

# Investec Funds Series II Interim Report and Accounts

For the period ended 30 June 2019



# Investec Funds Series ii

## Interim Report and Accounts

American Franchise Fund*	2-4
Asia Pacific Franchise Fund*	5-7
Global Energy Fund*	8-10
Global Strategic Equity Fund*	11-13
Global Total Return Credit Fund*	14-16
Monthly High Income Fund*	17-19
Portfolio Statements per Fund*	20-35
Authorised Corporate Director's Report*	36-37
Comparative Tables	38-43
Financial Statements	44-58
Securities Financing Transactions ('SFT's')	59
Other Information	60
Glossary	61-63
Directory	64

\* The above information collectively forms the Authorised Corporate Director's Report

# American Franchise Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide long-term capital growth by investing primarily in the shares of US companies or companies which carry out a large proportion of their business activities in the US.

The Fund focuses investment on companies deemed by the Investment Manager to be of high quality i.e. companies which have provided sustainably high levels of return on invested capital and free cash flow (a company's cash earnings after its capital expenditures have been accounted for), typically those associated with strong brands or franchises.

The Fund may invest in other assets such as cash, money market instruments (tradable securities where money can be invested for short periods), other funds (which may be managed by the Investment Manager, other companies in the same group as the Investment Manager or a third party) and derivatives (financial contracts whose value is linked to the price of an underlying asset).

Derivatives may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

## Performance record

	6 months (%)
Investec American Franchise Fund 'I' accumulation shares	20.71*
Performance comparison index	18.26**
Peer group sector average	18.86**

Past performance is not a reliable indicator of future results, losses may be made.

## Performance review

The Fund delivered a positive absolute return during the period under review and outperformed its performance comparison index and peer group sector average.

## Factors helping performance

Our technology sector holdings proved the primary driver of relative outperformance, with significant relative returns attributable to Microsoft, Verisign, Visa and Mastercard. Our position in internet domain registration company Verisign performed well, enjoying strong quarterly numbers for much of the year. Overall, domain name registrations and revenues data has been positive. The shares rallied more recently, following the news that it had been given permission to raise prices on .com domain names. Software company Microsoft released strong results throughout last year, mainly attributed to the healthy growth from its cloud offering, Azure, and from its gaming platforms. Global payment providers Visa and Mastercard also added to performance, underpinned by strong financial results.

In financials, positions in companies like MSCI Inc, S&P Global and CME Group, which benefit when financial markets are enjoying strong growth, contributed well to relative returns.

## Factors hindering performance

In terms of detractors, stocks like medical Devices company Medtronic, online booking platform Booking Holdings and O'Reilly Automotive were among the leading relative detractors. The shares actually delivered a modest positive absolute return, but because they underperformed the wider double-digit portfolio return, they impacted negatively on a relative basis.

At a stock level, our position in financial services firm Charles Schwab also hurt performance. The shares sold off after the more dovish (likelihood that interest rates will fall) rhetoric from the US Federal Reserve – it benefits in a higher interest rate environment due to its large cash float. We remain invested in Schwab due to its commitment to keep reinvesting to improve the customer experience, which we believe should reinforce its competitive position and deliver growth over the long term.

Our position in Swedish Match, which primarily deals in 'snus' – an oral tobacco placed under the lip, was dragged down by wider challenges faced in its domestic market and the potential for growing competition in the US for its tobacco-free nicotine pouch product, ZYN. We continue to hold the stock due to its superior distribution, scale and research and development.

## Portfolio activity

### Significant purchases

O'Reilly Automotive; Swedish Match; CME; Visa; Microsoft; Alphabet; Agilent Technologies; Stryker; Zoetis; Becton Dickinson.

### Significant sales

Twenty-First Century Fox; Altria; British American Tobacco; 3M; British American Tobacco ADR; Walt Disney.

## Outlook

The significant drawdown in late 2018, and the subsequent strong recovery in equities this year to date serves as a stark reminder of where we are in the current market cycle. Equity markets are starting to look more vulnerable than they have for some time, especially given that valuations have recovered well year to date. There is a long list of factors which weigh on investor confidence including slowing global economic activity, trade tensions between China and the US, weakened consumer and business confidence in Europe. Amid these headlines, investors have to balance the consideration that the global economy may benefit from more patient monetary normalisation by the US Federal Reserve and the European Central Bank. More dovish tones from central banks have proven a tailwind for capital markets this year to date.

With an increased likelihood of rate cuts in the US this year, yields on 10-year US Treasuries have fallen to lows not seen since November 2016. Additionally, political risks have increased, and debt levels remain elevated across government, corporate and household sectors. We believe that in the face of these headwinds and exogenous risks, portfolio resilience is now more important than ever. As we saw in the fourth quarter of 2018, focusing on structural rather than cyclical growth is key to defensive performance. The fortunes of external factors, such as commodity prices, interest rates, or the economy, cannot be relied upon to sustain growth. We maintain discipline by investing in high-quality companies at reasonable valuations, which continue to compound cashflows at attractive rates over time. Nothing has changed in terms of how quality companies can provide long-term outperformance, and thus we believe the opportunities provided by quality stocks remain attractive.

\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation (acc) share class, net of fees in GBP.

\*\*Index (S&P 500 NDR Index) and peer group sector average (Investment Association North America sector) shown for performance comparison purposes only.

The opinions expressed herein are as at end June 2019.

## Risk and Reward profile\*



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

The Fund appears towards the middle of the Risk and Reward Indicator scale. This is because the mix of assets it invests in tends to produce returns which fluctuate more than those of cash funds but less than those of funds which solely invest in the shares of companies.

### The following risks may not be fully captured by the Risk and Reward Indicator:

**Concentrated portfolio:** The portfolio invests in a relatively small number of individual holdings. This may mean wider fluctuations in value than more broadly invested portfolios.

**Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

**Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

**Geographic / Sector:** Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that the resulting value may decrease whilst portfolios more broadly invested might grow.

**Portfolio Currency Hedging:** Portfolio currency hedging aims to protect investors from a decline in the value of the primary currencies of the underlying investments, and investors may not benefit from an increase in the value of those currencies against the value of the share class currency. Where the underlying investments are denominated in currencies where the hedging costs are higher, for instance in emerging market currencies, the hedged returns can be significantly lower than the local currency returns. There can be no assurance that hedging strategies will be successful and such hedging can positively or negatively impact investors by inaccuracies in the operation of the hedge.

\*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.  
The full list of the Fund's risks are contained in Appendix VII of the Investec Funds Series Omnibus prospectus.

# Asia Pacific Franchise Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide long-term capital growth by investing primarily in the shares of companies in the Asia Pacific region (excluding Japan).

The Fund focuses investment on companies deemed by the Investment Manager to be of high quality i.e. companies which have provided sustainably high levels of return on invested capital and free cash flow (a company's cash earnings after its capital expenditures have been accounted for), typically those associated with strong brands or franchises.

The Fund may invest in other assets such as cash, money market instruments (tradable securities where money can be invested for short periods), other funds (which may be managed by the Investment Manager, other companies in the same group as the Investment Manager or a third party) and derivatives (financial contracts whose value is linked to the price of an underlying asset).

