

OLD MUTUAL GLOBAL INVESTORS SERIES II ICAV

An open-ended umbrella Irish collective asset-management vehicle with variable capital and segregated liability between sub-funds formed in Ireland under the Irish Collective Asset-management Vehicles Act 2015 and authorised by the Central Bank of Ireland as a UCITS pursuant to the Regulations.

(Registered Number C141034)

**Annual Report and Audited Financial Statements
for the year ended 31 March 2017**

Old Mutual Global Investors Series II ICAV
Annual Report and Audited Financial Statements for the year ended 31 March 2017

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Old Mutual Global Investors Series II ICAV

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DIRECTORY

Board of Directors

Adrian Waters (Irish)*
Bronwyn Wright (Irish)*
Jessica Brescia (British)
Paul Simpson (British)**
Thomas Murray (Irish)*

* Independent, Non-Executive Directors.

** Paul Simpson was appointed on 8 April 2016.

Investment Manager, Distributor and Facilities Agent in the UK

Old Mutual Global Investors (UK) Limited
2 Lambeth Hill
London EC4P 4WR
United Kingdom

Depository

State Street Custodial Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2
Ireland

Administrator

State Street Fund Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2
Ireland

Secretary

Tudor Trust Limited
33 Sir John Rogerson's Quay
Dublin 2
Ireland

Registered Office

33 Sir John Rogerson's Quay
Dublin 2
Ireland

Auditor

KPMG
Chartered Accountants
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

Irish Legal Advisers

Maples and Calder
75 St. Stephen's Green
Dublin 2
Ireland

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

DIRECTORY (continued)

Information Agent in Germany*

Skandia Portfolio Management GmbH
Kaiserin-Augusta-Allee 108
10553 Berlin
Germany

Representative in Spain

Allfunds Bank S.A.
Madrid, Estafeta, 6
La Moraleja, Complejo Plaza de la Fuente
Alcobendas 28109
Spain

Paying and Information Agent in Austria

Erste Bank der oesterreichischen Sparkassen AG
Graben 21, 1010 Wien
Austria

Paying Agent and Representative in Luxembourg

BNP Paribas Securities Services
60, avenue J.F Kennedy
L-2085 Luxembourg
Grand-Duchy of Luxembourg

Paying Agent in Sweden

Skandinaviska Enskilda Banken AB (publ)
Kungsträdgårdsgatan 8
SE-106 40 Stockholm
Sweden

Representative in Switzerland**

First Independent Fund Services Ltd.
Klausstrasse 33
CH-8008 Zurich
Switzerland

Paying Agent in Switzerland

BNP Paribas Securities Services, Paris, succursale de Zurich
Selnaustrasse 16
CH-8002 Zurich
Switzerland

Paying Agent in Belgium

CACEIS Belgium SA
B - 1000 Brussels
Avenue du Port 86c, b230
Belgium

* The Prospectus, the key investor information documents, the instrument of incorporation, the annual and semi-annual reports, a list of changes in the composition of the portfolios as well as the issue and redemption prices are available free of charge pursuant to Sec. 297(1) of the German Capital Investment Code from the office of the Information Agent in Germany as specified above. For investors in Germany, the following Fund is available: Old Mutual Absolute Return Government Bond Fund.

** Interested parties may obtain the Prospectus, the key investor information documents, the latest annual and semi-annual reports, copies of the instrument of incorporation, a list of changes in the composition of the portfolios and the statement of purchases and sales free of charge from the registered office of the ICAV or the local representatives in the countries where the ICAV is registered and at the office of the Representative in Switzerland provided above. The issue and the redemption prices of the shares of each sub-fund of the ICAV will be published daily with the indication “excluding commissions” on the electronic platform “fundinfo AG” (www.fundinfo.com).

Old Mutual Global Investors Series II ICAV

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GENERAL INFORMATION

Structure

Old Mutual Global Investors Series II ICAV (the “ICAV”) is an open-ended umbrella Irish collective asset-management vehicle with variable capital and segregated liability between sub-funds formed in Ireland on 26 May 2015 pursuant to the Irish Collective Asset-management Vehicles Act 2015 (the “ICAV Act”). The ICAV commenced trading on 7 October 2015.

The ICAV is authorised by the Central Bank of Ireland (the “Central Bank”), under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) (the “UCITS Regulations”) and under the Central Bank (Supervision & Enforcement) Act 2013 (Section 48(1) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as amended) (the “Central Bank UCITS Regulations”).

The ICAV is structured as an umbrella fund consisting of different sub-funds (each a “Fund”), each comprising one or more Share Classes. As at 31 March 2017, the ICAV comprised one active Fund, Old Mutual Absolute Return Government Bond Fund (the “Fund”). The Fund has fourteen active Share Classes in operation at 31 March 2017.

Investment Objectives of the Fund

The investment objective of the Fund is to seek to deliver positive total returns on a rolling twelve month basis with stable levels of volatility uncorrelated to bond and equity market conditions.

The Fund seeks to achieve its investment objective by investing in a combination of debt securities and taking exposure to them indirectly (both long and short) through financial derivative instruments in accordance with the investment strategy.

Distribution Policy

It is intended to declare dividends in respect of the following Share Classes: A (GBP) Income Shares, R (GBP) Income Shares, U1 (GBP) Income Shares and U2 (GBP) Income Shares. Dividends shall be declared semi-annually at the discretion of the Directors, in consultation with the Investment Manager. It is currently intended to distribute in March and September of each year. There is no guarantee of regular distribution and, if any distribution is made, there is no guarantee of the amount being distributed.

Dividends may be declared out of net income (i.e. income less expenses) (whether in the form of dividends, interest or otherwise) and net realised and unrealised gains (i.e. realised and unrealised gains net of all realised and unrealised losses), subject to certain adjustments and, in accordance with the requirements of the Central Bank, partially or fully out of the capital of the relevant Fund. It is not currently intended for any other Share Classes to distribute dividends to the Shareholders. The net returns of such Share Classes will be accumulated and reinvested on behalf of the Shareholders.

Investment Risks

An investment in any Fund involves investment risks, including possible loss of the amount invested. Moreover, there can be no assurance that a Fund will achieve its investment objective.

Subscriptions and Redemptions

Certain Share Classes have minimum initial investment, minimum subsequent investment and minimum holding requirements which are disclosed in the Prospectus.

A preliminary charge may be payable to the ICAV on subscription for Shares. A preliminary charge of up to 6.25% of the Net Asset Value per share may be payable on all Class A Shares and also on Class R (GBP) Income Shares. A preliminary charge of up to 3% of the Net Asset Value may be payable on Class N Shares. An initial charge of up to 1% of the Net Asset Value per share may be payable on the Class C Shares of any Fund. A contingent deferred sales charge may be payable to the ICAV on the subscription price paid for each of the Class C Shares of each Fund if they are repurchased within one year of issue. Any contingent deferred sales charge will be payable to the Distributor. No contingent deferred sales charge shall be payable on Shares issued arising as a result of the reinvestment of dividends. No contingent deferred sales charge shall be payable on any increase on the Net Asset Value per Share above the subscription price paid for the Share and no contingent deferred sales charge shall be payable on transfers or conversions of Shares. For the purposes of determining whether a contingent deferred sales charge is payable any Shares repurchased shall be deemed to be those first subscribed.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

GENERAL INFORMATION (continued)

Taxation

As an investment undertaking within the meaning of Section 739(B) of the Taxes Consolidation Act 1997, as amended, the ICAV is generally exempt from Irish tax on its income and gains and the ICAV will not be required to account for any tax in respect of Shareholders who are not Irish residents or exempt Irish residents provided that the signed necessary declarations are in place. The ICAV may be required to account for tax in respect of Shareholders who are Irish residents. Shareholders who are not Irish residents and have made the required declaration of non-residence will not be liable to Irish tax on income from their Shares or gains made on the disposal of their Shares, provided the Shares are not attributable to an Irish branch or agency of such Shareholder. No stamp duty or other tax is generally payable in Ireland on the subscription, issue, holding, redemption, conversion or transfer of Shares.

Securities Lending

The ICAV has not engaged in securities lending during the year ended 31 March 2017 or prior period.

Direct Brokerage Transactions and Soft Commission Arrangements

The ICAV has not entered into any direct brokerage transactions or soft commission arrangements the year ended 31 March 2017 or prior period.

Dealing Days

A Dealing Day means, in respect of each Fund, each Business Day (as defined in the Prospectus) on which subscriptions for, redemptions of and exchanges of relevant Shares can be made by the ICAV as specified in the Supplement for the relevant Fund and/or such other Dealing Days as the Directors shall determine and notify to Shareholders in advance, provided that there shall be at least two Dealing Days in each month occurring at regular intervals.

Dilution Adjustment

A dilution adjustment may be payable on subscriptions for Shares or repurchase of Shares. In calculating the subscription/repurchase price the Directors may on any Dealing Day when there are net subscriptions/repurchases adjust the subscription/repurchase price by adding a dilution adjustment to cover dealing costs and to preserve the underlying assets of the ICAV. The dilution adjustment for the ICAV will be calculated by reference to the costs of dealing in the underlying investments of the ICAV, including any dealing spreads, commissions and transfer taxes. These costs can vary over time and as a result the amount of dilution adjustment will also vary over time. The price of each Class of Share in the ICAV will be calculated separately but any dilution adjustment will affect the price of Shares of each Class in a ICAV in an identical manner. During the year ended 31 March 2017 a dilution adjustment was applied amounting to GBP 38,400 (period ended 31 March 2016: GBP 6,412).

Revised Instrument of Incorporation, Prospectus and Supplement

Revised instrument of incorporation, Prospectus and Supplement for the ICAV were issued and approved by the Central Bank on 1 July 2016. The most significant amendment was in accordance with Directive 2014/91/EU ("UCITS V") of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements of the Old Mutual Global Investors Series II ICAV (the "ICAV") for the year ended 31 March 2017.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the ICAV's financial statements in accordance with Reporting Standard FRS 102: The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), with the Irish Collective Asset-management Vehicles Act 2015 (the "ICAV Act") and the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (as amended) (the "UCITS Regulations") and under the Central Bank (Supervision & Enforcement) Act 2013 (Section 48(1) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as amended) (the "Central Bank UCITS Regulations").

The ICAV Act requires the Directors to prepare financial statements for each financial period which give a true and fair view of the assets and liabilities and financial position of the ICAV and of the profit or loss of the ICAV for that period and otherwise comply with the ICAV Act. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with FRS 102 and ensure that they contain the additional information required by the ICAV Act; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the ICAV will continue in business.

The Directors are responsible for ensuring the maintenance of adequate accounting records which correctly explain and record the transactions of the ICAV, enable at any time the assets, liabilities, financial position and profit or loss of the ICAV to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the ICAV Act and enable the financial statements to be audited in accordance with FRS 102, the ICAV Act and the UCITS Regulations. The Directors believe that they have complied with the requirement with regard to adequate accounting records by employing an experienced Administrator with appropriate expertise and adequate resources to prepare the financial statements. The Directors are responsible for safeguarding the assets of the ICAV. In this regard they have entrusted the assets of the ICAV to the Depositary who has been appointed as Depositary to the ICAV pursuant to the terms of a Depositary Agreement in accordance with the requirements of the UCITS Regulations. The Directors have a general responsibility for taking such steps as are reasonably open to them to prevent and detect fraud and other irregularities.

Accounting Records

The Directors ensure compliance with the ICAV's obligation to maintain adequate accounting records by appointing competent persons to be responsible for them. The accounting records are kept by State Street Fund Services (Ireland) Limited, at 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

Corporate Governance Code

The Board has adopted the voluntary Irish Funds Corporate Governance Code for Collective Investment Schemes and Management Companies (the "Code"). The Board has reviewed and assessed the measures included in the Code and considers its corporate governance practices and procedures since the adoption of the Code as consistent therewith.

Employees

The ICAV had no employees during the year ended 31 March 2017 or prior period.

Directors

The Directors appointed on formation and who held office at any time during the year are detailed below:

	Nationality
Adrian Waters*	Irish
Bronwyn Wright*	Irish
Jessica Brescia	British
Paul Simpson**	British
Thomas Murray*	Irish

The day to day management and running of the ICAV has been delegated to the Investment Manager, Depositary and Administrator.

* Independent, Non-Executive Directors.

** Paul Simpson was appointed on 8 April 2016.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

DIRECTORS' REPORT (continued)

Key Performance Indicators

Key performance indicators monitored for the Fund include: the month to month movement in the Net Asset Value ("NAV") per share; the share capital movements; and the log of any errors, or breaches in investment restrictions. These are disclosed in the Investment Managers Report and associated risks are discussed in further detail in note 10 to the financial statements.

Directors' and Secretary's Interests in Shares and Contracts

All Directors and the ICAV secretary who held office at 31 March 2017 and their respective families had no interest in the share capital of the ICAV at any time during the year ended 31 March 2017 and the period ended 31 March 2016. The Directors are not aware of any contracts or arrangements of any significance in relation to the business of the ICAV in which the Directors had any interest at any time during the year ended 31 March 2017 and the period ended 31 March 2016. Jessica Brescia and Paul Simpson are employees of the Investment Manager.

Dividends

It is intended to declare dividends in respect of the following Classes: A (GBP) Income Shares, R (GBP) Income Shares, U1 (GBP) Income Shares and U2 (GBP) Income Shares. Dividends, if any, shall be declared semi-annually at the discretion of the Directors, in consultation with the Investment Manager. It is currently intended to distribute in March and September of each financial year. There is no guarantee of regular distribution and, if any distribution is made, there is no guarantee of the amount being distributed.

No dividends have been declared during the year to 31 March 2017 and the Directors do not recommend the payment of any dividends for the year to 31 March 2017 (period ended 31 March 2016: Nil).

The results for the year are set out in the Statement of Comprehensive Income on page 21.

Connected Persons

Regulation 41 of the UCITS Regulations "Restrictions of transactions with connected persons" states that "a responsible person shall ensure that any transaction between a UCITS and a connected person is conducted (a) at arm's length; and (b) in the best interest of the unit-holders of the UCITS".

As required under UCITS Regulation 78.4 of the Central Bank Regulations, the Directors are satisfied that there are in place arrangements, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 41(1) are applied to all transactions with a connected person; and all transactions with connected persons that were entered into during the period to which the report relates complied with the obligations that are prescribed by Regulation 41(1).

Review of Business Results and Future Development

The business of the ICAV is reviewed in detail in the Investment Manager's Report on page 10. The ICAV intends to continue promoting and generating interest in its business in the future.

The NAV per share of the ICAV is set out in note 4. The results of the ICAV for the year are stated in the Statement of Comprehensive Income on page 21.

Principal Risk and Uncertainties

The information required in relation to the use by the Fund of financial instruments and the financial risk management objectives and policies of the Fund and the exposure of the Fund to market risk, liquidity risk and credit risk are outlined in note 10 to the financial statements.

Risk management objectives and policies

The main risks arising from the ICAV's financial instruments are market price, interest rate, foreign currency, liquidity and credit risk. For further information on risk management objectives and policies, please see note 10 of these financial statements and the Prospectus and Supplements of the ICAV.

Directors fees

The Director fees during the year ended 31 March 2017 amounted to GBP 78,756 (period ended 31 March 2016: GBP 45,120), all of which was payable at that date.

Off Balance Sheet arrangements

The ICAV was not party to any arrangements that are not reflected in the Statement of Financial Position.

Soft Commissions

There were no soft commissions arrangements entered into for the year ended 31 March 2017 or prior period.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

DIRECTORS' REPORT (continued)

Direct brokerage

There were no direct brokerage services utilised for the year ended 31 March 2017 or prior period.

Principal Material Changes

There have been no material changes in the Prospectus, objectives, strategies or key service providers of the Funds other than those included in this annual report during the year ended 31 March 2017.

Significant events during the year

Significant events during the year are detailed in note 11.

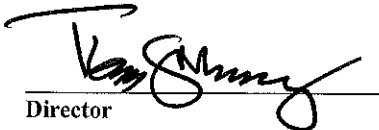
Significant events after the year end

Significant events subsequent to the year end are detailed in note 12.

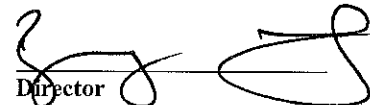
Independent auditors

KPMG, Chartered Accountants have been appointed as Auditor to the Fund and have indicated their willingness to continue in office in accordance with Section 125 of the ICAV Act 2015.

On behalf of the Directors of the ICAV


Director

Date: 21 July 2017


Director

Date: 21 July 2017

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

DEPOSITARY REPORT FOR THE YEAR ENDED 31 March 2017

We have enquired into the conduct of Old Mutual Global Investor Series II ICAV (the "ICAV") for the year ended 31 March 2017, in our capacity as Depositary to the ICAV.

This report including the opinion has been prepared for and solely for the Shareholders in the ICAV as a body, in accordance with Part 5 of the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended, ('the UCITS Regulations'), and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown.

Responsibilities of the Depositary

Our duties and responsibilities are outlined in Part 5 of the UCITS Regulations. One of those duties is to enquire into the conduct of the ICAV in each annual accounting period and report thereon to the Shareholders.

Our report shall state whether, in our opinion, the ICAV has been managed in that period in accordance with the provisions of the ICAV's Instrument of Incorporation and the UCITS Regulations. It is the overall responsibility of the ICAV to comply with these provisions. If the ICAV has not so complied, we as Depositary must state why this is the case and outline the steps which we have taken to rectify the situation.

Basis of Depositary Opinion

The Depositary conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Part 5 of the UCITS Regulations and to ensure that, in all material respects, the ICAV has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of its constitutional documentation and the appropriate regulations and (ii) otherwise in accordance with the ICAV's constitutional documentation and the appropriate regulations.

Opinion

In our opinion, the ICAV has been managed during the year, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the ICAV by 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'); and

(ii) otherwise in accordance with the provisions of the UCITS Regulations and the Central Bank UCITS Regulations.



State Street Custodial Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2
Ireland

Date: 21 July 2017

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

INVESTMENT MANAGER'S REPORT FOR THE THE YEAR ENDED 31 March 2017

OLD MUTUAL ABSOLUTE RETURN GOVERNMENT BOND FUND

The last 12 months have been a period when the markets have come to expect the unexpected. With the United Kingdom voting to leave the European Union and then Donald Trump being elected President of the US, two events that investors really did not anticipate actually came to pass.

The surprise has also been that these events have not turned out to trigger the risk-off market environments that many predicted. The UK economy has – at least initially – weathered the Brexit storm with aplomb, while President Trump's election has been read by the markets as a release of US animal spirits and a potentially significant boost to domestic growth prospects.

At the same time, European economies are finally reacting positively to the European Central Bank's monetary stimulus, with economic activity rising and unemployment falling rapidly – albeit from extremely elevated levels.

Against this positive global economic backdrop, the major central banks have started to debate removing some of the monetary stimulus put in place in the aftermath of the financial crisis. This debate is most advanced in the US, where the Federal Reserve (Fed) raised interest rates in December, 2016 and March, 2017. This tightening of monetary policy has been balanced against an expected fiscal expansion by the Trump administration (yet to be realised).

The effect in developed-economy interest rate markets has been for short term interest rates and inflation to be priced higher, particularly in the US.

The fund generated a positive return over the period of 4.3% (R GBP Acc shares). We have been long of front-end US inflation and short of front-end US interest rates for some time now, and performance benefited from the move in market pricing for these instruments. The team's view was not based on the election of President Trump, but rather that the US labour market has continued to exhibit rude health – which was starting to be realised in a higher reading for average earnings and building wage pressures. The pricing of US inflation expectations higher has allowed the Fed to feel more relaxed about raising official rates.

The Fund has also expressed a view that front-end European Economic Area ("EEA") and Japanese inflation would start to price higher, as this theme is global rather than US-centric, in our view. By contrast, the Fund has continued to express a view that longer-dated forward inflation in the UK and EEA was being priced at the top of its range, which helped to give the portfolio balance in its overall inflation positioning.

The major tail risks around the Fund's central theme of continued economic recovery seem to us to have shifted over the last six months. Previously we were mainly concerned about risks surrounding the Chinese economy, a view we expressed by being long of Australian interest rates. However, the risks around a continued global economic recovery appear to us to have shifted to the political environment in Europe. We have been hedging these risks through European swap spreads.

Old Mutual Global Investors (UK) Limited

May 2017



**KPMG
Audit**
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OLD MUTUAL GLOBAL INVESTORS SERIES II ICAV

We have audited the financial statements of Old Mutual Global Investors Series II ICAV (the "ICAV") for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income for the year ended 31 March 2017, the Statement of Financial Position as at 31 March 2017, the Statement of Changes in Net Assets Attributable to Redeemable Participating Shareholders for the year then ended and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. Our audit was conducted in accordance with International Standards on Auditing ("ISAs") (UK and Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the ICAV as at 31 March 2017 and of its changes in net assets attributable to holders of redeemable participating shares for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Irish Collective Asset-management Vehicles Act 2015 and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015.

2 Our conclusions on other matters on which we are required to report by the Irish Collective Asset-management Vehicles Act 2015 are set out below

In our opinion the information given in the Directors' Report is consistent with the financial statements.

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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 requirements of the Irish Collective Asset-management Act 2015. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and ISAs (UK & Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the ICAV's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OLD MUTUAL GLOBAL INVESTORS
SERIES II ICAV (continued)**

Basis of our report, responsibilities and restrictions on use (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the ICAV's members, as a body, in accordance with Section 120 of the Irish Collective Asset-management Vehicles Act 2015. Our audit work has been undertaken so that we might state to the ICAV's members 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 ICAV and the ICAV's members as a body, for our audit work, for this report, or for the opinions we have formed.

