Financial Liabilities at fair value through profit or loss</b>				(5,934,761)	(0.07)
<b>Total Value of Investments (Cost: JPY ¥ 6,851,333,365)</b>				8,591,141,911	94.64
Cash at Bank				495,891,175	5.46
Other Net Liabilities				(9,489,820)	(0.10)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>				9,077,543,266	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

The counterparty for the forward foreign currency contracts is The Northern Trust Company.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities admitted to official stock exchange listing	93.89	94.23
OTC financial derivative instruments	0.06	(0.81)
Other assets	6.05	6.58
	100.00	100.00

The % of Net Assets was rounded to Nil if the amount is less than 0.01.

## North American Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
	<b>EQUITIES: 98.47% (2016: 97.06%)</b>		
	<b>Basic Materials: 1.33% (2016: 1.77%)</b>		
1,725,424	Freeport-McMoRan	32,714,039	1.33
	<b>Total Basic Materials</b>	<b>32,714,039</b>	<b>1.33</b>
	<b>Communications: 17.40% (2016: 11.77%)</b>		
130,048	Alphabet Class C	136,082,227	5.55
59,101	Amazon.com	69,116,846	2.82
363,984	Expedia	43,594,364	1.78
499,754	Facebook	88,186,591	3.59
1,281,768	Interpublic Group of Companies	25,840,443	1.05
660,219	Liberty Expedia	29,267,508	1.19
643,661	Liberty Ventures	34,912,173	1.42
	<b>Total Communications</b>	<b>427,000,152</b>	<b>17.40</b>
	<b>Consumer, Cyclical: 9.65% (2016: 3.39%)</b>		
348,634	Carnival	23,138,839	0.94
208,222	Copa Airlines	27,914,241	1.14
981,935	Dolby Laboratories	60,879,970	2.48
516,687	Liberty Interactive QVC	12,617,497	0.51
192,563	Mohawk Industries	53,128,132	2.17
1,318,267	Spirit Airlines	59,124,275	2.41
	<b>Total Consumer, Cyclical</b>	<b>236,802,954</b>	<b>9.65</b>
	<b>Consumer, Non-cyclical: 13.79% (2016: 22.58%)</b>		
431,574	Anthem	97,108,466	3.96
956,717	Booz Allen Hamilton	36,479,619	1.49
272,775	ICON	30,591,716	1.24
37,004	LivaNova	2,957,360	0.12
483,783	Medtronic	39,065,477	1.59
1,650,977	Pfizer	59,798,387	2.44
427,063	S&P Global	72,344,472	2.95
	<b>Total Consumer, Non-cyclical</b>	<b>338,345,497</b>	<b>13.79</b>
	<b>Energy: 5.01% (2016: 6.28%)</b>		
2,115,461	Canadian Natural Resources	75,842,219	3.09
1,279,128	Suncor Energy	47,114,216	1.92
	<b>Total Energy</b>	<b>122,956,435</b>	<b>5.01</b>

## Portfolio Statement continued

As at 31 December 2017

### North American Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value US\$	% of Net Assets
<b>EQUITIES: 98.47% (2016: 97.06%) continued</b>			
<b>Financial: 31.02% (2016: 28.88%)</b>			
189,873	Affiliated Managers	38,971,433	1.59
470,784	Altaba	32,884,262	1.34
439,676	Arch Capital	39,909,391	1.63
2,002,307	Bank of America	59,108,103	2.41
356,055	Berkshire Hathaway Class B	70,577,222	2.88
667,014	Brown & Brown	34,324,540	1.40
828,939	Charles Schwab	42,582,596	1.73
295,542	Chubb	43,187,552	1.76
1,300,211	Citigroup	96,748,701	3.94
452,637	JPMorgan Chase	48,405,001	1.97
57,837	Markel	65,883,862	2.69
1,408,052	Validus	66,065,800	2.69
643,133	Visa Class A	73,330,025	2.99
807,523	Wells Fargo Class A	48,992,420	2.00
<b>Total Financial</b>		<b>760,970,908</b>	<b>31.02</b>
<b>Industrial: 13.98% (2016: 10.09%)</b>			
1,062,504	Ametek	76,999,665	3.14
2,437,411	Flex	43,849,024	1.79
694,372	Jeld-Wen	27,337,426	1.11
743,926	Kirby	49,694,257	2.02
641,686	Union Pacific	86,050,093	3.51
463,939	United Technologies	59,184,698	2.41
<b>Total Industrial</b>		<b>343,115,163</b>	<b>13.98</b>
<b>Technology: 6.29% (2016: 12.30%)</b>			
320,216	Accenture	49,021,867	2.00
741,530	Amdocs	48,555,384	1.98
335,161	Apple	56,719,296	2.31
<b>Total Technology</b>		<b>154,296,547</b>	<b>6.29</b>
<b>Total Equities</b>		<b>2,416,201,695</b>	<b>98.47</b>
<b>Total Transferable Securities</b>		<b>2,416,201,695</b>	<b>98.47</b>

### Financial assets at fair value through profit or loss

#### OPEN FORWARD FOREIGN CURRENCY CONTRACTS: 0.12% (2016: 0.11%)

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Gain US\$	% of Net Assets
USD 211,970,636	EUR 177,708,447	1.1928	31/01/2018	1,747,053	0.07
USD 110,449,375	GBP 82,251,503	1.3428	31/01/2018	911,067	0.04
USD 18,413,566	CHF 18,074,757	1.0187	31/01/2018	167,681	0.01
USD 580,507	CHF 572,000	1.0149	31/01/2018	7,518	–
USD 814,003	EUR 681,850	1.1938	31/01/2018	6,012	–
USD 247,027	EUR 207,848	1.1885	31/01/2018	2,936	–
USD 129,360	GBP 96,516	1.3403	31/01/2018	1,313	–
USD 83,195	EUR 70,000	1.1885	31/01/2018	989	–
USD 82,202	GBP 61,336	1.3402	31/01/2018	840	–
USD 94,231	EUR 79,000	1.1928	31/01/2018	777	–
USD 70,992	EUR 59,517	1.1928	31/01/2018	585	–
USD 51,890	GBP 38,718	1.3402	31/01/2018	530	–
USD 32,359	GBP 24,098	1.3428	31/01/2018	267	–
USD 18,363	GBP 13,702	1.3402	31/01/2018	188	–
USD 9,369	GBP 6,977	1.3428	31/01/2018	77	–
USD 6,740	GBP 5,019	1.3428	31/01/2018	56	–
USD 47,705	GBP 35,259	1.3530	31/01/2018	31	–
<b>Total unrealised gain on forward foreign currency contracts</b>				2,847,920	0.12
<b>Total Financial Assets at fair value through profit or loss</b>				2,419,049,615	98.59

## Portfolio Statement continued

As at 31 December 2017

### North American Fund continued

#### Financial liabilities at fair value through profit or loss

##### OPEN FORWARD FOREIGN CURRENCY CONTRACTS: NIL (2016: NIL)

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Loss US\$	% of Net Assets
EUR 1,973,333	USD 2,350,042	0.8397	31/01/2018	(23,143)	–
GBP 121,332	USD 162,621	0.7461	31/01/2018	(1,650)	–
EUR 105,730	USD 126,222	0.8377	31/01/2018	(932)	–
EUR 66,780	USD 79,528	0.8397	31/01/2018	(783)	–
USD 580,507	USD 22,361	0.9853	31/01/2018	(289)	–
GBP 17,936	USD 24,040	0.7461	31/01/2018	(244)	–
USD 18,413,566	CHF 559,000	1.0284	31/01/2018	(178)	–
GBP 9,450	USD 12,685	0.7450	31/01/2018	(109)	–
GBP 8,208	USD 11,018	0.7450	31/01/2018	(95)	–
USD 18,464	EUR 15,341	1.2036	31/01/2018	(14)	–
<b>Total unrealised loss on forward foreign currency contracts</b>				(27,437)	–
<b>Total Financial Liabilities at fair value through profit or loss</b>				(27,437)	–

	Fair Value US\$	% of Net Assets
<b>Total Value of Investments (Cost: US\$ 1,881,354,725)</b>	2,419,022,178	98.59
Cash at Bank	33,265,404	1.36
Other Net Assets	1,310,878	0.05
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	2,453,598,460	100.00

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

The counterparty for the forward foreign currency contracts is The Northern Trust Company.

	31 December 2017 % of Total Assets	31 December 2016 % of Total Assets
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	98.07	96.67
OTC Financial derivative instrument	0.11	0.11
Other assets	1.82	3.22
	100.00	100.00

The % of Net Assets was rounded to Nil if the amount is less than 0.01.

## UK Absolute Equity Fund

Holdings	Financial assets at fair value through profit or loss	Fair Value GBPE	% of Net Assets
	<b>EQUITIES: 79.78% (2016: 44.06%)</b>		
	<b>Canada: 2.16% (2016: Nil)</b>		
3,302,148	Entertainment One	10,857,463	2.16
	<b>Total Canada</b>	10,857,463	2.16
	<b>Cayman Islands: 0.17% (2016: Nil)</b>		
30,000	Hutchison China MediTech ADR	855,271	0.17
	<b>Total Cayman Islands</b>	855,271	0.17
	<b>Finland: 2.28% (2016: Nil)</b>		
1,442,000	Faron Pharmaceuticals	11,456,690	2.28
	<b>Total Finland</b>	11,456,690	2.28
	<b>Guernsey: 10.58% (2016: 10.51%)</b>		
2,681,411	Burford Capital	31,211,624	6.22
10,500,000	Sherborne Investors Guernsey	11,130,000	2.22
5,334,485	Syncona	10,743,653	2.14
	<b>Total Guernsey</b>	53,085,277	10.58
	<b>Ireland: 2.36% (2016: Nil)</b>		
6,790,775	Cairn Homes	11,824,703	2.36
	<b>Total Ireland</b>	11,824,703	2.36
	<b>Jersey: 1.28% (2016: Nil)</b>		
7,490,302	Breedon	6,441,660	1.28
	<b>Total Jersey</b>	6,441,660	1.28
	<b>Luxembourg: 3.12% (2016: Nil)</b>		
3,717,131	B&M European Value Retail	15,645,404	3.12
	<b>Total Luxembourg</b>	15,645,404	3.12
	<b>United Kingdom: 57.83% (2016: 33.55%)</b>		
2,810,738	AFH Financial	7,799,798	1.55
73,769	Alpha FX	355,013	0.07
9,250,547	Coats	8,265,364	1.65
1,513,500	Conviviality	6,061,580	1.21
2,279,239	Costain	10,569,971	2.11
1,920,597	Countryside Properties	6,779,707	1.35
1,689,508	FDM Group	15,856,033	3.16
1,001,058	First Derivatives	41,779,656	8.33
5,031,826	Forterra	14,994,841	2.99
1,418,749	Frontier Developments	18,826,799	3.75
591,194	Games Workshop	15,708,025	3.13

## Portfolio Statement continued

As at 31 December 2017

### UK Absolute Equity Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP£	% of Net Assets
<b>EQUITIES: 79.78% (2016: 44.06%) continued</b>			
<b>United Kingdom: 57.83% (2016: 33.55%) continued</b>			
3,297,518	GB	14,278,253	2.85
485,253	Gear4Music	3,881,053	0.77
847,245	HomeServe	6,833,031	1.36
434,870	James Cropper	7,371,047	1.47
8,000,000	Lloyds Banking	5,407,200	1.08
1,185,000	Microgen	5,539,875	1.10
2,603,164	Paragon Banking	12,786,742	2.55
1,507,000	Premier Asset Management	3,616,800	0.72
153,362	Renishaw	7,974,824	1.59
2,435,385	Sage Group	19,239,542	3.83
7,319,512	SigmaRoc	3,146,292	0.63
6,815,822	Sirius Minerals	1,599,701	0.32
720,500	Smart Metering Systems	6,331,934	1.26
4,202,266	Sophos	23,868,871	4.75
3,762,855	TT Electronics	8,381,760	1.67
2,210,165	Vesuvius	12,969,910	2.58
<b>Total United Kingdom</b>		290,223,622	57.83
<b>Total Equities</b>		400,390,090	79.78
<b>Total Transferable Securities</b>		400,390,090	79.78
		<b>Unrealised Gain GBP£</b>	<b>% of Net Assets</b>
<b>CONTRACTS FOR DIFFERENCE – UNREALISED GAINS: 2.42% (2016: 1.06%)</b>			
<b>Canada: 0.27% (2016: 0.06%)</b>			
825,658	Ivanhoe Mines	82,875	0.02
2,501,907	Kirkland Lake Gold	1,248,703	0.25
<b>Total Canada</b>		1,331,578	0.27
<b>Cayman Islands: 0.02% (2016: Nil)</b>			
666,196	Manchester United	81,920	0.02
<b>Total Cayman Islands</b>		81,920	0.02
<b>France: 0.18% (2016: Nil)</b>			
(564,146)	ALD Automotive	340,378	0.07
(338,215)	Publicis Groupe	239,793	0.05
(131,100)	Societe Bic	324,029	0.06
<b>Total France</b>		904,200	0.18

Holdings	Financial assets at fair value through profit or loss	Fair Value GBPE	% of Net Assets
	<b>Germany: 0.50% (2016: 0.53%)</b>		
733,666	Deutsche Lufthansa	670,497	0.13
166,314	Siltronic	730,458	0.15
131,962	Wacker Chemie	1,112,330	0.22
	<b>Total Germany</b>	<b>2,513,285</b>	<b>0.50</b>
	<b>Gibraltar: 0.02% (2016: Nil)</b>		
1,948,234	888 Holdings	83,774	0.02
	<b>Total Gibraltar</b>	<b>83,774</b>	<b>0.02</b>
	<b>Ireland: 0.06% (2016: 0.09%)</b>		
14,136,000	Glenveagh Properties	313,565	0.06
	<b>Total Ireland</b>	<b>313,565</b>	<b>0.06</b>
	<b>Isle of Man: 0.05% (2016: Nil)</b>		
1,713,264	GVC Holdings	256,990	0.05
	<b>Total Isle of Man</b>	<b>256,990</b>	<b>0.05</b>
	<b>Italy: Nil (2016: Nil)</b>		
6,249,255	Juventus Football Club	16,634	–
	<b>Total Italy</b>	<b>16,634</b>	<b>–</b>
	<b>Japan: 0.02% (2016: Nil)</b>		
1,101,800	Sumco	86,691	0.02
	<b>Total Japan</b>	<b>86,691</b>	<b>0.02</b>
	<b>Jersey: 0.06% (2016: Nil)</b>		
(1,284,701)	WPP	316,694	0.06
	<b>Total Jersey</b>	<b>316,694</b>	<b>0.06</b>
	<b>Luxembourg: 0.04% (2016: Nil)</b>		
634,286	ArcelorMittal	194,163	0.04
	<b>Total Luxembourg</b>	<b>194,163</b>	<b>0.04</b>
	<b>Netherlands: Nil (2016: 0.14%)</b>	<b>–</b>	<b>–</b>
	<b>Spain: 0.15% (2016: Nil)</b>		
(708,537)	Atresmediade Medios de Comunicacion	496,650	0.10
2,410,811	International Consolidated Airlines	277,243	0.05
	<b>Total Spain</b>	<b>773,893</b>	<b>0.15</b>
	<b>Sweden: 0.52% (2016: 0.16%)</b>		
(1,000,000)	Hennes & Mauritz	2,607,491	0.52
	<b>Total Sweden</b>	<b>2,607,491</b>	<b>0.52</b>

## Portfolio Statement continued

As at 31 December 2017

### UK Absolute Equity Fund continued

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP£	% of Net Assets			
	CONTRACTS FOR DIFFERENCE – UNREALISED GAINS: 2.42% (2016: 1.06%) continued					
	Switzerland: 0.07% (2016: Nil)					
8,683,787	Meyer Burger Technology	329,436	0.07			
	Total Switzerland	329,436	0.07			
(3,922,992)	BCA Marketplace	670,832	0.13			
(695,366)	Go-Ahead	241,216	0.05			
681,295	Hargreaves Lansdown	722,173	0.14			
425,721	KAZ Minerals	542,794	0.11			
(1,363,071)	SSE	91,217	0.02			
(1,999,953)	Stagecoach	69,299	0.01			
	Total United Kingdom	2,337,531	0.46			
	Total Contracts for Difference – Unrealised Gains	12,147,845	2.42			
	OPEN FORWARD FOREIGN CURRENCY CONTRACTS: NIL (2016: 0.20%)					
	Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Gain GBP£	% of Net Assets
	USD 2,376	GBP 1,773	0.7401	31/01/2018	16	–
	GBP 4,299	EUR 4,847	0.8873	31/01/2018	5	–
	EUR 25,950	GBP 23,047	0.8873	31/01/2018	3	–
	GBP 1,402	EUR 1,581	0.8873	31/01/2018	2	–
	Total unrealised gain on forward foreign currency contracts				26	–
	Total Financial Assets at fair value through profit or loss				412,537,961	82.20
					Unrealised Loss GBP£	% of Net Assets
Holdings	Financial liabilities at fair value through profit or loss					
	CONTRACTS FOR DIFFERENCE – UNREALISED LOSSES: (2.02%) (2016: (1.51%))					
	Belgium: Nil (2016: (0.20%))				–	–
	France: (0.08%) (2016: Nil)					
(384,885)	Eutelsat Communications				(116,261)	(0.02)
1,236,956	Vivendi				(268,894)	(0.06)
	Total France				(385,155)	(0.08)
	Germany: (0.01%) (2016: Nil)					
450,000	Deutsche Wohnen				(73,866)	(0.01)
	Total Germany				(73,866)	(0.01)

Holdings	Financial liabilities at fair value through profit or loss	Unrealised Loss GBP£	% of Net Assets
<b>CONTRACTS FOR DIFFERENCE – UNREALISED LOSSES: (2.02%) (2016: (1.51%)) continued</b>			
<b>Japan: (0.31%) (2016: (0.55%))</b>			
83,200	Nintendo	(1,483,127)	(0.30)
639,300	Shiseido	(59,000)	(0.01)
	<b>Total Japan</b>	<b>(1,542,127)</b>	<b>(0.31)</b>
<b>Netherlands: (0.31%) (2016: Nil)</b>			
601,328	Rhi Magnesita	(1,573,838)	(0.31)
	<b>Total Netherlands</b>	<b>(1,573,838)</b>	<b>(0.31)</b>
<b>United Kingdom: (1.08%) (2016: (0.53%))</b>			
(980)	FTSE 250 Index	(622,457)	(0.12)
(1,440,990)	Aggreko	(57,640)	(0.01)
(4,239,861)	Auto Trader	(248,032)	(0.05)
(2,154,992)	Babcock International	(427,645)	(0.09)
(550,000)	Bunzl	(221,511)	(0.04)
(330,769)	Dignity	(403,538)	(0.09)
(809,673)	Hikma Pharmaceuticals	(469,610)	(0.09)
(3,531,551)	Intu Properties REIT	(501,480)	(0.10)
(4,000,000)	Marks & Spencer	(113,748)	(0.02)
(1,711,668)	Mediclinic International	(641,876)	(0.13)
(3,960,229)	Pets at Home	(324,739)	(0.06)
(936,672)	Provident Financial	(788,653)	(0.16)
(827,950)	Ultra Electronics	(612,683)	(0.12)
	<b>Total United Kingdom</b>	<b>(5,433,612)</b>	<b>(1.08)</b>
<b>United States: (0.23%) (2016: (0.23%))</b>			
65,000	Align Technology	(440,181)	(0.09)
633,687	World Wrestling Entertainment	(722,258)	(0.14)
	<b>Total United States</b>	<b>(1,162,439)</b>	<b>(0.23)</b>
	<b>Total Contracts for Difference – Unrealised Losses</b>	<b>(10,171,037)</b>	<b>(2.02)</b>

## Portfolio Statement continued

As at 31 December 2017

### UK Absolute Equity Fund continued

#### Financial liabilities at fair value through profit or loss

##### OPEN FORWARD FOREIGN CURRENCY CONTRACTS: (0.08%) (2016: NIL)

Currency Sold	Currency Bought	Currency Rate	Maturity Date	Unrealised Loss GBP£	% of Net Assets
GBP 51,141,561	USD 68,674,167	0.7401	31/01/2018	(366,329)	(0.08)
GBP 181,366,411	EUR 204,212,708	0.8873	31/01/2018	(20,813)	–
GBP 239,650	USD 321,203	0.7401	31/01/2018	(2,164)	–
GBP 75,669	USD 101,610	0.7401	31/01/2018	(542)	–
GBP 52,973	USD 71,000	0.7401	31/01/2018	(478)	–
GBP 205,711	EUR 231,238	0.8873	31/01/2018	(366)	–
GBP 72,129	USD 97,092	0.7401	31/01/2018	(343)	–
GBP 26,445	USD 35,597	0.7401	31/01/2018	(126)	–
GBP 44,186	EUR 49,669	0.8873	31/01/2018	(79)	–
GBP 42,062	EUR 47,339	0.8873	31/01/2018	(24)	–
GBP 77,966	EUR 87,787	0.8873	31/01/2018	(9)	–
GBP 176	USD 237	0.7401	31/01/2018	(1)	–
<b>Total unrealised loss on forward foreign currency contracts</b>				<b>(391,274)</b>	<b>(0.08)</b>

##### FUTURES CONTRACTS – UNREALISED LOSSES: (0.78%) (2016: NIL)

Description	Country	Currency	No. of Contracts	Unrealised Loss GBP£	% of Net Assets
<b>UNITED KINGDOM: (0.78%) (2016: NIL)</b>					
Future FTSE 100 Mar 18	GB	GBP	(2,408)	(3,912,730)	(0.78)
<b>Total United Kingdom</b>				<b>(3,912,730)</b>	<b>(0.78)</b>
<b>Total Futures Contracts – Unrealised Losses</b>				<b>(3,912,730)</b>	<b>(0.78)</b>
<b>Total Financial Liabilities at fair value through profit and loss</b>				<b>(14,475,041)</b>	<b>(2.88)</b>

	Fair Value GBP£	% of Net Assets
<b>Total Value of Investments (Cost: GBP£ 326,213,336)</b>	<b>398,062,920</b>	<b>79.32</b>
Cash at Bank	14,637,078	2.92
Margin Receivable	99,541,692	19.83
Margin Cash	11,021,544	2.20
Other Net Liabilities	(21,412,688)	(4.27)
<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	<b>501,850,546</b>	<b>100.00</b>

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

The counterparty for the contracts for difference and future contracts is Credit Suisse Securities (Europe) Limited.

The counterparty for the forward foreign currency contracts is The Northern Trust Company.

	<b>31 December 2017 % of Total Assets</b>	<b>31 December 2016 % of Total Assets</b>
<b>Analysis of total assets (unaudited)</b>		
Transferable securities	74.23	41.67
Financial derivative instruments	(0.73)	–
OTC financial derivative instruments	0.29	(0.24)
Other assets	26.21	58.57
	100.00	100.00

The % of Net Assets was rounded to Nil if the amount is less than 0.01.

## Portfolio Statement continued

As at 31 December 2017

### UK Value Opportunities Fund\*

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP£	% of Net Assets
	<b>EQUITIES: 96.49%</b>		
	<b>Basic Materials: 2.19%</b>		
2,911,343	Central Asia Metals	8,966,936	1.61
662,824	Synthomer	3,252,477	0.58
	<b>Total Basic Materials</b>	<b>12,219,413</b>	<b>2.19</b>
	<b>Communications: 7.75%</b>		
1,026,652	Gamma Communications	6,621,905	1.19
8,047,056	Gocompare.com	8,570,115	1.54
4,864,465	ITV	7,967,994	1.43
2,021,978	M&C Saatchi	7,501,538	1.34
922,401	Taptica international	4,263,337	0.76
4,248,611	XLMedia	8,337,899	1.49
	<b>Total Communications</b>	<b>43,262,788</b>	<b>7.75</b>
	<b>Consumer, Cyclical: 20.23%</b>		
2,484,033	888 Holdings	6,992,553	1.25
387,102	Bellway	13,877,607	2.49
8,491,920	Coats	7,587,531	1.36
1,734,706	Conviviality	6,947,511	1.24
1,547,176	Headlam	8,927,206	1.60
2,563,684	Henry Boot	7,998,694	1.43
3,777,499	JD Sports Fashion	12,711,284	2.28
1,338,292	On the Beach	6,289,972	1.13
2,028,421	Redrow	13,311,310	2.38
372,185	Super	7,361,819	1.32
506,559	WH Smith	11,838,284	2.12
3,881,371	Wincanton	9,082,408	1.63
	<b>Total Consumer, Cyclical</b>	<b>112,926,179</b>	<b>20.23</b>

Holdings	Financial assets at fair value through profit or loss	Fair Value GBPE	% of Net Assets
	<b>EQUITIES: 96.49%</b> continued		
	<b>Consumer, Non-cyclical: 17.28%</b> continued		
967,806	A.G. Barr	6,445,588	1.15
199,204	Cranswick	6,629,509	1.19
254,234	Dignity	4,571,127	0.82
7,875,404	Finsbury Food	8,399,118	1.50
3,794,444	Hays	6,959,010	1.25
662,062	Hilton Food	5,639,113	1.01
6,919,144	Johnson Service	9,859,780	1.77
2,572,049	Redde	4,494,656	0.81
363,427	Restore	2,144,219	0.38
764,758	Savills	7,555,809	1.35
202,689	Shire	7,864,333	1.41
12,846,965	Speedy Hire	7,868,766	1.41
1,548,365	SSP Group	10,598,558	1.90
2,013,177	SThree	7,433,656	1.33
	<b>Total Consumer, Non-cyclical</b>	<b>96,463,242</b>	<b>17.28</b>
	<b>Financial: 19.93%</b>		
1,154,379	3i	10,481,761	1.88
1,455,331	Aviva	7,313,038	1.31
189,064	BGEO	6,743,913	1.21
106,714	Daejan	6,450,861	1.16
515,328	Jardine Lloyd Thompson	7,101,220	1.27
1,026,762	Lancashire	6,951,179	1.25
2,578,691	Legal & General	7,050,141	1.26
218,264	Mortgage Advice Bureau	1,209,728	0.22
2,330,341	Numis	7,602,738	1.36
2,147,466	OneSavings Bank	8,823,938	1.58
371,292	Prudential	6,996,998	1.25
1,357,369	RSA Insurance	8,503,917	1.52
878,981	Standard Chartered	6,805,950	1.22
1,607,477	TP ICAP	8,608,039	1.54
4,765,029	Watkin Jones	10,626,015	1.90
	<b>Total Financial</b>	<b>111,269,436</b>	<b>19.93</b>

## Portfolio Statement continued

As at 31 December 2017

### UK Value Opportunities Fund\* continued

Holdings	Financial assets at fair value through profit or loss	Fair Value GBP£	% of Net Assets
	<b>EQUITIES: 96.49%</b> continued		
	<b>Industrial: 28.60%</b>		
533,070	Avon Rubber	6,396,840	1.15
2,707,566	Biffa	7,059,978	1.26
2,465,366	Costain	11,433,135	2.05
1,795,518	DiscoverIE	6,768,205	1.21
2,221,960	Fenner	8,860,066	1.59
4,362,709	Forterra	13,000,873	2.33
792,903	Hill & Smith	10,648,687	1.91
498,643	James Fisher & Sons	7,748,912	1.39
866,277	Morgan Sindall	12,413,749	2.22
3,453,316	Photo-Me International	6,302,302	1.13
1,966,126	Polypipe	7,715,078	1.38
1,605,309	Renew	7,131,585	1.28
1,236,056	RPC	10,863,078	1.95
10,214,386	Severfield	8,171,509	1.46
2,628,853	Somero Enterprises	7,965,425	1.43
6,078,481	Strix	8,832,033	1.58
2,749,809	Trifast	6,932,269	1.24
1,945,243	Vesuvius	11,415,271	2.04
	<b>Total Industrial</b>	<b>159,658,995</b>	<b>28.60</b>
	<b>Technology: 0.51%</b>		
544,418	Softcat	2,836,419	0.51
	<b>Total Technology</b>	<b>2,836,419</b>	<b>0.51</b>
	<b>Total Equities</b>	<b>538,636,472</b>	<b>96.49</b>
	<b>Total Transferable Securities</b>	<b>538,636,472</b>	<b>96.49</b>
	<b>Total Value of Investments (Cost: GBP 493,335,191)</b>	<b>538,636,472</b>	<b>96.49</b>
	Cash at Bank	24,532,919	4.40
	Other Net Liabilities	(4,963,300)	(0.89)
	<b>Net Assets Attributable to Holders of Redeemable Participating Shares</b>	<b>558,206,091</b>	<b>100.00</b>

All securities are transferable securities and are admitted to an official stock exchange or dealt on a regulated market at the financial year end.

\* UK Value Opportunities Fund launched on 31 January 2017, therefore there are no comparatives.

	31 December 2017 % of Total Assets
<b>Analysis of total assets (unaudited)</b>	
Transferable securities	95.40
Other assets	4.60
	100.00

# Statement of Financial Position

As at 31 December 2017

		Asian Opportunities Fund 31 December 2017 US\$	Automation & Artificial Intelligence Fund* 31 December 2017 US\$	Biotechnology Fund 31 December 2017 US\$
	Notes			
<b>Assets</b>				
Transferable securities	10	44,925,258	218,786,689	281,492,299
Financial derivative instruments	10	6,226	–	–
Dividends and interest receivable		49,155	6,720	187
Amounts receivable on sale of securities		–	–	89,452
Amounts receivable on sale of redeemable participating shares		19,764	237,883	528,975
Sundry debtors		242	2,608	4,259
Cash at bank	10	4,293,302	19,278,206	11,132,072
Margin receivable	10	–	–	–
Margin cash	10	–	–	–
<b>Total Assets</b>		<b>49,293,947</b>	<b>238,312,106</b>	<b>293,247,244</b>
<b>Liabilities</b>				
Financial derivative instruments	10	–	–	–
Bank overdraft	4	–	–	–
Margin payable		–	–	–
Amounts payable on redemption of redeemable participating shares		–	(48,457)	(444,471)
Redeemable participating shares not yet allotted		–	–	(1,353)
Amounts payable on purchase of securities		–	(34,862)	(105,324)
Dividends and interest payable		(1)	(36,431)	(2,260)
Investment management fee payable	3	(77,684)	(174,903)	(564,338)
Performance fee payable	3	(1,259,002)	–	(1,639,803)
Sundry creditors	3	(50,433)	(47,390)	(77,244)
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<b>(1,387,120)</b>	<b>(342,043)</b>	<b>(2,834,793)</b>
<b>Net Assets Attributable to holders of redeemable participating shares</b>		<b>47,906,827</b>	<b>237,970,063</b>	<b>290,412,451</b>

\* Automation & Artificial Intelligence Fund launched on 6 October 2017.

\*\* Emerging Markets Growth Fund terminated on 27 December 2017.

<b>Emerging Markets Growth Fund**</b>	<b>Emerging Markets Income Fund</b>	<b>European Ex UK Income Fund</b>	<b>European Income Fund</b>	<b>Financial Opportunities Fund</b>
<b>31 December 2017 US\$</b>	<b>31 December 2017 US\$</b>	<b>31 December 2017 EUR€</b>	<b>31 December 2017 EUR€</b>	<b>31 December 2017 US\$</b>
–	326,557,403	200,292,493	12,243,319	60,744,266
–	–	–	–	–
–	1,045,565	121,559	17,131	17,648
–	–	–	–	–
–	126,657	6,042	11,251	44,479
–	3,576	1,119	451	709
1,402,726	3,138,859	4,153,884	62,221	2,166,591
–	–	–	–	–
–	–	–	–	–
1,402,726	330,872,060	204,575,097	12,334,373	62,973,693
–	–	(23,418)	–	–
–	–	–	–	–
–	–	–	–	–
(1,338,863)	(2,545,556)	(4,508)	–	(42,992)
–	–	–	–	–
–	–	–	–	–
–	(276)	(1,886)	(30)	(504)
(55,844)	(534,514)	(230,381)	(15,085)	(104,934)
–	–	–	–	–
(8,019)	(774,192)	(49,189)	(15,052)	(97,275)
(1,402,726)	(3,854,538)	(309,382)	(30,167)	(245,705)
–	327,017,522	204,265,715	12,304,206	62,727,988

## Statement of Financial Position continued

As at 31 December 2017

	Notes	Global Alpha Fund*** 31 December 2017 US\$	Global Convertible Fund 31 December 2017 US\$	Global Insurance Fund 31 December 2017 GBP£
<b>Assets</b>				
Transferable securities	10	–	670,902,663	991,192,720
Financial derivative instruments	10	–	3,035,858	3,516
Dividends and interest receivable		14	2,837,598	1,300,508
Amounts receivable on sale of securities		–	10,526,520	–
Amounts receivable on sale of redeemable participating shares		–	526,017	2,902,447
Sundry debtors		–	319,034	2,371
Cash at bank	10	1,592,554	–	35,598,203
Margin receivable	10	–	–	–
Margin cash	10	–	1,697,777	–
<b>Total Assets</b>		<b>1,592,568</b>	<b>689,845,467</b>	<b>1,030,999,765</b>
<b>Liabilities</b>				
Financial derivative instruments	10	–	(10,398,872)	(54,835)
Bank overdraft	4	–	(32,911,293)	–
Margin payable		–	(8,405,581)	–
Amounts payable on redemption of redeemable participating shares		(1,515,738)	(733,169)	(1,058,257)
Redeemable participating shares not yet allotted		–	–	–
Amounts payable on purchase of securities		–	–	–
Dividends and interest payable		–	–	–
Investment management fee payable	3	(52,277)	(921,064)	(1,403,906)
Performance fee payable	3	–	(857,884)	–
Sundry creditors	3	(24,553)	(307,262)	(178,687)
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<b>(1,592,568)</b>	<b>(54,535,125)</b>	<b>(2,695,685)</b>
<b>Net Assets Attributable to holders of redeemable participating shares</b>		<b>–</b>	<b>635,310,342</b>	<b>1,028,304,080</b>

\*\*\* Global Alpha Fund terminated 28 December 2017.

\*\*\*\* International Alpha Fund terminated on 31 October 2017.

<b>Global Technology Fund</b>	<b>Healthcare Blue Chip Fund</b>	<b>Healthcare Opportunities Fund</b>	<b>Income Opportunities Fund</b>	<b>International Alpha Fund****</b>
<b>31 December 2017 US\$</b>	<b>31 December 2017 US\$</b>	<b>31 December 2017 US\$</b>	<b>31 December 2017 GBP£</b>	<b>31 December 2017 US\$</b>
1,709,850,130	76,699,702	1,480,802,501	284,848,660	–
10,029,147	27,828	–	3,088	–
366,191	29,446	147,210	1,331,364	–
10,374,404	–	–	–	–
5,750,374	99,104	3,814,239	2,883,839	–
30,475	1,657	36,220	3,551	–
164,333,671	668,288	2,535,044	33,128,716	10,444
–	–	–	–	–
1,345,813	–	–	1,153,425	–
1,902,080,205	77,526,025	1,487,335,214	323,352,643	10,444
(543)	–	–	(681,211)	–
–	–	–	–	–
–	–	–	–	–
(6,373,455)	(120,540)	(1,774,428)	(463,186)	–
–	–	–	–	–
(18,629,566)	–	–	–	–
–	(991)	(865)	(25)	–
(3,661,390)	(89,116)	(2,634,992)	(500,106)	(5)
(6,795,792)	–	(429,631)	(4,959)	–
(370,688)	(43,063)	(279,784)	(54,791)	(10,439)
(35,831,434)	(253,710)	(5,119,700)	(1,704,278)	(10,444)
1,866,248,771	77,272,315	1,482,215,514	321,648,365	–

## Statement of Financial Position continued

As at 31 December 2017

		Japan Fund 31 December 2017 JPY ¥	Japan Value Fund (formerly Japan Alpha Fund) 31 December 2017 JPY ¥	North American Fund 31 December 2017 US\$
Notes				
<b>Assets</b>				
Transferable securities	10	127,099,163,700	8,585,383,400	2,416,201,695
Financial derivative instruments	10	63,434,978	11,693,272	2,847,920
Dividends and interest receivable		48,773,297	3,704,045	860,672
Amounts receivable on sale of securities		1,168,808,409	–	3,197,874
Amounts receivable on sale of redeemable participating shares		302,418,629	47,247,057	7,360,904
Sundry debtors		1,179,768	48,128	28,052
Cash at bank	10	1,118,833,664	495,891,175	33,265,404
Margin receivable	10	–	–	–
Margin cash	10	–	–	–
<b>Total Assets</b>		<b>129,802,612,445</b>	<b>9,143,967,077</b>	<b>2,463,762,521</b>
<b>Liabilities</b>				
Financial derivative instruments	10	(176,753,364)	(5,934,761)	(27,437)
Bank overdraft	4	–	–	–
Margin payable		–	–	–
Amounts payable on redemption of redeemable participating shares		(430,747,490)	(43,741,778)	(3,962,147)
Redeemable participating shares not yet allotted		–	(800,615)	–
Amounts payable on purchase of securities		(2,151,532,655)	(8,387,721)	–
Dividends and interest payable		(2,257,276)	(107,624)	(1,186)
Investment management fee payable	3	(246,039,045)	(4,960,771)	(2,834,672)
Performance fee payable	3	–	(582)	(2,871,332)
Sundry creditors	3	(23,623,425)	(2,489,959)	(467,287)
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<b>(3,030,953,255)</b>	<b>(66,423,811)</b>	<b>(10,164,061)</b>
<b>Net Assets Attributable to holders of redeemable participating shares</b>		<b>126,771,659,190</b>	<b>9,077,543,266</b>	<b>2,453,598,460</b>

\*\*\*\*\* UK Value Opportunities Fund launched on 31 January 2017.

The Financial Statements were approved by the Board of Directors of Polar Capital Funds plc on 4 April 2018 and signed on its behalf by:

**David Hammond**      **Ronan Daly**  
Directors

The accompanying notes form an integral part of these Financial Statements.

<b>UK Absolute Equity Fund 31 December 2017 GBP£</b>	<b>UK Value Opportunities Fund***** 31 December 2017 GBP£</b>	<b>Total 31 December 2017 US\$</b>
400,390,090	538,636,472	11,739,824,814
12,147,871	–	33,036,802
217,630	1,032,461	11,237,902
143,845	–	34,764,170
1,269,517	398,731	31,707,115
3,642	2,512	455,937
14,637,078	24,532,919	408,998,845
99,541,692	–	134,495,771
11,021,544	17,597	19,517,577
539,372,909	564,620,692	12,414,038,933
(14,475,041)	–	(32,630,057)
–	–	(32,911,293)
–	–	(8,405,581)
(1,773,040)	(255,500)	(27,916,279)
–	(31,868)	(51,523)
(34,474)	(3,139,750)	(42,243,402)
(135,296)	–	(248,655)
(783,531)	(-489,182)	(18,521,667)
(20,235,394)	(2,408,989)	(44,456,111)
(85,587)	(89,312)	(3,418,367)
(37,522,363)	(6,414,601)	(210,802,935)
501,850,546	558,206,091	12,203,235,998

## Comparative Statement of Financial Position

As at 31 December 2016

		Asian Opportunities Fund 31 December 2016 US\$	Biotechnology Fund 31 December 2016 US\$	Emerging Markets Growth Fund 31 December 2016 US\$
	Notes			
<b>Assets</b>				
Transferable securities	10	29,283,703	117,586,144	57,223,245
Financial derivative instruments	10	–	–	–
Dividends and interest receivable		42,672	–	124,892
Amounts receivable on sale of securities		–	–	–
Amounts receivable on sale of redeemable participating shares		2,615	2,305,057	–
Sundry debtors		432	12,976	523
Cash at bank	10	3,837,861	1,115,708	2,731,597
Margin receivable	10	–	–	–
Margin cash	10	–	–	–
<b>Total Assets</b>		<b>33,167,283</b>	<b>121,019,885</b>	<b>60,080,257</b>
<b>Liabilities</b>				
Financial derivative instruments	10	–	–	–
Bank overdraft	4	–	–	–
Margin payable		–	–	–
Amounts payable on redemption of redeemable participating shares		–	(2,101,793)	–
Redeemable participating shares not yet allotted		(2,695)	(4,325)	–
Amounts payable on purchase of securities		–	–	–
Dividends and interest payable		–	(561)	–
Investment management fee payable	3	(33,423)	(127,352)	(91,330)
Performance fee payable	3	–	(1,244,364)	–
Sundry creditors	3	(55,550)	(51,872)	(22,168)
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<b>(91,668)</b>	<b>(3,530,267)</b>	<b>(113,498)</b>
<b>Net Assets Attributable to holders of redeemable participating shares</b>		<b>33,075,615</b>	<b>117,489,618</b>	<b>59,966,759</b>

Emerging Markets Income Fund 31 December 2016 US\$	European Ex UK Income Fund 31 December 2016 EUR€	European Income Fund 31 December 2016 EUR€	Financial Opportunities Fund 31 December 2016 US\$	Global Alpha Fund 31 December 2016 US\$	Global Convertible Fund 31 December 2016 US\$	Global Insurance Fund 31 December 2016 GBP£
305,866,095	57,212,852	11,728,536	30,749,426	118,622,675	492,813,781	679,788,417
–	–	–	–	–	13,567,036	7,998
726,528	–	–	7,078	136,106	2,055,211	1,219,808
–	–	–	379,094	55,631	3,802,010	–
115,417	1,956	–	40,619	–	1,064,597	3,244,790
4,085	–	81	497	6,620	23,657	1,518
10,028,306	1,120,050	–	1,491,045	855,817	–	22,853,897
–	–	–	–	–	3,144,362	–
–	–	–	–	–	892,975	–
316,740,431	58,334,858	11,728,617	32,667,759	119,676,849	517,363,629	707,116,428
–	(542,724)	–	–	–	(4,621,198)	(4,350)
–	–	(3,056)	–	–	(16,483,927)	–
–	–	–	–	–	–	–
(1,240,145)	–	–	(876,011)	–	(441,454)	(353,905)
(8,310)	–	–	–	–	–	(276,324)
–	–	–	–	–	(1,036,167)	–
–	–	–	–	–	–	–
(316,203)	(27,957)	(7,048)	(29,824)	(76,672)	(350,415)	(568,450)
–	(36,306)	–	–	–	–	(388,086)
(117,991)	(24,014)	(17,386)	(16,436)	(49,490)	(207,092)	(216,200)
(1,682,649)	(631,001)	(27,490)	(922,271)	(126,162)	(23,140,253)	(1,807,315)
315,057,782	57,703,857	11,701,127	31,745,488	119,550,687	494,223,376	705,309,113

## Comparative Statement of Financial Position continued

As at 31 December 2016

	Notes	Global Technology Fund 31 December 2016 US\$	Healthcare Blue Chip Fund 31 December 2016 US\$	Healthcare Opportunities Fund 31 December 2016 US\$
<b>Assets</b>				
Transferable securities	10	898,241,704	74,664,587	968,683,044
Financial derivative instruments	10	2,827,969	–	–
Dividends and interest receivable		483,080	46,055	449,680
Amounts receivable on sale of securities		425,252	–	32,078,665
Amounts receivable on sale of redeemable participating shares		2,602,709	169,828	6,043,892
Sundry debtors		24,649	1,583	101,343
Cash at bank	10	16,514,887	3,461,728	68,719,729
Margin receivable	10	–	–	–
Margin cash	10	–	–	–
<b>Total Assets</b>		<b>921,120,250</b>	<b>78,343,781</b>	<b>1,076,076,353</b>
<b>Liabilities</b>				
Financial derivative instruments	10	–	–	–
Bank overdraft	4	–	–	–
Margin payable		–	–	–
Amounts payable on redemption of redeemable participating shares		(1,928,868)	–	(4,612,511)
Redeemable participating shares not yet allotted		(134,344)	–	(241,805)
Amounts payable on purchase of securities		(377,604)	–	(3,377,558)
Dividends and interest payable		–	–	–
Investment management fee payable	3	(1,090,783)	(45,565)	(1,115,132)
Performance fee payable	3	–	–	–
Sundry creditors	3	(302,904)	(84,130)	(575,438)
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<b>(3,834,503)</b>	<b>(129,695)</b>	<b>(9,922,444)</b>
<b>Net Assets Attributable to holders of redeemable participating shares</b>		<b>917,285,747</b>	<b>78,214,086</b>	<b>1,066,153,909</b>

\* International Alpha Fund launched on 10 August 2016.

The accompanying notes form an integral part of these Financial Statements.

Income Opportunities Fund 31 December 2016 GBP£	International Alpha Fund* 31 December 2016 US\$	Japan Fund 31 December 2016 JPY ¥	Japan Alpha Fund 31 December 2016 JPY ¥	North American Fund 31 December 2016 US\$	UK Absolute Equity Fund 31 December 2016 GBP£	Total 31 December 2016 US\$
151,146,204	4,912,831	122,184,388,680	6,815,088,460	1,795,373,618	42,564,562	7,148,117,617
43	–	56,977,018	2,256,606	1,966,534	1,215,064	20,378,901
1,184,765	4,637	90,270,637	6,335,475	1,161,910	–	9,034,365
–	–	1,511,864,542	179,578,333	989,686	–	52,180,323
72,691	–	130,189,615	–	6,451,621	126,012	24,165,579
1,216	38	3,770,358	982,657	30,117	5,344	257,192
3,547,488	23,039	914,347,860	228,258,311	51,287,860	58,233,696	275,589,558
–	–	–	–	–	–	3,144,362
1,537,584	–	–	–	–	–	2,792,891
157,489,991	4,940,545	124,891,808,710	7,232,499,842	1,857,261,346	102,144,678	7,535,660,788
(197,640)	–	(552,595,991)	(60,932,623)	(3,908)	(1,458,549)	(12,490,760)
–	–	–	–	–	–	(16,487,150)
–	–	–	–	–	–	–
(27)	–	(2,342,939,246)	(110,138,943)	(5,581,028)	(455,152)	(38,738,184)
–	–	–	–	(100,620)	(2,548,054)	(3,982,041)
–	–	(881,356,170)	(30,892,259)	–	–	(12,584,661)
(15)	–	–	–	–	(142,173)	(176,256)
(146,775)	(2,390)	(166,510,426)	(3,549,058)	(1,202,526)	(76,702)	(6,949,898)
–	–	–	–	–	(811,118)	(2,764,454)
(50,793)	(3,498)	(47,635,384)	(2,539,670)	(624,327)	(46,062)	(2,970,034)
(395,250)	(5,888)	(3,991,037,217)	(208,052,553)	(7,512,409)	(5,537,810)	(97,143,438)
157,094,741	4,934,657	120,900,771,493	7,024,447,289	1,849,748,937	96,606,868	7,438,517,350

## Statement of Comprehensive Income

For the financial year ended 31 December 2017

		Asian Opportunities Fund 31 December 2017 US\$	Automation & Artificial Intelligence Fund* 31 December 2017 US\$	Biotechnology Fund 31 December 2017 US\$	Emerging Markets Growth Fund** 31 December 2017 US\$
	Notes				
<b>Investment income</b>					
Investment income		896,002	169,512	295,357	1,452,782
Net realised and unrealised gain on investments		12,363,104	1,785,348	47,928,570	12,802,138
Income equalisation		4,142	–	–	(633,067)
<b>Net investment income</b>		<b>13,263,248</b>	<b>1,954,860</b>	<b>48,223,927</b>	<b>13,621,853</b>
<b>Expenses</b>					
Investment management fees	3	(400,847)	(210,618)	(2,308,728)	(586,390)
Administration fees	3	(30,048)	(26,611)	(143,153)	(44,493)
General expenses	3	(32,198)	(27,514)	(88,663)	(6,232)
Performance fees	3	(1,258,997)	–	(1,639,803)	–
Depository's fees	3	(39,368)	(16,730)	(81,590)	(56,959)
Legal fees		(2,758)	(2,199)	(13,091)	(4,437)
Directors' fees	8	(3,101)	(3,488)	(14,813)	(4,336)
Auditor's fees		(525)	(3,119)	(3,665)	(238)
<b>Operating expenses</b>		<b>(1,767,842)</b>	<b>(290,279)</b>	<b>(4,293,506)</b>	<b>(703,085)</b>
<b>Net income from operations before finance costs</b>		<b>11,495,406</b>	<b>1,664,581</b>	<b>43,930,421</b>	<b>12,918,768</b>
<b>Finance costs</b>					
Bank interest/financing charges		(7)	(157,509)	(13,221)	(2)
Distributions to holders of redeemable participating shares	13	(295,654)	–	–	–
<b>Total finance costs</b>		<b>(295,661)</b>	<b>(157,509)</b>	<b>(13,221)</b>	<b>(2)</b>
<b>Profit for the financial year before tax</b>		<b>11,199,745</b>	<b>1,507,072</b>	<b>43,917,200</b>	<b>12,918,766</b>
Withholding tax		(101,714)	(41,248)	(78,356)	(125,631)
<b>Change in net assets attributable to holders of redeemable participating shares</b>		<b>11,098,031</b>	<b>1,465,824</b>	<b>43,838,844</b>	<b>12,793,135</b>

\* Automation & Artificial Intelligence Fund launched on 6 October 2017.

\*\* Emerging Markets Growth Fund terminated on 27 December 2017.

\*\*\* Global Alpha Fund terminated on 28 December 2017.

Emerging Markets Income Fund 31 December 2017 US\$	European Ex UK Income Fund 31 December 2017 EUR€	European Income Fund 31 December 2017 EUR€	Financial Opportunities Fund 31 December 2017 US\$	Global Alpha Fund*** 31 December 2017 US\$	Global Convertible Fund 31 December 2017 US\$	Global Insurance Fund 31 December 2017 GBP£
15,599,252	6,472,176	553,571	1,551,037	2,444,118	24,515,003	16,013,600
62,312,183	5,261,889	582,621	12,562,803	21,459,996	54,485,612	45,534,145
(1,013,173)	951,249	2,821	(32,565)	(1,366,379)	(173,329)	570,125
76,898,262	12,685,314	1,139,013	14,081,275	22,537,735	78,827,286	62,117,870
(3,255,281)	(936,659)	(93,159)	(620,926)	(707,368)	(5,084,531)	(7,127,813)
(258,896)	(112,540)	(9,333)	(46,090)	(89,121)	(442,975)	(652,992)
(134,693)	(58,254)	(14,691)	(43,902)	(39,667)	(130,724)	(173,012)
–	–	–	–	–	(849,924)	–
(323,176)	(71,279)	(4,249)	(24,850)	(38,388)	(195,766)	(289,458)
(23,474)	(10,773)	(819)	(4,435)	(9,657)	(40,009)	(57,702)
(26,042)	(11,699)	(898)	(4,784)	(9,008)	(45,269)	(64,116)
(3,442)	(3,764)	(121)	(1,116)	(734)	(6,688)	(12,325)
(4,025,004)	(1,204,968)	(123,270)	(746,103)	(893,943)	(6,795,886)	(8,377,418)
72,873,258	11,480,346	1,015,743	13,335,172	21,643,792	72,031,400	53,740,452
(377)	(22,001)	(864)	(665)	(145)	(14,312)	–
(7,668,017)	(5,626,621)	(33,092)	(475,042)	–	(19,659,945)	(6,435,247)
(7,668,394)	(5,648,622)	(33,956)	(475,707)	(145)	(19,674,257)	(6,435,247)
65,204,864	5,831,724	981,787	12,859,465	21,643,647	52,357,143	47,305,205
(1,327,089)	(893,947)	(54,064)	(221,916)	(207,772)	(142,904)	(2,151,662)
63,877,775	4,937,777	927,723	12,637,549	21,435,875	52,214,239	45,153,543

## Statement of Comprehensive Income continued

For the financial year ended 31 December 2017

		Global Technology Fund 31 December 2017 US\$	Healthcare Blue Chip Fund 31 December 2017 US\$	Healthcare Opportunities Fund 31 December 2017 US\$	Income Opportunities Fund 31 December 2017 GBP£
Notes					
<b>Investment income</b>					
Investment income		8,031,691	984,294	9,494,631	11,728,235
Net realised and unrealised gain on investments		533,602,507	13,845,372	278,752,420	8,348,376
Income equalisation		–	(64,231)	(8)	3,977,752
<b>Net investment income</b>		<b>541,634,198</b>	<b>14,765,435</b>	<b>288,247,043</b>	<b>24,054,363</b>
<b>Expenses</b>					
Investment management fees	3	(16,160,850)	(562,512)	(14,461,776)	(1,781,866)
Administration fees	3	(1,067,363)	(59,490)	(1,003,308)	(153,703)
General expenses	3	(337,474)	(37,868)	(260,650)	(63,099)
Performance fees	3	(6,783,532)	–	(429,631)	(5,211)
Depositary's fees	3	(576,153)	(30,132)	(444,674)	(67,241)
Legal fees		(98,009)	(5,329)	79,641	(13,537)
Directors' fees	8	(110,894)	(6,018)	(104,039)	(15,919)
Auditor's fees		(24,702)	(751)	(17,763)	(3,626)
<b>Operating expenses</b>		<b>(25,158,977)</b>	<b>(702,100)</b>	<b>(16,642,200)</b>	<b>(2,104,202)</b>
<b>Net income from operations before finance costs</b>		<b>516,475,221</b>	<b>14,063,335</b>	<b>271,604,843</b>	<b>21,950,161</b>
<b>Finance costs</b>					
Bank interest/financing charges		(2,351)	(3,981)	(2,622)	(6,427)
Distributions to holders of redeemable participating shares	13	–	(807,269)	–	(2,340,046)
<b>Total finance costs</b>		<b>(2,351)</b>	<b>(811,250)</b>	<b>(2,622)</b>	<b>(2,346,473)</b>
<b>Profit for the financial year before tax</b>		<b>516,472,870</b>	<b>13,252,085</b>	<b>271,602,221</b>	<b>19,603,688</b>
Withholding tax		(1,796,336)	(255,018)	(2,212,800)	(461,411)
<b>Change in net assets attributable to holders of redeemable participating shares</b>		<b>514,676,534</b>	<b>12,997,067</b>	<b>269,389,421</b>	<b>19,142,277</b>

\*\*\*\* International Alpha Fund terminated on 31 October 2017.

\*\*\*\*\* UK Value Opportunities Fund launched on 31 January 2017.

All gains and losses arose solely from continuing operations, except for International Alpha Fund which terminated on 31 October 2017, Emerging Markets Growth Fund which terminated on 27 December 2017 and Global Alpha Fund which terminated on 28 December 2017.

There were no gains or losses other than those dealt within the Statement of Comprehensive Income.

The accompanying notes form an integral part of these Financial Statements.

International Alpha Fund**** 31 December 2017 US\$	Japan Fund 31 December 2017 JPY ¥	Japan Value Fund (formerly Japan Alpha Fund) 31 December 2017 JPY ¥	North American Fund 31 December 2017 US\$	UK Absolute Equity Fund 31 December 2017 GBP£	UK Value Opportunities Fund***** 31 December 2017 GBP£	Total 31 December 2017 US\$
132,847	2,196,910,525	152,379,800	26,170,369	(214,778)	6,210,825	164,295,847
1,018,727	32,646,231,820	2,212,008,750	499,186,701	111,014,957	52,201,031	2,150,286,740
(85,186)	(12,779,591)	(647,778)	27,252	–	1,688,958	5,694,050
1,066,388	34,830,362,754	2,363,740,772	525,384,322	110,800,179	60,100,814	2,320,276,637
(27,730)	(1,272,604,577)	(22,624,017)	(15,182,042)	(2,386,375)	(1,604,888)	(88,971,758)
(3,526)	(82,878,381)	(5,697,070)	(1,581,260)	(176,788)	(189,678)	(7,241,733)
(10,508)	(15,706,689)	(3,645,951)	(356,037)	(117,914)	(113,829)	(2,366,619)
–	(13,036,633)	(582)	(2,852,815)	(20,237,045)	(2,408,989)	(43,228,108)
(4,256)	(45,350,176)	(3,129,145)	(699,858)	(56,787)	(67,047)	(3,671,376)
(327)	(6,996,413)	(524,030)	(144,602)	(16,831)	(18,238)	(486,392)
(328)	(7,804,963)	(566,911)	(160,326)	(19,766)	(21,059)	(737,705)
(18)	(506,252)	(90,500)	(26,501)	(7,263)	(9,223)	(140,948)
(46,693)	(1,444,884,084)	(36,278,206)	(21,003,441)	(23,018,769)	(4,432,951)	(146,844,639)
1,019,695	33,385,478,670	2,327,462,566	504,380,881	87,781,410	55,667,863	2,173,431,998
–	(26,063,644)	(1,884,183)	(852)	(1,358,211)	(432)	(2,236,742)
–	–	–	–	–	–	(46,683,753)
–	(26,063,644)	(1,884,183)	(852)	(1,358,211)	(432)	(48,920,495)
1,019,695	33,359,415,026	2,325,578,383	504,380,029	86,423,199	55,667,431	2,124,511,503
(11,994)	(329,536,584)	(22,856,973)	(5,583,507)	(149,221)	(49,411)	(19,961,077)
1,007,701	33,029,878,442	2,302,721,410	498,796,522	86,273,978	55,618,020	2,104,550,426

## Comparative Statement of Comprehensive Income

For the financial year ended 31 December 2016

	Notes	Asian Opportunities Fund 31 December 2016 US\$	Biotechnology Fund 31 December 2016 US\$	Emerging Markets Growth Fund 31 December 2016 US\$
<b>Investment income</b>				
Investment income		877,631	191,308	1,343,224
Net realised and unrealised gain/(loss) on investments		2,553,644	(1,831,587)	2,574,481
Income equalisation		(21,211)	–	146,175
<b>Net investment income/(loss)</b>		<b>3,410,064</b>	<b>(1,640,279)</b>	<b>4,063,880</b>
<b>Expenses</b>				
Investment management fees	3	(352,542)	(819,814)	(497,102)
Administration fees	3	(30,617)	(63,189)	(40,054)
General expenses	3	(42,472)	(81,750)	(35,248)
Performance fees	3	(38,697)	(1,244,364)	–
Depository's fees	3	(34,958)	(25,589)	(34,669)
Legal fees		(3,287)	(6,998)	(4,424)
Directors' fees	8	(2,980)	(7,019)	(3,746)
Auditor's fees		(682)	(2,608)	(1,381)
<b>Operating expenses</b>		<b>(506,235)</b>	<b>(2,251,331)</b>	<b>(616,624)</b>
<b>Net income/(expense) from operations before finance costs</b>		<b>2,903,829</b>	<b>(3,891,610)</b>	<b>3,447,256</b>
<b>Finance costs</b>				
Bank interest/financing charges		–	(11,297)	(440)
Distributions to holders of redeemable participating shares	13	(439,332)	–	–
<b>Total finance costs</b>		<b>(439,332)</b>	<b>(11,297)</b>	<b>(440)</b>
<b>Profit/(loss) for the financial year before tax</b>		<b>2,464,497</b>	<b>(3,902,907)</b>	<b>3,446,816</b>
Withholding tax		(86,304)	(44,478)	(129,434)
<b>Change in net assets attributable to holders of redeemable participating shares</b>		<b>2,378,193</b>	<b>(3,947,385)</b>	<b>3,317,382</b>

Emerging Markets Income Fund	European Ex UK Income Fund	European Income Fund	Financial Opportunities Fund	Global Alpha Fund	Global Convertible Fund	Global Insurance Fund
31 December 2016 US\$	31 December 2016 EUR€	31 December 2016 EUR€	31 December 2016 US\$	31 December 2016 US\$	31 December 2016 US\$	31 December 2016 GBP£
13,725,609	1,329,424	558,813	591,537	2,862,697	20,191,080	10,582,115
19,698,128	(758,608)	(373,300)	(1,187,515)	4,172,872	(32,483,044)	136,734,531
(211,834)	67,537	(5,761)	(18,011)	82,825	1,289,327	539,340
33,211,903	638,353	179,752	(613,989)	7,118,394	(11,002,637)	147,855,986
(2,977,783)	(231,738)	(88,344)	(297,368)	(651,880)	(3,349,581)	(3,874,788)
(268,549)	(32,827)	(10,284)	(25,534)	(93,482)	(365,158)	(385,327)
(199,444)	(35,936)	(23,437)	(42,764)	(58,547)	(185,467)	(192,350)
–	(38,040)	–	–	–	–	(388,086)
(261,140)	(16,797)	(3,632)	(9,181)	(47,814)	(140,630)	(152,739)
(29,192)	(3,887)	(1,105)	(2,737)	(10,467)	(41,965)	(44,535)
(23,954)	(3,494)	(924)	(3,563)	(9,707)	(40,082)	(40,597)
(7,118)	(1,353)	(216)	(443)	(2,594)	(12,767)	(16,321)
(3,767,180)	(364,072)	(127,942)	(381,590)	(874,491)	(4,135,650)	(5,094,743)
29,444,723	274,281	51,810	(995,579)	6,243,903	(15,138,287)	142,761,243
(12,519)	(4,337)	(859)	(1,454)	(1,308)	–	(17,038)
(7,680,940)	(1,104,719)	(26,057)	(298,330)	–	(14,225,657)	(4,860,658)
(7,693,459)	(1,109,056)	(26,916)	(299,784)	(1,308)	(14,225,657)	(4,877,696)
21,751,264	(834,775)	24,894	(1,295,363)	6,242,595	(29,363,944)	137,883,547
(1,241,885)	(213,991)	(60,703)	(67,827)	(348,408)	(637,423)	(1,351,206)
20,509,379	(1,048,766)	(35,809)	(1,363,190)	5,894,187	(30,001,367)	136,532,341

## Comparative Statement of Comprehensive Income continued

For the financial year ended 31 December 2016

	Notes	Global Technology Fund 31 December 2016 US\$	Healthcare Blue Chip Fund 31 December 2016 US\$	Healthcare Opportunities Fund 31 December 2016 US\$
<b>Investment income</b>				
Investment income		4,684,563	846,200	10,185,119
Net realised and unrealised gain/(loss) on investments		88,538,875	(2,569,863)	(126,958,331)
Income equalisation		–	260,780	(102,366)
<b>Net investment income/(loss)</b>		<b>93,223,438</b>	<b>(1,462,883)</b>	<b>(116,875,578)</b>
<b>Expenses</b>				
Investment management fees	3	(9,027,616)	(405,241)	(10,334,895)
Administration fees	3	(711,183)	(49,212)	(810,196)
General expenses	3	(867,366)	(52,640)	(312,977)
Performance fees	3	–	–	–
Depository's fees	3	(319,917)	(22,383)	(321,394)
Legal fees		(81,427)	(221)	(256,560)
Directors' fees	8	(76,673)	(5,248)	(79,954)
Auditor's fees		(20,691)	(1,675)	(19,132)
<b>Operating expenses</b>		<b>(11,104,873)</b>	<b>(536,620)</b>	<b>(12,135,108)</b>
<b>Net income/(expense) from operations before finance costs</b>		<b>82,118,565</b>	<b>(1,999,503)</b>	<b>(129,010,686)</b>
<b>Finance costs</b>				
Bank interest/financing charges		(6,579)	(4,711)	(56,970)
Distributions to holders of redeemable participating shares	13	–	(447,855)	–
<b>Total finance costs</b>		<b>(6,579)</b>	<b>(452,566)</b>	<b>(56,970)</b>
<b>Profit/(loss) for the financial year before tax</b>		<b>82,111,986</b>	<b>(2,452,069)</b>	<b>(129,067,656)</b>
Withholding tax		(1,066,800)	(189,981)	(2,158,637)
<b>Change in net assets attributable to holders of redeemable participating shares</b>		<b>81,045,186</b>	<b>(2,642,050)</b>	<b>(131,226,293)</b>

\* International Alpha Fund launched on 10 August 2016.