Derivatives may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

## Performance record

	6 months (%)
Investec Asia Pacific Franchise Fund 'I' accumulation shares	17.08*
Performance comparison index	10.78**
Peer group sector average	13.55**

Past performance is not a reliable indicator of future results, losses may be made.

## Performance review

The Fund produced a positive return over the period and outperformed its comparison index and peer group sector average.

## Factors helping performance

At sector level, exposure to consumer staples was the largest contributor to relative returns. The top performing stock was our position in Chinese distiller Kweichow Moutai, which posted very positive revenue growth figures during the first quarter of 2019.

Our position in Artistocrat Leisure was the leading performer over the period on solid first half results in May. The Australian gaming company reported 35% growth in revenues vs last year. Its recent acquisitions of Plarium and Big Fish have benefited greatly.

Stock picking in financials was another source of outperformance over the period, particularly insurers. AIA Group continued to deliver strong 'value of new business' growth. The market is becoming excited by the growth potential in China, which is now opening up the markets to foreign life insurance companies.

In industrials, Finnish elevator company Kone, which derives a large portion of its revenues in China, was a key contributor. The shares performed well since it tabled an offer buy rival Thyssenkrupp's elevators division for €14 billion.

## **Factors hindering performance**

Unfavourable stock picking within information technology was the leading detractor from relative returns, most notably our position TravelSky Technology. The shares sold off towards the end of March after it released its annual numbers. It reported a higher-than-expected increase in operating costs, which caught the market by surprise. We continue to like the share due to its near-monopoly status in the airline distribution sector in China.

In the consumer discretionary space, Domino's Pizza Enterprises came under pressure in its latest results. There has been a lot of disruption over the past six months, including new franchisee regulation in Australia, and a new management team in Japan. While the results themselves were broadly positive, it appears the period of exceedingly strong growth is now over, and this was evident in the market reaction. The shares are indeed entering a period of less aggressive growth phase, but we still view it as an attractive proposition.

Our position in Taiwanese café chain Gourmet Master hurt performance. Results towards the end of the first quarter were not received well and the shares subsequently sold off. Sales in China pulled back markedly, owing in part to the meteoric rise of new competition like Luckin Coffee (which went from zero to c. 3,500 stores in two years), highlighting the intense competitive nature in this space in China currently. We took the decision to close this position.

## **Portfolio activity**

### **Significant purchases**

Hengan International; Agilent Technologies; Aristocrat Leisure; Samsung Electronics.

### **Significant sales**

Kweichow Moutai; Tencent; Reckitt Benckiser; Amorepacific; Gourmet Master; Tingyi Cayman Islands; REA; Cochlear; Kone; Alibaba ADR.

## **Outlook**

The first half of 2019 saw the Asia ex Japan index rebound from the pull back in markets in the second half of 2018 due to concerns surrounding trade conflicts and lower Chinese growth expectations. These concerns remain in place. As such, focusing on companies that have structural rather cyclical growth is key in a time of uncertain macroeconomic outcomes – trying to second guess interest rates, commodity prices and economic cycles is difficult. The focus on structural growth has been highlighted in the generally good first-half results of companies in the portfolio that have reported at the time of writing. As importantly as the results were, the generally positive outlook statements by these companies. We continue to believe that investing in these high-quality companies, mainly within the information technology, consumer and healthcare sectors, that are able to compound cashflows over time could provide long-term outperformance.

\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation share class, net of fees in GBP.

\*\*Index (MSCI\*\*\* AC Asia Pacific ex Japan NDR Index) and peer group sector average (Investment Association Asia Pacific ex Japan sector) shown for performance comparison purposes only.

\*\*\*Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Investec Asset Management Limited. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

The opinions expressed herein are as at end June 2019.

## Risk and Reward profile\*



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The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

The Fund appears towards the higher end of the Risk and Reward Indicator scale. This is because it invests in the shares of companies, whose values tend to fluctuate more widely.

### The following risks may not be fully captured by the Risk and Reward Indicator:

**Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

**Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Emerging market:** These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems.

**Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

**Geographic/Sector:** Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may mean that the resulting value may decrease whilst portfolios more broadly invested might grow.

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# Global Energy Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide long-term capital growth.

The Fund invests around the world in the shares of companies involved in the exploration, production or distribution of oil, gas and other energy sources, including renewables. The Fund may also invest in the shares of companies that service the energy industry.

The Fund may invest in other assets such as cash, money market instruments (tradable securities where money can be invested for short periods), other funds (which may be managed by the Investment Manager, other companies in the same group as the Investment Manager or a third party) and derivatives (financial contracts whose value is linked to the price of an underlying asset).

Derivatives may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

## Performance record

	6 months (%)
Investec Global Energy Fund 'I' accumulation shares	15.57*
Performance comparison index	13.00**
Peer group sector average	Not applicable**

Past performance is not a reliable indicator of future results, losses may be made.

## Performance review

The Fund delivered a positive absolute return over the period and outperformed its performance comparison index.

## Factors helping performance

The main driver of outperformance was our allocation to environmental & renewable energy companies, in particular to companies whose products help decarbonise energy systems, with First Solar, Orsted, utilities Iberdrola and Orsted among the positive contributors to relative returns. First Solar, a global provider of solar panel systems, progressed strongly in the second quarter with a strong order book. Denmark-based utility Orsted rallied well after a strong set of first-quarter results and further contract wins, most recently being awarded a 1.1 gigawatt (GW) project in New Jersey. Spain's Iberdrola announced solid first-quarter results in April, with a 12% rise in profits resulting from the more than €5 billion of investment it has made in the past year and improving cost/income ratios in all countries, especially Brazil.

Stock selection within the exploration & production (E&Ps) and oilfield service sectors also contributed strongly to relative performance during the period. Within the E&P group, there were strong performances recorded by Lundin Petroleum, Tullow Oil, Noble Energy and Parex Resources. All are considered low-cost producers with conventional production allowing for substantial free cash flow, and benefit in a stronger oil price environment. In oilfield services, our position in Select Energy Services was the Fund's top performing stock over the period, thanks to strong operational performance as demand for water infrastructure increased in the Permian basin.

Within oil & gas storage, our holding in GTT, a liquefied natural gas technology company, contributed positively as it continued to win orders to provide technology to new tankers.

## Factors hurting performance

The biggest detractors from relative returns was stock selection in the integrated oil & gas companies, with our overweight position in Portuguese company GALP and not owning Russian gas company Gazprom. GALP suffered as the company announced delays at key projects in Brazil, while Gazprom performed strongly after raising its dividend, following bumper profits from high European gas prices and a weak rouble. Not owning E&P company, Anadarko, also detracted as it was subject to a takeover bid — though the drag on the portfolio was largely offset by also not holding the bidder, Occidental Petroleum, which has suffered on shareholder concerns that it may now have to cut capital expenditure to maintain its dividend.

## Portfolio activity

### Significant purchases

Exxon Mobil; Royal Dutch Shell; Hess; Waste Management; OMV; Kosmos Energy; Iberdrola; ConocoPhillips; Brambles; Lundin Petroleum.

### Significant sales

Chevron; Parex Resources; Royal Dutch Shell; Valero Energy; Gaztransport Et Technigaz; RPC; Galp Energia; TOTAL; BP; LONGi Green Energy Technology.