Liam McNally

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Harbourmaster Place

IFSC

Dublin 1

Ireland

Date: 21 July 2017

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

Old Mutual Absolute Return Government Bond Fund

PORTFOLIO OF INVESTMENTS

PORTFOLIO OF INVESTMENTS					Coupon rate (%)	Maturity date	Fair Value GBP	% of Net Assets
Nominal	Security description							
Government Bonds 154.59% (31 March 2016: 293.71%)								
Germany 2.98%								
14,999,993	Deutsche Bundesrepublik Inflation Linked Bond^			1.750	15/04/2020	15,596,222	2.98	
Total Germany							15,596,222	2.98
Japan 50.52%								
2,800,000,000	Japan Government Ten Year Bond			0.600	20/06/2024	21,047,782	4.02	
12,090,000,000	Japan Government Twenty Year Bond			0.600	20/12/2036	86,329,199	16.50	
9,300,000,000	Japan Treasury Discount Bill			0.000	08/05/2017	66,789,394	12.76	
3,000,000,000	Japan Treasury Discount Bill			0.000	29/05/2017	21,550,028	4.12	
1,999,999,750	Japanese Government CPI Linked Bond			0.100	10/09/2024	14,989,468	2.86	
4,329,999,883	Japanese Government CPI Linked Bond			0.100	10/03/2025	32,595,856	6.23	
2,799,999,611	Japanese Government CPI Linked Bond			0.100	10/03/2026	21,108,583	4.03	
Total Japan							264,410,310	50.52
United Kingdom 43.02%								
26,900,000	United Kingdom Gilt*			1.500	22/07/2026	27,969,948	5.35	
5,999,999	United Kingdom Gilt Inflation Linked			0.125	22/11/2019	7,000,435	1.34	
37,000,000	United Kingdom Gilt Inflation Linked^			2.500	16/04/2020	137,822,039	26.35	
41,849,983	United Kingdom Gilt Inflation Linked			0.125	22/03/2026	52,236,684	9.98	
Total United Kingdom							225,029,106	43.02
United States 58.07%								
130,200,030	United States Treasury Inflation Indexed Bonds^			0.125	15/04/2020	109,964,927	21.02	
140,000,044	United States Treasury Inflation Indexed Bonds^			0.125	15/01/2022	121,453,218	23.21	
51,999,997	United States Treasury Inflation Indexed Bonds^			0.125	15/07/2022	44,378,979	8.48	
35,000,001	United States Treasury Inflation Indexed Bonds^			0.375	15/01/2027	28,071,787	5.36	
Total United States							303,868,911	58.07
Total Government Bonds							808,904,549	154.59
Total Investments excluding Financial Derivative Assets							808,904,549	154.59
Financial Derivative Assets 24.49% (31 March 2016: 18.94%)								
Futures Contracts 0.62% (31 March 2016: 0.54%)								
Number of contracts	Security description	Broker	Average cost	Notional value	Maturity date	Unrealised appreciation GBP	% of Net Assets	
(3,393)	90 Day EUR Futures	3*	USD (78.72)	USD (667,723,708)	17/12/2018	414,069	0.08	
(4,587)	90 Day EUR Futures	3*	USD (78.45)	USD (899,582,774)	16/12/2019	185,900	0.04	
105	Australia 10 Year Bond Futures	3*	AUD 59.62	AUD 6,260,525	15/06/2017	6,511	0.00	
4,359	Australia 3 Year Bond Futures	3*	AUD 59.80	AUD 260,686,336	15/06/2017	1,571,460	0.30	
(857)	Euro-Bobl Futures	8*	EUR (113.07)	EUR (96,901,436)	08/06/2017	40,428	0.01	
(120)	Short Gilt Futures	8*	GBP (104.81)	GBP (12,576,664)	28/06/2017	3,664	0.00	
1,493	US 10 Year Note Futures	3*	USD 99.75	USD 148,932,895	21/06/2017	177,971	0.03	
3,775	US 5 Year Note Futures	3*	USD 94.22	USD 355,681,887	30/06/2017	770,547	0.15	
224	US Long Bond Futures	3*	USD 120.51	USD 26,995,195	21/06/2017	71,673	0.01	
65	US Ultra Bond Futures	3*	USD 128.37	USD 8,343,992	21/06/2017	19,982	0.00	
Total unrealised appreciation on Futures Contracts							3,262,205	0.62
Forward Foreign Currency Exchange Contracts 0.14% (31 March 2016: 1.04%)								
Currency bought	Amount bought	Currency sold	Amount sold	Broker	Contractual settlement date	Unrealised appreciation GBP	% of Net Assets	
GBP	2,250,000	CAD	3,699,720	9*	24/04/2017	25,267	0.00	
GBP	3,400,000	CHF	4,178,736	9*	24/04/2017	44,722	0.01	
GBP	56,606	EUR	65,229	11*	03/04/2017	659	0.00	
GBP	11,667,411	EUR	13,440,711	11*	18/04/2017	136,069	0.03	
GBP	1,831,356	EUR	2,114,003	11*	18/04/2017	17,666	0.00	
GBP	75,292	EUR	86,912	11*	18/04/2017	726	0.00	
GBP	10,559	EUR	12,097	11*	18/04/2017	181	0.00	
GBP	936	EUR	1,079	11*	18/04/2017	11	0.00	
GBP	38,260,860	EUR	44,000,000	9*	24/04/2017	506,512	0.10	
Total unrealised appreciation on Forward Foreign Currency Exchange Contracts							731,813	0.14

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PORTFOLIO OF INVESTMENTS (continued)

Financial Derivative Assets 24.49% (31 March 2016: 18.94%) (continued)

Foreign Exchange Options 0.52% (31 March 2016: 1.10%)

Security description	Broker	Currency	Notional	Strike price	Maturity date	Unrealised appreciation GBP	% of Net Assets
Call EUR VS JPY	6*	EUR	36,400,000	124.100	28/06/2017	195,948	0.04
Call EUR VS USD	9*	EUR	8,800,000	1.115	12/05/2017	12,268	0.00
Call EUR VS USD	3*	EUR	25,000,000	1.127	01/06/2017	24,740	0.00
Call USD VS JPY	3*	USD	55,500,000	106.110	13/01/2021	2,306,938	0.44
Put EUR VS USD	9*	EUR	8,800,000	1.095	12/05/2017	212,212	0.04
Total unrealised appreciation on Foreign Exchange Options						2,752,106	0.52

Swaps 21.43% (31 March 2016: 14.36%)

Security description	Broker	Currency	Fixed rate	Notional	Maturity date	Unrealised appreciation GBP	% of Net Assets
AUD BBSW 3M INDEX	8*	AUD	2.079	156,000,000	30/03/2020	12,951	0.00
AUD BBSW 3M INDEX	8*	AUD	2.210	105,500,000	29/09/2020	3,103	0.00
AUD CCP BBR BBSW	8*	AUD	1.675	218,400,000	12/09/2019	1,059,332	0.20
AUD CCP BBR BBSW	8*	AUD	1.675	112,000,000	12/09/2019	542,409	0.10
AUD CCP BBR BBSW	8*	AUD	1.995	120,000,000	13/09/2021	1,460,026	0.28
AUD CCP BBR BBSW	8*	AUD	1.995	111,600,000	13/09/2021	1,357,824	0.26
AUD CCP BBR BBSW	8*	AUD	2.065	65,000,000	29/08/2026	2,908,048	0.56
AUD CCP BBR BBSW	8*	AUD	2.065	2,500,000	29/08/2026	111,848	0.02
AUD CCP BBR BBSW	8*	AUD	2.960	51,000,000	29/03/2027	12,111	0.00
AUD CCP BBR BBSW	8*	AUD	2.430	30,000,000	27/04/2027	899,440	0.17
AUD CCP BBR BBSW	8*	AUD	3.045	34,700,000	29/09/2027	16,497	0.00
AUD CCP BBR BBSW	8*	AUD	3.595	31,500,000	26/11/2035	17,658	0.00
CAD OR 03 INDEX	8*	CAD	1.193	465,000,000	22/01/2019	3,636	0.00
EUR 6M INDEX	8*	EUR	0.147	111,112,000	12/12/2021	86,400	0.02
EUR 6M INDEX	8*	EUR	0.769	28,500,000	25/01/2027	98,052	0.02
EUR 6M INDEX	8*	EUR	1.426	59,332,000	24/03/2027	164,015	0.03
EUR 6M INDEX	8*	EUR	1.492	60,970,000	03/10/2027	64,745	0.01
EUR 6M INDEX	8*	EUR	1.379	20,800,000	04/07/2042	96,756	0.02
EUR 6M INDEX	8*	EUR	1.374	20,800,000	04/07/2042	76,754	0.01
EUR CPT FEMU INDEX	6*	EUR	0.871	42,350,000	15/11/2019	43,573	0.01
EUR CPT FEMU INDEX	3*	EUR	1.000	176,000,000	26/02/2026	4,192,307	0.80
EUR CPT FEMU INDEX	3*	EUR	1.073	224,000,000	15/04/2026	5,681,896	1.09
EUR CPT FEMU INDEX	2*	EUR	1.000	42,500,000	14/07/2026	1,497,686	0.29
EUR CPT FEMU INDEX	9*	EUR	1.050	13,450,000	15/07/2026	413,526	0.08
EUR CPT FEMU INDEX	6*	EUR	1.295	10,475,000	15/06/2031	395,970	0.08
EUR EURIBOR	8*	EUR	(0.168)	393,390,000	11/01/2019	70,114	0.01
EUR EURIBOR	8*	EUR	(0.177)	916,050,000	19/02/2019	30,053	0.01
EUR EURIBOR	8*	EUR	(0.224)	664,800,000	02/03/2019	326,553	0.06
EUR EURIBOR	8*	EUR	0.085	132,400,000	05/01/2022	317,807	0.06
EUR EURIBOR	8*	EUR	0.384	102,110,000	15/08/2025	1,364,702	0.26
EUR EURIBOR	8*	EUR	0.395	51,100,000	15/08/2025	640,921	0.12
GBP 6M INDEX	8*	GBP	1.890	74,400,000	15/12/2026	1,404,419	0.27
GBP 6M INDEX	8*	GBP	1.280	25,100,000	22/02/2027	265,837	0.05
GBP 6M INDEX	8*	GBP	2.315	8,400,000	07/01/2036	417,680	0.08
GBP 6M INDEX	8*	GBP	2.000	30,000,000	29/01/2037	708,279	0.14
GBP 6M INDEX	8*	GBP	1.594	46,300,000	19/01/2047	2,281,826	0.44
GBP CCP LIBOR BBA	8*	GBP	0.860	87,500,000	26/10/2020	26,924	0.01
GBP CCP LIBOR BBA	8*	GBP	0.600	51,200,000	12/09/2021	485,187	0.09
GBP CCP LIBOR BBA	8*	GBP	0.600	51,200,000	12/09/2021	485,187	0.09
GBP CCP LIBOR BBA	8*	GBP	0.600	51,200,000	12/09/2021	485,187	0.09
GBP CCP LIBOR BBA	8*	GBP	0.600	50,200,000	12/09/2021	475,710	0.09
GBP CCP LIBOR BBA	5*	GBP	0.886	50	02/08/2026	1	0.00
GBP CCP LIBOR BBA	8*	GBP	1.170	28,800,000	28/02/2027	6,869	0.00
INFLATION ZERO EUR EXT CPI	12*	EUR	1.410	15,000,000	15/10/2027	188,027	0.04
INFLATION ZERO EUR EXT CPI	3*	EUR	1.520	65,000,000	12/11/2027	1,493,236	0.29
INFLATION ZERO EUR EXT CPI	3*	EUR	1.603	20,000,000	10/11/2030	409,573	0.08
INFLATION ZERO EUR EXT CPI	8*	EUR	1.860	29,574,000	15/02/2037	759,025	0.15
INFLATION ZERO UK RPI	6*	GBP	3.580	23,250,000	15/11/2031	223,178	0.04
INFLATION ZERO UK RPI	8*	GBP	3.662	50,000,000	15/01/2032	1,211,292	0.23
INFLATION ZERO UK RPI	8*	GBP	3.680	15,345,000	15/02/2037	710,096	0.14
INFLATION ZERO UK RPI	8*	GBP	3.653	12,462,000	15/02/2037	470,546	0.09
INFLATION ZERO UK RPI	3*	GBP	3.483	35,000,000	01/12/2040	85,356	0.02
INFLATION ZERO UK RPI	6*	GBP	3.418	9,000,000	20/10/2065	1,322,873	0.25
INFLATION ZERO USA CPI	8*	USD	2.293	93,000,000	02/02/2019	35,106	0.01

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PORTFOLIO OF INVESTMENTS (continued)

Financial Derivative Assets 24.49% (31 March 2016: 18.94%) (continued)

Swaps 21.43% (31 March 2016: 14.36%) (continued)

Security description	Broker	Currency	Fixed rate	Notional	Maturity date	Unrealised appreciation GBP	% of Net Assets
INFLATION ZERO USA CPI	8*	USD	2.295	93,000,000	06/02/2019	37,330	0.01
INFLATION ZERO USA CPI	8*	USD	2.214	130,200,000	23/01/2022	71,982	0.01
JPY LIBOR BBA	8*	JPY	0.565	2,210,000,000	23/03/2037	349,293	0.07
UK RPI Index	2*	GBP	3.250	97,600,000	15/10/2018	498,192	0.10
UK RPI Index	3*	GBP	2.686	64,000,000	11/03/2020	1,862,779	0.36
UK RPI Index	3*	GBP	3.075	58,800,000	07/07/2021	1,534,731	0.29
UK RPI Index	1*	GBP	2.810	18,400,000	10/05/2026	1,362,893	0.26
UK RPI Index	8*	GBP	2.808	18,400,000	15/05/2026	1,371,479	0.26
UK RPI Index	8*	GBP	3.105	40,000,000	15/09/2026	1,698,440	0.32
UK RPI Index	10*	GBP	3.143	33,575,000	15/09/2026	1,272,562	0.24
UK RPI Index	8*	GBP	3.060	14,400,000	15/06/2036	1,989,500	0.38
UK RPI Index	8*	GBP	3.140	14,450,000	15/07/2036	1,700,569	0.32
UK RPI Index	3*	GBP	3.264	7,760,000	18/02/2056	502,782	0.10
UK RPI Index	3*	GBP	3.225	7,760,000	19/02/2056	766,344	0.15
US 3M Index	8*	USD	2.399	31,600,000	24/02/2027	35,182	0.01
US 3M Index	8*	USD	2.770	32,200,000	13/03/2047	651,750	0.12
USD CCP LIBOR BBA	8*	USD	1.609	652,470,000	24/03/2019	225,411	0.04
USD CCP LIBOR BBA	8*	USD	1.627	152,400,000	28/03/2019	20,034	0.00
USD CCP LIBOR BBA	8*	USD	1.895	417,000,000	31/05/2021	1,111,610	0.21
USD CCP LIBOR BBA	8*	USD	1.932	173,724,000	31/05/2021	257,269	0.05
USD CCP LIBOR BBA	8*	USD	2.056	205,660,000	31/08/2021	38,349	0.01
USD CCP LIBOR BBA	8*	USD	1.244	124,950,000	06/09/2021	3,271,650	0.63
USD CCP LIBOR BBA	8*	USD	1.423	24,910,000	19/07/2026	1,597,671	0.31
USD CCP LIBOR BBA	8*	USD	1.445	42,500,000	05/08/2026	2,683,182	0.51
USD CCP LIBOR BBA	8*	USD	2.247	30,400,000	09/01/2027	252,604	0.05
USD CCP LIBOR BBA	8*	USD	2.334	30,511,000	02/03/2027	117,274	0.02
USD CCP LIBOR BBA	8*	USD	2.038	80,080,000	26/09/2036	4,118,709	0.79
USD CCP LIBOR BBA	8*	USD	1.923	47,520,000	17/10/2046	5,809,532	1.11
USD CPU RNSA INDEX	6*	USD	1.515	85,000,000	02/08/2017	481,172	0.09
USD CPU RNSA INDEX	6*	USD	1.680	153,000,000	19/09/2017	707,403	0.14
USD CPU RNSA INDEX	6*	USD	1.615	76,500,000	19/09/2018	781,999	0.15
USD CPU RNSA INDEX	9*	USD	1.613	109,600,000	20/09/2019	1,678,960	0.32
USD CPU RNSA INDEX	6*	USD	1.635	82,500,000	23/09/2020	1,575,215	0.30
USD CPU RNSA INDEX	6*	USD	1.635	75,000,000	23/09/2020	1,432,014	0.27
USD CPU RNSA INDEX	6*	USD	1.290	40,000,000	23/02/2021	1,385,381	0.26
USD CPU RNSA INDEX	6*	USD	1.717	50,000,000	29/04/2021	1,087,251	0.21
USD CPU RNSA INDEX	9*	USD	1.675	120,000,000	26/05/2021	2,843,337	0.54
USD CPU RNSA INDEX	9*	USD	1.702	65,000,000	01/06/2021	1,470,893	0.28
USD CPU RNSA INDEX	6*	USD	1.508	66,300,000	15/08/2021	1,805,046	0.34
USD CPU RNSA INDEX	9*	USD	1.555	42,500,000	31/08/2021	1,047,257	0.20
USD CPU RNSA INDEX	6*	USD	1.565	52,000,000	14/09/2021	1,304,419	0.25
USD CPU RNSA INDEX	8*	USD	1.599	44,000,000	19/09/2021	1,059,948	0.20
USD CPU RNSA INDEX	6*	USD	1.720	50,000,000	03/10/2021	1,007,389	0.19
USD CPU RNSA INDEX	6*	USD	1.720	40,000,000	03/10/2021	805,911	0.15
USD CPU RNSA INDEX	8*	USD	1.855	90,000,000	27/10/2021	1,357,975	0.26
USD CPU RNSA INDEX	8*	USD	1.975	93,000,000	01/12/2021	897,514	0.17
USD CPU RNSA INDEX	9*	USD	1.622	128,350,000	09/08/2024	4,793,194	0.92
USD CPU RNSA INDEX	9*	USD	1.610	60,000,000	15/08/2024	2,267,322	0.43
USD CPU RNSA INDEX	2*	USD	1.610	126,000,000	19/08/2024	4,741,533	0.91
USD CPU RNSA INDEX	2*	USD	1.850	50,000,000	25/08/2041	4,254,529	0.81
USD CPU RNSA INDEX	6*	USD	2.035	5,000,000	16/11/2045	286,687	0.05
Total unrealised appreciation on Swaps						112,199,579	21.43

Total Return Swaps Nil (31 March 2016: 0.20%)

Swaptions 1.78% (31 March 2016: 1.70%)

Security description	Broker	Strike price	Currency	Notional	Expiry date	Unrealised appreciation GBP	% of Net Assets
Call AUD VS BBR BBSW	5*	0.18	AUD	442,000,000	28/07/2017	125,219	0.02
Call EUR VS EURIBOR	3*	0.28	EUR	250,000,000	08/06/2017	625,772	0.12
Call EUR VS EURIBOR	5*	1.03	EUR	227,500,000	25/09/2017	47,969	0.01
Call EUR VS EURIBOR	3*	1.53	EUR	140,000,000	15/12/2025	1,753,831	0.34
Call EUR VS EURIBOR	9*	1.20	EUR	68,250,000	21/06/2017	98,209	0.02
Call GBP VS LIBOR BBA	3*	0.26	GBP	500,000,000	26/10/2018	322,302	0.06

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PORTFOLIO OF INVESTMENTS (continued)

Financial Derivative Assets 24.49% (31 March 2016: 18.94%) (continued)

Swaptions 1.78% (31 March 2016: 1.70%) (continued)

Security description	Broker	Strike price	Currency	Notional	Expiry date	Unrealised appreciation GBP	% of Net Assets
Call USD VS LIBOR BBA	6*	0.10	USD	1,000,000,000	04/04/2019	778,279	0.15
Put JPY VS 6M Index	3*	0.79	JPY	6,400,000,000	20/04/2022	95,118	0.02
Put USD VS 3M Index	6*	1.11	USD	180,000,000	23/08/2021	3,088,852	0.59
Put USD VS 3M Index	9*	1.65	USD	160,000,000	14/05/2026	2,345,338	0.45
Total unrealised appreciation on Swaptions						9,280,889	1.78

Total Financial Derivative Assets

128,226,592

24.49

Total Financial Assets at Fair Value Through Profit or Loss

937,131,141

179.08

Financial Liabilities at Fair Value Through Profit or Loss (87.28)% (31 March 2016: (238.09)%)

Repurchase Agreements (62.85)% (31 March 2016: (212.45)%)

Nominal	CCY	Security description	Broker	Interest rate (%)	Maturity date	Fair Value GBP	% of Net Assets
(34,551,137)	USD	Repo - United States Treasury Inflation Indexed Bonds (collateral: United States Treasury Inflation Indexed Bonds 0.375% due 15/01/2027)	3*	1.00	05/04/2017	(27,746,360)	(5.30)
(26,101,037)	GBP	Repo - United Kingdom Gilt Inflation Linked (collateral: United Kingdom Gilt Inflation Linked 2.5% due 16/04/2020)	3*	0.35	05/04/2017	(26,101,037)	(4.99)
(55,120,000)	USD	Repo - United States Treasury Inflation Indexed Bonds (collateral: United States Treasury Inflation Indexed Bonds 0.125% due 15/07/2022)	9*	1.05	05/04/2017	(44,264,226)	(8.46)
(150,675,000)	USD	Repo - United States Treasury Inflation Indexed Bonds (collateral: United States Treasury Inflation Indexed Bonds 0.125% due 15/01/2022)	9*	1.05	05/04/2017	(120,999,860)	(23.12)
(136,710,000)	USD	Repo - United States Treasury Inflation Indexed Bonds (collateral: United States Treasury Inflation Indexed Bonds 0.125% due 15/04/2020)	9*	1.05	05/04/2017	(109,785,239)	(20.98)
Total Repurchase Agreements						(328,896,722)	(62.85)

Financial Derivative Liabilities (24.43)% (31 March 2016: (25.64)%)

Futures Contracts (0.75)% (31 March 2016: (3.84)%)

Number of contracts	Security description	Broker	Average cost	Notional value	Maturity date	Unrealised depreciation GBP	% of Net Assets
(927)	Euro Buxl 30 Year Bond Futures	8*	EUR (143.82)	EUR (133,318,928)	08/06/2017	(995,187)	(0.19)
1,604	Euro-Bund Futures	8*	EUR 138.50	EUR 222,156,100	08/06/2017	(6,879)	(0.00)
2,655	Fed Fund 30 Day Futures	3*	USD 79.67	USD 881,422,690	31/05/2017	(1,038,008)	(0.19)
(150)	Japan 10 Year Bond (OSE) Futures	3*	JPY (1.08)	JPY (161,629,987)	13/06/2017	(236,963)	(0.05)
(362)	Long Gilt Futures	8*	GBP (126.23)	GBP (45,695,260)	28/06/2017	(504,990)	(0.10)
(1,191)	US 10 Year Ultra Futures	3*	USD (107.20)	USD (127,676,824)	21/06/2017	(134,267)	(0.03)
(4,894)	US 2 Year Note Futures	3*	USD (86.78)	USD (849,382,494)	30/06/2017	(1,031,501)	(0.19)
Total unrealised depreciation on Futures Contracts						(3,947,795)	(0.75)