The accompanying notes form an integral part of these Financial Statements.

Income Opportunities Fund	International Alpha Fund*	Japan Fund	Japan Alpha Fund	North American Fund	UK Absolute Equity Fund	Total
31 December 2016 GBP£	31 December 2016 US\$	31 December 2016 JPY ¥	31 December 2016 JPY ¥	31 December 2016 US\$	31 December 2016 GBP£	31 December 2016 US\$
6,874,681	52,573	4,425,847,032	172,434,050	26,386,614	41,775	150,123,152
14,660,607	(90,317)	(74,910,643,063)	(2,944,068,496)	124,791,447	5,669,322	(428,773,265)
622,831	–	(769,134,871)	(45,193,380)	(177,955)	–	(4,614,561)
22,158,119	(37,744)	(71,253,930,902)	(2,816,827,826)	151,000,106	5,711,097	(283,264,674)
(931,763)	(11,559)	(1,954,903,385)	(29,072,685)	(13,064,549)	(518,040)	(67,646,026)
(107,454)	(1,695)	(146,699,133)	(6,295,328)	(1,555,000)	(50,009)	(6,207,287)
(64,342)	(6,975)	(26,897,380)	(4,798,758)	(555,797)	(48,677)	(3,213,113)
(435,113)	–	–	–	–	(810,880)	(3,539,625)
(40,321)	(855)	(71,340,641)	(3,060,238)	(616,615)	(14,099)	(2,824,234)
(12,057)	(209)	(14,830,951)	(632,882)	(168,215)	(5,911)	(838,457)
(11,599)	(163)	(12,494,122)	(528,045)	(155,626)	(5,445)	(611,742)
(3,687)	(140)	951,025	3,376	(38,686)	(2,525)	(131,393)
(1,606,336)	(21,596)	(2,226,214,587)	(44,384,560)	(16,154,488)	(1,455,586)	(85,011,877)
20,551,783	(59,340)	(73,480,145,489)	(2,861,212,386)	134,845,618	4,255,511	(368,276,551)
(637)	(85)	(57,221,313)	(970,300)	(50,596)	(392,072)	(1,243,337)
(2,080,911)	–	(1,778,352,545)	–	–	–	(50,141,297)
(2,081,548)	(85)	(1,835,573,858)	(970,300)	(50,596)	(392,072)	(51,384,634)
18,470,235	(59,425)	(75,315,719,347)	(2,862,182,686)	134,795,022	3,863,439	(419,661,185)
(421,771)	(5,918)	(659,046,791)	(25,865,109)	(5,116,628)	(7,968)	(20,123,944)
18,048,464	(65,343)	(75,974,766,138)	(2,888,047,795)	129,678,394	3,855,471	(439,785,129)

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

For the financial year ended 31 December 2017

	Notes	Asian Opportunities Fund 31 December 2017 US\$	Automation & Artificial Intelligence Fund* 31 December 2017 US\$	Biotechnology Fund 31 December 2017 US\$
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the financial year</b>		33,075,615	–	117,489,618
Issue of redeemable shares during the financial year	9	5,527,415	247,282,801	233,689,057
Fx gain on consolidation	2	–	–	–
Redemption of redeemable shares during the financial year	9	(1,794,234)	(10,778,562)	(104,605,068)
Change in net assets attributable to holders of redeemable participating shares		11,098,031	1,465,824	43,838,844
<b>Net assets attributable to holders of redeemable participating shares at the end of the financial year</b>		47,906,827	237,970,063	290,412,451

\* Automation & Artificial Intelligence Fund launched on 6 October 2017.

\*\* Emerging Markets Growth Fund terminated on 27 December 2017.

\*\*\* Global Alpha Fund terminated on 28 December 2017.

	Notes	Global Technology Fund 31 December 2017 US\$	Healthcare Blue Chip Fund 31 December 2017 US\$	Healthcare Opportunities Fund 2017 GBP£
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the financial year</b>		917,285,747	78,214,086	1,066,153,909
Issue of redeemable shares during the financial year	9	971,645,802	14,314,047	445,677,312
Fx gain on consolidation	2	–	–	–
Redemption of redeemable shares during the financial year	9	(537,359,312)	(28,252,885)	(299,005,129)
Change in net assets attributable to holders of redeemable participating shares		514,676,534	12,997,067	269,389,421
<b>Net assets attributable to holders of redeemable participating shares at the end of the financial year</b>		1,866,248,771	77,272,315	1,482,215,513

\*\*\*\* International Alpha Fund terminated on 31 October 2017.

\*\*\*\*\* UK Value Opportunities Fund launched on 31 January 2017.

Emerging Markets Growth Fund**	Emerging Markets Income Fund	European Ex UK Income Fund	European Income Fund	Financial Opportunities Fund	Global Alpha Fund***	Global Convertible Fund	Global Insurance Fund
31 December 2017 US\$	31 December 2017 US\$	31 December 2017 EUR€	31 December 2017 EUR€	31 December 2017 US\$	31 December 2017 US\$	31 December 2017 US\$	31 December 2017 GBPE
59,966,759	315,057,782	57,703,857	11,701,127	31,745,488	119,550,687	494,223,376	705,309,113
5,228,816	118,029,593	143,108,668	520,690	63,469,285	3,158,791	308,220,753	501,749,024
–	–	–	–	–	–	–	–
(77,988,710)	(169,947,628)	(1,484,587)	(845,334)	(45,124,334)	(144,145,353)	(219,348,026)	(223,907,600)
12,793,135	63,877,775	4,937,777	927,723	12,637,549	21,435,875	52,214,239	45,153,543
–	327,017,522	204,265,715	12,304,206	62,727,988	–	635,310,342	1,028,304,080

Income Opportunities Fund	International Alpha Fund****	Japan Fund	Japan Value Fund (formerly Japan Alpha Fund)	North American Fund	UK Absolute Equity Fund	UK Value Opportunities Fund*****	Total
31 December 2017 GBPE	31 December 2017 US\$	31 December 2017 JPY ¥	31 December 2017 JPY ¥	31 December 2017 US\$	31 December 2017 GBPE	31 December 2017 GBPE	31 December 2017 US\$
157,094,741	4,934,657	120,900,771,493	7,024,447,289	1,849,748,937	96,606,868	–	7,438,517,350
182,831,091	5,942,358	34,368,554,932	387,629,729	855,780,807	391,890,575	523,475,731	5,820,302,401
–	–	–	–	–	–	–	256,982,599
(37,419,744)	(11,884,716)	(61,527,545,677)	(637,255,162)	(750,727,806)	(72,920,875)	(20,887,660)	(3,417,116,778)
19,142,277	1,007,701	33,029,878,442	2,302,721,410	48,796,522	86,273,978	55,618,020	2,104,550,426
321,648,365	–	126,771,659,190	9,077,543,266	2,453,598,460	501,850,546	558,206,091	12,203,235,998

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

For the financial year ended 31 December 2016

		Asian Opportunities Fund 31 December 2016 US\$	Biotechnology Fund 31 December 2016 US\$	Emerging Markets Growth Fund 31 December 2016 US\$
	Notes			
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the financial year</b>		37,205,144	68,531,845	44,255,877
Issue of redeemable shares during the financial year	9	415,779	110,565,985	14,406,491
Fx gain on consolidation	2	–	–	–
Redemption of redeemable shares during the financial year	9	(6,923,501)	(57,660,827)	(2,012,991)
Change in net assets attributable to holders of redeemable participating shares		2,378,193	(3,947,385)	3,317,382
<b>Net assets attributable to holders of redeemable participating shares at the end of the financial year</b>		33,075,615	117,489,618	59,966,759

		Healthcare Blue Chip Fund 31 December 2016 US\$	Healthcare Opportunities Fund 31 December 2016 US\$	Income Opportunities Fund 31 December 2016 GBP£
	Notes			
<b>Net assets attributable to holders of redeemable participating shares at the beginning of the financial year</b>		60,806,206	1,091,356,145	111,956,218
Issue of redeemable shares during the financial year	9	47,424,235	469,139,613	40,957,381
Fx gain on consolidation	2	–	–	–
Redemption of redeemable shares during the financial year	9	(27,374,305)	(363,115,556)	(13,867,322)
Change in net assets attributable to holders of redeemable participating shares		(2,642,050)	(131,226,293)	18,048,464
<b>Net assets attributable to holders of redeemable participating shares at the end of the financial year</b>		78,214,086	1,066,153,909	157,094,741

\* International Alpha Fund launched on the 10 August 2016.

The accompanying notes form an integral part of these Financial Statements.

Emerging Markets Income Fund	European Ex UK Income Fund	European Income Fund	Financial Opportunities Fund	Global Alpha Fund	Global Convertible Fund	Global Insurance Fund	Global Technology Fund
31 December 2016	31 December 2016	31 December 2016	31 December 2016	31 December 2016	31 December 2016	31 December 2016	31 December 2016
US\$	EUR€	EUR€	US\$	US\$	US\$	GBP£	US\$
312,562,348	28,753,540	13,178,447	40,466,632	103,570,029	370,317,215	380,063,100	841,631,984
116,833,376	32,357,373	2,458,399	8,699,720	38,375,266	236,519,762	308,148,411	285,803,213
–	–	–	–	–	–	–	–
(134,847,321)	(2,358,290)	(3,899,910)	(16,057,674)	(28,288,795)	(82,612,234)	(119,434,739)	(291,194,636)
20,509,379	(1,048,766)	(35,809)	(1,363,190)	5,894,187	(30,001,367)	136,532,341	81,045,186
315,057,782	57,703,857	11,701,127	31,745,488	119,550,687	494,223,376	705,309,113	917,285,747
International Alpha Fund*	Japan Fund	Japan Alpha Fund	North American Fund	UK Absolute Equity Fund	Total		
31 December 2016	31 December 2016	31 December 2016	31 December 2016	31 December 2016	31 December 2016		
US\$	JPY ¥	JPY ¥	US\$	GBP£	US\$		
–	345,177,545,849	13,604,996,857	1,951,829,090	24,841,454	8,709,063,434		
5,000,000	35,245,009,315	658,422,001	594,754,308	88,807,317	2,890,831,093		
–	–	–	–	–	62,741,518		
–	(183,547,017,533)	(4,350,923,774)	(826,512,855)	(20,897,374)	(3,784,333,566)		
(65,343)	(75,974,766,138)	(2,888,047,795)	129,678,394	3,855,471	(439,785,129)		
4,934,657	120,900,771,493	7,024,447,289	1,849,748,937	96,606,868	7,438,517,350		

## Statement of Cash Flows

For the financial year ended 31 December 2017

	Asian Opportunities Fund 31 December 2017 US\$	Automation & Artificial Intelligence Fund* 31 December 2017 US\$	Biotechnology Fund 31 December 2017 US\$	Emerging Markets Growth Fund** 31 December 2017 US\$
<b>Cash flows from operating activities</b>				
Purchase of financial assets	(20,655,735)	(217,843,069)	(329,879,478)	(10,580,869)
Proceeds from sale of financial assets	17,465,362	1,342,375	214,207,344	80,873,391
Loss from forward foreign currency contracts and futures	(94,304)	(465,785)	(289,579)	(267,139)
Increase in margin accounts	–	–	–	–
Dividends and interest received	889,656	46,353	283,648	1,577,795
Operating expenses paid	(571,363)	(116,481)	(3,505,348)	(877,951)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(2,966,384)</b>	<b>(217,036,607)</b>	<b>(119,183,413)</b>	<b>70,725,227</b>
<b>Cash flows from financing activities</b>				
Distributions	(295,654)	–	–	–
Income equalisation	4,142	–	–	(633,067)
Proceeds from redeemable participating shares issued	5,507,571	247,044,918	235,462,167	5,228,816
Redemptions paid to shareholders	(1,794,234)	(10,730,105)	(106,262,390)	(76,649,847)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>3,421,825</b>	<b>236,314,813</b>	<b>129,199,777</b>	<b>(72,054,098)</b>
<b>Net increase/(decrease) in cash</b>	<b>455,441</b>	<b>19,278,206</b>	<b>10,016,364</b>	<b>(1,328,871)</b>
<b>Foreign exchange adjustment on aggregation</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Cash at beginning of the financial year</b>	<b>3,837,861</b>	<b>–</b>	<b>1,115,708</b>	<b>2,731,597</b>
<b>Cash at end of the financial year</b>	<b>4,293,302</b>	<b>19,278,206</b>	<b>11,132,072</b>	<b>1,402,726</b>
<b>Supplementary cash flow information</b>				
<b>Cash flows from operating activities include:</b>				
Cash received during the financial year for dividend income	884,559	154,635	280,753	1,576,157
Cash received during the financial year for bond interest income	–	–	–	–
Cash received during the financial year for bank interest income	5,103	12,796	14,417	1,640
Cash paid during the financial year for interest expense	(6)	(121,078)	(11,522)	(2)
	<b>889,656</b>	<b>46,353</b>	<b>283,648</b>	<b>1,577,795</b>

\* Automation & Artificial Intelligence Fund launched on 6 October 2017.

\*\* Emerging Markets Growth Fund terminated on 27 December 2017.

\*\*\* Global Alpha Fund terminated on 28 December 2017.

	Emerging Markets Income Fund 31 December 2017 US\$	European Ex UK Income Fund 31 December 2017 EUR€	European Income Fund 31 December 2017 EUR€	Financial Opportunities Fund 31 December 2017 US\$	Global Alpha Fund*** 31 December 2017 US\$	Global Convertible Fund 31 December 2017 US\$	Global Insurance Fund 31 December 2017 GBP£
	(46,272,261)	(170,614,904)	(5,426,906)	(60,305,824)	(45,857,297)	(1,905,620,143)	(307,423,167)
	88,568,517	35,829,416	5,492,271	43,447,757	186,049,757	1,806,960,724	44,340,219
	(675,382)	(3,551,569)	2,473	(194,876)	(54,158)	(16,395,676)	(2,732,242)
	–	–	–	–	–	10,745,141	–
	15,280,059	6,329,974	535,592	1,540,378	2,580,065	23,718,304	15,931,801
	(4,477,016)	(1,908,214)	(171,987)	(812,354)	(1,144,427)	(5,705,464)	(10,118,978)
	52,423,917	(133,915,297)	431,443	(16,324,919)	141,573,940	(86,297,114)	(260,002,367)
	(7,668,017)	(5,626,621)	(33,092)	(475,042)	–	(19,659,945)	(6,435,247)
	(1,013,173)	951,249	2,821	(32,565)	(1,366,379)	(173,329)	570,125
	118,010,043	143,104,582	509,439	63,465,425	3,158,791	308,759,333	501,815,043
	(168,642,217)	(1,480,079)	(845,334)	(45,957,353)	(142,629,615)	(219,056,311)	(223,203,248)
	(59,313,364)	136,949,131	(366,166)	17,000,465	(140,837,203)	69,869,748	272,746,673
	(6,889,447)	3,033,834	65,277	675,546	736,737	(16,427,366)	12,744,306
	–	–	–	–	–	–	–
	10,028,306	1,120,050	(3,056)	1,491,045	855,817	(16,483,927)	22,853,897
	3,138,859	4,153,884	62,221	2,166,591	1,592,554	(32,911,293)	35,598,203
	15,279,243	6,350,617	536,437	1,536,484	2,578,545	12,665,053	15,917,673
	–	–	–	–	–	11,067,563	–
	917	1,358	3	4,055	1,665	–	15,227
	(101)	(22,001)	(848)	(161)	(145)	(14,312)	(1,099)
	15,280,059	6,329,974	535,592	1,540,378	2,580,065	23,718,304	15,931,801

## Statement of Cash Flows continued

For the financial year ended 31 December 2017

	Global Technology Fund 31 December 2017 US\$	Healthcare Bluechip Fund 31 December 2017 US\$	Healthcare Opportunities Fund 31 December 2017 US\$	Income Opportunities Fund 31 December 2017 GBP£
<b>Cash flows from operating activities</b>				
Purchase of financial assets	(1,094,517,611)	(73,719,017)	(2,479,108,019)	(180,958,903)
Proceeds from sale of financial assets	811,996,942	85,396,731	2,275,041,491	58,386,458
Loss from forward foreign currency contracts and futures	5,616,925	104,715	(599,402)	(2,301,110)
Increase in margin accounts	(1,345,813)	–	–	384,159
Dividends and interest received	8,145,151	997,552	9,797,892	11,575,114
Operating expenses paid	(17,525,878)	(914,461)	(17,138,587)	(2,205,554)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(287,630,284)</b>	<b>11,865,520</b>	<b>(212,006,625)</b>	<b>(115,119,836)</b>
<b>Cash flows from financing activities</b>				
Distributions	–	(807,269)	–	(2,340,046)
Income equalisation	–	(64,231)	(8)	3,977,752
Proceeds from redeemable participating shares issued	968,363,793	14,384,771	447,665,160	180,019,943
Redemptions paid to shareholders	(532,914,725)	(28,172,231)	(301,843,212)	(36,956,585)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>435,449,068</b>	<b>(14,658,960)</b>	<b>145,821,940</b>	<b>144,701,064</b>
<b>Net increase/(decrease) in cash</b>	<b>147,818,784</b>	<b>(2,793,440)</b>	<b>(66,184,685)</b>	<b>29,581,228</b>
<b>Foreign exchange adjustment on aggregation</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Cash at beginning of the financial year</b>	<b>16,514,887</b>	<b>3,461,728</b>	<b>68,719,729</b>	<b>3,547,488</b>
<b>Cash at end of the financial year</b>	<b>164,333,671</b>	<b>668,288</b>	<b>2,535,044</b>	<b>33,128,716</b>
<b>Supplementary cash flow information</b>				
<b>Cash flows from operating activities include:</b>				
Cash received during the financial year for dividend income	8,031,815	1,000,749	9,745,215	8,133,858
Cash received during the financial year for bond interest income	–	–	–	3,447,778
Cash received during the financial year for bank interest income	116,765	295	54,765	–
Cash paid during the financial year for interest expense	(3,429)	(3,492)	(2,088)	(6,522)
	8,145,151	997,552	9,797,892	11,575,114

\*\*\*\* International Alpha Fund terminated on 31 October 2017.

\*\*\*\*\* UK Value Opportunities Fund launched on 31 January 2017.

The accompanying notes form an integral part of these Financial Statements.

International Alpha Fund**** 31 December 2017 US\$	Japan Fund 31 December 2017 JPY ¥	Japan Value Fund (formerly Japan Alpha Fund) 31 December 2017 JPY ¥	North American Fund 31 December 2017 US\$	UK Absolute Equity Fund 31 December 2017 GBP£	UK Value Opportunities Fund***** 31 December 2017 GBP£	Total 31 December 2017 US\$
(1,830,147)	(134,155,369,283)	(3,143,747,643)	(905,276,219)	(412,271,101)	(615,328,414)	(10,575,690,588)
7,766,872	161,518,805,546	3,349,544,597	755,832,977	118,769,489	132,893,258	8,349,386,848
(5,166)	1,598,952,568	328,556,123	24,735,822	48,665,354	(860,535)	80,338,647
–	–	–	–	(110,563,236)	(17,597)	(139,670,514)
137,484	2,211,988,246	153,185,347	26,471,462	(1,813,299)	5,177,932	159,889,175
(54,094)	(1,713,700,167)	(56,788,742)	(22,237,967)	(2,979,854)	(1,497,391)	(113,214,024)
6,014,949	29,460,676,910	630,749,682	(120,473,925)	(360,192,647)	(479,632,747)	(2,238,960,456)
–	–	–	–	–	–	(46,683,753)
(85,186)	(12,779,591)	(647,778)	27,252	–	1,688,958	5,694,050
5,942,358	34,196,325,918	341,183,287	854,770,904	388,199,016	523,108,868	5,808,837,590
(11,884,716)	(63,439,737,433)	(703,652,327)	(752,346,687)	(71,602,987)	(20,632,160)	(3,427,978,569)
(6,027,544)	(29,256,191,106)	(363,116,818)	102,451,469	316,596,029	504,165,666	2,339,869,318
(12,595)	204,485,804	267,632,864	(18,022,456)	(43,596,618)	24,532,919	100,908,862
–	–	–	–	–	–	16,076,282
23,039	914,347,860	228,258,311	51,287,860	58,233,696	–	259,102,408
10,444	1,118,833,664	495,891,175	33,265,404	14,637,078	24,532,919	376,087,552
137,216	2,238,407,865	155,011,230	26,364,161	(579,804)	5,178,364	146,177,215
–	–	–	–	–	–	15,401,336
268	–	–	107,446	9,569	–	352,956
–	(26,419,619)	(1,825,883)	(145)	(1,243,064)	(432)	(2,042,332)
137,484	2,211,988,246	153,185,347	26,471,462	(1,813,299)	5,177,932	159,889,175

## Comparative Statement of Cash Flows

For the financial year ended 31 December 2016

	Asian Opportunities Fund 31 December 2016 US\$	Biotechnology Fund 31 December 2016 US\$	Emerging Markets Growth Fund 31 December 2016 US\$
<b>Cash flows from operating activities</b>			
Purchase of financial assets	(15,598,685)	(164,791,905)	(19,371,366)
Proceeds from sale of financial assets	22,456,303	110,563,830	8,567,685
(Loss)/gain from forward foreign currency contracts and futures	(117,014)	23,324	70,132
Increase in margin accounts	–	–	–
Dividends and interest received	901,241	186,875	1,299,458
Operating expenses paid	(554,829)	(982,387)	(732,912)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>7,087,016</b>	<b>(55,000,263)</b>	<b>(10,167,003)</b>
<b>Cash flows from financing activities</b>			
Distributions	(439,332)	–	–
Income equalisation	(21,211)	–	146,175
Proceeds from redeemable participating shares issued	415,859	108,698,939	14,406,705
Redemptions paid to shareholders	(6,923,501)	(55,918,317)	(2,012,991)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(6,968,185)</b>	<b>52,780,622</b>	<b>12,539,889</b>
<b>Net increase/(decrease) in cash</b>	<b>118,831</b>	<b>(2,219,641)</b>	<b>2,372,886</b>
<b>Foreign exchange adjustment on aggregation</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Cash at beginning of the financial year</b>	<b>3,719,030</b>	<b>3,335,349</b>	<b>358,711</b>
<b>Cash at end of the financial year</b>	<b>3,837,861</b>	<b>1,115,708</b>	<b>2,731,597</b>
<b>Supplementary cash flow information</b>			
<b>Cash flows from operating activities include:</b>			
Cash received during the financial year for dividend income	901,251	198,428	1,300,028
Cash received during the financial year for bond interest income	–	–	–
Cash received during the financial year for bank interest income	–	–	–
Cash paid during the financial year for interest expense	(10)	(11,553)	(570)
	<b>901,241</b>	<b>186,875</b>	<b>1,299,458</b>

<b>Emerging Markets Income Fund</b>	<b>European Ex UK Income Fund</b>	<b>European Income Fund</b>	<b>Financial Opportunities Fund</b>	<b>Global Alpha Fund</b>	<b>Global Convertible Fund</b>	<b>Global Insurance Fund</b>
<b>31 December 2016 US\$</b>	<b>31 December 2016 EUR€</b>	<b>31 December 2016 EUR€</b>	<b>31 December 2016 US\$</b>	<b>31 December 2016 US\$</b>	<b>31 December 2016 US\$</b>	<b>31 December 2016 GBP£</b>
(57,767,643)	(45,739,332)	(8,034,494)	(24,485,644)	(59,718,272)	(1,419,771,734)	(228,413,510)
73,017,761	20,191,091	8,916,851	29,895,052	48,447,072	1,250,513,263	55,463,158
388,284	(2,778,315)	7,349	31,586	(55,843)	(8,149,208)	1,225,762
–	–	–	–	–	(3,208,410)	–
13,714,087	1,325,490	569,578	591,906	2,827,526	19,506,565	9,769,349
(5,016,216)	(560,313)	(185,258)	(460,304)	(1,173,373)	(4,756,211)	(5,731,982)
24,336,273	(27,561,379)	1,274,026	5,572,596	(9,672,890)	(165,865,735)	(167,687,223)
(7,680,940)	(1,104,719)	(26,057)	(298,330)	–	(14,225,657)	(4,860,658)
(211,834)	67,537	(5,761)	(18,011)	82,825	1,289,327	539,340
119,704,684	32,355,417	2,458,399	8,671,055	38,375,266	235,965,393	305,438,483
(133,850,454)	(2,358,290)	(3,899,910)	(15,189,094)	(28,288,795)	(83,422,979)	(119,116,873)
(22,038,544)	28,959,945	(1,473,329)	(6,834,380)	10,169,296	139,606,084	182,000,292
2,297,729	1,398,566	(199,303)	(1,261,784)	496,406	(26,259,651)	14,313,069
–	–	–	–	–	–	–
7,730,577	(278,516)	196,247	2,752,829	359,411	9,775,724	8,540,828
10,028,306	1,120,050	(3,056)	1,491,045	855,817	(16,483,927)	22,853,897
13,726,784	1,329,424	570,480	593,511	2,829,017	9,809,822	9,785,660
–	–	–	–	–	1,370,696	–
–	528	–	–	–	8,326,047	–
(12,697)	(4,462)	(902)	(1,605)	(1,491)	–	(16,311)
13,714,087	1,325,490	569,578	591,906	2,827,526	19,506,565	9,769,349

## Comparative Statement of Cash Flows continued

For the financial year ended 31 December 2016

	Global Technology Fund 31 December 2016 US\$	Healthcare Bluechip Fund 31 December 2016 US\$	Healthcare Opportunities Fund 31 December 2016 US\$
<b>Cash flows from operating activities</b>			
Purchase of financial assets	(718,023,890)	(93,594,876)	(2,205,537,660)
Proceeds from sale of financial assets	719,063,396	69,139,891	1,984,169,079
(Loss)/gain from forward foreign currency contracts and futures	(754,663)	47,011	(868,130)
Increase in margin accounts	–	–	–
Dividends and interest received	4,322,360	826,943	10,015,671
Operating expenses paid	(11,939,819)	(698,074)	(16,511,782)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(7,332,616)</b>	<b>(24,279,105)</b>	<b>(228,732,822)</b>
<b>Cash flows from financing activities</b>			
Distributions	–	(447,855)	–
Income equalisation	–	260,780	(102,366)
Proceeds from redeemable participating shares issued	284,444,722	47,415,896	464,755,207
Redemptions paid to shareholders	(289,696,250)	(27,531,797)	(360,535,130)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(5,251,528)</b>	<b>19,697,024</b>	<b>104,117,711</b>
<b>Net increase/(decrease) in cash</b>	<b>(12,584,144)</b>	<b>(4,582,081)</b>	<b>(124,615,111)</b>
<b>Foreign exchange adjustment on aggregation</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Cash at beginning of the financial year</b>	<b>29,099,031</b>	<b>8,043,809</b>	<b>193,334,840</b>
<b>Cash at end of the financial year</b>	<b>16,514,887</b>	<b>3,461,728</b>	<b>68,719,729</b>
<b>Supplementary cash flow information</b>			
<b>Cash flows from operating activities include:</b>			
Cash received during the financial year for dividend income	4,350,153	832,735	10,072,550
Cash received during the financial year for bond interest income	–	199	–
Cash received during the financial year for bank interest income	4,196	–	1,437
Cash paid during the financial year for interest expense	(31,989)	(5,991)	(58,316)
	<b>4,322,360</b>	<b>826,943</b>	<b>10,015,671</b>

\* International Alpha Fund launched on 10 August 2016.

The accompanying notes form an integral part of these Financial Statements.

Income Opportunities Fund 31 December 2016 GBP£	International Alpha Fund* 31 December 2016 US\$	Japan Fund 31 December 2016 JPY ¥	Japan Alpha Fund 31 December 2016 JPY ¥	North American Fund 31 December 2016 US\$	UK Absolute Equity Fund 31 December 2016 GBP£	Total 31 December 2016 US\$
(70,150,370)	(5,647,255)	(244,075,862,933)	(8,512,279,683)	(646,827,304)	(62,930,272)	(8,212,597,148)
40,171,933	638,763	418,536,834,826	13,498,655,160	807,060,223	42,792,070	9,159,551,101
114,509	5,344	(26,541,370,798)	(1,322,612,149)	(20,872,470)	(1,598,745)	(220,722,995)
(1,527,958)	–	–	–	–	–	3,178,092
6,471,882	47,851	4,464,166,864	189,650,280	26,044,834	(191,276)	147,322,154
(1,975,791)	(21,664)	(3,326,701,767)	(76,150,120)	(26,786,472)	(1,025,328)	(113,602,198)
(26,895,795)	(4,976,961)	149,057,066,192	3,777,263,488	138,618,811	(22,953,551)	763,129,006
(2,080,911)	–	(1,778,352,545)	–	–	–	(50,141,297)
622,831	–	(769,134,871)	(45,193,380)	(177,955)	–	(4,614,561)
40,905,555	5,000,000	37,580,005,013	660,960,580	590,041,519	91,489,472	2,900,505,085
(13,883,060)	–	(184,427,850,181)	(4,447,502,047)	(821,990,827)	(20,569,181)	(3,779,855,424)
25,564,415	5,000,000	(149,395,332,584)	(3,831,734,847)	(232,127,263)	70,920,291	(934,106,197)
(1,331,380)	23,039	(338,266,392)	(54,471,359)	(93,508,452)	47,966,740	(170,977,191)
–	–	–	–	–	–	(12,525,030)
4,878,868	–	1,252,614,252	282,729,670	144,796,312	10,266,956	442,604,629
3,547,488	23,039	914,347,860	228,258,311	51,287,860	58,233,696	259,102,408
3,816,886	47,936	4,520,931,385	190,598,737	26,097,553	163,373	135,020,937
2,655,633	–	–	–	–	–	5,187,636
–	–	2,479,242	–	–	22,113	8,384,898
(637)	(85)	(59,243,763)	(948,457)	(52,719)	(376,762)	(1,271,317)
6,471,882	47,851	4,464,166,864	189,650,280	26,044,834	(191,276)	147,322,154

## Notes to the Financial Statements

### For the financial year ended 31 December 2017

#### 1. Organisation and Nature of Business

Polar Capital Funds plc (the 'Company') is an open-ended investment company with variable capital and segregated liability between its sub-funds (the 'Funds'), organised under the laws of Ireland. The Company has been authorised by the Central Bank of Ireland (the 'Central Bank') as an Undertaking for Collective Investment in Transferable Securities ('UCITS') pursuant to the UCITS Regulations, and structured as an umbrella fund in that different sub-funds thereof may be established with the prior approval of the Central Bank. The redeemable participating shares of the Funds are listed on the Irish Stock Exchange (the 'ISE'). At 31 December 2017, the Company had eighteen active Funds.

The following Funds are currently authorised:

	<b>Date of first issue of share class</b>	<b>Investment management fee</b>	<b>Performance fee</b>
Asian Opportunities Fund	30/03/12	Up to 1.00%	10%
Automation & Artificial Intelligence Fund*	06/10/17	Up to 1.30%	10%
Biotechnology Fund	31/10/13	Up to 1.50%	10%
Emerging Markets Growth Fund**	01/12/10	Up to 1.50%	10%
Emerging Markets Income Fund	21/01/11	Up to 1.50%	10%
European Ex UK Income Fund	01/07/15	Up to 0.75%	10%
European Income Fund	31/10/14	Up to 1.35%	10%
Financial Opportunities Fund	03/05/11	Up to 1.50%	10%
Global Alpha Fund**	30/11/12	Up to 1.35%	10%
Global Convertible Fund	30/08/13	Up to 1.50%	10%
Global Insurance Fund	27/05/11	Up to 1.25%	10%
Global Technology Fund	22/10/01	Up to 1.50%	10%
Healthcare Blue Chip Fund	11/09/14	Up to 0.85%	10%
Healthcare Opportunities Fund	03/12/07	Up to 1.50%	10%
Income Opportunities Fund	30/03/12	Up to 1.25%	10%
International Alpha Fund**	10/08/16	Up to 0.60%	10%
Japan Fund	22/10/01	Up to 1.50%	10%
Japan Value Fund (formerly Japan Alpha Fund)	01/11/12	Up to 1.35%	10%
North American Fund	14/11/11	Up to 1.35%	10%
UK Absolute Equity Fund	29/09/14	Up to 1.50%	20%
UK Value Opportunities Fund*	31/01/17	Up to 0.75%	10%

\* UK Value Opportunities Fund launched on 31 January 2017.  
Automation & Artificial Intelligence Fund launched on 6 October 2017.

\*\* International Alpha Fund terminated on 31 October 2017.  
Emerging Markets Growth Fund terminated on 27 December 2017.  
Global Alpha Fund terminated on 28 December 2017.

For each Fund, share classes are available to both Institutional and Retail investors to which different fee rates may apply. For further information regarding the investment management fee and performance fee relating to each Fund please refer to the Prospectus and Supplements to the Prospectus.

## 2. Principal Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below.

### A. Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), with Irish Statute comprising the Companies Act 2014 (including amendments by the Companies (Accounting) Act 2017, hereinafter 'Companies Act 2014') and with the European Communities (Undertaking for Collective Investment in Transferable Securities) Regulations 2011 (as amended), (the 'UCITS Regulations') and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as amended) (the 'Central Bank UCITS Regulations').

The financial statements have been prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss and derivative financial instruments in accordance with the relevant accounting standards. All other assets and liabilities are short-term in nature and their carrying value approximates fair value. Redeemable participating shares are stated at redemption amount (redeemable participating shares).

The format and certain wording of the financial statements have been adapted from those contained in the Companies Act 2014 so that, in the opinion of the Directors, they more appropriately reflect the nature of the Company's business as an investment fund.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

### International Financial Reporting Standards

The Company has adopted all applicable International Financial Reporting Standards as endorsed by the European Union.

### *Recent accounting pronouncements*

Amendments to IAS 7, 'Statement of Cash Flows' became effective for annual periods beginning on or after 1 January 2017. These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Adoption of these amendments did not have a material impact on the Company's financial statements.

The amendments state that one way to fulfil the disclosure requirement is by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Where an entity discloses such a reconciliation the amendments require the entity to provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows.

The Company presents (i) a statement of changes in net assets attributable to holders of redeemable shares which reconciles the opening and closing amounts based on shareholder transactions and the net increase/(decrease) in net assets attributable to holders of redeemable shares from operations (ii) a statement of cash flows which discloses the cash movements resulting from operating activities and from shareholder transactions and (iii) a statement of comprehensive income which discloses the income and expenses that comprise the net increase/(decrease) in net assets attributable to holders of redeemable shares from operations.

The Company classifies its redeemable shares as financial liabilities in accordance with IAS 32. The financial statements of the Company also include qualitative disclosure which indicates how the net asset value attributable to redeemable shareholders is calculated.

The combination of the above disclosures is considered, in this instance, to be sufficient to address the requirements of the amendments.

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 2. Principal Accounting Policies continued

#### A. Basis of preparation continued

##### *Accounting standards in issue that are not yet effective and have not been early adopted*

IFRS 9 'Financial Instruments' deals with the classification and measurement of financial assets and financial liabilities, including a new expected credit loss model for calculating impairment of financial assets, and the new general hedge accounting requirements. The standard is not expected to have an impact on the measurement basis of the financial assets since the majority of the Company's financial assets are measured at fair value through profit or loss.

The requirements of IFRS 9 represent a significant change from existing requirements in IAS 39 in respect of financial assets. Among other changes the standard contains two primary measurement categories for financial assets: at amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. FVOCI applies to debt assets for which: (a) contractual cash flows are solely principal and interest; and (b) the business model is to hold to collect cash flows or sell. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. This change is not expected to have any impact on the Company. The Company does not plan to early adopt this standard.

IFRS 15 'Revenue from Contracts with Customers' replaces IAS 11 and IAS 18 and is effective from 1 January 2018. It establishes principles for reporting useful information to users of Financial Statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 is not expected to have a significant impact on the Company's Financial Statements.

#### B. Swing pricing/dilution levy

A fund may suffer dilution of the net asset value per share due to investors buying or selling shares in a fund at a price that does not reflect dealing and other costs that arise when security trades are undertaken by the Investment Manager to accommodate cash inflows or outflows.

In order to counter this impact, a swing pricing mechanism has been adopted to protect the long-term interests of shareholders of the Funds. If, on any valuation date, the aggregate net capital activity of a Fund exceeds a pre-determined threshold, as established and reviewed by the Board of Directors of the Company, the net asset value per share will be adjusted upwards or downwards to reflect costs associated with the net capital inflows/(outflows) respectively.

The swing factor is impacted by three factors:

1. Adjustment for the spread between the bid and offer price of the underlying securities (currently the fund will only swing to bid on material net redemptions).
2. An adjustment for broker fees and other market charges.
3. An adjustment for governmental taxes and duties payable on securities transactions.

As a result of capital activity at the financial year end on Income Opportunities Fund and UK Value Opportunities Fund, these Funds' net asset value per share at the financial year end was adjusted to reflect factors two and three above. The level of activity was not sufficiently material to justify applying factor one, or to require adjustment for any other Funds.

For financial reporting purposes, the net assets of each Fund at 31 December 2017 as disclosed in the Statement of Financial Position and Statement of Changes in Net Assets attributable to Holders of Redeemable Participating Shares, does not reflect any swing pricing, duties and charges adjustment. The net asset value per share at 31 December 2017 used for dealing purposes, which is shown in Note 9 and Note 12, does include any swing price adjustments.

The following table sets out a reconciliation of the financial reporting net asset value per share and the dealing net asset Value per share for the two Funds affected:

<b>UK Value Opportunities Fund</b>	<b>Dealing NAV per share</b>	<b>Swing Pricing Adjustment</b>	<b>Financial Statements NAV per share</b>
Class I Sterling Accumulation	£12.14	£0.05	£12.09
Class I Sterling Distribution	£12.13	£0.04	£12.09
Class S Sterling Accumulation	£12.15	£0.05	£12.10
Class S Sterling Distribution	£12.15	£0.05	£12.10

<b>Income Opportunities Fund</b>	<b>Dealing NAV per share</b>	<b>Swing Pricing Adjustment</b>	<b>Financial Statements NAV per share</b>
Class A1 Sterling Distribution	£1.43	–	£1.43
Class A2 Sterling Accumulation	£2.18	–	£2.18
Class B1 Sterling Distribution	£1.50	–	£1.50
Class B2 Sterling Accumulation	£2.25	–	£2.25
Class I Euro Accumulation	€2.54	–	€2.54
Class I Euro Distribution	€1.69	–	€1.69
Class I Euro Hedged Accumulation	€13.30	€0.01	€13.29
Class I Euro Hedged Distribution	€12.38	€0.01	€12.37
Class I US Dollar Accumulation	\$3.05	–	\$3.05
Class I US Dollar Distribution	\$2.03	–	\$2.03
Class R Euro Accumulation	€2.45	–	€2.45
Class R Euro Distribution	€1.61	–	€1.61
Class R Euro Hedged Accumulation	€13.18	€0.01	€13.17
Class R Euro Hedged Distribution	€12.26	€0.01	€12.25
Class R US Dollar Accumulation	\$2.95	–	\$2.95
Class R US Dollar Distribution	\$1.93	–	\$1.93
Class R US Dollar Hedged Accumulation	\$10.71	\$0.01	\$10.70
Class R US Dollar Hedged Distribution	\$10.46	\$0.01	\$10.45

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

## 2. Principal Accounting Policies continued

### C. Foreign exchange translation

#### (i) Presentational currency

Items included in the Company's Financial Statements are measured using the currency of the primary economic environment in which it operates (the 'presentational currency'). The presentation currency for Polar Capital Funds plc is US Dollars ('\$' or 'US\$'). The functional currency for each Fund is driven by the investment policy of each Fund. This is US\$ for all Funds with the exception of European Ex UK Income Fund and European Income Fund, for which the functional currency is Euro ('EUR'), Global Insurance Fund, Income Opportunities Fund, UK Absolute Equity Fund and UK Value Opportunities Fund, the functional currency of which is Sterling ('GBP') and Japan Fund and Japan Value Fund (formerly Japan Alpha Fund), for which the functional currency is Japanese yen ('JPY ¥').

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. For the purposes of aggregation, the amounts in the financial statements for the European Ex UK Income Fund, European Income Fund, Global Insurance Fund, Income Opportunities Fund, Japan Fund, Japan Value Fund (formerly Japan Alpha Fund), UK Absolute Equity Fund and UK Value Opportunities Fund have been translated to US\$ at the exchange rate ruling at the financial year end.

This method of translation has no effect on the net asset value per share attributable to the European Ex UK Income Fund, European Income Fund, Global Insurance Fund, Income Opportunities Fund, Japan Fund, Japan Value Fund, UK Absolute Equity Fund and UK Value Opportunities Fund. The foreign exchange gain or loss arising from the retranslation of net assets at the start of the financial year is shown in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares.

The foreign currency translation adjustment of US\$256,982,599 (31 December 2016: US\$62,741,518) included in the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares is due to the movement in exchange rates between 1 January 2017 and 31 December 2017 and the rate difference arising on the translation of the Statement of Comprehensive Income and the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares at average rates. The translation is in relation to the notional value for the Company only and has no impact on any individual Fund.

Proceeds from subscriptions and amounts paid on redemption of redeemable participating shares are translated at average rates, which approximate the rates prevailing at the dates of the transactions.

### D. Investments at fair value

#### (i) Classification

In accordance with IFRS the Company has classified its investments into the financial assets at fair value through profit or loss category.

This category has two sub-categories: financial assets and liabilities held for trading, and those designated by management at fair value through profit or loss at inception. Financial assets or liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short-term. Derivatives are also categorised as held for trading, as the Company does not designate any derivatives as hedges in a hedging relationship for valuation purposes.

#### (ii) Recognition and derecognition of financial liabilities

Purchases and sales of investments are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

### **(iii) Measurement**

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income. Other financial assets are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate method. Financial liabilities arising from the redeemable participating shares issued by the Funds are carried at the redemption amount representing the investors' right to a residual interest in the Funds' assets.

### ***Gains and losses on investments***

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the Statement of Comprehensive Income in the period in which they arise.

Investment transactions are accounted for on a trade date basis. Profits and losses on the disposal of investments are calculated by reference to the net proceeds received on disposal and the cost attributable to those investments based on the first in first out basis and are included in the Statement of Comprehensive Income.

### **(iv) Fair value measurement principles**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the Statement of Financial Position date. The value of financial assets and liabilities which is quoted, listed or normally dealt in on a regulated market shall be the last traded price on such regulated market as at the valuation point or the mid-price, where no trades occurred on such day where relevant.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the value of any investment which is not quoted, listed or normally dealt in on a regulated market shall be the probable realisable value estimated with care and in good faith by a competent person, firm or association making a market in such investment (approved for the purpose by the Depositary) and/or any other competent person, in the opinion of the Directors (and approved for the purpose by the Depositary).

### ***Investment funds***

Investment funds are included in the accounts at the last traded price at close of business on the last dealing day of the reporting period. The changes in the daily net asset value of these Units are recognised in the Statement of Comprehensive Income.

### ***Contracts for difference and swaps***

Contracts for difference and equity swaps are agreements between the Company and third parties, which allow the Company to acquire an exposure to the price movement of specific securities without actually purchasing the securities. The changes in contract values are recorded as unrealised gains or losses and the Company recognises a realised gain or loss when the contract is closed. Realised and unrealised gains and losses on contracts for difference and equity swaps are recognised in the Statement of Comprehensive Income.

### ***Futures***

A futures contract is an agreement between two parties to buy or sell a security, index or currency at a specific price or rate at a future date. Upon entering into a futures contract, the Company is required to deposit with a broker an amount of cash or cash equivalents equal to a certain percentage of the contract amount. This is known as 'initial cash margin'. Subsequent payments ('variation margin') are made or received by the Company each day, depending upon the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealised gains or losses and the Company recognises a realised gain or loss when the contract is closed. Realised and unrealised gains and losses on futures contracts are recognised in the Statement of Comprehensive Income.

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

## 2. Principal Accounting Policies continued

### D. Investments at fair value continued

#### (iv) Fair value measurement principles continued

##### *Forward foreign currency contracts*

A forward foreign currency contract ('FFCC') involves an obligation to purchase or sell a specific currency at a future date at a price set at the time the contract is made. FFCCs will be valued by reference to the forward price at which a new FFCC of the same size and maturity could be undertaken at the valuation date. The realised and unrealised gain or loss on open FFCC is calculated as the difference between the contract rate and this FFCC price and the Company recognises a realised gain or loss when the contract is closed. Realised and unrealised gains and losses on FFCCs are recognised in the Statement of Comprehensive Income. Where a FFCC is purchased to hedge the currency risk of a specific class which is issued in a currency other than the measurement currency of the Company, all gains or losses on that contract are allocated to that class.

##### *Options*

As part of the Company's investment strategy, it enters into options which are recognised in the Statement of Financial Position at fair value. The premium on purchased put options exercised is subtracted from the proceeds of the sale of the underlying security or foreign currency in determining the realised gain or loss. The premium on purchased call options exercised is added to the cost of the securities or foreign currency purchased. Premiums paid on the purchase of options which expire unexercised are treated as realised losses. Unrealised gains or losses on options are included in assets or liabilities on the Statement of Financial Position and movements are dealt with through the Statement of Comprehensive Income.

##### *Warrants*

Warrants are sometimes used to gain exposure to emerging market equities where custody, liquidity, or other issues make ownership of local shares sub-optimal. The valuation of warrants depends on the level of trading. If the warrants are actively traded in the market then the market price is used. If the warrants are not actively traded in the market then the intrinsic value of the warrant based on the underlying equity price and the warrant strike price is used.

### E. Other measurement principles

#### **Cash and bank overdraft**

Cash, other liquid assets and bank overdraft are valued at their face value with interest accrued, where applicable. Cash at bank and bank overdraft balances are comprised of cash balances held with The Northern Trust Company (TNTC).

In complying with the Investor Money Regulations (SI No 105 of 2015) issued pursuant to Section 48 of the Central Bank (Supervision and Enforcement) Act 2013, the cash at bank balance was adjusted to reflect investors' money held in collection account.

#### **Margin cash and margin receivable**

Cash provided by the Funds to a counterparty in relation to futures/option contracts is identified in the Statement of Financial Position as Margin Cash. Margin Cash is not included as a component of cash and cash equivalents in the Statement of Financial Position and is not available to the Funds on demand.

Margin receivable/(payable) is held with BNP Paribas, Credit Suisse Securities (Europe) Limited, HSBC and UBS AG.

#### **Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are recognised initially at amortised cost plus transaction costs that are directly attributable to their acquisition.

**Payables**

Payables are recognised initially at fair value and subsequently stated at amortised cost. The difference between proceeds and amount payable is recognised over the period of the payable using the effective interest method.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The Company has an ISDA Master Agreement (the 'Agreement') with UBS AG. Under certain conditions, as set out under the Agreement, amounts payable by one party to the other in respect of derivative contracts covered by the Agreement may be off-set against any other amounts payable by the payee to the payer.

**Redeemable participating shares**

Redeemable participating shares are redeemable at the shareholder's option and are classified as financial liabilities. Distributions on these redeemable participating shares are recognised in the Statement of Comprehensive Income as finance costs.

Redeemable participating shares can be put back to the Company at any time for cash equal to a proportionate share of the Company's net asset value. The redeemable participating shares are carried at the present value of the redemption amount that is payable at the Statement of Financial Position date if the shareholders exercised their rights to put the shares back to the Company.

**Transaction costs**

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Transaction costs on the purchase and sale of bonds, forward foreign currency contracts, CFDs, investment funds and warrants are included in the purchase and sale price of the investment. They cannot be practically or reliably gathered as they are embedded in the cost of the investment and cannot be separately verified or disclosed.

Transaction costs on purchases and sales of equities, futures and options are included in net gains/(losses) on financial assets at fair value through profit or loss in the Statement of Comprehensive Income for each Fund. These costs are separately identifiable and are disclosed in Note 15.

**Income equalisation**

Income equalisation is a process by which accrued income included in the price of shares purchased and redeemed during the accounting financial year is reported to Shareholders. The subscription price of Shares is deemed to include an equalisation payment calculated by reference to the accrued income of the relevant Fund and the first distribution in respect of any Share will include a payment of income usually equal to or greater than the amount of such equalisation payment. The redemption price of each Share will also include an equalisation payment in respect of the accrued income of the relevant Fund up to the date of redemption. Income equalisation is classified as investment income in the Statement of Comprehensive Income.

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

## 2. Principal Accounting Policies continued

### F. Distribution policy

The share classes of certain Funds have been approved by the United Kingdom HM Revenue and Customs as Reporting Funds in accordance with the UK Offshore Funds (Tax) Regulations 2009. The Directors intend to continue the distribution policy as outlined below unless otherwise specified in the relevant fund supplement. Dividends, if declared, will only be paid out of the Company's net investment income return (i.e. income from dividends, interest or otherwise, less the Company's accrued expenses to be certified for the accounting period), realised and unrealised profits on the disposal/revaluation of investments and other assets less realised and unrealised losses of the Company, although the amount available for distribution in respect of certain Funds may be effectively increased by the charging of expenses to capital. Funds which can avail of this facility are identified in the relevant Fund supplement.

Dividends will normally be paid in May of each financial year for all of the Funds except for the Distributing Share Classes of the Emerging Market Income Fund, European Ex UK Income Fund, European Income Fund, Global Convertible Fund and Financial Opportunities Fund which will be paid in July and January and for the Distributing Share Classes of the Global Insurance Fund and Income Opportunities Fund for which dividends are to be declared at the beginning of each calendar quarter in respect of the preceding quarter, and paid by the end of the month in which they are declared. Any dividend paid on a redeemable participating share that is not claimed will not earn interest and, if not claimed within six years of its declaration, shall be forfeited for the benefit of the Company.

### G. Operating expenses

The Company is responsible for all normal operating expenses including investment management fees, depositary fees, performance fees, administration fees, audit fees, stamp duties and accruals and other duties and charges incurred on the acquisition and realisation of investments. These are accounted for on an accruals basis. The Investment Manager, Polar Capital LLP ('the Investment Manager'), meets all other operating expenses incurred by it in connection with its services.

### H. Interest and dividend income

Interest income and expense is recognised in the Statement of Comprehensive Income for all the relevant instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of the financial asset or the financial liability and of allocating the interest income or expense over the relevant period.

Dividends are recognised to the Statement of Comprehensive Income on the dates on which the relevant securities are listed as 'ex-dividend'. Dividend income is recorded gross of irrecoverable dividend withholding tax which is disclosed separately in the Statement of Comprehensive Income. Bank interest income is recognised on an accruals basis.

## 3. Fees and Expenses

The Investment Manager is entitled to receive an investment management fee and a performance fee in respect of each Fund together with any extraordinary out of pocket expenses. The investment management fee is accrued daily and is payable monthly in arrears. Please see note 1 for a breakdown of investment management and performance fee rates for each of the share classes in each Fund. Investment management fees are calculated before deduction for any accrued performance fees. An initial payment of the investment management fee based on the most recently published Net Asset Value will be made on the last day of each month, with an adjustment being made where necessary, on the last day of the next month.

In general, the performance fee is calculated separately for each class of shares in a Fund and is equal to a percentage of the amount by which the increase in the Net Asset Value (prior to the provision for a performance fee) during the relevant performance period exceeds the increase in the Indexed Net Asset Value (the specific established index that the respective Fund is aiming to track) over the same period. However, the precise method of calculation may differ in each case. Full details are set out in the Prospectus supplement for each Fund. The performance fee is accrued daily and payable annually on 31 December, where there is a performance fee payable.

The Administrator is entitled to receive a fee of 0.12% of the first US\$1.5 billion of the Company's Net Asset Value, 0.09% of the next US\$1.5 billion of the Company's Net Asset Value, 0.08% of the next US\$2 billion of the Company's Net Asset Value, 0.06% of the next US\$2 billion of the Company's Net Asset Value and 0.04% of the Company's Net Asset Value thereafter, subject to a monthly minimum fee of US\$3,500 in respect of each Fund, which shall be accrued daily and paid monthly in arrears. The Administrator shall also be entitled to be repaid out of the assets of the Company or relevant Fund all of its reasonable out-of-pocket expenses incurred on behalf of the Company (which shall include legal fees, couriers' fees and telecommunication costs and expenses).

The Depositary is entitled to an annual fee from the Company accrued daily and paid monthly in arrears of 0.03% of the first US\$3 billion of the Company's Net Asset Value and 0.02% of the Company's Net Asset Value thereafter, subject to a monthly minimum fee of US\$1,200 in respect of each Fund, which shall be accrued daily and paid monthly in arrears. The Depositary shall also be entitled to be repaid out of the assets of each Fund all reasonable out-of-pocket expenses incurred by it on behalf of the relevant Fund (such as telephone, postage, printing, legal and fax expenses) including stamp duties and registration fees and the fees and expenses of sub-custodians, at normal commercial rates.

The Austrian Paying Agent, Meisl Bank AG, is entitled to receive an annual fee of €3,000 and is entitled to receive reimbursement of agreed costs incurred in transmitting dividends, redemption proceeds and documentation to Shareholders in Austria.

The German Paying and Information Agent, Deutsche Bank AG, is entitled to receive an annual fee of €18,000, a proportional handling fee for each new Fund and agreed costs in transmitting dividends, redemption proceeds and documentation to Shareholders in Germany.

The French paying and information agent, BNP Paribas Securities Services, is entitled to receive an annual fee of €7,000, a proportional handling fee for each new Fund and agreed costs in transmitting dividends, redemption proceeds and documentation to Shareholders in France.

BNP Paribas Securities Services also act as the Swiss Representative and Swiss Paying Agent and for the financial year ended 31 December 2017 were entitled to receive the following fees:-

- (i) an annual fee of CHF 34,000;
- (ii) additional hours for extraordinary expenditures which are not covered by the agreement and which are billed at CHF 250 per hour;
- (iii) reimbursement for all external costs, such as the publication of rates or other publication costs, charges levied by the Swiss Financial Market Supervisory Authority ('FINMA') and any amounts charged by external lawyers on behalf of the Company.

The Austrian, German, French, Sweden and Swiss paying agents are also entitled to receive reimbursement of any reasonable out of pocket expenses incurred by them in the performance of their duties.

The Directors fees are disclosed in Note 8 and the Statement of Comprehensive Income.

#### **Auditors' remuneration**

The remuneration for all work carried out by the statutory auditors in respect of the financial year is as follows:

	<b>2017 EUR</b>	<b>2016 EUR</b>
Statutory audit fee	131,250	118,750
Other assurance services	—	—
Tax advisory services	—	—
Other non audit services	—	—
	<b>131,250</b>	<b>118,750</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 4. Bank Overdraft

The Company has an overdraft facility with The Northern Trust Company for liquidity purposes. The assets of the relevant Fund are held as collateral for the overdraft when it is utilised. As at the financial year end the following Funds had bank overdrafts:

European Income Fund: EUR €Nil (31 December 2016: EUR €3,056)

Global Convertible Fund: US\$32,911,293 (31 December 2016: US\$16,483,927)

#### 5. Soft Commission

There are no soft commission arrangements in place between the Investment Manager and the brokers with whom trades are transacted on behalf of the Company. All transactions are placed and executed on the basis that best execution is achieved and part of the commission payable may be allocated to research services if they fall within the Financial Conduct Authority's definition of research.

#### 6. Exchange Rates

The exchange rates used at 31 December 2017 and 31 December 2016 were as follows:

Exchange Rate	31 December 2017 to US\$	31 December 2016 to US\$
Australian dollar	1.2785	1.3810
Brazilian real	3.3171	3.2547
Canadian dollar	1.2530	1.3411
Czech koruna	21.2600	25.6180
Danish krone	6.2004	7.0496
Egyptian pound	17.7800	18.1300
Euro	0.8328	0.9481
Hong Kong dollar	7.8173	7.7532
Hungary forint	258.3320	292.8325
Indian rupee	63.8275	67.8700
Indonesian rupiah	13,567.5000	13,472.5000
Japanese yen	112.6500	116.6350
South Korean won	1,070.5500	1,207.8000
Malaysian ringgit	4.0470	4.4860
Mexican peso	19.5655	20.6015
Norwegian krone	8.1794	8.6077
Pakistani rupee	110.3500	104.3750
Philippine peso	49.9200	49.7125
Polish zloty	3.4748	4.1743
Qatari riyal	3.6420	3.6414
Romanian leu	3.8880	4.3067
Singapore dollar	1.3364	1.4447
South Africa rand	12.3800	13.6750
Sri Lanka rupee	153.5000	149.8000
Sterling	0.7392	0.8093
Swedish krona	8.1875	9.0846
Swiss franc	0.9745	1.0164
Taiwan dollar	29.7585	32.2290
Thai baht	32.5900	35.8105
Turkish lira	3.7916	3.5176
UAE dirham	3.6728	3.6729

<b>Exchange Rate</b>	<b>31 December 2017 to EUR€</b>	<b>31 December 2016 to EUR€</b>
Danish krone	7.4454	7.4355
Japanese yen	135.2701	123.0208
Norwegian krone	9.8218	9.0790
Sterling	0.8877	0.8536
Swedish krone	9.8316	9.5820
Swiss franc	1.1702	1.0720
United States dollar	1.2008	1.0547

<b>Exchange Rate</b>	<b>31 December 2017 to GBP£</b>	<b>31 December 2016 to GBP£</b>
Australian dollar	1.7295	1.7065
Brazilian real	4.4872	4.0217
Canadian dollar	1.6949	1.6571
Danish krone	8.3876	8.7108
Euro	1.1265	1.1715
Hong Kong dollar	10.5749	9.5802
Indian rupee	86.3428	83.8636
Indonesian rupiah	18,353.4578	16,647.3081
Japanese yen	152.3875	144.1202
Malaysian ringgit	5.4746	5.5431
Norwegian krone	11.0646	10.6361
Singapore dollar	1.8078	1.7851
South Africa rand	16.7471	16.8975
Swedish krone	11.0757	11.2254
Swiss franc	1.3183	1.2559
Thai baht	44.0862	44.2493
United States dollar	1.3528	1.2357

<b>Exchange Rate</b>	<b>31 December 2017 to JPY ¥</b>	<b>31 December 2016 to JPY ¥</b>
Euro	0.0074	0.0081
Sterling	0.0066	0.0069
Swiss franc	0.0087	0.0087
United States dollar	0.0089	0.0086

All exchange rates are official rates and come from quoted sources.

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 7. Taxation

Under current Irish law and practice the Company qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended (the 'TCA'). On that basis, it is not chargeable to Irish tax on its income or gains.

However, Irish tax may arise if a 'chargeable event' occurs. A chargeable event includes any distribution payments to shareholders or any encashment, redemption, cancellation, transfer or deemed disposal of shares for Irish tax purposes, arising as a result of holding shares in the Company for a period of eight years or more, or the appropriation or cancellation of shares of a shareholder by the Company for the purposes of meeting the amount of tax payable on a gain arising on a transfer.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

(i) transactions by a shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided that a relevant declaration is in place (in accordance with Schedule 2b of the TCA) and the Company is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct; or

(ii) transactions by a shareholder who is an exempt Irish investor (as defined in Section 739D TCA)

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its shareholders.

During the financial year ended 31 December 2017 and 31 December 2016 the following Funds were subject to Indian and Brazilian capital gain taxes on sale of investments: Asian Opportunities, Emerging Markets Growth, Emerging Markets Income, Financial Opportunities and International Alpha. Such charges are included in Net realised and unrealised gain/(loss) on investments in Statement of Comprehensive Income.

#### 8. Related Party Transactions

Director	Fund	Share Class	Number of Holdings 2017	Number of Holdings 2016
David Astor	Financial Opportunities Fund	Class I Sterling Distribution	4,685	4,685
	Income Opportunities Fund	Class A1 Sterling Distribution	10,000	10,000
	Japan Fund	Class I Hedged Sterling	1,000	1,000
Charles Scott	Biotechnology Fund	Class I US Dollar	10,707	–
	Global Insurance Fund	Class R US Dollar Accumulation	6,169	6,169
	Income Opportunities Fund	Class B2 Sterling Accumulation	156,922	–
	Japan Fund	Class I Hedged Euro	8,383	–
	UK Absolute Equity Fund	Class I	6,930	6,930
Robert Bovet	Biotechnology Fund	Class I US Dollar	8,000	–

No other Director had any interest in the redeemable participating shares of the Company during the financial year.

Ronan Daly has a beneficial interest in Harrow Investments Limited, which as at 31 December 2017 held 9,232 shares in Global Insurance Fund Class I Hedged US Dollar Accumulation. (31 December 2016: 9,232 shares).

The remuneration of the Directors of the Company may not, in the aggregate, exceed €1,000,000. Directors fees earned during the financial year ended 31 December 2017 and 31 December 2016 are disclosed in the Statement of Comprehensive Income.

James Cayzer-Colvin is a Director of both the Company and the holding company of Polar Capital LLP.