## Outlook

The data has started to reflect our continued concerns that a strong US dollar, combined with an escalating trade war, is dampening oil demand growth. While the increasingly militarised dispute between the US and Iran has heightened geopolitical risk, we view the muted market reaction to events as a sign of fundamental supply/demand softness. However, we recognise that there are currently a large number of unknowns, each of which could push the market into considerable over- or undersupply in the near-term.

Nevertheless, we continue to find value across the energy space. We maintain a large overweight in European integrated oils, which are clearly out of favour but are offering significant free cash flow yields, high dividends and earnings growth at very modest price-to-earnings ratios. We also hold a sizeable overweight to the environment sector, where we find a number of structural growth opportunities at valuations offering considerable upside potential.

\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation (acc) share class, net of fees in GBP.

\*\*Index (MSCI\*\*\* All Countries World Index Energy + Global Environment ex Select GICS 10-40 Index (MSCI All Countries World Index Energy pre 01.04.19)) shown for performance comparison purposes only. For this Fund, there is no relevant investment association sector against which to measure Fund performance.

\*\*\*Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Investec Asset Management Limited. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

The opinions expressed herein are as at end June 2019.

## Risk and Reward profile\*



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The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

The Fund appears towards the higher end of the Risk and Reward Indicator scale. This is because it invests in the shares of companies, whose values tend to fluctuate more widely.

### The following risks may not be fully captured by the Risk and Reward Indicator:

**Commodity-related investment:** Commodity prices can be extremely volatile and significant losses may be made.

**Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income.

**Derivatives:** The use of derivatives is not intended to increase the overall level of risk. However, the use of derivatives may still lead to large changes in value and includes the potential for large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

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The full list of the Fund's risks are contained in Appendix VII of the Investec Funds Series Omnibus prospectus.

# Global Strategic Equity Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide long-term capital growth.

The Fund invests around the world primarily in the shares of companies believed to offer above average opportunities for capital gains. For example, companies that are deemed by the Investment Manager to be of high quality (demonstrating strong management and cash flows), offer good value (meaning they are undervalued within the market), and expected to benefit from increases in profit expectations and investor demand.

Opportunities may also be sought for investments in companies which are expected to see their profits benefit over time from operational and structural improvements.

The Fund may invest in other assets such as cash, money market instruments (tradable securities where money can be invested for short periods), other funds (which may be managed by the Investment Manager, other companies in the same group as the Investment Manager or a third party) and derivatives (financial contracts whose value is linked to the price of an underlying asset).

Derivatives may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

## Performance record

	6 months (%)
Investec Global Strategic Equity Fund 'I' accumulation shares	17.81*
Performance comparison index	16.31**
Peer group sector average	16.87**

Past performance is not a reliable indicator of future results, losses may be made.

## Performance review

The Fund delivered a positive absolute return during the period under review and outperformed its performance comparison index and peer group sector average.

## Factors helping performance

Performance was boosted most heavily by holdings in the financials, technology and industrials sectors. Within the financials sector, several stocks added to returns, including US banking groups Citigroup and Ally Financial, as well as Chinese insurance provider Ping An Insurance. Citigroup, Ally and Ping An all released good earnings reports. Ping An was also lifted by market excitement around the growth potential in China, which is now opening its markets to foreign life insurance companies.

Looking at strong performers from the technology sector, this included PayPal and WorldPay. PayPal benefitted from the structural growth in online payments. Following a strong takeover bid from FIS for WorldPay, the share price rallied. We then exited the position to capture these gains.

Shanghai International Airport was the top performing stock, following positive first-quarter revenue and earnings growth, supported by strong growth in duty-free shopping. Another key contributor was US oil and gas tanker operator Scorpio Tankers. Its shares received several analyst upgrades prior to the firm announcing better-than-expected earnings from better refined product rates in May.

## **Factors hindering performance**

Real estate was only major sector to detract from returns, with Turkish real estate developer Emlak Konut a key contributor to this underperformance. Recent First quarter results delivered better than expected on value of units sold, but this has been a volatile number. However, forecasts on earnings were missed and debt rose as margins weakened.

Select shares in the media and entertainment sector detracted from returns. US auto classifieds website Cars.com delivered a disappointing revenue and earnings report, revealing dealer count was down and forward guidance was weaker than consensus. Car manufacturers have cut back on advertising spend and the company's mobile initiative is yet to deliver. We exited the position in the second quarter. Google parent company Alphabet was pressured given the US Justice Department may investigate Google for hampering competition. AMC Networks fell on recurring investor concerns relating to the decline of 'The Walking Dead' franchise.

US managed healthcare company UnitedHealth Group also faced weakness as, despite solid earnings and profits, the company does not trade on fundamentals due to uncertainty about the future shape of healthcare in the run up to the 2020 US presidential election.

## **Portfolio activity**

### **Significant purchases**

Takeda Pharmaceutical; Tencent; Facebook; Microsoft; IQVIA; Ping An Insurance; Pernod Ricard; Alfa Laval; Rio Tinto; Dell Technologies.

### **Significant sales**

Shire; Worldpay; Zimmer Biomet; ABB; Johnson & Johnson; Cars.com; ON Semiconductor; Novo Nordisk; Broadcom; Iberdrola.

## **Outlook**

The G20 summit of global leaders produced no nasty surprises, just a 'kick the can down the road' outcome on trade, alongside slightly warmer rhetoric on the issue. Investors responded well – having approached the meeting with some trepidation – which resulted in a 'relief' rally. However, it is hard to believe that ongoing strength is likely given the persistent uncertainties.

These uncertainties now seem to be affecting corporate behaviour, resulting in subdued capital spending plans and cautious outlook statements following on from first quarter results. Analysts have responded to sagging leading indicators by cutting their profit forecasts for 2019 and now anticipate a decline in corporate profits over the next few quarters relative to last year.

On the other hand, central banks still seem poised for more easing in both the US and Europe in the face of flattening or negative yield curves, which historically have suggested a future economic slowdown. 'Value' stocks are still underperforming despite being cheaper than at virtually any time in history. This reflects investor pessimism over the growth outlook and as a result have favoured longer duration and less economically vulnerable revenue in more defensive sectors. The market seems prepared for a prolonged low-growth, low-inflation environment.

\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation share class, net of fees in GBP.

\*\*Index (MSCI\*\*\* All Countries World NDR Index) and sector (Investment Association Global sector) shown for performance comparison purposes only.

\*\*\*Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Investec Asset Management Limited. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

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**Equity investment:** The value of equities (e.g. shares) and equity-related investments may vary according to company profits and future prospects as well as more general market factors. In the event of a company default (e.g. insolvency), the owners of their equity rank last in terms of any financial payment from that company.

**Portfolio Currency Hedging:** Portfolio currency hedging aims to protect investors from a decline in the value of the primary currencies of the underlying investments, and investors may not benefit from an increase in the value of those currencies against the value of the share class currency. Where the underlying investments are denominated in currencies where the hedging costs are higher, for instance in emerging market currencies, the hedged returns can be significantly lower than the local currency returns. There can be no assurance that hedging strategies will be successful and such hedging can positively or negatively impact investors by inaccuracies in the operation of the hedge.