Forward Foreign Currency Exchange Contracts (1.15)% (31 March 2016: (0.37)%)

Currency bought	Amount bought	Currency sold	Amount sold	Broker	Contractual settlement date	Unrealised depreciation GBP	% of Net Assets
AUD	13,726,650	GBP	8,500,000	9*	24/04/2017	(84,059)	(0.02)
EUR	13,440,711	GBP	11,663,796	11*	03/04/2017	(135,705)	(0.03)
EUR	1,079	GBP	936	11*	03/04/2017	(11)	(0.00)
EUR	172,501,505	GBP	150,592,951	11*	18/04/2017	(2,596,782)	(0.49)
EUR	56,368,447	GBP	49,209,372	11*	18/04/2017	(848,552)	(0.16)
EUR	33,870,648	GBP	29,568,906	11*	18/04/2017	(509,878)	(0.10)
EUR	6,724,336	GBP	5,870,312	11*	18/04/2017	(101,226)	(0.02)
EUR	4,215,448	GBP	3,679,955	11*	18/04/2017	(63,348)	(0.01)
EUR	3,333,186	GBP	2,909,855	11*	18/04/2017	(50,177)	(0.01)
EUR	1,145,475	GBP	999,965	11*	18/04/2017	(17,214)	(0.00)

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PORTFOLIO OF INVESTMENTS (continued)

Financial Derivative Liabilities (24.43)% (31 March 2016: (25.64)%) (continued)

Forward Foreign Currency Exchange Contracts (1.15)% (31 March 2016: (0.37)%) (continued)

Currency bought	Amount bought	Currency sold	Amount sold	Broker	Contractual settlement date	Unrealised depreciation GBP	% of Net Assets
EUR	1,126,023	GBP	983,013	11*	18/04/2017	(16,951)	(0.00)
EUR	830,093	GBP	724,645	11*	18/04/2017	(12,474)	(0.00)
EUR	700,000	GBP	605,365	11*	18/04/2017	(4,806)	(0.00)
EUR	165,694	GBP	144,646	11*	18/04/2017	(2,490)	(0.00)
EUR	81,756	GBP	71,371	11*	18/04/2017	(1,229)	(0.00)
EUR	65,229	GBP	56,623	11*	18/04/2017	(660)	(0.00)
EUR	44,065	GBP	38,203	11*	18/04/2017	(398)	(0.00)
EUR	31,507	GBP	27,347	11*	18/04/2017	(316)	(0.00)
EUR	23,152	GBP	20,211	11*	18/04/2017	(348)	(0.00)
EUR	22,203	GBP	19,286	11*	18/04/2017	(237)	(0.00)
EUR	15,004	GBP	12,975	11*	18/04/2017	(103)	(0.00)
EUR	3,656	GBP	3,156	11*	18/04/2017	(19)	(0.00)
EUR	2,603	GBP	2,261	11*	18/04/2017	(28)	(0.00)
EUR	358	GBP	310	11*	18/04/2017	(3)	(0.00)
EUR	18,200,000	GBP	15,761,018	9*	24/04/2017	(144,447)	(0.03)
GBP	223,000,000	JPY	31,184,320,000	9*	22/05/2017	(1,079,345)	(0.21)
GBP	57,392	USD	71,697	11*	18/04/2017	(166)	(0.00)
NZD	31,131,405	AUD	28,500,000	9*	24/04/2017	(34,432)	(0.01)
USD	6,962,555	GBP	5,658,075	11*	18/04/2017	(68,594)	(0.01)
USD	438,889	GBP	356,660	11*	18/04/2017	(4,324)	(0.00)
USD	116,118	GBP	94,362	11*	18/04/2017	(1,143)	(0.00)
USD	7,310	GBP	5,940	11*	18/04/2017	(72)	(0.00)
USD	1,007	GBP	818	11*	18/04/2017	(10)	(0.00)
USD	17	GBP	14	11*	18/04/2017	-	(0.00)
USD	27,000,000	JPY	3,049,690,500	9*	22/05/2017	(255,516)	(0.05)
Total unrealised depreciation on Forward Foreign Currency Exchange Contracts						(6,035,063)	(1.15)

Option Futures (0.06)% (31 March 2016: Nil)

Security description	Broker	Strike price	Currency	Notional	Expiry date	Unrealised depreciation GBP	% of Net Assets
IMM EUR/USD Future	3*	98.500	USD	4,085,000	18/12/2017	(303,443)	(0.06)
Total unrealised depreciation on Option Futures						(303,443)	(0.06)

Foreign Exchange Options (0.22)% (31 March 2016: (3.24)%)

Security description	Broker	Currency	Notional	Strike price	Maturity date	Unrealised depreciation GBP	% of Net Assets
Call USD VS JPY	3*	USD	15,000,000	113.820	13/04/2017	(14,239)	(0.00)
Call USD VS JPY	3*	USD	15,000,000	113.270	13/07/2017	(146,277)	(0.03)
Put EUR VS JPY	6*	EUR	36,400,000	114.700	28/06/2017	(302,974)	(0.06)
Put EUR VS USD	3*	EUR	25,000,000	1.014	01/06/2017	(69,877)	(0.01)
Put USD VS JPY	3*	USD	15,000,000	113.820	13/04/2017	(235,955)	(0.05)
Put USD VS JPY	3*	USD	15,000,000	113.270	13/07/2017	(357,328)	(0.07)
Total unrealised depreciation on Foreign Exchange Options						(1,126,650)	(0.22)

Swaps (19.95)% (31 March 2016: (13.63)%)

Security description	Broker	Currency	Fixed rate	Notional	Maturity date	Unrealised depreciation GBP	% of Net Assets
AUD BBSW 6M INDEX	8*	AUD	1.995	368,000,000	13/09/2021	(4,477,414)	(0.86)
AUD BBSW 6M INDEX	8*	AUD	2.938	24,500,000	31/03/2027	(36,886)	(0.01)
AUD BBSW 6M INDEX	8*	AUD	3.595	31,500,000	26/11/2035	(271,509)	(0.05)
AUD CCP BBR BBSW	8*	AUD	1.859	100,000,000	09/03/2018	(33,092)	(0.01)
AUD CCP BBR BBSW	8*	AUD	2.180	91,200,000	23/01/2020	(239,767)	(0.05)
AUD CCP BBR BBSW	8*	AUD	2.104	160,000,000	15/02/2020	(164,860)	(0.03)
AUD CCP BBR BBSW	8*	AUD	2.104	160,000,000	15/02/2020	(164,860)	(0.03)
AUD CCP BBR BBSW	8*	AUD	2.160	123,300,000	17/02/2020	(247,554)	(0.05)
CAD OR 03 INDEX	8*	CAD	0.911	225,400,000	01/11/2018	(329,712)	(0.06)
CAD OR 03 INDEX	8*	CAD	0.910	225,400,000	01/11/2018	(332,409)	(0.06)
CAD OR 03 INDEX	8*	CAD	0.911	253,200,000	01/11/2018	(370,377)	(0.07)
EUR 6M INDEX	8*	EUR	0.005	267,000,000	02/11/2021	(1,190,120)	(0.23)
EUR 6M INDEX	8*	EUR	0.138	49,000,000	05/01/2022	(5,733)	(0.00)

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PORTFOLIO OF INVESTMENTS (continued)

Financial Derivative Liabilities (24.43)% (31 March 2016: (25.64)%) (continued)
Swaps (19.95)% (31 March 2016: (13.63)%) (continued)

Security description	Broker	Currency	Fixed rate	Notional	Maturity date	Unrealised depreciation GBP	% of Net Assets
EUR 6M INDEX	8*	EUR	0.100	157,170,000	11/01/2022	(290,073)	(0.06)
EUR 6M INDEX	8*	EUR	0.230	165,000,000	22/01/2022	(511,936)	(0.10)
EUR 6M INDEX	8*	EUR	0.395	28,500,000	15/08/2025	(357,461)	(0.07)
EUR 6M INDEX	8*	EUR	1.900	53,940,000	10/02/2037	(61,032)	(0.01)
EUR 6M INDEX	8*	EUR	0.997	22,250,000	04/11/2046	(1,763,884)	(0.34)
EUR 6M INDEX	8*	EUR	0.978	24,920,000	04/11/2046	(2,083,008)	(0.40)
EUR CPT FEMU INDEX	3*	EUR	1.030	65,000,000	12/11/2020	(189,570)	(0.04)
EUR CPT FEMU INDEX	3*	EUR	0.978	46,000,000	19/11/2020	(24,696)	(0.00)
EUR CPT FEMU INDEX	8*	EUR	1.245	23,250,000	15/01/2022	(76,321)	(0.01)
EUR CPT FEMU INDEX	8*	EUR	1.213	93,000,000	15/01/2022	(168,743)	(0.03)
EUR CPT FEMU INDEX	8*	EUR	1.238	69,750,000	15/01/2022	(205,320)	(0.04)
EUR CPT FEMU INDEX	8*	EUR	1.535	29,574,000	15/02/2027	(411,321)	(0.08)
EUR EURIBOR	8*	EUR	0.265	125,000,000	12/06/2022	(206,352)	(0.04)
EUR EURIBOR	8*	EUR	0.689	96,422,000	15/02/2026	(370,054)	(0.07)
EUR EURIBOR	8*	EUR	0.744	47,000,000	23/01/2027	(66,132)	(0.01)
EUR EURIBOR	8*	EUR	1.526	100,100,000	27/09/2027	(260,581)	(0.05)
EUR-EONIA-OIS-COMPOUND	8*	EUR	(0.276)	916,050,000	19/02/2019	(205,617)	(0.04)
EUR-EONIA-OIS-COMPOUND	8*	EUR	(0.321)	664,800,000	02/03/2019	(436,031)	(0.08)
GBP 6M INDEX	8*	GBP	0.580	116,770,000	01/03/2019	(73,355)	(0.01)
GBP 6M INDEX	8*	GBP	0.578	116,900,000	01/03/2019	(79,258)	(0.02)
GBP 6M INDEX	5*	GBP	0.886	50	02/08/2026	(1)	(0.00)
GBP 6M INDEX	8*	GBP	0.886	50	02/08/2026	(1)	(0.00)
GBP 6M INDEX	8*	GBP	1.069	22,600,000	15/12/2026	(173,832)	(0.03)
GBP 6M INDEX	8*	GBP	1.061	6,120,000	07/09/2034	(341,958)	(0.07)
GBP 6M INDEX	8*	GBP	1.099	10,030,000	07/03/2036	(559,754)	(0.11)
GBP 6M INDEX	8*	GBP	1.099	15,130,000	07/03/2036	(844,375)	(0.16)
GBP CCP LIBOR BBA	8*	GBP	0.930	47,400,000	13/02/2022	(207,887)	(0.04)
GBP CCP LIBOR BBA	8*	GBP	1.385	280,000,000	07/03/2022	(3,123,344)	(0.59)
GBP CCP LIBOR BBA	8*	GBP	1.444	48,546,000	03/02/2027	(1,310,689)	(0.25)
GBP CCP LIBOR BBA	8*	GBP	1.186	24,400,000	01/03/2027	(32,274)	(0.01)
GBP CCP LIBOR BBA	8*	GBP	1.573	49,100,000	01/03/2027	(135,953)	(0.03)
GBP CCP LIBOR BBA	8*	GBP	1.209	28,800,000	02/03/2027	(100,918)	(0.02)
GBP CCP LIBOR BBA	8*	GBP	1.170	30,700,000	15/12/2066	(906,135)	(0.17)
INFLATION ZERO CCP USA CPI	8*	USD	1.710	80,000,000	10/05/2017	(635,167)	(0.12)
INFLATION ZERO CCP USA CPI	6*	USD	1.796	320,000,000	17/05/2017	(2,239,584)	(0.43)
INFLATION ZERO CCP USA CPI	6*	USD	1.914	320,000,000	19/05/2017	(1,922,019)	(0.37)
INFLATION ZERO CCP USA CPI	8*	USD	1.940	160,000,000	26/05/2017	(887,486)	(0.17)
INFLATION ZERO CCP USA CPI	6*	USD	1.585	125,000,000	19/08/2017	(580,139)	(0.11)
INFLATION ZERO CCP USA CPI	6*	USD	1.950	250,000,000	03/10/2017	(824,339)	(0.16)
INFLATION ZERO CCP USA CPI	12*	USD	1.095	50,000,000	13/10/2017	(457,209)	(0.09)
INFLATION ZERO CCP USA CPI	12*	USD	1.110	50,000,000	14/10/2017	(452,370)	(0.09)
INFLATION ZERO CCP USA CPI	6*	USD	1.005	43,000,000	16/10/2017	(467,001)	(0.09)
INFLATION ZERO CCP USA CPI	6*	USD	1.140	54,000,000	02/11/2017	(553,008)	(0.11)
INFLATION ZERO CCP USA CPI	6*	USD	1.220	60,000,000	06/11/2017	(558,917)	(0.11)
INFLATION ZERO CCP USA CPI	6*	USD	1.285	30,000,000	13/11/2017	(266,414)	(0.05)
INFLATION ZERO CCP USA CPI	5*	USD	1.280	70,000,000	25/11/2017	(707,098)	(0.14)
INFLATION ZERO CCP USA CPI	6*	USD	1.690	140,000,000	23/03/2018	(1,175,915)	(0.22)
INFLATION ZERO CCP USA CPI	9*	USD	1.733	101,150,000	09/08/2026	(4,223,267)	(0.81)
INFLATION ZERO CCP USA CPI	9*	USD	1.730	48,000,000	15/08/2026	(2,003,001)	(0.38)
INFLATION ZERO CCP USA CPI	2*	USD	1.723	100,000,000	19/08/2026	(4,214,257)	(0.81)
INFLATION ZERO CCP USA CPI	5*	USD	1.790	100,320,000	13/09/2026	(3,751,835)	(0.72)
INFLATION ZERO CCP USA CPI	2*	USD	1.805	102,000,000	25/08/2028	(4,785,244)	(0.90)
INFLATION ZERO CCP USA CPI	2*	USD	1.931	12,800,000	12/05/2031	(625,319)	(0.12)
INFLATION ZERO CCP USA CPI	12*	USD	1.755	20,000,000	26/02/2046	(2,434,987)	(0.47)
INFLATION ZERO EUR EXT CPI	3*	EUR	1.175	224,000,000	15/04/2028	(6,540,918)	(1.23)
INFLATION ZERO EUR EXT CPI	3*	EUR	1.255	88,000,000	26/02/2031	(2,977,689)	(0.57)
INFLATION ZERO EUR EXT CPI	8*	EUR	1.735	17,000,000	15/11/2046	(611,840)	(0.12)
INFLATION ZERO UK RPI	3*	GBP	2.270	350,000,000	20/11/2017	(4,023,338)	(0.76)
INFLATION ZERO UK RPI	6*	GBP	2.970	38,250,000	04/07/2021	(1,216,442)	(0.23)
INFLATION ZERO UK RPI	6*	GBP	3.230	15,000,000	03/11/2030	(579,847)	(0.11)
INFLATION ZERO UK RPI	6*	GBP	3.307	9,800,000	04/12/2030	(258,186)	(0.05)
INFLATION ZERO UK RPI	8*	GBP	3.285	12,110,000	15/12/2030	(370,299)	(0.07)

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PORTFOLIO OF INVESTMENTS (continued)

Financial Derivative Liabilities (24.43)% (31 March 2016: (25.64)%) (continued)

Swaps (19.95)% (31 March 2016: (13.63)%) (continued)

Security description	Broker	Currency	Fixed rate	Notional	Maturity date	Unrealised depreciation GBP	% of Net Assets
INFLATION ZERO UK RPI	9*	GBP	3.133	37,500,000	15/01/2031	(2,336,085)	(0.45)
INFLATION ZERO UK RPI	6*	GBP	3.074	26,300,000	10/02/2031	(1,975,113)	(0.38)
INFLATION ZERO UK RPI	9*	GBP	3.073	21,800,000	15/05/2031	(1,810,972)	(0.35)
INFLATION ZERO UK RPI	8*	GBP	3.225	20,400,000	15/09/2031	(1,189,705)	(0.23)
INFLATION ZERO UK RPI	8*	GBP	3.228	35,500,000	15/09/2031	(2,052,678)	(0.39)
INFLATION ZERO UK RPI	6*	GBP	3.253	20,000,000	19/09/2031	(1,054,646)	(0.20)
INFLATION ZERO UK RPI	6*	GBP	3.230	20,000,000	23/09/2031	(1,146,029)	(0.22)
INFLATION ZERO UK RPI	6*	GBP	3.330	8,000,000	15/10/2035	(243,842)	(0.05)
INFLATION ZERO UK RPI	6*	GBP	3.429	9,000,000	20/10/2040	(63,956)	(0.01)
INFLATION ZERO UK RPI	6*	GBP	3.453	7,000,000	24/11/2040	(46,059)	(0.01)
INFLATION ZERO UK RPI	3*	GBP	3.318	7,760,000	18/02/2041	(529,230)	(0.10)
INFLATION ZERO UK RPI	3*	GBP	3.273	7,760,000	19/02/2041	(668,419)	(0.13)
INFLATION ZERO USA CPI	8*	USD	1.838	50,000,000	26/09/2017	(190,447)	(0.04)
INFLATION ZERO USA CPI	8*	USD	1.860	50,000,000	27/09/2017	(184,713)	(0.04)
INFLATION ZERO USA CPI	8*	USD	1.858	50,000,000	27/09/2017	(185,711)	(0.04)
INFLATION ZERO USA CPI	8*	USD	1.850	100,000,000	29/09/2017	(390,407)	(0.07)
INFLATION ZERO USA CPI	8*	USD	2.130	100,000,000	15/10/2017	(228,326)	(0.04)
INFLATION ZERO USA CPI	8*	USD	2.186	149,250,000	12/01/2022	(68,605)	(0.01)
INFLATION ZERO USA CPI	8*	USD	2.183	1,000,000	20/01/2022	(723)	(0.00)
INFLATION ZERO USA CPI	8*	USD	2.273	46,500,000	28/12/2026	(22,457)	(0.00)
JPY 6M Index	8*	JPY	(0.075)	11,000,000,000	26/09/2018	(148,157)	(0.03)
JPY 6M Index	8*	JPY	(0.075)	13,200,000,000	26/09/2018	(177,788)	(0.03)
JPY 6M Index	8*	JPY	(0.048)	5,630,000,000	20/03/2021	(203,592)	(0.04)
JPY 6M Index	8*	JPY	(0.048)	7,260,000,000	20/03/2021	(262,536)	(0.05)
JPY 6M Index	8*	JPY	(0.048)	8,500,000,000	20/03/2021	(307,376)	(0.06)
JPY 6M Index	8*	JPY	(0.041)	5,565,000,000	20/09/2021	(236,342)	(0.05)
JPY 6M Index	8*	JPY	0.402	1,275,000,000	20/06/2036	(428,721)	(0.08)
JPY 6M Index	8*	JPY	0.373	3,532,500,000	04/08/2036	(1,368,396)	(0.25)
JPY 6M Index	8*	JPY	0.443	1,120,000,000	30/09/2046	(859,345)	(0.16)
JPY LIBOR BBA	8*	JPY	0.813	5,250,000,000	13/10/2025	(944,636)	(0.18)
JPY LIBOR BBA	8*	JPY	0.679	930,000,000	20/12/2036	(17,547)	(0.00)
JPY LIBOR BBA	8*	JPY	0.679	1,860,000,000	20/12/2036	(35,094)	(0.01)
JPY LIBOR BBA	8*	JPY	0.679	1,860,000,000	20/12/2036	(35,094)	(0.01)
JPY LIBOR BBA	8*	JPY	0.699	2,790,000,000	20/12/2036	(119,736)	(0.02)
JPY LIBOR BBA	8*	JPY	0.722	1,860,000,000	20/12/2036	(142,336)	(0.03)
JPY LIBOR BBA	8*	JPY	0.737	2,640,000,000	20/12/2036	(253,933)	(0.05)
UK RPI Index	8*	GBP	3.582	50,000,000	15/01/2027	(584,687)	(0.11)
UK RPI Index	8*	GBP	3.649	36,270,000	15/01/2027	(730,824)	(0.14)
UK RPI Index	8*	GBP	3.490	30,318,000	15/02/2027	(95,973)	(0.02)
UK RPI Index	8*	GBP	3.513	37,200,000	15/02/2027	(222,249)	(0.04)
UK RPI Index	6*	GBP	3.505	7,500,000	12/11/2045	(321,189)	(0.06)
UK RPI Index	3*	GBP	3.457	35,000,000	01/12/2045	(432,884)	(0.08)
UK RPI Index	8*	GBP	3.589	4,185,000	15/02/2047	(310,420)	(0.06)
UK RPI Index	6*	GBP	3.373	9,000,000	20/10/2055	(457,344)	(0.09)
UK RPI Index	6*	GBP	3.379	7,000,000	24/11/2055	(312,832)	(0.06)
US 3M Index	8*	USD	1.984	205,809,000	07/02/2022	(326,220)	(0.06)
US 3M Index	8*	USD	2.035	237,510,000	24/03/2022	(290,315)	(0.06)
US 3M Index	12*	USD	1.618	100	09/06/2026	(5)	(0.00)
US 3M Index	8*	USD	2.298	93,000,000	06/01/2027	(410,067)	(0.08)
US 3M Index	8*	USD	2.346	101,600,000	08/02/2027	(218,147)	(0.04)
US 3M Index	8*	USD	2.729	72,800,000	24/03/2027	(108,424)	(0.02)
US 3M Index	8*	USD	2.038	80,080,000	26/09/2036	(4,118,710)	(0.78)
USD CCP LIBOR BBA	8*	USD	2.155	155,750,000	31/08/2021	(464,993)	(0.09)
USD CCP LIBOR BBA	8*	USD	2.192	146,600,000	13/03/2022	(766,076)	(0.15)
USD CCP LIBOR BBA	8*	USD	2.679	44,826,000	07/02/2047	(250,399)	(0.05)
USD CPU RNSA INDEX	8*	USD	2.265	93,000,000	06/02/2022	(248,480)	(0.05)
Total unrealised depreciation on Swaps						(104,384,284)	(19.95)

Total Return Swaps (0.13)% (31 March 2016: Nil)

Security description	Broker	Currency	Notional	Maturity date	Unrealised depreciation GBP	% of Net Assets
GBP WMBA SONIA COMPOUND	1*	GBP	9,300,000	17/05/2017	(684,085)	(0.13)
Total losses on Total Return Swaps					(684,085)	(0.13)

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Financial Derivative Liabilities (24.43)% (31 March 2016: (25.64)%) (continued)
Swaptions (2.17)% (31 March 2016: (4.56)%)

Security description	Broker	Strike price	Currency	Notional	Expiry date	Unrealised depreciation GBP	% of Net Assets
Call AUD VS BBR BBSW	9*	4.85	AUD	60,000,000	26/04/2017	(1,061,176)	(0.20)
Call JPY VS LIBOR BBA	3*	0.00	JPY	6,400,000,000	20/04/2022	(266,545)	(0.05)
Call USD VS LIBOR BBA	6*	5.89	USD	180,000,000	23/08/2021	(3,821,664)	(0.73)
Call USD VS LIBOR BBA	6*	4.24	USD	160,000,000	25/02/2026	(867,685)	(0.17)
Put EUR VS 6M Index	5*	1.23	EUR	113,750,000	29/09/2017	(174,186)	(0.03)
Put EUR VS 6M Index	9*	1.68	EUR	68,250,000	21/06/2017	(182,841)	(0.03)
Put EUR VS 6M Index	6*	8.64	EUR	54,000,000	14/01/2036	(391,707)	(0.07)
Put GBP VS 6M Index	3*	10.11	GBP	122,800,000	07/01/2036	(3,326,110)	(0.64)
Put JPY VS 6M Index	6*	0.03	JPY	5,900,000,000	18/10/2022	(283,227)	(0.05)
Put JPY VS 6M Index	9*	2.75	JPY	2,600,000,000	15/03/2038	(581,376)	(0.11)
Put JPY VS 6M Index	9*	2.74	JPY	2,550,000,000	16/03/2038	(486,447)	(0.09)
Total unrealised depreciation on Swaptions						(11,442,964)	(2.17)
Total Financial Derivative Liabilities						(127,924,284)	(24.43)
Total Financial Liabilities at Fair Value Through Profit or Loss						(456,821,006)	(87.28)
						Fair Value GBP	% of Net Assets
Total investments (Cost GBP 457,364,329)						480,310,135	91.80
Deposits with credit institutions						36,846,022	7.04
Broker cash, cash collateral and bank overdraft, net						16,399,907	3.13
Other assets and liabilities, net						(10,290,017)	(1.97)
Total net assets						523,266,047	100.00

Analysis of Gross Assets	% of Gross Assets
Transferable securities admitted to an official stock listing	45.73
Transferable securities dealt with on a regulated market	33.07
FDI's dealt with on a regulated market	0.32
OTC derivatives	12.17
Deposits	3.59
Other assets	5.12
	100.00

Short positions are covered.