Polar Capital LLP is the Investment Manager of Polar Capital Funds plc and Polar Capital Partners Limited is a controlling partner of Polar Capital LLP. As at 31 December 2017 and 31 December 2016, Polar Capital Partners Limited held shares in the Funds listed below:

<b>Fund</b>	<b>Number of Shares 31 December 2017</b>	<b>Number of Shares 31 December 2016</b>
<b>Asian Opportunities Fund</b>		
Class I Euro Accumulation	11	11
Class I Euro Hedged Accumulation	100	100
Class I Sterling Accumulation	12	12
Class I Sterling Hedged Accumulation	100	100
Class I US Dollar Accumulation	108	10
<b>Automation &amp; Artificial Intelligence Fund</b>		
Class I Euro Accumulation	117	–
Class I Sterling Accumulation	130	–
Class I US Dollar Accumulation	100	–
Class R Euro Accumulation	117	–
Class R US Dollar Accumulation	100	–
Class S Euro Accumulation	117	–
Class S Sterling Accumulation	55,901	–
Class S US Dollar Accumulation	100	–
<b>Biotechnology Fund</b>		
Class I US Dollar	–	127,530
Class S Sterling	2,940	16
<b>Emerging Markets Growth Fund</b>		
Class I Euro	–	1,302
Class I US Dollar	–	1,000
Class R Euro	–	1,302
Class R US Dollar	–	1,000
<b>Emerging Markets Income Fund</b>		
Class S Euro Accumulation	13	13
Class S Euro Distribution	16	16
Class S US Dollar Accumulation	10	10

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 8. Related Party Transactions continued

Fund	Number of Shares 31 December 2017	Number of Shares 31 December 2016
<b>European Ex UK Income Fund</b>		
Class I Euro Accumulation	103	103
Class I Sterling Distribution	152	146
Class I Sterling Hedged Accumulation	100	100
Class I Sterling Hedged Distribution	108	104
Class S Sterling Accumulation	141	141
Class S Sterling Hedged Accumulation	100	100
Class S Sterling Hedged Distribution	108	104
<b>European Income Fund</b>		
Class I Euro Accumulation	100	100
Class I Euro Distribution	111	107
Class I Sterling Accumulation	797,194	797,194
Class I Sterling Distribution	142	137
Class I Swiss Franc Accumulation	83	83
Class I Swiss Franc Distribution	92	89
Class I US Dollar Accumulation	80	80
Class I US Dollar Distribution	89	86
Class R Euro Accumulation	100	100
Class R Euro Distribution	111	107
Class R Sterling Accumulation	128	128
Class R Sterling Distribution	142	137
Class R Swiss Franc Accumulation	83	83
Class R Swiss Franc Distribution	92	89
Class R US Dollar Accumulation	80	80
Class R US Dollar Distribution	89	86
Class S Euro Accumulation	100	100
Class S Euro Distribution	111	107
Class S Sterling Accumulation	128	128
Class S Sterling Distribution	142	137
Class S Swiss Franc Accumulation	83	83
Class S Swiss Franc Distribution	92	89
Class S US Dollar Accumulation	80	80
Class S US Dollar Distribution	89	86

<b>Fund</b>	<b>Number of Shares 31 December 2017</b>	<b>Number of Shares 31 December 2016</b>
<b>Financial Opportunities Fund</b>		
Class I Euro Accumulation	11	11
Class I Euro Distribution	5	5
Class I Sterling Accumulation	–	532,412
Class I US Dollar Accumulation	5	5
Class I US Dollar Distribution	5	5
Class R Euro Accumulation	10	10
Class R Euro Distribution	5	5
Class R Sterling Accumulation	17	17
Class R US Dollar Accumulation	11	11
<b>Global Alpha Fund</b>		
Class I Euro	–	130
Class I US Dollar	–	100
Class R Euro	–	130
Class R Sterling	–	160
Class R US Dollar	–	100
Class SI Euro	–	130
Class SI US Dollar	–	8
<b>Global Convertible Fund</b>		
Class I Hedged Euro Accumulation	100	100
Class I Hedged Swiss Franc Accumulation	50	50
Class Portfolio Currency Hedged Euro I Accumulation	20,500	20,500
Class Portfolio Currency Hedged Sterling I Distribution	1,028	–
Class R Euro Distribution	154	148
Class R Sterling Accumulation	155	155
Class R Sterling Distribution	181	174
Class R US Dollar Accumulation	100	100
Class R US Dollar Distribution	117	113
Class S Euro Accumulation	137	137
Class S Euro Distribution	157	151
Class S Hedged Sterling Accumulation	100	100
Class S Hedged Sterling Distribution	113	109
Class S Hedged Swiss Franc Accumulation	50	50
Class S US Dollar Accumulation	100	100
Class S US Dollar Distribution	115	110

# Notes to the Financial Statements continued

## For the financial year ended 31 December 2017

### 8. Related Party Transactions continued

Fund	Number of Shares 31 December 2017	Number of Shares 31 December 2016
<b>Global Insurance Fund</b>		
Class I Euro Distribution	50	49
Class I Hedged Euro Accumulation	100	100
Class I Hedged US Dollar Accumulation	100	100
Class R Euro Distribution	50	49
Class R US Dollar Distribution	35	34
<b>Global Technology Fund</b>		
Class I Hedged Euro Distribution	100	–
Class I Hedged Sterling	100	100
Class I Hedged Swiss Franc	100	100
Class R Hedged Euro Accumulation	100	–
Class R Hedged Swiss Franc	100	100
<b>Healthcare Blue Chip Fund</b>		
Class I Euro Accumulation	65	65
Class I Euro Distribution	66	66
Class I US Dollar Distribution	51	51
Class S Sterling Accumulation	9,854	–
Class S Sterling Hedged Distribution	100	100
Class S US Dollar Distribution	51	51
<b>Healthcare Opportunities</b>		
Class I Sterling	10,051	–
<b>Income Opportunities Fund</b>		
Class I Euro Accumulation	414	414
Class I Euro Distribution	623	598
Class I Euro Hedged Accumulation	100	100
Class I Euro Hedged Distribution	107	100
Class I US Dollar Accumulation	371	371
Class I US Dollar Distribution	559	537
Class R Euro Accumulation	424	424
Class R Euro Distribution	647	620
Class R Euro Hedged Accumulation	100	103
Class R Euro Hedged Distribution	107	103
Class R US Dollar Accumulation	381	381
Class R US Dollar Distribution	581	557
Class R US Dollar Hedged Accumulation	100	–
Class R US Dollar Hedged Distribution	101	–

<b>Fund</b>	<b>Number of Shares 31 December 2017</b>	<b>Number of Shares 31 December 2016</b>
<b>International Alpha Fund</b>		
Class SI US Dollar Distribution	–	500,000
<b>Japan Value Fund</b>		
Class I Japanese Yen	1,415	–
Class R Hedged Sterling	1,288	1,288
Class R Japanese Yen	120	120
Class R US dollar	80	80
Class S Hedged Euro	621	621
Class S Japanese Yen	–	10
Class S Sterling	129	129
<b>North American Fund</b>		
Class I Hedged Swiss Franc	100	100
Class R Hedged Euro	100	100
Class S Euro	14	14
Class S Hedged Euro	6,933	100
Class S Hedged Sterling	3,357	–
<b>UK Absolute Equity Fund</b>		
Class I Euro	8	8
Class I Hedged Euro	39	39
Class I Hedged US Dollar	31	31
Class I Sterling	475,000	620,000
Class I US Dollar	6	6
Class R Euro	8	8
Class R Hedged US Dollar	31	31
Class R US Dollar	6	6
Class S Euro	8	8
Class S Hedged Euro	6,667	39
Class S Hedged US Dollar	31	31
Class S Sterling	4,183	–
Class S US Dollar	6	6
<b>UK Value Opportunities Fund</b>		
Class I Sterling Accumulation	100	–
Class I Sterling Distribution	100	–
Class S Sterling Accumulation	11,544	–
Class S Sterling Distribution	100	–

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 8. Related Party Transactions continued

Partners, managers, employees and associated persons of the Investment Manager are the holders of the below shares in the Company. Individual ownership of such persons is not considered to be material.

Fund	Number of Shares 31 December 2017	Number of Shares 31 December 2016
Asian Opportunities Fund	496	337
Automation & Artificial Intelligence Fund	153,036	–
Biotechnology Fund	45,058	31,288
Emerging Markets Growth Fund	–	5,295
Emerging Markets Income Fund	36,337	35,442
European Ex UK Income Fund	55,008	24,558
European Income Fund	44,774	40,274
Financial Opportunities Fund	22,176	19,253
Global Alpha Fund	–	174,437
Global Convertible Fund	150,980	128,421
Global Insurance Fund	365,671	365,974
Global Technology Fund	35,572	30,019
Healthcare Blue Chip Fund	14,561	1,518
Healthcare Opportunities Fund	18,055	13,145
Income Opportunities Fund	270,487	234,052
International Alpha Fund	–	–
Japan Fund	123,343	209,071
Japan Value Fund	179,310	974,065
North American Fund	100,144	175,271
UK Absolute Equity Fund	273,682	75,072
UK Value Opportunities Fund	221,045	–

All fees paid to the Investment Manager, including any performance fees, are disclosed separately in the Statement of Comprehensive Income. US\$62,977,778 (31 December 2016: US\$9,714,352) was due to the Investment Manager at 31 December 2017, which includes both investment management and performance fees. Please refer to Note 3 for further details.

## 9. Shareholders' Funds

On incorporation, the authorised share capital of the Company was US\$40,000 divided into 40,000 Subscriber Shares with a par value of US\$1 each and 500,000,000,000 redeemable participating shares of no par value. There are 7 Subscriber Shares currently in issue which are held by the Investment Manager and nominees of the Investment Manager. These subscriber shares do not participate in any of the Company's Funds and are not included as part of the net asset value of the Company. The Directors consider this treatment is appropriate, given the nature of the Company as an investment Fund.

### Number of redeemable participating shares outstanding and net asset value per redeemable participating share

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>Asian Opportunities Fund</b>				
Class A US Dollar Distribution	118,456	\$396.67	110,798	\$298.50
Class I Euro Accumulation	11	€11.53	11	€9.47
Class I Euro Hedged Accumulation	48,509	€13.53	100	€10.00
Class I Sterling Accumulation	12	£10.23	12	£8.13
Class I Sterling Hedged Accumulation	7,069	£13.64	100	£10.00
Class I US Dollar Accumulation	108	\$13.82	10	\$10.00

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>Automation &amp; Artificial Intelligence Fund</b>				
Class I Euro Accumulation	201,431	€8.60	N/A	N/A
Class I Sterling Accumulation	1,873,492	£7.64	N/A	N/A
Class I US Dollar Accumulation	53,819	\$10.33	N/A	N/A
Class R Euro Accumulation	117	€8.61	N/A	N/A
Class R US Dollar Accumulation	978,913	\$10.34	N/A	N/A
Class S Euro Accumulation	20,928	€8.61	N/A	N/A
Class S Sterling Accumulation	18,210,678	£7.64	N/A	N/A
Class S US Dollar Accumulation	1,681,110	\$10.34	N/A	N/A

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>Biotechnology Fund</b>				
Class I Euro	1,347,277	€18.39	855,010	€16.01
Class I Sterling	2,733,812	£16.33	1,242,276	£13.67
Class I US Dollar	3,836,049	\$22.09	2,123,752	\$16.89
Class R Euro	924,343	€18.01	364,882	€15.76
Class R Sterling	153,631	£15.99	114,590	£13.45
Class R US Dollar	4,097,929	\$21.63	2,093,237	\$16.62
Class S Euro	7,533	€18.53	7,533	€16.10
Class S Sterling	21,020	£16.45	16	£13.74
Class S US Dollar	132,877	\$22.26	195,889	\$16.98

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Number of redeemable participating shares outstanding and net asset value per redeemable participating share continued

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>Emerging Markets Growth Fund</b>				
Class I Euro	–	–	1,302	€8.47
Class I Sterling	–	–	5,948,903	£7.23
Class I US Dollar	–	–	3,986	\$8.93
Class R Euro	–	–	1,302	€8.21
Class R Sterling	–	–	783,648	£7.01
Class R US Dollar	–	–	1,000	\$8.66

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>Emerging Markets Income Fund</b>				
Class I Euro Accumulation	364,084	€10.36	359,800	€9.51
Class I Euro Distribution	179,718	€7.97	41,675	€7.60
Class I Sterling Accumulation	190,017	£9.20	421,522	£8.12
Class I Sterling Distribution	9,531,383	£7.07	9,607,082	£6.49
Class I US Dollar Accumulation	5,924,690	\$12.45	7,123,161	\$10.04
Class I US Dollar Distribution	1,900,117	\$9.57	3,000,782	\$8.01
Class R Euro Accumulation	421,964	€10.02	470,009	€9.24
Class R Euro Distribution	6,699	€7.75	99,548	€7.43
Class R Sterling Accumulation	42,277	£8.89	34,117	£7.89
Class R Sterling Distribution	33,276	£6.88	462,517	£6.34
Class R US Dollar Accumulation	2,023,005	\$12.03	3,189,354	\$9.75
Class R US Dollar Distribution	394,086	\$9.30	484,754	\$7.83
Class S Euro Accumulation	13	€10.13	13	€9.27
Class S Euro Distribution	2,717	€8.14	2,716	€7.73
Class S Sterling Accumulation	251,751	£8.99	251,967	£7.91
Class S Sterling Distribution	9,970,582	£7.22	10,674,298	£6.60
Class S US Dollar Accumulation	10	\$12.17	2,717	\$9.77
Class S US Dollar Distribution	84,867	\$9.77	71,465	\$8.16

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>European Ex UK Income Fund</b>				
Class I Euro Accumulation	20,231	€11.42	4,730	€10.34
Class I Sterling Accumulation	1,784,336	£10.14	54,823	£8.82
Class I Sterling Distribution	126,707	£9.39	49,175	£8.49
Class I Sterling Hedged Accumulation	5,345	£11.49	3,945	£10.31
Class I Sterling Hedged Distribution	4,838	£10.62	104	£9.90
Class S Sterling Accumulation	32,076	£10.17	31,317	£8.83
Class S Sterling Distribution	4,284,196	£9.43	585,111	£8.51
Class S Sterling Hedged Accumulation	100	£11.52	100	£10.32
Class S Sterling Hedged Distribution	11,359,219	£10.65	4,339,888	£9.91

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>European Income Fund</b>				
Class I Euro Accumulation	17,685	€12.59	74,815	€11.63
Class I Euro Distribution	112	€11.31	108	€10.83
Class I Sterling Accumulation	876,287	£11.18	867,248	£9.92
Class I Sterling Distribution	90,555	£10.04	66,932	£9.25
Class I Swiss Franc Accumulation	83	Sfr.14.73	83	Sfr.12.46
Class I Swiss Franc Distribution	92	Sfr.13.24	89	Sfr.11.61
Class I US Dollar Accumulation	80	\$15.12	80	\$12.26
Class I US Dollar Distribution	89	\$13.58	86	\$11.43
Class R Euro Accumulation	100	€12.36	100	€11.48
Class R Euro Distribution	112	€11.11	108	€10.71
Class R Sterling Accumulation	128	£10.97	128	£9.80
Class R Sterling Distribution	142	£9.87	137	£9.14
Class R Swiss Franc Accumulation	83	Sfr.14.47	83	Sfr.12.31
Class R Swiss Franc Distribution	92	Sfr.13.01	89	Sfr.11.48
Class R US Dollar Accumulation	80	\$14.84	80	\$12.11
Class R US Dollar Distribution	89	\$13.35	86	\$11.29
Class S Euro Accumulation	100	€12.63	100	€11.65
Class S Euro Distribution	112	€11.37	108	€10.88
Class S Sterling Accumulation	128	£11.21	128	£9.94
Class S Sterling Distribution	142	£10.09	137	£9.28
Class S Swiss Franc Accumulation	83	Sfr.14.78	83	Sfr.12.49
Class S Swiss Franc Distribution	92	Sfr.13.31	89	Sfr.11.66
Class S US Dollar Accumulation	80	\$15.17	80	\$12.28
Class S US Dollar Distribution	89	\$13.65	86	\$11.47

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 9. Shareholders' Funds continued

Number of redeemable participating shares outstanding and net asset value per redeemable participating share continued

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>Financial Opportunities Fund</b>				
Class I Euro Accumulation	11	€12.27	55,011	€11.29
Class I Euro Distribution	83,924	€12.29	1,946	€11.53
Class I Sterling Accumulation	1,744,140	£10.89	639,831	£9.64
Class I Sterling Distribution	1,021,779	£10.91	1,320,357	£9.85
Class I US Dollar Accumulation	960,417	\$14.74	192,282	\$11.91
Class I US Dollar Distribution	396,900	\$14.76	255,590	\$12.17
Class R Euro Accumulation	10,960	€12.00	25,773	€11.10
Class R Euro Distribution	5	€11.93	1,005	€11.25
Class R Sterling Accumulation	5,932	£10.66	2,532	£9.47
Class R Sterling Distribution	13,516	£10.59	92,085	£9.60
Class R US Dollar Accumulation	13,020	\$14.41	13,020	\$11.70
Class R US Dollar Distribution	4,263	\$14.33	33,435	\$11.87

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>Global Alpha Fund</b>				
Class I Euro	–	–	142,899	€12.66
Class I Sterling	–	–	66,221	£10.81
Class I US Dollar	–	–	64,973	\$13.35
Class R Euro	–	–	130	€12.36
Class R Sterling	–	–	441	£10.55
Class R US Dollar	–	–	100	\$13.04
Class SI Euro	–	–	130	€12.73
Class SI Sterling	–	–	8,633,283	£10.86
Class SI US Dollar	–	–	8	\$13.42

Global Convertible Fund	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
Class I Euro Accumulation	3,834,417	€10.48	3,683,474	€10.72
Class I Euro Distribution	326,642	€8.93	7,056,686	€9.52
Class I Hedged Euro Accumulation	100	€10.35	100	€9.47
Class I Hedged Sterling Accumulation	1,290,151	£10.59	461,371	£9.62
Class I Hedged Sterling Distribution	2,291,516	£9.34	1,810,148	£8.87
Class I Hedged Swiss Franc Accumulation	690,050	Sfr.10.08	690,050	Sfr.9.27
Class I Sterling Accumulation	1,481,335	£9.32	1,706,808	£9.16
Class I Sterling Distribution	10,466,821	£7.94	6,501,457	£8.14
Class I US Dollar Accumulation	526,490	\$12.60	544,589	\$11.30
Class I US Dollar Distribution	169,388	\$10.73	185,048	\$10.04
Class Portfolio Currency Hedged Euro I Accumulation	249,376	€10.61	20,500	€9.99
Class Portfolio Currency Hedged Sterling I Distribution	8,510,857	£10.29	N/A	N/A
Class R Euro Accumulation	24,831	€10.30	103,864	€10.57
Class R Euro Distribution	48,510	€8.76	48,504	€9.37
Class R Sterling Accumulation	15,551	£9.15	16,996	£9.03
Class R Sterling Distribution	180	£7.79	173	£8.01
Class R US Dollar Accumulation	100	\$12.38	1,330	\$11.14
Class R US Dollar Distribution	4,756	\$10.53	4,751	\$9.88
Class S Euro Accumulation	137	€9.13	137	€9.32
Class S Euro Distribution	10,370	€7.97	2,651	€8.47
Class S Hedged Sterling Accumulation	211,390	£10.71	19,020	£9.70
Class S Hedged Sterling Distribution	128,760	£9.43	6,493,939	£8.90
Class S Hedged Swiss Franc Accumulation	50	Sfr.10.17	50	Sfr.9.33
Class S Sterling Accumulation	367,745	£8.11	368,290	£7.96
Class S Sterling Distribution	26,399,883	£7.08	19,712,864	£7.24
Class S US Dollar Accumulation	14,311	\$10.97	100	\$9.82
Class S US Dollar Distribution	504,647	\$9.58	485,589	\$8.93

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Number of redeemable participating shares outstanding and net asset value per redeemable participating share continued

Global Insurance Fund	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
Class A Sterling Distribution	13,087,188	£4.77	19,642,929	£4.59
Class B Sterling Accumulation	1,979,068	£5.94	2,490,248	£5.60
Class E Sterling Distribution	41,532,079	£4.94	32,398,713	£4.72
Class F Sterling Accumulation	22,652,176	£6.20	19,702,634	£5.82
Class I Euro Accumulation	10,084,700	€6.78	5,669,722	€6.63
Class I Euro Distribution	244,796	€5.45	227,268	€5.42
Class I Hedged Euro Accumulation	1,624,757	€11.92	78,206	€11.33
Class I Hedged US Dollar Accumulation	737,397	\$12.14	974,811	\$11.35
Class I Sterling Accumulation	25,575,173	£6.02	15,202,514	£5.66
Class I Sterling Distribution	27,623,874	£4.84	14,563,156	£4.62
Class I US Dollar Accumulation	30,639,938	\$8.15	19,288,201	\$6.99
Class I US Dollar Distribution	2,099,024	\$6.55	1,701,523	\$5.71
Class R Euro Accumulation	531,493	€6.52	664,551	€6.40
Class R Euro Distribution	1,808	€5.27	23,130	€5.27
Class R Sterling Accumulation	752,525	£5.79	594,162	£5.46
Class R Sterling Distribution	2,957,186	£4.68	2,550,208	£4.49
Class R US Dollar Accumulation	3,335,612	\$7.83	392,787	\$6.75
Class R US Dollar Distribution	9,362	\$6.33	8,137	\$5.55

Global Technology Fund	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
Class A Euro	31,343	€35.33	3,902	€27.29
Class A Sterling	228,466	£31.36	265,371	£23.29
Class A US Dollar	1,285,537	\$42.42	837,460	\$28.78
Class I Euro	1,522,955	€32.26	709,829	€24.91
Class I Hedged Euro Distribution	394,393	€11.70	N/A	N/A
Class I Hedged Sterling	2,865,045	£16.54	1,083,023	£11.35
Class I Hedged Swiss Franc	1,048,175	Sfr.17.05	330,649	Sfr.11.84
Class I Sterling	22,251,608	£28.64	20,042,505	£21.26
Class I US Dollar	9,471,999	\$38.74	5,988,865	\$26.27
Class R Euro	845,986	€31.03	506,766	€23.97
Class R Hedged Euro Accumulation	398,032	€11.65	N/A	N/A
Class R Hedged Euro Distribution	2,953,548	€17.19	553,478	€11.96
Class R Hedged Swiss Franc	171,206	Sfr.16.88	12,635	Sfr.11.77
Class R Sterling	379,711	£27.54	414,782	£20.46
Class R US Dollar	8,307,396	\$37.26	5,274,810	\$25.29

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>Healthcare Blue Chip Fund</b>				
Class I Euro Accumulation	65	€9.97	23,574	€9.64
Class I Euro Distribution	67	€9.72	66	€9.51
Class I Sterling Accumulation	385,984	£8.85	270,863	£8.23
Class I Sterling Distribution	169,040	£8.63	145,447	£8.12
Class I US Dollar Accumulation	95,152	\$11.97	96,404	\$10.17
Class I US Dollar Distribution	29,052	\$11.67	29,051	\$10.04
Class S Sterling Accumulation	250,116	£8.88	288,364	£8.25
Class S Sterling Distribution	5,116,765	£8.67	6,674,071	£8.15
Class S Sterling Hedged Distribution	214,414	£11.64	100	£10.00
Class S US Dollar Accumulation	209,628	\$12.02	208,605	\$10.20
Class S US Dollar Distribution	24,642	\$11.73	22,466	\$10.07

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>Healthcare Opportunities Fund</b>				
Class A Euro	196,148	€23.52	261,553	€21.64
Class A Sterling	174,866	£20.88	689,431	£18.47
Class A US Dollar	343,266	\$28.24	513,874	\$22.82
Class I Euro	2,151,292	€35.02	1,991,015	€32.07
Class I Sterling	25,012,188	£31.08	20,438,863	£27.37
Class I US Dollar	3,533,746	\$42.05	3,453,323	\$33.83
Class R Euro	1,458,395	€33.61	1,434,955	€30.93
Class R Sterling	281,562	£29.84	347,692	£26.40
Class R US Dollar	2,505,235	\$40.36	3,036,897	\$32.62

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 9. Shareholders' Funds continued

Number of redeemable participating shares outstanding and net asset value per redeemable participating share continued

Income Opportunities Fund (based on dealing NAV per share)	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
Class A1 Sterling Distribution	5,499,293	£1.43	121,771	£1.34
Class A2 Sterling Accumulation	5,170,453	£2.18	244,543	£1.95
Class B1 Sterling Distribution	26,884,838	£1.50	38,061,685	£1.39
Class B2 Sterling Accumulation	72,772,220	£2.25	51,461,926	£2.01
Class I Euro Accumulation	6,528	€2.54	414	€2.35
Class I Euro Distribution	622	€1.69	597	€1.63
Class I Euro Hedged Accumulation	107,481	€13.30	100	€11.98
Class I Euro Hedged Distribution	39,807	€12.38	103	€11.63
Class I US Dollar Accumulation	371	\$3.05	371	\$2.48
Class I US Dollar Distribution	458,494	\$2.03	268,317	\$1.72
Class R Euro Accumulation	371,682	€2.45	424	€2.28
Class R Euro Distribution	647	€1.61	620	€1.56
Class R Euro Hedged Accumulation	834,409	€13.18	100	€11.93
Class R Euro Hedged Distribution	496,639	€12.26	103	€11.58
Class R US Dollar Accumulation	890,588	\$2.95	381	\$2.41
Class R US Dollar Distribution	1,512,958	\$1.93	557	\$1.65
Class R US Dollar Hedged Accumulation	5,961,310	€10.71	N/A	N/A
Class R US Dollar Hedged Distribution	3,748,765	€10.46	N/A	N/A

  

International Alpha Fund	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
Class SI US Dollar Distribution	—	—	500,000	\$9.87

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>Japan Fund</b>				
Class A Japanese Yen	136,852	¥3,367.16	248,460	¥2,590.08
Class A Sterling	133,778	£22.14	514,888	£18.00
Class A US Dollar	145,571	\$29.91	217,071	\$22.13
Class I Euro	83,772	€20.14	236,800	€16.70
Class I Hedged Euro	5,955,600	€20.09	4,240,751	€15.35
Class I Hedged Sterling	8,768,697	£25.08	12,363,012	£19.02
Class I Hedged Swiss Franc	848,078	Sfr.17.24	1,012,126	Sfr.13.23
Class I Hedged US Dollar	4,729,650	\$25.64	6,106,881	\$19.24
Class I Japanese Yen	4,070,789	¥2,713.57	5,059,349	¥2,056.63
Class I Sterling	4,296,644	£17.84	4,675,987	£14.30
Class I US Dollar	1,288,587	\$24.10	1,144,011	\$17.57
Class R Euro	78,897	€19.53	19,589	€16.27
Class R Hedged Euro	2,816,495	€19.51	3,574,623	€14.99
Class R Hedged Sterling	177,334	£24.16	574,633	£18.42
Class R Hedged Swiss Franc	642,687	Sfr.16.93	910,982	Sfr.3.06
Class R Hedged US Dollar	6,503,638	\$24.79	10,253,711	\$18.69
Class R Japanese Yen	2,255,798	¥2,631.24	2,978,516	¥2,004.23
Class R Sterling	1,809	£17.30	2,084	£13.93
Class R US Dollar	163,072	\$23.37	214,808	\$17.12

	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
<b>Japan Value Fund</b>				
Class C Hedged Sterling	22,446,463	£2.01	22,446,463	£1.57
Class I Japanese Yen	1,415	¥126.01	10	¥100.00
Class R Hedged Euro	2,326,432	€2.32	2,628,359	€1.86
Class R Hedged Sterling	56,364	£1.87	56,288	£1.49
Class R Hedged US Dollar	2,139,833	\$3.10	2,380,965	\$2.43
Class R Japanese Yen	210,120	¥258.40	120	¥205.08
Class R US Dollar	23,552	\$2.30	438	\$1.75
Class S Hedged Sterling	914,136	£1.93	1,694,703	£1.52
Class S Hedged US Dollar	758,991	\$3.19	815,891	\$2.49
Class S Japanese Yen	361,326	¥265.87	195,326	¥209.74
Class S Sterling	61,649	£1.75	2,402	£1.46

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Number of redeemable participating shares outstanding and net asset value per redeemable participating share continued

North American Fund	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
Class I Euro	8,057,037	€20.06	7,509,301	€18.25
Class I Hedged Euro	7,036,486	€23.01	7,611,504	€18.80
Class I Hedged Sterling	1,419,475	£23.61	1,295,132	£19.09
Class I Hedged Swiss Franc	1,473,090	Sfr.12.93	3,821,515	Sfr.10.62
Class I Sterling	14,713,923	£17.81	15,259,379	£15.58
Class I US Dollar	33,920,191	\$24.09	31,811,543	\$19.25
Class R Euro	27,363	€19.39	41,560	€17.73
Class R Hedged Euro	607,873	€22.20	203,712	€18.22
Class R Hedged Sterling	51,935	£22.86	42,675	£18.58
Class R Sterling	13,353	£17.21	33,967	£15.13
Class R US Dollar	1,920,791	\$23.28	1,920,271	\$18.70
Class S Euro	26,870	€20.22	25,445	€18.38
Class S Hedged Euro	11,820	€23.22	3,075	€18.94
Class S Hedged Sterling	1,985,574	£23.82	1,744,165	£19.24
Class S Sterling	23,560,474	£17.95	20,339,947	£15.69
Class S US Dollar	5,282,212	\$24.28	5,105,714	\$19.39

UK Absolute Equity Fund	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
Class I Euro	122,607	€23.38	8	€16.38
Class I Hedged Euro	7,270,552	€26.06	659,719	€17.66
Class I Hedged US Dollar	1,841,847	\$34.06	211,969	\$22.85
Class I Sterling	9,263,856	£20.74	3,066,032	£14.06
Class I US Dollar	443,193	\$28.02	6	\$17.30
Class R Euro	38,264	€23.15	10,574	€16.27
Class R Hedged Euro	364,221	€25.76	8,489	€17.52
Class R Hedged US Dollar	36,312	\$33.62	3,079	\$22.63
Class R Sterling	146,705	£20.54	20,506	£13.97
Class R US Dollar	3,973	\$27.75	6	\$17.19
Class S Euro	8	€23.55	8	€16.48
Class S Hedged Euro	23,045	€26.31	39	€17.80
Class S Hedged US Dollar	115,352	\$34.24	122,503	\$22.94
Class S Sterling	3,201,332	£20.89	2,592,117	£14.14
Class S US Dollar	6	\$28.23	6	\$17.40

UK Value Opportunities Fund (based on dealing NAV per share)	31 December 2017		31 December 2016	
	Number of shares	NAV/Share	Number of shares	NAV/Share
Class I Sterling Accumulation	4,331,125	£12.14	N/A	N/A
Class I Sterling Distribution	2,461,165	£12.13	N/A	N/A
Class S Sterling Accumulation	26,232,612	£12.15	N/A	N/A
Class S Sterling Distribution	13,112,244	£12.15	N/A	N/A

**Movement in redeemable participating shares in issue during the financial year**

	31 December 2017		
	Shares Number Class A USD Distribution	Shares Number Class I EUR Accumulation	Shares Number Class I EUR Hedged Accumulation
<b>Asian Opportunities Fund</b>			
Shares in issue at 1 January 2017	110,798	11	100
Shares issued during financial year	12,542	–	48,409
Shares redeemed during financial year	(4,884)	–	–
<b>Shares in issue at 31 December 2017</b>	<b>118,456</b>	<b>11</b>	<b>48,509</b>
<b>Shares in issue at 31 December 2016</b>	<b>110,798</b>	<b>11</b>	<b>100</b>

	31 December 2017		
	Shares Number Class I GBP Accumulation	Shares Number Class I GBP Hedged Accumulation	Shares Number Class I USD Accumulation
<b>Asian Opportunities Fund</b>			
Shares in issue at 1 January 2017	12	100	10
Shares issued during financial year	–	6,969	98
Shares redeemed during financial year	–	–	–
<b>Shares in issue at 31 December 2017</b>	<b>12</b>	<b>7,069</b>	<b>108</b>
<b>Shares in issue at 31 December 2016</b>	<b>12</b>	<b>100</b>	<b>10</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

31 December 2017				
Automation & Artificial Intelligence Fund	Shares Number Class I EUR Accumulation	Shares Number Class I GBP Accumulation	Shares Number Class I USD Accumulation	Shares Number Class R EUR Accumulation
Shares in issue at 1 January 2017	–	–	–	–
Shares issued during financial year	201,431	1,893,686	55,656	117
Shares redeemed during financial year	–	(20,194)	(1,837)	–
<b>Shares in issue at 31 December 2017</b>	<b>201,431</b>	<b>1,873,492</b>	<b>53,819</b>	<b>117</b>
<b>Shares in issue at 31 December 2016</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

31 December 2017				
Automation & Artificial Intelligence Fund	Shares Number Class R USD Accumulation	Shares Number Class S EUR Accumulation	Shares Number Class S GBP Accumulation	Shares Number Class S USD Accumulation
Shares in issue at 1 January 2017	–	–	–	–
Shares issued during financial year	978,914	20,928	19,227,497	1,681,110
Shares redeemed during financial year	(1)	–	(1,016,819)	–
<b>Shares in issue at 31 December 2017</b>	<b>978,913</b>	<b>20,928</b>	<b>18,210,678</b>	<b>1,681,110</b>
<b>Shares in issue at 31 December 2016</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

31 December 2017			
Biotechnology Fund	Shares Number Class I EUR	Shares Number Class I GBP	Shares Number Class I USD
Shares in issue at 1 January 2017	855,010	1,242,276	2,123,752
Shares issued during financial year	946,844	2,339,969	3,556,870
Shares redeemed during financial year	(454,577)	(848,433)	(1,844,573)
<b>Shares in issue at 31 December 2017</b>	<b>1,347,277</b>	<b>2,733,812</b>	<b>3,836,049</b>
<b>Shares in issue at 31 December 2016</b>	<b>855,010</b>	<b>1,242,276</b>	<b>2,123,752</b>

31 December 2017			
Biotechnology Fund	Shares Number Class R EUR	Shares Number Class R GBP	Shares Number Class R USD
Shares in issue at 1 January 2017	364,882	114,590	2,093,237
Shares issued during financial year	1,103,988	57,406	3,470,315
Shares redeemed during financial year	(544,527)	(18,365)	(1,465,623)
<b>Shares in issue at 31 December 2017</b>	<b>924,343</b>	<b>153,631</b>	<b>4,097,929</b>
<b>Shares in issue at 31 December 2016</b>	<b>364,882</b>	<b>114,590</b>	<b>2,093,237</b>

	31 December 2017		
	Shares Number Class S EUR	Shares Number Class S GBP	Shares Number Class S USD
<b>Biotechnology Fund</b>			
Shares in issue at 1 January 2017	7,533	16	195,889
Shares issued during financial year	5,295	21,004	5,015
Shares redeemed during financial year	(5,295)	–	(68,027)
<b>Shares in issue at 31 December 2017</b>	<b>7,533</b>	<b>21,020</b>	<b>132,877</b>
<b>Shares in issue at 31 December 2016</b>	<b>7,533</b>	<b>16</b>	<b>195,889</b>

	31 December 2017		
	Shares Number Class I EUR	Shares Number Class I GBP	Shares Number Class I USD
<b>Emerging Markets Growth Fund</b>			
Shares in issue at 1 January 2017	1,302	5,948,903	3,986
Shares issued during financial year	198	559,624	–
Shares redeemed during financial year	(1,500)	(6,508,527)	(3,986)
<b>Shares in issue at 31 December 2017</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Shares in issue at 31 December 2016</b>	<b>1,302</b>	<b>5,948,903</b>	<b>3,986</b>

	31 December 2017		
	Shares Number Class R EUR	Shares Number Class R GBP	Shares Number Class R USD
<b>Emerging Markets Growth Fund</b>			
Shares in issue at 1 January 2017	1,302	783,648	1,000
Shares issued during financial year	–	921	–
Shares redeemed during financial year	(1,302)	(784,569)	(1,000)
<b>Shares in issue at 31 December 2017</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Shares in issue at 31 December 2016</b>	<b>1,302</b>	<b>783,648</b>	<b>1,000</b>

	31 December 2017		
	Shares Number Class I EUR Accumulation	Shares Number Class I EUR Distribution	Shares Number Class I GBP Accumulation
<b>Emerging Markets Income Fund</b>			
Shares in issue at 1 January 2017	359,800	41,675	421,522
Shares issued during financial year	72,670	140,218	76,918
Shares redeemed during financial year	(68,386)	(2,175)	(308,423)
<b>Shares in issue at 31 December 2017</b>	<b>364,084</b>	<b>179,718</b>	<b>190,017</b>
<b>Shares in issue at 31 December 2016</b>	<b>359,800</b>	<b>41,675</b>	<b>421,522</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

	31 December 2017		
	Shares Number Class I GBP Distribution	Shares Number Class I USD Accumulation	Shares Number Class I USD Distribution
<b>Emerging Markets Income Fund</b>			
Shares in issue at 1 January 2017	9,607,082	7,123,161	3,000,782
Shares issued during financial year	1,861,558	3,091,670	69,024
Shares redeemed during financial year	(1,937,257)	(4,290,141)	(1,169,689)
<b>Shares in issue at 31 December 2017</b>	<b>9,531,383</b>	<b>5,924,690</b>	<b>1,900,117</b>
<b>Shares in issue at 31 December 2016</b>	<b>9,607,082</b>	<b>7,123,161</b>	<b>3,000,782</b>

	31 December 2017		
	Shares Number Class R EUR Accumulation	Shares Number Class R EUR Distribution	Shares Number Class R GBP Accumulation
<b>Emerging Markets Income Fund</b>			
Shares in issue at 1 January 2017	470,009	99,548	34,117
Shares issued during financial year	51,833	2,700	17,006
Shares redeemed during financial year	(99,878)	(95,549)	(8,846)
<b>Shares in issue at 31 December 2017</b>	<b>421,964</b>	<b>6,699</b>	<b>42,277</b>
<b>Shares in issue at 31 December 2016</b>	<b>470,009</b>	<b>99,548</b>	<b>34,117</b>

	31 December 2017		
	Shares Number Class R GBP Distribution	Shares Number Class R USD Accumulation	Shares Number Class R USD Distribution
<b>Emerging Markets Income Fund</b>			
Shares in issue at 1 January 2017	462,517	3,189,354	484,754
Shares issued during financial year	3,278	4,248,442	118,132
Shares redeemed during financial year	(432,519)	(5,414,791)	(208,800)
<b>Shares in issue at 31 December 2017</b>	<b>33,276</b>	<b>2,023,005</b>	<b>394,086</b>
<b>Shares in issue at 31 December 2016</b>	<b>462,517</b>	<b>3,189,354</b>	<b>484,754</b>

	31 December 2017		
	Shares Number Class S EUR Accumulation	Shares Number Class S EUR Distribution	Shares Number Class S GBP Accumulation
<b>Emerging Markets Income Fund</b>			
Shares in issue at 1 January 2017	13	2,716	251,967
Shares issued during financial year	–	1	26,280
Shares redeemed during financial year	–	–	(26,496)
<b>Shares in issue at 31 December 2017</b>	<b>13</b>	<b>2,717</b>	<b>251,751</b>
<b>Shares in issue at 31 December 2016</b>	<b>13</b>	<b>2,716</b>	<b>251,967</b>

	31 December 2017		
	Shares Number Class S GBP Distribution	Shares Number Class S USD Accumulation	Shares Number Class S USD Distribution
<b>Emerging Markets Income Fund</b>			
Shares in issue at 1 January 2017	10,674,298	2,717	71,465
Shares issued during financial year	1,728,198	–	19,500
Shares redeemed during financial year	(2,431,914)	(2,707)	(6,098)
<b>Shares in issue at 31 December 2017</b>	<b>9,970,582</b>	<b>10</b>	<b>84,867</b>
<b>Shares in issue at 31 December 2016</b>	<b>10,674,298</b>	<b>2,717</b>	<b>71,465</b>

	31 December 2017		
	Shares Number Class I EUR Accumulation	Shares Number Class I GBP Accumulation	Shares Number Class I GBP Distribution
<b>European Ex UK Income Fund</b>			
Shares in issue at 1 January 2017	4,730	54,823	49,175
Shares issued during financial year	15,501	1,778,059	83,175
Shares redeemed during financial year	–	(48,546)	(5,643)
<b>Shares in issue at 31 December 2017</b>	<b>20,231</b>	<b>1,784,336</b>	<b>126,707</b>
<b>Shares in issue at 31 December 2016</b>	<b>4,730</b>	<b>54,823</b>	<b>49,175</b>

	31 December 2017		
	Shares Number Class I GBP Hedged Accumulation	Shares Number Class I GBP Hedged Distribution	Shares Number Class S GBP Accumulation
<b>European Ex UK Income Fund</b>			
Shares in issue at 1 January 2017	3,945	104	31,317
Shares issued during financial year	1,400	4,734	19,921
Shares redeemed during financial year	–	–	(19,162)
<b>Shares in issue at 31 December 2017</b>	<b>5,345</b>	<b>4,838</b>	<b>32,076</b>
<b>Shares in issue at 31 December 2016</b>	<b>3,945</b>	<b>104</b>	<b>31,317</b>

	31 December 2017		
	Shares Number Class S GBP Distribution	Shares Number Class S GBP Hedged Accumulation	Shares Number Class S GBP Hedged Distribution
<b>European Ex UK Income Fund</b>			
Shares in issue at 1 January 2017	585,111	100	4,339,888
Shares issued during financial year	3,740,664	–	7,038,982
Shares redeemed during financial year	(41,579)	–	(19,651)
<b>Shares in issue at 31 December 2017</b>	<b>4,284,196</b>	<b>100</b>	<b>11,359,219</b>
<b>Shares in issue at 31 December 2016</b>	<b>585,111</b>	<b>100</b>	<b>4,339,888</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

	31 December 2017			
	Shares Number Class I EUR Accumulation	Shares Number Class I EUR Distribution	Shares Number Class I GBP Accumulation	Shares Number Class I GBP Distribution
<b>European Income Fund</b>				
Shares in issue at 1 January 2017	74,815	108	867,248	66,932
Shares issued during financial year	3,550	4	12,922	28,139
Shares redeemed during financial year	(60,680)	–	(3,883)	(4,516)
<b>Shares in issue at 31 December 2017</b>	<b>17,685</b>	<b>112</b>	<b>876,287</b>	<b>90,555</b>
<b>Shares in issue at 31 December 2016</b>	<b>74,815</b>	<b>108</b>	<b>867,248</b>	<b>66,932</b>

	31 December 2017			
	Shares Number Class I CHF Accumulation	Shares Number Class I CHF Distribution	Shares Number Class I USD Accumulation	Shares Number Class I USD Distribution
<b>European Income Fund</b>				
Shares in issue at 1 January 2017	83	89	80	86
Shares issued during financial year	–	3	–	3
Shares redeemed during financial year	–	–	–	–
<b>Shares in issue at 31 December 2017</b>	<b>83</b>	<b>92</b>	<b>80</b>	<b>89</b>
<b>Shares in issue at 31 December 2016</b>	<b>83</b>	<b>89</b>	<b>80</b>	<b>86</b>

	31 December 2017			
	Shares Number Class R EUR Accumulation	Shares Number Class R EUR Distribution	Shares Number Class R GBP Accumulation	Shares Number Class R GBP Distribution
<b>European Income Fund</b>				
Shares in issue at 1 January 2017	100	108	128	137
Shares issued during financial year	–	4	–	5
Shares redeemed during financial year	–	–	–	–
<b>Shares in issue at 31 December 2017</b>	<b>100</b>	<b>112</b>	<b>128</b>	<b>142</b>
<b>Shares in issue at 31 December 2016</b>	<b>100</b>	<b>108</b>	<b>128</b>	<b>137</b>

	31 December 2017			
	Shares Number Class R CHF Accumulation	Shares Number Class R CHF Distribution	Shares Number Class R USD Accumulation	Shares Number Class R USD Distribution
<b>European Income Fund</b>				
Shares in issue at 1 January 2017	83	89	80	86
Shares issued during financial year	–	3	–	3
Shares redeemed during financial year	–	–	–	–
<b>Shares in issue at 31 December 2017</b>	83	92	80	89
<b>Shares in issue at 31 December 2016</b>	83	89	80	86

	31 December 2017			
	Shares Number Class S EUR Accumulation	Shares Number Class S EUR Distribution	Shares Number Class S GBP Accumulation	Shares Number Class S GBP Distribution
<b>European Income Fund</b>				
Shares in issue at 1 January 2017	100	108	128	137
Shares issued during financial year	–	4	–	5
Shares redeemed during financial year	–	–	–	–
<b>Shares in issue at 31 December 2017</b>	100	112	128	142
<b>Shares in issue at 31 December 2016</b>	100	108	128	137

	31 December 2017			
	Shares Number Class S CHF Accumulation	Shares Number Class S CHF Distribution	Shares Number Class S USD Accumulation	Shares Number Class S USD Distribution
<b>European Income Fund</b>				
Shares in issue at 1 January 2017	83	89	80	86
Shares issued during financial year	–	3	–	3
Shares redeemed during financial year	–	–	–	–
<b>Shares in issue at 31 December 2017</b>	83	92	80	89
<b>Shares in issue at 31 December 2016</b>	83	89	80	86

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

	31 December 2017		
<b>Financial Opportunities Fund</b>	<b>Shares Number Class I EUR Accumulation</b>	<b>Shares Number Class I EUR Distribution</b>	<b>Shares Number Class I GBP Accumulation</b>
Shares in issue at 1 January 2017	55,011	1,946	639,831
Shares issued during financial year	4,434	82,087	3,033,724
Shares redeemed during financial year	(59,434)	(109)	(1,929,415)
<b>Shares in issue at 31 December 2017</b>	<b>11</b>	<b>83,924</b>	<b>1,744,140</b>
<b>Shares in issue at 31 December 2016</b>	<b>55,011</b>	<b>1,946</b>	<b>639,831</b>

	31 December 2017		
<b>Financial Opportunities Fund</b>	<b>Shares Number Class I GBP Distribution</b>	<b>Shares Number Class I USD Accumulation</b>	<b>Shares Number Class I USD Distribution</b>
Shares in issue at 1 January 2017	1,320,357	192,282	255,590
Shares issued during financial year	259,849	1,427,235	166,976
Shares redeemed during financial year	(558,427)	(659,100)	(25,666)
<b>Shares in issue at 31 December 2017</b>	<b>1,021,779</b>	<b>960,417</b>	<b>396,900</b>
<b>Shares in issue at 31 December 2016</b>	<b>1,320,357</b>	<b>192,282</b>	<b>255,590</b>

	31 December 2017		
<b>Financial Opportunities Fund</b>	<b>Shares Number Class R EUR Accumulation</b>	<b>Shares Number Class R EUR Distribution</b>	<b>Shares Number Class R GBP Accumulation</b>
Shares in issue at 1 January 2017	25,773	1,005	2,532
Shares issued during financial year	4,500	1,907	3,400
Shares redeemed during financial year	(19,313)	(2,907)	–
<b>Shares in issue at 31 December 2017</b>	<b>10,960</b>	<b>5</b>	<b>5,932</b>
<b>Shares in issue at 31 December 2016</b>	<b>25,773</b>	<b>1,005</b>	<b>2,532</b>

	31 December 2017		
	Shares Number Class R GBP Distribution	Shares Number Class R USD Accumulation	Shares Number Class R USD Distribution
<b>Financial Opportunities Fund</b>			
Shares in issue at 1 January 2017	92,085	13,020	33,435
Shares issued during financial year	9,437	–	2,828
Shares redeemed during financial year	(88,006)	–	(32,000)
<b>Shares in issue at 31 December 2017</b>	<b>13,516</b>	<b>13,020</b>	<b>4,263</b>
<b>Shares in issue at 31 December 2016</b>	<b>92,085</b>	<b>13,020</b>	<b>33,435</b>

	31 December 2017		
	Shares Number Class I EUR	Shares Number Class I GBP	Shares Number Class I USD
<b>Global Alpha Fund</b>			
Shares in issue at 1 January 2017	142,899	66,221	64,973
Shares issued during financial year	29,719	586	–
Shares redeemed during financial year	(172,618)	(66,807)	(64,973)
<b>Shares in issue at 31 December 2017</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Shares in issue at 31 December 2016</b>	<b>142,899</b>	<b>66,221</b>	<b>64,973</b>

	31 December 2017		
	Shares Number Class R EUR	Shares Number Class R GBP	Shares Number Class R USD
<b>Global Alpha Fund</b>			
Shares in issue at 1 January 2017	130	441	100
Shares issued during financial year	–	–	–
Shares redeemed during financial year	(130)	(441)	(100)
<b>Shares in issue at 31 December 2017</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Shares in issue at 31 December 2016</b>	<b>130</b>	<b>441</b>	<b>100</b>

	31 December 2017		
	Shares Number Class SI EUR	Shares Number Class SI GBP	Shares Number Class SI USD
<b>Global Alpha Fund</b>			
Shares in issue at 1 January 2017	130	8,633,283	8
Shares issued during financial year	–	182,736	–
Shares redeemed during financial year	(130)	(8,816,019)	(8)
<b>Shares in issue at 31 December 2017</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Shares in issue at 31 December 2016</b>	<b>130</b>	<b>8,633,283</b>	<b>8</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

	31 December 2017		
	Shares Number Class I EUR Accumulation	Shares Number Class I EUR Distribution	Shares Number Class I Hedged EUR Accumulation
<b>Global Convertible Fund</b>			
Shares in issue at 1 January 2017	3,683,474	7,056,686	100
Shares issued during financial year	1,050,800	2,140,109	–
Shares redeemed during financial year	(899,857)	(8,870,153)	–
<b>Shares in issue at 31 December 2017</b>	<b>3,834,417</b>	<b>326,642</b>	<b>100</b>
<b>Shares in issue at 31 December 2016</b>	<b>3,683,474</b>	<b>7,056,686</b>	<b>100</b>

	31 December 2017		
	Shares Number Class I Hedged GBP Accumulation	Shares Number Class I Hedged GBP Distribution	Shares Number Class I Hedged CHF Accumulation
<b>Global Convertible Fund</b>			
Shares in issue at 1 January 2017	461,371	1,810,148	690,050
Shares issued during financial year	906,386	676,653	–
Shares redeemed during financial year	(77,606)	(195,285)	–
<b>Shares in issue at 31 December 2017</b>	<b>1,290,151</b>	<b>2,291,516</b>	<b>690,050</b>
<b>Shares in issue at 31 December 2016</b>	<b>461,371</b>	<b>1,810,148</b>	<b>690,050</b>

	31 December 2017		
	Shares Number Class I GBP Accumulation	Shares Number Class I GBP Distribution	Shares Number Class I USD Accumulation
<b>Global Convertible Fund</b>			
Shares in issue at 1 January 2017	1,706,808	6,501,457	544,589
Shares issued during financial year	637,112	4,401,709	96,975
Shares redeemed during financial year	(862,585)	(436,345)	(115,074)
<b>Shares in issue at 31 December 2017</b>	<b>1,481,335</b>	<b>10,466,821</b>	<b>526,490</b>
<b>Shares in issue at 31 December 2016</b>	<b>1,706,808</b>	<b>6,501,457</b>	<b>544,589</b>

	31 December 2017		
	Shares Number Class Portfolio Currency Class I USD Distribution	Shares Number Class Portfolio Currency Hedged EUR I Accumulation	Shares Number Class Portfolio Currency Hedged GBP I Distribution
<b>Global Convertible Fund</b>			
Shares in issue at 1 January 2017	185,048	20,500	–
Shares issued during financial year	53,567	248,876	8,513,398
Shares redeemed during financial year	(69,227)	(20,000)	(2,541)
<b>Shares in issue at 31 December 2017</b>	<b>169,388</b>	<b>249,376</b>	<b>8,510,857</b>
<b>Shares in issue at 31 December 2016</b>	<b>185,048</b>	<b>20,500</b>	<b>–</b>

	31 December 2017		
	Shares Number Class R EUR Accumulation	Shares Number Class R EUR Distribution	Shares Number Class R GBP Accumulation
<b>Global Convertible Fund</b>			
Shares in issue at 1 January 2017	103,864	48,504	16,996
Shares issued during financial year	967	6	–
Shares redeemed during financial year	(80,000)	–	(1,445)
<b>Shares in issue at 31 December 2017</b>	<b>24,831</b>	<b>48,510</b>	<b>15,551</b>
<b>Shares in issue at 31 December 2016</b>	<b>103,864</b>	<b>48,504</b>	<b>16,996</b>

	31 December 2017			
	Shares Number Class R GBP Distribution	Shares Number Class R USD Accumulation	Shares Number Class R USD Distribution	Shares Number Class S EUR Accumulation
<b>Global Convertible Fund</b>				
Shares in issue at 1 January 2017	173	1,330	4,751	137
Shares issued during financial year	7	–	5	–
Shares redeemed during financial year	–	(1,230)	–	–
<b>Shares in issue at 31 December 2017</b>	<b>180</b>	<b>100</b>	<b>4,756</b>	<b>137</b>
<b>Shares in issue at 31 December 2016</b>	<b>173</b>	<b>1,330</b>	<b>4,751</b>	<b>137</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

31 December 2017				
Global Convertible Fund	Shares Number Class S EUR Distribution	Shares Number Class S Hedged GBP Accumulation	Shares Number Class S Hedged GBP Distribution	Shares Number Class S CHF Hedged Accumulation
Shares in issue at 1 January 2017	2,651	19,020	6,493,939	50
Shares issued during financial year	7,719	197,417	122,017	–
Shares redeemed during financial year	–	(5,047)	(6,487,196)	–
<b>Shares in issue at 31 December 2017</b>	<b>10,370</b>	<b>211,390</b>	<b>128,760</b>	<b>50</b>
<b>Shares in issue at 31 December 2016</b>	<b>2,651</b>	<b>19,020</b>	<b>6,493,939</b>	<b>50</b>

31 December 2017				
Global Convertible Fund	Shares Number Class S GBP Accumulation	Shares Number Class S GBP Distribution	Shares Number Class S USD Accumulation	Shares Number Class S USD Distribution
Shares in issue at 1 January 2017	368,290	19,712,864	100	485,589
Shares issued during financial year	2,205	9,000,639	14,211	62,964
Shares redeemed during financial year	(2,750)	(2,313,620)	–	(43,906)
<b>Shares in issue at 31 December 2017</b>	<b>367,745</b>	<b>26,399,883</b>	<b>14,311</b>	<b>504,647</b>
<b>Shares in issue at 31 December 2016</b>	<b>368,290</b>	<b>19,712,864</b>	<b>100</b>	<b>485,589</b>

31 December 2017				
Global Insurance Fund	Shares Number Class A GBP Distribution	Shares Number Class B GBP Accumulation	Shares Number Class E GBP Distribution	Shares Number Class F GBP Accumulation
Shares in issue at 1 January 2017	19,642,929	2,490,248	32,398,713	19,702,634
Shares issued during financial year	14,812	85,302	13,070,258	10,681,633
Shares redeemed during financial year	(6,570,553)	(596,481)	(3,936,892)	(7,732,091)
<b>Shares in issue at 31 December 2017</b>	<b>13,087,188</b>	<b>1,979,068</b>	<b>41,532,079</b>	<b>22,652,176</b>
<b>Shares in issue at 31 December 2016</b>	<b>19,642,929</b>	<b>2,490,248</b>	<b>32,398,713</b>	<b>19,702,634</b>

	31 December 2017			
	Shares Number Class I EUR Accumulation	Shares Number Class I EUR Distribution	Shares Number Class I Hedged EUR Accumulation	Shares Number Class I Hedged USD Accumulation
<b>Global Insurance Fund</b>				
Shares in issue at 1 January 2017	5,669,722	227,268	78,206	974,811
Shares issued during financial year	6,827,870	29,528	2,025,703	2,000,445
Shares redeemed during financial year	(2,412,892)	(12,000)	(479,152)	(2,237,859)
<b>Shares in issue at 31 December 2017</b>	<b>10,084,700</b>	<b>244,796</b>	<b>1,624,757</b>	<b>737,397</b>
<b>Shares in issue at 31 December 2016</b>	<b>5,669,722</b>	<b>227,268</b>	<b>78,206</b>	<b>974,811</b>

	31 December 2017			
	Shares Number Class I GBP Accumulation	Shares Number Class I GBP Distribution	Shares Number Class I USD Accumulation	Shares Number Class I USD Distribution
<b>Global Insurance Fund</b>				
Shares in issue at 1 January 2017	15,202,514	14,563,156	19,288,201	1,701,523
Shares issued during financial year	16,206,188	16,552,112	15,468,139	524,485
Shares redeemed during financial year	(5,833,529)	(3,491,394)	(4,116,402)	(126,984)
<b>Shares in issue at 31 December 2017</b>	<b>25,575,173</b>	<b>27,623,874</b>	<b>30,639,938</b>	<b>2,099,024</b>
<b>Shares in issue at 31 December 2016</b>	<b>15,202,514</b>	<b>14,563,156</b>	<b>19,288,201</b>	<b>1,701,523</b>

	31 December 2017		
	Shares Number Class R EUR Accumulation	Shares Number Class R EUR Distribution	Shares Number Class R GBP Accumulation
<b>Global Insurance Fund</b>			
Shares in issue at 1 January 2017	664,551	23,130	594,162
Shares issued during financial year	494,354	7,539	460,404
Shares redeemed during financial year	(627,412)	(28,861)	(302,041)
<b>Shares in issue at 31 December 2017</b>	<b>531,493</b>	<b>1,808</b>	<b>752,525</b>
<b>Shares in issue at 31 December 2016</b>	<b>664,551</b>	<b>23,130</b>	<b>594,162</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

	31 December 2017		
	Shares Number Class R GBP Distribution	Shares Number Class R USD Accumulation	Shares Number Class R USD Distribution
<b>Global Insurance Fund</b>			
Shares in issue at 1 January 2017	2,550,208	392,787	8,137
Shares issued during financial year	422,160	3,730,365	49,868
Shares redeemed during financial year	(15,182)	(787,540)	(48,643)
<b>Shares in issue at 31 December 2017</b>	<b>2,957,186</b>	<b>3,335,612</b>	<b>9,362</b>
<b>Shares in issue at 31 December 2016</b>	<b>2,550,208</b>	<b>392,787</b>	<b>8,137</b>

	31 December 2017		
	Shares Number Class A EUR	Shares Number Class A GBP	Shares Number Class A USD
<b>Global Technology Fund</b>			
Shares in issue at 1 January 2017	3,902	265,371	837,460
Shares issued during financial year	29,993	114,783	821,652
Shares redeemed during financial year	(2,552)	(151,688)	(373,575)
<b>Shares in issue at 31 December 2017</b>	<b>31,343</b>	<b>228,466</b>	<b>1,285,537</b>
<b>Shares in issue at 31 December 2016</b>	<b>3,902</b>	<b>265,371</b>	<b>837,460</b>

	31 December 2017			
	Shares Number Class I EUR	Shares Number Class I Hedged EUR Distribution	Shares Number Class I Hedged GBP	Shares Number Class I Hedged CHF
<b>Global Technology Fund</b>				
Shares in issue at 1 January 2017	709,829	–	1,083,023	330,649
Shares issued during financial year	1,315,434	407,518	2,242,562	915,605
Shares redeemed during financial year	(502,308)	(13,125)	(460,540)	(198,079)
<b>Shares in issue at 31 December 2017</b>	<b>1,522,955</b>	<b>394,393</b>	<b>2,865,045</b>	<b>1,048,175</b>
<b>Shares in issue at 31 December 2016</b>	<b>709,829</b>	<b>–</b>	<b>1,083,023</b>	<b>330,649</b>

### 31 December 2017

	Shares Number Class I GBP	Shares Number Class I USD	Shares Number Class R EUR	Shares Number Class Hedged R EUR Accumulation
<b>Global Technology Fund</b>				
Shares in issue at 1 January 2017	20,042,505	5,988,865	506,766	–
Shares issued during financial year	7,741,253	6,555,890	593,531	403,303
Shares redeemed during financial year	(5,532,150)	(3,072,756)	(254,311)	(5,271)
<b>Shares in issue at 31 December 2017</b>	<b>22,251,608</b>	<b>9,471,999</b>	<b>845,986</b>	<b>398,032</b>
<b>Shares in issue at 31 December 2016</b>	<b>20,042,505</b>	<b>5,988,865</b>	<b>506,766</b>	<b>–</b>

### 31 December 2017

	Shares Number Class EUR Hedged R Distribution	Shares Number Class R Hedged CHF	Shares Number Class R GBP	Shares Number Class R USD
<b>Global Technology Fund</b>				
Shares in issue at 1 January 2017	553,478	12,635	414,782	5,274,810
Shares issued during financial year	3,134,125	171,646	325,569	7,949,902
Shares redeemed during financial year	(734,055)	(13,075)	(360,640)	(4,917,316)
<b>Shares in issue at 31 December 2017</b>	<b>2,953,548</b>	<b>171,206</b>	<b>379,711</b>	<b>8,307,396</b>
<b>Shares in issue at 31 December 2016</b>	<b>553,478</b>	<b>12,635</b>	<b>414,782</b>	<b>5,274,810</b>

### 31 December 2017

	Shares Number Class I EUR Accumulation	Shares Number Class I EUR Distribution	Shares Number Class I GBP Accumulation	Shares Number Class I GBP Distribution
<b>Healthcare Blue Chip Fund</b>				
Shares in issue at 1 January 2017	23,574	66	270,863	145,447
Shares issued during financial year	4,775	1	270,176	84,743
Shares redeemed during financial year	(28,284)	–	(155,055)	(61,150)
<b>Shares in issue at 31 December 2017</b>	<b>65</b>	<b>67</b>	<b>385,984</b>	<b>169,040</b>
<b>Shares in issue at 31 December 2016</b>	<b>23,574</b>	<b>66</b>	<b>270,863</b>	<b>145,447</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

31 December 2017			
Healthcare Blue Chip Fund	Shares Number Class I USD Accumulation	Shares Number Class I USD Distribution	Shares Number Class S GBP Accumulation
Shares in issue at 1 January 2017	96,404	29,051	288,364
Shares issued during financial year	3,563	1	11,940
Shares redeemed during financial year	(4,815)	–	(50,188)
<b>Shares in issue at 31 December 2017</b>	<b>95,152</b>	<b>29,052</b>	<b>250,116</b>
<b>Shares in issue at 31 December 2016</b>	<b>96,404</b>	<b>29,051</b>	<b>288,364</b>

31 December 2017				
Healthcare Blue Chip Fund	Shares Number Class S GBP Distribution	Shares Number Class S GBP Hedged Distribution	Shares Number Class S USD Accumulation	Shares Number Class S USD Distribution
Shares in issue at 1 January 2017	6,674,071	100	208,605	22,466
Shares issued during financial year	614,090	225,053	9,738	2,176
Shares redeemed during financial year	(2,171,396)	(10,739)	(8,715)	–
<b>Shares in issue at 31 December 2017</b>	<b>5,116,765</b>	<b>214,414</b>	<b>209,628</b>	<b>24,642</b>
<b>Shares in issue at 31 December 2016</b>	<b>6,674,071</b>	<b>100</b>	<b>208,605</b>	<b>22,466</b>

31 December 2017			
Healthcare Opportunities Fund	Shares Number Class A EUR	Shares Number Class A GBP	Shares Number Class A USD
Shares in issue at 1 January 2017	261,553	689,431	513,874
Shares issued during financial year	76,928	20,507	130,785
Shares redeemed during financial year	(142,333)	(535,072)	(301,393)
<b>Shares in issue at 31 December 2017</b>	<b>196,148</b>	<b>174,866</b>	<b>343,266</b>
<b>Shares in issue at 31 December 2016</b>	<b>261,553</b>	<b>689,431</b>	<b>513,874</b>

31 December 2017			
Healthcare Opportunities Fund	Shares Number Class I EUR	Shares Number Class I GBP	Shares Number Class I USD
Shares in issue at 1 January 2017	1,991,015	20,438,863	3,453,323
Shares issued during financial year	1,162,772	7,439,385	1,287,089
Shares redeemed during financial year	(1,002,495)	(2,866,060)	(1,206,666)
<b>Shares in issue at 31 December 2017</b>	<b>2,151,292</b>	<b>25,012,188</b>	<b>3,533,746</b>
<b>Shares in issue at 31 December 2016</b>	<b>1,991,015</b>	<b>20,438,863</b>	<b>3,453,323</b>