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The full list of the Fund's risks are contained in Appendix VII of the Investec Funds Series Omnibus prospectus.

# Global Total Return Credit Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide income and long-term capital growth.

The Fund targets a positive return in excess of 3 month GBP LIBOR (an interbank lending rate) +4% gross of fees over a full credit cycle (economic conditions over which the cost of borrowing initially increases, then decreases and then stabilises. Credit cycles can vary in length and typically last between 3 and 7 years). The performance target may not be met and positive returns are not guaranteed over any period of time, including the full credit cycle, and you may get back less than you invested.

The Fund invests primarily in a diverse range of debt securities (contracts to repay borrowed money which pay interest at fixed or variable times e.g. bonds, deposits, bills and notes). These securities are issued by governments, institutions or companies from around the world including emerging markets (countries that are in economic terms less developed than the major Western countries) and may be of investment grade (high quality) or below investment grade as rated by the credit rating agencies (companies that rate the ability of the issuers of bonds to repay borrowed money).

The Fund's investments are primarily priced in GBP sterling or hedged (an investment technique which aims to protect the value of an investment against currency movements) back into GBP sterling.

The Fund may invest in other assets such as cash, money market instruments (tradable securities where money can be invested for short periods), other funds (which may be managed by the Investment Manager, other companies in the same group as the Investment Manager or a third party) and derivatives (financial contracts whose value is linked to the price of an underlying asset).

Derivatives may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

## Performance record

	6 Months (%)
Investec Global Total Return Credit Fund 'I' accumulation shares	5.08*
Performance comparison index	2.42**
Peer group sector average	6.17**

Past performance is not a reliable indicator of future results, losses may be made.

## Performance review

The Fund delivered a positive absolute return during the period under review and outperformed its performance comparison index, but underperformed its peer group sector average.

## Factors helping performance

The shift of major global central banks to a more supportive (or 'accommodative') stance was a key driver of credit market returns over the first half of the year.

This shift in the monetary policy backdrop means interest rates looks set to remain lower for longer – a prospect that has helped drive up bond prices (which move in the opposite direction to rates) and encourage investors to riskier parts of the credit market in search of yield. Broadly positive developments on the US-China trade war front – leaving stumbles in the month of May aside – also lifted investor sentiment. This backdrop boosted the price of the Fund's holdings, particularly in BB rated high-yield bonds and bonds with the lowest credit rating in the investment-grade segment of the market (BBB). European high-yield bonds performed particularly well, following by their emerging market peers.

## Factors hindering performance

We started the period positioned slightly defensively – a stance which had proved successful in providing downside protection to investors' capital in 2018. However, this meant that while the Fund participated well in the market rally and generated positive absolute returns, it did not capture the full extent of the market's recovery.

However, the nature of the market rally presented some interesting investment opportunities in the early part of this year. Rather than indiscriminately investing across credit markets in search of yield, investors were rather selective; we believe this selectivity was largely driven by fear, creating market inefficiencies (ie, mispriced assets) which we have sought to exploit, and which have recently produced positive returns for the Fund.

## Portfolio activity

### Significant purchases

CVC Cordatus Loan Fund IX 1.5% 30/08/2020; United 4.125% 15/05/2025; Telefonica Europe 4.375% Perpetual; SGL Carbon 4.625% 30/09/2024; ATF Netherlands 3.75% Perpetual; Vodafone 7% 04/04/2079; CommScope 6% 01/03/2026; IQVIA 5% 15/05/2027; TOTAL 3.875% Perpetual; Bausch Health 5.75% 15/08/2027.

### Significant sales

Telecom Italia 6.375% 24/06/2019, TOTAL 3.875% Perpetual, Sprint Capital 6.9% 01/05/2019, IQVIA 3.5% 15/10/2024, Virgin Media Secured Finance 5.125% 15/01/2025; Aker BP 5.875% 31/03/2025; Chesapeake Energy (FRN) 6.03731% 15/04/2019; INEOS 5.375% 01/08/2024; Vantiv 3.875% 15/11/2025; Levi Strauss 3.375% 15/03/2027.

## Outlook

We believe the apparent shift to a more accommodative monetary policy regime will mitigate the downside risks to economies and investment markets. And although credit spreads (the compensation investors require for taking on credit risk) are already towards the lower end of their historical range we think there is scope for them to tighten even further, suggesting more upside potential for bond prices than some market participants might expect (bond prices are inversely related to rates).

That said, we do not feel the current environment is conducive to significantly increasing the Fund's overall level of risk. To explain our stance: the dovish shift of central banks described above comes against a backdrop of more muted global growth, middle-of-the-road company earnings, and reasonable – but not low – levels of indebtedness.

Therefore, working within our current risk budget we will remain selective and dynamic in our approach. We're watching closely a number of factors that could amplify market volatility later in the year, including:

- A resumption of quantitative easing in the form of corporate bond purchases by the European Central Bank
- Potential action or rhetoric from the US relating to tariffs on imports from Europe or developments on the China/US trade negotiations
- Signs of weakening global economic growth

Volatility presents active investors like us with opportunities – should volatility rise, we'll be looking for opportunities to selectively take profit on positions that become overvalued and redirecting that capital to more attractively valued opportunities.

Over the coming months, we expect the renewed search for yield to continue to boost the higher yielding parts of the market relative to, say, investment-grade government bonds. Within the high-yield segment, we believe a more stable oil price backdrop could help US high-yield energy bonds catch up with their peers in the broader market.

More broadly, intervention in corporate bond markets in the form of the European Central Bank resuming its corporate bond purchases would tighten spreads.

\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation (acc) share class, net of fees in GBP.

\*\*Index (ICE LIBOR 3M GBP +4%) and peer group sector average (Investment Association £ Strategic Bond) shown for performance comparison purposes only.

The opinions expressed herein are as at end June 2019.



## Risk and Reward profile\*



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

The Fund appears towards the middle of the Risk and Reward Indicator scale. This is because the mix of assets it invests in tends to fluctuate more widely.

### The following risks may not be fully captured by the Risk and Reward Indicator:

**Default:** There is a risk that the issuers of fixed income investments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The worse the credit quality of the issuer, the greater the risk of default and therefore investment loss.

**Derivatives:** The use of derivatives may increase overall risk by magnifying the effect of both gains and losses leading to large changes in value and potentially large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Interest rate:** The value of fixed income investments (e.g. bonds) tends to decrease when interest rates rise.

**Liquidity:** There may be insufficient buyers or sellers of particular investments giving rise to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than might be anticipated.

\*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.  
The full list of the Fund's risks are contained in Appendix VII of the Investec Funds Series Omnibus prospectus.

# Monthly High Income Fund

## Summary of the Fund's investment objective and policy

The Fund aims to provide high income on a monthly basis.

The Fund invests around the world primarily in bonds (contracts to repay borrowed money which typically pay interest at fixed times) and related derivatives (financial contracts whose value is linked to the price of an underlying asset).

The Fund may invest in other assets such as cash, money market instruments (tradable securities where money can be invested for short periods), other funds (which may be managed by the Investment Manager, other companies in the same group as the Investment Manager or a third party) and derivatives.