^ Investment pledged as collateral. For further details on the non-cash collaterals pledged, see note 3.

All OTC derivatives including options and swaptions, both sold and bought are valued and collateralised daily.

For sold options, the exposure is adequately covered using hedging strategies in related instruments and ultimately by the high quality liquid government bonds in the Fund's portfolio of investments.

The following is a list of counterparties for the financial derivative instruments.

Reference	Counterparty
1*	Barclays Bank
2*	BNP Paribas
3*	Goldman Sachs
4*	HSBC
5*	JP Morgan
6*	Merrill Lynch
7*	Mitsubishi UFJ Securities International
8*	Morgan Stanley
9*	Nomura
10*	Royal Bank of Scotland
11*	State Street
12*	UBS

Old Mutual Global Investors Series II ICAV
Annual Report and Audited Financial Statements for the year ended 31 March 2017

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2017

		Old Mutual Absolute Return Government Bond Fund GBP Year ended 31 March 2017	Old Mutual Absolute Return Government Bond Fund GBP Period ended 31 March 2016*
Income	Note		
Other income		36,391	301
Net gains on investment activities	2.1, 8	52,314,530	13,738,843
Total net income		52,350,921	13,739,144
Expenses			
Performance fees	7	(1,006,206)	-
Fixed operating expenses	7	(1,316,353)	(512,688)
Investment Management fees	7, 9	(1,864,182)	(615,100)
Total operating expenses		(4,186,741)	(1,127,788)
Profit for year/period before finance costs		48,164,180	12,611,356
Finance costs			
Interest expense	2.3	(13,729,462)	(8,124,652)
Total finance costs		(13,729,462)	(8,124,652)
Profit before distributions and tax		34,434,718	4,486,704
Foreign tax withheld	5	(13,695)	(29,831)
Net increase for the year/period in net assets attributable to holders of redeemable participating shares		34,421,023	4,456,873

All activities arose from continuing operations. There are no other gains or losses other than those noted above.

* For the period from 26 May 2015 (date of formation) to 31 March 2016. The Fund commenced operations on 7 October 2015.

The accompanying notes form an integral part of these financial statements.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

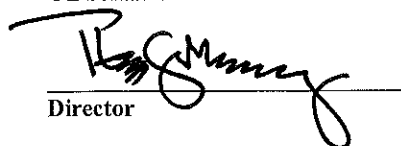
STATEMENT OF FINANCIAL POSITION as at 31 March 2017

		Old Mutual Absolute Return Government Bond Fund GBP 31 March 2017	Old Mutual Absolute Return Government Bond Fund GBP 31 March 2016
Assets	Note		
Financial assets at fair value through profit or loss:			
Transferable securities (Cost: GBP 787,677,008; 31 March 2016: GBP 1,293,428,910)	2.1	808,904,549	1,361,594,768
Financial derivative assets	2.1	128,226,592	87,804,723
Deposits with credit institutions	2.4	36,846,022	20,356,114
Cash collateral	2.7, 3	9,260,000	25,810,000
Cash due from broker	2.7	40,156,675	48,702,864
Debtors:	2		
Receivable for investments sold	2.11	-	33,156,381
Receivable for Fund shares sold		1,198,957	1,401,848
Interest receivable		2,002,339	5,178,698
Total assets		1,026,595,134	1,584,005,396
Liabilities (excluding net assets attributable to holders of redeemable participating shares)			
Financial liabilities at amortised cost:			
Repurchase Agreements	2.1	(328,896,722)	(984,876,312)
Financial liabilities at fair value through profit or loss:			
Financial derivative liabilities	2.1	(127,924,284)	(118,889,664)
Bank overdraft		-	(25,142)
Cash due to broker	2.7	(33,016,768)	(14,880,369)
Creditors – amounts falling due within one year:	2		
Payable for investments purchased	2.12	(16,900)	(676,674)
Payable for Fund shares redeemed		(11,905,196)	(122,439)
Interest payable		(88,495)	(256,200)
Performance fees payable	7	(526,194)	-
Investment Management fees payable	7, 9	(346,529)	(353,270)
Fixed operating expenses payable	7	(607,999)	(334,565)
Total liabilities		(503,329,087)	(1,120,414,635)
Net assets attributable to holders of redeemable participating shares		523,266,047	463,590,761

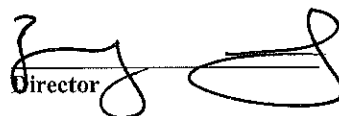
Please refer to note 4 of the financial statements for details of number of shares outstanding, NAV and NAV per share as of the respective Statements of Financial Position date.

The accompanying notes form an integral part of these financial statements.

On behalf of the Directors of the ICAV


Director

Date: 21 July 2017


Director

Date: 21 July 2017

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS for year ended 31 March 2017

		Old Mutual Absolute Return Government Bond Fund GBP	Old Mutual Absolute Return Government Bond Fund GBP
	Note	Year ended 31 March 2017	Period ended 31 March 2016*
Net assets attributable to holders of redeemable participating shares at the beginning of the year/period		463,590,761	-
Share transactions			
Proceeds from redeemable participating shares issued	4	318,594,165	554,136,206
Payments for redemption of redeemable participating shares	4	(293,339,902)	(95,002,318)
Net increase from share transactions		25,254,263	459,133,888
Increase in net assets attributable to holders of redeemable participating shares from operations		34,421,023	4,456,873
Net assets attributable to holders of redeemable participating shares at the end of the year/period		523,266,047	463,590,761

Please refer to note 4 of the financial statements for details of number of shares issued and redeemed during the respective financial reporting periods.

* For the period from 26 May 2015 (date of formation) to 31 March 2016. The Fund commenced operations on 7 October 2015.

The accompanying notes form an integral part of these financial statements.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017

1. Basis of preparation

Old Mutual Global Investor Series II ICAV (the “ICAV”) is an open-ended umbrella Irish collective asset-management vehicle with variable capital and segregated liability between sub-funds formed in Ireland on 26 May 2015 pursuant to the Irish Collective Asset-management Vehicles Act 2015 (the “ICAV Act”). The ICAV is authorised by the Central Bank of Ireland (the “Central Bank”), under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, (as amended), (the “UCITS Regulations”) and under 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’s UCITS Regulations”). The ICAV commenced trading on 7 October 2015.

The ICAV’s financial statements have been prepared in accordance with Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”), Irish statute comprising the ICAV Act and the provisions of the UCITS Regulations. The financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

In preparation of financial statements in conformity with FRS 102 the ICAV is required to make certain accounting estimates and assumptions. Actual results may differ from these estimates and assumptions. The Directors believe that any estimates used in preparing the financial statements are reasonable and prudent. Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the ICAV’s business that typically require such estimates are the determination of the fair value of financial assets and liabilities.

The ICAV has availed of the exemption available under FRS 102 (Section 7.1A(c)) and is not presenting a cash flow statement.

As at 31 March 2017, the ICAV comprised one active fund Old Mutual Absolute Return Government Bond Fund (the “Fund”).

Securities Financing Transactions Regulation (Regulation (EU) 2015/2365) (“SFTR”) came into force on 12 January 2016 and, amongst other requirements, introduces new disclosure requirements in the ICAV’s Annual Report published after 13 January 2017 detailing the Fund’s use of securities financing transactions. As a result, additional disclosures have been included in the Supplementary information section of this Report.

2. Significant Accounting Policies

The financial position of the Fund, its cash and liquidity positions are detailed in the financial statements. In addition, the notes to the financial statements address the ICAV’s financial risk management objectives, details of its financial instruments; and its exposures to credit risk and liquidity risk. The Directors have a reasonable expectation that the ICAV has adequate resources to continue in operational existence for the foreseeable future. Therefore the ICAV continues to adopt the going concern basis of accounting in preparing its financial statements.

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

(a) Classification

Financial assets at fair value through profit or loss have two sub-categories: financial assets and financial liabilities held for trading and those designated by management at fair value through profit or loss at inception. Financial assets or financial liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing in the short-term. forward foreign currency exchange contracts and all other derivatives fall into this category. Gains and losses from changes in the fair value of the financial assets or liabilities at fair value through profit or loss category are included in the Statement of Comprehensive Income.

(b) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date, the date on which the ICAV commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transactions costs are expensed as incurred in the Statement of Comprehensive Income.

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 gains on investment activities” as unrealised gain/(loss) on investments.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

2. Significant accounting policies (continued)

2.1 Financial assets and financial liabilities at fair value through profit or loss (continued)

(b) Recognition, derecognition and measurement (continued)

Financial assets and financial liabilities are derecognised when the rights to receive cash flows from the investments have expired or the ICAV has transferred substantially all risks and rewards of ownership and a realised gain or loss is recognised. Realised gains and losses are presented in the Statement of Comprehensive Income within “net gains on investment activities” as realised gain/(loss) on investments. Realised gains and losses on investment transactions are calculated on an average cost method. Realised gains and losses on investments transactions in debt instruments are calculated as the difference between sales proceeds and the amortised cost of the instrument. Amortised cost is arrived at using the effective interest method.

(c) Fair value estimation

(i) Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a result of the ICAV’s decision to implement the full recognition and measurement provisions of International Accounting Standards (“IAS 39”) Financial Instruments: Recognition, the fair value of assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date.

If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-price or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. Assets and liabilities were valued using last traded prices as this has been deemed a practical expedient of fair value.

The value of any investment which is not listed or dealt in an active market or of any investment which is normally listed or dealt on a market but in respect of which no mid-price is currently available or the current price does not, in the opinion of the Directors, represent fair market value, shall be the probable realisation value thereof estimated with care and in good faith by the Directors, or by the Investment Manager. The Investment Manager has been appointed as a “competent person” for the purposes of determining the value of investments which cannot be priced in accordance with the pricing rules as outlined in the Prospectus or if prices obtained under such rules are not representative of fair value and has been approved for such purpose by the Depositary. In fair valuing securities, the Investment Manager utilises the services of its valuation committee and is required to report quarterly to the Board of Directors (the “Board”).

Estimates of fair value utilised by the ICAV as described above may differ from the value realised on the sale of those investments and the differences may have been material to the Net Asset Value (“NAV”) of the applicable Fund. At the year end, or the prior period end there were no such investments whose prices were determined by the Investment Manager.

(ii) Futures Contracts

Initial margin deposits are made upon entering into futures contracts and are generally made in cash or cash equivalents. The fair value of futures contracts is based upon their current quoted daily settlement prices on the relevant exchange as of the Statement of Financial Position date. Changes in the value of open futures contracts are recognised as unrealised gains or losses on futures contracts until the contracts are terminated, at which time realised gains and losses are recognised. The Fund’s gains or losses on open futures contracts are shown on the Statement of Financial Position as financial assets or liabilities at fair value through profit or loss.

(iii) Options Contracts

The Fund may purchase and sell (write) call and put options on securities, securities indices and foreign currencies traded on a national securities exchange or in an over-the-counter (“OTC”) market.

When the Fund writes a call or a put option, a premium is received by the Fund. The premium is subsequently marked-to-market to reflect the fair value of the option written, which is reported within financial assets or liabilities at fair value through profit or loss on the Statement of Financial Position for the Fund. The difference between the premium amount and the fair value reported on the Statement of Financial Position gives rise to an unrealised gain/(loss).

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

2. Significant accounting policies (continued)

2.1 Financial assets and financial liabilities at fair value through profit or loss (continued)

(c) Fair value estimation (continued)

(iii) Options Contracts (continued)

When the Fund purchases a call or a put option, a premium is paid by the Fund. The premium on purchased put or call 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 included in determining initial fair value of the securities or foreign currency purchased. Premiums paid on the purchase of options which expire unexercised are treated as realised losses. The option is subsequently marked-to-market to reflect the fair value of the option purchased, which is reported within financial assets or liabilities at fair value through profit or loss on the Statement of Financial Position for the Fund.

The OTC options are valued at close of business on the dealing day at the settlement price as provided by the counterparty/broker and the values are independently valued, at a minimum, weekly. The fair value of exchange traded options are based upon their quoted daily settlement prices on the relevant exchange. In the event of it being impossible or incorrect to carry out a valuation of a specific investment in accordance with the valuation rules, or if such valuation is not representative of a security's fair market value, the Directors are entitled to use other generally recognised valuation methods in order to reach a proper valuation of that specific instrument, provided that such method of valuation has been approved by the Depositary.

If an option which the Fund has written either expires on its stipulated expiration date or the Fund enters into a closing purchase transaction, the Fund realises a gain (or loss, if the cost of a closing purchase transaction exceeds the premium received when the option was sold) without regard to any unrealised gain or loss on the underlying security, and the liability related to such option is extinguished. If a call option which the Fund has written is exercised, the Fund realises a capital gain or loss from the sale of the underlying security, and the proceeds from such sales are increased by the premium originally received. When a put option which the Fund has written is exercised, the amount of the premium originally received will reduce the cost of the security which the Fund purchases upon exercise of the option.

(iv) Forward Foreign Currency Exchange Contracts

A forward foreign currency exchange contract represents an obligation to purchase or sell a specific currency at a future date and at a price set at the time of the contract. The values of forward foreign currency exchange contracts are adjusted daily based on the applicable exchange rate of the underlying currency. Changes in the value of open contracts are recorded within "net gains on investment activities" as unrealised gain/(loss) on foreign currencies in the Statement of Comprehensive Income. When the forward foreign currency exchange contract is closed, the Funds record a realised gain/(loss) in the Statement of Comprehensive Income equal to the difference between the value at the time the contract was opened and the value at the time it was closed. Losses from these transactions may arise from unfavorable changes in currency values or if the counterparties do not perform under a contract's terms. Forward foreign currency exchange contracts are used to hedge the currency risk associated with certain portfolio positions, or as a substitute for direct investment in a market.

(v) Repurchase Agreements

Repurchase agreements are transactions in which one party sells a security to the other party with a simultaneous agreement to repurchase the security at a fixed future date at a stipulated price reflecting a market rate of interest unrelated to the coupon rate of the securities. When the Fund sells a financial asset and simultaneously enters into an agreement to repurchase the same or a similar asset at a fixed price on a future date the arrangement is accounted for as a borrowing and is recognised in the Statement of Financial Position at amortised cost. Interest rates vary for each repurchase agreement and are set at the initiation of the agreement. Interest expense associated with the repurchase agreements is included in the Statement of Comprehensive Income and is recognised on the effective interest rate basis. Transaction costs associated with repurchase agreements are embedded in the cost of the investment and cannot be separately verified or disclosed.

(vi) Interest Rate Swaps and Total Return Swaps

Swap contracts are carried at fair value based upon the fair value of the underlying assets, the risk associated with the underlying assets, and any additional provisions of the derivative contract.

Interest rate swaps ("IRSs") are measured initially at fair value on the date on which the derivative contract is entered into and subsequently remeasured at fair value. Fair values are obtained from counterparties or from quoted market prices in active markets, including recent market transactions, and from valuation techniques using discounted cash flow models and option pricing models as appropriate. IRSs are included in assets when the fair value is positive, and in liabilities when the fair value is negative, unless there is the legal ability and intention to settle the asset and liability on a net basis. Revenues/payments arising on IRSs are included in the net gain on investment activities in the Statement of Comprehensive Income.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

2. Significant accounting policies (continued)

2.1 Financial assets and financial liabilities at fair value through profit or loss (continued)

(c) Fair value estimation (continued)

(vi) Interest Rate Swaps and Credit Default Swaps (continued)

Total return swaps (“TRSs”) involve a commitment by one party to pay interest to the other party in exchange for a payment to it from the other party based on the return of a reference asset (e.g., a security, basket of securities or futures contract), both based on notional amounts. To the extent the return of the reference asset exceeds or falls short of the interest payments, one party is entitled to receive a payment from or obligated to make a payment to the other party.

(vii) Swaptions

Swaptions combine the features of two other financial instruments, namely an option and a swap. A swaption involves writing/purchasing options to enter into a swap. Swaptions are priced using the standard Black Scholes pricing model where the inputs required are the terms of the option, the price and volatility of the underlying instrument (the swap), the strike price of the option and the risk free rate of return (yield curve).

The Fund records an unrealised gain/(loss) for the amount expected to be received or paid under the swaption agreement if the agreement was terminated on the Statement of Financial Position date and is reported within financial assets or financial liabilities at fair value through profit or loss on the Fund’s Statement of Financial Position.

When the Fund writes a swaption, a premium is received by the Fund and the swaption is initially recognised at the amount of the premium. The swaption is subsequently marked-to-market to reflect the fair value of the swaption written, which is reported within financial liabilities at fair value through profit or loss on the Fund’s Statement of Financial Position. The difference between the premium received and the fair value reported on the Statement of Financial Position gives rise to an unrealised gain/(loss). When a swaption which the Fund has written is exercised, the amount of the premium originally received will offset the cost of the swap upon exercise of the option in arriving at the movement in unrealised gain or loss to be included in the Statement of Comprehensive Income. Premiums received on swaptions written which expire unexercised are treated as realised gains.

When the Fund purchases a swaption, a premium is paid by the Fund and the swaption is initially recognised at the amount of the premium. The swaption is subsequently marked-to-market to reflect the fair value of the swaption purchased, which is reported within financial assets at fair value through profit or loss on the Fund’s Statement of Financial Position. When a swaption which the Fund holds is exercised, the amount of the premium originally paid will offset the cost of the swap upon exercise of the option in arriving at the movement in unrealised gain or loss to be included in the Statement of Comprehensive Income. Premiums paid from the purchase of swaptions which expire unexercised are treated as realised losses.

(viii) Debtors/Creditors

Debtors and Creditors represent amounts receivable and payable respectively, for transactions contracted for but not yet paid for by the end of the year. These amounts are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition origination. The carrying amount of Debtors and Creditors approximates to their fair value.

2.2 Foreign currency

(a) Functional and presentation currency

Items included in the financial statements of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the “functional currency”). The financial statements of the Fund are presented in GBP, which is the functional and presentation currency of the Fund. The liquidity of the Fund is managed on a day to day basis in GBP in order to handle the issue, acquisition and resale of the Fund’s redeemable participating shares.

(b) Foreign currency translation

Transactions in currencies other than GBP are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year end exchange rates of monetary items and non-monetary assets and liabilities that are denominated in foreign currencies are recognised in the Statement of Comprehensive Income in the year in which they arise. Net foreign exchange gain/(loss) on financial assets and liabilities is included in the Statement of Comprehensive Income within realised and unrealised gain/(loss) on foreign exchange as appropriate.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

2. Significant accounting policies (continued)

2.3 Revenue recognition

Interest income on debt securities at fair value through profit or loss is recognised in realised gains on investments contained within 'net gains on investment activities' in the Statement of Comprehensive Income using the effective interest method. Income is accounted for gross of any non-reclaimable/irrecoverable withholding taxes and net of any tax credits. The withholding tax is shown separately in the Statement of Comprehensive Income.

2.4 Deposits with credit institutions

As at 31 March 2017 and 31 March 2016 cash and cash equivalents are held with State Street Bank and Trust Company ("State Street") and are stated at face value. Cash held as at 31 March 2017 and 31 March 2016 and denominated in currencies other than GBP is converted to GBP using the respective year end exchange rates as disclosed in this Report.