	31 December 2017		
	Shares Number Class R EUR	Shares Number Class R GBP	Shares Number Class R USD
<b>Healthcare Opportunities Fund</b>			
Shares in issue at 1 January 2017	1,434,955	347,692	3,036,897
Shares issued during financial year	490,155	75,760	739,180
Shares redeemed during financial year	(466,715)	(141,890)	(1,270,841)
<b>Shares in issue at 31 December 2017</b>	<b>1,458,395</b>	<b>281,562</b>	<b>2,505,235</b>
<b>Shares in issue at 31 December 2016</b>	<b>1,434,955</b>	<b>347,692</b>	<b>3,036,897</b>

	31 December 2017			
	Shares Number Class A1 GBP Distribution	Shares Number Class A2 GBP Accumulation	Shares Number Class B1 GBP Distribution	Shares Number Class B2 GBP Accumulation
<b>Income Opportunities Fund</b>				
Shares in issue at 1 January 2017	121,771	244,543	38,061,685	51,461,926
Shares issued during financial year	5,468,260	5,216,509	10,928,397	21,823,569
Shares redeemed during financial year	(90,738)	(290,599)	(22,105,244)	(513,275)
<b>Shares in issue at 31 December 2017</b>	<b>5,499,293</b>	<b>5,170,453</b>	<b>26,884,838</b>	<b>72,772,220</b>
<b>Shares in issue at 31 December 2016</b>	<b>121,771</b>	<b>244,543</b>	<b>38,061,685</b>	<b>51,461,926</b>

	31 December 2017			
	Shares Number Class I EUR Accumulation	Shares Number Class I EUR Distribution	Shares Number Class I EUR Hedged Accumulation	Shares Number Class I EUR Hedged Distribution
<b>Income Opportunities Fund</b>				
Shares in issue at 1 January 2017	414	597	100	103
Shares issued during financial year	6,114	25	127,281	118,204
Shares redeemed during financial year	–	–	(19,900)	(78,500)
<b>Shares in issue at 31 December 2017</b>	<b>6,528</b>	<b>622</b>	<b>107,481</b>	<b>39,807</b>
<b>Shares in issue at 31 December 2016</b>	<b>414</b>	<b>597</b>	<b>100</b>	<b>103</b>

	31 December 2017			
	Shares Number Class I USD Accumulation	Shares Number Class I USD Distribution	Shares Number Class R EUR Accumulation	Shares Number Class R EUR Distribution
<b>Income Opportunities Fund</b>				
Shares in issue at 1 January 2017	371	268,317	424	620
Shares issued during financial year	–	190,177	371,258	27
Shares redeemed during financial year	–	–	–	–
<b>Shares in issue at 31 December 2017</b>	<b>371</b>	<b>458,494</b>	<b>371,682</b>	<b>647</b>
<b>Shares in issue at 31 December 2016</b>	<b>371</b>	<b>268,317</b>	<b>424</b>	<b>620</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

	31 December 2017			
	Shares Number Class R EUR Hedged Accumulation	Shares Number Class R EUR Hedged Distribution	Shares Number Class R USD Accumulation	Shares Number Class R USD Distribution
<b>Income Opportunities Fund</b>				
Shares in issue at 1 January 2017	100	103	381	557
Shares issued during financial year	834,309	540,822	893,707	1,512,401
Shares redeemed during financial year	–	(44,286)	(3,500)	–
<b>Shares in issue at 31 December 2017</b>	<b>834,409</b>	<b>496,639</b>	<b>890,588</b>	<b>1,512,958</b>
<b>Shares in issue at 31 December 2016</b>	<b>100</b>	<b>103</b>	<b>381</b>	<b>557</b>

	31 December 2017	
	Shares Number Class R USD Hedged Accumulation	Shares Number Class R USD Hedged Distribution
<b>Income Opportunities Fund</b>		
Shares in issue at 1 January 2017	–	–
Shares issued during financial year	6,118,303	3,987,522
Shares redeemed during financial year	(156,993)	(238,757)
<b>Shares in issue at 31 December 2017</b>	<b>5,961,310</b>	<b>3,748,765</b>
<b>Shares in issue at 31 December 2016</b>	<b>–</b>	<b>–</b>

	31 December 2017 Shares Number Class SI USD Distribution
<b>International Alpha Fund</b>	
Shares in issue at 1 January 2017	500,000
Shares issued during financial year	500,000
Shares redeemed during financial year	(1,000,000)
<b>Shares in issue at 31 December 2017</b>	<b>–</b>
<b>Shares in issue at 31 December 2016</b>	<b>500,000</b>

<b>Japan Fund</b>	<b>31 December 2017</b>		
	<b>Shares Number Class A JPY</b>	<b>Shares Number Class A GBP</b>	<b>Shares Number Class A USD</b>
Shares in issue at 1 January 2017	248,460	514,888	217,071
Shares issued during financial year	10,963	413	17,495
Shares redeemed during financial year	(122,571)	(381,523)	(88,995)
<b>Shares in issue at 31 December 2017</b>	<b>136,852</b>	<b>133,778</b>	<b>145,571</b>
<b>Shares in issue at 31 December 2016</b>	<b>248,460</b>	<b>514,888</b>	<b>217,071</b>

<b>Japan Fund</b>	<b>31 December 2017</b>			
	<b>Shares Number Class I EUR</b>	<b>Shares Number Class I Hedged EUR</b>	<b>Shares Number Class I Hedged GBP</b>	<b>Shares Number Class I Hedged CHF</b>
Shares in issue at 1 January 2017	236,800	4,240,751	12,363,012	1,012,126
Shares issued during financial year	16,326	5,240,532	1,083,149	214,001
Shares redeemed during financial year	(169,354)	(3,525,683)	(4,677,464)	(378,049)
<b>Shares in issue at 31 December 2017</b>	<b>83,772</b>	<b>5,955,600</b>	<b>8,768,697</b>	<b>848,078</b>
<b>Shares in issue at 31 December 2016</b>	<b>236,800</b>	<b>4,240,751</b>	<b>12,363,012</b>	<b>1,012,126</b>

<b>Japan Fund</b>	<b>31 December 2017</b>			
	<b>Shares Number Class I Hedged USD</b>	<b>Shares Number Class I JPY</b>	<b>Shares Number Class I GBP</b>	<b>Shares Number Class I USD</b>
Shares in issue at 1 January 2017	6,106,881	5,059,349	4,675,987	1,144,011
Shares issued during financial year	2,041,712	2,439,331	1,335,696	688,392
Shares redeemed during financial year	(3,418,943)	(3,427,891)	(1,715,039)	(543,816)
<b>Shares in issue at 31 December 2017</b>	<b>4,729,650</b>	<b>4,070,789</b>	<b>4,296,644</b>	<b>1,288,587</b>
<b>Shares in issue at 31 December 2016</b>	<b>6,106,881</b>	<b>5,059,349</b>	<b>4,675,987</b>	<b>1,144,011</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

31 December 2017				
Japan Fund	Shares Number Class R EUR Hedged EUR	Shares Number Class R Hedged EUR	Shares Number Class R Hedged GBP	Shares Number Class R Hedged CHF
Shares in issue at 1 January 2017	19,589	3,574,623	574,633	910,982
Shares issued during financial year	59,483	397,700	10,890	51,933
Shares redeemed during financial year	(175)	(1,155,828)	(408,189)	(320,228)
<b>Shares in issue at 31 December 2017</b>	<b>78,897</b>	<b>2,816,495</b>	<b>177,334</b>	<b>642,687</b>
<b>Shares in issue at 31 December 2016</b>	<b>19,589</b>	<b>3,574,623</b>	<b>574,633</b>	<b>910,982</b>

31 December 2017				
Japan Fund	Shares Number Class R Hedged USD	Shares Number Class R JPY	Shares Number Class R GBP	Shares Number Class R USD
Shares in issue at 1 January 2017	10,253,711	2,978,516	2,084	214,808
Shares issued during financial year	584,937	559,570	1,086	10,809
Shares redeemed during financial year	(4,335,010)	(1,282,288)	(1,361)	(62,545)
<b>Shares in issue at 31 December 2017</b>	<b>6,503,638</b>	<b>2,255,798</b>	<b>1,809</b>	<b>163,072</b>
<b>Shares in issue at 31 December 2016</b>	<b>10,253,711</b>	<b>2,978,516</b>	<b>2,084</b>	<b>214,808</b>

31 December 2017				
Japan Value Fund	Shares Number Class C Hedged GBP	Shares Number Class I JPY	Shares Number Class R Hedged EUR	Shares Number Class R Hedged GBP
Shares in issue at 1 January 2017	22,446,463	10	2,628,359	56,288
Shares issued during financial year	–	1405	208,199	76
Shares redeemed during financial year	–	–	(510,126)	–
<b>Shares in issue at 31 December 2017</b>	<b>22,446,463</b>	<b>1,415</b>	<b>2,326,432</b>	<b>56,364</b>
<b>Shares in issue at 31 December 2016</b>	<b>22,446,463</b>	<b>10</b>	<b>2,628,359</b>	<b>56,288</b>

31 December 2017				
<b>Japan Value Fund</b>	<b>Shares Number Class R Hedged USD</b>	<b>Shares Number Class R JPY</b>	<b>Shares Number Class R USD</b>	<b>Shares Number Class S Hedged EUR</b>
Shares in issue at 1 January 2017	2,380,965	120	438	622
Shares issued during financial year	130,918	210,000	23,426	65,000
Shares redeemed during financial year	(372,050)	–	(312)	(65,000)
<b>Shares in issue at 31 December 2017</b>	<b>2,139,833</b>	<b>210,120</b>	<b>23,552</b>	<b>622</b>
<b>Shares in issue at 31 December 2016</b>	<b>2,380,965</b>	<b>120</b>	<b>438</b>	<b>622</b>

31 December 2017				
<b>Japan Value Fund</b>	<b>Shares Number Class S Hedged GBP</b>	<b>Shares Number Class S Hedged USD</b>	<b>Shares Number Class S JPY</b>	<b>Shares Number Class S GBP</b>
Shares in issue at 1 January 2017	1,694,703	815,891	195,326	2,402
Shares issued during financial year	610,751	21,500	166,000	71,951
Shares redeemed during financial year	(1,391,318)	(78,400)	–	(12,704)
<b>Shares in issue at 31 December 2017</b>	<b>914,136</b>	<b>758,991</b>	<b>361,326</b>	<b>61,649</b>
<b>Shares in issue at 31 December 2016</b>	<b>1,694,703</b>	<b>815,891</b>	<b>195,326</b>	<b>2,402</b>

31 December 2017				
<b>North American Fund</b>	<b>Shares Number Class I EUR</b>	<b>Shares Number Class I Hedged EUR</b>	<b>Shares Number Class I Hedged GBP</b>	<b>Shares Number Class I Hedged CHF</b>
Shares in issue at 1 January 2017	7,509,301	7,611,504	1,295,132	3,821,515
Shares issued during financial year	729,350	6,729,558	456,182	693,190
Shares redeemed during financial year	(181,614)	(7,304,576)	(331,839)	(3,041,615)
<b>Shares in issue at 31 December 2017</b>	<b>8,057,037</b>	<b>7,036,486</b>	<b>1,419,475</b>	<b>1,473,090</b>
<b>Shares in issue at 31 December 2016</b>	<b>7,509,301</b>	<b>7,611,504</b>	<b>1,295,132</b>	<b>3,821,515</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

31 December 2017				
North American Fund	Shares Number Class I GBP	Shares Number Class I USD	Shares Number Class R EUR	Shares Number Class R Hedged EUR
Shares in issue at 1 January 2017	15,259,379	31,811,543	41,560	203,712
Shares issued during financial year	4,305,468	16,420,142	9,956	485,506
Shares redeemed during financial year	(4,850,924)	(14,311,494)	(24,153)	(81,345)
<b>Shares in issue at 31 December 2017</b>	<b>14,713,923</b>	<b>33,920,191</b>	<b>27,363</b>	<b>607,873</b>
<b>Shares in issue at 31 December 2016</b>	<b>15,259,379</b>	<b>31,811,543</b>	<b>41,560</b>	<b>203,712</b>

31 December 2017				
North American Fund	Shares Number Class R Hedged GBP	Shares Number Class R GBP	Shares Number Class R USD	Shares Number Class S EUR
Shares in issue at 1 January 2017	42,675	33,967	1,920,271	25,445
Shares issued during financial year	55,910	2,065	770,981	3,200
Shares redeemed during financial year	(46,650)	(22,679)	(770,461)	(1,775)
<b>Shares in issue at 31 December 2017</b>	<b>51,935</b>	<b>13,353</b>	<b>1,920,791</b>	<b>26,870</b>
<b>Shares in issue at 31 December 2016</b>	<b>42,675</b>	<b>33,967</b>	<b>1,920,271</b>	<b>25,445</b>

31 December 2017				
North American Fund	Shares Number Class S Hedged EUR	Shares Number Class S Hedged GBP	Shares Number Class S GBP	Shares Number Class S USD
Shares in issue at 1 January 2017	3,075	1,744,165	20,339,947	5,105,714
Shares issued during financial year	8,745	495,752	6,393,651	1,381,245
Shares redeemed during financial year	–	(254,343)	(3,173,124)	(1,204,747)
<b>Shares in issue at 31 December 2017</b>	<b>11,820</b>	<b>1,985,574</b>	<b>23,560,474</b>	<b>5,282,212</b>
<b>Shares in issue at 31 December 2016</b>	<b>3,075</b>	<b>1,744,165</b>	<b>20,339,947</b>	<b>5,105,714</b>

	31 December 2017		
	Shares Number Class I EUR	Shares Number Class I Hedged EUR	Shares Number Class I Hedged USD
<b>UK Absolute Equity Fund</b>			
Shares in issue at 1 January 2017	8	659,719	211,969
Shares issued during financial year	122,599	7,485,787	1,713,201
Shares redeemed during financial year	–	(874,954)	(83,323)
<b>Shares in issue at 31 December 2017</b>	<b>122,607</b>	<b>7,270,552</b>	<b>1,841,847</b>
<b>Shares in issue at 31 December 2016</b>	<b>8</b>	<b>659,719</b>	<b>211,969</b>

	31 December 2017			
	Shares Number Class I GBP	Shares Number Class I USD	Shares Number Class R EUR	Shares Number Class R Hedged EUR
<b>UK Absolute Equity Fund</b>				
Shares in issue at 1 January 2017	3,066,032	6	10,574	8,489
Shares issued during financial year	8,288,185	443,187	41,378	477,936
Shares redeemed during financial year	(2,090,361)	–	(13,688)	(122,204)
<b>Shares in issue at 31 December 2017</b>	<b>9,263,856</b>	<b>443,193</b>	<b>38,264</b>	<b>364,221</b>
<b>Shares in issue at 31 December 2016</b>	<b>3,066,032</b>	<b>6</b>	<b>10,574</b>	<b>8,489</b>

	31 December 2017			
	Shares Number Class R Hedged USD	Shares Number Class R GBP	Shares Number Class R USD	Shares Number Class S EUR
<b>UK Absolute Equity Fund</b>				
Shares in issue at 1 January 2017	3,079	20,506	6	8
Shares issued during financial year	36,103	141,041	3,967	–
Shares redeemed during financial year	(2,870)	(14,842)	–	–
<b>Shares in issue at 31 December 2017</b>	<b>36,312</b>	<b>146,705</b>	<b>3,973</b>	<b>8</b>
<b>Shares in issue at 31 December 2016</b>	<b>3,079</b>	<b>20,506</b>	<b>6</b>	<b>8</b>

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 9. Shareholders' Funds continued

Movement in redeemable participating shares in issue during the financial year continued

31 December 2017				
<b>UK Absolute Equity Fund</b>	<b>Shares Number Class S Hedged EUR</b>	<b>Shares Number Class S Hedged USD</b>	<b>Shares Number Class S GBP</b>	<b>Shares Number Class S USD</b>
Shares in issue at 1 January 2017	39	122,503	2,592,117	6
Shares issued during financial year	35,376	–	1,152,512	–
Shares redeemed during financial year	(12,370)	(7,151)	(543,297)	–
<b>Shares in issue at 31 December 2017</b>	<b>23,045</b>	<b>115,352</b>	<b>3,201,332</b>	<b>6</b>
<b>Shares in issue at 31 December 2016</b>	<b>39</b>	<b>122,503</b>	<b>2,592,117</b>	<b>6</b>

31 December 2017				
<b>UK Value Opportunities Fund</b>	<b>Shares Number Class I GBP Accumulation</b>	<b>Shares Number Class I GBP Distribution</b>	<b>Shares Number Class S GBP Accumulation</b>	<b>Shares Number Class S GBP Distribution</b>
Shares in issue at 1 January 2017	–	–	–	–
Shares issued during financial year	4,585,994	2,632,248	26,962,008	13,813,504
Shares redeemed during financial year	(254,869)	(171,083)	(729,396)	(701,260)
<b>Shares in issue at 31 December 2017</b>	<b>4,331,125</b>	<b>2,461,165</b>	<b>26,232,612</b>	<b>13,112,244</b>
<b>Shares in issue at 31 December 2016</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

#### 10. Financial Risk Management

In accordance with its investment objectives and policies, the Company holds financial instruments, which at any one time may comprise securities, cash and derivatives, held in accordance with the investment objective and policies of each Fund.

A review of the portfolio activity for the financial year is available in the Investment Manager's Reports and a detailed analysis of the investments is shown in the Portfolio Statements. Investments listed on the Portfolio Statements are stated at fair value as described in Note 2.

##### Investment objective and policies

The investment objective of the Asian Opportunities Fund is to achieve medium-term capital appreciation and to generate growth of investors' capital. In order to achieve its objective the Fund will invest in equity securities of companies listed or traded on Regulated Markets in the Asian markets outside Japan (including Australasia) although the Fund reserves the right to invest in companies whose securities are traded on other Regulated Markets where these companies derive a substantial proportion (i.e. greater than 30 per cent) of their profits from Asian markets outside Japan (including Australasia). The Fund may also invest in listed securities (including ordinary shares, stocks and convertible bonds) issued by such companies.

The investment objective of Automation & Artificial Intelligence Fund is to achieve long-term capital appreciation by primarily investing in a diversified portfolio of global equity securities which may be listed or traded on a Regulated Market. The Fund is not expected to invest more than 20% of its Net Asset Value in emerging markets. The securities in which the Fund will primarily invest will include equity and equity related securities including, but not limited to, ordinary and preference shares and financial derivative instruments.

The investment objective of the Biotechnology Fund is to preserve capital and achieve long-term capital appreciation. The Fund will seek to achieve its investment objective by investing in a globally diversified portfolio of biotechnology, diagnostics and life sciences tools companies and will invest in transferable securities including shares, equity warrants and other types of equity related securities such as preferred shares, which will be listed and/or traded on a Regulated Market, and issued by biotechnology, diagnostics and life sciences tools companies. The Fund may also invest in Global depository receipts and American and European depository receipts to gain exposure to biotechnology companies. The Fund may invest in unlisted securities subject to a limit of 10% of its Net Asset Value in unlisted securities. The Fund will seek to outperform the NASDAQ Biotechnology Index.

The investment objective of each of the Emerging Markets Growth and Emerging Markets Income Funds is to achieve both income and long-term capital growth by investing in securities of issuers that are incorporated, have their headquarters, or exercise a significant part of their economic activities in markets/countries which are, in the Investment Manager's opinion, emerging markets/developing countries. Emerging Markets Growth Fund terminated on 27 December 2017.

The investment objective of the European Ex UK Income Fund is to deliver strong long-term risk adjusted returns to achieve both income and capital growth by investing in securities of issuers that are incorporated, have their headquarters, or exercise a significant part greater than 20% of their economic activities in European markets/countries excluding the United Kingdom. It is anticipated to target an overall yield of 10% higher than that of the Index (MSCI Europe Ex UK NR EUR); however, this cannot be guaranteed.

The investment objective of the European Income Fund is to deliver strong long-term risk adjusted returns to achieve both income and capital growth by investing in securities of issuers that are incorporated, have their headquarters, or exercise a significant part greater than 20% of their economic activities in European markets/countries. It is anticipated to target an overall yield of 10% higher than that of the Index (MSCI Europe High Div Yld NR); however, this cannot be guaranteed.

The investment objective of the Financial Opportunities Fund is to achieve long-term capital growth, and in order to achieve its objective the Fund will invest in the securities of financial sector companies and companies related to the financial sector worldwide. These companies primarily include commercial and investment banks, life and non-life insurance and reinsurance companies, asset management and brokerage companies.

The investment objective of the Global Alpha Fund was to achieve long-term capital appreciation. The Fund sought to achieve its investment objective by investing in a diversified portfolio of global equities. The securities in which the Fund invested primarily included equity securities including, but not limited to ordinary and preference shares and equity warrants, listed on a Regulated Market. The Fund sought to outperform the MSCI All-Country World Index whilst striving to limit the volatility of the Fund's returns through the business cycle by investing in a diversified portfolio of equity securities of high quality medium and large capitalisation. The Fund terminated on 28 December 2017.

The investment objective of the Global Convertible Fund is to generate both income and long-term capital growth by investing in a diversified portfolio of convertible bonds (the underlyings of which will be equity securities) and financial derivative instruments. The Fund will therefore be significantly invested in financial derivative instruments. Such securities will be listed and/or traded on a Recognised Exchange. The Fund will have a global geographical focus, and may invest more than 20% of its Net Asset Value in emerging markets. The Fund may invest no more than 10% of the Fund's Net Asset Value in aggregate in shares of open-ended investment funds, which include UCITS or AIF exchange traded funds which are considered to be investment funds.

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 10. Financial Risk Management continued

#### Investment objective and policies continued

The investment objective of the Global Insurance Fund is to provide an attractive total return irrespective of broader economic and financial market conditions. In order to achieve its investment objective the Fund will invest primarily in securities of insurance related companies worldwide. These companies include insurance and reinsurance companies, life assurance companies, insurance brokerage companies and other insurance related businesses including, but not limited to, insurance claims administration companies, insurance support service companies and companies that own insurance related assets.

The investment objective of the Global Technology Fund is long-term capital appreciation by way of investing in a globally diversified portfolio of technology companies. Although the Fund may receive income in the form of dividends, interest and from other sources, income is not a primary consideration. The Fund will invest at least two thirds of its net asset value in technology-related companies worldwide. The Fund will take a geographically diversified approach and operate within broad asset allocation ranges, but there are no specified limits on investing in any geographical region or single country.

The investment objective of the Healthcare Blue Chip Fund is to achieve long-term capital appreciation. The Fund will seek to achieve its investment objective by investing in a globally diversified portfolio of healthcare companies. The Fund will invest in transferable securities including, shares, equity warrants and other types of equity related securities such as preferred shares, which will be listed and/or traded on a Regulated Market, and issued by healthcare companies, to include, but not limited to, pharmaceutical, biotechnology, medical device and healthcare services companies. The Healthcare Blue Chip Fund may also invest in Global depository receipts and American and European depository receipts to gain exposure to healthcare companies.

The investment objective of the Healthcare Opportunities Fund is to preserve capital and achieve long-term capital appreciation by investing in a globally diversified portfolio of healthcare companies. The Fund will seek to outperform the MSCI Global Healthcare Index whilst striving to limit the volatility of the Fund's returns. The Fund will take a geographically diversified approach and operate within broad asset allocation ranges, but there are no specified limits on investing in any geographical region or in any sub-sector of healthcare. Non-healthcare related securities will not exceed one third of the Fund's total assets.

The investment objective of the Income Opportunities Fund is to provide an attractive level of income together with capital growth. In order to achieve its objective the Fund will invest primarily in the equity, debt and other securities of listed financial companies. The debt securities in which the Fund will invest will be fixed and floating rate and include, but are not limited to, preference shares, convertible bonds, debentures and bonds with the restriction that unrated debt securities will not be greater than 25% of the Net Asset Value of the Fund. The other securities in which the Fund may invest will be securities with equity characteristics, including but not limited to preferred stocks, as well as depository receipts (including global depository receipts traded) for such securities.

The investment objective of the International Alpha Fund was to invest in a diversified portfolio of International (ex USA) equities. The securities in which the Fund invested primarily included equity securities including, but not limited to ordinary and preference shares and equity warrants, listed on a Regulated Market. The Fund invested in securities issued by companies predominantly, but not limited to, located in countries contained in the MSCI ACWI (ex U.S.A) Index 1. The Fund terminated on 31 October 2017.

The investment objective of the Japan Fund is to achieve long-term capital growth by investing primarily (meaning not less than two thirds of the net asset value) in securities of issuers that have their principal activities in Japan or are organised under the laws of Japan or derive a significant portion of their earnings from Japan. The Fund intends to invest up to 100% of its assets in securities listed on the Tokyo and regional Japanese exchanges that are Regulated Markets. The Fund will seek to outperform the Topix Total Return Index while striving to limit the volatility of the Fund's returns.

The investment objective of the Japan Value Fund (formerly Japan Alpha Fund) is to achieve long-term capital appreciation. The Fund will seek to achieve its investment objective by investing primarily in equity securities of issuers that exercise a significant part of their economic activities in Japan or are organised under the laws of Japan. The Fund intends to primarily invest its assets in securities listed on the Tokyo and regional Japanese exchanges that are Regulated Markets. Investment will primarily be concentrated in securities listed on the Tokyo Stock Exchange, however, the Fund may also, to a limited extent, invest in securities listed on regional Japanese exchanges. In addition, the Fund may also, to a limited extent, invest in securities listed and/or traded globally on Regulated Markets which securities provide exposure to the Japanese market.

The investment objective of the North American Fund is to achieve long-term capital appreciation. The Fund invests in a diversified portfolio of securities of North American companies. The Investment Manager will invest in large, medium and small capitalisation companies depending on market liquidity and as it judges the available opportunities.

The investment objective of the UK Absolute Equity Fund is to achieve a positive absolute return over rolling one year periods, notwithstanding changing market conditions. Capital is at risk and there is no guarantee that a positive return will be delivered over any one or a number of twelve month periods. The Fund will invest directly, or indirectly through the use of financial derivative instruments, predominantly in the equities of United Kingdom companies and, to a significantly lesser degree, European and global equities. The Fund may therefore, at any one time, be significantly invested in financial derivative instruments.

The investment objective of UK Value Opportunities Fund is to achieve long-term capital appreciation. The Fund will seek to achieve its investment objective by primarily investing in a diversified portfolio of equity securities listed in the UK. The securities in which the Fund will invest will primarily include equity securities including, but not limited to ordinary and preference shares and equity warrants. The Fund will aim to outperform the FTSE All-Share Index by investing in undervalued companies or shares, whilst striving to reduce the volatility of the Fund's return by investing in a diversified portfolio.

## **Risks**

The following summary is not intended to be a comprehensive summary of all the risks inherent in investing in the Company and investors should refer to the prospectus for a more detailed discussion of these risks.

### **Strategy in using Financial Instruments**

The Funds are exposed to a variety of financial risks in pursuing their stated investment objectives and policies. These risks are defined for financial reporting purposes by IFRS as credit risk, liquidity risk and market risk (which in turn includes currency risk, interest rate risk and price risk). The Funds take exposure to certain of these risks to generate investment returns on their portfolios, although these risks can also potentially result in a reduction in the Funds' assets. The Investment Manager will use its best endeavours to minimise the potentially adverse effects of these risks on the Funds' performance where it can do so while still managing the investments of the Funds in ways that are consistent with each Fund's investment objectives and policies.

The risks, and the measures adopted by the Company for managing these risks, are detailed below.

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 10. Financial Risk Management continued

##### Market price risk

Market price risk is the risk that the fair value of a financial instrument or its future cash flows will fluctuate because of changes in market prices.

The assets of the Funds consist principally of equities, equity related securities, fixed income securities, contracts for difference ('CFDs') and currency derivatives used for hedging purposes. Credit default swaps, interest rate futures and options are also used by certain Funds from time to time.

The values of these instruments are determined by market forces and there is accordingly a risk that market prices can change in a way that is adverse to a Fund's performance.

The Directors have adopted a number of investment restrictions which are set out in the individual Fund supplements to the Company's prospectus and which limit the exposure of the Funds to adverse changes in the price of any individual financial asset. In accordance with Company policy, the Investment Manager monitors the Funds' positions on a daily basis and reports regularly to the Board of Directors. The Board reviews the information on each Fund's overall market exposure provided by the Investment Manager at its periodic meetings.

In addition, the Investment Manager manages the exposure of the portfolios to the risk of adverse changes in the general level of market prices to the extent consistent, in the judgement of the Investment Manager, with each Fund's respective investment objective.

##### Use of Derivatives and Efficient Portfolio Management

Depending on the Funds involved, the Company may invest in financial derivative instruments for both speculative and efficient portfolio management purposes, subject to the conditions and within the limits from time to time stipulated by the Central Bank under the UCITS Regulations. A number of the Funds use currency forwards to hedge share class exposures.

Apart from the UK Absolute Equity Fund and the Global Convertible Fund, the Investment Manager has generally only used financial derivative instruments in the Funds for the purpose of efficient portfolio management and efficient access to markets during the financial year. This includes contracts for difference, option contracts, forward foreign currency contracts and futures contracts. Risks arising from the use of financial derivative instruments at the financial year end are consistent with those set out in the Prospectus.

Open financial derivative instrument contracts at the financial year end are disclosed in the Portfolio Statements, including the relevant counterparty, the underlying securities, currencies or indices, and the market value or unrealised gain/loss on the contract at the financial year end.

At 31 December 2017, market price risks applying to each Fund are affected by two main components: changes in market prices and currency exchange rates.

The following tables show the sensitivity of each Fund (for a representative share class) to changes in market prices based on a 10% price stress test on the portfolio as at 31 December 2017 and 31 December 2016.

		NAV US\$/share 31.12.2017	% Increase/ (decrease) price levels	NAV US\$/share after price impact
<b>As at 31 December 2017</b>				
Asian Opportunities Class A US Dollar	US\$	396.67	10/(10)	432.93/360.41
Automation & Artificial Intelligence Class I US Dollar Accumulation	US\$	10.33	10/(10)	11.10/9.56
Biotechnology Fund Class I US Dollar	US\$	22.09	10/(10)	24.19/19.99
Emerging Markets Income Fund Class I US Dollar Accumulation	US\$	12.45	10/(10)	13.68/11.22
Financial Opportunities Fund Class I US Dollar Accumulation	US\$	14.74	10/(10)	16.16/13.32
Global Convertible Fund Class I US Dollar Accumulation	US\$	12.60	10/(10)	12.88/12.36
Global Technology Fund Class I US Dollar	US\$	38.74	10/(10)	42.42/35.39
Healthcare Blue Chip Fund Class I US Dollar Accumulation	US\$	11.97	10/(10)	13.13/10.81
Healthcare Opportunities Fund Class I US Dollar	US\$	42.05	10/(10)	46.25/37.85
North American Fund Class I US Dollar	US\$	24.09	10/(10)	26.46/21.72

		NAV €/share 31.12.2017	% Increase/ (decrease) price levels	NAV €/share after price impact
<b>As at 31 December 2017</b>				
European Ex UK Income Fund Class I Euro Accumulation	EUR€	11.42	10/(10)	12.54/10.30
European Income Fund Class I Euro Accumulation	EUR€	12.59	10/(10)	13.84/11.34

		NAV £/share 31.12.2017	% Increase/ (decrease) price levels	NAV £/share after price impact
<b>As at 31 December 2017</b>				
Global Insurance Fund Class I Sterling Accumulation	GBP£	6.02	10/(10)	8.93/7.36
Income Opportunities Fund B2 Sterling Accumulation	GBP£	2.25	10/(10)	2.39/2.11
UK Absolute Equity Fund Class I Sterling	GBP£	20.74	10/(10)	21.19/20.29
UK Value Opportunities Fund Class I Accumulation	GBP£	12.14	10/(10)	13.30/10.98

		NAV ¥/share 31.12.2017	% Increase/ (decrease) price levels	NAV ¥/share after price impact
<b>As at 31 December 2017</b>				
Japan Fund Class I Japanese Yen	JPY ¥	2,713.57	10/(10)	2,977.87/2,449.27
Japan Value Fund Class I Japanese Yen	JPY ¥	265.87	10/(10)	290.89/240.85

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 10. Financial Risk Management continued

##### Market price risk continued

		NAV US\$/share 31.12.2016	% Increase/ (decrease) price levels	NAV US\$/share after price impact
<b>As at 31 December 2016</b>				
Asian Opportunities Fund Class A US Dollar	US\$	298.50	10/(10)	324.74/272.26
Biotechnology Fund Class I US Dollar	US\$	16.89	10/(10)	18.54/15.24
Emerging Markets Growth Fund Class I US Dollar	US\$	8.93	10/(10)	9.76/8.10
Emerging Markets Income Fund Class I US Dollar Accumulation	US\$	10.04	10/(10)	10.94/9.14
Financial Opportunities Fund Class I US Dollar Accumulation	US\$	11.91	10/(10)	13.05/10.77
Global Alpha Fund Class I US Dollar	US\$	13.35	10/(10)	14.67/12.03
Global Convertible Fund Class I US Dollar Accumulation	US\$	11.30	10/(10)	11.64/11.00
Global Technology Fund Class I US Dollar	US\$	26.27	10/(10)	28.82/23.72
Healthcare Blue Chip Fund Class I US Dollar Accumulation	US\$	10.17	10/(10)	11.14/9.20
Healthcare Opportunities Fund Class I US Dollar	US\$	33.83	10/(10)	36.90/30.76
International Alpha Class SI US Dollar Distribution	US\$	9.87	10/(10)	10.85/8.89
North American Fund Class I US Dollar	US\$	19.25	10/(10)	21.12/17.38

		NAV €/share 31.12.2016	% Increase/ (decrease) price levels	NAV €/share after price impact
<b>As at 31 December 2016</b>				
European Ex UK Income Fund Class I Euro Accumulation	EUR€	10.34	10/(10)	11.34/9.34
European Income Fund Class I Euro Accumulation	EUR€	11.63	10/(10)	12.79/10.47

		NAV £/share 31.12.2016	% Increase/ (decrease) price levels	NAV £/share after price impact
<b>As at 31 December 2016</b>				
Global Insurance Fund Class I Sterling Accumulation	GBP£	5.66	10/(10)	6.20/5.11
Income Opportunities Fund B2 Sterling Accumulation	GBP£	2.01	10/(10)	2.14/1.87
UK Absolute Equity Fund Class I Sterling	GBP£	14.06	10/(10)	14.41/13.71

		NAV ¥/share 31.12.2016	% Increase/ (decrease) price levels	NAV ¥/share after price impact
<b>As at 31 December 2016</b>				
Japan Fund Class I Japanese Yen	JPY ¥	2,056.63	10/(10)	2,121.00/1,992.26
Japan Alpha Fund Class I Japanese Yen	JPY ¥	209.74	10/(10)	229.59/189.90

Market price risk analysis is based on the dealing NAV per share.

Some limitations of sensitivity analysis are:

- (i) the models are based on historical data and cannot take account of the fact that future market price movements, correlations between markets and levels of market liquidity in conditions of market stress may bear no relation to historical patterns;
- (ii) the market price risk information is a relative estimate of risk rather than a precise and accurate number;
- (iii) the market price information represents a hypothetical outcome and is not intended to be predictive; and
- (iv) future market conditions could vary significantly from those experienced in the past.

#### **Exposure to derivatives**

In respect of the UK Absolute Equity Fund, the Investment Manager uses a Value at Risk ('VaR') based approach to limit the exposure of the Fund to derivatives. In accordance with the UCITS Regulations, derivatives exposure is limited to the extent necessary to keep the Fund's VaR within the limit set out below. VaR is measured using a 99% confidence level.

#### **UK Absolute Equity Fund**

The VaR limit for the UK Absolute Equity Fund is 20% based on a 20 day holding period.

The minimum VaR during the financial year was 4.22%.

The maximum VaR during the financial year was 7.76%.

The average VaR during the financial year was 5.76%.

The VaR calculated for UK Absolute Equity Fund is a 20d Monte Carlo VaR, with a confidence level 99% and using five year return history with a decay factor of 0.97. The VaR is calculated in RiskMetrics.

Secondly, gross leverage, calculated as the sum of the absolute notional values of the derivatives used in the Fund, is not anticipated to exceed 250% of the Net Asset Value of the Fund at any given time.

All of the other Funds use the commitment approach to measure derivatives exposure.

#### **Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Each Fund is exposed to currency risk as the assets and liabilities of each Fund may be denominated in a currency other than the base currency of that Fund.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset when measured in the Fund's base currency. The Investment Manager may attempt to mitigate these risks through the use of financial derivative instruments.

The Investment Manager monitors each Fund's currency exposure where relevant to the investment strategy for the Fund on a daily basis and reports regularly to the Board of Directors.

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 10. Financial Risk Management continued

##### Currency risk continued

At 31 December 2017 each Fund's currency exposure was as follows:

<b>Asian Opportunities Fund</b>	<b>Non-USD Currency Assets US\$'000</b>	<b>Non-USD Currency Liabilities US\$'000</b>	<b>Forward Foreign Currency Contracts US\$'000</b>	<b>Net Non-USD Currency Assets US\$'000</b>
Australian dollar	617,453	–	–	617,453
Euro	2,411	(3,319)	774,034	773,126
Hong Kong dollar	11,487,948	–	–	11,487,948
Indian rupee	6,697,794	–	–	6,697,794
Indonesian rupiah	3,521,528	–	–	3,521,528
Korean won	4,436,945	–	–	4,436,945
Malaysian ringgit	384,878	–	–	384,878
Pakistan rupee	1,578,157	–	–	1,578,157
Philippine peso	2,708,032	–	–	2,708,032
Singapore dollar	2,076,249	–	–	2,076,249
Sri Lanka rupee	1,225,851	–	–	1,225,851
Sterling	–	(238)	128,035	127,797
Taiwan dollar	3,935,487	–	–	3,935,487
Thai baht	2,876,220	–	–	2,876,220
	41,548,953	(3,557)	902,069	42,447,465

<b>Automation &amp; Artificial Intelligence Fund</b>	<b>Non-USD Currency Assets US\$'000</b>	<b>Non-USD Currency Liabilities US\$'000</b>	<b>Forward Foreign Currency Contracts US\$'000</b>	<b>Net Non-USD Currency Assets US\$'000</b>
Euro	53,279,380	(10,298,011)	33,557	43,014,926
Japanese yen	52,084,683	(17,806,671)	30,280	34,308,292
Sterling	5,688,879	(73,609)	(1,538)	5,613,732
Swedish krona	5,329,115	(215,060)	–	5,114,055
Taiwan dollar	3,038,292	–	–	3,038,292
	119,420,349	(28,393,351)	62,299	91,089,297

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Biotechnology Fund</b>				
Australian dollar	1,349,209	–	–	1,349,209
Euro	37,976,237	(1,046,015)	(60,006)	36,870,216
Sterling	7,639,657	(1,197,681)	(18,218)	6,423,758
Swedish krona	8,965,649	–	–	8,965,649
Swiss franc	1,190,354	–	–	1,190,354
	57,121,106	(2,243,696)	(78,224)	54,799,186

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Emerging Markets Growth Fund</b>				
Brazil real	280	–	–	280
Euro	28,909	–	(28,483)	426
Sterling	1,302,630	–	(1,301,298)	1,332
	1,331,819	–	(1,329,781)	2,038

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Emerging Markets Income Fund</b>				
Brazil real	19,436,384	–	–	19,436,384
Czech koruna	8,042,788	–	–	8,042,788
Euro	14,486	(106)	–	14,380
Hong Kong dollar	72,253,788	–	–	72,253,788
Indian rupee	38,112,093	–	–	38,112,093
Indonesian rupiah	4,094,992	–	–	4,094,992
Korean won	37,720,097	–	–	37,720,097
Malaysian ringgit	6,297,292	–	–	6,297,292
Mexican peso	10,470,471	–	–	10,470,471
Polish zloty	6,090,802	–	–	6,090,802
Romanian leu	4,100,363	–	–	4,100,363
Singapore dollar	5,656,989	–	–	5,656,989
South Africa rand	29,260,723	–	(42,300)	29,218,423
Sterling	93,408	(99)	(131,074)	(37,765)
Taiwan dollar	30,645,195	–	–	30,645,195
Thai baht	11,052,637	–	–	11,052,637
Turkish lira	3,446,907	–	–	3,446,907
UAE dirham	5,634,430	–	–	5,634,430
	292,423,845	(205)	(173,374)	292,250,266

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 10. Financial Risk Management continued

##### Currency risk continued

	Non-EUR Currency Assets EUR€'000	Non-EUR Currency Liabilities EUR€'000	Forward Foreign Currency Contracts EUR€'000	Net Non-EUR Currency Assets EUR€'000
<b>European Ex UK Income Fund</b>				
Danish kroner	11,411,979	–	–	11,411,979
Sterling	6,023	(244,708)	137,839,652	137,600,967
Swedish krona	5,926,854	–	–	5,926,854
Swiss franc	29,608,834	–	–	29,608,834
	46,953,690	(244,708)	137,839,652	184,548,634

	Non-EUR Currency Assets EUR€'000	Non-EUR Currency Liabilities EUR€'000	Forward Foreign Currency Contracts EUR€'000	Net Non-EUR Currency Assets EUR€'000
<b>European Income Fund</b>				
Danish kroner	477,437	–	–	477,437
Sterling	1,862,259	(239)	–	1,862,020
Swedish krona	595,704	–	–	595,704
Swiss franc	1,756,306	–	–	1,756,306
United States dollar	–	(2,032)	–	(2,032)
	4,691,706	(2,271)	–	4,689,435

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Financial Opportunities Fund</b>				
Australian dollar	1,202,404	–	–	1,202,404
Brazil real	654,878	–	–	654,878
Canadian dollar	1,231,879	–	–	1,231,879
Danish krone	720,389	–	–	720,389
Euro	9,242,169	(1,602)	–	9,240,567
Hong Kong dollar	2,055,231	–	–	2,055,231
Japanese yen	2,463,576	–	–	2,463,576
Indian rupee	1,876,751	–	–	1,876,751
Norwegian krone	1,653,464	–	–	1,653,464
Pakistan rupee	429,336	–	–	429,336
Singapore \$	183	–	–	183
Sterling	4,656,315	(403)	(49)	4,655,863
Swedish krona	1,680,084	–	–	1,680,084
Swiss franc	1,872,915	–	–	1,872,915
Taiwan dollar	30,822	–	–	30,822
Thai baht	1,345,268	–	–	1,345,268
	31,115,664	(2,005)	(49)	31,113,610

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Global Alpha Fund</b>				
Euro	6,308	–	(6,261)	47
Japanese yen	–	(7)	–	(7)
Sterling	548,928	–	(548,776)	152
	555,236	(7)	(555,037)	192

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Global Convertible Fund</b>				
Euro	146,160,854	(19,896,496)	(25,896,307)	100,368,051
Hong Kong dollar	–	(5)	–	(5)
Japanese yen	110,441,016	(18,387,688)	(19,066,256)	72,987,072
Sterling	22,467,746	(2,093,327)	166,121,642	186,496,061
Swedish krona	–	–	(73)	(73)
Swiss franc	–	(18,236)	7,125,669	7,107,433
	279,069,616	(40,395,752)	128,284,675	366,958,539

	Non-GBP Currency Assets GBP£'000	Non-GBP Currency Liabilities GBP£'000	Forward Foreign Currency Contracts GBP£'000	Net Non-GBP Currency Assets GBP£'000
<b>Global Insurance Fund</b>				
Canadian dollar	79,531,303	–	–	79,531,303
Danish krone	10,875,711	–	–	10,875,711
Euro	32,676,742	(315,693)	17,297,995	49,659,044
Hong Kong dollar	28,624,859	–	–	28,624,859
United States dollar	737,358,758	(9,023)	6,641,426	743,991,161
	889,067,373	(324,716)	23,939,421	912,682,078

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 10. Financial Risk Management continued

#### Currency risk continued

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Global Technology Fund</b>				
Euro	94,127,074	(1,152,318)	73,341,751	166,316,507
Hong Kong dollar	62,671,280	–	(174,425)	62,496,855
Indian rupee	3,796	–	–	3,796
Japanese yen	180,090,222	–	(4,657,713)	175,432,509
Korean won	6,064,093	(5,716,691)	77,164,880	77,512,282
Sterling	66,303,732	(1,278,422)	(172,029)	64,853,281
Swiss franc	40,797	(83,546)	21,721,984	21,679,235
Taiwan dollar	30,748,696	–	–	30,748,696
	440,049,690	(8,230,977)	167,224,448	599,043,161

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Healthcare Blue Chip Fund</b>				
Euro	6,096,942	–	–	6,096,942
Japanese yen	4,556,733	–	–	4,556,733
Sterling	21,150	(853,782)	3,387,886	2,555,254
Swiss franc	4,988,815	–	–	4,988,815
	15,663,640	(853,782)	3,387,886	18,197,744

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Healthcare Opportunities Fund</b>				
Euro	88,248,959	(1,237)	(15,660)	88,232,062
Indian rupee	7,772	–	–	7,772
Japanese yen	418	–	–	418
Sterling	30,031,963	(15)	(246,388)	29,785,560
Swiss franc	80,329,959	(2)	–	80,329,957
Swedish krona	29,901,072	–	–	29,901,072
	228,520,143	(1,254)	(262,048)	228,256,841

	Non-GBP Currency Assets GBP£'000	Non-GBP Currency Liabilities GBP£'000	Forward Foreign Currency Contracts GBP£'000	Net Non-GBP Currency Assets GBP£'000
<b>Income Opportunities Fund</b>				
Australian dollar	6,233,069	–	–	6,233,069
Canadian dollar	3,106,901	–	–	3,106,901
Danish krone	3,384,523	–	–	3,384,523
Euro	53,414,753	–	–	53,414,753
Georgian lari	2,048,698	(78,501)	16,822,796	18,792,993
Hong Kong dollar	5,732,175	–	–	5,732,175
Japanese yen	3,833,390	–	–	3,833,390
Norwegian krone	4,088,483	–	–	4,088,483
Singapore dollar	8,112,680	–	–	8,112,680
Swedish krona	4,020,309	–	–	4,020,309
Swiss franc	3,742,447	–	–	3,742,447
Thai baht	2,410,527	–	–	2,410,527
United States dollar	93,460,034	(488,316)	74,111,131	167,082,849
	193,587,989	(566,817)	90,933,927	283,955,099

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>International Alpha Fund</b>				
Euro	37	–	10	47
Sterling	19	–	54	73
Swiss franc	1	–	–	1
	57	–	64	121

	Non-JPY Currency Assets JPY ¥'000	Non-JPY Currency Liabilities JPY ¥'000	Forward Foreign Currency Contracts JPY ¥'000	Net Non-JPY Currency Assets JPY ¥'000
<b>Japan Fund</b>				
Euro	246,039,897	(297,058,507)	23,325,986,584	23,274,967,974
Sterling	40,783,464	(1,671,850,707)	33,777,729,528	32,146,662,285
Swiss franc	100,893,178	(7,315,101)	2,810,753,746	2,904,331,823
United States dollar	50,360,692	(210,625,933)	31,315,349,567	31,155,084,326
	438,077,231	(2,186,850,248)	91,229,819,425	89,481,046,408

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 10. Financial Risk Management continued

##### Currency risk continued

<b>Japan Value Fund</b>	<b>Non-JPY Currency Assets JPY ¥'000</b>	<b>Non-JPY Currency Liabilities JPY ¥'000</b>	<b>Forward Foreign Currency Contracts JPY ¥'000</b>	<b>Net Non-JPY Currency Assets JPY ¥'000</b>
Euro	44,363,432	(3,128,744)	682,627,598	723,862,286
Sterling	3,029,198	(5,390,763)	7,126,629,491	7,124,267,926
United States dollar	–	(52,296,964)	1,055,047,325	1,002,750,361
	47,392,630	(60,816,471)	8,864,304,414	8,850,880,573

<b>North American Fund</b>	<b>Non-USD Currency Assets US\$'000</b>	<b>Non-USD Currency Liabilities US\$'000</b>	<b>Forward Foreign Currency Contracts US\$'000</b>	<b>Net Non-USD Currency Assets US\$'000</b>
Canadian dollar	123,288,812	–	–	123,288,812
Euro	1,123,405	(1,631,798)	211,500,501	210,992,108
Sterling	1,111,416	(1,111,384)	111,266,215	111,266,247
Swiss franc	640,329	(151,359)	19,112,083	19,601,053
	126,163,962	(2,894,541)	341,878,799	465,148,220

<b>UK Absolute Equity Fund</b>	<b>Non-GBP Currency Assets GBP£'000</b>	<b>Non-GBP Currency Liabilities GBP£'000</b>	<b>Forward Foreign Currency Contracts GBP£'000</b>	<b>Net Non-GBP Currency Assets GBP£'000</b>
Canadian dollar	1,331,577	(49,842)	–	1,281,735
Euro	16,347,382	(6,328,090)	181,376,592	191,395,884
Danish kroner	–	(725,524)	–	(725,524)
Norwegian kroner	–	(92)	–	(92)
Swedish krona	2,607,492	(16,911)	–	2,590,581
Swiss franc	331,252	–	–	331,252
Japanese yen	–	(1,464,552)	–	(1,464,552)
United States dollar	1,045,715	(2,582,247)	51,129,741	49,593,209
	21,663,418	(11,167,258)	232,506,333	243,002,493

UK Value Opportunities Fund launched on 31 January 2017. As at 31 December 2017, the Fund had no exposure to foreign currency risk.

At 31 December 2016 each Fund's currency exposure was as follows:

	<b>Non-USD Currency Assets US\$'000</b>	<b>Non-USD Currency Liabilities US\$'000</b>	<b>Forward Foreign Currency Contracts US\$'000</b>	<b>Net Non-USD Currency Assets US\$'000</b>
<b>Asian Opportunities Fund</b>				
Hong Kong dollar	8,797	—	—	8,797
Indian rupee	6,052	—	—	6,052
Indonesian rupiah	1,974	—	—	1,974
Korean won	2,135	—	—	2,135
Pakistan rupee	1,545	—	—	1,545
Philippine peso	1,373	—	—	1,373
Singapore dollar	1,500	—	—	1,500
Sri Lanka rupee	1,018	—	—	1,018
Taiwan dollar	1,769	—	—	1,769
Thai baht	1,934	—	—	1,934
	28,097	—	—	28,097

	<b>Non-USD Currency Assets US\$'000</b>	<b>Non-USD Currency Liabilities US\$'000</b>	<b>Forward Foreign Currency Contracts US\$'000</b>	<b>Net Non-USD Currency Assets US\$'000</b>
<b>Biotechnology Fund</b>				
Euro	5,467	(829)	—	4,638
Danish krone	7,861	—	—	7,861
Sterling	2,962	—	(33)	2,929
Swedish krona	5,000	—	—	5,000
Swiss franc	8,188	—	—	8,188
	29,478	(829)	(33)	28,616

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 10. Financial Risk Management continued

#### Currency risk continued

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Emerging Markets Growth Fund</b>				
Brazil real	3,326	–	–	3,326
Euro	–	(2)	–	(2)
Hong Kong dollar	14,384	–	–	14,384
Indonesian rupiah	1,762	–	–	1,762
Korean won	6,808	–	–	6,808
Malaysian ringgit	934	–	–	934
Mexican peso	2,056	–	–	2,056
Qatari riyal	1,132	–	–	1,132
Romanian leu	342	–	–	342
South Africa rand	5,163	–	–	5,163
Sterling	–	(4)	–	(4)
Taiwan dollar	6,828	–	–	6,828
Thai baht	1,853	–	–	1,853
Turkish lira	1,066	–	–	1,066
UAE dirham	1,095	–	–	1,095
	46,749	(6)	–	46,743

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Emerging Markets Income Fund</b>				
Brazil real	15,745	–	–	15,745
Czech koruna	10,320	–	–	10,320
Euro	13	–	–	13
Hong Kong dollar	64,652	–	–	64,652
Indian rupee	36,183	–	–	36,183
Indonesian rupiah	4,228	–	–	4,228
Korean won	32,576	–	–	32,576
Malaysian ringgit	9,809	–	–	9,809
Mexican peso	12,989	–	–	12,989
Polish zloty	5,171	–	–	5,171
Qatari riyal	5,681	–	–	5,681
Romanian leu	2,196	–	–	2,196
Singapore dollar	5,700	–	–	5,700
South Africa rand	25,040	–	–	25,040
Sterling	14	–	(48)	(34)
Taiwan dollar	32,993	–	–	32,993
Thai baht	15,362	–	–	15,362
Turkish lira	5,131	–	–	5,131
UAE dirham	5,633	–	–	5,633
	289,436	–	(48)	289,388

	Non-EUR Currency Assets EUR€'000	Non-EUR Currency Liabilities EUR€'000	Forward Foreign Currency Contracts EUR€'000	Net Non-EUR Currency Assets EUR€'000
<b>European Ex UK Income Fund</b>				
Sterling	20	(66)	50,351	50,305
Swedish krona	5,553	–	–	5,553
Swiss franc	10,267	–	–	10,267
	15,840	(66)	50,351	66,125

	Non-EUR Currency Assets EUR€'000	Non-EUR Currency Liabilities EUR€'000	Forward Foreign Currency Contracts EUR€'000	Net Non-EUR Currency Assets EUR€'000
<b>European Income Fund</b>				
Sterling	1,657	–	–	1,657
Swedish krona	1,151	–	–	1,151
Swiss franc	1,938	–	–	1,938
	4,746	–	–	4,746

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Financial Opportunities Fund</b>				
Australian dollar	657	–	–	657
Brazil real	310	–	–	310
Canadian dollar	580	–	–	580
Danish krone	387	–	–	387
Euro	3,683	(1)	–	3,682
Hong Kong dollar	1,311	–	–	1,311
Japanese yen	1,060	–	–	1,060
Mexican peso	328	–	(31)	297
Norwegian krone	517	–	–	517
Pakistan rupee	340	–	–	340
Qatari riyal	413	–	–	413
Sri Lanka rupee	253	–	–	253
Sterling	2,163	–	–	2,163
Swedish krona	421	–	–	421
Swiss franc	158	–	–	158
Taiwan dollar	28	–	–	28
	12,609	(1)	(31)	12,577

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 10. Financial Risk Management continued

#### Currency risk continued

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Global Alpha Fund</b>				
Canadian dollar	4,241	–	–	4,241
Euro	12,353	(1)	–	12,352
Hong Kong dollar	3,240	–	–	3,240
Japanese yen	5,379	–	–	5,379
Korean won	3,573	–	–	3,573
Sterling	24,196	–	–	24,196
Swedish krona	2,937	–	–	2,937
Swiss franc	2,053	–	–	2,053
	57,972	(1)	–	57,971

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Global Convertible Fund</b>				
Euro	111,309	(2,042)	129	109,396
Hong Kong dollar	76	(155)	–	(79)
Japanese yen	71,464	–	–	71,464
Sterling	21,504	(1,037)	(43)	20,424
Swedish krona	–	(506)	1	(505)
Swiss franc	–	(10)	6,280	6,270
	204,353	(3,750)	6,367	206,970

	Non-GBP Currency Assets GBP£'000	Non-GBP Currency Liabilities GBP£'000	Forward Foreign Currency Contracts GBP£'000	Net Non-GBP Currency Assets GBP£'000
<b>Global Insurance Fund</b>				
Canadian dollar	36,422	–	–	36,422
Danish krone	6,093	–	–	6,093
Euro	27,858	(1,149)	744	27,453
Hong Kong dollar	9,225	–	–	9,225
United States dollar	535,346	(84)	9,023	544,285
	614,944	(1,233)	9,767	623,478

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Global Technology Fund</b>				
Euro	14,237	(28)	235	14,444
Hong Kong dollar	20,487	–	–	20,487
Indian rupee	4	–	–	4
Japanese yen	63,233	(378)	(1)	62,854
Korean won	35,076	–	–	35,076
Sterling	310	(501)	15,479	15,288
Swiss franc	155	(3)	59	211
Taiwan dollar	14,766	–	–	14,766
	148,268	(910)	15,772	163,130

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Healthcare Blue Chip Fund</b>				
Danish krone	1,997	–	–	1,997
Euro	7,053	–	–	7,053
Sterling	3,412	(295)	2	3,119
Swiss franc	4,289	–	–	4,289
	16,751	(295)	2	16,458

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>Healthcare Opportunities Fund</b>				
Danish krone	56,638	–	–	56,638
Euro	69,413	–	47	69,460
Indian rupee	7	–	–	7
Sterling	58,335	–	48	58,383
Swiss franc	2	–	–	2
	184,395	–	95	184,490

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 10. Financial Risk Management continued

#### Currency risk continued

	Non-GBP Currency Assets GBP£'000	Non-GBP Currency Liabilities GBP£'000	Forward Foreign Currency Contracts GBP£'000	Net Non-GBP Currency Assets GBP£'000
<b>Income Opportunities Fund</b>				
Australian dollar	1,690	–	–	1,690
Canadian dollar	1,598	–	–	1,598
Danish krone	1,537	–	–	1,537
Euro	21,450	–	4	21,454
Hong Kong dollar	3,415	–	–	3,415
Japanese yen	1,470	–	–	1,470
Norwegian krone	2,344	–	–	2,344
Singapore dollar	2,755	–	–	2,755
Swedish krona	2,061	–	–	2,061
Swiss franc	1,505	–	–	1,505
Thai baht	1,430	–	–	1,430
United States dollar	37,523	(86)	–	37,437
	78,778	(86)	4	78,696

	Non-USD Currency Assets US\$'000	Non-USD Currency Liabilities US\$'000	Forward Foreign Currency Contracts US\$'000	Net Non-USD Currency Assets US\$'000
<b>International Alpha Fund</b>				
Canadian dollar	204	–	–	204
Euro	810	–	–	810
Hong Kong dollar	238	–	–	238
Japanese yen	250	–	–	250
Korean won	143	–	–	143
Sterling	1,582	–	–	1,582
Swedish krona	335	–	–	335
Swiss franc	291	–	–	291
	3,853	–	–	3,853

<b>Japan Fund</b>	<b>Non-JPY Currency Assets JPY ¥'000</b>	<b>Non-JPY Currency Liabilities JPY ¥'000</b>	<b>Forward Foreign Currency Contracts JPY ¥'000</b>	<b>Net Non-JPY Currency Assets JPY ¥'000</b>
Euro	21,904	(146,992)	95,914	(29,174)
Sterling	56,448	(1,784,388)	(197,406)	(1,925,346)
Swiss franc	2,473	(57,267)	3,031,063	2,976,269
United States dollar	2,437,008	(652,333)	(1,023,426)	761,249
	2,517,833	(2,640,980)	1,906,145	1,782,998

  

<b>Japan Alpha Fund</b>	<b>Non-JPY Currency Assets JPY ¥'000</b>	<b>Non-JPY Currency Liabilities JPY ¥'000</b>	<b>Forward Foreign Currency Contracts JPY ¥'000</b>	<b>Net Non-JPY Currency Assets JPY ¥'000</b>
Euro	–	(16,086)	619,191	603,105
Sterling	–	(4,614)	5,116,299	5,111,685
United States dollar	–	(103,115)	(28,966)	(132,081)
	–	(123,815)	5,706,524	5,582,709

  

<b>North American Fund</b>	<b>Non-USD Currency Assets US\$'000</b>	<b>Non-USD Currency Liabilities US\$'000</b>	<b>Forward Foreign Currency Contracts US\$'000</b>	<b>Net Non-USD Currency Assets US\$'000</b>
Canadian dollar	215	–	132,868	133,083
Euro	506	(1,096)	157,984	157,394
Sterling	414	(118)	73,928	74,224
Swiss franc	–	(311)	40,528	40,217
	1,135	(1,525)	405,308	404,918

  

<b>UK Absolute Equity Fund</b>	<b>Non-GBP Currency Assets GBP£'000</b>	<b>Non-GBP Currency Liabilities GBP£'000</b>	<b>Forward Foreign Currency Contracts GBP£'000</b>	<b>Net Non-GBP Currency Assets GBP£'000</b>
Canadian dollar	26	–	–	26
Euro	456	(134)	10,283	10,605
Japanese yen	–	(529)	–	(529)
Swedish krona	158	–	–	158
United States dollar	–	(301)	(13)	(314)
	640	(964)	10,270	9,946

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 10. Financial Risk Management continued

##### Currency risk continued

If the exchange rate at 31 December 2017 between the individual Funds' base currencies and all other relevant currencies had increased or decreased by 5% with all other variables held constant, this would have decreased or increased net assets attributable to holders of redeemable participating shares of the Funds as set out below:

As at 31 December 2017	Net Non-USD Currency Monetary Assets US\$'000	% Increase/ (decrease) in exchange rate	Effect of increase/ decrease US\$'000
Asian Opportunities Fund	42,447,465	5	+/- 2,122,373
Automation & Artificial Intelligence Fund	91,089,297	5	+/- 4,554,465
Biotechnology Fund	54,799,186	5	+/- 2,739,959
Emerging Markets Income Fund	292,250,266	5	+/- 14,612,513
Financial Opportunities Fund	31,113,610	5	+/- 1,555,681
Global Alpha Fund	192	5	+/- 10
Global Convertible Fund	366,958,539	5	+/- 18,347,927
Global Insurance Fund	912,682,078	5	+/- 45,634,104
Global Technology Fund	599,043,161	5	+/- 29,952,158
Healthcare Blue Chip Fund	18,197,744	5	+/- 909,887
Healthcare Opportunities Fund	228,256,841	5	+/- 11,412,842
International Alpha Fund	121	5	+/- 6
Income Opportunities Fund	283,955,099	5	+/- 14,197,755
North American Fund	465,148,220	5	+/- 23,257,411

As at 31 December 2017	Net Non-JPY ¥ Currency Monetary Assets JPY ¥'000	% Increase/ (decrease) in exchange rate	Effect of increase/ decrease JPY ¥'000
Japan Fund	89,481,046,408	5	+/- 4,474,052,320
Japan Value Fund	8,850,880,573	5	+/- 442,544,029

As at 31 December 2017	Net Non-GBP £ Currency Monetary Assets GBP£'000	% Increase/ (decrease) in exchange rate	Effect of increase/ decrease GBP£'000
Global Insurance Fund	912,682,078	5	+/- 45,634,104
Income Opportunities Fund	283,955,099	5	+/- 14,197,755
UK Absolute Equity Fund	243,002,493	5	+/- 12,150,125
UK Value Opportunities	—	5	—

<b>As at 31 December 2017</b>	<b>Net Non-EUR € Currency Monetary Assets EUR€'000</b>	<b>% Increase/ (decrease) in exchange rate</b>	<b>Effect of increase/ decrease EUR€'000</b>
European Ex UK Income Fund	184,548,634	5	+/- 9,227,432
European Income Fund	4,689,435	5	+/- 234,472

<b>As at 31 December 2016</b>	<b>Net Non-USD Currency Monetary Assets US\$'000</b>	<b>% Increase/ (decrease) in exchange rate</b>	<b>Effect of increase/ decrease US\$'000</b>
Asian Opportunities Fund	28,097	5	+/- 1,405
Biotechnology Fund	28,616	5	+/- 1,431
Emerging Markets Growth Fund	46,743	5	+/- 2,337
Emerging Markets Income Fund	289,388	5	+/- 14,469
Financial Opportunities Fund	12,577	5	+/- 629
Global Alpha Fund	57,971	5	+/- 2,899
Global Convertible Fund	206,970	5	+/- 10,349
Global Technology Fund	163,130	5	+/- 8,157
Healthcare Blue Chip Fund	16,458	5	+/- 823
Healthcare Opportunities Fund	184,490	5	+/- 9,225
International Alpha Fund	3,853	5	+/- 193
North American Fund	404,918	5	+/- 20,246

<b>As at 31 December 2016</b>	<b>Net Non-JPY ¥ Currency Monetary Assets JPY ¥'000</b>	<b>% Increase/ (decrease) in exchange rate</b>	<b>Effect of increase/ decrease JPY ¥'000</b>
Japan Fund	1,782,998	5	+/- 89,150
Japan Alpha Fund	5,582,709	5	+/- (279,135)

<b>As at 31 December 2016</b>	<b>Net Non-GBP £ Currency Monetary Assets GBP£'000</b>	<b>% Increase/ (decrease) in exchange rate</b>	<b>Effect of increase/ decrease GBP£'000</b>
Global Insurance Fund	623,478	5	+/- 31,174
Income Opportunities Fund	78,696	5	+/- 3,935
UK Absolute Equity Fund	9,946	5	+/- 497

<b>As at 31 December 2016</b>	<b>Net Non-EUR € Currency Monetary Assets EUR€'000</b>	<b>% Increase/ (decrease) in exchange rate</b>	<b>Effect of increase/decrease EUR€'000</b>
European Ex UK Income Fund	66,125	5	+/- 3,306
European Income Fund	4,746	5	+/- 237

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 10. Financial Risk Management continued

##### Interest rate risk

Most of the Funds' financial assets and liabilities are non-interest bearing and any excess cash and cash equivalents are invested at short-term market interest rates. As a result, the Funds are not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates.