Derivatives may be used for investment purposes (i.e. in order to achieve the Fund's investment objectives) or for efficient portfolio management purposes e.g. with the aim of either managing the Fund risks or reducing the costs of managing the Fund.

The Fund uses hedging (an investment technique which aims to protect the value of an investment against currency movements) to minimise any currency risk in sterling.

The Investment Manager is free to choose how the Fund is invested and does not manage it with reference to an index.

## Performance record

	6 months (%)
Investec Monthly High Income Fund 'I' accumulation shares	7.19*
Performance comparison index	8.71**
Peer group sector average	7.67**

Past performance is not a reliable indicator of future results, losses may be made.

## Total deemed income distributions per 'I' accumulation share

6 Months to 30 June 2019	3.01 pence
6 Months to 30 June 2018	3.06 pence

## Performance review

The Fund produced a positive absolute return over the period but underperformed the performance comparison index and peer sector average.

## Factors hindering performance

The Fund was still positioned defensively as we entered 2019, given our expectation for slowing global growth and weakening market sentiment. This positioning served investors well last year, helping to protect capital and meaning the Fund outperformed its benchmark. However, it meant that the Fund did not benefit fully from the pronounced shift in markets that happened at the start of this year: market sentiment improved thanks to major central banks across the world becoming more accommodative and trade tensions between the US and China cooling, albeit temporarily.

At a sector level the major detractor was from our US Energy exposure, which suffered during continued oil price volatility. At an individual security level, the Fund's investment in bonds issued by paper company Lecta was a key detractor over the period, on the back of poor Q4 2018 results. However, the security had rebounded from its lows by the end of the period.

## **Factors helping performance**

Overall our exposure to European services and telecoms were the primary positive drivers of performance. A number of the Fund's Turkish investments were among the top performers over the period, including bonds issued by Turkish telecommunication company Turkcell. Our positioning in bonds issued by Vodafone Group also boosted the Fund's return relative to the benchmark, as did our decision not to invest in bonds issued by Digicel. Digicel has suffered from continued weak trading results, an overleveraged position and is at risk of a further debt restructuring. Investments in bonds issued by American rubber manufacturing company Kraton also added to performance, as it recovered from oversold levels in late 2018.

## **Portfolio activity**

### **Significant purchases**

Spectrum Brands 5.75% 15/07/2025; TransDigm 6.25% 15/03/2026; Petrobras Global Finance 4.25% 02/10/2023; International Game Technology 3.5% 15/07/2024; Solvay Finance 5.869% Perpetual; Petrobras Global Finance 4.75% 14/01/2025; Svenska Handelsbanken 5.25% Perpetual; James Hardie International Finance 3.625% 01/10/2026; Koppers 6% 15/02/2025; Vodafone 7% 04/04/2079.

### **Significant sales**

Telecom Italia 6.375% 24/06/2019; Chesapeake Energy (FRN) 5.68631% 15/04/2019; Thyssenkrupp 3.125% 25/10/2019; Fiat Chrysler Finance Europa 6.75% 14/10/2019; Petrobras Global Finance 4.25% 02/10/2023; International Game Technology 4.75% 15/02/2023; HCA 5% 15/03/2024; Spectrum Brands 5.75% 15/07/2025; Petrobras Global Finance 4.75% 14/01/2025; Iron Mountain US 5.375% 01/06/2026.

## **Outlook**

We see the apparent shift to a more accommodative monetary policy regime as mitigating the downside risks to economies and investment markets. And although spreads are already towards the lower end of their historical range we think there is scope for them to tighten even further, suggesting more upside potential for bond prices than some market participants might expect (bond prices are inversely related to rates). That said, we do not feel the current environment is conducive to significantly increasing our overall level of risk. To explain our stance: the dovish shift of central banks comes against a backdrop of more muted global growth, middle-of-the-road company earnings, and reasonable – but not low – levels of indebtedness.

Therefore, working within our current risk budget we will remain selective and dynamic in our approach. We're watching closely a number of factors that could amplify market volatility later in the year, including:

- A resumption of quantitative easing in the form of corporate bond purchases by the European Central Bank
- Potential action or rhetoric from the US relating to tariffs on imports from Europe or developments on the China/US trade negotiations
- Signs of weakening global economic growth

Volatility presents active investors like us with opportunities – should volatility rise, we'll be looking for opportunities to selectively take profit on positions that become overvalued and redirecting that capital to more attractively valued opportunities.

\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation (acc) share class, net of fees in GBP.

\*\*Index (BofAML Global High Yield Constrained GBP Hedged) and peer group sector average (Investment Association £ High Yield) shown for performance comparison purposes only.

The opinions expressed herein are as at end June 2019.

## Risk and Reward profile\*



This indicator is based on historical data and may not be a reliable indication of the future risk profile of the Fund. The risk and reward category shown is not guaranteed to remain unchanged and may shift over time. The lowest category does not mean 'risk free'.

The value of your investment and any income from it can fall as well as rise and you are not certain of making profits; losses may be made.

The Fund appears towards the middle of the Risk and Reward Indicator scale. This is because the mix of assets it invests in tends to produce returns which fluctuate more than those of cash funds but less than those of funds which solely invest in the shares of companies.

### The following risks may not be fully captured by the Risk and Reward Indicator:

**Default:** There is a risk that the issuers of fixed income investments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The worse the credit quality of the issuer, the greater the risk of default and therefore investment loss.

**Derivatives:** The use of derivatives may increase overall risk by magnifying the effect of both gains and losses leading to large changes in value and potentially large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss.

**Government securities exposure:** The Fund may invest more than 35% of its assets in securities issued or guaranteed by a permitted sovereign entity, as defined in the definitions section of the Fund's prospectus.

**Interest rate:** The value of fixed income investments (e.g. bonds) tends to decrease when interest rates rise.

**Liquidity:** There may be insufficient buyers or sellers of particular investments giving rise to delays in trading and being able to make settlements, and/or large fluctuations in value. This may lead to larger financial losses than might be anticipated.

\*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.  
The full list of the Fund's risks are contained in Appendix VII of the Investec Funds Series Omnibus prospectus.