2.5 Other financial liabilities

The Fund may only borrow on a temporary basis for the account of the Fund and the aggregate amount of such borrowings may not exceed 10% of the NAV of the Fund. In accordance with the provisions of the UCITS Regulations, the Fund may charge the assets of the Fund as security for borrowings of the Fund. Repurchase agreements are classified as financial liabilities at amortised cost, within the Statement of Financial Position.

2.6 Expenses

Expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

2.7 Cash Collateral and Cash at Broker

Cash at broker is margin cash and cash collateral which is held by or due to brokers for open futures contracts and represents the exchange traded futures contracts margin deposits held with brokers. This amount is the minimum deemed by the brokers and counterparties for collateral requirements and is as such restricted and is reported separately to the unrestricted cash on the Fund's Statements of Financial Position.

2.8 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 liability. Transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on the purchase and sale of bonds, repurchase agreements and forward foreign currency exchange contracts 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 futures contracts and options are included in unrealised and realised gain/(loss) on investment and derivatives, as appropriate, in the Statement of Comprehensive Income. These include identifiable brokerage charges, commissions, transaction related taxes and other market charges.

Depository transactions costs are included in Depository fees. These costs are separately identifiable transaction costs and the total costs incurred by the Fund during the year are disclosed in note 7, these include transaction costs paid to the Depository.

2.9 Redeemable participating shares

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Fund has multiple classes of redeemable participating Shares in issue. The redeemable participating Shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets, after deduction of the nominal amount of equity share capital, at each daily redemption date.

In accordance with the requirements of the Prospectus, the Fund issues redeemable participating shares, which are redeemable at the holder's option and are classified as financial liabilities. Redeemable participating Shares can be put back into the Fund at any time for cash equal to a proportionate share of the Fund's NAV. The redeemable participating Share is carried at the redemption amount that is payable at the year end date if the holder exercises the right to put the Share back into the Fund.

Redeemable participating Shares are issued and redeemed at the holder's option based on the relevant Fund's NAV per share at the time of issue or redemption. The Fund's NAV per share is calculated by dividing the net assets attributable to the holders of redeemable participating Shares by the total number of outstanding redeemable participating Shares.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

2. Significant accounting policies (continued)

2.10 Gains and losses

Unrealised gains and losses arising from changes in the fair value of financial assets and financial liabilities at fair value through profit or loss are included in the Statement of Comprehensive Income in the period in which they arise. Realised gains and losses on investment transactions, excluding debt instruments, are calculated using the average cost method.

Realised gains and losses on investments transactions in debt instruments are calculated as the difference between sales proceeds and the amortised cost of the instrument. Gains and losses realised on the sale of all financial assets and financial liabilities carried at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

2.11 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 fair value plus transaction costs that are directly attributable to their acquisition/origination.

2.12 Payables

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

3. Collateral

a) Collateral Held with Counterparties

The Fund's assets may be pledged as collateral to, and held by the counterparties and brokers for open futures contracts, options contracts, forward foreign currency exchange contracts and swap contracts held on the Fund. Details of non-cash collateral held at year end by counterparties are asterisked within the Portfolio of Investments and detailed within the tables below. Securities held by counterparties as collateral are typically U.S. Treasury Bills or other international equivalents. The total of cash held as collateral by counterparties at year end and prior period end is disclosed on the Statement of Financial Position and detailed within the tables below.

Non-cash collateral held with counterparties for Swaps:

	As at 31 March 2017 GBP	As at 31 March 2016 GBP
Counterparty		
Goldman Sachs	104	-
Morgan Stanley	35,437,941	-
	35,438,045	-

Cash collateral held with counterparties for Swaps:

	As at 31 March 2017 GBP	As at 31 March 2016 GBP
Counterparty		
Barclays Bank	-	30,000
HSBC	-	2,400,000
JP Morgan	4,370,000	8,660,000
Lloyds	-	3,090,000
Merrill Lynch	1,800,000	10,190,000
Morgan Stanley	-	1,440,000
UBS	3,090,000	-
	9,260,000	25,810,000

b) Collateral Held by the Fund

The Fund may also receive cash and/or non-cash collateral from counterparties in relation to financial derivative positions and repurchase agreements held by the Fund.

The Fund may receive non-cash collateral in the form of stock from counterparties for swap contracts and repurchase agreements. This collateral does not form part of the net assets of the Fund. Details of non-cash collateral held by the Fund at the year end and prior period end are disclosed and detailed within the tables below.

Old Mutual Global Investors Series II ICAV

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

3. Collateral (continued)

b) Collateral Held by the Fund (continued)

Collateral received must at all times meet with the specific requirements of the Central Bank as detailed in the ICAV's Prospectus.

Cash collateral held by the Fund for Swaps:

Counterparty	As at 31 March 2017 GBP	As at 31 March 2016 GBP
Barclays Bank	730,000	-
BNP Paribas	1,460,000	3,520,000
Goldman Sachs	1,220,000	710,000
Morgan Stanley	860,000	-
Nomura	830,000	360,000
Royal Bank of Scotland	1,360,000	1,380,000
UBS	-	3,740,871
	6,460,000	9,710,871

Cash collateral pledged by the Fund for Repurchase Agreements:

Counterparty	As at 31 March 2017 GBP	As at 31 March 2016 GBP
BNP Paribas	-	5,270,000
Goldman Sachs	260,000	-
Lloyds	-	380,000
Nomura	921,234	1,990,000
	1,181,234	7,640,000

Non-cash collateral pledged for Repurchase Agreements:

Counterparty	As at 31 March 2017 GBP	As at 31 March 2016 GBP
BNP	-	343,092,444
Goldman Sachs	54,003,509	-
HSBC	-	185,640,039
Lloyds	-	182,992,320
Nomura	261,317,674	239,131,479
	315,321,183	950,856,282

c) Impairment of Collateral

The Investment Manager has considered the recoverability of collateral due from relevant brokers and counterparties at year end and prior period end and has considered the need to write-down the value of such collateral. The Investment Manager is satisfied that the full value of the collateral is recoverable from all brokers and counterparties at the respective year end date.

4. Share capital

The authorised share capital of the ICAV is 300,000 redeemable non-participating Shares of no par value and 500,000,000,000 participating Shares of no par value. Non-participating Shares do not entitle the holders thereof to any dividend and on a winding up entitle the holders thereof to receive the consideration paid therefor but do not otherwise entitle them to participate in the assets of the ICAV. The Directors have the power to allot shares in the capital of the ICAV on such terms and in such manner as they may think fit.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

4. Share capital (continued)

The 2 redeemable non-participating shares of €1.00 each are held by Old Mutual Global Investors (UK) Limited, the Investment Manager. These shares do not entitle the holder to a share of the assets of the ICAV and are disclosed in these financial statements by way of this note only. The ICAV had initial capital of €300,000 upon incorporation which was repaid by the ICAV in November 2015.

The redeemable participating shares issued and redeemed in each Fund's Share Class during the year ended 31 March 2017 are detailed in the below table:

Number of redeemable participating Shares	Shares in issue at 31 March 2016	Shares issued during the year	Shares redeemed during the year	Shares in issue at 31 March 2017
<i>Old Mutual Absolute Return Government Bond Fund</i>				
A (EUR) Hedged Accumulation Shares	57,096	79,830	(21,419)	115,507
A (GBP) Accumulation Shares	39,834	104,255	(5,729)	138,360
A (USD) Hedged Accumulation Shares	8,074	37,073	(1,435)	43,712
F (EUR) Hedged Accumulation Shares	18,966,934	4,892,576	(7,784,194)	16,075,316
F (GBP) Accumulation Shares	17,671,621	4,995,034	(12,781,961)	9,884,694
F (USD) Hedged Accumulation Shares	326,527	451,656	(95,914)	682,269
I (EUR) Hedged Accumulation Shares	1,997,110	5,373,233	(1,588,215)	5,782,128
I (USD) Hedged Accumulation Shares	100	-	-	100
L2 (EUR) Hedged Accumulation Shares*	-	3,395,100	(20,100)	3,375,000
R (GBP) Accumulation Shares	274,884	446,596	(315,964)	405,516
U1 (EUR) Hedged Accumulation Shares	581,641	299,165	(182,987)	697,819
U1 (GBP) Accumulation Shares	952,195	2,099,287	(348,806)	2,702,676
U2 (EUR) Hedged Accumulation Shares	40,100	340,000	(40,000)	340,100
U2 (GBP) Accumulation Shares	8,848,009	11,790,647	(5,376,924)	15,261,732
X (EUR) Hedged Accumulation Shares**	2,860,100	-	(2,860,100)	-

* This Share Class launched on 1 April 2016.

** This Share Class terminated on 9 May 2016.

The redeemable participating shares issued and redeemed in the Fund's Share Classes during the period ended 31 March 2016 are detailed in the below table:

Number of redeemable participating Shares	Shares in issue at beginning of the period	Shares issued during the period	Shares redeemed during the period	Shares in issue at 31 March 2016
<i>Old Mutual Absolute Return Government Bond Fund</i>				
A (EUR) Hedged Accumulation Shares	-	63,508	(6,412)	57,096
A (GBP) Accumulation Shares	-	41,609	(1,775)	39,834
A (USD) Hedged Accumulation Shares	-	8,074	-	8,074
F (EUR) Hedged Accumulation Shares	-	22,578,831	(3,611,897)	18,966,934
F (GBP) Accumulation Shares	-	23,780,695	(6,109,074)	17,671,621
F (USD) Hedged Accumulation Shares	-	330,179	(3,652)	326,527
I (EUR) Hedged Accumulation Shares	-	2,492,906	(495,796)	1,997,110
I (USD) Hedged Accumulation Shares	-	100	-	100
R (GBP) Accumulation Shares	-	283,006	(8,122)	274,884
U1 (EUR) Hedged Accumulation Shares	-	583,390	(1,749)	581,641
U1 (GBP) Accumulation Shares	-	953,345	(1,150)	952,195
U2 (EUR) Hedged Accumulation Shares	-	65,100	(25,000)	40,100
U2 (GBP) Accumulation Shares	-	9,307,077	(459,068)	8,848,009
X (EUR) Hedged Accumulation Shares	-	2,860,100	-	2,860,100

Old Mutual Global Investors Series II ICAV

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

4. Share capital (continued)

The NAV, shares outstanding and NAV per share of each of the Fund's Share Classes as at the respective year/period end are detailed in the below table:

	Net Assets		Shares Outstanding		Net Asset Value per Share	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
A (EUR) Hedged Accumulation Shares	EUR 1,152,248	EUR 554,479	115,507	57,096	EUR 9.98	EUR 9.71
A (GBP) Accumulation Shares	GBP 1,397,049	GBP 387,923	138,360	39,834	GBP 10.10	GBP 9.74
A (USD) Hedged Accumulation Shares	USD 443,807	USD 78,670	43,712	8,074	USD 10.15	USD 9.74
F (EUR) Hedged Accumulation Shares	EUR 161,848,053	EUR 184,661,613	16,075,316	18,966,934	EUR 10.07	EUR 9.74
F (GBP) Accumulation Shares	GBP 100,733,582	GBP 172,850,808	9,884,694	17,671,621	GBP 10.19	GBP 9.78
F (USD) Hedged Accumulation Shares	USD 7,000,189	USD 3,191,010	682,269	326,527	USD 10.26	USD 9.77
I (EUR) Hedged Accumulation Shares	EUR 58,015,287	EUR 19,413,660	5,782,128	1,997,110	EUR 10.03	EUR 9.72
I (USD) Hedged Accumulation Shares	USD 1,020	USD 975	100	100	USD 10.20	USD 9.75
L2 (EUR) Hedged Accumulation Shares*	EUR 34,650,806	-	3,375,000	-	EUR 10.27	-
R (GBP) Accumulation Shares	GBP 4,117,306	GBP 2,680,687	405,516	274,884	GBP 10.15	GBP 9.75
U1 (EUR) Hedged Accumulation Shares	EUR 6,995,930	EUR 5,643,398	697,819	581,641	EUR 10.03	EUR 9.70
U1 (GBP) Accumulation Shares	GBP 27,481,164	GBP 9,296,176	2,702,676	952,195	GBP 10.17	GBP 9.76
U2 (EUR) Hedged Accumulation Shares	EUR 3,407,207	EUR 389,129	340,100	40,100	EUR 10.02	EUR 9.70
U2 (GBP) Accumulation Shares	GBP 155,350,515	GBP 86,474,117	15,261,732	8,848,009	GBP 10.18	GBP 9.77
X (EUR) Hedged Accumulation Shares**	-	EUR 28,509,845	-	2,860,100	-	EUR 9.97

Minimum Fund size is GBP 10,000,000.

* This Share Class launched on 1 April 2016.

** This Share Class terminated on 9 May 2016.

5. Taxation

Under current law and practice the ICAV qualifies as an investment undertaking as defined in Section 739B of the Taxes Consolidation Act, 1997, as amended, (the "Taxes Consolidation Act"). On that basis, it is generally not chargeable to Irish tax on its relevant income and gains so long as the ICAV is non-resident for tax purposes in Ireland. However, Irish tax may arise on the happening of a "chargeable event". A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation or transfer of shares and the holding of shares at the end of each eight year period beginning with the acquisition of such shares.

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

- a Shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, are held by the ICAV; and
- certain exempted Irish tax resident Shareholders who have provided the ICAV with the necessary signed statutory declarations.

Dividends, interest and capital gains (if any) received on investments made by the ICAV may be subject to withholding taxes imposed by the country from which the investments income/gains are received and such taxes may not be recoverable by the ICAV and its Shareholders. Withholding tax and reclaims incurred on dividends are recorded on ex-date. Dividends receivable are shown net of withholding taxes payable, if any, in the Statement of Financial Position.

The ICAV may be subject to taxes imposed on realised and unrealised gains on securities of certain foreign countries in which the ICAV invests. The foreign tax expense, if any, is recorded on an accrual basis and is included in "Capital gains taxes" on the accompanying Statement of Comprehensive Income. The amount of foreign tax owed, if any, is included in "Capital gains tax payable" on the accompanying Statement of Financial Position.

Old Mutual Global Investors Series II ICAV

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

6. Efficient portfolio management

The ICAV on behalf of the Fund may employ techniques and instruments relating to transferable securities, money market instruments and/or other financial instruments (including financial derivative instruments ("FDI")) in which it invests for efficient portfolio management purposes. Such techniques and instruments include the use of futures contracts, options contracts, swaps (including swaptions), forward foreign currency exchange contracts and repurchase and reverse repurchase agreements within the limits laid down by the Central Bank.

Use of such techniques and instruments should be in line with the best interests of Shareholders and will generally be made for one or more of the following reasons:

- (a) the reduction of risk;
- (b) the reduction of cost; or
- (c) the generation of additional capital or income for the relevant Fund with an appropriate level of risk, taking into account the risk profile of the Fund and the risk diversification rules set out in the UCITS Regulations.

In addition, share purchase rights and warrants, which give the Fund the ability but not the obligation to purchase more shares, may be issued to the Fund pursuant to its investment in a particular security and, in such cases, may be retained for the purposes of efficient portfolio management and exercised when considered appropriate.

The use of FDI and efficient portfolio management techniques for the purposes outlined above will expose the Fund to the risks including (but not limited to) Derivative risk, Credit risk, Counterparty risk and Collateral risk. Please refer to the Portfolio of Investments for range of FDIs and repurchase agreements which the Fund may have used for efficient portfolio management purposes during the period under review.

Please refer to Appendix III of the Prospectus (entitled "Risk Factors") for details of all the risks the Fund might be exposed to due to the use of FDI and efficient portfolio management techniques.

The risks arising from the use of such techniques and instruments shall be adequately captured in the ICAV's risk management process.

Collateral may be pledged or received by the Fund for FDIs and repurchase agreements. Please see note 3 to the financial statements for detail of collateral pledged and held by the Fund as of the respective year/period ends.

All the revenues arising from efficient portfolio management techniques employed shall be returned to the relevant Fund following the deduction of any direct and indirect operational costs and fees arising. Such direct and indirect operational costs and fees, (which are all fully transparent) which shall not include hidden revenue, shall include fees and expenses payable to repurchase/reverse repurchase agreements counterparties and/or securities lending agents engaged by the ICAV from time to time. Such fees and expenses of any repurchase/reverse repurchase agreements counterparties and/or stocklending agents engaged by the ICAV, which will be at normal commercial rates together with VAT, if any, thereon, will be borne by the ICAV or the Fund in respect of which the relevant party has been engaged.

Realised and unrealised gains and losses on efficient portfolio management transactions during the year and prior period under review are recognised within "net gains on investment activities" in the Statement of Comprehensive Income.

7. Fees and expenses

Fixed Operating Expenses ("FOE")

Unless otherwise specified in the Supplement, the FOE is payable by the Fund monthly in arrears on the fourth last Business Day of the month following each calendar month end and will be calculated and accrued daily (the "Calculation Point"). The FOE will be calculated separately in respect of each Share Class of the each Fund, as a percentage rate per annum of the total value of the Shares of entitlement in the assets of the Fund represented by the Share Class in question at the Calculation Point divided by the number of days in the year and multiplied by the number of days that have passed since the last Calculation Point.

The FOE, as set out in the Supplement, will be deducted from each Share Class of the Fund in order to pay for the costs outlined below:

- all fees and expenses payable to or incurred by the Administrator, the Depositary, the Secretary, Paying Agent or other local representative (which will be at normal commercial rates), sub-custodian (which will be at normal commercial rates), or other professional advisors to the ICAV appointed by or on behalf of the ICAV or with respect to any Fund or Share Class;
- all duties, and taxes associated with expenses of the ICAV save in respect of any taxation or duties payable in respect of the assets of the Fund or the issue or repurchase of Shares;
- all Directors' fees and expenses (including Irish Pay As You Earn income taxes), all costs incurred in organising Directors' meetings and in obtaining proxies in relation to such meetings, all insurance premiums including any policy in respect of Directors' and officers' liability insurance cover and association membership dues;

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

7. Fees and expenses (continued)

Fixed Operating Expenses ("FOE") (continued)

- the remuneration, commissions and expenses incurred or payable in the marketing, promotion and distribution of Shares including without limitation commissions payable to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in the Fund and the costs and expenses of preparation and distribution of all marketing material and advertisements;
- all fees and expenses connected with the preparation, publication and supply of information to shareholders and the public including, without limitation, the cost of preparing, translating, printing, distributing the Prospectus and any addenda or Supplements, KIID and any periodic updates thereof, marketing literature, any report to the Central Bank or any other regulatory authority, the annual audited report and any other periodic reports and the calculation, publication and circulation of the Net Asset Value per Share, certificates, confirmations of ownership and of any notices given to shareholders in whatever manner
- all fees and expenses incurred in connection with the convening and holding of Shareholders' meetings;
- all fees and expenses incurred or payable in registering and maintaining a Fund or Class registered with any and all government agencies and/or regulatory authority and/or rating agencies, clearance and/or settlement systems and/or any exchanges in any various countries and jurisdictions including, but not limited to, filing and translation expenses;
- all fees and expenses incurred or payable in listing and in maintaining or complying with the requirements for the listing of the Shares on the Irish Stock Exchange (or other exchange to which Shares may be admitted);
- save as described below in relation to extraordinary expenses, all legal and other professional fees and expenses incurred by the ICAV or by or on behalf of its delegates in any actions taken or proceedings instituted or defended to enforce, protect, safeguard, defend or recover the rights or property of the ICAV;
- all Central Bank filings, statutory and regulatory fees and/or levies;
- in each case together with any applicable value added tax.

Unless otherwise specified in the Supplement, the FOE is payable by the Fund monthly in arrears on the fourth last Business Day of the month following each calendar month end and will be calculated and accrued daily (the "Calculation Point"). The FOE will be calculated separately in respect of each Share Class of the Fund, as a percentage rate per annum of the total value of the Shares of entitlement in the assets of the Fund represented by the Share Class in question at the Calculation Point divided by the number of days in the year and multiplied by the number of days that have passed since the last Calculation Point.

If a Share Class's expenses actually incurred in any period exceed the FOE ("Deficit"), the Investment Manager will pay the difference to the relevant Fund from its own resources. Conversely, if the FOE in any period is greater than the Share Class's expenses actually incurred ("Surplus"), the Investment Manager will receive the difference from the relevant Fund. The Investment Manager will pay any Deficit in the period to the ICAV monthly in arrears (on the fourth last Business Day of the month following each calendar month).

The relevant Fund will pay any Surplus to the Investment Manager bi-annually, in October and April respectively. The FOE for the active Fund and Share Classes as at 31 March 2017 is set out below. These rates have been arrived at after reviewing the expected pattern of costs incurred in relation to the Fund and Share Classes. The FOE will be reviewed annually (or more frequently if the Directors deem appropriate) and the ICAV will provide reasonable prior notice before making any changes to the FOE applicable to a particular Share Class and/or the Fund.

In order to ensure that investors benefit from economies of scale, where the NAV of the Fund exceeds GBP 1.5bn (or the currency equivalent thereof), the stated rate will be subject to a reduction of 0.05% of the NAV. For the avoidance of doubt, the FOE set out below assumes that the assets of the Fund do not exceed GBP 1.5bn assets under management (or the currency equivalent thereof).

The following fees and expenses may still be charged to the Fund as appropriate, and will not form part of the FOE:

- (a) the Investment Management Fee (including any sub-investment manager fee), Distribution and/or Performance Fees as set out in the Supplement;
- (b) the ICAV and each Fund formed may bear its own direct establishment costs;
- (c) broker's commission, fiscal charges (including stamp duty and/or stamp duty reserve tax) and other disbursements which are necessarily incurred in effecting transactions for the Fund are normally shown in contract notes, confirmation notes and difference accounts as appropriate;
- (d) interest on borrowings and charges incurred in effecting or terminating such borrowings or in negotiating or varying the terms of such borrowings;
- (e) taxation and duties payable in respect of the assets of the Fund or of the issue or repurchase of Shares;
- (f) the cost of any amalgamation or restructuring of the ICAV or any Fund including liabilities on unitisation, amalgamation or reconstruction arising after the transfer of the Fund's assets in any such transaction;
- (g) the costs of liquidation or winding up the ICAV or terminating any Fund;
- (h) any payments otherwise due by virtue of the Regulations or due by virtue of any change to the Regulations; and

Old Mutual Global Investors Series II ICAV

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

7. Fees and expenses (continued)

Fixed Operating Expenses ("FOE") (continued)

(i) any extraordinary expenses including, without limitation, expenses relating to regulatory queries, litigation costs, and any tax, levy, duty, or similar charge, imposed on the ICAV or its assets that would otherwise not qualify as ordinary expenses.