The two Funds which invest in interest bearing securities are Global Convertible Fund and Income Opportunities Fund and as such their net asset values are exposed to change in interest rates, the risk being that if interest rates rise, they will cause the value of the interest bearing securities component of the Funds' portfolio to decline. These portfolios consist of a variety of positions with varying maturity dates; in general the longer the period to maturity of the securities, the greater the risk that the net asset value will decline as a result of an increase in interest rates. The Investment Manager regularly monitors the portfolio and particularly the spread of maturity dates and portfolio balances to achieve the investment objective in line with change in interest rates.

As part of its monitoring process the Investment Manager, when looking at individual bonds and the portfolios as a whole, will consider their sensitivity to changes in interest rates. This will include taking into account their position in the capital structure, whether they have fixed maturities or are perpetual, and whether they have call dates. If they have call dates, the terms if not called will be considered, whether fixed or floating, and what margin over LIBOR the bond will yield if not called. The Investment Manager will also compare the yield on corporate bonds relative to government bonds and the impact that this may have in increasing or reducing the sensitivity of the portfolio to moves in interest rates.

##### Global Convertible Fund

31 December 2017	Less than 1 month (US\$)	1 month – 1 year (US\$)	Greater than 1 year (US\$)	Non Interest bearing (US\$)	Total US\$
Financial assets at fair value through profit or loss	–	36,952,661	537,502,437	96,447,565	670,902,663
Amounts receivable on sale of redeemable participating shares	–	–	–	526,017	526,017
Amounts receivable on sale of securities	–	–	–	10,526,520	10,526,520
Cash at bank	(32,911,293)	–	–	–	(32,911,293)
Margin payable	(8,405,581)	–	–	–	(8,405,581)
Margin cash	–	–	–	1,697,777	1,697,777
Other debtors	–	–	–	3,156,632	3,156,632
Financial derivative instruments	–	–	–	(7,363,014)	(7,363,014)
Fees and sundry creditors payable	–	–	–	(2,819,379)	(2,819,379)
<b>Total</b>	<b>(41,316,874)</b>	<b>36,952,661</b>	<b>537,502,437</b>	<b>102,172,118</b>	<b>635,310,342</b>

	Less than 1 month (US\$)	1 month – 1 year (US\$)	Greater than 1 year (US\$)	Non Interest bearing (US\$)	Total US\$
<b>31 December 2016</b>					
Financial assets at fair value through profit or loss	–	21,101,084	386,583,476	85,129,221	492,813,781
Amounts receivable on sale of redeemable participating shares	–	–	–	1,064,597	1,064,597
Amounts receivable on sale of securities	–	–	–	3,802,010	3,802,010
Cash at bank	(16,483,927)	–	–	–	(16,483,927)
Margin receivable	3,144,362	–	–	–	3,144,362
Margin cash	–	–	–	892,975	892,975
Other debtors	–	–	–	2,078,868	2,078,868
Financial derivative instruments	–	381,396	2,238,996	6,325,446	8,945,838
Fees and sundry creditors payable	–	–	–	(2,035,128)	(2,035,128)
<b>Total</b>	(13,339,565)	21,482,480	388,822,472	97,257,989	494,223,376

As at 31 December 2017 should interest rates have fallen by 0.25%, with all other variables remaining constant, the increase in net assets attributable to the holders of redeemable shares would amount to approximately 0.45% (31 December 2016: 0.27%). An equal change in interest rates in the opposite direction would have decreased net assets attributable to the holders of redeemable shares for the period by 0.44% (31 December 2016: 0.26%).

#### Income Opportunities Fund

	Less than 1 month (GBP£)	1 month – 1 year (GBP£)	Greater than 1 year (GBP£)	Non Interest bearing (GBP£)	Total GBP£
<b>31 December 2017</b>					
Financial assets at fair value through profit or loss	295,685	9,586,892	70,914,495	204,051,588	284,848,660
Amounts receivable on sale of redeemable participating shares	–	–	–	2,883,839	2,883,839
Cash at bank	33,128,716	–	–	–	33,128,716
Margin cash	–	–	–	1,153,425	1,153,425
Other debtors	–	–	–	1,334,915	1,334,915
Financial derivative instruments	–	–	–	(678,123)	(678,123)
Fees and sundry creditors payable	–	–	–	(1,023,067)	(1,023,067)
<b>Total</b>	33,424,401	9,586,892	70,914,495	207,722,577	321,648,365

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 10. Financial Risk Management continued

Interest rate risk continued

Income Opportunities Fund continued

31 December 2016	Less than 1 month (GBP£)	1 month – 1 year (GBP£)	Greater than 1 year (GBP£)	Non Interest bearing (GBP£)	Total GBP£
Financial assets at fair value through profit or loss	–	1,773,160	45,980,620	103,392,424	151,146,204
Amounts receivable on sale of redeemable participating shares	–	–	–	72,691	72,691
Cash at bank	3,547,488	–	–	–	3,547,488
Margin cash	–	–	–	1,537,584	1,537,584
Other debtors	–	–	–	1,185,981	1,185,981
Financial derivative instruments	–	–	–	(197,597)	(197,597)
Fees and sundry creditors payable	–	–	–	(197,610)	(197,610)
<b>Total</b>	<b>3,547,488</b>	<b>1,773,160</b>	<b>45,980,620</b>	<b>105,793,473</b>	<b>157,094,741</b>

As at 31 December 2017, should interest rates have fallen by 0.25%, with all other variables remaining constant, the increase in net assets attributable to the holders of redeemable shares would amount to approximately 0.19% (31 December 2016: 0.26%). An equal change in interest rates in the opposite direction would have decreased net assets attributable to the holders of redeemable shares by 0.18% (31 December 2016: 0.26%).

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The majority of the Funds' financial assets are equity securities. As a result, they are not subject to significant amounts of credit risk.

The credit rating of the fixed income securities held in the two Funds that do invest in debt securities were as follows at 31 December 2017:

Global Convertible Fund	31 December 2017		31 December 2016	
	% Holding	Value US\$	% Holding	Value US\$
A+	2.15%	13,660,272	2.31%	11,400,000
A	0.00%	–	2.62%	12,968,200
A-	9.96%	63,251,396	5.18%	25,599,766
B	0.00%	–	0.88%	4,328,125
BBB+	0.00%	–	1.42%	7,029,688
BBB	7.27%	46,212,181	5.36%	26,491,613
BBB-	3.33%	21,184,375	3.07%	15,178,125
BB+	1.46%	9,285,938	0.00%	–
BB-	4.31%	27,409,188	2.00%	9,866,250
BB	0.00%	–	1.23%	6,061,875
B+	1.86%	11,845,625	1.42%	7,020,000
B-	5.39%	34,221,719	2.41%	11,888,500
CCC+	0.00%	–	1.92%	9,476,250
NR	54.68%	347,384,404	52.68%	260,376,168
<b>Total</b>	<b>90.42%</b>	<b>574,455,098</b>	<b>82.49%</b>	<b>407,684,560</b>

Income Opportunities Fund	31 December 2017		31 December 2016	
	% Holding	Value GBP£	% Holding	Value GBP£
A+	1.37%	4,409,135	0.00%	–
A	1.23%	3,947,297	1.74%	2,731,941
A-	0.82%	2,624,176	1.06%	1,661,271
AA-	0.93%	3,007,078	0.00%	–
AAA	0.09%	295,685	0.00%	–
BBB+	2.00%	6,423,733	1.45%	2,282,885
BBB	2.60%	8,367,924	2.45%	3,850,059
BBB-	1.05%	3,380,413	1.43%	2,238,611
BB+	0.44%	1,411,313	1.18%	1,851,399
BB	0.42%	1,360,080	1.32%	2,070,240
B+	0.31%	993,668	0.58%	905,805
B	0.79%	2,541,000	0.00%	–
NR	13.07%	42,035,570	19.20%	30,161,569
Total	25.12%	80,797,072	30.40%	47,753,780

#### Credit risk on settlement

Transactions in securities are generally settled or paid for on delivery, or cleared through the appropriate clearing system for the market on which the securities are traded. The risk of default is not considered to be material, as delivery of securities sold is only made once the Depositary has received confirmation of payment. Payment is also only made on a purchase once confirmation of delivery of the securities has been received by the Depositary. The trade will fail if either party fails to deliver the required confirmations.

#### Credit risk on cash and receivables

The following are the assets for which the Company has an exposure as an unsecured creditor to either counterparty risk or the Depositary which would involve a significant risk of loss in the event of a default by either.

	Asian Opportunities Fund US\$	Automation & Artificial Intelligence Fund US\$	Biotechnology Fund US\$	Emerging Markets Growth Fund US\$	Emerging Markets Income Fund US\$
<b>At 31 December 2017</b>					
<b>Asset Type</b>					
Dividends and interest receivable	49,155	6,720	187	–	1,045,565
Cash at bank	4,293,302	19,278,206	11,132,072	1,402,726	3,138,859
Margin receivable	–	–	–	–	–
Margin cash	–	–	–	–	–
Sundry debtors	20,006	240,491	622,686	–	130,233
	4,362,463	19,525,417	11,754,945	1,402,726	4,314,657

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 10. Financial Risk Management continued

Credit risk continued

Credit risk on cash and receivables continued

At 31 December 2017	European Ex UK Income Fund EUR€	European Income Fund EUR€	Financial Opportunities Fund US\$	Global Alpha Fund US\$	Global Convertible Fund US\$
<b>Asset Type</b>					
Dividends and interest receivable	121,559	17,131	17,648	14	2,837,598
Cash at bank	4,153,884	62,221	2,166,591	1,592,554	–
Margin receivable	–	–	–	–	–
Margin cash	–	–	–	–	1,697,777
Sundry debtors	7,161	11,702	45,188	–	11,371,571
	4,282,604	91,054	2,229,427	1,592,568	15,906,946

At 31 December 2017	Global Insurance Fund GBP£	Global Technology Fund US\$	Healthcare Blue Chip Fund US\$	Healthcare Opportunities Fund US\$	Income Opportunities Fund GBP£
<b>Asset Type</b>					
Dividends and interest receivable	1,300,508	366,191	29,446	147,210	1,331,364
Cash at bank	35,598,203	164,333,671	668,288	2,535,044	33,128,716
Margin receivable	–	–	–	–	–
Margin cash	–	1,345,813	–	–	1,153,425
Sundry debtors	2,904,818	16,155,253	100,761	3,850,459	2,887,390
	39,803,529	182,200,928	798,495	6,532,713	38,500,895

At 31 December 2017	International Alpha Fund US\$	Japan Fund JPY ¥	Japan Value Fund JPY ¥	North American Fund US\$	UK Absolute Equity Fund GBP£
<b>Asset Type</b>					
Dividends and interest receivable	–	48,773,297	3,704,045	860,672	217,630
Cash at bank	10,444	1,118,833,664	495,891,175	33,265,404	14,637,078
Margin receivable	–	–	–	–	99,541,692
Margin cash	–	–	–	–	11,021,544
Sundry debtors	–	1,472,406,806	47,295,185	10,586,830	1,417,004
	10,444	2,640,013,767	546,890,405	44,712,906	126,834,948

	UK Value Opportunities Fund GBP£	Total US\$
<b>At 31 December 2017</b>		
<b>Asset Type</b>		
Dividends and interest receivable	1,032,461	11,237,902
Cash at bank	24,532,919	408,998,845
Margin receivable	–	134,495,771
Margin cash	17,597	19,517,577
Sundry debtors	401,243	66,927,222
	25,984,220	641,177,317

	Asian Opportunities Fund US\$	Biotechnology Fund US\$	Emerging Markets Growth Fund US\$	Emerging Markets Income Fund US\$	European Ex UK Income Fund EUR€
<b>At 31 December 2016</b>					
<b>Asset Type</b>					
Dividends and interest receivable	42,672	–	124,892	726,528	–
Cash at bank	3,837,861	1,115,708	2,731,597	10,028,306	1,120,050
Margin receivable	–	–	–	–	–
Margin cash	–	–	–	–	–
Sundry debtors	3,047	2,318,033	523	119,502	1,956
	3,883,580	3,433,741	2,857,012	10,874,336	1,122,006

	European Income Fund EUR€	Financial Opportunities Fund US\$	Global Alpha Fund US\$	Global Convertible Fund US\$	Global Insurance Fund GBP£
<b>At 31 December 2016</b>					
<b>Asset Type</b>					
Dividends and interest receivable	–	7,078	136,106	2,055,211	1,219,808
Cash at bank	–	1,491,045	855,817	–	22,853,897
Margin receivable	–	–	–	3,144,362	–
Margin cash	–	–	–	892,975	–
Sundry debtors	81	420,210	62,251	4,890,264	3,246,308
	81	1,918,333	1,054,174	10,982,812	27,320,013

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 10. Financial Risk Management continued

Credit risk continued

Credit risk on cash and receivables continued

	Global Technology Fund US\$	Healthcare Blue Chip Fund US\$	Healthcare Opportunities Fund US\$	Income Opportunities Fund GBP£	International Alpha Fund US\$
<b>At 31 December 2016</b>					
<b>Asset Type</b>					
Dividends and interest receivable	483,080	46,055	449,680	1,184,765	4,637
Cash at bank	16,514,887	3,461,728	68,719,729	3,547,488	23,039
Margin receivable	–	–	–	–	–
Margin cash	–	–	–	1,537,584	–
Sundry debtors	3,052,610	171,411	38,223,900	73,907	38
	20,050,577	3,679,194	107,393,309	6,343,744	27,714

	Japan Fund JPY ¥	Japan Alpha Fund JPY ¥	North American Fund US\$	UK Absolute Equity Fund GBP£	Total US\$
<b>At 31 December 2016</b>					
<b>Asset Type</b>					
Dividends and interest receivable	90,270,637	6,335,475	1,161,910	–	9,034,365
Cash at bank	914,347,860	228,258,311	51,287,860	58,233,696	275,589,558
Margin receivable	–	–	–	–	3,144,362
Margin cash	–	–	–	–	2,792,891
Sundry debtors	1,645,824,515	180,560,990	7,471,424	131,356	76,603,094
	2,650,443,012	415,154,776	59,921,194	58,365,052	367,164,270

At 31 December 2017 and 31 December 2016, none of the Funds' financial assets were past due or impaired.

The Investment Manager monitors each Fund's credit exposure where relevant to the Fund's investment strategy on a daily basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on significant exposures at its periodic meetings.

#### Credit risk statement

The Depositary is responsible for the safe-keeping of assets. The Depositary has appointed The Northern Trust Company ('TNTC') as its global sub-custodian. Both the Depositary and TNTC are wholly owned subsidiaries of Northern Trust Corporation ('NTC'). As at 31 December 2017, NTC had a long-term credit rating from Standard & Poor's of A+ (31 December 2016: A+).

The Depositary, in the discharge of its depositary duties, verifies the Fund's ownership of other assets, by assessing whether the Fund holds the ownership based on information or documents provided by the Fund or where available, on external evidence.

TNTC, in the discharge of its delegated depositary duties, holds in custody (i) all financial instruments that may be registered in a financial instruments account opened on the books of TNTC and (ii) all financial instruments that can be physically delivered to TNTC. TNTC ensures all financial instruments (held in a financial instruments account on the books of TNTC) are held in segregated accounts in the name of the Fund, clearly identifiable as belonging to the Fund, and distinct and separately from the proprietary assets of TNTC, Depositary and NTC.

In addition TNTC, as banker, holds cash of the Funds on deposit. Such cash is held on the balance sheet of TNTC. In the event of insolvency of TNTC, in accordance with standard banking practice, the Fund will rank as an unsecured creditor of TNTC in respect of any cash deposits.

Insolvency of Depositary and or one of its agents or affiliates may cause the Fund's rights with respect to its assets to be delayed or may result in the Company not receiving the full value of its assets.

As at 31 December 2017 cash was held with counterparties and brokers as follows:

Global Convertible Fund (US\$6,707,804) (31 December 2016: US\$4,037,337).

Global Technology Fund US\$1,345,813 (31 December 2016: US\$ Nil).

Income Opportunities Fund GBP£1,153,425 (31 December 2016: GBP£1,537,584)

UK Absolute Equity Fund GBP£110,563,236 (31 December 2016: GBP£ Nil).

UK Value Opportunities Fund GBP£17,597 (31 December 2016: GBP£ Nil)

The Funds' counterparties and brokers had the following long-term credit ratings from Standard & Poor's as at 31 December 2017:

BNP Paribas: A (31 December 2016: A).

Credit Suisse Securities (Europe) Limited: A (31 December 2016: A).

HSBC Bank Plc: A (31 December 2016: A)

UBS AG: A+ (31 December 2016: A).

### **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities as they fall due.

The Funds are exposed to daily cash redemptions of redeemable participating shares. The Funds invest the majority of their assets in securities and other instruments that are traded on an active market and which are considered to be liquid as under normal market conditions, they can be readily disposed of in the event that cash needs to be raised to meet redemptions or to pay expenses.

In accordance with Company policy, the Investment Manager monitors the Funds' liquidity on a daily basis and reports regularly to the Board of Directors, which reviews the information provided by the Investment Manager on significant exposures at its periodic meetings.

The Funds' listed securities are considered to be readily realisable as they are principally listed on major European, Asian and US stock exchanges. At 31 December 2017 and 31 December 2016 the Funds all held liquid assets and liabilities that could be realised in less than one month. The residual contractual maturities of financial liabilities held by the Funds are all within 3 months.

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 10. Financial Risk Management continued

#### Offsetting Financial Instruments

The Company has not offset any financial assets and financial liabilities in the Statement of Financial Position. Financial assets and financial liabilities which are subject to enforceable master netting arrangements are detailed in the tables below.

	Gross amounts of recognised assets	Gross amounts offset in the statement of financial position	Net amount presented on the statement of financial position	Related amounts not set off in the Statement of Financial Position		
				Financial instruments	Cash collateral pledged/ received	Net amount
Global Convertible Fund	2017 US\$	2017 US\$	2017 US\$	2017 US\$	2017 US\$	2017 US\$
<b>Assets</b>						
Contracts for difference	1,398,272	–	1,398,272	(1,398,272)	–	–
Futures contracts	435,569	–	435,569	(44,246)	–	391,323
Forward foreign currency contracts	1,202,017	–	1,202,017	–	–	1,202,017
<b>Total</b>	<b>3,035,858</b>	<b>–</b>	<b>3,035,858</b>	<b>(1,442,518)</b>	<b>–</b>	<b>1,593,340</b>
<b>Liabilities</b>						
Contracts for difference	(10,089,966)	–	(10,089,966)	1,398,272	–	(8,691,694)
Futures contracts	(44,246)	–	(44,246)	44,246	–	–
Forward foreign currency contracts	(264,660)	–	(264,660)	–	–	(264,660)
<b>Total</b>	<b>(10,398,872)</b>	<b>–</b>	<b>(10,398,872)</b>	<b>1,442,518</b>	<b>–</b>	<b>(8,956,354)</b>

	Gross amounts of recognised assets 2016 US\$	Gross amounts offset in the statement of financial position 2016 US\$	Net amount presented on the statement of financial position 2016 US\$	Related amounts not set off in the Statement of Financial Position		
				Financial instruments 2016 US\$	Cash collateral pledged/ received 2016 US\$	Net amount 2016 US\$
Global Convertible Fund						
Assets						
Contracts for difference	13,520,573	–	13,520,573	(4,380,428)	–	9,140,145
Forward foreign currency contracts	46,463	–	46,463	–	–	46,463
Total	13,567,036	–	13,567,036	(4,380,428)	–	9,186,608
Liabilities						
Contracts for difference	(4,380,428)	–	(4,380,428)	4,380,428	–	–
Futures contracts	(146,789)	–	(146,789)	–	–	(146,789)
Forward foreign currency contracts	(93,981)	–	(93,981)	–	–	(93,981)
Total	(4,621,198)	–	(4,621,198)	4,380,428	–	(240,770)

	Gross amounts of recognised assets 2017 US\$	Gross amounts offset in the statement of financial position 2017 US\$	Net amount presented on the statement of financial position 2017 US\$	Related amounts not set off in the Statement of Financial Position		
				Financial instruments 2017 US\$	Cash collateral pledged/ received 2017 US\$	Net amount 2017 US\$
UK Absolute Equity Fund						
Assets						
Contracts for difference	12,147,845	–	12,147,845	–	–	12,147,845
Forward foreign currency contracts	26	–	26	–	–	26
Total	12,147,871	–	12,147,871	–	–	12,147,871
Liabilities						
Contracts for difference	(10,171,037)	–	(10,171,037)	–	–	(10,171,037)
Futures Contracts	(3,912,730)	–	(3,912,730)	–	–	(3,912,730)
Forward foreign currency contracts	(391,274)	–	(391,274)	–	–	(391,274)
Total	(14,475,041)	–	(14,475,041)	–	–	(14,475,041)

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 10. Financial Risk Management continued

##### Offsetting Financial Instruments continued

	Gross amounts of recognised assets 2016 US\$	Gross amounts offset in the statement of financial position 2016 US\$	Net amount presented on the statement of financial position 2016 US\$	Related amounts not set off in the Statement of Financial Position		
				Financial instruments 2016 US\$	Cash collateral pledged/ received 2016 US\$	Net amount 2016 US\$
UK Absolute Equity Fund						
Assets						
Contracts for difference	1,023,185	–	1,023,185	–	–	1,023,185
Forward foreign currency contracts	191,879	–	191,879	–	–	191,879
Total	1,215,064	–	1,215,064	–	–	1,215,064
Liabilities						
Contracts for difference	(1,458,376)	–	(1,458,376)	–	–	(1,458,376)
Forward foreign currency contracts	(173)	–	(173)	–	–	(173)
Total	(1,458,549)	–	(1,458,549)	–	–	(1,458,549)

Global Convertible Fund is party to an ISDA Master Agreement with UBS AG, which was signed on the 30 August 2013. On the 23 November 2016 the existing Agreement was amended by adding UK Absolute Equity Fund.

##### Fair value hierarchy

Financial assets and financial liabilities at fair value through profit and loss are valued at fair value at the Statement of Financial Position date. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within 'Net gain/loss on financial assets and financial liabilities at fair value through profit or loss' in the period in which they arise. Fair value is the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

In determining fair value, securities which are quoted, listed or traded on a recognised exchange will be valued at the last traded price (or, if no last traded price is available, at the mid-market price).

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

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques.

For instruments for which there is no active market, the Company may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry.

Valuation models are used primarily to value unlisted equities, for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The table below sets out fair value measurements using the fair value hierarchy:

**Financial assets and liabilities at fair value through profit or loss as at 31 December 2017**

<b>Asian Opportunities Fund</b>	<b>Total US\$</b>	<b>Level 1 US\$</b>	<b>Level 2 US\$</b>	<b>Level 3 US\$</b>
<b>Assets</b>				
Equity investments	44,848,434	44,848,434	–	–
Warrants	76,824	–	76,824	–
Forward foreign currency contracts	6,226	–	6,226	–
<b>Total</b>	<b>44,931,484</b>	<b>44,848,434</b>	<b>83,050</b>	<b>–</b>

<b>Automation &amp; Artificial Intelligence Fund</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>				
Equity investments	218,786,689	218,786,689	–	–
<b>Total</b>	<b>218,786,689</b>	<b>218,786,689</b>	<b>–</b>	<b>–</b>

<b>Biotechnology Fund</b>	<b>Total US\$</b>	<b>Level 1 US\$</b>	<b>Level 2 US\$</b>	<b>Level 3 US\$</b>
<b>Assets</b>				
Equity investments	281,125,046	281,125,046	–	–
Warrants	367,253	–	367,253	–
<b>Total</b>	<b>281,492,299</b>	<b>281,125,046</b>	<b>367,253</b>	<b>–</b>

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 10. Financial Risk Management continued

Fair value hierarchy continued

Financial assets and liabilities at fair value through profit or loss as at 31 December 2017 continued

Emerging Markets Income Fund	US\$	US\$	US\$	US\$
<b>Assets</b>				
Investment funds	5,228,765	–	5,228,765	–
Equity investments	321,328,638	321,328,638	–	–
<b>Total</b>	326,557,403	321,328,638	5,228,765	–

European Ex UK Income Fund	EUR€	EUR€	EUR€	EUR€
<b>Assets</b>				
Equity investments	200,292,493	200,292,493	–	–
<b>Total</b>	200,292,493	200,292,493	–	–

<b>Liabilities</b>				
Forward foreign currency contracts	(23,418)	–	(23,418)	–
<b>Total</b>	(23,418)	–	(23,418)	–

European Income Fund	EUR€	EUR€	EUR€	EUR€
<b>Assets</b>				
Equity investments	12,243,319	12,243,319	–	–
<b>Total</b>	12,243,319	12,243,319	–	–

Financial Opportunities Fund	US\$	US\$	US\$	US\$
<b>Assets</b>				
Equity investments	60,744,266	60,744,266	–	–
<b>Total</b>	60,744,266	60,744,266	–	–

<b>Global Convertible Fund</b>	<b>Total US\$</b>	<b>Level 1 US\$</b>	<b>Level 2 US\$</b>	<b>Level 3 US\$</b>
<b>Assets</b>				
Corporate bonds	574,455,098	–	574,455,098	–
Equity investments	94,071,065	94,071,065	–	–
Warrants	2,376,500	–	2,376,500	–
Contracts for difference	1,398,272	–	1,398,272	–
Forward foreign currency contracts	1,202,017	–	1,202,017	–
Futures contracts	435,569	435,569	–	–
<b>Total</b>	<b>673,938,521</b>	<b>94,506,634</b>	<b>579,431,887</b>	<b>–</b>
<b>Liabilities</b>				
Contracts for difference	(10,089,966)	–	(10,089,966)	–
Forward foreign currency contracts	(264,660)	–	(264,660)	–
Futures contracts	(44,246)	(44,246)	–	–
<b>Total</b>	<b>(10,398,872)</b>	<b>(44,246)</b>	<b>(10,354,626)</b>	<b>–</b>
<b>Global Insurance Fund</b>	<b>GBP£</b>	<b>GBP£</b>	<b>GBP£</b>	<b>GBP£</b>
<b>Assets</b>				
Investment funds	13,064,495	–	13,064,495	–
Equity investments	978,128,225	978,128,225	–	–
Forward foreign currency contracts	3,516	–	3,516	–
<b>Total</b>	<b>991,196,236</b>	<b>978,128,225</b>	<b>13,068,011</b>	<b>–</b>
<b>Liabilities</b>				
Forward foreign currency contracts	(54,835)	–	(54,835)	–
<b>Total</b>	<b>(54,835)</b>	<b>–</b>	<b>(54,835)</b>	<b>–</b>
<b>Global Technology Fund</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>				
Equity investments	1,709,850,130	1,709,850,130	–	–
Forward foreign currency contracts	1,333,147	–	1,333,147	–
Options	8,696,000	–	8,696,000	–
<b>Total</b>	<b>1,719,879,277</b>	<b>1,709,850,130</b>	<b>10,029,147</b>	<b>–</b>
<b>Liabilities</b>				
Forward foreign currency contracts	(543)	–	(543)	–
<b>Total</b>	<b>(543)</b>	<b>–</b>	<b>(543)</b>	<b>–</b>

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 10. Financial Risk Management continued

Fair value hierarchy continued

Financial assets and liabilities at fair value through profit or loss as at 31 December 2017 continued

Healthcare Blue Chip Fund	Total US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$
<b>Assets</b>				
Equity investments	76,699,702	76,699,702	–	–
Forward foreign currency contracts	27,828	–	27,828	–
<b>Total</b>	76,727,530	76,699,702	27,828	–

Healthcare Opportunities Fund	US\$	US\$	US\$	US\$
<b>Assets</b>				
Equity investments	1,478,875,163	1,478,875,163	–	–
Warrants	1,927,338	–	1,927,338	–
<b>Total</b>	1,480,802,501	1,478,875,163	1,927,338	–

Income Opportunities Fund	GBP£	GBP£	GBP£	GBP£
<b>Assets</b>				
Corporate bonds	80,501,387	–	80,501,387	–
Supranational bonds	295,685	–	295,685	–
Equity investments	204,051,588	204,051,588	–	–
Forward foreign currency contracts	3,088	–	3,088	–
<b>Total</b>	284,851,748	204,051,588	80,800,160	–

<b>Liabilities</b>				
Forward foreign currency contracts	(613,911)	–	(613,911)	–
Futures contracts	(67,300)	(67,300)	–	–
<b>Total</b>	(681,211)	(67,300)	(613,911)	–

Japan Fund	JPY ¥	JPY ¥	JPY ¥	JPY ¥
<b>Assets</b>				
Equity investments	127,099,163,700	127,099,163,700	–	–
Forward foreign currency contracts	63,434,978	–	63,434,978	–
<b>Total</b>	127,162,598,678	127,099,163,700	63,434,978	–

<b>Liabilities</b>				
Forward foreign currency contracts	(176,753,364)	–	(176,753,364)	–
<b>Total</b>	(176,753,364)	–	(176,753,364)	–

<b>Japan Value Fund</b>	<b>Total JPY ¥</b>	<b>Level 1 JPY ¥</b>	<b>Level 2 JPY ¥</b>	<b>Level 3 JPY ¥</b>
<b>Assets</b>				
Equity investments	8,585,383,400	8,585,383,400	–	–
Forward foreign currency contracts	11,693,272	–	11,693,272	–
<b>Total</b>	<b>8,597,076,672</b>	<b>8,585,383,400</b>	<b>11,693,272</b>	<b>–</b>
<b>Liabilities</b>				
Forward foreign currency contracts	(5,934,761)	–	(5,934,761)	–
<b>Total</b>	<b>(5,934,761)</b>	<b>–</b>	<b>(5,934,761)</b>	<b>–</b>
<b>North American Fund</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>				
Equity investments	2,416,201,695	2,416,201,695	–	–
Forward foreign currency contracts	2,847,920	–	2,847,920	–
<b>Total</b>	<b>2,419,049,615</b>	<b>2,416,201,695</b>	<b>2,847,920</b>	<b>–</b>
<b>Liabilities</b>				
Forward foreign currency contracts	(27,437)	–	(27,437)	–
<b>Total</b>	<b>(27,437)</b>	<b>–</b>	<b>(27,437)</b>	<b>–</b>
<b>UK Absolute Equity Fund</b>	<b>GBP£</b>	<b>GBP£</b>	<b>GBP£</b>	<b>GBP£</b>
<b>Assets</b>				
Equity investments	400,390,090	400,390,090	–	–
Contracts for difference	12,147,845	–	12,147,845	–
Forward foreign currency contracts	26	–	26	–
<b>Total</b>	<b>412,537,961</b>	<b>400,390,090</b>	<b>12,147,871</b>	<b>–</b>
<b>Liabilities</b>				
Contracts for difference	(10,171,037)	–	(10,171,037)	–
Forward foreign currency contracts	(391,274)	–	(391,274)	–
Futures contracts	(3,912,730)	(3,912,730)	–	–
<b>Total</b>	<b>(14,475,041)</b>	<b>(3,912,730)</b>	<b>(10,562,311)</b>	<b>–</b>
<b>UK Value Opportunities Fund</b>	<b>GBP£</b>	<b>GBP£</b>	<b>GBP£</b>	<b>GBP£</b>
<b>Assets</b>				
Equity investments	538,636,472	538,636,472	–	–
<b>Total</b>	<b>538,636,472</b>	<b>538,636,472</b>	<b>–</b>	<b>–</b>

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 10. Financial Risk Management continued

Fair value hierarchy continued

Financial assets and liabilities at fair value through profit or loss as at 31 December 2016

Asian Opportunities Fund	Total US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$
<b>Assets</b>				
Equity investments	29,283,703	29,283,703	–	–
<b>Total</b>	29,283,703	29,283,703	–	–
<b>Biotechnology Fund</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>				
Equity investments	117,586,144	117,586,144	–	–
<b>Total</b>	117,586,144	117,586,144	–	–
<b>Emerging Markets Growth Fund</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>				
Equity investments	49,991,240	49,991,240	–	–
Warrants	7,232,005	–	7,232,005	–
<b>Total</b>	57,223,245	49,991,240	7,232,005	–
<b>Emerging Markets Income Fund</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>				
Investment funds	5,744,137	–	5,744,137	–
Equity investments	300,121,958	300,121,958	–	–
<b>Total</b>	305,866,095	300,121,958	5,744,137	–
<b>European Ex UK Income Fund</b>	<b>EUR€</b>	<b>EUR€</b>	<b>EUR€</b>	<b>EUR€</b>
<b>Assets</b>				
Equity investments	57,212,852	57,212,852	–	–
<b>Total</b>	57,212,852	57,212,852	–	–
<b>Liabilities</b>				
Forward foreign currency contracts	(542,724)	–	(542,724)	–
<b>Total</b>	(542,724)	–	(542,724)	–
<b>European Income Fund</b>	<b>EUR€</b>	<b>EUR€</b>	<b>EUR€</b>	<b>EUR€</b>
<b>Assets</b>				
Equity investments	11,728,536	11,728,536	–	–
<b>Total</b>	11,728,536	11,728,536	–	–

<b>Financial Opportunities Fund</b>	<b>Total US\$</b>	<b>Level 1 US\$</b>	<b>Level 2 US\$</b>	<b>Level 3 US\$</b>
<b>Assets</b>				
Equity investments	29,126,130	29,126,130	–	–
Warrants	1,623,296	–	1,623,296	–
<b>Total</b>	<b>30,749,426</b>	<b>29,126,130</b>	<b>1,623,296</b>	<b>–</b>
<b>Global Alpha Fund</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>				
Equity investments	118,622,675	118,622,675	–	–
<b>Total</b>	<b>118,622,675</b>	<b>118,622,675</b>	<b>–</b>	<b>–</b>
<b>Global Convertible Fund</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>				
Corporate bonds	407,384,710	–	407,384,710	–
Equity investments	85,129,221	85,129,221	–	–
Contracts for difference	13,520,573	–	13,520,573	–
Forward foreign currency contracts	46,463	–	46,463	–
Warrants	299,850	–	299,850	–
<b>Total</b>	<b>506,380,817</b>	<b>85,129,221</b>	<b>421,251,596</b>	<b>–</b>
<b>Liabilities</b>				
Contracts for difference	(4,380,428)	–	(4,380,428)	–
Forward foreign currency contracts	(93,981)	–	(93,981)	–
Futures contracts	(146,789)	(146,789)	–	–
<b>Total</b>	<b>(4,621,198)</b>	<b>(146,789)</b>	<b>(4,474,409)</b>	<b>–</b>
<b>Global Insurance Fund</b>	<b>GBP£</b>	<b>GBP£</b>	<b>GBP£</b>	<b>GBP£</b>
<b>Assets</b>				
Investment funds	7,176,992	–	7,176,992	–
Equity investments	672,611,425	672,611,425	–	–
Forward foreign currency contracts	7,998	–	7,998	–
<b>Total</b>	<b>679,796,415</b>	<b>672,611,425</b>	<b>7,184,990</b>	<b>–</b>
<b>Liabilities</b>				
Forward foreign currency contracts	(4,350)	–	(4,350)	–
<b>Total</b>	<b>(4,350)</b>	<b>–</b>	<b>(4,350)</b>	<b>–</b>

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 10. Financial Risk Management continued

Fair value hierarchy continued

Financial assets and liabilities at fair value through profit or loss as at 31 December 2016 continued

Global Technology Fund	Total US\$	Level 1 US\$	Level 2 US\$	Level 3 US\$
<b>Assets</b>				
Equity investments	898,241,704	898,241,704	–	–
Forward foreign currency contracts	111,644	–	111,644	–
Options	2,716,325	–	2,716,325	–
<b>Total</b>	901,069,673	898,241,704	2,827,969	–

Healthcare Blue Chip Fund	US\$	US\$	US\$	US\$
<b>Assets</b>				
Equity investments	74,664,587	74,664,587	–	–
<b>Total</b>	74,664,587	74,664,587	–	–

Healthcare Opportunities Fund	US\$	US\$	US\$	US\$
<b>Assets</b>				
Equity investments	968,683,044	968,683,044	–	–
<b>Total</b>	968,683,044	968,683,044	–	–

Income Opportunities Fund	GBP£	GBP£	GBP£	GBP£
<b>Assets</b>				
Corporate bonds	47,753,780	–	47,753,780	–
Equity investments	103,392,424	103,392,424	–	–
Forward foreign currency contracts	43	–	43	–
<b>Total</b>	151,146,247	103,392,424	47,753,823	–

<b>Liabilities</b>				
Futures contracts	(197,640)	(197,640)	–	–
<b>Total</b>	(197,640)	(197,640)	–	–

International Alpha Fund	US\$	US\$	US\$	US\$
<b>Assets</b>				
Equity investments	4,912,831	4,912,831	–	–
<b>Total</b>	4,912,831	4,912,831	–	–

<b>Japan Fund</b>	<b>Total JPY ¥</b>	<b>Level 1 JPY ¥</b>	<b>Level 2 JPY ¥</b>	<b>Level 3 JPY ¥</b>
<b>Assets</b>				
Equity investments	122,184,388,680	122,184,388,680	–	–
Forward foreign currency contracts	56,977,018	–	56,977,018	–
<b>Total</b>	122,241,365,698	122,184,388,680	56,977,018	–
<b>Liabilities</b>				
Forward foreign currency contracts	(552,595,991)	–	(552,595,991)	–
<b>Total</b>	(552,595,991)	–	(552,595,991)	–
<b>Japan Alpha Fund</b>	<b>JPY ¥</b>	<b>JPY ¥</b>	<b>JPY ¥</b>	<b>JPY ¥</b>
<b>Assets</b>				
Equity investments	6,815,088,460	6,815,088,460	–	–
Forward foreign currency contracts	2,256,606	–	2,256,606	–
<b>Total</b>	6,817,345,066	6,815,088,460	2,256,606	–
<b>Liabilities</b>				
Forward foreign currency contracts	(60,932,623)	–	(60,932,623)	–
<b>Total</b>	(60,932,623)	–	(60,932,623)	–
<b>North American Fund</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>				
Equity investments	1,795,373,618	1,795,373,618	–	–
Forward foreign currency contracts	1,966,534	–	1,966,534	–
<b>Total</b>	1,797,340,152	1,795,373,618	1,966,534	–
<b>Liabilities</b>				
Forward foreign currency contracts	(3,908)	–	(3,908)	–
<b>Total</b>	(3,908)	–	(3,908)	–
<b>UK Absolute Equity Fund</b>	<b>GBP£</b>	<b>GBP£</b>	<b>GBP£</b>	<b>GBP£</b>
<b>Assets</b>				
Equity investments	42,564,562	42,564,562	–	–
Contracts for difference	1,023,185	–	1,023,185	–
Forward foreign currency contracts	191,879	–	191,879	–
<b>Total</b>	43,779,626	42,564,562	1,215,064	–
<b>Liabilities</b>				
Contracts for difference	(1,458,376)	–	(1,458,376)	–
Forward foreign currency contracts	(173)	–	(173)	–
<b>Total</b>	(1,458,549)	–	(1,458,549)	–

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 10. Financial Risk Management continued

**Fair value hierarchy** continued

**Financial assets and liabilities at fair value through profit or loss as at 31 December 2016** continued

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There are no assets held in level 3 at 31 December 2017 (31 December 2016: Nil). In addition, there were no transfers between level 1 and level 2 of the fair value hierarchy during the financial year from 1 January 2017 to 31 December 2017 and 1 January 2016 to 31 December 2016.

The valuation techniques used by the Company are explained in the accounting policies note on pages 167 to 174.

#### 11. Cross/Segregated Liability

The Company is an umbrella fund investment company with segregated liability between the Funds of the Company. Under Irish law, being the law applicable to the Company, this should result in any liabilities attributable to any Fund being borne solely by that Fund in the event of any insolvency.

#### 12. Comparative Figures

<b>Asian Opportunities Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class A US Dollar Distribution	\$46,988,102	\$33,073,000	\$37,205,144
Class I Euro Accumulation	€122	€100	N/A
Class I Euro Hedged Accumulation	€656,333	€1,000	N/A
Class I Sterling Accumulation	£126	£100	N/A
Class I Sterling Hedged Accumulation	£96,424	£1,000	N/A
Class I US Dollar Accumulation	\$1,489	\$100	N/A
	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class A US Dollar Distribution	\$396.67	\$298.50	\$278.81
Class I Euro Accumulation	€11.53	€9.47	N/A
Class I Euro Hedged Accumulation	€13.53	€10.00	N/A
Class I Sterling Accumulation	£10.23	£8.13	N/A
Class I Sterling Hedged Accumulation	£13.64	£10.00	N/A
Class I US Dollar Accumulation	\$13.82	\$10.00	N/A

<b>Automation &amp; Artificial Intelligence Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class I Euro Accumulation	€1,732,304	N/A	N/A
Class I Sterling Accumulation	£14,313,476	N/A	N/A
Class I US Dollar Accumulation	\$555,949	N/A	N/A
Class R Euro Accumulation	€1,009	N/A	N/A
Class R US Dollar Accumulation	\$10,121,955	N/A	N/A
Class S Euro Accumulation	€180,191	N/A	N/A
Class S Sterling Accumulation	£139,129,577	N/A	N/A
Class S US Dollar Accumulation	\$17,382,677	N/A	N/A
	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class I Euro Accumulation	€8.60	N/A	N/A
Class I Sterling Accumulation	£7.64	N/A	N/A
Class I US Dollar Accumulation	\$10.33	N/A	N/A
Class R Euro Accumulation	€8.61	N/A	N/A
Class R US Dollar Accumulation	\$10.34	N/A	N/A
Class S Euro Accumulation	€8.61	N/A	N/A
Class S Sterling Accumulation	£7.64	N/A	N/A
Class S US Dollar Accumulation	\$10.34	N/A	N/A

  

<b>Biotechnology Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class I Euro	€24,776,408	€13,688,700	€702,162
Class I Sterling	£44,643,156	£16,981,913	£15,941,000
Class I US Dollar	\$84,738,323	\$35,870,171	\$25,030,491
Class R Euro	€16,647,439	€5,750,552	€4,578,338
Class R Sterling	£2,456,565	£1,541,237	£1,716,076
Class R US Dollar	\$88,638,191	\$34,789,588	\$7,770,202
Class S Euro	€139,589	€121,283	€209,263
Class S Sterling	£345,782	£221	£44,454
Class S US Dollar	\$2,957,854	\$3,326,368	\$3,675,090
	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class I Euro	€18.39	€16.01	€16.82
Class I Sterling	£16.33	£13.67	£12.39
Class I US Dollar	\$22.09	\$16.89	\$18.27
Class R Euro	€18.01	€15.76	€16.61
Class R Sterling	£15.99	£13.45	£12.24
Class R US Dollar	\$21.63	\$16.62	\$18.04
Class S Euro	€18.53	€16.10	€16.87
Class S Sterling	£16.45	£13.74	£12.44
Class S US Dollar	\$22.26	\$16.98	\$18.33

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 12. Comparative Figures continued

<b>Emerging Markets Growth Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class I Euro	–	€11,029	€9,922
Class I Sterling	–	£43,010,563	£25,060,747
Class I US Dollar	–	\$35,593	\$33,003
Class R Euro	–	€10,690	€9,661
Class R Sterling	–	£5,493,369	£4,934,076
Class R US Dollar	–	\$8,660	\$8,070

	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class I Euro	–	€8.47	€7.62
Class I Sterling	–	£7.23	£5.62
Class I US Dollar	–	\$8.93	\$8.28
Class R Euro	–	€8.21	€7.42
Class R Sterling	–	£7.01	£5.47
Class R US Dollar	–	\$8.66	\$8.07

<b>Emerging Markets Income Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class I Euro Accumulation	€3,771,909	€3,421,691	€2,521,426
Class I Euro Distribution	€1,432,347	€316,728	€480,849
Class I Sterling Accumulation	£1,748,152	£3,422,755	£3,132,058
Class I Sterling Distribution	£67,386,874	£62,349,965	£47,482,140
Class I US Dollar Accumulation	\$73,762,392	\$71,516,534	\$91,753,327
Class I US Dollar Distribution	\$18,184,121	\$24,036,261	\$25,863,008
Class R Euro Accumulation	€4,228,080	€4,342,885	€3,772,219
Class R Euro Distribution	€51,925	€739,646	€864,387
Class R Sterling Accumulation	£375,839	£269,182	£448,527
Class R Sterling Distribution	£228,937	£2,932,356	£4,573,920
Class R US Dollar Accumulation	\$24,336,755	\$31,096,203	\$24,441,913
Class R US Dollar Distribution	\$3,665,000	\$3,795,622	\$5,090,685
Class S Euro Accumulation	€133	€122	€107
Class S Euro Distribution	€22,111	€20,993	€39,994
Class S Sterling Accumulation	£2,263,240	£1,993,056	£1,533,306
Class S Sterling Distribution	£71,987,600	£70,450,365	£47,244,201
Class S US Dollar Accumulation	\$122	\$26,545	\$1,213,971
Class S US Dollar Distribution	\$829,160	\$583,158	\$1,926,993

<b>Emerging Markets Income Fund</b>	<b>NAV per share 31 December 2017</b>	<b>NAV per share 31 December 2016</b>	<b>NAV per share 31 December 2015</b>
Class I Euro Accumulation	€10.36	€9.51	€8.41
Class I Euro Distribution	€7.97	€7.60	€7.01
Class I Sterling Accumulation	£9.20	£8.12	£6.20
Class I Sterling Distribution	£7.07	£6.49	£5.17
Class I US Dollar Accumulation	\$12.45	\$10.04	\$9.13
Class I US Dollar Distribution	\$9.57	\$8.01	\$7.62
Class R Euro Accumulation	€10.02	€9.24	€8.21
Class R Euro Distribution	€7.75	€7.43	€6.89
Class R Sterling Accumulation	£8.89	£7.89	£6.05
Class R Sterling Distribution	£6.88	£6.34	£5.08
Class R US Dollar Accumulation	\$12.03	\$9.75	\$8.92
Class R US Dollar Distribution	\$9.30	\$7.83	\$7.49
Class S Euro Accumulation	€10.13	€9.27	€8.16
Class S Euro Distribution	€8.14	€7.73	€7.11
Class S Sterling Accumulation	£8.99	£7.91	£6.01
Class S Sterling Distribution	£7.22	£6.60	£5.24
Class S US Dollar Accumulation	\$12.17	\$9.77	\$8.86
Class S US Dollar Distribution	\$9.77	\$8.16	\$7.72

<b>European Ex UK Income Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class I Euro Accumulation	€231,040	€48,884	€100,394
Class I Sterling Accumulation	£18,093,164	£483,534	£62,968
Class I Sterling Distribution	£1,189,780	£417,279	£203,972
Class I Sterling Hedged Accumulation	£61,414	£40,661	£39,095
Class I Sterling Hedged Distribution	£51,385	£1,030	£40,608
Class S Sterling Accumulation	£326,216	£276,619	£1,034
Class S Sterling Distribution	£40,399,971	£4,979,295	£4,387,066
Class S Sterling Hedged Accumulation	£1,152	£1,032	£992
Class S Sterling Hedged Distribution	£120,975,680	£43,015,995	£16,390,799

	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class I Euro Accumulation	€11.42	€10.34	€9.94
Class I Sterling Accumulation	£10.14	£8.82	£7.34
Class I Sterling Distribution	£9.39	£8.49	£7.32
Class I Sterling Hedged Accumulation	£11.49	£10.31	£9.91
Class I Sterling Hedged Distribution	£10.62	£9.90	£9.89
Class S Sterling Accumulation	£10.17	£8.83	£7.34
Class S Sterling Distribution	£9.43	£8.51	£7.33
Class S Sterling Hedged Accumulation	£11.52	£10.32	£9.92
Class S Sterling Hedged Distribution	£10.65	£9.91	£9.91

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 12. Comparative Figures continued

European Income Fund	Net Asset Value Audited 31 December 2017	Net Asset Value Audited 31 December 2016	Net Asset Value Audited 31 December 2015
Class I Euro Accumulation	€222,652	€870,099	€2,662,499
Class I Euro Distribution	€1,258	€1,160	€1,154
Class I Sterling Accumulation	£9,796,897	£8,603,104	£7,428,202
Class I Sterling Distribution	£909,174	£619,125	£303,694
Class I Swiss Franc Accumulation	Sfr.1,221	Sfr.1,033	Sfr.1,042
Class I Swiss Franc Distribution	Sfr.1,219	Sfr.1,031	Sfr.1,042
Class I US Dollar Accumulation	\$1,207	\$978	\$1,002
Class I US Dollar Distribution	\$1,205	\$978	\$1,001
Class R Euro Accumulation	€1,236	€1,148	€1,149
Class R Euro Distribution	€1,235	€1,147	€1,146
Class R Sterling Accumulation	£1,399	£1,250	£1,080
Class R Sterling Distribution	£1,397	£1,248	£1,078
Class R Swiss Franc Accumulation	Sfr.1,200	Sfr.1,021	Sfr.1,036
Class R Swiss Franc Distribution	Sfr.1,197	Sfr.1,019	Sfr.1,034
Class R US Dollar Accumulation	\$1,184	\$966	\$996
Class R US Dollar Distribution	\$1,184	\$966	\$995
Class S Euro Accumulation	€1,263	€1,165	€1,158
Class S Euro Distribution	€1,264	€1,166	€1,156
Class S Sterling Accumulation	£1,430	£1,268	£1,088
Class S Sterling Distribution	£1,430	£1,268	£1,088
Class S Swiss Franc Accumulation	Sfr.1,226	Sfr.1,036	Sfr.1,044
Class S Swiss Franc Distribution	Sfr.1,226	Sfr.1,036	Sfr.1,043
Class S US Dollar Accumulation	\$1,211	\$980	\$1,004
Class S US Dollar Distribution	\$1,211	\$982	\$1,004
	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class I Euro Accumulation	€12.59	€11.63	€11.56
Class I Euro Distribution	€11.31	€10.83	€11.25
Class I Sterling Accumulation	£11.18	£9.92	£8.52
Class I Sterling Distribution	£10.04	£9.25	£8.29
Class I Swiss Franc Accumulation	Sfr.14.73	Sfr.12.46	Sfr.12.57
Class I Swiss Franc Distribution	Sfr.13.24	Sfr.11.61	Sfr.12.24
Class I US Dollar Accumulation	\$15.12	\$12.26	\$12.56
Class I US Dollar Distribution	\$13.58	\$11.43	\$12.22
Class R Euro Accumulation	€12.36	€11.48	€11.49
Class R Euro Distribution	€11.11	€10.71	€11.18
Class R Sterling Accumulation	£10.97	£9.80	£8.47
Class R Sterling Distribution	£9.87	£9.14	£8.24
Class R Swiss Franc Accumulation	Sfr.14.47	Sfr.12.31	Sfr.12.49
Class R Swiss Franc Distribution	Sfr.13.01	Sfr.11.48	Sfr.12.16
Class R US Dollar Accumulation	\$14.84	\$12.11	\$12.48
Class R US Dollar Distribution	\$13.35	\$11.29	\$12.15

<b>European Income Fund</b>	<b>NAV per share 31 December 2017</b>	<b>NAV per share 31 December 2016</b>	<b>NAV per share 31 December 2015</b>
Class S Euro Accumulation	€12.63	€11.65	€11.58
Class S Euro Distribution	€11.37	€10.88	€11.27
Class S Sterling Accumulation	£11.21	£9.94	£8.53
Class S Sterling Distribution	£10.09	£9.28	£8.31
Class S Swiss Franc Accumulation	Sfr.14.78	Sfr.12.49	Sfr.12.59
Class S Swiss Franc Distribution	Sfr.13.31	Sfr.11.66	Sfr.12.26
Class S US Dollar Accumulation	\$15.17	\$12.28	\$12.58
Class S US Dollar Distribution	\$13.65	\$11.47	\$12.25

<b>Financial Opportunities Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class I Euro Accumulation	€130	€621,069	€595,214
Class I Euro Distribution	€1,031,418	€22,434	€137,599
Class I Sterling Accumulation	£18,993,684	£6,167,968	£12,043,641
Class I Sterling Distribution	£11,147,598	£13,005,511	£13,189,405
Class I US Dollar Accumulation	\$14,156,543	\$2,290,076	\$437,062
Class I US Dollar Distribution	\$5,858,241	\$3,110,534	\$1,222,064
Class R Euro Accumulation	€131,525	€286,081	€23,095
Class R Euro Distribution	€64	€11,309	€67,931
Class R Sterling Accumulation	£63,238	£23,980	£16,975
Class R Sterling Distribution	£143,126	£884,008	£53,394
Class R US Dollar Accumulation	\$187,620	\$152,336	\$594,684
Class R US Dollar Distribution	\$61,086	\$396,872	\$16,883

	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class I Euro Accumulation	€12.27	€11.29	€10.82
Class I Euro Distribution	€12.29	€11.53	€11.25
Class I Sterling Accumulation	£10.89	£9.64	£7.97
Class I Sterling Distribution	£10.91	£9.85	£8.29
Class I US Dollar Accumulation	\$14.74	\$11.91	\$11.75
Class I US Dollar Distribution	\$14.76	\$12.17	\$12.22
Class R Euro Accumulation	€12.00	€11.10	€10.69
Class R Euro Distribution	€11.93	€11.25	€11.02
Class R Sterling Accumulation	£10.66	£9.47	£7.88
Class R Sterling Distribution	£10.59	£9.60	£8.12
Class R US Dollar Accumulation	\$14.41	\$11.70	\$11.61
Class R US Dollar Distribution	\$14.33	\$11.87	\$11.98

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 12. Comparative Figures continued

<b>Global Alpha Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class I Euro	–	€1,809,102	€4,350,833
Class I Sterling	–	£715,844	£625,921
Class I US Dollar	–	\$867,383	\$521,426
Class R Euro	–	€1,607	€1,490
Class R Sterling	–	£4,654	£3,728
Class R US Dollar	–	\$1,304	\$1,245
Class SI Euro	–	€1,655	€1,524
Class SI Sterling	–	£93,757,450	£57,412,714
Class SI US Dollar	–	\$101	\$12,730,000

	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class I Euro	–	€12.66	€11.67
Class I Sterling	–	£10.81	£8.60
Class I US Dollar	–	\$13.35	\$12.68
Class R Euro	–	€12.36	€11.46
Class R Sterling	–	£10.55	£8.45
Class R US Dollar	–	\$13.04	\$12.45
Class SI Euro	–	€12.73	€11.72
Class SI Sterling	–	£10.86	£8.63
Class SI US Dollar	–	\$13.42	\$12.73

<b>Global Convertible Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class I Euro Accumulation	€40,184,695	€39,486,844	€38,479,047
Class I Euro Distribution	€2,916,918	€67,179,652	€1,428,225
Class I Hedged Euro Accumulation	€1,035	€947	€968
Class I Hedged Sterling Accumulation	£13,662,699	£4,436,796	£1,026,118
Class I Hedged Sterling Distribution	£21,402,763	£16,050,155	£1,438,661
Class I Hedged Swiss Franc Accumulation	Sfr.6,955,704	Sfr.6,393,736	Sfr.6,555,475
Class I Sterling Accumulation	£13,806,042	£15,634,362	£11,056,465
Class I Sterling Distribution	£83,106,554	£52,921,856	£29,492,116
Class I US Dollar Accumulation	\$6,633,769	\$6,153,857	\$10,753,006
Class I US Dollar Distribution	\$1,817,533	\$1,857,880	\$1,488,417
Class Portfolio Currency Hedged Euro I Accumulation	€2,645,876	€204,763	N/A
Class Portfolio Currency Hedged Sterling I Distribution	£87,576,714	N/A	N/A
Class R Euro Accumulation	€255,764	€1,097,846	€1,074,681
Class R Euro Distribution	€424,957	€454,490	€464,130
Class R Sterling Accumulation	£142,294	£153,477	£129,512
Class R Sterling Distribution	£1,411	£1,393	£1,175

<b>Global Convertible Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class R US Dollar Accumulation	\$1,238	\$14,819	\$1,122
Class R US Dollar Distribution	\$50,075	\$46,937	\$49,357
Class S Euro Accumulation	€1,254	€1,280	€1,239
Class S Euro Distribution	€82,645	€22,452	€1,238
Class S Hedged Sterling Accumulation	£2,263,985	£184,452	£979
Class S Hedged Sterling Distribution	£1,214,208	£57,814,660	£36,573,685
Class S Hedged Swiss Franc Accumulation	Sfr.508	Sfr.467	Sfr.478
Class S Sterling Accumulation	£2,982,412	£2,931,588	£6,933,385
Class S Sterling Distribution	£186,911,169	£142,721,135	£118,890,366
Class S US Dollar Accumulation	\$156,995	\$982	\$980
Class S US Dollar Distribution	\$4,834,522	\$4,336,311	\$3,721,196
	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class I Euro Accumulation	€10.48	€10.72	€10.43
Class I Euro Distribution	€8.93	€9.52	€9.68
Class I Hedged Euro Accumulation	€10.35	€9.47	€7.62
Class I Hedged Sterling Accumulation	£10.59	£9.62	£9.73
Class I Hedged Sterling Distribution	£9.34	£8.87	£9.38
Class I Hedged Swiss Franc Accumulation	Sfr.10.08	Sfr.9.27	Sfr.9.50
Class I Sterling Accumulation	£9.32	£9.16	£7.69
Class I Sterling Distribution	£7.94	£8.14	£7.13
Class I US Dollar Accumulation	\$12.60	\$11.30	\$11.33
Class I US Dollar Distribution	\$10.73	\$10.04	\$10.51
Class Portfolio Currency Hedged Euro I Accumulation	€10.61	€9.99	N/A
Class Portfolio Currency Hedged Sterling I Distribution	£10.29	N/A	N/A
Class R Euro Accumulation	€10.30	€10.57	€10.33
Class R Euro Distribution	€8.76	€9.37	€9.57
Class R Sterling Accumulation	£9.15	£9.03	£7.62
Class R Sterling Distribution	£7.79	£8.01	£7.06
Class R US Dollar Accumulation	\$12.38	\$11.14	\$11.22
Class R US Dollar Distribution	\$10.53	\$9.88	\$10.40
Class S Euro Accumulation	€9.13	€9.32	€9.02
Class S Euro Distribution	€7.97	€8.47	€8.58
Class S Hedged Sterling Accumulation	£10.71	£9.70	£9.79
Class S Hedged Sterling Distribution	£9.43	£8.90	£9.39
Class S Hedged Swiss Franc Accumulation	Sfr.10.17	Sfr.9.33	Sfr.9.55
Class S Sterling Accumulation	£8.11	£7.96	£6.65
Class S Sterling Distribution	£7.08	£7.24	£6.33
Class S US Dollar Accumulation	\$10.97	\$9.82	\$9.80
Class S US Dollar Distribution	\$9.58	\$8.93	\$9.32

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 12. Comparative Figures continued

<b>Global Insurance Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class A Sterling Distribution	£62,480,850	£90,078,144	£75,109,886
Class B Sterling Accumulation	£11,751,708	£13,957,506	£11,514,300
Class E Sterling Distribution	£205,077,102	£152,898,737	£121,409,670
Class F Sterling Accumulation	£140,355,150	£114,655,645	£77,839,423
Class I Euro Accumulation	€68,408,551	€37,563,608	€3,308,767
Class I Euro Distribution	€1,334,282	€1,231,223	€29,779
Class I Hedged Euro Accumulation	€19,362,396	€885,734	N/A
Class I Hedged US Dollar Accumulation	\$8,954,070	\$11,063,567	N/A
Class I Sterling Accumulation	£153,998,346	£85,976,298	£34,238,727
Class I Sterling Distribution	£133,652,586	£67,345,856	£38,309,624
Class I US Dollar Accumulation	\$249,577,609	\$134,785,947	\$6,706,917
Class I US Dollar Distribution	\$13,738,109	\$9,722,671	\$3,695,047
Class R Euro Accumulation	€3,464,593	€4,251,866	€240,642
Class R Euro Distribution	€9,534	€121,797	€221
Class R Sterling Accumulation	£4,354,411	£3,244,955	£2,274,378
Class R Sterling Distribution	£13,838,152	£11,462,676	£8,934,754
Class R US Dollar Accumulation	\$26,109,498	\$2,650,683	\$1,083,934
Class R US Dollar Distribution	\$59,263	\$45,194	\$167
	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class A Sterling Distribution	£4.77	£4.59	£3.47
Class B Sterling Accumulation	£5.94	£5.60	£4.17
Class E Sterling Distribution	£4.94	£4.72	£3.56
Class F Sterling Accumulation	£6.20	£5.82	£4.30
Class I Euro Accumulation	€6.78	€6.63	€5.70
Class I Euro Distribution	€5.45	€5.42	€4.75
Class I Hedged Euro Accumulation	€11.92	€11.33	N/A
Class I Hedged US Dollar Accumulation	\$12.14	\$11.35	N/A
Class I Sterling Accumulation	£6.02	£5.66	£4.20
Class I Sterling Distribution	£4.84	£4.62	£3.50
Class I US Dollar Accumulation	\$8.15	\$6.99	\$6.19
Class I US Dollar Distribution	\$6.55	\$5.71	\$5.16
Class R Euro Accumulation	€6.52	€6.40	€5.52
Class R Euro Distribution	€5.27	€5.27	€4.63
Class R Sterling Accumulation	£5.79	£5.46	£4.06
Class R Sterling Distribution	£4.68	£4.49	£3.41
Class R US Dollar Accumulation	\$7.83	\$6.75	\$5.99
Class R US Dollar Distribution	\$6.33	\$5.55	\$5.03