# American Franchise Fund

## Portfolio statement

As at 30 June 2019

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>CONSUMER GOODS 9.93% (31.12.18: 11.89%)</b>			
<b>BEVERAGES</b>			
Monster Beverage	136,508	6,840	2.16
PepsiCo	59,326	6,157	1.94
		<b>12,997</b>	<b>4.10</b>
<b>FOOD PRODUCERS</b>			
Nestle	84,213	<b>6,861</b>	<b>2.18</b>
<b>TOBACCO</b>			
Philip Morris International	104,104	6,390	2.02
Swedish Match	154,076	5,148	1.63
		<b>11,538</b>	<b>3.65</b>
<b>CONSUMER SERVICES 10.00% (31.12.18: 13.93%)</b>			
<b>GENERAL RETAILERS</b>			
O'Reilly Automotive	37,994	<b>11,007</b>	<b>3.47</b>
<b>MEDIA</b>			
FactSet Research Systems	12,703	2,855	0.90
Fox	64,446	1,828	0.58
		<b>4,683</b>	<b>1.48</b>
<b>TRAVEL &amp; LEISURE</b>			
Booking	8,088	11,763	3.71
Compass	224,388	4,236	1.34
		<b>15,999</b>	<b>5.05</b>
<b>FINANCIALS 22.68% (31.12.18: 22.32%)</b>			
<b>FINANCIAL SERVICES</b>			
Visa	179,875	24,256	7.65
Mastercard	61,726	12,704	4.01
S&P Global	63,493	11,355	3.58
MSCI	36,765	6,782	2.14
CME	39,629	6,056	1.91
Charles Schwab	187,414	5,938	1.87
Moody's	31,367	4,827	1.52
		<b>71,918</b>	<b>22.68</b>
<b>HEALTH CARE 17.11% (31.12.18: 17.20%)</b>			
<b>HEALTH CARE EQUIPMENT &amp; SERVICES</b>			
Stryker	72,063	11,511	3.63
Becton Dickinson	58,333	11,456	3.62
Medtronic	124,296	9,550	3.01
Agilent Technologies	133,157	7,679	2.42
Waters	34,632	5,825	1.84
		<b>46,021</b>	<b>14.52</b>
<b>PHARMACEUTICALS &amp; BIOTECHNOLOGY</b>			
Zoetis	74,922	6,658	2.10
Johnson & Johnson	14,060	1,559	0.49
		<b>8,217</b>	<b>2.59</b>

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>INDUSTRIALS 3.18% (31.12.18: 3.05%)</b>			
<b>SUPPORT SERVICES</b>			
PayPal	73,653	6,598	2.08
Fair Isaac	13,275	3,160	1.00
Tradeweb Markets	8,976	300	0.10
		<b>10,058</b>	<b>3.18</b>
<b>TECHNOLOGY 23.64% (31.12.18: 26.21%)</b>			
<b>SOFTWARE &amp; COMPUTER SERVICES</b>			
Microsoft	227,303	24,030	7.58
VeriSign	106,439	17,390	5.49
Alphabet	18,020	15,282	4.82
Intuit	43,013	8,748	2.76
Facebook	42,774	6,389	2.02
Check Point Software Technologies	33,872	3,075	0.97
		<b>74,914</b>	<b>23.64</b>
Portfolio of investments		274,213	86.54
Net other assets*		42,653	13.46
<b>Net assets</b>		<b>316,866</b>	<b>100.00</b>

\* The net other assets figure includes bank and short term cash deposits.

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

# Asia Pacific Franchise Fund

## Portfolio statement

As at 30 June 2019

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>AUSTRALIA 19.88% (31.12.18: 17.17%)</b>			
Aristocrat Leisure	668,863	11,342	7.49
Amcor	704,164	6,291	4.15
CSL	26,979	3,203	2.12
REA	59,204	3,140	2.07
Cochlear	27,337	3,117	2.06
Domino's Pizza Enterprises	144,927	3,010	1.99
		<b>30,103</b>	<b>19.88</b>
<b>CHINA 31.57% (31.12.18: 32.01%)</b>			
Alibaba ADR	81,877	11,031	7.28
Tencent	200,500	7,132	4.71
Kweichow Moutai	61,591	6,947	4.59
Hengan International	1,024,500	5,941	3.92
Sands China	1,401,600	5,277	3.49
NetEase ADR	23,923	4,928	3.25
TravelSky Technology	2,133,000	3,380	2.23
Tingyi Cayman Islands	2,418,000	3,182	2.10
Real Gold Mining†	1,507,000	–	–
		<b>47,818</b>	<b>31.57</b>
<b>FINLAND 2.29% (31.12.18: 2.56%)</b>			
Kone	74,382	<b>3,471</b>	<b>2.29</b>
<b>HONG KONG 6.50% (31.12.18: 5.36%)</b>			
AIA	1,158,000	<b>9,841</b>	<b>6.50</b>
<b>INDIA 11.58% (31.12.18: 11.77%)</b>			
HDFC Bank	272,972	7,601	5.02
ITC	2,159,412	6,743	4.45
Hindustan Unilever	156,958	3,199	2.11
		<b>17,543</b>	<b>11.58</b>
<b>NETHERLANDS 2.42% (31.12.18: 1.99%)</b>			
ASML	22,653	<b>3,658</b>	<b>2.42</b>
<b>SOUTH KOREA 9.82% (31.12.18: 10.80%)</b>			
Samsung Electronics	339,001	10,865	7.18
LG Household & Health Care	4,460	3,997	2.64
		<b>14,862</b>	<b>9.82</b>
<b>TAIWAN 3.66% (31.12.18: 5.56%)</b>			
Taiwan Semiconductor Manufacturing	915,357	<b>5,540</b>	<b>3.66</b>
<b>UNITED KINGDOM 0.00% (31.12.18: 3.17%)</b>			
<b>UNITED STATES OF AMERICA 5.26% (31.12.18: 3.30%)</b>			
Booking	3,418	4,971	3.28
Agilent Technologies	52,025	3,000	1.98
		<b>7,971</b>	<b>5.26</b>
<b>VIETNAM 3.07% (31.12.18: 3.22%)</b>			
Vietnam Dairy Products	1,118,533	<b>4,645</b>	<b>3.07</b>
Portfolio of investments		145,452	96.05
Net other assets*		5,982	3.95
<b>Net assets</b>		<b>151,434</b>	<b>100.00</b>

\*The net other assets figure includes bank and short term cash deposits.

† Suspended security.

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings. Stocks shown as ADRs represent American Depositary Receipts.

# Global Energy Fund

## Portfolio statement

As at 30 June 2019

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>AUSTRALIA 0.87% (31.12.18: 0.00%)</b>			
Brambles	60,448	430	0.87
<b>AUSTRIA 1.08% (31.12.18: 0.00%)</b>			
OMV	13,947	534	1.08
<b>CANADA 3.17% (31.12.18: 5.43%)</b>			
Parex Resources	64,069	814	1.64
Enerflex	73,711	756	1.53
		<b>1,570</b>	<b>3.17</b>
<b>CHINA 2.47% (31.12.18: 3.27%)</b>			
Xinyi Solar	1,200,200	462	0.93
Wuxi Lead Intelligent Equipment	118,467	456	0.92
Xinjiang Goldwind Science & Technology	356,738	307	0.62
		<b>1,225</b>	<b>2.47</b>
<b>DENMARK 3.50% (31.12.18: 2.93%)</b>			
Orsted	11,288	777	1.57
Vestas Wind Systems	7,138	481	0.97
Novozymes	12,922	477	0.96
		<b>1,735</b>	<b>3.50</b>
<b>FRANCE 12.60% (31.12.18: 13.63%)</b>			
TOTAL	101,969	4,483	9.05
Gaztransport Et Technigaz	15,519	1,245	2.51
Schneider Electric	7,222	515	1.04
		<b>6,243</b>	<b>12.60</b>
<b>GERMANY 1.11% (31.12.18: 0.94%)</b>			
Infineon Technologies	39,132	549	1.11
<b>HONG KONG 3.80% (31.12.18: 4.05%)</b>			
CNOOC	1,105,000	1,488	3.00
China Everbright International	547,259	398	0.80
		<b>1,886</b>	<b>3.80</b>
<b>HUNGARY 2.17% (31.12.18: 2.47%)</b>			
MOL Hungarian Oil & Gas	123,384	1,076	2.17
<b>IRELAND 2.24% (31.12.18: 1.34%)</b>			
Aptiv	10,486	670	1.35
Kingspan (Ireland listing)	5,234	222	0.45
Kingspan (London listing)	5,104	217	0.44
		<b>1,109</b>	<b>2.24</b>
<b>ITALY 3.63% (31.12.18: 3.83%)</b>			
Eni	138,590	1,798	3.63
<b>JAPAN 0.54% (31.12.18: 0.43%)</b>			
Nippon Ceramic	12,700	268	0.54
<b>LUXEMBOURG 2.07% (31.12.18: 1.80%)</b>			
Tenaris	99,719	1,027	2.07
<b>PORTUGAL 2.38% (31.12.18: 3.57%)</b>			
Galp Energia	98,625	1,181	2.38
<b>SPAIN 1.26% (31.12.18: 0.00%)</b>			
Iberdrola	79,547	624	1.26