In each case together with any applicable value added tax.

Investment Management fees and expense limitation

The Investment Manager is entitled to receive from the Fund a fee in relation to each Share Class. The Investment Management Fee is calculated and accrued at each valuation point and payable monthly in arrears. The Investment Manager may be paid different fees for investment management in respect of individual classes which may be higher or lower than the fees applicable to other Classes. Class X shares are not subject to an Investment Manager fee. Details of the current Investment Manager fee rates in operation for active Share Classes are detailed below.

The Investment Manager may from time to time, at its sole discretion and out of its own resources, decide to rebate to Shareholders part or all of its Investment Management fee. Any such rebates may be applied by issuing additional shares to Shareholders or in cash. The Investment Manager is also entitled to be repaid out of the assets of the Fund for all of its reasonable out-of-pocket expenses incurred on behalf of the Fund.

Share Class	Investment management fee rate (% of NAV)	Fixed Operating Expense ("FOE")*
<i>Old Mutual Absolute Return Government Bond Fund</i>		
A (EUR) Hedged Accumulation Shares	1.00%	0.30%
A (GBP) Accumulation Shares	1.00%	0.25%
A (USD) Hedged Accumulation Shares	1.00%	0.30%
F (EUR) Hedged Accumulation Shares	0.30%	0.30%
F (GBP) Accumulation Shares	0.30%	0.25%
F (USD) Hedged Accumulation Shares	0.30%	0.30%
I (EUR) Hedged Accumulation Shares	0.50%	0.30%
I (USD) Hedged Accumulation Shares	0.50%	0.30%
L2 (EUR) Hedged Accumulation Shares**	1.25%	0.30%
R (GBP) Accumulation Shares	0.50%	0.25%
U1 (EUR) Hedged Accumulation Shares	0.45%	0.30%
U1 (GBP) Accumulation Shares	0.45%	0.25%
U2 (EUR) Hedged Accumulation Shares	0.40%	0.30%
U2 (GBP) Accumulation Shares	0.40%	0.25%
X (EUR) Hedged Accumulation Shares***	Nil	0.30%

* Please note that the FOE will be reduced by 0.05% where the NAV of the Fund exceeds GBP 1.5bn (or the currency equivalent thereof).

** This Share Class launched on 1 April 2016.

*** This Share Class terminated on 9 May 2016.

Performance Fee

The Investment Manager may be entitled to a performance fee out of the Fund's assets (the "Performance Fee"). Such Performance Fee is in addition to the Investment Manager Fee and is outside the scope of the FOE. The Performance Fee is applicable to all Share Classes with the exception of: X (USD) Hedged Accumulation Shares, X (EUR) Hedged Accumulation Shares, X (GBP) Accumulation Shares, L2 (USD) Hedged Accumulation Shares, L2 (EUR) Hedged Accumulation Shares, L2 (GBP) Accumulation Shares and L2 (CHF) Hedged Accumulation Shares.

The Performance Fee will accrue on a daily basis and the accrual will be reflected in the NAV and will be payable semi-annually in arrears in respect of each performance period ending on either 31 March or 30 September in each year (a "Performance Period").

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

7. Fees and expenses (continued)

Performance Fee (continued)

The Performance Fee as at the end of each Performance Period for all Share Classes shall be equal in aggregate to 15% of the amount by which any increase in the NAV per Share of each Class during the Performance Period exceeds the "Hurdle Rate" which will be the average (1) Sterling Overnight Interbank Average Rate for the GBP Share Classes, (2) Euro Overnight Index Average for the EUR Share Classes, (3) Federal Funds Effective Overnight Rate for the USD Share Classes, (4) Swiss Average Overnight Rate for the CHF Share Classes and (5) Singapore dollar Overnight Deposit Rate for the SGD Share Classes during the Performance Period multiplied by the weighted average number of total Shares in issue of each Class on each Dealing Day during the Performance Period. The Initial Issue Price as set out in the Supplement is the starting price for the calculation of the first Performance Fee payable of any Share Class to which a Performance Fee is applicable. The first Performance Period is the period commencing on the Business Day which immediately followed the closing of the Initial Offer Period in respect of the relevant Class of Shares and ending on either 31 March or 30 September, whichever occurs first.

In calculating the NAV per Share of each Class for Performance Fee purposes, no deduction is made on account of Performance Fees accrued in the Performance Period and any net income distributed to Shareholders in respect of the period is added back. The Performance Fee is only payable when the NAV of each Class exceeds the Hurdle Rate above the Net Asset Value High Water Mark as described below. If, during a Performance Period, the performance of the Shares does not exceed the Hurdle Rate above the Net Asset Value High Water Mark as described below, no Performance Fee is payable until such unachieved performance is reclaimed.

All Performance Fee payments shall be subject to the restriction that in paying a Performance Fee, the NAV per Share of each Class at the end of the relevant Performance Period shall not be less than the NAV per Share Class on the last day that a Performance Fee was paid (the "Net Asset Value High Water Mark"). The Performance Fee is only payable on the increase in the NAV per Share of each Class during the Performance Period over the relevant Hurdle Rate during the Performance Period. The amount of the Performance Fee will be calculated by the Administrator. The calculation of the Performance Fee for each Performance Period shall be verified by the Depositary.

The Investment Manager may also be entitled to receive a performance fee. All Share Classes are entitled to a Performance Fee of 15% (with the exception of the Class X Shares and Class L2 Shares) of the amount by which any increase in the NAV of each class during the performance period exceeds the "Hurdle Rate". Performance fees payable to the Investment Manager shall be calculated and accrued daily and shall be payable in arrears following the end of each Calculation Period. The calculation of any performance fee must be verified by the Depositary.

Performance Fees are payable on net realised and net unrealised gains and losses as at the end of each Performance Period and as a result, Performance Fees may be paid on unrealised gains which may subsequently never be realised. The Performance Fees during the year ended 31 March 2017 amounted to GBP 1,006,206 (period ended 31 March 2016: GBP Nil), and at the year end GBP 526,194 (31 March 2016: GBP Nil) was payable.

Distribution Fees

The Distributor shall be entitled to receive from the Fund a fee in relation to the C (USD) Hedged Accumulation and the N (USD) Hedged Accumulation Share Classes. The Distributor's fee is payable by the Fund monthly in arrears. The Distributor's fee will be calculated and accrued daily. At the year ended 31 March 2017 and during the year ended 31 March 2017 there were no distribution fees.

Auditor's remuneration

Statutory audit fees (including expenses) charged for the year were GBP 30,089 (period ended 31 March 2016: GBP 22,199) and at the year end GBP 30,089 (31 March 2016: GBP 22,199) was payable.

	Year ended 31 March 2017	Period ended 31 March 2016
	GBP	GBP
Statutory audit fee	30,089	22,199
Total auditor's remuneration	30,089	22,199

Directors' remuneration

The Director fees during the year ended 31 March 2017 amounted to GBP 78,756 (period ended 31 March 2016: GBP 45,120), all of which was payable at that date.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

7. Fees and expenses (continued)

Transaction fees

Transaction fees are incremental costs that are directly attributable to the acquisition, issue or disposal of the financial asset or financial liability. Transaction fees on the purchases and sales of equities, futures and options are detailed below. Due to operational challenges in extracting the transaction costs on the purchase and sale of bonds, swaps and forward foreign exchange currency contracts, transaction costs on these instruments cannot be separately identified. They are included in the purchase and sale price of the investment, and therefore not disclosed separately in this note. Depositary transaction fees are included in Fixed Operating Expenses in the Statement of Comprehensive Income. Purchases and sales transaction fees are included in net gain/(loss) on investment activities in the Statement of Comprehensive Income.

Year ended 31 March 2017

	Depositary Transaction Fees GBP	Purchases and Sales Transaction Fees GBP
Old Mutual Absolute Return Government Bond Fund	5,851	465,041

Period ended 31 March 2016*

	Depositary Transaction Fees GBP	Purchases and Sales Transaction Fees GBP
Old Mutual Absolute Return Government Bond Fund	-	149,001

* Fund commenced operations on 7 October 2015.

8. Net gain/(loss) on investment activities

	Year ended 31 March 2017 GBP	Period ended 31 March 2016** GBP
Net realised gain/(loss)		
Investments	156,220,621	3,071,512
Derivatives	(24,625,229)	(4,859,346)
Foreign currency	(63,990,723)	(42,430,180)
	67,604,669	(44,218,014)
Net change in unrealised gain/(loss)		
Investments	(26,978,514)	81,804,053
Derivatives	20,021,466	(27,103,346)
Foreign currency***	(8,333,091)	3,256,150
	(15,290,139)	57,956,857
Net gain/(loss) on investment activities		
Net gain on investments*	129,242,107	84,875,565
Net loss on derivatives	(13,004,175)	(31,962,692)
Net loss on foreign currency	(63,923,402)	(39,174,030)
Net gain on investment activities	52,314,530	13,738,843

* Includes GBP (80,515,320) (period ended 31 March 2016: GBP 9,389,458) relating to repurchase agreements.

** Fund commenced operations on 7 October 2015.

*** Movement on forward currency contracts is included in foreign currency.

9. Related party transactions

Investment Manager and Directors

The Investment Manager earned fees of GBP 1,864,182 (period ended 31 March 2016: GBP 615,100) during the year of which GBP 346,529 remained payable at the year end (31 March 2016: GBP 353,270). The Investment Manager also earned Performance Fees of GBP 1,006,206 (period ended 31 March 2016: GBP Nil) and GBP 526,194 (31 March 2016: GBP Nil) was payable in respect of same at the year end. For further details on the Investment Manager fees, see note 7.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

9. Related party transactions (continued)

Related party shareholders

As at 31 March 2017 and 31 March 2016 the following related parties held Shares in the Fund.

Related party	Share Class	Shares as at 31 March 2016	Shares bought	Shares Sold	Shares as at 31 March 2017
Nedgroup Trust Limited	F (GBP)	624	-	(208)	416
	U2 (GBP)	-	2,920	(1,627)	1,293
Old Mutual Global Investors (UK) Limited	A (EUR)	100	-	(100)	-
	A (GBP)	100	-	(100)	-
	A (USD)	100	-	-	100
	F (EUR)	100	-	(100)	-
	F (USD)	100	-	(100)	-
	I (EUR)	100	-	(100)	-
	I (USD)	100	-	-	100
	R (GBP)	100	-	(100)	-
	U1 (GBP)	100	-	(100)	-
	U2 (EUR)	100	-	-	100
	U2 (GBP)	100	-	(100)	-
	X (EUR)	100	-	(100)	-
Old Mutual International Ireland Limited	A (GBP)	-	1,604	(645)	959
	R (GBP)	1,336	-	-	1,336
Old Mutual International Isle of Man Limited	A (EUR) Hedged	3,057	16,655	(4,296)	15,416
	A (GBP)	5,415	21,303	(1,355)	25,363
	A (USD)	501	1,408	(1,414)	495
	R (GBP)	470	10,932	(320)	11,082
Old Mutual Life and Pensions Limited	A (GBP)	345	73,397	(3,580)	70,162
	U1 (GBP)	37,376	256,045	(54,375)	239,046
	U2 (GBP)	4,609,292	6,561,499	(2,763,497)	8,407,294
Old Mutual Wealth Life Assurance Limited	U1 (GBP)	85,935	190,960	(126,462)	150,433
	U2 (GBP)	4,278,502	5,212,614	(2,617,932)	6,873,184
OM Seed Investments (UK) Limited	F (GBP)	4,868,559	-	(4,868,559)	-

Directors

Jessica Brescia is the Chief Risk Officer of the Investment Manager. Paul Simpson is the Investment Director of the Investment Manager. Directors' fees are payable out of the Fixed Operating Expenses. Jessica Brescia and Paul Simpson have waived their entitlement to receive Directors' fees.

None of the Directors has a service contract with the ICAV nor are any such service contracts proposed. Directors of the Investment Manager remuneration charged to the ICAV for the year ended 31 March 2017 amounted to GBP 78,756 (period ended 31 March 2016: GBP 45,120).

Significant Shareholders

The following tables detail the number of Shareholders with significant holdings of at least 20 per cent of the Fund and the percentage of that holding of the Fund's NAV as at 31 March 2017 and 31 March 2016.

31 March 2017

Fund	Significant Shareholders	Total holding as at 31 March 2017 GBP	Aggregate shareholding as a % of the Fund
Old Mutual Absolute Return Government Bond Fund	Attrax S.A.	120,328,339	23.00

31 March 2016

Fund	Significant Shareholders	Total holding as at 31 March 2016 GBP	Aggregate shareholding as a % of the Fund
Old Mutual Absolute Return Government Bond Fund	Attrax S.A.	115,375,918	24.92

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

10. Financial instruments and associated risks

The securities and instruments in which the Fund invests are subject to normal market fluctuations and other risks inherent in investing in such investments, and there can be no assurance that any appreciation in value will occur. There can be no assurance that the Fund will achieve its investment objective.

In pursuing its investment objectives, the Fund holds financial derivative instruments ("FDIs"). The Funds' financial derivative instruments held at 31 March 2017 are disclosed in the Portfolio of Investments.

The main risks arising from the Funds' financial instruments are market risk, liquidity risk and credit risk.

Market Risk

Market risk embodies the potential for both losses and gains and can include various forms of risk including currency risk, interest rate risk and market price risk. The Funds' market risk is managed on a daily basis by the Investment Manager and the policies and processes are detailed in the Funds' risk management process. The Funds' overall market positions are advised on a quarterly basis to the Board.

As the Fund will engage in FDI to the extent that the commitment approach does not adequately capture the global exposure of the portfolio, the Investment Manager has advised the Board that it considers that the Value at Risk ("VaR") methodology is an appropriate methodology to calculate the Funds' global exposure and market risk, taking into account the investment objectives and policies of the Fund and the complexity of the FDI used. A Fund must ensure that its global exposure relating to FDI does not exceed its total net asset value. A Fund using the commitment approach to measure its positions in FDI may not therefore be exposed in excess of 100% of its net asset value.

Global exposure is calculated by the Investment Manager by extracting information from the ICAV's accounting system relating to the full exposure on FDIs. This information is passed to the Compliance Monitoring Services Division ("CMS") for the purposes of calculating the global exposure and comparing the results against the overall value of the Fund.

VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. The VaR measure captures both "general" and "idiosyncratic" market risks. General market risk factors are variables which are driven by macroeconomic, geopolitical and other market-wide considerations, independent of any instrument or single name. They include movements in interest rates, widening or tightening of general spread levels and directional movements in equity market indices, exchange rates, and energy, metal and commodity prices. Changes in associated volatilities and correlations between these risk factors – some of which may be unobservable or only indirectly observable – are also general market risks. Idiosyncratic components are those that cannot be explained by general market movements – broadly, changes in the prices of debt and equity instruments and derivatives linked to them, resulting from factors and events specific to individual names.

VaR expresses potential loss, but only to a certain level of confidence (99%) and holding period of 20 days, and there is therefore a specified statistical probability (1%) that actual loss could be greater than the VaR estimate. VaR analysis for the ICAV is carried out by the Administrator whose model uses a historical simulation framework with full re-pricing. The historical observation period will not be less than one year (250 business days) with quarterly data set updates. This model can integrate various risk factors and has a proprietary methodology for integrating market and credit risk. For general market risk, the assessment of past movements is based on historical data, using data for the last year, and this data is applied directly to current positions, a method known as historical simulation.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

10. Financial instruments and associated risks (continued)

Market Risk (continued)

In accordance with the Central Bank's requirements, the ICAV will use an absolute VaR model to measure the global market risk. The absolute VaR model is considered appropriate as the ICAV does not define the investment target in relation to a benchmark. The VaR limit for the ICAV will not exceed 10 per cent. of the NAV of the Fund. It should be noted this is lower than the standard UCITS regulatory level of 20 per cent.

The objective of the Fund is to seek to deliver positive total returns on a rolling twelve month basis with stable levels of volatility uncorrelated to bond and equity market conditions. The Fund invests in debt securities directly, and indirectly through FDIs (including future contracts, forward foreign currency exchange contracts, options contracts, swaps and swaptions) and repurchase agreements.

The Investment Manager reviews the levels of investment risk on a daily basis, with particular emphasis on VaR and leverage, where the latter exists.

At 31 March 2017, the VaR of the Fund was 4.9% (31 March 2016: 6.04%). The Minimum, Maximum, and Average VaR were 1.8% (31 March 2016: 2.64%), 7.2% (31 March 2016: 7.78%) and 3.5% (31 March 2016: 5.12%), respectively. The Fund will be leveraged as a result of its use of FDIs and may therefore generate a notional exposure above 100% of the Net Asset Value of the Fund; leverage is calculated using a sum of the gross notionals approach. The leverage in the year for the Fund is as follows; maximum leverage 11,347% (31 March 2016: 7,353.1%) and average leverage 6,926% (31 March 2016: 4,567.4%).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The ICAV's Prospectus provides for the creation and cancellation of Shares on each Dealing Day (which is defined in the Prospectus as being a business day upon which various exchanges are operating, depending on the ICAV in question) and it is therefore exposed to the liquidity risk of meeting Shareholder redemptions at any time.

The risks associated with securities in which the Fund has invested are assessed on an ongoing basis. Liquidity risk is considered when investing in any financial instrument to ensure that the portfolio complies with Article 37 of the EU Directive 85/611 which sets out the general requirement for a UCITS Fund to redeem or repurchase its units at the request of any unit holder.

As at 31 March 2017 and 31 March 2016, the Fund's liabilities, including repurchase agreements and net assets attributable to redeemable participating Shareholders, were payable within three months.

The Fund's Inflows and Outflows from Foreign Currency Exchange Contracts are detailed as follows:

	31 March 2017	31 March 2016
	GBP	GBP
Outflows	(590,596,794)	(176,308,483)
Inflows	584,561,731	174,574,589
Total	(6,035,063)	(1,733,894)

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it entered into with the ICAV on behalf of the Fund.

There can be no assurance that issuers of the securities or other instruments in which a Fund invests will not be subject to credit difficulties leading to the loss of some or all of the sums invested in such securities or instruments or payments due on such securities or instruments (as well as any appreciation of sums invested in such securities).

All investments (excluding FDIs that are entered into on behalf of the Fund with other counterparties), deposits with credit institutions, cash collateral and cash due from broker are held by the Depositary through its affiliate, State Street or through a sub-depositary within the State Street custodial network. FDIs, repurchase agreements, term deposits margin or other similar investments/monies deposited by or entered into on behalf of the Fund with a counterparty, options exchange, clearing broker or other parties are not held within the State Street custodial network. The Depositary is therefore not liable in any way for the default of any counterparty.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

10. Financial instruments and associated risks (continued)

Credit Risk (continued)

The credit risk that the Fund is exposed to arises from debt securities. The table below sets out a summary of the credit exposure based on credit ratings of the debt securities held by the Fund as at 31 March 2017 and 31 March 2016:

S&P Long Term Credit Rating

	31 March 2017	31 March 2016
A+	32.68%	13.82%
AA	27.83%	9.11%
AA+	37.56%	22.38%
AAA	1.93%	54.69%
	<hr/> 100.00%	<hr/> 100.00%

The S&P long term credit ratings of brokers/counterparties for the year ended 31 March 2017 and the period ended 31 March 2016 are:

	31 March 2017	31 March 2016
Barclays	A-	A-
BNP Paribas	A	A
Goldman Sachs	A+	A
HSBC	AA-	AA-
JP Morgan	A+	A+
Merrill Lynch	A+	A
Mitsubishi UFJ Securities International	A	A
Morgan Stanley	A+	A
Nomura	A-	BBB+
Royal Bank of Scotland	BBB+	BBB+
State Street	AA-	AA-
UBS	A+	A

Counterparty Risk

Counterparty risk is the risk of loss due to the inability of a counterparty to make good an obligation to a Fund.

All Funds are exposed to counterparty risk, which is managed through the use of approved counterparties, diversification of instruments and a counterparty limit framework. In addition, where relevant, issuer exposure is monitored via the ICAV's internal compliance module. Credit spreads and credit ratings of all counterparties are regularly reviewed.

Investment Risk

The Investment Manager is responsible for calculating the risk of the position in the Fund's portfolio and their contribution to the overall risk profile of the portfolio, according to risk parameters agreed with the Board and reviewed from time to time. The Directors or the Investment Manager may also issue additional risk guidelines from time to time with regard to the acceptable levels of risk in each Fund. The Investment Manager will provide monthly reports to the Designated Person which will enable him to monitor the level of risk in the portfolio on an ongoing basis generally and against the risk profile set for each Fund.

In order to ensure the independence of the Investment Manager's risk management function the Investment Manager's Chief Compliance Officer is responsible for oversight of the Investment Manager's risk management team, and ensures the hierarchic and functional independence of the investment management function.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the rate of exchange between the currency in which the financial asset or financial liability is denominated and the functional currency of the Fund. The value of the investments of a Fund denominated in a currency other than the functional currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies.

Old Mutual Global Investors Series II ICAV

Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

10. Financial instruments and associated risks (continued)

Foreign Currency Risk (continued)

There is a risk that large exchange rate fluctuations may have a significant impact on the performance of the Fund. Where the Fund holds investments in a currency other than that of the Fund's functional currency the Investment Manager may manage foreign currency risk by either hedging foreign currency into the functional currency of the Fund or alternatively by diversifying investments across multiple currencies.

Financial instruments used to implement currency hedging strategies with respect to one or more Share Classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant Share Classes and the gains/losses on, and the costs of, the relevant financial instruments will accrue solely to the relevant Share Class. However, investors should note that there is no segregation of liability between Share Classes. Although the costs, gains and losses of the currency hedging transactions will accrue solely to the relevant Share Class, Shareholders are nonetheless exposed to the risk that hedging transactions undertaken in one class may impact negatively on the NAV of another Share Class.