<b>Global Technology Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class A Euro	€1,107,339	€106,479	€24,591
Class A Sterling	£7,164,688	£6,180,496	£4,469,211
Class A US Dollar	\$54,532,442	\$24,102,084	\$23,289,248
Class I Euro	€49,130,516	€17,681,840	€20,039,949
Class I Hedged Euro Distribution	€4,614,401	N/A	N/A
Class I Hedged Sterling	£47,387,846	£12,292,760	£1,034
Class I Hedged Swiss Franc	Sfr.17,871,390	Sfr.3,914,862	Sfr.752,896
Class I Sterling	£637,286,056	£426,103,658	£298,727,623
Class I US Dollar	\$366,945,251	\$157,327,486	\$218,884,846
Class R Euro	€26,250,934	€12,147,183	€6,076,392
Class R Hedged Euro Accumulation	€4,637,076	N/A	N/A
Class R Hedged Euro Distribution	€50,771,499	€6,616,892	€529,577
Class R Hedged Swiss Franc	Sfr.2,889,965	Sfr.148,721	Sfr.14,973
Class R Sterling	£10,457,242	£8,486,433	£7,223,671
Class R US Dollar	\$309,533,578	\$133,399,949	\$112,323,647
	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class A Euro	€35.33	€27.29	€23.95
Class A Sterling	£31.36	£23.29	£17.65
Class A US Dollar	\$42.42	\$28.78	\$26.02
Class I Euro	€32.26	€24.91	€21.76
Class I Hedged Euro Distribution	€11.70	N/A	N/A
Class I Hedged Sterling	£16.54	£11.35	£10.34
Class I Hedged Swiss Franc	Sfr.17.05	Sfr.11.84	Sfr.10.88
Class I Sterling	£28.64	£21.26	£16.04
Class I US Dollar	\$38.74	\$26.27	\$23.64
Class R Euro	€31.03	€23.97	€21.04
Class R Hedged Euro Accumulation	€11.65	N/A	N/A
Class R Hedged Euro Distribution	€17.19	€11.96	€10.97
Class R Hedged Swiss Franc	Sfr.16.88	Sfr.11.77	Sfr.10.85
Class R Sterling	£27.54	£20.46	£15.51
Class R US Dollar	\$37.26	\$25.29	\$22.86

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 12. Comparative Figures continued

Healthcare Blue Chip Fund	Net Asset Value Audited 31 December 2017	Net Asset Value Audited 31 December 2016	Net Asset Value Audited 31 December 2015
Class I Euro Accumulation	€645	€227,246	€633
Class I Euro Distribution	€645	€624	€636
Class I Sterling Accumulation	£3,415,960	£2,229,204	£1,890,120
Class I Sterling Distribution	£1,458,818	£1,181,031	£508,680
Class I US Dollar Accumulation	\$1,138,965	\$980,425	\$1,030,125
Class I US Dollar Distribution	\$339,029	\$291,669	\$534
Class S Sterling Accumulation	£2,221,039	£2,379,008	£1,993,230
Class S Sterling Distribution	£44,362,353	£54,393,681	£26,663,757
Class S Sterling Hedged Distribution	£2,495,782	£1,000	N/A
Class S US Dollar Accumulation	\$2,519,723	\$2,127,769	\$13,750,214
Class S US Dollar Distribution	\$289,042	\$226,229	\$239,702
	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class I Euro Accumulation	€9.97	€9.64	€9.83
Class I Euro Distribution	€9.72	€9.51	€9.81
Class I Sterling Accumulation	£8.85	£8.23	£7.24
Class I Sterling Distribution	£8.63	£8.12	£7.23
Class I US Dollar Accumulation	\$11.97	\$10.17	\$10.68
Class I US Dollar Distribution	\$11.67	\$10.04	\$10.66
Class S Sterling Accumulation	£8.88	£8.25	£7.25
Class S Sterling Distribution	£8.67	£8.15	£7.24
Class S Sterling Hedged Distribution	£11.64	£10.00	N/A
Class S US Dollar Accumulation	\$12.02	\$10.20	\$10.69
Class S US Dollar Distribution	\$11.73	\$10.07	\$10.67

	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class A Euro	€4,613,382	€5,660,000	€7,589,624
Class A Sterling	£3,651,200	£12,733,791	£15,129,165
Class A US Dollar	\$9,693,834	\$11,726,600	\$20,419,954
Class I Euro	€75,338,253	€63,851,863	€69,193,403
Class I Sterling	£777,378,791	£559,411,671	£399,119,524
Class I US Dollar	\$148,593,976	\$116,825,889	\$187,791,730
Class R Euro	€49,016,637	€44,383,148	€56,536,826
Class R Sterling	£8,401,827	£9,179,078	£10,078,558
Class R US Dollar	\$101,111,311	\$99,063,593	\$112,983,669
<b>Healthcare Opportunities Fund</b>	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class A Euro	€23.52	€21.64	€24.07
Class A Sterling	£20.88	£18.47	£17.74
Class A US Dollar	\$28.24	\$22.82	\$26.15
Class I Euro	€35.02	€32.07	€35.50
Class I Sterling	£31.08	£27.37	£26.17
Class I US Dollar	\$42.05	\$33.83	\$38.57
Class R Euro	€33.61	€30.93	€34.41
Class R Sterling	£29.84	£26.40	£25.36
Class R US Dollar	\$40.36	\$32.62	\$37.38

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 12. Comparative Figures continued

Income Opportunities Fund	Net Asset Value Audited 31 December 2017	Net Asset Value Audited 31 December 2016	Net Asset Value Audited 31 December 2015
Class A1 Sterling Distribution	£7,861,239	£162,638	£357,161
Class A2 Sterling Accumulation	£11,262,281	£476,492	£472,083
Class B1 Sterling Distribution	£40,257,356	£52,894,323	£44,206,726
Class B2 Sterling Accumulation	£163,933,979	£103,181,160	£66,578,056
Class I Euro Accumulation	€16,566	€972	€974
Class I Euro Distribution	€1,051	€973	€973
Class I Euro Hedged Accumulation	€1,429,716	€1,198	N/A
Class I Euro Hedged Distribution	€492,961	€1,197	N/A
Class I US Dollar Accumulation	\$1,132	\$920	\$949
Class I US Dollar Distribution	\$928,724	\$460,726	\$498,028
Class R Euro Accumulation	€912,071	€969	€971
Class R Euro Distribution	€1,042	€969	€970
Class R Euro Hedged Accumulation	€10,997,427	€1,193	N/A
Class R Euro Hedged Distribution	€6,090,983	€1,192	N/A
Class R US Dollar Accumulation	\$2,624,206	\$917	\$947
Class R US Dollar Distribution	\$2,925,607	\$918	\$946
Class R US Dollar Hedged Accumulation	\$63,849,203	N/A	N/A
Class R US Dollar Hedged Distribution	\$39,211,334	N/A	N/A
Income Opportunities Fund	NAV per share	NAV per share	NAV per share
Class A1 Sterling Distribution	£1.43	£1.34	£1.21
Class A2 Sterling Accumulation	£2.18	£1.95	£1.69
Class B1 Sterling Distribution	£1.50	£1.39	£1.26
Class B2 Sterling Accumulation	£2.25	£2.01	£1.73
Class I Euro Accumulation	€2.54	€2.35	€2.35
Class I Euro Distribution	€1.69	€1.63	€1.71
Class I Euro Hedged Accumulation	€13.30	€11.98	N/A
Class I Euro Hedged Distribution	€12.38	€11.63	N/A
Class I US Dollar Accumulation	\$3.05	\$2.48	\$2.56
Class I US Dollar Distribution	\$2.03	\$1.72	\$1.86
Class R Euro Accumulation	€2.45	€2.28	€2.29
Class R Euro Distribution	€1.61	€1.56	€1.65
Class R Euro Hedged Accumulation	€13.18	€11.93	N/A
Class R Euro Hedged Distribution	€12.26	€11.58	N/A
Class R US Dollar Accumulation	\$2.95	\$2.41	\$2.49
Class R US Dollar Distribution	\$1.93	\$1.65	\$1.79
Class R US Dollar Hedged Accumulation	\$10.71	N/A	N/A
Class R US Dollar Hedged Distribution	\$10.46	N/A	N/A

<b>International Alpha Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class SI US Dollar Distribution	—	\$4,934,657	N/A
	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class SI US Dollar Distribution	—	\$9.87	N/A

<b>Japan Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class A Japanese Yen	¥460,804,469	¥643,533,064	¥1,373,847,747
Class A Sterling	£2,961,829	£9,267,967	£10,980,362
Class A US Dollar	\$4,354,038	\$4,803,779	\$24,798,333
Class I Euro	€1,687,176	€3,954,566	€4,520,769
Class I Hedged Euro	€119,647,995	€65,095,522	€138,832,786
Class I Hedged Sterling	£219,918,938	£235,144,489	£642,776,857
Class I Hedged Swiss Franc	Sfr.14,620,863	Sfr.13,390,423	Sfr.21,209,554
Class I Hedged US Dollar	\$121,268,227	\$117,496,401	\$274,268,473
Class I Japanese Yen	¥11,046,371,075	¥10,405,209,892	¥38,727,700,514
Class I Sterling	£76,652,134	£66,866,614	£72,955,368
Class I US Dollar	\$31,054,945	\$20,100,267	\$40,442,387
Class R Euro	€1,540,870	€318,719	€1,037,648
Class R Hedged Euro	€54,949,815	€53,583,594	€260,847,124
Class R Hedged Sterling	£4,284,369	£10,584,731	£24,668,398
Class R Hedged Swiss Franc	Sfr.10,880,702	Sfr.11,897,431	Sfr.38,595,256
Class R Hedged US Dollar	\$161,225,171	\$191,641,856	\$453,284,638
Class R Japanese Yen	¥5,935,548,192	¥5,969,631,542	¥12,566,149,592
Class R Sterling	£31,306	£29,033	£65,760
Class R US Dollar	\$3,810,994	\$3,677,512	\$19,091,853

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 12. Comparative Figures continued

<b>Japan Fund</b>	<b>NAV per share 31 December 2017</b>	<b>NAV per share 31 December 2016</b>	<b>NAV per share 31 December 2015</b>
Class A Japanese Yen	¥3,367.16	¥2,590.08	¥2,656.29
Class A Sterling	£22.14	£18.00	£14.88
Class A US Dollar	\$29.91	\$22.13	\$22.06
Class I Euro	€20.14	€16.70	€16.09
Class I Hedged Euro	€20.09	€15.35	€16.21
Class I Hedged Sterling	£25.08	£19.02	£20.28
Class I Hedged Swiss Franc	Sfr.17.24	Sfr.13.23	Sfr.13.97
Class I Hedged US Dollar	\$25.64	\$19.24	\$20.16
Class I Japanese Yen	¥2,713.57	¥2,056.63	¥2,119.55
Class I Sterling	£17.84	£14.30	£11.88
Class I US Dollar	\$24.10	\$17.57	\$17.60
Class R Euro	€19.53	€16.27	€15.61
Class R Hedged Euro	€19.51	€14.99	€15.75
Class R Hedged Sterling	£24.16	£18.42	£19.56
Class R Hedged Swiss Franc	Sfr.16.93	Sfr.13.06	Sfr.13.78
Class R Hedged US Dollar	\$24.79	\$18.69	\$19.53
Class R Japanese Yen	¥2,631.24	¥2,004.23	¥2,055.43
Class R Sterling	£17.30	£13.93	£11.52
Class R US Dollar	\$23.37	\$17.12	\$17.07

<b>Japan Value Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class C Hedged Sterling	£45,195,953	£35,343,044	£36,964,835
Class I Japanese Yen	¥178,310	¥1,000	N/A
Class R Hedged Euro	€5,398,484	€4,877,813	€7,427,714
Class R Hedged Sterling	£105,637	£83,628	£88,647
Class R Hedged US Dollar	\$6,624,066	\$5,777,755	\$10,628,870
Class R Japanese Yen	¥54,296,038	¥24,609	¥6,063,101
Class R US Dollar	\$54,055	\$767	\$61,323
Class S Hedged Euro	€1,484	€1,180	€2,150,424
Class S Hedged Sterling	£1,767,299	£2,581,809	£5,863,532
Class S Hedged US Dollar	\$2,421,409	\$2,028,283	\$4,018,915
Class S Japanese Yen	¥96,065,181	¥40,968,588	¥577,436,571
Class S Sterling	£107,775	£3,502	£13,047,408

<b>Japan Value Fund</b>	<b>NAV per share 31 December 2017</b>	<b>NAV per share 31 December 2016</b>	<b>NAV per share 31 December 2015</b>
Class C Hedged Sterling	£2.01	£1.57	£1.65
Class I Japanese Yen	¥126.01	¥100.00	N/A
Class R Euro	–	–	€1.59
Class R Hedged Euro	€2.32	€1.86	€1.94
Class R Hedged Sterling	£1.87	£1.49	£1.57
Class R Hedged US Dollar	\$3.10	\$2.43	\$2.52
Class R Japanese Yen	¥258.40	¥205.08	¥209.38
Class R Sterling	–	–	£1.17
Class R US Dollar	\$2.30	\$1.75	\$1.74
Class S Euro	–	–	€1.62
Class S Hedged Euro	€2.39	€1.90	€1.98
Class S Hedged Sterling	£1.93	£1.52	£1.61
Class S Hedged US Dollar	\$3.19	\$2.49	\$2.57
Class S Japanese Yen	¥265.87	¥209.74	¥212.86
Class S Sterling	£1.75	£1.46	£1.19
Class S US Dollar	–	–	\$1.77

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 12. Comparative Figures continued

North American Fund	Net Asset Value Audited 31 December 2017	Net Asset Value Audited 31 December 2016	Net Asset Value Audited 31 December 2015
Class I Euro	€161,624,156	€137,044,739	€147,202,527
Class I Hedged Euro	€161,909,558	€143,068,691	€224,584,844
Class I Hedged Sterling	£33,513,795	£24,723,714	£14,129,247
Class I Hedged Swiss Franc	Sfr.19,047,054	Sfr.40,578,837	Sfr.43,416,666
Class I Sterling	£262,054,960	£237,741,115	£195,386,509
Class I US Dollar	\$817,137,377	\$612,372,186	\$659,426,580
Class R Euro	€530,578	€736,859	€29,828,041
Class R Hedged Euro	€13,494,782	€3,711,017	€1,285,430
Class R Hedged Sterling	£1,187,234	£792,878	£1,245,484
Class R Sterling	£229,798	£513,917	£601,590
Class R US Dollar	\$44,716,006	\$35,909,067	\$39,858,967
Class S Euro	€543,309	€467,677	€342,347
Class S Hedged Euro	€274,463	€58,237	€8,517
Class S Hedged Sterling	£47,296,353	£33,555,121	£28,144,689
Class S Sterling	£422,910,515	£319,133,775	£216,846,440
Class S US Dollar	\$128,252,136	\$98,999,811	\$98,670,554
	NAV per share	NAV per share	NAV per share
Class I Euro	€20.06	€18.25	€16.26
Class I Hedged Euro	€23.01	€18.80	€17.46
Class I Hedged Sterling	£23.61	£19.09	£17.66
Class I Hedged Swiss Franc	Sfr.12.93	Sfr.10.62	Sfr.9.92
Class I Sterling	£17.81	£15.58	£11.99
Class I US Dollar	\$24.09	\$19.25	\$17.67
Class R Euro	€19.39	€17.73	€15.89
Class R Hedged Euro	€22.20	€18.22	€17.02
Class R Hedged Sterling	£22.86	£18.58	£17.29
Class R Sterling	£17.21	£15.13	£11.71
Class R US Dollar	\$23.28	\$18.70	\$17.26
Class S Euro	€20.22	€18.38	€16.35
Class S Hedged Euro	€23.22	€18.94	€17.56
Class S Hedged Sterling	£23.82	£19.24	£17.77
Class S Sterling	£17.95	£15.69	£12.05
Class S US Dollar	\$24.28	\$19.39	\$17.76

<b>UK Absolute Equity Fund</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class I Euro	€2,866,546	€128	€1,876,984
Class I Hedged Euro	€189,470,567	€11,649,429	€663,847
Class I Hedged US Dollar	\$62,733,293	\$4,843,512	\$920,229
Class I Sterling	£192,132,380	£43,108,415	£15,397,779
Class I US Dollar	\$12,418,272	\$106	\$29,996
Class R Euro	€885,809	€172,033	€139
Class R Hedged Euro	€9,382,314	€148,715	€395,886
Class R Hedged US Dollar	\$1,220,783	\$69,662	\$650
Class R Sterling	£3,013,325	£286,465	£64,908
Class R US Dollar	\$110,246	\$106	\$119
Class S Euro	€184	€129	€139
Class S Hedged Euro	€606,307	€695	€651
Class S Hedged US Dollar	\$3,949,660	\$2,809,759	\$518,659
Class S Sterling	£66,875,831	£36,652,540	£6,233,000
Class S US Dollar	\$174	\$107	\$119
	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class I Euro	€23.38	€16.38	€17.79
Class I Hedged Euro	€26.06	€17.66	€16.58
Class I Hedged US Dollar	\$34.06	\$22.85	\$21.26
Class I Sterling	£20.74	£14.06	£13.08
Class I US Dollar	\$28.02	\$17.30	\$19.38
Class R Euro	€23.15	€16.27	€17.75
Class R Hedged Euro	€25.76	€17.52	€16.52
Class R Hedged US Dollar	\$33.62	\$22.63	\$21.14
Class R Sterling	£20.54	£13.97	£13.05
Class R US Dollar	\$27.75	\$17.19	\$19.34
Class S Euro	€23.55	€16.48	€17.85
Class S Hedged Euro	€26.31	€17.80	€16.68
Class S Hedged US Dollar	\$34.24	\$22.94	\$21.29
Class S Sterling	£20.89	£14.14	£13.12
Class S US Dollar	\$28.23	\$17.40	\$19.44
<b>UK Value Opportunities Fund (based on dealing NAV per share)</b>	<b>Net Asset Value Audited 31 December 2017</b>	<b>Net Asset Value Audited 31 December 2016</b>	<b>Net Asset Value Audited 31 December 2015</b>
Class I Sterling Accumulation	£52,579,865	N/A	N/A
Class I Sterling Distribution	£29,853,929	N/A	N/A
Class S Sterling Accumulation	£318,726,236	N/A	N/A
Class S Sterling Distribution	£159,313,766	N/A	N/A
	<b>NAV per share</b>	<b>NAV per share</b>	<b>NAV per share</b>
Class I Sterling Accumulation	£12.14	N/A	N/A
Class I Sterling Distribution	£12.13	N/A	N/A
Class S Sterling Accumulation	£12.15	N/A	N/A
Class S Sterling Distribution	£12.15	N/A	N/A

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

### 13. Distributions

In the financial year ended 31 December 2017 the following Funds declared and paid distributions as follows:

31 December 2017	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Asian Opportunities Fund</b>						
Class A US Dollar Distribution	03/01/2017	31/01/2017	\$2.6684	110,798	\$295,654	01/01/2016 – 31/12/2016
<b>Total Distributions for Asian Opportunities Fund</b>					<b>US\$295,654</b>	

31 December 2017	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Emerging Markets Income Fund</b>						
Class R US Dollar Distributing Shares					<b>US\$286,528</b>	
Class R US Dollar Distribution	03/01/2017	31/01/2017	\$0.1510	484,754	\$73,198	01/07/2016 – 31/12/2016
Class R Sterling Distribution	03/01/2017	31/01/2017	£0.1222	462,517	£56,520	01/07/2016 – 31/12/2016
Class R Euro Distribution	03/01/2017	31/01/2017	€0.1432	99,548	€14,255	01/07/2016 – 31/12/2016
Class R US Dollar Distribution	03/07/2017	31/07/2017	€0.1652	346,484	€57,239	01/01/2017 – 30/06/2017
Class R Sterling Distribution	03/07/2017	31/07/2017	£0.1272	423,204	£53,832	01/01/2017 – 30/06/2017
Class R Euro Distribution	03/07/2017	31/07/2017	€0.1448	7,900	€1,144	01/01/2017 – 30/06/2017
Class I US Dollar Distributing Shares					<b>US\$3,953,562</b>	
Class I US Dollar Distribution	03/01/2017	31/01/2017	\$0.1539	3,000,782	\$461,820	01/07/2016 – 31/12/2016
Class I Sterling Distribution	03/01/2017	31/01/2017	£0.1245	9,607,545	£1,196,139	01/07/2016 – 31/12/2016
Class I Euro Distribution	03/01/2017	31/01/2017	€0.1459	41,675	€6,080	01/07/2016 – 31/12/2016
Class I US Dollar Distribution	03/07/2017	31/07/2017	\$0.1686	2,247,752	\$378,971	01/01/2017 – 30/06/2017
Class I Sterling Distribution	03/07/2017	31/07/2017	£0.1298	9,615,047	£1,248,033	01/01/2017 – 30/06/2017
Class I Euro Distribution	03/07/2017	31/07/2017	€0.1478	39,500	€5,838	01/01/2017 – 30/06/2017
Class S US Dollar Distributing Shares					<b>US\$3,427,927</b>	
Class S US Dollar Distribution	03/01/2017	31/01/2017	\$0.1564	71,465	\$11,177	01/07/2016 – 31/12/2016
Class S Sterling Distribution	03/01/2017	31/01/2017	£0.1266	10,674,298	£1,351,366	01/07/2016 – 31/12/2016
Class S Euro Distribution	03/01/2017	31/01/2017	€0.1483	2,716	€403	01/07/2016 – 31/12/2016
Class S US Dollar Distribution	03/07/2017	31/07/2017	\$0.1712	65,368	\$11,191	01/01/2017 – 30/06/2017
Class S Sterling Distribution	03/07/2017	31/07/2017	£0.1318	10,135,567	£1,335,868	01/01/2017 – 30/06/2017
Class S Euro Distribution	03/07/2017	31/07/2017	€0.1501	2,716	€408	01/01/2017 – 30/06/2017
<b>Total Distributions for Emerging Markets Income Fund</b>					<b>US\$7,668,017</b>	

31 December 2017	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>European Ex UK Income Fund</b>						
Class I Sterling Distribution	03/01/2017	31/01/2017	£0.0196	49,175	£964	01/10/2016 – 31/12/2016
Class S Sterling Distribution	03/01/2017	31/01/2017	£0.0196	585,111	£11,468	01/10/2016 – 31/12/2016
Class I Hedged Sterling Distribution	03/01/2017	31/01/2017	£0.0224	104	£2	01/10/2016 – 31/12/2016
Class S Hedged Sterling Distribution	03/01/2017	31/01/2017	£0.0224	4,339,887	£97,213	01/10/2016 – 31/12/2016
Class I Sterling Distribution	03/04/2017	28/04/2017	£0.0985	62,948	£6,200	31/12/2016 – 31/03/2017
Class S Sterling Distribution	03/04/2017	28/04/2017	£0.0988	2,693,016	£266,070	31/12/2016 – 31/03/2017
Class I Hedged Sterling Distribution	03/04/2017	28/04/2017	£0.1139	104	£12	31/12/2016 – 31/03/2017
Class S Hedged Sterling Distribution	03/04/2017	28/04/2017	£0.1142	9,404,974	£1,074,048	31/12/2016 – 31/03/2017
Class I Sterling Distribution	03/07/2017	31/07/2017	£0.1931	88,410	£17,072	01/04/2017 – 30/06/2017
Class S Sterling Distribution	03/07/2017	31/07/2017	£0.1938	3,219,911	£624,019	01/04/2017 – 30/06/2017
Class I Hedged Sterling Distribution	03/07/2017	31/07/2017	£0.2255	105	£24	01/04/2017 – 30/06/2017
Class S Hedged Sterling Distribution	03/07/2017	31/07/2017	£0.2262	9,847,154	£2,227,426	01/04/2017 – 30/06/2017
Class I Sterling Distribution	02/10/2017	31/10/2017	£0.0364	103,698	£3,775	01/07/2017 – 30/09/2017
Class S Sterling Distribution	02/10/2017	31/10/2017	£0.0366	4,281,787	£156,713	01/07/2017 – 30/09/2017
Class I Hedged Sterling Distribution	02/10/2017	31/10/2017	£0.0408	108	£4	01/07/2017 – 30/09/2017
Class S Hedged Sterling Distribution	02/10/2017	31/10/2017	£0.0408	10,859,772	£443,079	01/07/2017 – 30/09/2017
<b>Total Distributions for European Ex UK Income Fund</b>				<b>EUR€5,626,621</b>		

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 13. Distributions continued

31 December 2017	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>European Income Fund</b>						
Class R Euro Distributing Shares					<b>EUR€169</b>	
Class R Euro Distribution	03/01/2017	31/01/2017	€0.0690	107	€7	01/07/2016 – 31/12/2016
Class R US Dollar Distribution	03/01/2017	31/01/2017	\$0.0728	86	\$6	01/07/2016 – 31/12/2016
Class R Sterling Distribution	03/01/2017	31/01/2017	£0.0589	137	£8	01/07/2016 – 31/12/2016
Class R Swiss Franc Distribution	03/01/2017	31/01/2017	Sfr.0.0740	89	Sfr.7	01/07/2016 – 31/12/2016
Class R Euro Distribution	03/07/2017	31/07/2017	€0.3343	108	€36	01/01/2017 – 30/06/2017
Class R US Dollar Distribution	03/07/2017	31/07/2017	\$0.3813	86	\$33	01/01/2017 – 30/06/2017
Class R Sterling Distribution	03/07/2017	31/07/2017	£0.2933	137	£40	01/01/2017 – 30/06/2017
Class R Swiss Franc Distribution	03/07/2017	31/07/2017	Sfr.0.3659	89	Sfr.33	01/01/2017 – 30/06/2017
Class I Euro Distributing Shares					<b>EUR€32,750</b>	
Class I Euro Distribution	03/01/2017	31/01/2017	€0.0707	107	€8	01/07/2016 – 31/12/2016
Class I US Dollar Distribution	03/01/2017	31/01/2017	\$0.0746	86	\$6	01/07/2016 – 31/12/2016
Class I Sterling Distribution	03/01/2017	31/01/2017	£0.0603	66,932	£4,036	01/07/2016 – 31/12/2016
Class I Swiss Franc Distribution	03/01/2017	31/01/2017	Sfr.0.0758	89	Sfr.7	01/07/2016 – 31/12/2016
Class I Euro Distribution	03/07/2017	31/07/2017	€0.3399	108	€37	01/01/2017 – 30/06/2017
Class I US Dollar Distribution	03/07/2017	31/07/2017	\$0.3877	86	\$33	01/01/2017 – 30/06/2017
Class I Sterling Distribution	03/07/2017	31/07/2017	£0.2982	82,085	£24,478	01/01/2017 – 30/06/2017
Class I Swiss Franc Distribution	03/07/2017	31/07/2017	Sfr.0.3720	89	Sfr.33	01/01/2017 – 30/06/2017
Class S Euro Distributing Shares					<b>EUR€173</b>	
Class S Euro Distribution	03/01/2017	31/01/2017	€0.0711	107	€8	01/07/2016 – 31/12/2016
Class S US Dollar Distribution	03/01/2017	31/01/2017	\$0.0750	86	\$6	01/07/2016 – 31/12/2016
Class S Sterling Distribution	03/01/2017	31/01/2017	£0.0607	137	£8	01/07/2016 – 31/12/2016
Class S Swiss Franc Distribution	03/01/2017	31/01/2017	Sfr.0.0762	89	Sfr.7	01/07/2016 – 31/12/2016
Class S Euro Distribution	03/07/2017	31/07/2017	€0.3417	108	€37	01/01/2017 – 30/06/2017
Class S US Dollar Distribution	03/07/2017	31/07/2017	\$0.3897	86	\$34	01/01/2017 – 30/06/2017
Class S Sterling Distribution	03/07/2017	31/07/2017	£0.2998	138	£41	01/01/2017 – 30/06/2017
Class S Swiss Franc Distribution	03/07/2017	31/07/2017	Sfr.0.3740	89	Sfr.33	01/01/2017 – 30/06/2017
<b>Total Distributions for European Income Fund</b>					<b>EUR€33,092</b>	

31 December 2017	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Financial Opportunities Fund</b>						
Class R US Dollar Distributing Shares					<b>US\$21,227</b>	
Class R US Dollar Distribution	03/01/2017	31/01/2017	\$0.0721	33,435	\$2,411	01/07/2016 – 31/12/2016
Class R Sterling Distribution	03/01/2017	31/01/2017	£0.0583	94,583	£5,514	01/07/2016 – 31/12/2016
Class R Euro Distribution	03/01/2017	31/01/2017	€0.0683	1,005	€69	01/07/2016 – 31/12/2016
Class R US Dollar Distribution	03/07/2017	31/07/2017	\$0.1797	36,243	\$6,513	01/01/2017 – 30/06/2017
Class R Sterling Distribution	03/07/2017	31/07/2017	£0.1383	28,208	£3,901	01/01/2017 – 30/06/2017
Class R Euro Distribution	03/07/2017	31/07/2017	€0.1575	1,912	€301	01/01/2017 – 30/06/2017
Class I US Dollar Distributing Shares					<b>US\$453,815</b>	
Class I US Dollar Distribution	03/01/2017	31/01/2017	\$0.0737	255,590	\$18,837	01/07/2016 – 31/12/2016
Class I Sterling Distribution	03/01/2017	31/01/2017	£0.0597	1,320,356	£78,825	01/07/2016 – 31/12/2016
Class I Euro Distribution	03/01/2017	31/01/2017	€0.0699	1,946	€136	01/07/2016 – 31/12/2016
Class I US Dollar Distribution	03/07/2017	31/07/2017	\$0.1845	355,949	\$65,673	01/01/2017 – 30/06/2017
Class I Sterling Distribution	03/07/2017	31/07/2017	£0.1420	1,471,491	£208,952	01/01/2017 – 30/06/2017
Class I Euro Distribution	03/07/2017	31/07/2017	€0.1618	1,995	€323	01/01/2017 – 30/06/2017
<b>Total Distributions for Financial Opportunities Fund</b>					<b>US\$475,042</b>	

31 December 2017	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Global Convertible Fund</b>						
Class R US Dollar Distributing Shares					<b>US\$22,390</b>	
Class R US Dollar Distribution	03/01/2017	31/01/2017	\$0.1022	4,751	\$486	01/10/2016 – 31/12/2016
Class R Sterling Distribution	03/01/2017	31/01/2017	£0.0828	174	£14	01/10/2016 – 31/12/2016
Class R Euro Distribution	03/01/2017	31/01/2017	€0.0970	48,505	€4,705	01/10/2016 – 31/12/2016
Class R US Dollar Distribution	03/04/2017	28/04/2017	\$0.1087	4,752	\$517	31/12/2016 – 31/03/2017
Class R Sterling Distribution	03/04/2017	28/04/2017	£0.0867	176	£15	31/12/2016 – 31/03/2017
Class R Euro Distribution	03/04/2017	28/04/2017	€0.1016	48,506	€4,928	31/12/2016 – 31/03/2017
Class R US Dollar Distribution	03/07/2017	31/07/2017	\$0.1028	4,753	\$489	01/04/2017 – 30/06/2017
Class R Sterling Distribution	03/07/2017	31/07/2017	£0.0790	178	£14	01/04/2017 – 30/06/2017
Class R Euro Distribution	03/07/2017	31/07/2017	€0.0901	48,508	€4,371	01/04/2017 – 30/06/2017
Class R US Dollar Distribution	02/10/2017	31/10/2017	\$0.1053	4,754	\$501	01/07/2017 – 30/09/2017
Class R Sterling Distribution	02/10/2017	31/10/2017	£0.0786	179	£14	01/07/2017 – 30/09/2017
Class R Euro Distribution	02/10/2017	31/10/2017	€0.0892	48,510	€4,327	01/07/2017 – 30/09/2017
Class I US Dollar Distributing Shares					<b>US\$6,326,184</b>	
Class I US Dollar Distribution	03/01/2017	31/01/2017	\$0.1035	185,048	\$19,152	01/10/2016 – 31/12/2016
Class I Sterling Distribution	03/01/2017	31/01/2017	£0.0839	6,502,890	£545,592	01/10/2016 – 31/12/2016
Class I Euro Distribution	03/01/2017	31/01/2017	€0.0982	7,056,686	€692,967	01/10/2016 – 31/12/2016
Class I US Dollar Distribution	03/04/2017	28/04/2017	\$0.1178	159,987	\$18,846	31/12/2016 – 31/03/2017
Class I Sterling Distribution	03/04/2017	28/04/2017	£0.0939	7,538,189	£707,836	31/12/2016 – 31/03/2017
Class I Euro Distribution	03/04/2017	28/04/2017	€0.1101	8,775,917	€966,229	31/12/2016 – 31/03/2017
Class I US Dollar Distribution	03/07/2017	31/07/2017	\$0.1045	204,604	\$21,381	01/04/2017 – 30/06/2017
Class I Sterling Distribution	03/07/2017	31/07/2017	£0.0803	8,661,180	£695,493	01/04/2017 – 30/06/2017
Class I Euro Distribution	03/07/2017	31/07/2017	€0.0916	8,818,798	€807,802	01/04/2017 – 30/06/2017
Class I US Dollar Distribution	02/10/2017	31/10/2017	\$0.1070	193,604	\$20,716	01/07/2017 – 30/09/2017
Class I Sterling Distribution	02/10/2017	31/10/2017	£0.0799	9,901,949	£791,166	01/07/2017 – 30/09/2017
Class I Euro Distribution	02/10/2017	31/10/2017	\$0.0907	324,341	\$29,418	01/07/2017 – 30/09/2017

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 13. Distributions continued

31 December 2017	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Global Convertible Fund</b> continued						
Class S US Dollar Distributing Shares					<b>US\$8,855,684</b>	
Class S US Dollar Distribution	03/01/2017	31/01/2017	\$0.0937	485,589	\$45,500	01/10/2016 – 31/12/2016
Class S Sterling Distribution	03/01/2017	31/01/2017	£0.0760	19,731,699	£1,499,609	01/10/2016 – 31/12/2016
Class S Euro Distribution	03/01/2017	31/01/2017	€0.0889	2,651	€236	01/10/2016 – 31/12/2016
Class S US Dollar Distribution	03/04/2017	28/04/2017	\$0.1006	475,990	\$47,885	31/12/2016 – 31/03/2017
Class S Sterling Distribution	03/04/2017	28/04/2017	£0.0802	21,108,456	£1,692,898	31/12/2016 – 31/03/2017
Class S Euro Distribution	03/04/2017	28/04/2017	€0.0941	2,652	€250	31/12/2016 – 31/03/2017
Class S US Dollar Distribution	03/07/2017	31/07/2017	\$0.0929	456,392	\$42,399	01/04/2017 – 30/06/2017
Class S Sterling Distribution	03/07/2017	31/07/2017	£0.0714	23,934,284	£1,708,908	01/04/2017 – 30/06/2017
Class S Euro Distribution	03/07/2017	31/07/2017	€0.0814	8,654	€704	01/04/2017 – 30/06/2017
Class S US Dollar Distribution	02/10/2017	31/10/2017	\$0.0957	459,343	\$43,959	01/07/2017 – 30/09/2017
Class S Sterling Distribution	02/10/2017	31/10/2017	£0.0714	25,891,415	£1,848,647	01/07/2017 – 30/09/2017
Class S Euro Distribution	02/10/2017	31/10/2017	€0.0811	9,906	€803	01/07/2017 – 30/09/2017
Class I Hedged Sterling Distributing Shares					<b>GBP£781,060</b>	
Class I Hedged Sterling Distribution	03/01/2017	31/01/2017	£0.1092	1,810,148	£197,668	01/10/2016 – 31/12/2016
Class I Hedged Sterling Distribution	03/04/2017	28/04/2017	£0.0982	1,882,081	£184,820	31/12/2016 – 31/03/2017
Class I Hedged Sterling Distribution	03/07/2017	31/07/2017	£0.0917	2,068,812	£189,710	01/04/2017 – 30/06/2017
Class I Hedged Sterling Distribution	02/10/2017	31/10/2017	£0.0937	2,229,048	£208,862	01/07/2017 – 30/09/2017
Class S Hedged Sterling Distributing Shares					<b>GBP£647,223</b>	
Class S Hedged Sterling Distribution	03/01/2017	31/01/2017	£0.0954	6,494,539	£619,579	01/10/2016 – 31/12/2016
Class S Hedged Sterling Distribution	03/04/2017	28/04/2017	£0.1003	57,317	£5,749	31/12/2016 – 31/03/2017
Class S Hedged Sterling Distribution	03/07/2017	31/07/2017	£0.0925	114,381	£10,580	01/04/2017 – 30/06/2017
Class S Hedged Sterling Distribution	02/10/2017	31/10/2017	£0.0945	119,729	£11,314	01/07/2017 – 30/09/2017
Portfolio Currency Hedged Sterling Distribution Shares					<b>GBP£2,033,489</b>	
Portfolio Currency Hedged Sterling I Distribution	03/04/2017	28/04/2017	£0.0777	6,382,338	£495,908	31/12/2016 – 31/03/2017
Portfolio Currency Hedged Sterling I Distribution	03/07/2017	31/07/2017	£0.1020	7,045,562	£718,647	01/04/2017 – 30/06/2017
Portfolio Currency Hedged Sterling I Distribution	02/10/2017	31/10/2017	£0.1036	7,904,764	£818,934	01/07/2017 – 30/09/2017
<b>Total Distributions for Global Convertible Fund</b>					<b>US\$19,659,945</b>	

31 December 2017	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Global Insurance Fund</b>						
Class R Sterling Distributing Shares					<b>GBP£212,527</b>	
Class R US Dollar Distribution	03/01/2017	31/01/2017	\$0.0299	8,137	\$243	01/10/2016 – 31/12/2016
Class R Sterling Distribution	03/01/2017	31/01/2017	£0.0242	2,550,208	£61,715	01/10/2016 – 31/12/2016
Class R Euro Distribution	03/01/2017	31/01/2017	€0.0284	23,130	€657	01/10/2016 – 31/12/2016
Class R US Dollar Distribution	03/04/2017	28/04/2017	\$0.0248	49,772	\$1,234	31/12/2016 – 31/03/2017
Class R Sterling Distribution	03/04/2017	28/04/2017	£0.0198	2,552,378	£50,537	31/12/2016 – 31/03/2017
Class R Euro Distribution	03/04/2017	28/04/2017	€0.0231	30,324	€700	31/12/2016 – 31/03/2017
Class R US Dollar Distribution	03/07/2017	31/07/2017	\$0.0291	16,777	\$488	01/04/2017 – 30/06/2017
Class R Sterling Distribution	03/07/2017	31/07/2017	£0.0224	2,603,182	£58,311	01/04/2017 – 30/06/2017
Class R Euro Distribution	03/07/2017	31/07/2017	€0.0255	7,243	€185	01/04/2017 – 30/06/2017
Class R US Dollar Distribution	02/10/2017	31/10/2017	\$0.0182	6,154	\$112	01/07/2017 – 30/09/2017
Class R Sterling Distribution	02/10/2017	31/10/2017	£0.0136	2,865,780	£38,975	01/07/2017 – 30/09/2017
Class R Euro Distribution	02/10/2017	31/10/2017	€0.0154	1,807	€28	01/07/2017 – 30/09/2017
Class I Sterling Distributing Shares					<b>GBP£1,917,955</b>	
Class I US Dollar Distribution	03/01/2017	31/01/2017	\$0.0307	1,701,523	\$52,237	01/10/2016 – 31/12/2016
Class I Sterling Distribution	03/01/2017	31/01/2017	£0.0249	14,566,358	£362,702	01/10/2016 – 31/12/2016
Class I Euro Distribution	03/01/2017	31/01/2017	€0.0292	227,268	€6,636	01/10/2016 – 31/12/2016
Class I US Dollar Distribution	03/04/2017	28/04/2017	\$0.0255	1,769,408	\$45,120	31/12/2016 – 31/03/2017
Class I Sterling Distribution	03/04/2017	28/04/2017	£0.0204	22,066,458	£450,156	31/12/2016 – 31/03/2017
Class I Euro Distribution	03/04/2017	28/04/2017	€0.0239	215,268	€5,145	31/12/2016 – 31/03/2017
Class I US Dollar Distribution	03/07/2017	31/07/2017	\$0.0298	1,800,517	\$53,655	01/04/2017 – 30/06/2017
Class I Sterling Distribution	03/07/2017	31/07/2017	£0.0230	24,904,246	£572,798	01/04/2017 – 30/06/2017
Class I Euro Distribution	03/07/2017	31/07/2017	€0.0262	241,535	€6,328	01/04/2017 – 30/06/2017
Class I US Dollar Distribution	02/10/2017	31/10/2017	\$0.0189	1,836,168	\$34,704	01/07/2017 – 30/09/2017
Class I Sterling Distribution	02/10/2017	31/10/2017	£0.0141	26,065,426	£367,523	01/07/2017 – 30/09/2017
Class I Euro Distribution	02/10/2017	31/10/2017	€0.0160	241,535	€3,865	01/07/2017 – 30/09/2017
Class A Sterling Distributing Shares					<b>GBP£1,340,046</b>	
Class A Sterling Distribution	03/01/2017	31/01/2017	£0.0246	19,642,929	£483,216	01/10/2016 – 31/12/2016
Class A Sterling Distribution	03/04/2017	28/04/2017	£0.0202	16,851,111	£340,392	31/12/2016 – 31/03/2017
Class A Sterling Distribution	03/07/2017	31/07/2017	£0.0229	14,216,575	£325,560	01/04/2017 – 30/06/2017
Class A Sterling Distribution	02/10/2017	31/10/2017	£0.0138	13,831,709	£190,878	01/07/2017 – 30/09/2017
Class E Sterling Distributing Shares					<b>GBP£2,964,719</b>	
Class E Sterling Distribution	03/01/2017	31/01/2017	£0.0254	32,407,795	£823,158	01/10/2016 – 31/12/2016
Class E Sterling Distribution	03/04/2017	28/04/2017	£0.0207	34,246,549	£708,904	31/12/2016 – 31/03/2017
Class E Sterling Distribution	03/07/2017	31/07/2017	£0.0236	36,740,769	£867,082	01/04/2017 – 30/06/2017
Class E Sterling Distribution	02/10/2017	31/10/2017	£0.0143	39,550,709	£565,575	01/07/2017 – 30/09/2017
<b>Total Distributions for Global Insurance Fund</b>					<b>GBP£6,435,247</b>	

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 13. Distributions continued

31 December 2017	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Healthcare Blue Chip Fund</b>						
Class I US Dollar Distributing Shares					<b>US\$20,422</b>	
Class I US Dollar Distribution	03/01/2017	31/01/2017	\$0.1173	29,051	\$3,408	01/01/2016 – 31/12/2016
Class I Sterling Distribution	03/01/2017	31/01/2017	£0.0949	144,985	£13,759	01/01/2016 – 31/12/2016
Class I Euro Distribution	03/01/2017	31/01/2017	€0.1112	66	€7	01/01/2016 – 31/12/2016
Class S US Dollar Distributing Shares					<b>US\$786,847</b>	
Class S US Dollar Distribution	03/01/2017	31/01/2017	\$0.1175	22,466	\$2,640	01/01/2016 – 31/12/2016
Class S Sterling Distribution	03/01/2017	31/01/2017	£0.0951	6,674,104	£634,707	01/01/2016 – 31/12/2016
<b>Total Distributions for Healthcare Blue Chip Fund</b>					<b>US\$807,269</b>	

31 December 2017	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Income Opportunities Fund</b>						
Class A1 Sterling Distributing Shares					<b>GBP£99,597</b>	
Class A1 Sterling Distribution	03/01/2017	31/01/2017	£0.0150	121,771	£1,827	01/10/2016 – 31/12/2016
Class R US Dollar Distribution	03/01/2017	31/01/2017	\$0.0185	557	\$10	01/10/2016 – 31/12/2016
Class R Euro Distribution	03/01/2017	31/01/2017	€0.0176	620	€11	01/10/2016 – 31/12/2016
Class A1 Sterling Distribution	03/04/2017	28/04/2017	£0.0150	121,612	£1,824	31/12/2016 – 31/03/2017
Class R US Dollar Distribution	03/04/2017	28/04/2017	\$0.0188	563	\$11	31/12/2016 – 31/03/2017
Class R Euro Distribution	03/04/2017	28/04/2017	€0.0175	627	€11	31/12/2016 – 31/03/2017
Class A1 Sterling Distribution	03/07/2017	31/07/2017	£0.0150	1,431,875	£21,478	01/04/2017 – 30/06/2017
Class R US Dollar Distribution	03/07/2017	31/07/2017	\$0.0195	569	\$11	01/04/2017 – 30/06/2017
Class R Euro Distribution	03/07/2017	31/07/2017	€0.0171	633	€11	01/04/2017 – 30/06/2017
Class A1 Sterling Distribution	02/10/2017	31/10/2017	£0.0155	3,886,384	£60,239	01/07/2017 – 30/09/2017
Class R US Dollar Distribution	02/10/2017	31/10/2017	\$0.0208	913,939	\$19,010	01/07/2017 – 30/09/2017
Class R Euro Distribution	02/10/2017	31/10/2017	€0.0176	640	€11	01/07/2017 – 30/09/2017
Class B1 Sterling Distributing Shares					<b>GBP£1,927,727</b>	
Class B1 Sterling Distribution	03/01/2017	31/01/2017	£0.0150	38,061,685	£570,925	01/10/2016 – 31/12/2016
Class I US Dollar Distribution	03/01/2017	31/01/2017	\$0.0185	268,317	\$4,964	01/10/2016 – 31/12/2016
Class I Euro Distribution	03/01/2017	31/01/2017	€0.0176	598	€11	01/10/2016 – 31/12/2016
Class B1 Sterling Distribution	03/04/2017	28/04/2017	£0.0150	40,823,995	£612,360	31/12/2016 – 31/03/2017
Class I US Dollar Distribution	03/04/2017	28/04/2017	\$0.0188	268,322	\$5,044	31/12/2016 – 31/03/2017
Class I Euro Distribution	03/04/2017	28/04/2017	€0.0175	604	€11	31/12/2016 – 31/03/2017
Class B1 Sterling Distribution	03/07/2017	31/07/2017	£0.0150	26,499,428	£397,491	01/04/2017 – 30/06/2017
Class I US Dollar Distribution	03/07/2017	31/07/2017	\$0.0195	268,328	\$5,232	01/04/2017 – 30/06/2017
Class I Euro Distribution	03/07/2017	31/07/2017	€0.0171	610	€10	01/04/2017 – 30/06/2017
Class B1 Sterling Distribution	02/10/2017	31/10/2017	£0.0155	21,195,051	£328,523	01/07/2017 – 30/09/2017
Class I US Dollar Distribution	02/10/2017	31/10/2017	\$0.0208	407,487	\$8,476	01/07/2017 – 30/09/2017
Class I Euro Distribution	02/10/2017	31/10/2017	€0.0176	617	€11	01/07/2017 – 30/09/2017

31 December 2017	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Income Opportunities Fund</b>						
Class R Euro Hedged Distribution Shares					<b>EUR€68,143</b>	
Class R Euro Hedged Distribution	03/01/2017	31/01/2017	€0.1250	103	€13	01/10/2016 – 31/12/2016
Class R Euro Hedged Distribution	03/04/2017	28/04/2017	€0.1250	104	€13	31/12/2016 – 31/03/2017
Class R Euro Hedged Distribution	03/07/2017	31/07/2017	€0.1250	32,705	€4,088	01/04/2017 – 30/06/2017
Class R Euro Hedged Distribution	02/10/2017	31/10/2017	€0.1250	512,234	€64,029	01/07/2017 – 30/09/2017
Class I Euro Hedged Distribution Shares					<b>EUR€8,589</b>	
Class I Euro Hedged Distribution	03/01/2017	31/01/2017	€0.1250	103	€13	01/10/2016 – 31/12/2016
Class I Euro Hedged Distribution	03/04/2017	28/04/2017	€0.1250	104	€13	31/12/2016 – 31/03/2017
Class I Euro Hedged Distribution	03/07/2017	31/07/2017	€0.1250	87,405	€10,926	01/04/2017 – 30/06/2017
Class I Euro Hedged Distribution	02/10/2017	31/10/2017	€0.1250	47,806	€5,976	01/07/2017 – 30/09/2017
Class R US Dollar Hedged Distribution Shares					<b>US\$306,555</b>	
Class R US Dollar Hedged Distribution	03/07/2017	31/07/2017	\$0.0250	282,555	\$7,064	01/04/2017 – 30/06/2017
Class R US Dollar Hedged Distribution	03/07/2017	31/07/2017	\$0.1000	2,994,913	\$299,491	01/07/2017 – 30/09/2017
<b>Total Distributions for Income Opportunities Fund</b>					<b>GBP£2,340,046</b>	

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 13. Distributions continued

In the financial year ended 31 December 2016 the following Funds declared and paid distributions as follows:

31 December 2016	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Asian Opportunities Fund</b>						
Class A US Dollar Distribution	04/01/2016	29/01/2016	\$3.2923	133,444	\$439,332	01/01/2015 – 31/12/2015
<b>Total Distributions for Asian Opportunities Fund</b>					<b>US\$439,332</b>	
31 December 2016	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Emerging Markets Income Fund</b>						
Class R US Dollar Distributing Shares					<b>US\$290,787</b>	
Class R US Dollar Distribution	04/01/2016	29/01/2016	\$0.1705	679,664	\$115,883	01/07/2015 – 31/12/2015
Class R Sterling Distribution	04/01/2016	29/01/2016	£0.1157	900,378	£104,174	01/07/2015 – 31/12/2015
Class R Euro Distribution	04/01/2016	29/01/2016	€0.1570	125,455	€19,696	01/07/2015 – 31/12/2015
Class R US Dollar Distributing Shares					<b>US\$193,198</b>	
Class R US Dollar Distribution	01/07/2016	29/07/2016	\$0.1544	597,054	\$92,185	01/01/2016 – 30/06/2016
Class R Sterling Distribution	01/07/2016	29/07/2016	£0.1155	528,772	£61,073	01/01/2016 – 30/06/2016
Class R Euro Distribution	01/07/2016	29/07/2016	€0.1390	125,455	€17,438	01/01/2016 – 30/06/2016
Class I US Dollar Distributing Shares					<b>US\$2,186,641</b>	
Class I US Dollar Distribution	04/01/2016	29/01/2016	\$0.1729	3,394,096	\$586,839	01/07/2015 – 31/12/2015
Class I Sterling Distribution	04/01/2016	29/01/2016	£0.1173	9,184,163	£1,077,302	01/07/2015 – 31/12/2015
Class I Euro Distribution	04/01/2016	29/01/2016	€0.1592	68,595	€10,920	01/07/2015 – 31/12/2015
Class I US Dollar Distributing Shares					<b>US\$1,949,021</b>	
Class I US Dollar Distribution	01/07/2016	29/07/2016	\$0.1576	2,976,395	\$469,080	01/01/2016 – 30/06/2016
Class I Sterling Distribution	01/07/2016	29/07/2016	£0.1179	9,321,965	£1,099,060	01/01/2016 – 30/06/2016
Class I Euro Distribution	01/07/2016	29/07/2016	€0.1419	68,525	€9,724	01/01/2016 – 30/06/2016
Class S US Dollar Distributing Shares					<b>US\$1,623,632</b>	
Class S US Dollar Distribution	04/01/2016	29/01/2016	\$0.1752	249,610	\$43,732	01/07/2015 – 31/12/2015
Class S Sterling Distribution	04/01/2016	29/01/2016	£0.1189	9,012,069	£1,071,535	01/07/2015 – 31/12/2015
Class S Euro Distribution	04/01/2016	29/01/2016	€0.1613	5,625	€907	01/07/2015 – 31/12/2015
Class S US Dollar Distributing Shares					<b>US\$1,437,661</b>	
Class S US Dollar Distribution	01/07/2016	29/07/2016	\$0.1600	71,465	\$11,434	01/01/2016 – 30/06/2016
Class S Sterling Distribution	01/07/2016	29/07/2016	£0.1197	8,864,912	£1,061,130	01/01/2016 – 30/06/2016
Class S Euro Distribution	01/07/2016	29/07/2016	€0.1440	49,003	€7,056	01/01/2016 – 30/06/2016
<b>Total Distributions for Emerging Markets Income Fund</b>					<b>US\$7,680,940</b>	

<b>31 December 2016</b>	<b>Date declared</b>	<b>Date of payment</b>	<b>Rate per share</b>	<b>No. of shares</b>	<b>Amount</b>	<b>Relevant period</b>
<b>European Ex UK Income Fund</b>						
Class I Sterling Distribution	04/01/2016	29/01/2016	£0.0143	27,865	£398	30/09/2015 – 31/12/2015
Class I Sterling Distribution	01/04/2016	29/04/2016	£0.0732	27,485	£2,012	31/12/2015 – 31/03/2016
Class I Sterling Distribution	01/07/2016	29/07/2016	£0.1718	27,548	£4,733	01/04/2016 – 30/06/2016
Class I Sterling Distribution	03/10/2016	28/10/2016	£0.0250	27,581	£690	01/07/2016 – 30/09/2016
Class S Sterling Distribution	04/01/2016	29/01/2016	£0.0143	598,508	£8,559	30/09/2015 – 31/12/2015
Class S Sterling Distribution	01/04/2016	29/04/2016	£0.0733	541,116	£39,664	31/12/2015 – 31/03/2016
Class S Sterling Distribution	01/07/2016	29/07/2016	£0.1720	598,382	£102,922	01/04/2016 – 30/06/2016
Class S Sterling Distribution	03/10/2016	28/10/2016	£0.0251	593,584	£14,899	01/07/2016 – 30/09/2016
Class I Hedged Sterling Distribution	04/01/2016	29/01/2016	£0.0199	4,106	£82	30/09/2015 – 31/12/2015
Class I Hedged Sterling Distribution	01/04/2016	29/04/2016	£0.0931	4,107	£382	31/12/2015 – 31/03/2016
Class I Hedged Sterling Distribution	01/07/2016	29/07/2016	£0.2182	101	£22	01/04/2016 – 30/06/2016
Class I Hedged Sterling Distribution	03/10/2016	28/10/2016	£0.0292	104	£3	01/07/2016 – 30/09/2016
Class S Hedged Sterling Distribution	04/01/2016	29/01/2016	£0.0200	1,653,966	£33,079	30/09/2015 – 31/12/2015
Class S Hedged Sterling Distribution	01/04/2016	29/04/2016	£0.0932	1,738,287	£162,008	31/12/2015 – 31/03/2016
Class S Hedged Sterling Distribution	01/07/2016	29/07/2016	£0.2184	1,901,770	£415,346	01/04/2016 – 30/06/2016
Class S Hedged Sterling Distribution	03/10/2016	28/10/2016	£0.0292	4,016,333	£117,277	01/07/2016 – 30/09/2016

**Total Distributions for European Ex UK Income Fund**

**EUR€1,104,719**

<b>31 December 2016</b>	<b>Date declared</b>	<b>Date of payment</b>	<b>Rate per share</b>	<b>No. of shares</b>	<b>Amount</b>	<b>Relevant period</b>
<b>European Income Fund</b>						
Class R Euro Distributing Shares					<b>EUR€39</b>	
Class R Euro Distribution	04/01/2016	29/01/2016	€0.0967	103	€10	01/07/2015 – 31/12/2015
Class R US Dollar Distribution	04/01/2016	29/01/2016	\$0.1050	82	\$9	01/07/2015 – 31/12/2015
Class R Sterling Distribution	04/01/2016	29/01/2016	£0.0713	131	£9	01/07/2015 – 31/12/2015
Class R Swiss Franc Distribution	04/01/2016	29/01/2016	Sfr.0.1052	85	Sfr.9	01/07/2015 – 31/12/2015
Class R Euro Distributing Shares					<b>EUR€141</b>	
Class R Euro Distribution	01/07/2016	29/07/2016	€0.3482	104	€36	01/01/2016 – 30/06/2016
Class R US Dollar Distribution	01/07/2016	29/07/2016	\$0.3868	83	\$32	01/01/2016 – 30/06/2016
Class R Sterling Distribution	01/07/2016	29/07/2016	£0.2894	132	£38	01/01/2016 – 30/06/2016
Class R Swiss Franc Distribution	01/07/2016	29/07/2016	Sfr.0.3769	86	Sfr.32	01/01/2016 – 30/06/2016
Class I Euro Distributing Shares					<b>EUR€3,609</b>	
Class I Euro Distribution	04/01/2016	29/01/2016	€0.0978	103	€10	01/07/2015 – 31/12/2015
Class I US Dollar Distribution	04/01/2016	29/01/2016	\$0.1062	82	\$9	01/07/2015 – 31/12/2015
Class I Sterling Distribution	04/01/2016	29/01/2016	£0.0721	36,634	£2,641	01/07/2015 – 31/12/2015
Class I Swiss Franc Distribution	04/01/2016	29/01/2016	Sfr.0.1063	85	Sfr.9	01/07/2015 – 31/12/2015

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 13. Distributions continued

31 December 2016	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>European Income Fund continued</b>						
Class I Euro Distributing Shares					<b>EUR€22,087</b>	
Class I Euro Distribution	01/07/2016	29/07/2016	€0.3511	104	€36	01/01/2016 – 30/06/2016
Class I US Dollar Distribution	01/07/2016	29/07/2016	\$0.3901	83	\$32	01/01/2016 – 30/06/2016
Class I Sterling Distribution	01/07/2016	29/07/2016	£0.2918	62,635	£18,277	01/01/2016 – 30/06/2016
Class I Swiss Franc Distribution	01/07/2016	29/07/2016	Sfr.0.3800	86	Sfr.33	01/01/2016 – 30/06/2016
Class S Euro Distributing Shares					<b>EUR€39</b>	
Class S Euro Distribution	04/01/2016	29/01/2016	€0.0980	103	€10	01/07/2015 – 31/12/2015
Class S US Dollar Distribution	04/01/2016	29/01/2016	\$0.1065	82	\$9	01/07/2015 – 31/12/2015
Class S Sterling Distribution	04/01/2016	29/01/2016	£0.0722	131	£9	01/07/2015 – 31/12/2015
Class S Swiss Franc Distribution	04/01/2016	29/01/2016	Sfr.0.1066	85	Sfr.9	01/07/2015 – 31/12/2015
Class S Euro Distributing Shares					<b>EUR€142</b>	
Class S Euro Distribution	01/07/2016	29/07/2016	€0.3522	104	€36	01/01/2016 – 30/06/2016
Class S US Dollar Distribution	01/07/2016	29/07/2016	\$0.3913	83	\$32	01/01/2016 – 30/06/2016
Class S Sterling Distribution	01/07/2016	29/07/2016	£0.2927	132	£39	01/01/2016 – 30/06/2016
Class S Swiss Franc Distribution	01/07/2016	29/07/2016	Sfr.0.3812	86	Sfr.33	01/01/2016 – 30/06/2016
<b>Total Distributions for European Income Fund</b>					<b>EUR€26,057</b>	
31 December 2016	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Financial Opportunities Fund</b>						
Class R US Dollar Distributing Shares					<b>US\$986</b>	
Class R US Dollar Distribution	04/01/2016	29/01/2016	\$0.0697	1,409	\$98	01/07/2015 – 31/12/2015
Class R Sterling Distribution	04/01/2016	29/01/2016	£0.0473	6,576	£311	01/07/2015 – 31/12/2015
Class R Euro Distribution	04/01/2016	29/01/2016	€0.0642	6,164	€396	01/07/2015 – 31/12/2015
Class R US Dollar Distributing Shares					<b>US\$2,074</b>	
Class R US Dollar Distribution	01/07/2016	29/07/2016	\$0.1194	6,301	\$752	01/01/2016 – 30/06/2016
Class R Sterling Distribution	01/07/2016	29/07/2016	£0.0894	10,063	£900	01/01/2016 – 30/06/2016
Class R Euro Distribution	01/07/2016	29/07/2016	€0.1075	1,005	€108	01/01/2016 – 30/06/2016
Class I US Dollar Distributing Shares					<b>US\$120,930</b>	
Class I US Dollar Distribution	04/01/2016	29/01/2016	\$0.0710	100,005	\$7,100	01/07/2015 – 31/12/2015
Class I Sterling Distribution	04/01/2016	29/01/2016	£0.0481	1,591,002	£76,527	01/07/2015 – 31/12/2015
Class I Euro Distribution	04/01/2016	29/01/2016	€0.0653	12,231	€799	01/07/2015 – 31/12/2015
Class I US Dollar Distributing Shares					<b>US\$174,340</b>	
Class I US Dollar Distribution	01/07/2016	29/07/2016	\$0.1220	100,005	\$12,201	01/01/2016 – 30/06/2016
Class I Sterling Distribution	01/07/2016	29/07/2016	£0.0913	1,325,430	£121,012	01/01/2016 – 30/06/2016
Class I Euro Distribution	01/07/2016	29/07/2016	€0.1098	3,581	€393	01/01/2016 – 30/06/2016
<b>Total Distributions for Financial Opportunities Fund</b>					<b>US\$298,330</b>	