# Portfolio statement continued

As at 30 June 2019

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>SWEDEN 2.46% (31.12.18: 1.91%)</b>			
Lundin Petroleum	49,602	1,219	2.46
<b>SWITZERLAND 1.02% (31.12.18: 0.71%)</b>			
TE Connectivity	6,715	503	1.02
<b>TAIWAN 1.10% (31.12.18: 0.80%)</b>			
Voltronic Power Technology	32,000	547	1.10
<b>UNITED KINGDOM 20.27% (31.12.18: 20.26%)</b>			
Royal Dutch Shell	172,048	4,455	8.99
BP	781,561	4,292	8.66
Tullow Oil	272,048	569	1.15
Hurricane Energy	983,510	503	1.02
Spirax-Sarco Engineering	2,452	225	0.45
		<b>10,044</b>	<b>20.27</b>
<b>UNITED STATES 31.21% (31.12.18: 31.88%)</b>			
Exxon Mobil	45,731	2,731	5.51
ConocoPhillips	44,353	2,141	4.32
Phillips 66	18,076	1,307	2.64
Marathon Petroleum	27,375	1,173	2.37
Noble Energy	64,509	1,110	2.24
Valero Energy	16,598	1,097	2.21
Hess	17,426	883	1.78
Waste Management	8,178	747	1.51
NextEra Energy	4,349	701	1.41
Cabot Oil & Gas	38,642	690	1.39
Select Energy Services	70,450	652	1.32
First Solar	12,301	635	1.28
Kosmos Energy	110,158	540	1.09
Itron	9,869	479	0.97
Cimarex Energy	8,407	383	0.77
Acuity Brands	1,873	198	0.40
		<b>15,467</b>	<b>31.21</b>
Portfolio of investments		49,035	98.95
Net other assets*		519	1.05
<b>Net assets</b>		<b>49,554</b>	<b>100.00</b>

\*The net other assets figure includes bank and short term cash deposits.

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

# Global Strategic Equity Fund

## Portfolio statement

As at 30 June 2019

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>AUSTRALIA 1.63% (31.12.18: 1.71%)</b>			
Santos	1,193,257	4,665	0.94
South32	1,934,983	3,398	0.69
		<b>8,063</b>	<b>1.63</b>
<b>AUSTRIA 0.82% (31.12.18: 1.03%)</b>			
Raiffeisen Bank International	219,682	<b>4,060</b>	<b>0.82</b>
<b>BRAZIL 0.66% (31.12.18: 0.75%)</b>			
Itau Unibanco ADR	442,622	<b>3,276</b>	<b>0.66</b>
<b>CHINA 7.83% (31.12.18: 3.34%)</b>			
Tencent	315,500	11,222	2.26
Shanghai International Airport	1,014,523	9,740	1.96
Ping An Insurance	838,772	8,519	1.72
New China Life Insurance	1,447,400	5,551	1.12
Zhejiang Dingli Machinery	569,577	3,833	0.77
		<b>38,865</b>	<b>7.83</b>
<b>DENMARK 0.00% (31.12.18: 1.19%)</b>			
<b>FINLAND 0.00% (31.12.18: 0.84%)</b>			
<b>FRANCE 3.80% (31.12.18: 2.98%)</b>			
Teleperformance	73,305	11,489	2.32
Pernod Ricard	50,863	7,360	1.48
		<b>18,849</b>	<b>3.80</b>
<b>HONG KONG 1.23% (31.12.18: 1.30%)</b>			
CNOOC	4,533,000	<b>6,103</b>	<b>1.23</b>
<b>INDIA 0.97% (31.12.18: 1.01%)</b>			
Infosys ADR	575,401	<b>4,816</b>	<b>0.97</b>
<b>IRELAND 0.34% (31.12.18: 0.84%)</b>			
AIB	533,767	<b>1,713</b>	<b>0.34</b>
<b>ISLE OF MAN 0.58% (31.12.18: 0.71%)</b>			
GVC	444,900	<b>2,866</b>	<b>0.58</b>
<b>ISRAEL 0.91% (31.12.18: 0.84%)</b>			
Nice ADR	41,647	<b>4,501</b>	<b>0.91</b>
<b>ITALY 1.32% (31.12.18: 1.18%)</b>			
Poste Italiane	795,472	<b>6,561</b>	<b>1.32</b>
<b>JAPAN 6.95% (31.12.18: 6.73%)</b>			
Asahi	274,700	9,710	1.96
Takeda Pharmaceutical	218,466	6,104	1.23
Haseko	693,500	5,523	1.11
Sompo	163,300	4,966	1.00
Komatsu	254,100	4,831	0.97
Sumitomo Mitsui Financial	120,500	3,353	0.68
		<b>34,487</b>	<b>6.95</b>
<b>LUXEMBOURG 0.92% (31.12.18: 0.85%)</b>			
Spotify Technology	40,607	<b>4,584</b>	<b>0.92</b>
<b>MEXICO 0.91% (31.12.18: 0.55%)</b>			
Grupo Mexico	2,191,438	<b>4,514</b>	<b>0.91</b>
<b>MONACO 0.93% (31.12.18: 0.56%)</b>			
Scorpio Tankers	215,443	<b>4,610</b>	<b>0.93</b>
<b>NETHERLANDS 1.09% (31.12.18: 1.27%)</b>			
NN	171,249	<b>5,408</b>	<b>1.09</b>
<b>PUERTO RICO 2.02% (31.12.18: 1.53%)</b>			
Popular	237,489	<b>10,005</b>	<b>2.02</b>