The following tables set out the Fund's net exposure to foreign currency other than the functional currency for both its monetary and non-monetary assets and liabilities as at 31 March 2017 and 31 March 2016:

31 March 2017

Currency	Monetary GBP	Net Non- Monetary GBP	Forward Foreign Currency Exchange Contracts - Investment Level GBP	Forward Foreign Currency Exchange Contracts - Share Class Level GBP	Total GBP
Australian dollar	(7,400,383)	3,407,319	(27,900)	-	(4,020,964)
Canadian dollar	487,327	(1,028,862)	25,267	-	(516,268)
Euro	15,727,475	284,985	227,008	(4,072,586)	12,166,882
Japanese yen	267,022,223	(6,950,776)	(1,033,176)	-	259,038,271
New Zealand dollar	5,211,530	-	(90,591)	-	5,120,939
Norwegian krone	330,675	-	-	-	330,675
Swedish krona	1,169	-	-	-	1,169
Swiss franc	489,840	-	44,722	-	534,562
US dollar	12,264,726	19,378,375	(301,686)	(74,308)	31,267,107
	294,134,582	15,091,041	(1,156,356)	(4,146,894)	303,922,373

31 March 2016

Currency	Monetary GBP	Net Non- Monetary GBP	Forward Foreign Currency Exchange Contracts - Investment Level GBP	Forward Foreign Currency Exchange Contracts - Share Class Level GBP	Total GBP
Australian dollar	36,040,037	371,603	(734,651)	-	35,676,989
Canadian dollar	5	-	85,614	-	85,619
Euro	163,278,367	1,143,253	378,215	2,765,736	167,565,571
Japanese yen	181,205,523	(1,198,995)	122,982	-	180,129,510
New Zealand dollar	-	(1,783,817)	177,186	-	(1,606,631)
Norwegian krone	-	-	(104,969)	-	(104,969)
Swedish krona	-	-	107,389	-	107,389
US dollar	36,186,267	(27,070,192)	284,670	14,990	9,415,735
	416,710,199	(28,538,148)	316,436	2,780,726	391,269,213

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Changes to prevailing interest rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the value of fixed income securities will decline. A decline in interest rates will in general have the opposite effect. Other assets and liabilities bear no interest rate risk. The Investment Manager monitors positions on a daily basis.

The tables below summarise the Fund's exposure to interest rate risks. It includes the Fund's assets and trading liabilities at fair values, categorised by the earlier of contractual re-pricing or maturity dates.

Old Mutual Global Investors Series II ICAV
Annual Report and Audited Financial Statements for the year ended 31 March 2017

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

10. Financial instruments and associated risks (continued)

Interest rate risk (continued)

31 March 2017

	Less than 1 Month GBP	1-3 Months GBP	3 Months to 1 Year GBP	1-5 Years GBP	> 5 Years GBP	Non-interest bearing GBP	Total GBP
Assets							
Deposits with credit institutions	36,846,022	-	-	-	-	-	36,846,022
Cash collateral	9,260,000	-	-	-	-	-	9,260,000
Cash due from broker	40,156,675	-	-	-	-	-	40,156,675
Financial assets at fair value through profit and loss	-	89,063,403	1,361,763	433,803,202	406,156,649	6,746,124	937,131,141
Trade and other receivables	-	-	-	-	-	3,201,296	3,201,296
Total Assets	86,262,697	89,063,403	1,361,763	433,803,202	406,156,649	9,947,420	1,026,595,134
Liabilities							
Financial liabilities at amortised cost	(328,896,722)	-	-	-	-	-	(328,896,722)
Financial liabilities at fair value through profit and loss	(1,061,176)	(6,551,182)	(11,452,630)	(21,654,266)	(75,792,079)	(11,412,951)	(127,924,284)
Cash due to broker	(33,016,768)	-	-	-	-	-	(33,016,768)
Trade and other payables	-	-	-	-	-	(13,491,313)	(13,491,313)
Redeemable participating shares	-	-	-	-	-	(523,266,047)	(523,266,047)
Total Liabilities	(362,974,666)	(6,551,182)	(11,452,630)	(21,654,266)	(75,792,079)	(548,170,311)	(1,026,595,134)

31 March 2016

	Less than 1 Month GBP	1-3 Months GBP	3 Months to 1 Year GBP	1-5 Years GBP	> 5 Years GBP	Non-interest bearing GBP	Total GBP
Assets							
Deposits with credit institutions	20,356,114	-	-	-	-	-	20,356,114
Cash collateral	25,810,000	-	-	-	-	-	25,810,000
Cash due from broker	48,702,864	-	-	-	-	-	48,702,864
Financial assets at fair value through profit and loss	623	-	3,669,199	896,157,332	537,107,344	12,464,993	1,449,399,491
Trade and other receivables	-	-	-	-	-	39,736,927	39,736,927
Total Assets	94,869,601	-	3,669,199	896,157,332	537,107,344	52,201,920	1,584,005,396
Liabilities							
Financial liabilities at amortised cost	(984,876,312)	-	-	-	-	-	(984,876,312)
Financial liabilities at fair value through profit and loss	-	(513,911)	(13,243,748)	(26,696,283)	(43,837,501)	(34,598,221)	(118,889,664)
Bank overdraft	(25,142)	-	-	-	-	-	(25,142)
Cash due to broker	(14,880,369)	-	-	-	-	-	(14,880,369)
Trade and other payables	-	-	-	-	-	(1,743,148)	(1,743,148)
Redeemable participating shares	-	-	-	-	-	(463,590,761)	(463,590,761)
Total Liabilities	(999,781,823)	(513,911)	(13,243,748)	(26,696,283)	(43,837,501)	(499,932,130)	(1,584,005,396)

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

10. Financial instruments and associated risks (continued)

Risk associated with Options and Swaptions

The Fund may purchase call and put options. A call option gives the holder the right to buy an asset; a put option gives the holder the right to sell an asset. By purchasing options the Fund alters its exposure to the underlying asset by, in the case of a call option, entitling it to purchase the underlying asset at a set price from the writer of the option and, in the case of a put option, entitling it to sell the underlying asset at a set price to the writer of the option. The Fund pays a premium for a purchased option. That premium, if any, which is disclosed in the Schedule of Investments, is subsequently reflected in the marked-to-market value of the option. The potential loss associated with purchasing put and call options is limited to the premium paid. Purchased option contracts outstanding at the end of the year, if any, are listed in the Fund's Portfolio of Investments.

The Fund may write (i.e. sell) call and put options on futures, swaps ("swaptions"), securities or currencies they own or in which they may invest. Writing options alters the Fund's exposure to the underlying asset by, in the case of a call option, obligating that Fund to sell the underlying asset at a set price to the option-holder and, in the case of a put option, obligating that Fund to purchase the underlying asset at a set price from the option-holder. In some cases (e.g., index options), settlement will be in cash, based on a formula price. When the Fund writes a call or put option, an amount equal to the premium received is recorded as a liability and is subsequently included in the marked-to-market value of the option. As a writer of an option, the Fund has no control over whether it will be required to sell (call) or purchase (put) the underlying asset and as a result bears the risk of an unfavourable change in the price of the asset underlying the option. In the event that the Fund writes call options without an offsetting exposure (e.g. call options on an asset that the Fund does not own), it bears an unlimited risk of loss if the price of the underlying asset increases during the term of the option.

The Fund could be exposed to credit risk if the counterparties to the derivatives default on their obligation to perform.

Fair Value Measurement & Hierarchy

The Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly (for example as prices) or indirectly (for example derived from prices).

Level 3: Valuation technique using significant unobservable inputs (i.e. for which market data is unavailable) for the asset or liability. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the investments valuation.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Investment Manager. The Investment Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

For each class of assets and liabilities not measured at fair value in the Statement of Financial Position but for which fair value is disclosed, FRS 102 requires the ICAV to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

Assets and liabilities not carried at fair value are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Deposits with credit institutions include deposits held with banks and other short-term investments in an active market and they are categorised as Level 2.

Old Mutual Global Investors Series II ICAV
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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

10. Financial instruments and associated risks (continued)

Fair Value Measurement & Hierarchy (continued)

Receivable for investments sold and other receivables include the contractual amounts for settlement of trades and other obligations due to the Fund. Payable for investments sold and other payables represent the contractual amounts and obligations due by the Fund for settlement of trades and expenses. All receivable and payable balances are categorised as Level 2.

The puttable value of redeemable participating Shares is calculated based on the net difference between total assets and all other liabilities of each Fund within the ICAV in accordance with the Funds' offering documentation. These shares are not traded on an active market. A demand feature is attached to these Shares, as they are redeemable at the holders' option and can be put back to the Funds at any dealing date for cash/assets equal to a proportionate share of the Fund's NAV attributable to the share class. The fair value is based on the amount payable on demand, discounted from the first date that the amount could be required to be paid. The impact of discounting in this instance is not material. As such, Level 2 is deemed to be the most appropriate categorisation for net assets attributable to holders of redeemable participating Shares held.

All forward foreign currency exchange contracts, swaps and swaptions are classified as Level 2 since they are valued using observable inputs but are not quoted in an active market.

The Fund did not hold any investments classified within Level 3 at 31 March 2017 (at 31 March 2016: Nil). There were no transfers between levels during the year ended 31 March 2017 (period ended 31 March 2016: no transfers).

The ICAV has early adopted FRED 62 Fair Value Hierarchy and is applying the fair value hierarchy as Levels 1, 2 and 3.

The financial instruments at fair value through profit or loss at 31 March 2017 are classified as follows:

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets at fair value through profit or loss:				
Government Bonds	808,904,549	-	-	808,904,549
Foreign Exchange Options	2,752,106	-	-	2,752,106
Futures Contracts	3,262,205	-	-	3,262,205
Swaps	-	112,199,579	-	112,199,579
Forward Foreign Currency Exchange Contracts	-	731,813	-	731,813
Swaptions	-	9,280,889	-	9,280,889
	814,918,860	122,212,281	-	937,131,141
Financial liabilities at fair value through profit or loss:				
Foreign Exchange Options	(1,126,650)	-	-	(1,126,650)
Futures Contracts	(3,947,795)	-	-	(3,947,795)
Option Futures	-	(303,443)	-	(303,443)
Swaps	-	(104,384,284)	-	(104,384,284)
Total Return Swaps	-	(684,085)	-	(684,085)
Forward Foreign Currency Exchange Contracts	-	(6,035,063)	-	(6,035,063)
Swaptions	-	(11,442,964)	-	(11,442,964)
	(5,074,445)	(122,849,839)	-	(127,924,284)

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

10. Financial instruments and associated risks (continued)

Fair Value Measurement & Hierarchy (continued)

The financial instruments at fair value through profit or loss at 31 March 2016 are classified as follows:

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets at fair value through profit or loss:				
Government Bonds	1,361,594,768	-	-	1,361,594,768
Foreign Exchange Options	5,108,066	-	-	5,108,066
Futures Contracts	2,525,871	-	-	2,525,871
Swaps	-	66,566,567	-	66,566,567
Total Return Swaps	-	948,093	-	948,093
Forward Foreign Currency Exchange Contracts	-	4,831,056	-	4,831,056
Swaptions	-	7,825,070	-	7,825,070
	1,369,228,705	80,170,786	-	1,449,399,491
Financial liabilities at fair value through profit or loss:				
Foreign Exchange Options	(15,084,973)	-	-	(15,084,973)
Futures Contracts	(17,779,354)	-	-	(17,779,354)
Swaps	-	(63,200,033)	-	(63,200,033)
Forward Foreign Currency Exchange Contracts	-	(1,733,894)	-	(1,733,894)
Swaptions	-	(21,091,410)	-	(21,091,410)
	(32,864,327)	(86,025,337)	-	(118,889,664)

Counterparty exposure risk

The brokers/counterparties for the open financial derivative positions and the respective unrealised gains and losses as at 31 March 2017 are detailed in the below tables:

Financial derivative assets

Broker/Counterparty	Futures Contracts GBP	Forward Foreign Currency Exchange Contracts GBP	Option Futures GBP	Foreign Exchange Options GBP	Swaps GBP	Total Return Swaps GBP	Swaptions GBP	Total GBP
Barclays	-	-	-	-	1,362,893	-	-	1,362,893
BNP Paribas	-	-	-	-	10,991,940	-	-	10,991,940
Goldman Sachs	3,218,113	-	-	2,331,678	16,529,004	-	2,797,023	24,875,818
JP Morgan	-	-	-	-	1	-	173,188	173,189
Merrill Lynch	-	-	-	195,948	14,645,481	-	3,867,131	18,708,560
Morgan Stanley	44,092	-	-	-	52,695,182	-	-	52,739,274
Nomura	-	576,501	-	224,480	14,514,489	-	2,443,547	17,759,017
Royal Bank of Scotland	-	-	-	-	1,272,562	-	-	1,272,562
State Street	-	155,312	-	-	-	-	-	155,312
UBS	-	-	-	-	188,027	-	-	188,027
Total financial derivative assets	3,262,205	731,813	-	2,752,106	112,199,579	-	9,280,889	128,226,592

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

10. Financial instruments and associated risks (continued)

Counterparty exposure risk (continued)
Financial derivative liabilities

Broker/Counterparty	Futures Contracts GBP	Forward Foreign Currency Exchange Contracts GBP	Option Futures GBP	Foreign Exchange Options GBP	Swaps GBP	Total Return Swaps GBP	Swaptions GBP	Total GBP
Barclays	-	-	-	-	-	(684,085)	-	(684,085)
BNP Paribas	-	-	-	-	(9,624,820)	-	-	(9,624,820)
Goldman Sachs	(2,440,739)	-	(303,443)	(823,676)	(15,386,744)	-	(3,592,655)	(22,547,257)
JP Morgan	-	-	-	-	(4,458,934)	-	(174,186)	(4,633,120)
Merrill Lynch	-	-	-	(302,974)	(16,262,821)	-	(5,364,283)	(21,930,078)
Morgan Stanley	(1,507,056)	-	-	-	(44,933,069)	-	-	(46,440,125)
Nomura	-	(1,597,799)	-	-	(10,373,325)	-	(2,311,840)	(14,282,964)
State Street	-	(4,437,264)	-	-	-	-	-	(4,437,264)
UBS	-	-	-	-	(3,344,571)	-	-	(3,344,571)
Total financial derivative liabilities	(3,947,795)	(6,035,063)	(303,443)	(1,126,650)	(104,384,284)	(684,085)	(11,442,964)	(127,924,284)

The brokers/counterparties for the open financial derivative positions and the respective unrealised gains and losses as at 31 March 2016 are detailed in the below tables:

Financial derivative assets

Broker/Counterparty	Futures Contracts GBP	Forward Foreign Currency Exchange Contracts GBP	Foreign Exchange Options GBP	Swaps GBP	Total Return Swaps GBP	Swaptions GBP	Total GBP
Barclays	-	-	-	259,040	-	-	259,040
BNP Paribas	-	-	-	5,692,378	-	-	5,692,378
Goldman Sachs	913,760	637,398	2,906,350	14,928,831	-	4,600,810	23,987,149
HSBC	-	-	-	4,708,634	-	-	4,708,634
JP Morgan	-	49,747	-	6,966,765	-	145,766	7,162,278
Lloyds	-	-	-	2,278,476	-	-	2,278,476
Merrill Lynch	-	-	-	14,505,239	-	1,981,120	16,486,359
Morgan Stanley	1,612,111	-	-	4,803,104	-	-	6,415,215
Nomura	-	1,321,521	2,189,119	3,405,329	-	-	6,915,969
Royal Bank of Scotland	-	-	-	483,230	948,093	-	1,431,323
State Street	-	2,796,200	-	-	-	-	2,796,200
UBS	-	26,190	12,597	8,535,541	-	1,097,374	9,671,702
Total financial derivative assets	2,525,871	4,831,056	5,108,066	66,566,567	948,093	7,825,070	87,804,723

Financial derivative liabilities

Broker/Counterparty	Futures Contracts GBP	Forward Foreign Currency Exchange Contracts GBP	Foreign Exchange Options GBP	Swaps GBP	Total Return Swaps GBP	Swaptions GBP	Total GBP
BNP Paribas	-	-	-	(2,172,618)	-	-	(2,172,618)
Goldman Sachs	(12,245,860)	(1,319,164)	(2,547,710)	(12,842,589)	-	(6,683,063)	(35,638,386)
HSBC	-	-	-	(8,369,783)	-	-	(8,369,783)
JP Morgan	-	(2,583)	(6,123,838)	(8,106,571)	-	(1,273,520)	(15,506,512)
Lloyds	-	-	-	(5,267,233)	-	-	(5,267,233)
Merrill Lynch	-	(163,990)	(3,117,269)	(15,884,484)	-	(9,736,367)	(28,902,110)
Morgan Stanley	(5,533,494)	-	-	(5,001,828)	-	(771,777)	(11,307,099)
Nomura	-	(232,683)	(1,502,293)	(2,791,541)	-	(1,336,667)	(5,863,184)
Royal Bank of Scotland	-	-	-	(62,435)	-	-	(62,435)
State Street	-	(15,474)	-	-	-	-	(15,474)
UBS	-	-	(1,793,863)	(2,700,951)	-	(1,290,016)	(5,784,830)
Total financial derivative liabilities	(17,779,354)	(1,733,894)	(15,084,973)	(63,200,033)	-	(21,091,410)	(118,889,664)

Old Mutual Global Investors Series II ICAV

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2017 (continued)

11. Significant events during the year

The regulations transposing the UCITS Directive (Directive 2014/91/EU) (“UCITS V”) into Irish Law came into effect on 21 March 2016. UCITS V strengthens the liability imposed on the Depositary for loss of financial instruments held in custody, whether this is a loss by the Depositary itself or one of its third party delegates. Under UCITS V, the Depositary cannot contractually discharge this liability to any other third party. The Depositary is also liable for all losses suffered by the UCITS and its investors as a result of the Depositary’s negligent or intentional failure to properly fulfil its obligations.

The L2 (EUR) Hedged Accumulation Share Class was launched on 1 April 2016.

Mr. Paul Simpson was appointed as a Director to the Board of Directors on 8 April 2016.

The X (EUR) Hedged Accumulation Share Class was terminated on 9 May 2016.

The Fund entered into a UCITS V Depositary agreement with State Street Custodial Services (Ireland) Limited on 1 July 2016.

The Fund was registered for offer in Belgium on 14 July 2016.

The Valuation point of Old Mutual Absolute Return Government Bond Fund changed from close of business New York (“NY”) to 12 Noon Greenwich Mean Time (“GMT”). This change was approved by the Board of Directors and the Central Bank of Ireland and was effective from 1 September 2016.

Class A (SEK) Hedged Accumulation Shares and Class I (SEK) Hedged Accumulation Shares were created, and a Class Supplement for these share classes was approved by the Central Bank of Ireland on 2 December 2016.

There were no other significant events affecting the ICAV during the year ended 31 March 2017 that require amendment to or disclosure in the financial statements.

12. Significant events after the year end

There have been no significant events affecting the ICAV since 31 March 2017 to the date the financial statements were approved that require revision or disclosure in the financial statements.

13. Approval of the financial statements

The financial statements were approved by the Board of Directors on 21 July 2017.

Old Mutual Global Investors Series II ICAV

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SIGNIFICANT PURCHASES AND SALES (UNAUDITED) 31 March 2017