31 December 2016	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Global Convertible Fund</b>						
Class R US Dollar Distributing Shares					<b>US\$6,815</b>	
Class R US Dollar Distribution	04/01/2016	29/01/2016	\$0.1276	4,746	\$606	01/07/2015 – 31/12/2015
Class R Sterling Distribution	04/01/2016	29/01/2016	£0.0866	166	£14	01/07/2015 – 31/12/2015
Class R Euro Distribution	04/01/2016	29/01/2016	€0.1174	48,498	€5,694	01/07/2015 – 31/12/2015
Class R US Dollar Distributing Shares					<b>US\$5,587</b>	
Class R US Dollar Distribution	01/04/2016	29/04/2016	\$0.1046	4,747	\$497	01/01/2016 – 31/03/2016
Class R Sterling Distribution	01/04/2016	29/04/2016	£0.0728	169	£12	01/01/2016 – 31/03/2016
Class R Euro Distribution	01/04/2016	29/04/2016	€0.0918	48,500	€4,452	01/01/2016 – 31/03/2016
Class R US Dollar Distributing Shares					<b>US\$5,369</b>	
Class R US Dollar Distribution	01/07/2016	29/07/2016	\$0.1005	4,748	\$477	01/04/2016 – 30/06/2016
Class R Sterling Distribution	01/07/2016	29/07/2016	£0.0758	170	£13	01/04/2016 – 30/06/2016
Class R Euro Distribution	01/07/2016	29/07/2016	€0.0907	48,502	€4,399	01/04/2016 – 30/06/2016
Class R US Dollar Distributing Shares					<b>US\$6,085</b>	
Class R US Dollar Distribution	03/10/2016	28/10/2016	\$0.1139	4,749,465	\$541	01/07/2016 – 30/09/2016
Class R Sterling Distribution	03/10/2016	28/10/2016	£0.0878	172,015	£15	01/07/2016 – 30/09/2016
Class R Euro Distribution	03/10/2016	28/10/2016	€0.1014	48,503	€4,923	01/07/2016 – 30/09/2016
Class I US Dollar Distributing Shares					<b>US\$570,005</b>	
Class I US Dollar Distribution	04/01/2016	29/01/2016	\$0.1288	141,619	\$18,241	01/07/2015 – 31/12/2015
Class I Sterling Distribution	04/01/2016	29/01/2016	£0.0874	4,136,342	£361,516	01/07/2015 – 31/12/2015
Class I Euro Distribution	04/01/2016	29/01/2016	€0.1186	147,544	€17,499	01/07/2015 – 31/12/2015
Class I US Dollar Distributing Shares					<b>US\$528,210</b>	
Class I US Dollar Distribution	01/04/2016	29/04/2016	\$0.1058	141,619	\$14,983	01/01/2016 – 31/03/2016
Class I Sterling Distribution	01/04/2016	29/04/2016	£0.0736	4,703,372	£346,168	01/01/2016 – 31/03/2016
Class I Euro Distribution	01/04/2016	29/04/2016	€0.0928	147,546	€13,692	01/01/2016 – 31/03/2016
Class I US Dollar Distributing Shares					<b>US\$619,835</b>	
Class I US Dollar Distribution	01/07/2016	29/07/2016	\$0.1018	225,693	\$22,976	01/04/2016 – 30/06/2016
Class I Sterling Distribution	01/07/2016	29/07/2016	£0.0767	5,713,598	£438,233	01/04/2016 – 30/06/2016
Class I Euro Distribution	01/07/2016	29/07/2016	€0.0919	149,464	€13,736	01/04/2016 – 30/06/2016
Class I US Dollar Distributing Shares					<b>US\$1,597,969</b>	
Class I US Dollar Distribution	03/10/2016	28/10/2016	\$0.1155	210,471	\$24,309	01/07/2016 – 30/09/2016
Class I Sterling Distribution	03/10/2016	28/10/2016	£0.0891	6,568,077	£585,216	01/07/2016 – 30/09/2016
Class I Euro Distribution	03/10/2016	28/10/2016	€0.1029	7,056,686	€726,133	01/07/2016 – 30/09/2016
Class S US Dollar Distributing Shares					<b>US\$2,191,285</b>	
Class S US Dollar Distribution	04/01/2016	29/01/2016	\$0.1142	399,270	\$45,597	01/07/2015 – 31/12/2015
Class S Sterling Distribution	04/01/2016	29/01/2016	£0.0775	18,788,721	£1,456,126	01/07/2015 – 31/12/2015
Class S Euro Distribution	04/01/2016	29/01/2016	€0.1051	144	€15	01/07/2015 – 31/12/2015
Class S US Dollar Distributing Shares					<b>US\$1,882,481</b>	
Class S US Dollar Distribution	01/04/2016	29/04/2016	\$0.0938	462,840	\$43,414	01/01/2016 – 31/03/2016
Class S Sterling Distribution	01/04/2016	29/04/2016	£0.0653	19,606,111	£1,280,279	01/01/2016 – 31/03/2016
Class S Euro Distribution	01/04/2016	29/04/2016	€0.0823	146	€12	01/01/2016 – 31/03/2016

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 13. Distributions continued

31 December 2016	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Global Convertible Fund</b> continued						
Class S US Dollar Distributing Shares					<b>US\$1,717,099</b>	
Class S US Dollar Distribution	01/07/2016	29/07/2016	\$0.0905	539,264	\$48,803	01/04/2016 – 30/06/2016
Class S Sterling Distribution	01/07/2016	29/07/2016	£0.0682	18,434,054	£1,257,203	01/04/2016 – 30/06/2016
Class S Euro Distribution	01/07/2016	29/07/2016	€0.0817	148	€12	01/04/2016 – 30/06/2016
Class S US Dollar Distributing Shares					<b>US\$2,004,106</b>	
Class S US Dollar Distribution	03/10/2016	28/10/2016	\$0.1027	539,105	\$55,366	01/07/2016 – 30/09/2016
Class S Sterling Distribution	03/10/2016	28/10/2016	£0.0792	18,972,421	£1,502,616	01/07/2016 – 30/09/2016
Class S Euro Distribution	03/10/2016	28/10/2016	€0.0915	2,649,139	€242	01/07/2016 – 30/09/2016
Class I Hedged Sterling Distributing Shares					<b>GBP£231,986</b>	
Class I Hedged Sterling Distribution	04/01/2016	29/01/2016	£0.1210	153,375	£18,558	01/07/2015 – 31/12/2015
Class I Hedged Sterling Distribution	01/04/2016	29/04/2016	£0.0940	300,307	£28,229	01/01/2016 – 31/03/2016
Class I Hedged Sterling Distribution	01/07/2016	29/07/2016	£0.0905	635,436	£57,507	01/04/2016 – 30/06/2016
Class I Hedged Sterling Distribution	03/10/2016	28/10/2016	£0.1019	1,253,110,237	£127,692	01/07/2016 – 30/09/2016
Class S Hedged Sterling Distributing Shares					<b>GBP£2,057,269</b>	
Class S Hedged Sterling Distribution	04/01/2016	29/01/2016	£0.1213	3,894,961	£472,459	01/07/2015 – 31/12/2015
Class S Hedged Sterling Distribution	01/04/2016	29/04/2016	£0.0941	4,385,316	£412,658	01/01/2016 – 31/03/2016
Class S Hedged Sterling Distribution	01/07/2016	29/07/2016	£0.0896	5,815,205	£521,042	01/04/2016 – 30/06/2016
Class S Hedged Sterling Distribution	03/10/2016	28/10/2016	£0.1027	6,339,921,018	£651,110	01/07/2016 – 30/09/2016
<b>Total Distributions for Global Convertible Fund</b>					<b>US\$14,225,657</b>	
31 December 2016	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Global Insurance Fund</b>						
Class R Sterling Distributing Shares					<b>GBP£41,869</b>	
Class R US Dollar Distribution	04/01/2016	29/01/2016	\$0.0236	33	\$1	01/10/2015 – 31/12/2015
Class R Sterling Distribution	04/01/2016	29/01/2016	£0.0160	2,616,709	£41,867	01/10/2015 – 31/12/2015
Class R Euro Distribution	04/01/2016	29/01/2016	€0.0217	48	€1	01/10/2015 – 31/12/2015
Class R Sterling Distributing Shares					<b>GBP£39,240</b>	
Class R US Dollar Distribution	01/04/2016	29/04/2016	\$0.0216	33	\$1	01/01/2016 – 31/03/2016
Class R Sterling Distribution	01/04/2016	29/04/2016	£0.0150	2,615,893	£39,238	01/01/2016 – 31/03/2016
Class R Euro Distribution	01/04/2016	29/04/2016	€0.0189	48	€1	01/01/2016 – 31/03/2016
Class R Sterling Distributing Shares					<b>GBP£56,025</b>	
Class R US Dollar Distribution	01/07/2016	29/07/2016	\$0.0293	34	\$1	01/04/2016 – 30/06/2016
Class R Sterling Distribution	01/07/2016	29/07/2016	£0.0219	2,558,164	£56,026	01/04/2016 – 30/06/2016
Class R Euro Distribution	01/07/2016	29/07/2016	€0.0264	48	€1	01/04/2016 – 30/06/2016
Class R Sterling Distributing Shares					<b>GBP£42,854</b>	
Class R US Dollar Distribution	03/10/2016	28/10/2016	\$0.0216	34	\$1	01/07/2016 – 30/09/2016
Class R Sterling Distribution	03/10/2016	28/10/2016	£0.0166	2,581,476	£42,853	01/07/2016 – 30/09/2016
Class R Euro Distribution	03/10/2016	28/10/2016	€0.0192	49	€1	01/07/2016 – 30/09/2016

31 December 2016	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Global Insurance Fund</b>						
Class I Sterling Distributing Shares					<b>GBP£191,327</b>	
Class I US Dollar Distribution	04/01/2016	29/01/2016	\$0.0241	715,928	\$17,254	01/10/2015 – 31/12/2015
Class I Sterling Distribution	04/01/2016	29/01/2016	£0.0164	10,944,059	£179,482	01/10/2015 – 31/12/2015
Class I Euro Distribution	04/01/2016	29/01/2016	€0.0223	6,268	€140	01/10/2015 – 31/12/2015
Class I Sterling Distributing Shares					<b>GBP£179,887</b>	
Class I US Dollar Distribution	01/04/2016	29/04/2016	\$0.0219	726,317	\$15,906	01/01/2016 – 31/03/2016
Class I Sterling Distribution	01/04/2016	29/04/2016	£0.0153	11,024,720	£168,678	01/01/2016 – 31/03/2016
Class I Euro Distribution	01/04/2016	29/04/2016	€0.0193	6,268	€121	01/01/2016 – 31/03/2016
Class I Sterling Distributing Shares					<b>GBP£259,193</b>	
Class I US Dollar Distribution	01/07/2016	29/07/2016	\$0.0302	768,966	\$23,223	01/04/2016 – 30/06/2016
Class I Sterling Distribution	01/07/2016	29/07/2016	£0.0226	10,651,159	£240,716	01/04/2016 – 30/06/2016
Class I Euro Distribution	01/07/2016	29/07/2016	€0.0272	48,611	€1,322	01/04/2016 – 30/06/2016
Class I Sterling Distributing Shares					<b>GBP£201,950</b>	
Class I US Dollar Distribution	03/10/2016	28/10/2016	\$0.0220	811,424	\$17,851	01/07/2016 – 30/09/2016
Class I Sterling Distribution	03/10/2016	28/10/2016	£0.0170	10,966,519	£186,431	01/07/2016 – 30/09/2016
Class I Euro Distribution	03/10/2016	28/10/2016	€0.0197	101,462	€1,999	01/07/2016 – 30/09/2016
Class A Sterling Distributing Shares					<b>GBP£1,516,771</b>	
Class A Sterling Distribution	04/01/2016	29/01/2016	£0.0163	21,629,294	£352,557	01/10/2015 – 31/12/2015
Class A Sterling Distribution	01/04/2016	29/04/2016	£0.0152	21,829,316	£331,806	01/01/2016 – 31/03/2016
Class A Sterling Distribution	01/07/2016	29/07/2016	£0.0224	21,572,475	£483,223	01/04/2016 – 30/06/2016
Class A Sterling Distribution	03/10/2016	28/10/2016	£0.0170	20,540,241	£349,184	01/07/2016 – 30/09/2016
Class E Sterling Distributing Shares					<b>GBP£2,331,542</b>	
Class E Sterling Distribution	04/01/2016	29/01/2016	£0.0167	34,232,786	£571,687	01/10/2015 – 31/12/2015
Class E Sterling Distribution	01/04/2016	29/04/2016	£0.0156	31,621,990	£493,303	01/01/2016 – 31/03/2016
Class E Sterling Distribution	01/07/2016	29/07/2016	£0.0229	30,691,762	£702,841	01/04/2016 – 30/06/2016
Class E Sterling Distribution	03/10/2016	28/10/2016	£0.0175	32,212,072	£563,711	01/07/2016 – 30/09/2016
<b>Total Distributions for Global Insurance Fund</b>					<b>GBP£4,860,658</b>	
31 December 2016	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Healthcare Blue Chip Fund</b>						
Class I US Dollar Distributing Shares					<b>US\$8,363</b>	
Class I US Dollar Distribution	04/01/2016	29/01/2016	\$0.1185	50	\$6	01/01/2015 – 31/12/2015
Class I Sterling Distribution	04/01/2016	29/01/2016	£0.0804	70,456	£5,665	01/01/2015 – 31/12/2015
Class I Euro Distribution	04/01/2016	29/01/2016	€0.1091	65	€7	01/01/2015 – 31/12/2015
Class S US Dollar Distributing Shares					<b>US\$439,492</b>	
Class S US Dollar Distribution	04/01/2016	29/01/2016	\$0.1186	22,465	\$2,664	01/01/2015 – 31/12/2015
Class S Sterling Distribution	04/01/2016	29/01/2016	£0.0804	3,683,207	£296,130	01/01/2015 – 31/12/2015
<b>Total Distributions for Healthcare Blue Chip Fund</b>					<b>US\$447,855</b>	

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 13. Distributions continued

31 December 2016	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Income Opportunities Fund</b>						
Class A1 Sterling Distribution					<b>GBP£4,430</b>	
Class A1 Sterling Distribution	04/01/2016	29/01/2016	£0.0150	294,226	£4,413	01/10/2015 – 31/12/2015
Class R US Dollar Distribution	04/01/2016	29/01/2016	\$0.0221	529	\$12	01/10/2015 – 31/12/2015
Class R Euro Distribution	04/01/2016	29/01/2016	€0.0204	589	€12	01/10/2015 – 31/12/2015
Class A1 Sterling Distribution Shares					<b>GBP£3,843</b>	
Class A1 Sterling Distribution	01/04/2016	29/04/2016	£0.0150	255,080	£3,826	01/01/2016 – 31/03/2016
Class R US Dollar Distribution	01/04/2016	29/04/2016	\$0.0216	536	\$12	01/01/2016 – 31/03/2016
Class R Euro Distribution	01/04/2016	29/04/2016	€0.0189	597	€11	01/01/2016 – 31/03/2016
Class A1 Sterling Distribution Shares					<b>GBP£2,565</b>	
Class A1 Sterling Distribution	01/07/2016	29/07/2016	£0.0150	169,828	£2,547	01/04/2016 – 30/06/2016
Class R US Dollar Distribution	01/07/2016	29/07/2016	\$0.0201	543	\$11	01/04/2016 – 30/06/2016
Class R Euro Distribution	01/07/2016	29/07/2016	€0.0180	604	€11	01/04/2016 – 30/06/2016
Class A1 Sterling Distribution Shares					<b>GBP£2,571</b>	
Class A1 Sterling Distribution	03/10/2016	28/10/2016	£0.0150	170,206	£2,553	01/07/2016 – 30/09/2016
Class R US Dollar Distribution	03/10/2016	28/10/2016	\$0.0195	550	\$11	01/07/2016 – 30/09/2016
Class R Euro Distribution	03/10/2016	28/10/2016	€0.0173	612	€11	01/07/2016 – 30/09/2016
Class B1 Sterling Distribution Shares					<b>GBP£530,507</b>	
Class B1 Sterling Distribution	04/01/2016	29/01/2016	£0.0150	35,098,288	£526,474	01/10/2015 – 31/12/2015
Class I US Dollar Distribution	04/01/2016	29/01/2016	\$0.0221	268,291	\$5,929	01/10/2015 – 31/12/2015
Class I Euro Distribution	04/01/2016	29/01/2016	€0.0204	569	€12	01/10/2015 – 31/12/2015
Class B1 Sterling Distribution Shares					<b>GBP£533,681</b>	
Class B1 Sterling Distribution	01/04/2016	29/04/2016	£0.0150	35,309,883	£529,648	01/01/2016 – 31/03/2016
Class I US Dollar Distribution	01/04/2016	29/04/2016	\$0.0216	268,297	\$5,795	01/01/2016 – 31/03/2016
Class I Euro Distribution	01/04/2016	29/04/2016	€0.0189	577	€11	01/01/2016 – 31/03/2016
Class B1 Sterling Distribution Shares					<b>GBP£539,755</b>	
Class B1 Sterling Distribution	01/07/2016	29/07/2016	£0.0150	35,714,797	£535,722	01/04/2016 – 30/06/2016
Class I US Dollar Distribution	01/07/2016	29/07/2016	\$0.0201	268,304	\$5,393	01/04/2016 – 30/06/2016
Class I Euro Distribution	01/07/2016	29/07/2016	€0.0180	584	€11	01/04/2016 – 30/06/2016
Class B1 Sterling Distribution Shares					<b>GBP£463,506</b>	
Class B1 Sterling Distribution	03/10/2016	28/10/2016	£0.0150	30,631,515	£459,473	01/07/2016 – 30/09/2016
Class I US Dollar Distribution	03/10/2016	28/10/2016	\$0.0195	268,310	\$5,232	01/07/2016 – 30/09/2016
Class I Euro Distribution	03/10/2016	28/10/2016	€0.0173	591	€10	01/07/2016 – 30/09/2016
Class R Euro Hedged Distribution Shares					<b>EUR€32</b>	
Class R Euro Hedged Distribution	01/04/2016	29/04/2016	€0.0624	100	€6	01/01/2016 – 31/03/2016
Class R Euro Hedged Distribution	01/07/2016	29/07/2016	€0.1250	101	€13	01/04/2016 – 30/06/2016
Class R Euro Hedged Distribution	03/10/2016	28/10/2016	€0.1250	101	€13	01/07/2016 – 30/09/2016
Class I Euro Hedged Distribution Shares					<b>EUR€32</b>	
Class I Euro Hedged Distribution	01/04/2016	29/04/2016	€0.0628	100	€6	01/01/2016 – 31/03/2016
Class I Euro Hedged Distribution	01/07/2016	29/07/2016	€0.1250	101	€13	01/04/2016 – 30/06/2016
Class I Euro Hedged Distribution	03/10/2016	28/10/2016	€0.1250	101	€13	01/07/2016 – 30/09/2016
<b>Total Distributions for Income Opportunities Fund</b>					<b>GBP£2,080,911</b>	

<b>31 December 2016</b>	<b>Date declared</b>	<b>Date of payment</b>	<b>Rate per share</b>	<b>No. of shares</b>	<b>Amount</b>	<b>Relevant period</b>
<b>Japan Fund</b>						
Class I Japanese Yen					<b>JPY ¥552,906,843</b>	
Class I Japanese Yen	04/01/2016	29/01/2016	¥20.4027	18,375,458	¥374,908,957	01/01/2015 – 31/12/2015
Class I Sterling	04/01/2016	29/01/2016	£0.1143	6,142,438	£702,081	01/01/2015 – 31/12/2015
Class I Euro	04/01/2016	29/01/2016	€0.1550	280,968	€43,550	01/01/2015 – 31/12/2015
Class I US Dollar	04/01/2016	29/01/2016	\$0.1693	2,300,827	\$389,530	01/01/2015 – 31/12/2015
Class I Hedged					<b>JPY ¥1,219,575,456</b>	
Class I Hedged US Dollar	04/01/2016	29/01/2016	\$0.1542	13,669,911	\$2,107,900	01/01/2015 – 31/12/2015
Class I Hedged Sterling	04/01/2016	29/01/2016	£0.1739	31,689,187	£5,510,750	01/01/2015 – 31/12/2015
Class I Hedged Euro	04/01/2016	29/01/2016	€0.1553	8,553,221	€1,328,315	01/01/2015 – 31/12/2015
Class I Hedged Swiss Franc	04/01/2016	29/01/2016	Sfr.0.0922	1,610,305	Sfr.148,470	01/01/2015 – 31/12/2015
Class R Hedged					<b>JPY ¥5,870,246</b>	
Class R Hedged Euro	04/01/2016	29/01/2016	€0.0018	16,606,792	€29,892	01/01/2015 – 31/12/2015
Class R Hedged Swiss Franc	04/01/2016	29/01/2016	Sfr.0.0076	2,709,566	Sfr.20,593	01/01/2015 – 31/12/2015
<b>Total Distributions for Japan Fund</b>					<b>JPY ¥1,778,352,545</b>	

The following distributions were declared in respect of the Company on 2 January 2018 and are therefore not accrued in the financial statements for the financial year ended 31 December 2017:

<b>2018</b>	<b>Date declared</b>	<b>Date of payment</b>	<b>Rate per share</b>	<b>No. of shares</b>	<b>Amount</b>	<b>Relevant period</b>
<b>Emerging Markets Income Fund</b>						
Class R US Dollar Distributing Shares					<b>US\$75,787</b>	
Class R US Dollar Distribution	02/01/2018	31/01/2018	\$0.1746	394,086	\$68,807	01/01/2017 – 31/12/2017
Class R Sterling Distribution	02/01/2018	31/01/2018	£0.1291	33,276	£4,296	01/01/2017 – 31/12/2017
Class R Euro Distribution	02/01/2018	31/01/2018	€0.1454	6,700	€974	01/01/2017 – 31/12/2017
Class I US Dollar Distributing Shares					<b>US\$2,090,019</b>	
Class I US Dollar Distribution	02/01/2018	31/01/2018	\$0.1800	1,900,117	\$342,021	01/01/2017 – 31/12/2017
Class I Sterling Distribution	02/01/2018	31/01/2018	£0.1331	9,531,383	£1,268,627	01/01/2017 – 31/12/2017
Class I Euro Distribution	02/01/2018	31/01/2018	€0.1499	179,717	€26,940	01/01/2017 – 31/12/2017
Class S US Dollar Distributing Shares					<b>US\$1,852,714</b>	
Class S US Dollar Distribution	02/01/2018	31/01/2018	\$0.1842	84,868	\$15,633	01/01/2017 – 31/12/2017
Class S Sterling Distribution	02/01/2018	31/01/2018	£0.1362	9,970,582	£1,357,993	01/01/2017 – 31/12/2017
Class S Euro Distribution	02/01/2018	31/01/2018	€0.1534	2,716	€417	01/01/2017 – 31/12/2017
<b>Total Distributions for Emerging Markets Income Fund</b>					<b>US\$4,018,520</b>	

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 13. Distributions continued

2018	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>European Ex UK Income Fund</b>						
Class I Sterling Distribution	02/01/2018	31/01/2018	£0.0285	126,707	£3,611	01/01/2017 – 31/12/2017
Class S Sterling Distribution	02/01/2018	31/01/2018	£0.0285	4,284,196	£122,100	01/01/2017 – 31/12/2017
Class I Hedged Sterling Distribution	02/01/2018	31/01/2018	£0.0323	4,839	£156	01/01/2017 – 31/12/2017
Class S Hedged Sterling Distribution	02/01/2018	31/01/2018	£0.0323	11,359,219	£366,903	01/01/2017 – 31/12/2017
<b>Total Distributions for European Ex UK Income Fund</b>					<b>EUR€555,125</b>	

2018	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>European Income Fund</b>						
Class R Euro Distributing Shares					<b>EUR€48</b>	
Class R Euro Distribution	02/01/2018	31/01/2018	€0.1102	111	€12	01/01/2017 – 31/12/2017
Class R US Dollar Distribution	02/01/2018	31/01/2018	\$0.1323	89	\$12	01/01/2017 – 31/12/2017
Class R Sterling Distribution	02/01/2018	31/01/2018	£0.0978	142	£14	01/01/2017 – 31/12/2017
Class R Swiss Franc Distribution	02/01/2018	31/01/2018	Sfr.0.129	92	Sfr.12	01/01/2017 – 31/12/2017
Class I Euro Distributing Shares					<b>EUR€10,257</b>	
Class I Euro Distribution	02/01/2018	31/01/2018	€0.1129	111	€13	01/01/2017 – 31/12/2017
Class I US Dollar Distribution	02/01/2018	31/01/2018	\$0.1356	89	\$12	01/01/2017 – 31/12/2017
Class I Sterling Distribution	02/01/2018	31/01/2018	£0.1002	90,555	£9,074	01/01/2017 – 31/12/2017
Class I Swiss Franc Distribution	02/01/2018	31/01/2018	Sfr.0.1321	92	Sfr.12	01/01/2017 – 31/12/2017
Class S Euro Distributing Shares					<b>EUR€49</b>	
Class S Euro Distribution	02/01/2018	31/01/2018	€0.1137	111	€13	01/01/2017 – 31/12/2017
Class S US Dollar Distribution	02/01/2018	31/01/2018	\$0.1365	89	\$12	01/01/2017 – 31/12/2017
Class S Sterling Distribution	02/01/2018	31/01/2018	£0.1009	142	£14	01/01/2017 – 31/12/2017
Class S Swiss Franc Distribution	02/01/2018	31/01/2018	Sfr.0.133	92	Sfr.12	01/01/2017 – 31/12/2017
<b>Total Distributions for European Income Fund</b>					<b>EUR€10,354</b>	

2018	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Financial Opportunities Fund</b>						
Class R US Dollar Distributing Shares					<b>US\$1,496</b>	
Class R US Dollar Distribution	02/01/2018	31/01/2018	\$0.0841	4,263	\$359	01/01/2017 – 31/12/2017
Class R Sterling Distribution	02/01/2018	31/01/2018	£0.0622	13,515	£841	01/01/2017 – 31/12/2017
Class R Euro Distribution	02/01/2018	31/01/2018	€0.0700	5	–	01/01/2017 – 31/12/2017
Class I US Dollar Distributing Shares					<b>US\$129,975</b>	
Class I US Dollar Distribution	02/01/2018	31/01/2018	\$0.0865	396,900	\$34,332	01/01/2017 – 31/12/2017
Class I Sterling Distribution	02/01/2018	31/01/2018	£0.0640	1,021,778	£65,394	01/01/2017 – 31/12/2017
Class I Euro Distribution	02/01/2018	31/01/2018	€0.0720	83,923	€6,042	01/01/2017 – 31/12/2017
<b>Total Distributions for Financial Opportunities Fund</b>					<b>US\$131,741</b>	

2018	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Global Convertible Fund</b>						
Class R US Dollar Distributing Shares					<b>US\$5,569</b>	
Class R US Dollar Distribution	02/01/2018	31/01/2018	\$0.1042	4,755	\$496	01/01/2017 – 31/12/2017
Class R Sterling Distribution	02/01/2018	31/01/2018	£0.0771	181	£14	01/01/2017 – 31/12/2017
Class R Euro Distribution	02/01/2018	31/01/2018	€0.0867	48,511	€4,206	01/01/2017 – 31/12/2017
Class I US Dollar Distributing Shares					<b>US\$1,164,257</b>	
Class I US Dollar Distribution	02/01/2018	31/01/2018	\$0.1062	169,388	\$17,989	01/01/2017 – 31/12/2017
Class I Sterling Distribution	02/01/2018	31/01/2018	£0.0785	10,466,844	£821,647	01/01/2017 – 31/12/2017
Class I Euro Distribution	02/01/2018	31/01/2018	€0.0883	326,643	€28,843	01/01/2017 – 31/12/2017
Class S US Dollar Distributing Shares					<b>US\$2,554,324</b>	
Class S US Dollar Distribution	02/01/2018	31/01/2018	\$0.0949	504,647	\$47,891	01/01/2017 – 31/12/2017
Class S Sterling Distribution	02/01/2018	31/01/2018	£0.0702	26,400,941	£1,853,346	01/01/2017 – 31/12/2017
Class S Euro Distribution	02/01/2018	31/01/2018	€0.0789	10,370	€818	01/01/2017 – 31/12/2017
Class I Hedged Sterling Distributing Shares					<b>GBP£212,079</b>	
Class I Hedged Sterling Distribution	02/01/2018	31/01/2018	£0.0923	2,297,709	£212,079	01/01/2017 – 31/12/2017
Class S Hedged Sterling Distributing Shares					<b>GBP£12,013</b>	
Class S Hedged Sterling Distribution	02/01/2018	31/01/2018	£0.0914	131,430	£12,013	01/01/2017 – 31/12/2017
Portfolio Currency Hedged Sterling Distribution Shares					<b>GBP£867,256</b>	
Portfolio Currency Hedged Sterling I Distribution	02/01/2018	31/01/2018	£0.1019	8,510,857	£867,256	01/01/2017 – 31/12/2017
<b>Total Distributions for Global Convertible Fund</b>					<b>US\$5,070,357</b>	
2018	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Global Insurance Fund</b>						
Class R Sterling Distributing Shares					<b>GBP£50,759</b>	
Class R US Dollar Distribution	02/01/2018	31/01/2018	\$0.0231	9,362	\$216	01/01/2017 – 31/12/2017
Class R Sterling Distribution	02/01/2018	31/01/2018	£0.0171	2,957,186	£50,568	01/01/2017 – 31/12/2017
Class R Euro Distribution	02/01/2018	31/01/2018	€0.0193	1,809	€35	01/01/2017 – 31/12/2017
Class I Sterling Distributing Shares					<b>GBP£536,882</b>	
Class I US Dollar Distribution	02/01/2018	31/01/2018	\$0.0239	2,099,024	\$50,167	01/01/2017 – 31/12/2017
Class I Sterling Distribution	02/01/2018	31/01/2018	£0.0177	27,988,487	£495,396	01/01/2017 – 31/12/2017
Class I Euro Distribution	02/01/2018	31/01/2018	€0.0199	244,795	€4,871	01/01/2017 – 31/12/2017
Class A Sterling Distributing Shares					<b>GBP£229,026</b>	
Class A Sterling Distribution	02/01/2018	31/01/2018	£0.0175	13,087,187	£229,026	01/01/2017 – 31/12/2017
Class E Sterling Distributing Shares					<b>GBP£751,745</b>	
Class E Sterling Distribution	02/01/2018	31/01/2018	£0.0181	41,532,892	£751,745	01/01/2017 – 31/12/2017
<b>Total Distributions for Global Insurance Fund</b>					<b>GBP£1,568,412</b>	

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 13. Distributions continued

2018	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Healthcare Blue Chip Fund</b>						
Class I US Dollar Distributing Shares					<b>US\$20,158</b>	
Class I US Dollar Distribution	02/01/2018	31/01/2018	\$0.1006	29,051	\$2,923	01/01/2017 – 31/12/2017
Class I Sterling Distribution	02/01/2018	31/01/2018	£0.0743	171,264	£12,725	01/01/2017 – 31/12/2017
Class I Euro Distribution	02/01/2018	31/01/2018	€0.0837	66	€6	01/01/2017 – 31/12/2017
Class S Sterling Hedged Distributing Shares					<b>GBP£20,755</b>	
Class S Sterling Hedged Distribution	02/01/2018	31/01/2018	£0.0968	214,414	£20,755	01/01/2017 – 31/12/2017
Class S US Dollar Distributing Shares					<b>US\$519,395</b>	
Class S US Dollar Distribution	02/01/2018	31/01/2018	\$0.1010	24,641	\$2,489	01/01/2017 – 31/12/2017
Class S Sterling Distribution	02/01/2018	31/01/2018	£0.0747	5,117,885	£382,306	01/01/2017 – 31/12/2017
<b>Total Distributions for Healthcare Blue Chip Fund</b>					<b>US\$567,630</b>	

2018	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>Income Opportunities Fund</b>						
Class A1 Sterling Distributing Shares					<b>GBP£105,193</b>	
Class A1 Sterling Distribution	02/01/2018	31/01/2018	£0.0150	5,499,293	£82,489	01/01/2017 – 31/12/2017
Class R US Dollar Distribution	02/01/2018	31/01/2018	\$0.0203	1,512,958	\$30,713	01/01/2017 – 31/12/2017
Class R Euro Distribution	02/01/2018	31/01/2018	€0.0169	647	€11	01/01/2017 – 31/12/2017
Class B1 Sterling Distributing Shares					<b>GBP£424,057</b>	
Class B1 Sterling Distribution	02/01/2018	31/01/2018	£0.0155	26,899,410	£416,941	01/01/2017 – 31/12/2017
Class I US Dollar Distribution	02/01/2018	31/01/2018	\$0.0210	458,493	\$9,628	01/01/2017 – 31/12/2017
Class I Euro Distribution	02/01/2018	31/01/2018	€0.1750	623	€11	01/01/2017 – 31/12/2017
Class R Euro Hedged Distributing Shares					<b>EUR€62,080</b>	
Class R Euro Hedged Distribution	02/01/2018	31/01/2018	£0.1250	496,639	€62,080	01/01/2017 – 31/12/2017
Class I Euro Hedged Distributing Shares					<b>EUR€4,976</b>	
Class I Euro Hedged Distribution	02/01/2018	31/01/2018	£0.1250	39,807	€4,976	01/01/2017 – 31/12/2017
Class R US Dollar Hedged Distributing Shares					<b>US\$393,620</b>	
Class R US Dollar Hedged Distribution	02/01/2018	31/01/2018	£0.1050	3,748,765	\$393,620	01/01/2017 – 31/12/2017
<b>Total Distributions for Income Opportunities Fund</b>					<b>GBP£879,751</b>	

2018	Date declared	Date of payment	Rate per share	No. of shares	Amount	Relevant period
<b>UK Value Opportunities Fund</b>						
Class I Sterling Distribution	02/01/2018	31/01/2018	£0.0658	2,461,140	£152,098	01/01/2017 – 31/12/2017
Class S Sterling Distribution	02/01/2018	31/01/2018	£0.0740	13,119,891	£970,872	01/01/2017 – 31/12/2017
<b>Total Distributions for UK Value Opportunities Fund</b>					<b>GBP£1,122,970</b>	

#### 14. FCA Side Letter Policy

The Financial Conduct Authority (FCA) in the United Kingdom, which regulates the Investment Manager, expects all investment managers authorised and regulated by the FCA to write to investors in the funds managed by them with details of any Side Letter that may have been entered into by the Investment Manager. The FCA considers a Side Letter to be an arrangement which can reasonably be expected to provide an investor with materially more favourable rights than other investors, such as enhanced redemption rights or the provision of portfolio information which are not generally available. The Investment Manager has confirmed to the Company that it is not aware or party to an arrangement whereby an investor has any preferential redemption terms. However in exceptional circumstances, for example where an investor seeds a new fund the Investment Manager has provided investors on the Funds' behalf with portfolio information and capacity commitments.

#### 15. Transaction Costs

During the financial year ended 31 December 2017 and 31 December 2016, the Funds incurred transaction costs in the purchase and sale of investments as follows:

	Currency	31 December 2017	31 December 2016
Asian Opportunities Fund	US\$	116,417	146,291
Automation & Artificial Intelligence Fund	US\$	185,229	N/A
Biotechnology Fund	US\$	730,149	160,267
Emerging Markets Growth Fund	US\$	254,633	86,832
Emerging Markets Income Fund	US\$	303,608	424,609
European Ex UK Income Fund	EUR€	513,619	148,609
European Income Fund	EUR€	29,752	42,344
Financial Opportunities Fund	US\$	230,116	131,416
Global Alpha Fund	US\$	199,978	106,769
Global Convertible Fund	US\$	10,998	4,761
Global Insurance Fund	GBP£	770,115	662,743
Global Technology Fund	US\$	3,342,826	2,679,244
Healthcare Blue Chip Fund	US\$	209,057	180,314
Healthcare Opportunities Fund	US\$	4,736,588	6,093,920
Income Opportunities Fund	GBP£	388,935	173,906
International Alpha Fund	US\$	9,579	13,077
Japan Fund	JPY ¥	346,982,645	894,777,549
Japan Alpha Fund	JPY ¥	7,832,482	23,640,590
North American Fund	US\$	1,494,874	1,961,394
UK Absolute Equity Fund	GBP£	1,561,880	315,891
UK Value Opportunities Fund	GBP£	3,067,002	N/A

For further information regarding the accounting policy for transaction costs please refer to Note 2 on page 173.

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 16. Reconciliation to US GAAP

The following adjustments would be required to these financial statements in order to reflect the redemptions payable on 1 January 2018, as required by US GAAP. The adjustments relate to Biotechnology Fund, Automation & Artificial Intelligence Fund, Global Convertible Fund, Global Insurance Fund, Global Technology Fund, Healthcare Blue Chip Fund, Healthcare Opportunities Fund, Income Opportunities Fund, Japan Fund, North American Fund and UK Absolute Equity Fund. The effects of the adjustments for the remaining Funds are not material in the context of the financial statements.

	<b>Biotechnology Fund 2017 US\$</b>	<b>Automation &amp; Artificial Intelligence Fund 2017 US\$</b>	<b>Global Convertible Fund 2017 US\$</b>	<b>Global Insurance Fund 2017 GBP£</b>
Net Assets at 31 December 2017, under IFRS	290,412,451	237,970,063	635,310,342	1,028,304,080
Redemptions payable 1 January 2018	(42,711)	(67,126)	(16,480)	(277,123)
Net Assets at 31 December 2017, under US GAAP	290,369,740	237,902,937	635,293,862	1,028,026,957

	<b>Global Technology Fund 2017 US\$</b>	<b>Healthcare Blue Chip Fund 2017 US\$</b>	<b>Healthcare Opportunities Fund 2017 US\$</b>	<b>Income Opportunities Fund 2017 GBP£</b>
Net Assets at 31 December 2017, under IFRS	1,866,248,771	77,272,315	1,482,215,514	321,648,365
Redemptions payable 1 January 2018	(2,434,423)	(17,514)	(4,928,410)	(1,442)
Net Assets at 31 December 2017, under US GAAP	1,863,814,348	77,254,801	1,477,287,104	321,646,923

	<b>Japan Fund 2017 US\$</b>	<b>North American Fund 2017 US\$</b>	<b>UK Absolute Equity Fund 2017 GBP£</b>
Net Assets at 31 December 2017, under IFRS	126,771,659,190	2,453,598,460	501,850,546
Redemptions payable 1 January 2018	(59,110,570)	(44,675)	(149,080)
Net Assets at 31 December 2017, under US GAAP	126,712,548,620	2,453,553,785	501,701,466

The following adjustments would be required to these financial statements in order to reflect the redemptions payable on 1 January 2017, as required by US GAAP. The adjustments relate to Biotechnology Fund, Emerging Markets Income Fund, Global Convertible Fund, Global Insurance Fund, Global Technology Fund, Healthcare Blue Chip Fund, Healthcare Opportunities Fund, Income Opportunities Fund, North American Fund and UK Absolute Equity Fund. The effects of the adjustments for the remaining Funds are not material in the context of the financial statements.

	<b>Biotechnology Fund 2016 US\$</b>	<b>Emerging Markets Income Fund 2016 US\$</b>	<b>Global Convertible Fund 2016 US\$</b>	<b>Global Insurance Fund 2016 GBP£</b>
Net Assets at 31 December 2016, under IFRS	117,489,618	315,057,782	494,223,376	705,309,113
Redemptions payable 1 January 2017	(28,351)	(25,744)	(20,822)	(27,491)
Net Assets at 31 December 2016, under US GAAP	117,461,267	315,032,038	494,202,554	705,281,622
	<b>Global Technology Fund 2016 US\$</b>	<b>Healthcare Blue Chip Fund 2016 US\$</b>	<b>Healthcare Opportunities Fund 2016 US\$</b>	<b>Income Opportunities Fund 2016 GBP£</b>
Net Assets at 31 December 2016, under IFRS	917,285,747	78,214,086	1,066,153,909	157,094,741
Redemptions payable 1 January 2017	(48,169)	(5,138)	(97,089)	(11,051)
Net Assets at 31 December 2016, under US GAAP	917,237,578	78,208,948	1,066,056,820	157,083,690
			<b>North American Fund 2016 US\$</b>	<b>UK Absolute Return Fund 2016 GBP£</b>
Net Assets at 31 December 2016, under IFRS			1,849,748,937	96,606,868
Redemptions payable 1 January 2017			(1,293,741)	(374,121)
Net Assets at 31 December 2016, under US GAAP			1,848,455,196	96,232,747

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 16. Reconciliation to US GAAP continued

The following summarises the Company's financial highlights for the financial year ended 31 December 2017.

##### Financial Highlights

For the financial year ended 31 December 2017

	Asian Opportunities Fund USD Class A US\$	Automation & Artificial Intelligence Fund USD Class I Accumulation US\$	Biotechnology Fund USD Class I US\$	Emerging Markets Growth Fund USD Class I US\$
<b>31 December 2017</b>				
For a participating share outstanding throughout the financial year ended 31 December 2017				
Net investment loss*	(0.02)	–	(0.02)	–
Net realised and unrealised gain	98.20	0.33	5.22	2.09
Distributions	(0.01)	–	–	–
Less redemptions	–	–	–	(11.02)
Net increase/(decrease) in net asset value	98.17	0.33	5.20	(8.93)
Net asset value at beginning of financial year	298.50	10.00	16.89	8.93
Net asset value at end of financial year	396.67	10.33	22.09	–
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Total return:</b>				
Total return before performance fee	36.03%	3.30%	31.66%	(100.00)%
Performance fee	(3.14)%	0.00%	(0.87)%	0.00%
Total return after performance fee	32.89%	3.30%	30.79%	(100.00)%
<b>Ratios to average net assets:</b>				
Expenses to average net assets	(1.52)%	(0.34)%	(1.24)%	(1.40)%
Performance fee	(3.14)%	0.00%	(0.87)%	0.00%
Total expenses	(4.66)%	(0.34)%	(2.11)%	(1.40)%
<b>Net investment loss to average net assets:</b>				
Net investment income/(loss) before performance fee	0.71%	(0.25)%	(1.09)%	(0.01)%
Performance fee	(3.14)%	0.00%	(0.87)%	0.00%
Total net investment loss	(2.43)%	(0.25)%	(1.96)%	(0.01)%

\* Average net assets held during the financial year were used for this calculation.

	Emerging Markets Income Fund USD Class I Accumulation US\$	European Ex UK Income Fund EUR Class I Accumulation EUR€	European Income Fund EUR Class I Accumulation EUR€	Financial Opportunities Fund USD Class I Accumulation US\$
<b>31 December 2017</b>				
For a participating share outstanding throughout the financial year ended 31 December 2017				
Net investment income*	0.02	0.03	0.03	0.01
Net realised and unrealised gain	2.39	1.05	0.93	2.82
Net increase in net asset value	2.41	1.08	0.96	2.83
Net asset value at beginning of financial year	10.04	10.34	11.63	11.91
Net asset value at end of financial year	12.45	11.42	12.59	14.74
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Total return:</b>				
Total return before performance fee	24.00%	10.44%	8.25%	23.76%
Performance fee	0.00%	0.00%	0.00%	0.00%
Total return after performance fee	24.00%	10.44%	8.25%	23.76%
<b>Ratios to average net assets:</b>				
Expenses to average net assets	(1.60)%	(1.55)%	(1.43)%	(1.57)%
Performance fee	0.00%	0.00%	0.00%	0.00%
Total expenses	(1.60)%	(1.55)%	(1.43)%	(1.57)%
<b>Net investment income to average net assets:</b>				
Net investment income before performance fee	2.30%	3.13%	3.01%	1.04%
Performance fee	0.00%	0.00%	0.00%	0.00%
Total net investment income	2.30%	3.13%	3.01%	1.04%

\* Average net assets held during the financial year were used for this calculation.

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 16. Reconciliation to US GAAP continued

##### Financial Highlights continued

For the financial year ended 31 December 2017 continued

	Global Alpha Fund USD Class I US\$	Global Convertible Fund USD Class I Accumulation US\$	Global Insurance Fund GBP Class I Accumulation GBP£	Global Technology Fund USD Class I US\$
<b>31 December 2017</b>				
For a participating share outstanding throughout the financial year ended 31 December 2017				
Net investment income/(loss)*	–	0.03	0.01	(0.01)
Net realised and unrealised gain	2.73	1.27	0.35	12.48
Less redemptions	(16.08)	–	–	–
Net (decrease)/increase in net asset value	(13.35)	1.30	0.36	12.47
Net asset value at beginning of financial year	13.35	11.30	5.66	26.27
Net asset value at end of financial year	–	12.60	6.02	38.74
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Total return:</b>				
Total return before performance fee	(100.00)%	11.63%	6.36%	48.04%
Performance fee	0.00%	(0.13)%	0.00%	(0.57)%
Total return after performance fee	(100.00)%	11.50%	6.36%	47.47%
<b>Ratios to average net assets:</b>				
Expenses to average net assets	(1.11)%	(1.17)%	(1.13)%	(1.28)%
Performance fee	0.00%	(0.13)%	0.00%	(0.57)%
Total expenses	(1.11)%	(1.30)%	(1.13)%	(1.85)%
<b>Net investment loss/(income) to average net assets:</b>				
Net investment (loss)/income before performance fee	(0.01)%	2.82%	0.80%	(0.72)%
Performance fee	0.00%	(0.13)%	0.00%	(0.57)%
Total net investment income	(0.01)%	2.69%	0.80%	(1.29)%

\* Average net assets held during the financial year were used for this calculation.

	Healthcare Blue Chip Fund USD Class I Accumulation US\$	Healthcare Opportunities Fund USD Class I US\$	Income Opportunities Fund GBP Class B2 Accumulation GBP£	International Alpha Fund USD Class SI Distribution US\$
<b>31 December 2017</b>				
For a participating share outstanding throughout the financial year ended 31 December 2017				
Net investment loss/(income)*	–	(0.01)	0.06	–
Net realised and unrealised gain	1.80	8.23	0.18	2.19
Less redemptions	–	–	–	(12.06)
Net increase/(decrease) in net asset value	1.80	8.22	0.24	(9.87)
Net asset value at beginning of financial year	10.17	33.83	2.01	9.87
Net asset value at end of financial year	11.97	42.05	2.25	–
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Total return:</b>				
Total return before performance fee	17.70%	24.34%	11.94%	(100.00)%
Performance fee	0.00%	(0.04)%	0.00%	0.00%
Total return after performance fee	17.70%	24.30%	11.94%	(100.00)%
<b>Ratios to average net assets:</b>				
Expenses to average net assets	(1.34)%	(1.29)%	(1.14)%	(1.06)%
Performance fee	0.00%	(0.04)%	0.00%	0.00%
Total expenses	(1.34)%	(1.33)%	(1.14)%	(1.06)%
<b>Net investment (loss)/income to average net assets:</b>				
Net investment (loss)/income before performance fee	(0.04)%	(0.59)%	6.45%	(0.20)%
Performance fee	0.00%	(0.04)%	0.00%	0.00%
Total net investment (loss)/income	(0.04)%	(0.63)%	6.45%	(0.20)%

\* Average net assets held during the financial year were used for this calculation.

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 16. Reconciliation to US GAAP continued

Financial Highlights continued

For the financial year ended 31 December 2017 continued

	Japan Fund JPY Class I JPY ¥	Japan Value Fund JPY Class S JPY ¥	North American Fund USD Class I US\$
<b>31 December 2017</b>			
For a participating share outstanding throughout the financial year ended 31 December 2017			
Net investment income*	0.01	0.01	—
Net realised and unrealised gain	656.93	56.12	4.84
Net increase in net asset value	656.94	56.13	4.84
Net asset value at beginning of financial year	2,056.63	209.74	19.25
Net asset value at end of financial year	2,713.57	265.87	24.09
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Total return:</b>			
Total return before performance fee	31.94%	26.76%	25.27%
Performance fee	0.00%	0.00%	(0.13)%
Total return after performance fee	31.94%	26.76%	25.14%
<b>Ratios to average net assets:</b>			
Expenses to average net assets	(1.47)%	(1.24)%	(1.15)%
Performance fee	0.00%	0.00%	(0.13)%
Total expenses	(1.47)%	(1.24)%	(1.28)%
<b>Net investment income/(loss) to average net assets:</b>			
Net investment income before performance fee	0.54%	0.97%	0.08%
Performance fee	0.00%	0.00%	(0.13)%
Total net investment income/(loss)	0.54%	0.97%	(0.05)%

\* Average net assets held during the financial year were used for this calculation.

	UK Absolute Equity Fund GBP Class I GBP£	UK Value Opportunities Fund GBP Class I Accumulation GBP£
<b>31 December 2017</b>		
For a participating share outstanding throughout the financial year ended 31 December 2017		
Net investment (loss)/income*	(0.10)	0.01
Net realised and unrealised gain	6.78	2.08
Net increase in net asset value	6.68	2.09
Net asset value at beginning of financial year	14.06	10.00
Net asset value at end of financial year	20.74	12.09
<b>Ratios</b>	<b>%</b>	<b>%</b>
<b>Total return:</b>		
Total return before performance fee	55.81%	21.73%
Performance fee	(8.30)%	(0.83)%
Total return after performance fee	47.51%	20.90%
<b>Ratios to average net assets:</b>		
Expenses to average net assets	(1.79)%	(0.85)%
Performance fee	(8.30)%	(0.83)%
Total expenses	(10.09)%	(1.68)%
<b>Net investment (loss)/income to average net assets:</b>		
Net investment (loss)/income before performance fee	(1.87)%	2.14%
Performance fee	(8.30)%	(0.83)%
Total net investment (loss)/income	(10.17)%	1.31%

\* Average net assets held during the financial year were used for this calculation.

Financial Highlights are based on financial statements NAV per share.

The above shares classes represent the overall performance of each Fund. Other share classes may have a different performance depending on the specific characteristics of the share class.

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 16. Reconciliation to US GAAP continued

##### Financial Highlights continued

The following summarises the Company's financial highlights for the financial year ended 31 December 2016.

##### For the financial year ended 31 December 2016

	Asian Opportunities Fund USD Class A US\$	Biotechnology Fund USD Class I US\$	Emerging Markets Growth Fund USD Class I US\$	Emerging Markets Income Fund USD Class I Accumulation US\$
<b>31 December 2016</b>				
For a participating share outstanding throughout the financial year ended 31 December 2016				
Net investment income/(loss)*	0.01	(0.03)	0.02	(0.04)
Net realised and unrealised gain/(loss)	23.28	(1.35)	0.63	0.95
Distributions	(3.60)	–	–	–
Net increase/(decrease) in net asset value	19.69	(1.38)	0.65	0.91
Net asset value at beginning of financial year	278.81	18.27	8.28	9.13
Net asset value at end of financial year	298.50	16.89	8.93	10.04
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Total return:</b>				
Total return before performance fee	7.17%	(5.82)%	7.85%	9.97%
Performance fee	(0.11)%	(1.73)%	0.00%	0.00%
Total return after performance fee	7.06%	(7.55)%	7.85%	9.97%
<b>Ratios to average net assets:</b>				
Expenses to average net assets:	(1.57)%	(1.34)%	(1.54)%	(1.67)%
Performance fee	(0.11)%	(1.73)%	0.00%	0.00%
Total expenses	(1.68)%	(3.07)%	(1.54)%	(1.67)%
<b>Net investment income/(loss) to average net assets:</b>				
Net investment income/(loss) before performance fee	0.86%	(1.08)%	7.15%	3.68%
Performance fee	(0.11)%	(1.73)%	0.00%	0.00%
Total net investment income/(loss)	0.75%	(2.81)%	7.15%	3.68%

\* Average net assets held during the financial year were used for this calculation.

	European Ex UK Income Fund EUR Class I Accumulation EUR€	European Income Fund EUR Class I Accumulation EUR€	Financial Opportunities Fund USD Class I Accumulation US\$	Global Alpha Fund USD Class I US\$
<b>31 December 2016</b>				
For a participating share outstanding throughout the financial year ended 31 December 2016				
Net investment income*	0.03	0.03	0.01	0.01
Net realised and unrealised gain	0.37	0.04	0.15	0.66
Net increase in net asset value	0.40	0.07	0.16	0.67
Net asset value at beginning of financial year	9.94	11.56	11.75	12.68
Net asset value at end of financial year	10.34	11.63	11.91	13.35
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Total return:</b>				
Total return before performance fee	4.15%	0.61%	1.36%	5.28%
Performance fee	(0.13)%	0.00%	0.00%	0.00%
Total return after performance fee	4.02%	0.61%	1.36%	5.28%
<b>Ratios to average net assets:</b>				
Expenses to average net assets:	(1.86)%	(1.60)%	(1.53)%	(1.27)%
Performance fee	(0.13)%	0.00%	0.00%	0.00%
Total expenses	(1.99)%	(1.60)%	(1.53)%	(1.27)%
<b>Net investment income to average net assets:</b>				
Net investment income before performance fee	2.77%	2.51%	0.58%	0.77%
Performance fee	(0.13)%	0.00%	0.00%	0.00%
Total net investment income	2.64%	2.51%	0.58%	0.77%

\* Average net assets held during the financial year were used for this calculation.

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 16. Reconciliation to US GAAP continued

##### Financial Highlights continued

For the financial year ended 31 December 2016 continued

	Global Convertible Fund USD Class I Accumulation US\$	Global Insurance Fund GBP Class I Accumulation GBP£	Global Technology Fund USD Class I US\$	Healthcare Blue Chip Fund USD Class I Accumulation US\$
<b>31 December 2016</b>				
For a participating share outstanding throughout the financial year ended 31 December 2016				
Net investment income/(loss)*	0.03	0.01	(0.01)	0.00
Net realised and unrealised (loss)/gain	(0.06)	1.45	2.64	(0.51)
Net (decrease)/increase in net asset value	(0.03)	1.46	2.63	(0.51)
Net asset value at beginning of financial year	11.33	4.20	23.64	10.68
Net asset value at end of financial year	11.30	5.66	26.27	10.17
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Total return:</b>				
Total return before performance fee	(0.26)%	34.85%	11.13%	(4.78)%
Performance fee	0.00%	(0.09)%	0.00%	0.00%
Total return after performance fee	(0.26)%	34.76%	11.13%	(4.78)%
<b>Ratios to average net assets:</b>				
Expenses to average net assets:	(0.86)%	(1.37)%	(1.38)%	(1.35)%
Performance fee	0.00%	(0.09)%	0.00%	0.00%
Total expenses	(0.86)%	(1.46)%	(1.38)%	(1.35)%
<b>Net investment income/(loss) to average net assets:</b>				
Net investment income/(loss) before performance fee	2.94%	1.13%	(0.81)%	0.48%
Performance fee	0.00%	(0.09)%	0.00%	0.00%
Total net investment income/(loss)	2.94%	1.04%	(0.81)%	0.48%

\* Average net assets held during the financial year were used for this calculation.

	Healthcare Opportunities Fund USD Class I US\$	Income Opportunities Fund GBP Class B2 Accumulation GBP£	International Alpha Fund USD Class SI Distribution US\$	Japan Fund JPY Class I JPY ¥
<b>31 December 2016</b>				
For a participating share outstanding throughout the financial year ended 31 December 2016				
Net investment income*	—	0.04	0.01	0.01
Net realised and unrealised (loss)/gain	(4.74)	0.24	(0.14)	(62.93)
Net (decrease)/increase in net asset value	(4.74)	0.28	(0.13)	(62.92)
Net asset value at beginning of financial year	38.57	1.73	10.00	2,119.55
Net asset value at end of financial year	33.83	2.01	9.87	2,056.63
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Total return:</b>				
Total return before performance fee	(12.29)%	16.53%	(1.30)%	(2.97)%
Performance fee	0.00%	(0.35)%	0.00%	0.00%
Total return after performance fee	(12.29)%	16.18%	(1.30)%	(2.97)%
<b>Ratios to average net assets:</b>				
Expenses to average net assets:	(1.43)%	(1.28)%	(0.56)%	(1.60)%
Performance fee	0.00%	(0.35)%	0.00%	0.00%
Total expenses	(1.43)%	(1.63)%	(0.56)%	(1.60)%
<b>Net investment (loss)/income to average net assets:</b>				
Net investment (loss)/income before performance fee	(0.41)%	4.76%	0.50%	0.61%
Performance fee	0.00%	(0.35)%	0.00%	0.00%
Total net investment (loss)/income	(0.41)%	4.41%	0.50%	0.61%

\* Average net assets held during the financial year were used for this calculation.

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 16. Reconciliation to US GAAP continued

##### Financial Highlights continued

For the financial year ended 31 December 2016 continued

	Japan Alpha Fund JPY Class I JPY ¥	North American Fund USD Class I US\$	UK Absolute Equity Fund GBP Class I GBP£
<b>31 December 2016</b>			
For a participating share outstanding throughout the financial year ended 31 December 2016			
Net investment (loss)/income*	(0.05)	0.01	(0.03)
Net realised and unrealised (loss)/gain	(3.07)	1.57	1.01
Net (decrease)/increase in net asset value	(3.12)	1.58	0.98
Net asset value at beginning of financial year	212.86	17.67	13.08
Net asset value at end of financial year	209.74	19.25	14.06
<b>Ratios</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Total return:</b>			
Total return before performance fee	(1.47)%	8.94%	9.00%
Performance fee	0.00%	0.00%	(1.51)%
Total return after performance fee	(1.47)%	8.94%	7.49%
<b>Ratios to average net assets:</b>			
Expenses to average net assets:	(0.89)%	(1.21)%	(1.75)%
Performance fee	0.00%	0.00%	(1.51)%
Total expenses	(0.89)%	(1.21)%	(3.26)%
<b>Net investment (loss)/income to average net assets:</b>			
Net investment (loss)/income before performance fee	(5.07)%	1.45%	(1.68)%
Performance fee	0.00%	0.00%	(1.51)%
Total net investment (loss)/income	(5.07)%	1.45%	(3.19)%

\* Average net assets held during the financial year were used for this calculation.

The above share classes represent the overall performance of each Fund. Other share classes may have a different performance depending on the specific characteristics of the share class.

ASC 740-10 'Accounting for Uncertainty in Income Taxes – an interpretation of ASC 740' clarifies the accounting for uncertainty in income taxes recognised in the Fund's financial statements in conformity with ASC 740 'Accounting for Income Taxes'.

ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken on a tax return.

In conformity with ASC 740-10, the Directors have analysed the Fund's tax positions to be taken for the financial year ended 31 December 2016 and have concluded that no provision for income tax is required in the financial statements.

For the financial year ended 31 December 2017 and 31 December 2016, the average volume of the Company's derivative activities based on their notional amounts and number of contracts, categorised by primary underlying risk, are as follows:

#### Asian Opportunities Fund

##### Average Balances of Derivative Instruments\*

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions US\$	Short Positions US\$	Long Positions US\$	Short Positions US\$
<b>Primary Underlying Risk</b>				
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	52,031	(52,031)	–	–

#### European Ex UK Income Fund

##### Average Balances of Derivative Instruments\*

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions EUR€	Short Positions EUR€	Long Positions EUR€	Short Positions EUR€
<b>Primary Underlying Risk</b>				
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	18,833,565	(18,833,565)	12,009,147	(12,009,147)

#### Healthcare Blue Chip Fund

##### Average Balances of Derivative Instruments\*

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions US\$	Short Positions US\$	Long Positions US\$	Short Positions US\$
<b>Primary Underlying Risk</b>				
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	229,648	(229,648)	–	–

## Notes to the Financial Statements continued

For the financial year ended 31 December 2017

### 16. Reconciliation to US GAAP continued

#### Global Convertible Fund

##### Average Balances of Derivative Instruments\*

Primary Underlying Risk	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions US\$	Short Positions US\$	Long Positions US\$	Short Positions US\$
<b>Equity Price Risk</b>				
Contracts for difference	1,863,989	(11,973,120)	7,452,454	(7,852,572)
Futures contracts	9,399,101	(17,456,657)	5,473,520	(19,747,747)
Swaps	–	–	19,567,568	–
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	1,743,281	(1,743,281)	14,086,494	(14,086,494)

#### Global Insurance Fund

##### Average Balances of Derivative Instruments\*

Primary Underlying Risk	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions GBP£	Short Positions GBP£	Long Positions GBP£	Short Positions GBP£
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	1,558,295	(1,558,295)	2,311,761	(2,311,761)

#### Global Technology Fund

##### Average Balances of Derivative Instruments\*

Primary Underlying Risk	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions US\$	Short Positions US\$	Long Positions US\$	Short Positions US\$
<b>Equity Price Risk</b>				
Options	3,226,903	–	1,634,257	–
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	1,541,591	(1,541,591)	3,342,541	(3,342,541)

### Income Opportunities Fund

#### Average Balances of Derivative Instruments\*

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions GBP£	Short Positions GBP£	Long Positions GBP£	Short Positions GBP£
<b>Primary Underlying Risk</b>				
<b>Equity Price Risk</b>				
Futures contracts	28,589,300	(6,801,009)	–	(6,668,513)
Options	–	–	164,708	(16,609)
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	1,883,249	(1,883,249)	205,359	(205,359)

### Japan Fund

#### Average Balances of Derivative Instruments\*

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions JPY ¥	Short Positions JPY ¥	Long Positions JPY ¥	Short Positions JPY ¥
<b>Primary Underlying Risk</b>				
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	1,049,652,547	(1,049,652,547)	7,294,700,191	(7,294,700,191)

### Japan Value Fund

#### Average Balances of Derivative Instruments\*

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions JPY ¥	Short Positions JPY ¥	Long Positions JPY ¥	Short Positions JPY ¥
<b>Primary Underlying Risk</b>				
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	470,024,808	(470,024,808)	1,969,175,131	(1,969,175,131)

### North American Fund

#### Average Balances of Derivative Instruments\*

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions US\$	Short Positions US\$	Long Positions US\$	Short Positions US\$
<b>Primary Underlying Risk</b>				
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	5,310,559	(5,310,559)	30,262,993	(30,262,993)

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 16. Reconciliation to US GAAP continued

##### UK Absolute Equity Fund

##### Average Balances of Derivative Instruments\*

Primary Underlying Risk	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions GBP£	Short Positions GBP£	Long Positions GBP£	Short Positions GBP£
<b>Equity Price Risk</b>				
Contracts for difference	6,993,267	(5,630,363)	1,687,500	(1,254,311)
Futures contracts	–	(57,913,474)	–	(5,542,337)
Options			45,780	(19,142)
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	4,044,725	(4,044,725)	2,604,453	(2,604,453)

##### UK Value Opportunities Fund

##### Average Balances of Derivative Instruments\*

Primary Underlying Risk	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Long Positions GBP£	Short Positions GBP£	Long Positions GBP£	Short Positions GBP£
<b>Equity Price Risk</b>				
Options	616,110	–	–	–
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	27,647	(27,647)	–	–

\* Average net assets held during the financial year were used for this calculation.

The following tables identifies the net gain and loss amounts included in the Statement of Comprehensive Income from derivative contracts, categorised by primary underlying risk, for the financial year ended 31 December 2017 and 31 December 2016.