Security description	Coupon rate %	Maturity date	Issue currency	Shares/Par	Cost GBP
BUYS					
United States Treasury Inflation Indexed Bonds	2.125	15/01/2019	USD	279,429,200	225,513,206
United Kingdom Gilt	1.500	22/07/2026	GBP	179,900,000	188,518,750
Japan Government Five Year Bond	0.100	20/03/2021	JPY	21,360,000,000	138,497,939
United Kingdom Gilt Inflation Linked	0.125	22/03/2026	GBP	112,077,435	133,133,528
United States Treasury Inflation Indexed Bonds	0.125	15/01/2022	USD	149,402,400	123,848,093
United States Treasury Inflation Indexed Bonds	2.625	15/07/2017	USD	147,704,925	115,799,527
United States Treasury Inflation Indexed Bonds	0.125	15/04/2018	USD	164,552,000	115,529,070
United States Treasury Inflation Indexed Bonds	0.125	15/04/2020	USD	134,234,898	110,256,161
Deutsche Bundesrepublik Inflation Linked Bond	1.750	15/04/2020	EUR	110,000,500	102,684,079
United States Treasury Inflation Indexed Bonds	0.125	15/07/2024	USD	129,337,275	97,501,695
United States Treasury Note/Bond	2.500	15/02/2046	USD	122,580,000	95,952,758
United Kingdom Gilt Inflation Linked	1.875	22/11/2022	GBP	76,191,391	93,314,385
Japan Government Two Year Bond	0.100	15/09/2018	JPY	11,500,000,000	89,214,983
Japan Government Twenty Year Bond	0.600	20/12/2036	JPY	12,090,000,000	84,830,589
Japan Government Two Year Bond	0.100	15/04/2018	JPY	12,800,000,000	79,673,398
United States Treasury Inflation Indexed Bonds	1.375	15/07/2018	USD	94,384,850	75,942,173
United States Treasury Inflation Indexed Bonds	1.625	15/01/2018	USD	97,493,300	75,681,867
United Kingdom Gilt	1.500	22/01/2021	GBP	72,000,000	74,288,880
United States Treasury Note/Bond	3.000	15/11/2045	USD	82,100,000	67,872,490
United Kingdom Gilt	2.000	07/09/2025	GBP	60,250,000	66,933,503
Japan Treasury Discount Bill	0.000	08/05/2017	JPY	9,300,000,000	66,924,150
United States Treasury Inflation Indexed Bonds	0.125	15/04/2019	USD	81,166,400	57,220,003
Japan Treasury Discount Bill	0.000	06/03/2017	JPY	7,000,000,000	49,169,819
United Kingdom Gilt	4.000	22/01/2060	GBP	25,000,000	47,808,783
United Kingdom Gilt	2.500	22/07/2065	GBP	37,500,000	44,766,580
Japan Government Five Year Bond	0.100	20/09/2021	JPY	5,300,000,000	41,450,296
United Kingdom Gilt	5.000	07/03/2018	GBP	38,500,000	41,410,600
United Kingdom Gilt	3.750	22/07/2052	GBP	24,600,000	39,614,814
United States Treasury Inflation Indexed Bonds	0.375	15/07/2025	USD	49,565,298	37,973,130
United States Treasury Inflation Indexed Bonds	0.625	15/01/2024	USD	43,899,100	34,792,265
United States Treasury Note/Bond	1.625	15/05/2026	USD	45,000,000	34,778,139
United Kingdom Gilt	2.500	16/04/2020	GBP	9,000,000	33,439,500
Japan Government Ten Year Bond	0.100	20/09/2026	JPY	4,450,000,000	32,763,974
United Kingdom Gilt	3.500	22/01/2045	GBP	20,400,000	31,032,888
Security description	Coupon rate %	Maturity date	Issue currency	Shares/Par	Proceeds GBP
SELLS					
United States Treasury Inflation Indexed Bonds	2.125	15/01/2019	USD	280,253,750	229,057,453
Japan Government Five Year Bond	0.100	20/03/2021	JPY	21,360,000,000	159,793,984
United Kingdom Gilt	1.500	22/07/2026	GBP	153,000,000	158,081,564
Deutsche Bundesrepublik Inflation Linked Bond	1.750	15/04/2020	EUR	155,325,238	146,691,920
United States Treasury Inflation Indexed Bonds	0.125	15/04/2019	USD	164,364,360	127,258,020
United States Treasury Inflation Indexed Bonds	0.125	15/04/2018	USD	166,720,000	126,428,850
United States Treasury Inflation Indexed Bonds	2.625	15/07/2017	USD	148,209,400	116,090,542
Japanese Government CPI Linked Bond	0.100	10/03/2025	JPY	14,510,940,000	106,646,771
United States Treasury Inflation Indexed Bonds	0.125	15/07/2024	USD	129,522,725	106,101,712
United States Treasury Inflation Indexed Bonds	0.125	15/04/2020	USD	138,037,500	105,378,778
United States Treasury Inflation Indexed Bonds	1.250	15/07/2020	USD	135,364,786	104,899,539
United States Treasury Note/Bond	2.500	15/02/2046	USD	122,580,000	99,438,931
United States Treasury Inflation Indexed Bonds	1.375	15/01/2020	USD	124,545,120	98,823,363
United Kingdom Gilt Inflation Linked	1.875	22/11/2022	GBP	76,450,127	96,513,978
United Kingdom Gilt	4.500	07/09/2034	GBP	62,950,000	95,599,395
Japan Government Two Year Bond	0.100	15/04/2018	JPY	12,800,000,000	91,682,690
United States Treasury Inflation Indexed Bonds	1.875	15/07/2019	USD	112,767,000	91,347,460
Japan Government Two Year Bond	0.100	15/09/2018	JPY	11,500,000,000	91,026,915
United Kingdom Gilt Inflation Linked	0.125	22/03/2026	GBP	69,313,760	84,963,421
United States Treasury Inflation Indexed Bonds	1.625	15/01/2018	USD	97,691,350	75,808,496
United Kingdom Gilt	1.500	22/01/2021	GBP	72,000,000	74,526,240
United States Treasury Inflation Indexed Bonds	1.375	15/07/2018	USD	94,908,450	74,365,580
United States Treasury Note/Bond	3.000	15/11/2045	USD	82,100,000	74,049,890
French Republic Government Bond OAT	0.100	01/03/2021	EUR	88,247,590	73,022,922
Bundesrepublik Deutschland Bundesobligation Inflation Linked Bond	0.750	15/04/2018	EUR	79,839,460	68,903,551
United Kingdom Gilt	2.000	07/09/2025	GBP	63,850,000	68,071,379
Japanese Government CPI Linked Bond	0.100	10/09/2024	JPY	7,958,000,000	60,922,798
French Republic Government Bond OAT	0.250	25/07/2018	EUR	61,824,665	57,790,542
Australia Government Bond	3.250	21/06/2039	AUD	81,500,000	51,899,444

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SIGNIFICANT PURCHASES AND SALES (UNAUDITED) 31 March 2017 (continued)

Security description	Coupon rate %	Maturity date	Issue currency	Shares/Par	Proceeds GBP
SELLS (continued)					
United States Treasury Inflation Indexed Bonds	1.125	15/01/2021	USD	63,149,394	46,951,588
United States Treasury Inflation Indexed Bonds	0.625	15/07/2021	USD	65,506,720	46,707,842
United Kingdom Gilt	4.000	22/01/2060	GBP	25,000,000	46,662,546
United Kingdom Gilt Inflation Linked	0.125	22/11/2019	GBP	41,878,000	45,465,269
United Kingdom Gilt	2.500	22/07/2065	GBP	37,500,000	44,996,170
United Kingdom Gilt	4.250	07/03/2036	GBP	29,750,000	44,307,494
Japan Government Five Year Bond	0.100	20/09/2021	JPY	5,300,000,000	42,081,413
United Kingdom Gilt	5.000	07/03/2018	GBP	38,500,000	41,410,600
United States Treasury Inflation Indexed Bonds	0.375	15/07/2025	USD	49,785,258	41,043,998
United Kingdom Gilt	3.750	22/07/2052	GBP	24,600,000	38,676,208

In accordance with the UCITS Regulations the annual report documents material changes that have occurred in the disposition of the assets of the Fund during the year. A material change is defined as aggregate purchases of a security exceeding 1 percent of the total value of purchases for the year or aggregate disposals greater than 1 percent of the total value of sales. If there were fewer than 20 purchases that met the material changes definition, the Fund shall disclose those purchases and such number of the next largest purchases so that at least 20 purchases are disclosed. If there are fewer than 20 sales that met the material changes definition, the Fund shall disclose these sales and such number of the next largest sales so that at least 20 sales are disclosed.

Old Mutual Global Investors Series II ICAV

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SUPPLEMENTARY INFORMATION (UNAUDITED)

EXCHANGE RATES (UNAUDITED)

The rates of exchange to GBP as at 31 March 2017 were as follows:

Currency	31 March 2017	Currency	31 March 2017
Australian dollar	1.6297	New Zealand dollar	1.7834
Brazilian real	3.9256	Norwegian krone	10.6966
Canadian dollar	1.6627	Philippine peso	62.4804
Chinese yuan renminbi	8.5820	Polish zloty	4.9206
Euro	1.1659	Singapore dollar	1.7399
Hong Kong dollar	9.6761	South African rand	16.6599
Indian rupee	80.8603	South Korean won	1,392.5624
Indonesian rupiah	16,593.5705	Swedish krona	11.1186
Japanese yen	139.2625	Swiss franc	1.2462
Malaysian ringgit	5.5109	Thailand baht	42.7899
Mexican peso	23.3699	United States dollar	1.2452
New Taiwan dollar	37.7840		

The rates of exchange to GBP as at 31 March 2016 were as follows:

Currency	31 March 2016	Currency	31 March 2016
Australian dollar	1.8684	New Zealand dollar	2.0701
Brazilian real	5.0938	Norwegian krone	11.8883
Canadian dollar	1.8591	Philippine peso	66.1805
Chinese yuan renminbi	9.2959	Polish zloty	5.3495
Euro	1.2613	Singapore dollar	1.9355
Hong Kong dollar	11.1485	South African rand	21.1398
Indian rupee	95.1816	South Korean won	1,643.6962
Indonesian rupiah	19,058.5973	Swedish krona	11.6518
Japanese yen	161.5453	Swiss franc	1.3764
Malaysian ringgit	5.6076	Thailand baht	50.5642
Mexican peso	24.6321	United States dollar	1.4373
New Taiwan dollar	46.2581		

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SUPPLEMENTARY INFORMATION (UNAUDITED) (continued)

TOTAL EXPENSE RATIOS (“TER”¹) (UNAUDITED)

The Total Expense Ratio (“TER”) was calculated according to currently valid guidelines of the Swiss Funds & Asset Management Association (SFAMA).

The key figures for year ended 31 March 2017 and period ended 31 March 2016 were as follows:

Old Mutual Absolute Return Government Bond Fund

Share Class	TER ¹	TER ¹
	31 March 2017	31 March 2016
A (EUR) Hedged Accumulation Shares	1.30%	1.30%
A (GBP) Accumulation Shares	1.25%	1.25%
A (USD) Hedged Accumulation Shares	1.30%	1.30%
F (EUR) Hedged Accumulation Shares	0.60%	0.60%
F (GBP) Accumulation Shares	0.55%	0.55%
F (USD) Hedged Accumulation Shares	0.60%	0.60%
I (EUR) Hedged Accumulation Shares	0.80%	0.80%
I (USD) Hedged Accumulation Shares	0.82%	0.85%
L2 (EUR) Hedged Accumulation Shares*	1.55%	-
R (GBP) Accumulation Shares	0.75%	0.75%
U1 (EUR) Hedged Accumulation Shares	0.75%	0.75%
U1 (GBP) Accumulation Shares	0.70%	0.70%
U2 (EUR) Hedged Accumulation Shares	0.70%	0.70%
U2 (GBP) Accumulation Shares	0.65%	0.65%
X (EUR) Hedged Accumulation Shares**	-	0.30%

¹ The Total Expense Ratio (“TER”) is calculated according to the following formula: (total expenses excluding performance fees / AF)* 100; AF (= average Fund assets of the specific share class). The average TER table shows the actual expenses incurred by the ICAV expressed as an annualised percentage of the average Net Asset Value of the ICAV for the corresponding period.

* This Share Class launched on 1 April 2016.

** This Share Class terminated on 9 May 2016.

PERFORMANCE (UNAUDITED)

Old Mutual Absolute Return Government Bond Fund

Share Class	Date of launch	1 April 2016 to 31 March 2017	Date of launch to 31 March 2016	Date of launch to 31 March 2017
		Return (Cumulative)	Return (Cumulative)	Return (Cumulative)
A (EUR) Hedged Accumulation Shares	07/10/2015	2.87%	(3.03)%	(0.24)%
A (GBP) Accumulation Shares	07/10/2015	3.84%	(2.76)%	0.97%
A (USD) Hedged Accumulation Shares	07/10/2015	4.35%	(2.71)%	1.53%
F (EUR) Hedged Accumulation Shares	07/10/2015	3.56%	(2.78)%	0.68%
F (GBP) Accumulation Shares	07/10/2015	4.34%	(2.33)%	1.91%
F (USD) Hedged Accumulation Shares	07/10/2015	5.14%	(2.42)%	2.60%
I (EUR) Hedged Accumulation Shares	07/10/2015	3.37%	(2.93)%	0.34%
I (USD) Hedged Accumulation Shares	07/10/2015	4.73%	(2.60)%	2.01%

Old Mutual Global Investors Series II ICAV

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SUPPLEMENTARY INFORMATION (UNAUDITED) (continued)

PERFORMANCE (UNAUDITED) (continued)

Old Mutual Absolute Return Government Bond Fund

Share Class	Date of launch	1 April 2016 to 31 March 2017 Return (Cumulative)	Date of launch to 31 March 2016 Return (Cumulative)	Date of launch to 31 March 2017 Return (Cumulative)
L2 (EUR) Hedged Accumulation Shares	01/04/2016	-	-	2.67%
R (GBP) Accumulation Shares	07/10/2015	4.27%	(2.62)%	1.53%
U1 (EUR) Hedged Accumulation Shares	02/11/2015	3.48%	(3.12)%	0.25%
U1 (GBP) Accumulation Shares	07/10/2015	4.30%	(2.52)%	1.68%
U2 (EUR) Hedged Accumulation Shares	07/10/2015	3.39%	(3.10)%	0.18%
U2 (GBP) Accumulation Shares	07/10/2015	4.31%	(2.41)%	1.79%
X (EUR) Hedged Accumulation Shares*	29/01/2016	-	(0.46)%	-

* This Share Class terminated on 9 May 2016.

REMUNERATION POLICY (UNAUDITED)

The Fund

Old Mutual Global Investors Series II ICAV (the “Fund”) has been authorised by the Central Bank of Ireland (the “Central Bank”) as a self-managed Undertaking for Collective Investment in Transferable Securities (“UCITS”) pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 as may be amended, consolidated or substituted from time to time (the “UCITS Regulations”).

The Fund shall be managed and its affairs supervised by its Board of Directors. For details on each of the Directors please refer the Prospectus of the Fund.

1. The Policy

The Fund has established a remuneration policy in accordance with the requirements of Directive (Directive 2009/65/EC), as amended (the “UCITS Directive”) to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

The European Securities and Markets Association (“ESMA”) is due to publish “Guidelines on sound remuneration policies under the UCITS Directive and AIFMD” (the “ESMA Guidelines”). As at the date of this remuneration policy, the ESMA Guidelines are still in draft form. Once finalised and published, this remuneration policy will be reviewed and updated as necessary in accordance with the ESMA Guidelines.

This remuneration policy has been adopted by the non-executive members of the Board of Directors in their supervisory function, who have expertise in risk management and remuneration and any revisions to the remuneration policy require approval of such members.

It is the Fund’s policy to maintain remuneration arrangements that (i) are consistent with and promote sound and effective risk management, (ii) do not encourage risk-taking that is inconsistent with the risk profile of the Fund, (iii) do not impair compliance with the Fund’s duty to act in the best interests of its shareholders and (iv) are consistent with the principles outlined in Appendix 1 to this remuneration policy. The Fund’s Remuneration Policy is designed to ensure that any relevant conflicts of interest can be managed appropriately at all times.

SUPPLEMENTARY INFORMATION (UNAUDITED) (continued)

REMUNERATION POLICY (UNAUDITED) (continued)

1. The Policy (continued)

The implementation of the remuneration policy will be subject to central and independent review at least annually to ensure compliance with and adherence to the policy.

The remuneration policy itself will be reviewed on an annual basis by the non-executive members of the Board in their supervisory function, who have expertise in risk management and remuneration.

2. Persons subject to the Policy

The Fund shall apply the provisions of this policy for its ‘Identified Staff’ being “those categories of staff, including senior management, risk takers, control functions and any employee receiving total remuneration that falls within the remuneration bracket of senior management and risk takers whose professional activities have a material impact on the risk profiles of the management companies or of the UCITS that they manage”.

The Fund has determined that the following staff members would fall within the definition of “Identified Staff”:

- Members of the Board of Directors
- Designated Persons responsible for the monitoring of certain management functions of the Fund.

It is noted that Recital 2 of Directive 2014/91/EU (the “UCITS V Directive”) outlines that the remuneration policies and practices should apply, in a proportionate manner, to any third party which takes investment decisions that affect the risk profile of a UCITS because of functions which have been delegated in accordance with Article 13 of the UCITS Directive (i.e. this would include any investment manager). This recital is not further clarified in the UCITS V Directive. Accordingly, it is noted the Fund will address this matter in due course once the ESMA Guidelines are finalised and published.

3. Remuneration of Identified Staff

With the exception of Fund Directors who are employed by Old Mutual Global Investors (UK) Limited. (the “Investment Manager”), the Fund’s Directors will accept a fee in accordance with the Fund’s Articles of Association and as outlined in the ‘Directors’ Fees’ section of the Prospectus. This is a fixed fee with no variable component. Any remaining Director, who is employed by the Investment Manager, will waive this fee.

The Directors of the Fund receive a fixed fee only and do not receive performance-based remuneration, thereby avoiding a potential conflict of interest. The basic fee of a Board member is set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of the Fund’s complexity, the extent of the responsibilities and the number of board meetings. No pension contributions are payable on Board members’ fees.

Duff & Phelps Financial Services (Ireland) Limited receives an annual fixed fee for providing the relevant ‘Designated Persons’ services, which fee is set at a level that is considered on par with the rest of the market for such services and does not include any variable or performance related element.

4. Proportionality Principle

As noted above, the Fund must comply with the UCITS Directive remuneration principles in a way and to the extent that is appropriate to its size, its internal organisation and the nature scope and complexity of its activities. Accordingly, some UCITS can determine to meet the remuneration requirements through very sophisticated policies whereas others can do so in a simple and less burdensome way.

The Fund does not pay any variable remuneration to any of its Identified Staff. Accordingly, the principles in respect of variable remuneration as outlined in the UCITS Directive are not applicable.

SUPPLEMENTARY INFORMATION (UNAUDITED) (continued)

REMUNERATION POLICY (UNAUDITED) (continued)

4. Proportionality Principle (continued)

With respect to the remuneration committee, the Board has determined the remuneration committee requirement does not apply taking into account the below factors:

- (a) all of the above proportionality criteria (i.e. the Fund's size, internal organisation nature, the scope and complexity of its activities); and
- (b) Article 14b(4) of UCITS V outlines a remuneration committee will be, where appropriate, set up in accordance with the ESMA Guidelines (which are still to be finalised).

5. Disclosure

The general principles of the Fund's remuneration policy and the specific provisions for Identified Staff are disclosed internally and documented in this procedure.

In addition, the Prospectus, KIID(s) and annual report of the Fund will need to contain disclosure with respect to remuneration consistent with the UCITS Regulations.

6. UCITS V Remuneration disclosure

The European Union (Undertakings for Collective Investment in Transferable Securities) Regulations 2016 (the Regulations) requires that Old Mutual Global Series II ICAV (the "ICAV") establish and apply remuneration policies and practices that are consistent with, and promote, sound and effective risk management and that neither encourage risk taking which is inconsistent with the risk profiles, prospectus or instrument of incorporation of the ICAV and its sub-funds (the Funds) nor impair compliance with the ICAV's duty to act in the best interests of the Funds. The ICAV has in place a remuneration policy, details of which can be obtained from the Investment Manager.

With the exception of Fund directors who are employed by Old Mutual Global Investors (UK) Limited (the "Investment Manager"), the Fund's directors will accept a fee in accordance with the Fund's Instrument of Incorporation and as outlined in the 'Directors' Fees' section of the Prospectus. This is a fixed fee with no variable component. The Fund directors employed by the Investment Manager are not entitled to a fee.

The directors of the Fund receive a fixed fee only and do not receive performance-based remuneration, thereby avoiding a potential conflict of interest. The basic fee of a Board member is set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of the Fund's complexity, the extent of the responsibilities and the number of Board meetings. No pension contributions are payable on Board members' fees.

Duff & Phelps Financial Services (Ireland) Limited receives an annual fixed fee for providing the relevant 'Designated Persons' services, which fee is set at a level that is considered on par with the rest of the market for such services and does not include any variable or performance related element.

Total remuneration during the financial year ended 31 March 2017

Fixed remuneration	GBP 88,920
Number of beneficiaries	4

Old Mutual Global Investors Series II ICAV

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SUPPLEMENTARY INFORMATION (UNAUDITED) (continued)

SECURITIES FINANCING TRANSACTIONS REGULATIONS (UNAUDITED)

The Securities Financing Transactions Regulation (Regulation (EU) 2015/2365) ("SFTR") came into force on 12 January 2016 and, amongst other requirements, introduces new disclosure requirements in the ICAV's annual and semi-annual reports published after 13 January 2017 detailing the ICAV's use of securities financing transactions and total return swaps. Under Regulation (EU) 2015/2365 on transparency of securities financing transactions (SFTs) and of reuse, and amending Regulation (EU) No 648/2012, Article 13 requires UCITS investment companies to provide the following information on the use made of SFTs.

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 March 2017 the Fund held Repurchase Agreements and Total Return Swaps which are types of securities in scope for the SFTR Annual Report Disclosure Requirements.

The following table details the market value of assets engaged in SFT and Total Return Swaps as at 31 March 2017. Each Repurchase Agreement and Total Return Swap is settled/cleared Bi-Laterally.

	Repurchase Agreements	Total Return Swaps
Currency	GBP (328,896,722)	GBP (684,085)
% of Net Assets	(62.85)%	(0.13)%

The following table details the Counterparties used for each type of SFT and Total Return Swap as at 31 March 2017.

Counterparty Name*	Value of outstanding transactions	Country of Establishment	SFT Type
Goldman Sachs	GBP (53,847,397)	Japan	Repurchase Agreement
Nomura	GBP (275,049,325)	Japan	Repurchase Agreement
Barclays Bank	GBP (684,085)	United Kingdom	Total Return Swap

* The above is a complete list of counterparties.

The following provides an analysis of maturity tenor of the Repurchase Agreements and Total Return Swaps as at 31 March 2017. Maturity tenor of the SFTs and total return swaps is broken down in the following maturity buckets: less than one day, one day to one week, one week to one month, one to three months, three months to one year, above one year, open transactions.

The maturity of all Repurchase Agreements held on the Fund as at 31 March 2017 is 5 April 2017 therefore the Maturity tenor is between 1 day to 1 week. The maturity of all Total Return Swaps held on the Fund as at 31 March 2017 is 17 May 2017 therefore the Maturity tenor is between 1 to 3 months.

The following provides an analysis of the type and quality of collateral as at 31 March 2017.

Repurchase Agreements are collateralised by the following: Cash (AAA rating per S&P) and Bonds (AA+ and AA rating per S&P). The Total Return Swap is not collateralised.

The below provides an analysis by currency of the collateral as at 31 March 2017.

Collateral is denominated in GBP (26,074,440) and USD (289,246,743).

The following table details the counterparties which hold the Fund's cash collateral as at 31 March 2017. There is no collateral in respect of the Total Return Swap.

Counterparty Name	Value of collateral
Goldman Sachs	GBP 260,000
Nomura	GBP 921,234

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SUPPLEMENTARY INFORMATION (UNAUDITED) (continued)

SECURITIES FINANCING TRANSACTIONS REGULATIONS (UNAUDITED) (CONTINUED)

The below provides an analysis of the maturity tenor of the collateral as at 31 March 2017.

The Maturity tenor of Collateral (GBP 315,321,183) is greater than 1 year. The Total Return Swap is not collateralised.

The following table details the largest collateral issuers as at 31 March 2017. There is no collateral in respect of the Total Return Swap.

Collateral Issuer*	Volume of collateral received
United States Government	GBP 289,246,743
United Kingdom Government	GBP 26,074,440

* The above is a complete list of Collateral Issuers.

Cash collateral received in respect of Repurchase Agreements is used to fund positions in Government bonds. The purchased Government bonds form part of the main portfolio and 100% of the returns from these bonds contribute to the overall portfolio return.

State Street Custodial Services (Ireland) Limited are responsible for the safe-keeping of all cash collateral and non-cash collateral received in relation to the SFTs held on the Fund. All cash collateral and non-cash collateral received as at 31 March 2017 was held with State Street Bank and Trust.

There were no collateral amounts pledged in respect of Repurchase Agreements or Total Return Swaps held as at 31 March 2017.

The returns and costs of the total return swaps held by the Sub-Funds cannot be separately identified and are included in net gains on investment activities in the Statement of Comprehensive Income and in note 8.