##### Asian Opportunities Fund

Primary Underlying Risk	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) US\$	Unrealised appreciation/ (depreciation) US\$	Realised gain/(loss) US\$	Unrealised appreciation/ (depreciation) US\$
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	1,686	5,916	(10,673)	19

#### European Ex UK Income Fund

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) EUR€	Unrealised appreciation/ (depreciation) EUR€	Realised gain/(loss) EUR€	Unrealised appreciation/ (depreciation) EUR€
<b>Primary Underlying Risk</b>				
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	(4,253,687)	505,206	(3,083,657)	(431,304)

#### Healthcare Blue Chip Fund

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) US\$	Unrealised appreciation/ (depreciation) US\$	Realised gain/(loss) US\$	Unrealised appreciation/ (depreciation) US\$
<b>Primary Underlying Risk</b>				
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	(17,199)	26,577	21,496	(753)

#### Global Convertible Fund

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) US\$	Unrealised appreciation/ (depreciation) US\$	Realised gain/(loss) US\$	Unrealised appreciation/ (depreciation) US\$
<b>Primary Underlying Risk</b>				
<b>Equity Price Risk</b>				
Contracts for difference	(21,679,953)	(17,831,839)	10,875,036	10,155,097
Futures contracts	37,464	538,111	(953,937)	(387,742)
Swaps	–	–	(573,563)	–
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	6,468,626	984,875	(15,887,963)	552,171

#### Global Insurance Fund

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) GBP£	Unrealised appreciation/ (depreciation) GBP£	Realised gain/(loss) GBP£	Unrealised appreciation/ (depreciation) GBP£
<b>Primary Underlying Risk</b>				
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	(2,477,090)	(54,219)	1,584,467	(1,309)

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 16. Reconciliation to US GAAP continued

##### Global Technology Fund

Primary Underlying Risk	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) US\$	Unrealised appreciation/ (depreciation) US\$	Realised gain/(loss) US\$	Unrealised appreciation/ (depreciation) US\$
<b>Equity Price Risk</b>				
Options	624,600	(1,322,186)	15,502,129	(5,414,208)
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	5,380,836	1,117,233	(833,863)	127,493

##### Income Opportunities Fund

Primary Underlying Risk	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) GBP£	Unrealised appreciation/ (depreciation) GBP£	Realised gain/(loss) GBP£	Unrealised appreciation/ (depreciation) GBP£
<b>Equity Price Risk</b>				
Futures contracts	(340,890)	130,340	109,400	(197,640)
Options	–	–	67,958	–
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	(2,265,486)	(640,607)	32,029	(359)

##### Japan Fund

Primary Underlying Risk	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) JPY ¥	Unrealised appreciation/ (depreciation) JPY ¥	Realised gain/(loss) JPY ¥	Unrealised appreciation/ (depreciation) JPY ¥
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	1,108,150,057	370,933,901	(25,766,856,958)	479,255,760

##### Japan Alpha Fund

Primary Underlying Risk	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) JPY ¥	Unrealised appreciation/ (depreciation) JPY ¥	Realised gain/(loss) JPY ¥	Unrealised appreciation/ (depreciation) JPY ¥
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	283,570,266	62,930,222	(1,299,629,119)	(10,995,081)

#### North American Fund

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) US\$	Unrealised appreciation/ (depreciation) US\$	Realised gain/(loss) US\$	Unrealised appreciation/ (depreciation) US\$
<b>Primary Underlying Risk</b>				
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	25,179,190	586,420	(20,797,169)	3,337,975

#### UK Absolute Equity Fund

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) GBP£	Unrealised appreciation/ (depreciation) GBP£	Realised gain/(loss) GBP£	Unrealised appreciation/ (depreciation) GBP£
<b>Primary Underlying Risk</b>				
<b>Equity Price Risk</b>				
Contracts for difference	53,756,069	2,411,999	(1,307,232)	(676,656)
Futures contracts	(3,203,475)	(3,912,730)	(159,165)	–
Options	–	–	(100,692)	–
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	(1,918,413)	(582,954)	(112,123)	184,836

#### UK Value Opportunities Fund

	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Realised gain/(loss) GBP£	Unrealised appreciation/ (depreciation) GBP£	Realised gain/(loss) GBP£	Unrealised appreciation/ (depreciation) GBP£
<b>Primary Underlying Risk</b>				
<b>Equity Price Risk</b>				
Futures contracts	(834,853)	–	–	–
<b>Foreign Currency Exchange Rates</b>				
Forward foreign currency contracts	27,647	(27,647)	–	–

For detailed information on the fair value of derivatives by contract type as included in the Statement of Financial Position as of 31 December 2017 please refer to the Portfolio Statements.

## Notes to the Financial Statements continued

### For the financial year ended 31 December 2017

#### 17. Reconciliation of Net Asset Value included in the Financial Statements to Net Asset Value as Reported to the Shareholders

See below a reconciliation between the Net Asset Value as reported to shareholders and the adjusted net assets:

	Emerging Markets Income Fund US\$
Net assets as reported to shareholders	328,716,561
Adjustments for late dealing	(1,699,039)
Adjusted net assets per financial statements	327,017,522

#### 18. Significant Events during the Financial year

The Company issued a new Prospectus on 23 January 2017, which was approved by the Central Bank. The main changes related to an update to the UCITS Regulations, by which the Company is governed, launch of a new Fund (the UK Value Opportunities Fund) and the issue of new share classes.

On 31 January 2017, the UK Value Opportunities Fund was launched and the following share classes were issued: Class I Sterling Accumulation, Class I Sterling Distribution, Class S Sterling Accumulation and Class S Sterling Distribution.

On 31 January 2017, the Global Convertible Fund launched a new share class: Portfolio Currency Hedged Sterling I Distribution.

On 24 April 2017, the Income Opportunities Fund launched a new share class: Class R US Dollar Hedged Accumulation.

On 17 May 2017, the following share classes were launched:

Global Technology Fund Class R Hedged Euro Accumulation  
Global Technology Fund Class I Hedged Euro Distribution  
Income Opportunities Fund Class R US Dollar Hedged Distribution

On 6 October 2017, the Automation & Artificial Intelligence Fund was launched and the following share classes were issued: Class I Euro, Class I Sterling, Class I US Dollar, Class R Euro, Class R US Dollar, Class S Euro, Class S Sterling and Class S US Dollar. All share classes are Accumulating.

All share classes launched during the financial year were subsequently listed on Irish Stock Exchange Official Listing.

The following Funds terminated during the financial year:

International Alpha Fund terminated on 31 October 2017.  
Emerging Markets Growth terminated on 27 December 2017.  
Global Alpha Fund terminated on 28 December 2017.

## 19. Subsequent Events

On 2 January 2018, the Asian Opportunities Fund, Emerging Markets Income Fund, European Ex UK Income Fund, European Income Fund, Financial Opportunities Fund, Global Convertible Fund, Global Insurance Fund and Healthcare Blue Chip Fund and Income Opportunities Fund each declared a dividend as disclosed in Note 13.

On 12 January 2018, Japan Alpha Fund has changed its name to Japan Value Fund and a new Prospectus was issued.

On 15 January 2018, Japan Value Fund launched the following share classes: Class I Hedged Euro, Class I Hedged Sterling, Class I Hedged US Dollar, Class I US Dollar, Class I Sterling and Class I Euro.

On 16 January 2018, Biotechnology Fund launched a new share class: Class I Hedged Sterling.

On 2 March 2018, UK Value Opportunities Fund launched a new share class: Class R Sterling Accumulation.

On 23 March 2018, the following share classes were launched:

Japan Fund Class SI Hedged Euro  
Japan Fund Class SI Hedged Sterling  
Japan Fund Class SI Hedged US Dollar  
Japan Fund Class SI Euro  
Japan Fund Class SI Sterling  
Japan Fund Class SI JPY  
Japan Fund Class SI US Dollar  
Healthcare Blue Chip Fund Class SI Sterling Distribution  
Healthcare Blue Chip Fund Class SI US Dollar Distribution

All share classes launched after the financial year end were subsequently listed on Irish Stock Exchange Official Listing.

From 1 January 2018, Polar Capital Holdings plc ('Polar Capital'), the specialist investment manager, has committed to the Polar Capital Funds plc ('Fund') that it will bear the cost of all core waterfront written research consumed by its managers. For certain strategies where the consumption of specialised research is regarded as critical to the investment process the Fund will pay for such costs up to a level pre agreed with the Fund board. The Sub-Funds that will pay for the cost of specialised research are listed below.

Asian Opportunities Fund	Healthcare Blue Chip Fund
Automation & Artificial Intelligence Fund	Healthcare Opportunities Fund
Biotechnology Fund	Income Opportunities Fund
Emerging Markets Income Fund	Japan Fund
Financial Opportunities Fund	Japan Value Fund
Global Convertible Fund	UK Absolute Equity Fund
Global Insurance Fund	UK Value Opportunities
Global Technology Fund	

There have been no other events subsequent to the financial year end, which, in the opinion of the Directors of the Company, may have had an impact on the Financial Statements for the financial year ended 31 December 2017.

## 20. Portfolio changes

Significant portfolio movements includes purchases and sales over 1% of the total purchases and sales for the financial year ended 31 December 2017. A complete listing of the purchases and sales during the financial year is available free of charge from the Company on request.

## 21. Approval of the Financial Statements

The Financial Statements were authorised by the Board of Directors on 4 April 2017.

## Statement of Significant Portfolio Movements (unaudited)

For the financial year ended 31 December 2017

### Asian Opportunities Fund

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Samsung Electronics	1,425	China Merchants Bank	974
Tencent	1,144	Housing Development Finance	946
Alibaba ADR	1,013	AIA	877
Taiwan Semiconductor Manufacturing	937	Ping An Insurance	849
Largan Precision	777	E.Sun Financial	842
Sinopharm	715	BOC Hong Kong	690
Metropolitan Bank & Trust	633	Hong Kong Exchanges and Clearing	657
Indus Motor	627	Bharat Financial Inclusion	648
Commonwealth Bank of Australia	621	India Infoline	631
Cathay Financial	613	LIC Housing Finance	615
NAVER	607	Yes Bank	555
Chailease	588	Indiabulls Housing Finance	554
LIC Housing Finance	564	HDFC Bank ADR	503
Oberoi Realty	547	MCB Bank	488
Astra International	507	Bank of the Philippine Islands	436
Commercial Bank of Ceylon	502	Lakshmi Vilas Bank	401
Supalai	470	Industrial & Commercial Bank of China	389
China Construction Bank	460	Chailease	379
China Resources Phoenix Healthcare	456	IndusInd Bank	360
Universal Medical Financial & Technical Advisory Services	390	National Australia Bank	347
National Australia Bank	376	Frasers Centrepoint Trust REIT	345
Oversea-Chinese Banking	373	Samsung Card	313
GT Capital	364	Hatton National Bank	297
Qudian ADR	350	Value Partners	292
Bank Central Asia	309	China Construction Bank	280
Muangthai Leasing Public	291	Siam Commercial Bank Plc	271
Silverlake Axis	282	Srisawad	246
Ciputra Development	264	Tisco Financial	221
Bermaz Auto	249	Yes Bank	215
Industrial & Commercial Bank of China	243	Bank Central Asia	193
Ayala Land	230	Samsung Life Insurance	178
United Bank	229	Security Bank	173
BFI Finance Indonesia	228	Samsung Fire & Marine Insurance	172
Shinhan Financial	209		
IndusInd Bank	208		

### Automation & Artificial Intelligence Fund\*

<b>Purchases</b>	<b>Cost US\$'000</b>	<b>Sales**</b>	<b>Proceeds US\$'000</b>
Alphabet	8,071	Applied Materials	1,095
RELX	8,049	Cognex	185
Honeywell International	6,841	Cree	72
Keyence	6,539		
Corning	6,040		
Microsoft	5,412		
Atlas Copco	5,330		
Shin-Etsu Chemical	5,145		
Infineon Technologies	5,006		
Aspen Technology	4,958		
Jungheinrich	4,898		
Synopsys	4,669		
FANUC	4,433		
PTC	4,292		
Schneider Electric	4,236		
Thermo Fisher Scientific	3,823		
Brembo	3,778		
Dassault Systemes	3,769		
STMicroelectronics	3,735		
Xilinx	3,664		
Ansys	3,624		
Tokyo Electron	3,502		
Roper Technologies	3,458		
Intuitive Surgical	3,433		
Hoya	3,423		
Renesas Electronics	3,398		
KION Group	3,378		
Cognex	3,303		
Emerson Electric	3,277		
Rockwell Automation	3,259		
ASML	3,176		
Nitto Denko	3,114		
Amazon.com	3,054		
Baidu ADR	3,048		
NVIDIA	3,042		
Renishaw	3,020		

\* Automation & Artificial Intelligence Fund launched on 6 October 2017.

\*\* These are the total sales for the financial year.

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### Automation & Artificial Intelligence Fund\* continued

<b>Purchases</b> continued	<b>Cost US\$'000</b>	<b>Sales**</b> continued	<b>Proceeds US\$'000</b>
Advantest	2,969		
Yaskawa Electric	2,875		
Siemens	2,758		
AirTac International	2,741		
Applied Materials	2,696		
Disco	2,689		
Align Technology	2,527		
Taiwan Semiconductor Manufacturing ADR	2,422		
ASM International	2,400		
Shima Seiki Manufacturing	2,373		
Krones	2,318		
Microchip Technology	2,254		
Alibaba ADR	2,220		
Hamamatsu Photonics	2,213		
Ocado	2,180		

\* Automation & Artificial Intelligence Fund launched on 6 October 2017.

\*\* These are the total sales for the financial year.

## Biotechnology Fund

<b>Purchases</b>	<b>Cost US\$'000</b>	<b>Sales</b>	<b>Proceeds US\$'000</b>
Biogen	21,695	Pharming	11,338
Celgene	19,885	Ignyta	11,102
Vertex Pharmaceuticals	16,117	Gilead Sciences	9,919
Tesaro	15,715	Intercept Pharmaceuticals	9,088
BioMarin Pharmaceutical	13,844	Incyte	9,086
Exelixis	13,226	ARIAD Pharmaceuticals	8,891
Regeneron Pharmaceuticals	12,415	Genmab	8,641
Pharming	12,344	Alexion Pharmaceuticals	8,307
Alnylam Pharmaceuticals	11,511	Actelion	7,829
MorphoSys	10,935	BioMarin Pharmaceutical	7,605
Alexion Pharmaceuticals	10,128	BeiGene ADR	7,095
Shire ADR	7,872	Amgen	6,664
Acadia Pharmaceuticals	7,721	Eli Lilly	6,230
Cascadian Therapeutics	7,404	Acadia Pharmaceuticals	6,072
BeiGene ADR	7,179	Biogen	5,919
Intercept Pharmaceuticals	7,161	Lundbeck	5,606
Supernus Pharmaceuticals	6,440	Regeneron Pharmaceuticals	5,380
Eli Lilly	6,257	Tesaro	5,288
Amgen	6,152	Shire ADR	5,171
Aerie Pharmaceuticals	6,065	Exelixis	4,245
Incyte	5,955	Accelaron Pharma	4,154
Aclaris Therapeutics	5,424	Arena Pharmaceuticals	4,008
Ignyta	5,389	Seattle Genetics	3,960
Deciphera Pharmaceuticals	4,831	Supernus Pharmaceuticals	3,874
Bluebird Bio	4,457	Celgene	3,344
Gilead Sciences	4,442	Dermira	3,290
Alder Biopharmaceuticals	3,838	Aclaris Therapeutics	3,274
Dermira	3,795	ArGEN-X ADR	3,224
Ra Pharmaceuticals	3,410	AnaptysBio	3,160
Accelaron Pharma	3,383	Alder Biopharmaceuticals	2,896
Arena Pharmaceuticals	3,351	Swedish Orphan Biovitrum Class A	2,670
		Neurocrine Biosciences	2,560
		Radius Health	2,180

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### Emerging Markets Growth Fund\*

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Bharat Petroleum 08/07/2020	1,222	Tencent	3,334
Bolsa Mexicana de Valores	1,046	Samsung Electronics	2,823
Sberbank of Russia Pref	1,041	Naspers	2,410
MegaFon	1,041	Taiwan Semiconductor Manufacturing	2,388
X5 Retail Group	1,003	Maruti Suzuki India 13/05/2016	1,844
Emirates NBD	976	China Construction Bank	1,823
Tongda	623	Power Grid of India 27/11/2019	1,736
Dino Polska	553	Industrial & Commercial Bank of China	1,660
Ambev	501	Haier Electronics	1,579
Steinhoff Africa Retail	337	KT&G	1,561
OMV Petrom	325	Guangdong Investment	1,540
KT	271	Largan Precision	1,511
Taiwan Semiconductor Manufacturing	178	Sberbank of Russia	1,464
Valid Solucoes	178	LIC Housing Finance	1,460
Industrial & Commercial Bank of China	177	Sinopharm	1,446
Foschini Group	154	China Pacific Insurance	1,420
Guangdong Investment	102	Bharat Petroleum 08/07/2020	1,382
CCR	100	Localiza Rent a Car	1,373
Gamuda	94	Hyundai Motor Class C	1,340
Yeong Guan Energy	69	ICICI Bank 06/09/2018	1,319
		Kasikornbank	1,289
		WH Group	1,283
		Dongbu Insurance	1,283
		BM&F Bovespa	1,277
		Ambev	1,244
		Motherson Sumi Systems 09/09/2021	1,231
		Chicony Electronics	1,222
		CTCI	1,216
		Foschini Group	1,210
		China BlueChemical	1,167
		Petronet LNG 14/05/2020	1,164
		Shanghai Industrial	1,163
		Advanced Info Service	1,151
		Dino Polska	1,150

\* Emerging Markets Growth Fund terminated on 27 December 2017.

<b>Purchases</b>	<b>Cost US\$'000</b>	<b>Sales</b>	<b>Proceeds US\$'000</b>
		China Communications Construction	1,127
		X5 Retail Group	1,103
		Delta Electronics	1,099
		Gamuda	1,093
		First Abu Dhabi Bank	1,086
		LG Household & Health Care	1,077
		Bank of China	1,074
		Semen Indonesia Persero	1,045
		Novatek GDR	1,014
		Bolsa Mexicana de Valores	1,000
		Life Healthcare	968
		Aspen Pharmacare	963
		Qatar National Bank SAQ	915
		Fomento Economico Mexicano	909
		CCR	909
		MegaFon	906
		Emirates NBD	890
		Indofood CBP Sukses Makmur	860

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### Emerging Markets Income Fund

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Magnit	7,733	Mobile TeleSystems	7,147
Bharat Petroleum	6,853	Dino Polska	6,924
Sberbank	5,649	Advanced Info Service	5,758
Mobile TeleSystems	5,610	Gamuda	4,968
Dino Polska	2,988	Samsung Electronics	4,822
Steinhoff Africa Retail	1,701	Qatar National Bank	4,591
OMV Petrom	1,394	Coal India	4,576
Redefine Properties REIT	1,258	Komerční banka	4,165
Ambev	1,069	Kimberly-Clark de Mexico	3,810
CCR	999	Foschini Group	3,742
Foschini Group	959	Power Grid of India	3,413
Bank of China	903	Taiwan Semiconductor Manufacturing	2,778
Coronation Fund Managers	805	Dogus Otomotiv Servis ve Ticaret	2,713
Sinopharm	544	AVI	2,605
China Construction Bank	544	Motherson Sumi Systems	2,397
Power Grid of India	532	Hero MotoCorp	2,254
Industrial & Commercial Bank of China	486	Bharat Petroleum	1,949
Motherson Sumi Systems	484	VTech	1,897
Guangdong Investment	483	China Mobile	1,774
Telefonica Brasil	432	Delta Electronics	1,546
		Powszechny Zakład Ubezpieczeń	1,471
		CTCI	1,403
		Rural Electrification	1,313
		LIC Housing Finance	1,272
		Tesco Lotus Retail Growth Freehold & Leasehold Property Fund	1,140
		Gazprom Neft ADR	1,056
		Malayan Banking	957
		China BlueChemical	948
		Mobile TeleSystems	895

## Europe Ex UK Income Fund

<b>Purchases</b>	<b>Cost EUR€'000</b>	<b>Sales*</b>	<b>Proceeds EUR€'000</b>
Roche	9,283	Galp Energia	5,731
TOTAL	9,141	Nestle	5,665
Muenchener Rueckversicherungs- Gesellschaftin	6,765	Infrastrutture Wireless Italiane	4,659
Sanofi	6,687	Unilever	3,799
UBS	6,491	Nokia	2,999
Novartis	6,193	Cie Financiere Richemont	1,913
BIC	5,964	Banco Bilbao Vizcaya Argentaria	1,725
Deutsche Telekom	5,952	Novartis	1,713
Gas Natural	5,903	Deutsche Post	1,512
Enel	5,809	Roche	1,299
Euskaltel	5,543	MARR	1,193
Novo Nordisk	5,208	SKF Class B	1,134
Orange	4,929	Telefonaktiebolaget LM Ericsson Class B	1,053
PostNL	4,922	Publicis Groupe	904
BASF	4,879	Allianz	591
Sampo Class A	4,756		
Hannover Re	4,445		
Ferrovial	4,443		
Koninklijke	4,212		
Scandinavian Tobacco	4,147		
UPM-Kymmene	4,033		
Red Electrica	4,024		
NOS	3,871		
ING Groep	3,767		
KBC Bank	3,699		
Galp Energia	3,629		
Sunrise Communications	3,523		
Groupe Eurotunnel	3,485		
Nestle	3,453		
Atlantia	3,340		
Cia de Distribucion Integral Logista	3,040		
EI Towers	2,992		
TUI Class D	2,909		
Infrastrutture Wireless Italiane	2,860		
Svenska Handelsbanken Clas A	2,394		
Unilever	2,120		

\* These are the total sales for the financial year.

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### European Income Fund

Purchases	Cost EUR€'000	Sales	Proceeds EUR€'000
TOTAL	579	Nestle	654
British American Tobacco	520	Galp Energia	421
Novo Nordisk	448	Nokia	388
BT Group	436	Infrastrutture Wireless Italiane	386
Muenchener Rueckversicherungs- Gesellschaftin	406	Deutsche Post	344
Enel	386	Allianz	341
UBS	316	Banco Bilbao Vizcaya Argentaria	335
Hannover Re	285	Unilever	318
Roche	260	Telefonaktiebolaget LM Ericsson Class B	282
UPM-Kymmene	238	Novartis	236
Sampo Class A	191	AstraZeneca	234
Novartis	188	Pearson	229
El Towers	182	SKF Class B	206
Euskaltel	136	Roche	197
Red Electrica	114	Stagecoach	188
NOS	112	Novo Nordisk	137
Imperial Brands	89	Atlantia	75
Deutsche Telekom	77	Deutsche Telekom	60
Orange	74	Enel	56
Nestle	71	Sunrise Communications	53
ING Groep	60		
Sanofi	59		

## Financial Opportunities Fund

<b>Purchases</b>	<b>Cost US\$'000</b>	<b>Sales</b>	<b>Proceeds US\$'000</b>
JPMorgan Chase	2,483	Aldermore	1,319
Bank of America	2,168	JPMorgan Chase	1,316
Credit Suisse	1,716	Synchrony Financial	1,285
Wells Fargo Class C	1,646	Indiabulls Housing Finance	1,204
Banco Santander	1,611	Shawbrook	1,126
Citizens Financial	1,573	Bank of America	1,073
BNP Paribas	1,469	Wirecard Class A	1,043
KeyCorp	1,455	Housing Development Finance	1,026
Citigroup	1,244	KBC Bank	955
Pacific Premier Bancorp	1,222	IndusInd Bank 14/10/2019	912
HSBC	1,177	BNP Paribas	892
ING Groep	1,105	First Republic Bank	885
Swedbank Class A	1,092	Metropolitan Bank & Trust	826
Aldermore	1,079	Visa Class A	826
Mastercard Class A	1,045	Yes Bank 25/11/2019	821
Tisco Financial	1,043	Wells Fargo	791
Validus	1,003	US Bancorp	784
Arrow Global	991	Mastercard Class A	739
Chubb	976	Manappuram Finance 10/01/2019	721
Sumitomo Mitsui Financial	974	HDFC Bank ADR	694
Manappuram Finance	958	Cathay Financial	675
Indiabulls Housing Finance	942	Citigroup	670
Commonwealth Bank of Australia	921	Citizens Financial	662
Yes Bank	896	Chubb	661
IndusInd Bank	878	OneSavings Bank	656
Allianz	856	ING Groep	647
Toronto-Dominion Bank	855	Qatar National Bank	624
Intesa Sanpaolo	853	BOC Hong Kong	617
Arch Capital	837	Danske Bank	616
Mitsubishi UFJ Financial	826	KeyCorp	588
Berkshire Hathaway Class B	817	PayPal	587
Synchrony Financial	808	IndusInd Bank	580
Housing Development Finance	797	Arch Capital	568
Enterprise Financial Services	795	Fortune REIT	565
Norwegian Finans Holdings	780	Indiabulls Housing Finance 30/01/2020	545
Charter Court Financial Services	768	Bank Central Asia	541
MCB Bank	764	Swedbank Class A	538
Lloyds Banking	757	Merrill Lynch Housing Development Finance 07/09/2021	535

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### Financial Opportunities Fund continued

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Metropolitan Bank & Trust	743	Finance 07/09/2021	535
Danske Bank	729	MCB Bank	528
Alpha Bank AE	727	Housing Development Finance 29/05/2018	504
Blackstone	715	Intesa Sanpaolo	497
SVB Financial	697	Validus	487
AIA	686	Berkshire Hathaway Class B	479
Intrum Justitia	671	Virgin Money UK	473
Visa Class Class A	668	Credit Suisse	441
First Republic Bank	660	Pacific Premier Bancorp	441
Meta Financial	656	Opus Bank	440
Cielo	651		
US Bancorp	642		
Cathay Financial	639		
BOC Hong Kong	636		

### Global Alpha Fund\*

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Expedia	4,260	Baidu ADR	6,660
Alphabet	4,132	Anthem	6,282
Canadian Natural Resources	3,582	Vinci	5,858
Kirby	3,412	Citigroup	5,233
Standard Chartered	3,197	Alphabet	5,102
Wells Fargo Class C	3,154	KT&G	5,086
Altaba	2,930	Validus	4,969
SJM Holdings	2,743	Markel	4,959
Taiwan Semiconductor Manufacturing ADR	2,630	Royal Dutch Shell Class A	4,570
Lukfook Holdings	2,554	UBM	4,347
NagaCorp	2,226	Canadian Natural Resources	4,321
Validus	1,799	Ametek	4,282
Freeport-McMoRan	1,360	Expedia	4,228
Bharat Heavy Electricals	1,259	Berkshire Hathaway Class B	4,091
Vinci	1,003	PICC Property & Casualty	4,076
UBM	975	Reed Elsevier	3,967
Ensco	949	Suncor Energy	3,869
Travis Perkins	624	Amdocs	3,863
KT&G	621	Copa Airlines	3,824
Antofagasta	607	Pfizer	3,617
Baidu ADR	526	Experian	3,540
Berendsen	506	Chubb	3,535
Interpublic Group of Companies	489	Sumitomo Mitsui Financial	3,392

\* Global Alpha Fund terminated on 28 December 2017.

<b>Purchases</b>	<b>Cost US\$'000</b>	<b>Sales</b>	<b>Proceeds US\$'000</b>
		Altaba	3,332
		BAE Systems	3,284
		Kirby	3,264
		Standard Chartered	3,185
		Taiwan Semiconductor Manufacturing ADR	3,095
		Moody's	3,087
		AstraZeneca	3,085
		Schroders	3,032
		Travis Perkins	2,997
		Publicis Groupe	2,987
		Wells Fargo Class C	2,975
		Svenska Handelsbanken Class A	2,967
		Lukfook Holdings	2,897
		Antofagasta	2,850
		BASF	2,828
		Intel	2,803
		SJM Holdings	2,724
		Cie Financiere Richemont	2,706
		AGCO	2,683
		NagaCorp	2,666
		Axis Bank 13/06/2018	2,545
		TE Connectivity	2,470
		Toyota Motor	2,134
		Booz Allen Hamilton	2,112
		Liberty Interactive QVC	2,009
		Berendsen	1,966

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### Global Convertible Fund

Purchases	Cost US\$'000	Sales*	Proceeds US\$'000
Siemens Financier 1.650% 16/08/2019	38,803	Dynegy	44,380
Microchip Technology 1.625% 15/02/2027	35,525	Siemens Financier 1.650% 16/08/2019	37,699
Dynegy	31,688	Microchip Technology 1.625% 15/02/2027	32,705
DISH Network 3.375% 15/08/2026	28,594	Belden	24,931
ServiceNow 0.000% 01/06/2022	28,487	Siemens Financier 1.050% 16/08/2017	23,023
II-VI 0.250% 01/09/2022	28,194	Ctrip.Com International 1.250% 15/09/2022	22,625
Tesla 2.375% 15/03/2022	27,541	Salesforce 0.250% 01/04/2018	21,332
Bayer 0.050% 15/06/2020	25,289	Intel 3.493% 15/12/2035	21,082
Mandatory Exchangeable Trust – 2017	25,092	ServiceNow 0.000% 01/06/2022	20,875
Dycom Industries 0.750% 15/09/2021	24,902	Ensco Jersey Finance 3.000% 31/01/2024	20,813
Ctrip.Com International 1.250% 15/09/2022	23,012	Steinhoff Finance 4.000% 30/01/2021	20,568
World Wrestling Entertainment 3.375% 15/12/2023	22,026	Square 0.375% 01/03/2022	20,235
Belden	21,981	Synaptics 0.500% 15/06/2022	19,961
Intel 3.493% 15/12/2035	21,189	ACS Actividades Finance 2 1.625% 27/03/2019	19,705
Ensco Jersey Finance 3.000% 31/01/2024	21,044	PT Jersey 0.500% 19/11/2019	19,316
Synaptics 0.500% 15/06/2022	20,872	Nagoya Railroad 0.000% 11/12/2024	19,241
DexCom 0.75% 15/05/2022	20,188	BP Capital Markets 1.000% 28/04/2023	19,148
STMicroelectronics 0.000% 03/07/2022	20,057	DexCom 0.75% 15/05/2022	18,975
Red Hat 0.250% 01/10/2019	19,961	Valeo 0.000% 16/06/2021	18,917
Taiyo Yuden 0.000% 27/01/2021	17,978	Dycom Industries 0.750% 15/09/2021	18,369
		Intercept Pharmaceuticals 3.250% 01/07/2023	18,351
		IAC Finance 0.875% 01/10/2022	17,725
		II-VI 0.250% 01/09/2022	17,618
		Insulet 1.250% 15/09/2021	17,543

\* These are the total sales for the financial year.

## Global Insurance Fund

<b>Purchases</b>	<b>Cost GBP£'000</b>	<b>Sales*</b>	<b>Proceeds GBP£'000</b>
WR Berkley	23,892	Novae	16,189
Validus	18,995	Allied World Assurance Holdings	10,906
Jardine Lloyd Thompson	17,156	Axis Capital	5,116
Arch Capital	16,749	Muenchener Rueckversicherungs	4,066
Intact Financial	16,008	Reinsurance of America	2,498
Alleghany	15,986		
Travelers Cos	14,721		
RenaissanceRe	14,125		
Progressive Corp	12,948		
Marsh & McLennan	12,502		
Fairfax Financial	12,237		
Ping An Insurance	10,613		
Chubb	10,599		
Markel	9,125		
Berkshire Hathaway Class B	8,423		
Aon	8,240		
Hastings	8,176		
Axis Capital	7,469		
Direct Line Insurance	7,285		
Essent	6,346		
Reinsurance of America	5,920		
Catco Reinsurance Opportunities	5,593		
Sampo	5,498		
Heritage Insurance	4,567		
Admiral	4,096		
RLI	3,697		
Lancashire	3,314		

\* These are the total sales for the financial year.

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### Global Technology Fund

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Microsoft	75,631	Universal Display	32,551
Apple	54,903	Advanced Micro Devices	29,277
Advanced Micro Devices	46,440	Criteo ADR	28,211
Lumentum	34,211	Applied Materials	26,897
Facebook	31,665	Splunk	26,731
Alphabet Class A	29,852	Intel	23,339
Alphabet Class C	28,913	PayPal	20,531
ASML	27,778	Square	20,170
PayPal	25,638	New Relic	18,522
Baidu ADR	25,610	Dolby Laboratories	17,906
Box	24,281	Proofpoint	17,147
Dolby Laboratories	22,644	Talend ADR	17,112
Mimecast	22,246	Lam Research	16,883
FANUC	22,132	Arista Networks	16,433
Infineon Technologies	21,439	Cognex	15,444
Tencent	21,363	Cirrus Logic	14,964
Renesas Electronics	20,712	Power Integrations	14,866
Nitto Denko	20,300	Paycom Software	14,257
Cloudera	20,297	Shopify	14,031
Xilinx	20,084	Five9	13,861
ANSYS	19,957	Lumentum	13,792
Micron Technology	19,647	Zendesk	13,687
Cognex	18,348	Amazon.com	12,765
Advantest	17,932	Ubisoft Entertainment	12,718
MACOM Technology Solutions	17,284	Murata Manufacturing	11,381
Samsung Electronics Pref	17,142	Medidata Solutions	10,843
Splunk	17,029	Option Apple Call 145.00	10,565
Samsung Electronics	15,842	MACOM Technology Solutions	10,215
Criteo ADR	15,809	Alphabet Class C	10,191
Zendesk	14,768	Alphabet Class A	10,079
AIXTRON	14,126	Apple	9,841
Red Hat	13,042	RingCentral	9,841
Alibaba ADR	12,963	Cisco Systems	9,822
Tableau Software	12,191	Tokyo Electron	9,668
Square	12,004	SK Materials	9,540
Proofpoint	11,675	Nintendo	9,291
Fuji Machine Manufacturing	11,670	Red Hat	9,128
New Relic	11,384	CyberArk Software	9,120
Applied Materials	10,950	GMO Payment Gateway	8,993
		Facebook	8,506
		Xilinx	8,458
		Nabtesco	8,367
		Microsoft	8,333
		Silicon Motion Technology ADR	8,202
		Tencent	8,058

## Healthcare Blue Chip Fund

<b>Purchases</b>	<b>Cost US\$'000</b>	<b>Sales</b>	<b>Proceeds US\$'000</b>
Johnson & Johnson	7,657	Pfizer	4960
Novartis	5,046	Medtronic	4669
Bayer	3,655	HCA Healthcare	4003
Sanofi	3,590	Incyte	3864
Amgen	3,114	Regeneron Pharmaceuticals	3633
Vertex Pharmaceuticals	3,058	Merck KGaA	3568
Humana	2,925	Sanofi	3556
BioMarin Pharmaceutical	2,924	Roche	3531
Takeda Pharmaceutical	2,919	Lundbeck	3166
Biogen	2,847	Celgene	3058
Hologic	2,701	Aetna	2972
Anthem	2,678	BioMarin Pharmaceutical	2932
Varian Medical Systems	2,588	Amgen	2879
Bio-Rad Laboratories	2,439	Agilent Technologies	2806
PRA Health Sciences	2,380	Hologic	2737
Bristol-Myers Squibb	2,239	Abbott Laboratories	2656
Stryker	2,229	Walgreens Boots Alliance	2589
Jazz Pharmaceuticals	2,068	Bristol-Myers Squibb	2474
PerkinElmer	1,875	Fresenius Medical Care	2362
Regeneron Pharmaceuticals	1,829	Shire	2361
Alnylam Pharmaceuticals	1,803	Teva Pharmaceutical ADR	2115
Boston Scientific	1,579	CR Bard	2100
Danaher	1,255	Jazz Pharmaceuticals	1864
Terumo	1,192	Boston Scientific	1504
Merck KGaA	1,090	Alexion Pharmaceuticals	1479
Agilent Technologies	1,030	Johnson & Johnson	1240
Laboratory of America	971	Becton Dickinson	1239
Aetna	797	AstraZeneca	1116
		Centene	1094
		Laboratory of America	1066
		UnitedHealth	963

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### Healthcare Opportunities Fund

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Johnson & Johnson	139,982	Merck KGaA	87,608
Novartis	82,158	Eli Lilly	74,967
Merck KGaA	74,495	Bristol-Myers Squibb	74,085
Eli Lilly	73,644	Abbott Laboratories	63,702
Bristol-Myers Squibb	71,048	Genmab	62,751
Edwards Lifesciences	70,691	Boston Scientific	62,576
Amgen	61,913	Incyte	62,569
Stryker	61,433	Danaher	61,756
GlaxoSmithKline	60,634	GlaxoSmithKline	59,558
Medtronic	60,369	Fresenius Medical Care	59,146
Bayer	59,268	Medtronic	57,883
Alexion Pharmaceuticals	55,491	Amgen	57,219
Sanofi	54,856	Sanofi	53,956
Jazz Pharmaceuticals	47,546	Baxter International	53,639
Allergan	45,929	Aetna	52,989
Alnylam Pharmaceuticals	45,184	Celgene	45,947
Fresenius Medical Care	44,936	Alexion Pharmaceuticals	44,518
Puma Biotechnology	42,363	Stryker	43,590
Humana	41,718	PerkinElmer	43,556
Bio-Rad Laboratories	41,393	Jazz Pharmaceuticals	43,481
Becton Dickinson	38,239	Kite Pharma	43,407
Aclaris Therapeutics	37,232	Merck	41,895
Abbott Laboratories	37,218	Becton Dickinson	41,563
PRA Health Sciences	36,244	Allergan	41,360
Intuitive Surgical	35,249	Spectranetics	40,455
NuVasive	33,469	Revance Therapeutics	39,160
Regeneron Pharmaceuticals	33,129	Agilent Technologies	39,018
Hologic	32,065	ABIOMED	38,936
Select Medical	31,808	Lundbeck	38,629
Danaher	31,457	Shire	38,617
Portola Pharmaceuticals	30,743	Intuitive Surgical	37,479
Illumina	29,955	Hologic	32,690
Centene	29,381	Regeneron Pharmaceuticals	31,308
Kite Pharma	28,580	Laboratory of America	31,151
Boston Scientific	28,308	Walgreens Boots Alliance	30,794
Nektar Therapeutics	27,182	BioMarin Pharmaceutical	30,592
Elekta	27,068	NuVasive	30,305
STERIS	26,903	Dexcom	27,256
Penumbra	26,701	Edwards Lifesciences	26,538
Accelerate Diagnostics	26,256	Accelerate Diagnostics	25,671
Tivity Health	25,976	Elekta	25,054
Cigna	25,486	Supernus Pharmaceuticals	22,904
Loxo Oncology	24,869		

## Income Opportunities Fund

Purchases	Cost GBP£'000	Sales	Proceeds GBP£'000
JPMorgan Chase	5,820	Aldermore	3,236
ING Groep	4,937	Synchrony Financial	2,125
Sampo Class A	4,586	Shawbrook	1,847
Banco Santander	4,134	Virgin Money UK 8.750% 31/12/2049	1,558
Civitas Social Housing REIT	4,000	Cooperatieve Rabobank 3.250% 01/11/2017	1,400
BNP Paribas	3,779	Hibernia REIT	1,375
Validus	3,524	Ramsdens	1,331
Bank of America	3,519	Novae	1,286
Real Estate Credit Investments	3,464	Jardine Lloyd Thompson	1,224
Chubb	3,341	Citigroup	1,078
KBC Bank	3,239	Novae 3.535% 27/04/2017	1,060
Societe Generale	3,176	Non-Standard Finance	968
Electra Private Equity	3,162	ING Groep	946
PNC Financial Services Group	3,113	Friends Life 8.250% 21/04/2022	943
Citigroup	3,012	JPMorgan Chase	867
Tufton Oceanic Assets	2,985	Close Brothers 4.250% 24/01/2017	803
ABN AMRO Bank FRN 18/01/2019	2,743	Skipton Building Society 6.750% 30/05/2022	800
Oversea-Chinese Banking	2,699	BNP Paribas	720
XLIT FRN 31/12/2049	2,638	Barclays Bank 14.000% 31/12/2049	717
Swedbank Class A	2,632	Provident Financial 7.000% 04/10/2017	715
Intesa Sanpaolo	2,610	SVB Financial	712
Ares Capital	2,606	Old Mutual 7.875% 03/11/2025	697
Direct Line Insurance	2,561	KBC Bank	670
CYBG FRN 31/12/2049	2,542	Societe Generale	664
Sainsbury's Bank FRN 23/11/2027	2,500	Electra Private Equity	660
PennantPark Floating Rate Capital Class C	2,413	JZ Capital Partners 6.000% 30/07/2021	612
Sumitomo Mitsui Financial	2,377	PRS REIT	604
Green REIT	2,303	Danske Bank	585
UBS	2,276	Civitas Social Housing REIT	575
Greencoat Renewables	2,240	Sampo Class A	573
Danske Bank	2,214	Partnership Assurance 9.500% 24/03/2025	555
VPC Specialty Lending Investments Plc	2,191	Lloyds Bank 13.000% 31/12/2049	551
Bank of Georgia 11.000% 01/06/2020	2,190	Lloyds Banking	526
Nationwide Building Society FRN 29/06/2049	2,090	Solar Capital	512
Lloyds Banking	2,064	PNC Financial Services Group	511
Morgan Stanley FRN 23/07/2019	1,967	Personal	510
Blackstone GSO Loan Financing	1,897	International Personal Finance 6.125% 08/05/2020	508
National Australia Bank FRN 08/11/2018	1,868	Arrow Global	507
Borealis Finance 7.500% 16/11/2022	1,829	Civitas Social Housing REIT	506
First Republic Bank	1,760		
Bank of Montreal FRN 15/06/2020	1,749		

\* International Alpha Fund terminated on 31 October 2017.

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### International Alpha Fund\*

Purchases	Cost US\$'000	Sales	Proceeds US\$'000
Canadian Natural Resources	151	Baidu ADR	310
Standard Chartered	136	Vinci	283
Axis Bank	134	iShares MSCI Emerging Markets ETF	281
SJM Holdings	130	Taiwan Semiconductor Manufacturing ADR	278
Altaba	123	Cie Financiere Richemont	224
Leoni	119	Alfa Laval	219
Kubota	106	KT&G	219
Lukfook Holdings	103	RELX	219
NagaCorp	93	PICC Property & Casualty	216
LIC Housing Finance	82	Copa Airlines	201
Asatsu-DK	81	AstraZeneca	197
Bharat Heavy Electricals	81	Arch Capital	194
Alfa Laval	72	UBM	193
Swedish Match	71	Swedish Match	192
Berendsen	70	Suncor Energy	190
KT&G	56	Travis Perkins	188
UBM	37	Schroders	188
Baidu ADR	29	Royal Dutch Shell Class A	186
Antofagasta	27	Canadian Natural Resources	181
Vinci	24	Publicis Groupe	178
		Wolters Kluwer	175
		Svenska Handelsbanken Class A	172
		Jardine Strategic	171
		Experian	161
		Barratt Developments	160
		BAE Systems	157
		BASF	149
		SJM Holdings	139
		Axis Bank	139
		Standard Chartered	138
		Roche	137
		Altaba	135
		Toyota Motor	127
		Sumitomo Mitsui Financial	124
		Berendsen	122
		Antofagasta	121
		Kubota	121
		Leoni	119
		NagaCorp	118
		Direct Line Insurance	117
		Lukfook Holdings	116
		Asatsu-DK	102
		Jupiter Fund Management	96
		LIC Housing Finance	91
		Bharat Heavy Electricals	82
		Carnival	81

\* International Alpha Fund terminated on 31 October 2017.

## Japan Fund

Purchases	Cost JPY ¥'000	Sales	Proceeds JPY ¥'000
Mitsubishi UFJ Financial	5,461,579	Sumitomo Mitsui Financial	6,563,561
Toyota Motor	5,317,299	IDOM	5,534,119
Subaru	4,919,236	Open House	5,165,182
Kumagai Gumi	4,469,410	Mitsubishi Motors	5,017,815
Dai-ichi Life	4,463,039	NGK Spark Plug	4,758,520
Kawasaki Heavy Industries	4,295,351	Toyo Tire & Rubber	4,533,026
Sumitomo Heavy Industries	3,622,709	Mitsubishi UFJ Financial	4,271,542
Sumitomo Mitsui Trust	3,611,839	Kawasaki Heavy Industries	3,803,823
Katitas	3,297,393	Dai-ichi Life	3,518,180
Toray Industries	3,119,897	Subaru	3,449,568
NGK Spark Plug	2,837,740	United Arrows	2,753,542
Sumitomo Mitsui Financial	2,710,104	Sumitomo Heavy Industries	2,708,831
TDK	2,361,025	Showa Aircraft Industry	2,679,415
Fujifilm Holdings	2,219,825	Jafco	2,677,018
IDOM	2,121,258	Bank of Kyoto	2,664,089
Nippon Pillar Packing	2,065,866	HIS	2,549,359
Sompo	1,993,637	Kumagai Gumi	2,501,240
Fukuoka Financial	1,943,247	Iriso Electronics	2,352,937
Tokio Marine	1,892,397	TSI	2,217,880
Shimachu	1,788,868	Fujifilm Holdings	2,144,594
NTT Urban Development	1,783,503	NS Solutions	2,071,099
Sparx	1,754,188	DMG Mori	2,067,573
Sodick	1,706,907	Toshiba TEC	2,059,387
Nippon Thompson	1,590,912	Sodick	2,031,849
Kyoei Steel	1,544,117	Aeon Mall	2,016,922
Nishimoto Trading	1,520,328	Zeon	1,892,474
Mitsubishi Heavy Industries	1,453,879	Nippon Signal	1,863,954
Amada	1,431,502	Ryobi	1,825,908
Toshiba Plant Systems & Services	1,416,605	Asatsu-DK	1,814,177
Mabuchi Motor	1,406,805	JXTG	1,781,779
United Arrows	1,366,520	Mitsui Fudosan	1,779,142
Mitsui Fudosan	1,355,382	Toray Industries	1,771,230
		Toshiba Machine	1,671,187
		Foster Electric	1,658,206
		NEC Networks & System Integration	1,652,472
		Nippon Soda	1,623,467

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### Japan Alpha Fund

Purchases	Cost JPY ¥'000	Sales	Proceeds JPY ¥'000
Toyota Motor	431,023	Toda	189,161
Tokio Marine	234,841	Mitsubishi Motors	175,181
Mitsui Fudosan	216,403	NEC Networks & System Integration	170,674
Mitsubishi Heavy Industries	201,126	DTS	163,615
TDK	174,436	Suzuki Motor	163,526
Japan Airlines	147,323	Toyota Industries	160,999
Secom Joshinetsu	138,875	Citizen Watch	156,866
Iida	137,218	Zeon	150,513
Metawater	131,735	Rohm	150,435
Toshiba Plant Systems & Services	126,598	Shikoku Chemicals	148,848
Bank of Kyoto	122,597	Icom	145,704
Noritz	121,919	Toyo Tire & Rubber	145,230
Japan Petroleum Exploration	121,898	Wakita	141,971
Gecoss	121,243	Asatsu-DK	139,880
Shizuoka Gas	117,285	Paltac Corporation	135,591
Toppan Forms	107,731	Oyo	135,486
Dydo Drinco	51,341	C Uyemura	130,038
Sumitomo Mitsui Financial	48,012	Alpine Electronics	66,041
Nippon Telegraph & Telephone	42,190	Aeon Mall	60,228
Mitsubishi UFJ Financial	38,372	Dydo Drinco	53,481
Aeon Mall	35,410	Tokyo Broadcasting System	47,924
Hitachi Metals	35,175	Denso	43,782
		Tokyo Ohka Kogyo	38,842
		Inabata	38,833
		Nissin Kogyo	31,822

## North American Fund

<b>Purchases</b>	<b>Cost US\$'000</b>	<b>Sales</b>	<b>Proceeds US\$'000</b>
Facebook	67,724	PepsiCo	69,290
Amazon.com	66,744	Micron Technology	39,813
United Technologies	55,026	Intel	36,697
Spirit Airlines	53,242	Aetna	35,008
Kirby	50,565	Aon	34,364
Dolby Laboratories	49,265	Suncor Energy	32,285
Wells Fargo Class A	47,364	Fidelity National Information Services	28,869
Mohawk Industries	46,099	AGCO	28,039
Flex	44,451	CR Bard	27,317
Validus	41,534	Thermo Fisher Scientific	26,300
Brown & Brown	33,322	Liberty Ventures	24,858
Copa Airlines	30,708	Mednax	24,286
Altaba	29,302	Waste Connections	23,408
Bank of America	25,685	Methanex	22,695
Aetna	24,987	Cigna	22,563
Jeld-Wen	24,969	TE Connectivity	22,052
Expedia	24,605	AECOM Technology	20,423
Charles Schwab	20,910	McKesson	20,417
Canadian Natural Resources	20,641	Arch Capital	18,951
Union Pacific	13,790	Ralph Lauren	18,361
Medtronic	12,591	Alphabet	17,050
LivaNova	11,571	JPMorgan Chase	16,803
Freeport-McMoRan	9,874	Fairfax Financial	16,293
Citigroup	9,737	ICON	13,394
Alphabet	9,669	Apple	12,628
		Liberty Interactive QVC	11,561
		LivaNova	11,400
		Lazard Class A	11,309
		Validus	9,863
		Copa Airlines	8,485
		Anthem	8,266
		Citigroup	7,805
		Ametek	7,680

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### UK Absolute Equity Fund

Purchases	Cost GBP£'000	Sales	Proceeds GBP£'000
First Derivatives	20,716	Randgold Resources	18,385
Sophos	19,777	Sirius Minerals	10,353
Randgold Resources	18,911	Dart	10,124
Sage Group	17,717	Hochschild Mining	9,601
FDM	16,013	Ivanhoe Mines	8,336
Games Workshop	13,974	Melrose Industries	8,184
Vesuvius	13,418	Elementis	6,546
B&M European Value Retail	13,247	IWG	6,087
Frontier Developments	13,227	Balfour Beatty	5,616
Forterra	13,175	Spirent Communications	5,227
Cairn Homes	12,923	Ashmore Group	4,401
Paragon Banking	12,651	Gulf Keystone Petroleum	3,929
Burford Capital	11,874	De La Rue	3,880
Sirius Minerals	11,863	Headlam	2,954
Dart	11,011	Fidessa	2,702
Sherborne Investors Guernsey	10,684	Cairn Homes	2,567
Hochschild Mining	10,467	Telecom Plus	2,229
Costain	10,040	Burford Capital	1,804
Melrose Industries	9,897	Renishaw	1,538
Entertainment One	9,564	Alpha FX	1,214
Syncona	9,047	Harwood Wealth Management	1,199
Faron Pharmaceuticals	8,917		
GB	8,532		
Coats	7,966		
TT Electronics	7,772		
Ivanhoe Mines	7,392		
IWG	6,631		
AFH Financial	6,020		
Balfour Beatty	5,999		
Breedon	5,852		
Lloyds Banking	5,396		
Microgen	5,365		
Spirent Communications	5,319		
Countryside Properties	5,026		
Smart Metering Systems	4,976		
Gulf Keystone Petroleum	4,780		
Ashmore Group	4,581		
Conviviality	4,362		
Renishaw	4,186		

## UK Value Opportunities Fund\*

Purchases	Cost GBP£'000	Sales	Proceeds GBP£'000
JD Sports Fashion	13,267	Aldermore	6,623
Bellway	12,007	GlaxoSmithKline	6,110
Morgan Sindall	11,588	Jimmy Choo	5,816
Redrow	11,314	Cape	4,992
RPC	11,263	Marshalls	4,313
Vesuvius	11,252	Mondi	4,277
Forterra	11,015	Rio Tinto	4,214
Costain	10,619	Berkeley	4,162
Hill & Smith	10,496	XP Power	4,090
3i	10,367	Schroders	3,718
ITV	10,134	Lloyds Banking	3,707
Polypipe	9,904	Victoria	3,613
Wincanton	9,736	Paysafe	3,555
WH Smith	9,267	Anglo American	3,548
Johnson Service	9,243	Restore	3,544
RSA Insurance	8,968	Close Brothers Group Plc	3,506
Headlam	8,827	Beazley	3,373
Dignity	8,617	QinetiQ	3,366
OneSavings Bank	8,599	International Consolidated Airlines	3,266
Finsbury Food	8,538	CYBG	3,207
Watkin Jones	8,461	Barclays Bank	3,205
Gocompare.com	8,442	Royal Bank of Scotland	3,072
Hays	8,408	Dixons Carphone	2,949
Shire	8,345	Polypipe	2,638
SSP Group	8,165	Safestyle UK	2,600
James Fisher & Sons	8,097	Provident Financial	2,458
TP ICAP	7,852	Grafton Group	2,329
Somero Enterprises	7,745	Howden Joinery Group	2,285
Fenner	7,674	Dignity	2,267
Aviva	7,539	ITV	2,199
Severfield	7,524	Hays	2,174
Strix	7,479	RPC	2,009
Savills	7,290	Pagegroup	1,989
Lancashire	7,287	WPP	1,876
Numis	7,240	Centrica	1,745

\* UK Value Opportunities fund launched on 31 January 2017.

## Statement of Significant Portfolio Movements (unaudited) continued

For the financial year ended 31 December 2017

### UK Value Opportunities Fund\* continued

Purchases	Cost GBP£'000	Sales	Proceeds GBP£'000
Henry Boot	7,200	Standard Life Aberdeen	1,689
Renew	7,036	Staffline	1,572
Standard Chartered	6,943	Hilton Food	1,510
Speedy Hire	6,940		
Central Asia Metals	6,831		
Jardine Lloyd Thompson	6,818		
M&C Saatchi	6,806		
Biffa	6,779		
GlaxoSmithKline	6,746		
SThree	6,730		
Daejan	6,691		
Legal & General	6,534		
888 Holdings	6,363		
Prudential	6,360		
Trifast	6,281		
Gamma Communications	6,188		

\* UK Value Opportunities fund launched on 31 January 2017.

## Information for Investors (unaudited)

### Information for Investors in the Federal Republic of Germany

The Prospectus, the Key Investor Information Document ('KIID'), the Memorandum and Articles of Association of the Company and the annual and semi-annual reports of the Company and a complete listing of the purchases and sales during the period, each in paper form, as well as the Net Asset Value per Share, issue and redemption prices and any switching prices are available and may be obtained free of charge at the office of the German Paying and Information Agent.

### Information for Investors in Switzerland

The Company has appointed BNP Paribas Securities Services Paris, Succursale de Zurich, Switzerland as representative and paying agent for Switzerland. For redeemable participating shares distributed in Switzerland, the performance place is at BNP Paribas Securities Services' address. Investors, can obtain free of charge, the prospectus, the simplified prospectus (both also available for potential investors), and the last annual and interim reports, in German and a list of the purchases and sales made on behalf of the Company, from the representative at the above address and the official publications for the Company are published in Fund info.

Following a directive of the Swiss Funds Association dated 27 July 2004, the Company is required to supply performance data in conformity with the said directive. This data can be found under each of the Fund reports.

Please note that all references to a specific index are for comparative purposes only.

Past performance is no indication of current or future performance. The value of an investment can fall as well as rise as a result of market fluctuations and investors may not get back the amount originally invested. The performance data does not take account of the commissions and costs incurred on the issue and redemption of redeemable participating shares.

Investors should contact the Swiss representative at the above address should they require additional information, e.g. on performance including the composition of the relevant indices where applicable.

## Information for Investors (unaudited) continued

### Total Expense Ratio

Pursuant to a guideline from the Swiss Funds Association dated January 2006, the Company is required to publish a Total Expense Ratio (TER) for the financial year ended 31 December 2017.

The TERs for each Fund for the last two financial years are as follows:

Name of Fund	31 December 2017		31 December 2016	
	TER (excluding performance fee) in %	TER (including performance fee) in %	TER (excluding performance fee) in %	TER (including performance fee) in %
Asian Opportunities Fund	1.21	4.34	1.23	1.34
Automation & Artificial Intelligence Fund	0.73	0.73	N/A	N/A
Biotechnology Fund	1.35	2.20	1.34	3.05
Emerging Markets Growth Fund	1.20	1.20	1.30	1.30
Emerging Markets Income Fund	1.15	1.15	1.19	1.19
European Ex UK Income Fund	0.78	0.78	0.81	0.92
European Income Fund	0.90	0.90	0.96	0.96
Financial Opportunities Fund	1.17	1.17	1.20	1.20
Global Alpha Fund	0.75	0.75	0.79	0.79
Global Convertible Fund	1.00	1.14	0.97	0.97
Global Insurance Fund	0.96	0.96	0.71	0.84
Global Technology Fund	1.27	1.75	1.28	1.28
Healthcare Blue Chip Fund	0.87	0.87	0.91	0.91
Healthcare Opportunities Fund	1.20	1.24	1.29	1.29
Income Opportunities Fund	1.00	1.00	0.99	1.36
International Alpha Fund	0.78	0.78	0.36	0.36
Japan Fund	1.30	1.31	1.31	1.31
Japan Value Fund	0.48	0.48	0.60	0.60
North American Fund	0.86	0.99	0.90	0.89
UK Absolute Equity Fund	1.14	9.50	1.09	2.50
UK Value Opportunities Fund	0.77	1.69	N/A	N/A

Total Expense Ratio is calculated after an adjustment for swing pricing.

### PEA Compliance

The European Income Fund is Plan d'Epargne en Actions ('PEA') eligible. For the purpose of eligibility requirement of Article L-221-31 of the French Monetary and Financial Code, the Fund must at all times during the financial year ended 31 December 2017 be invested in more than 75% of PEA eligible assets. PEA eligible assets are defined as equity or equity equivalent securities, which have their registered office in a country which is a member of the EU or the European Economic Area.

	% PEA Eligible Assets 31 December 2017	% PEA Eligible Assets 31 December 2016
European Income Fund	85.77%	83.49%

## Appendix I

### Remuneration Disclosures (unaudited)

The Company has designed and implements a remuneration policy which is intended to comply with the provisions of the UCITS Directive and ESMA Guidelines on Sound Remuneration Policies under the UCITS Directive and AIFMD (ESMA/2016/411) (the 'ESMA Remuneration Guidelines') each of which may be amended from time to time. The Company's remuneration policy includes measures to avoid conflicts of interest.

The Company's remuneration policy applies to those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls into the remuneration bracket of senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Company. The result of this categorisation is such that the remuneration policy will only be applicable to non-executive Directors and individuals carrying out control functions.

As the Company does not have any employees and it does not pay any variable remuneration to any of the Directors of the Company, the pay-out process rules are not applicable to the Company. On this basis and on the basis of proportionality, (i.e. the Company's size, internal organisation, nature, the scope and complexity of its activities), the Directors have decided to disapply the remuneration committee requirement. The Directors are satisfied that this disapplication is reconcilable with the risk profile, risk appetite and the strategy of the Company. The Directors remuneration is disclosed in the Statement of Comprehensive Income.

The Board of Directors of the Company in its supervisory function (being the body with ultimate decision-making authority in the Company and comprising the supervisory and managerial functions) is responsible for, and oversees, the implementation of the remuneration policy.

As the Company delegates investment management functions in respect of the Company, it will, in accordance with the requirements of the ESMA Remuneration Guidelines, ensure that:

- a. the entities to which investment management activities have been delegated are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the ESMA Remuneration Guidelines; or
- b. appropriate contractual arrangements are put in place to ensure that the delegates apply in a proportionate manner the remuneration rules as detailed in the UCITS Directive as amended such that there is no circumvention of the remuneration rules set out in the ESMA Remuneration Guidelines.

## Appendix II

### Securities Financing Transactions Regulation (unaudited)

The Securities Financing Transactions Regulation ('SFTR') came into effect on 12 January 2016. Article 13 requires information to be provided as to the use of securities financing transactions ('SFTs') and Total Return Swaps ('TRSs').

A Securities Financing Transaction ('SFT') is defined as per Article 3 (11) of the SFTR as: a repurchase transaction, securities or commodities lending and securities or commodities borrowing; a buy-sell back transaction or sell-buy back transaction; or a margin lending transaction.

As at 31 December 2017 Polar Capital Funds Plc held the following types of SFTs: Total Return Swaps (including CFDs). The amount of securities and commodities on loan as a proportion of total lendable assets (excluding cash and cash equivalents) was 0.00% as at 31 December 2017.

#### Global Data

Type of Asset	Absolute Amount	Proportion of AUM (%)
<b>Contracts for difference</b>		
Global Convertible Fund	\$162,927,173	16.32%
UK Absolute Equity Fund	£189,250,571	70.81%

#### Concentration Data

	Collateral Issuers	Volume of the collateral securities and commodities
1	UBS AG	(\$10,617,497)
2	Credit Suisse	(£25,773,490)

The gross volume of outstanding trades with each counterparty across all SFTs is as follows:

	Counterparty	Gross volume of outstanding trades*
<b>Contracts for difference</b>		
Global Convertible Fund	UBS AG	\$162,927,173
UK Absolute Equity Fund	Credit Suisse	£189,250,571

\* Gross volume of outstanding transactions expressed as market value of open derivative contracts at the reporting date.

## Aggregate Transaction Data

	Type/ Quality of collateral	Currency	Maturity tenor (collateral)	Maturity tenor (SFTs/Total Return Swaps)	Country of counterparty establishment (not collateral)	Settlement and clearing
<b>Contracts for difference</b>						
<b>Global Convertible Fund</b>						
UBS AG	Cash	Multiple	>1 year	>1 year	Switzerland	Bilateral
<b>UK Absolute Equity Fund</b>						
Credit Suisse	Cash, Equity	Multiple	>1 year	>1 year	Ireland	Bilateral

The share of collateral that is reused is 0.00%.

## Safekeeping

Prime Broker	Collateral assets safe-kept
Credit Suisse	Cash, Equity Collateral
UBS AG	Cash Collateral

The proportion of collateral held in segregated accounts, in pooled accounts or any other accounts is 100.00%.

## Return/Costs

	Absolute Returns		Overall returns
	Return	Cost	%
<b>Contracts for difference</b>			
Global Convertible Fund	–	(\$41,240,612)	100
UK Absolute Equity Fund	£57,371,660	(£5,228,147)	100

## Management and Administration

### **Directors** (all non-executive):

David Astor (GB)\*  
Robert Bovet (MT)\* (Chairman)  
James Cayzer-Colvin (GB)  
Ronan Daly (IE)\*  
David Hammond (IE)\*  
Charles Scott (GB)\*

\* Directors independent of the Investment Manager

### **Investment Manager and Global Distributor:**

#### **Polar Capital LLP**

16 Palace Street  
London SW1E 5JD  
United Kingdom

### **Administrator, Registrar, Transfer Agent and Company Secretary:**

#### **Northern Trust Fund Administration Services (Ireland) Limited**

Georges Court  
54–62 Townsend Street  
Dublin 2  
Ireland

### **Legal Advisers:**

as to Irish law

#### **Dillon Eustace**

33 Sir John Rogerson's Quay  
Dublin 2  
Ireland

### **Sponsoring Broker:**

#### **Davy Stockbroker**

Davy House  
49 Dawson Street  
Dublin 2  
Ireland

### **Swiss Paying Agent/Representative:**

#### **BNP Paribas Securities Services Paris**

Succursale de Zurich  
Selnaustrasse 16  
8002 Zürich  
Switzerland

### **Registered Office:**

Georges Court  
54–62 Townsend Street  
Dublin 2  
Ireland

### **Company Registration Number:**

348391

### **Depository:**

#### **Northern Trust Fiduciary Services (Ireland) Limited**

Georges Court  
54–62 Townsend Street  
Dublin 2  
Ireland

### **Independent Auditor:**

#### **Deloitte**

Chartered Accountants & Statutory Audit Firm  
Deloitte & Touche House  
Earlsfort Terrace  
Dublin 2  
Ireland

### **Swedish Paying Agent:**

#### **SEB Merchant Banking**

Sergels Tog 2, ST H1  
10640 Stockholm  
Sweden

### **German Paying and Information Agent:**

#### **Deutsche Bank AG**

Taunusanlage 12  
60325  
Frankfurt am Main  
Germany

### **French Centralising and Paying Agent:**

#### **BNP Paribas Securities Services**

66 Rue de la Victoire  
75009 Paris  
France

### **Austrian Paying Agent:**

#### **Meinl Bank AG**

Bauernmarkt 2  
1014 Vienna  
Austria

### **Governance and Monitoring Services:**

#### **Bridge Consulting Limited**

Ferry House  
48–53 Mount Street Lower  
Dublin 2  
Ireland





Polar Capital LLP  
16 Palace Street  
London  
SW1E 5JD  
United Kingdom