# Portfolio statement continued

As at 30 June 2019

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>RUSSIA 1.72% (31.12.18: 1.65%)</b>			
MMC Norilsk Nickel ADR	284,124	5,012	1.01
Polymetal International	348,961	3,511	0.71
		<b>8,523</b>	<b>1.72</b>
<b>SPAIN 1.10% (31.12.18: 4.06%)</b>			
Repsol	429,679	5,273	1.06
Repsol Rights Issue 09/07/2019	429,679	188	0.04
		<b>5,461</b>	<b>1.10</b>
<b>SWEDEN 0.92% (31.12.18: 0.00%)</b>			
Alfa Laval	267,681	<b>4,584</b>	<b>0.92</b>
<b>SWITZERLAND 0.00% (31.12.18: 1.15%)</b>			
<b>THAILAND 0.60% (31.12.18: 0.00%)</b>			
Osotspa	3,362,400	<b>2,981</b>	<b>0.60</b>
<b>TURKEY 0.24% (31.12.18: 0.41%)</b>			
Emlak Konut Gayrimenkul Yatırım	7,813,042	<b>1,194</b>	<b>0.24</b>
<b>UNITED KINGDOM 5.93% (31.12.18: 4.58%)</b>			
Unilever	216,870	10,570	2.13
Nomad Foods	452,978	7,401	1.49
Rio Tinto	102,144	4,949	1.00
Meggitt	874,582	4,565	0.92
Delphi Technologies	122,591	1,915	0.39
		<b>29,400</b>	<b>5.93</b>
<b>UNITED STATES 53.23% (31.12.18: 56.85%)</b>			
Amazon.com	11,043	16,569	3.34
PayPal	152,384	13,651	2.75
Alphabet	15,189	12,888	2.60
Booking	8,675	12,616	2.54
Microsoft	112,205	11,862	2.39
Merck	158,288	10,459	2.11
Facebook	64,968	9,704	1.96
UnitedHealth	49,923	9,694	1.95
VMware	68,124	9,211	1.86
Citigroup	163,513	8,782	1.77
Ally Financial	355,767	8,505	1.71
Chemed	29,915	8,312	1.68
Thermo Fisher Scientific	34,230	7,926	1.60
Perspecta	432,256	7,850	1.58
IQVIA	60,880	7,517	1.52
CBS	181,565	6,985	1.41
Valero Energy	104,147	6,885	1.39
CME	41,072	6,276	1.26
DXC Technology	145,326	6,158	1.24
Extended Stay America	449,061	5,886	1.19
Jacobs Engineering	84,391	5,586	1.13
Wyndham Destinations	162,981	5,555	1.12
AMC Networks	125,534	5,343	1.08
Comcast	159,546	5,280	1.06
Resideo Technologies	316,712	5,262	1.06
Hess	100,596	5,096	1.03
Bank of America	225,107	5,003	1.01
Lincoln National	100,135	4,973	1.00
Lam Research	33,801	4,957	1.00
Delta Air Lines	110,290	4,938	0.99
Mosaic	244,838	4,709	0.95
Hanesbrands	347,761	4,654	0.94
Morgan Stanley	127,416	4,367	0.88
Alexion Pharmaceuticals	42,304	4,205	0.85

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>UNITED STATES 53.23% (31.12.18: 56.85%) (continued)</b>			
Dell Technologies	93,842	3,859	0.78
Wyndham Hotels & Resorts	56,023	2,467	0.50
		<b>263,990</b>	<b>53.23</b>
Portfolio of investments		479,414	96.65
Net other assets*		16,625	3.35
Net assets		<b>496,039</b>	<b>100.00</b>

\*The net other assets figure includes bank and short term cash deposits.

‡ Real Estate Investment Trust (REIT).

Unless otherwise stated the above securities are ordinary shares or common stock and admitted to official stock exchange listings.

Stocks shown as ADRs represent American Depositary Receipts.

# Global Total Return Credit Fund

## Portfolio statement

As at 30 June 2019

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>COLLATERALISED LOAN OBLIGATION 15.91% (31.12.18: 18.87%)</b>			
Babson Euro CLO 2014-2 0.88% 25/11/2029	EUR 3,600,000	3,229	2.17
CVC Cordatus Loan Fund IX 1.5% 30/08/2020	EUR 2,400,000	2,147	1.44
Annisa CLO 2016-2 3.6915% 20/07/2031	USD 2,490,000	1,944	1.31
Cairn CLO X 1% 15/10/2031	EUR 1,950,000	1,757	1.18
Cadogan Square CLO VIII 1.6% 15/01/2030	EUR 1,950,000	1,750	1.18
Avoca CLO XI 0.89% 15/07/2030	EUR 1,800,000	1,617	1.09
Dryden 29 Euro CLO 2013 0.75% 15/07/2032	EUR 1,500,000	1,341	0.90
Ares European CLO X 1.7% 15/10/2031	EUR 1,350,000	1,218	0.82
CVC Cordatus Loan Fund XI 1.7% 15/10/2031	EUR 1,200,000	1,080	0.73
Aqueduct European CLO 2-2017 1.2% 15/10/2030	EUR 1,200,000	1,076	0.72
Cadogan Square CLO X 0.74% 25/10/2030	EUR 1,100,000	986	0.66
Barings Euro CLO 2017-1 0.9% 15/10/2030	EUR 1,100,000	985	0.66
KKR CLO 17 4.24675% 15/04/2029	USD 1,250,000	980	0.66
Golub Capital Partners CLO 22B 4.0915% 20/01/2031	USD 1,250,000	964	0.65
Neuberger Berman Loan Advisers CLO 29 3.7215% 19/10/2031	USD 1,166,667	912	0.61
Cadogan Square CLO IX 0.85% 15/07/2030	EUR 1,000,000	896	0.60
Shackleton 2017-X CLO 4.2415% 20/04/2029	USD 1,000,000	784	0.53
		<b>23,666</b>	<b>15.91</b>
<b>CORPORATE BONDS 72.02% (31.12.18: 68.74%)</b>			
United 4.125% 15/05/2025	EUR 2,400,000	2,168	1.46
Cott 5.5% 01/07/2024	EUR 1,930,000	1,803	1.21
Telefonica Europe 4.375% Perpetual	EUR 1,800,000	1,749	1.18
Techem Verwaltungsgesellschaft 674 mbH 6% 30/07/2026	EUR 1,793,000	1,702	1.14
Vodafone 7% 04/04/2079	USD 1,902,000	1,615	1.09
Merlin Properties Socimi 1.75% 26/05/2025	EUR 1,700,000	1,595	1.07
ATF Netherlands 3.75% Perpetual	EUR 1,700,000	1,587	1.07
ABN AMRO Bank 5.75% Perpetual	EUR 1,600,000	1,509	1.01
TOTAL 3.369% Perpetual	EUR 1,500,000	1,495	1.01
Bausch Health 5.75% 15/08/2027	USD 1,800,000	1,490	1.00
IQVIA 5% 15/05/2027	USD 1,830,000	1,488	1.00
Orange 5% Perpetual	EUR 1,400,000	1,486	1.00
CommScope 6% 01/03/2026	USD 1,836,000	1,485	1.00
Virgin Media Secured Finance 5% 15/04/2027	GBP 1,420,000	1,461	0.98
Entertainment One 4.625% 15/07/2026	GBP 1,403,000	1,441	0.97
James Hardie International Finance 3.625% 01/10/2026	EUR 1,500,000	1,424	0.96
Energizer Gamma Acquisition 4.625% 15/07/2026	EUR 1,510,000	1,418	0.95
Antero Resources 5% 01/03/2025	USD 1,910,000	1,393	0.94
SGL Carbon 4.625% 30/09/2024	EUR 1,492,000	1,387	0.93
Hilcorp Energy I 5% 01/12/2024	USD 1,760,000	1,381	0.93
Dell International 6.02% 15/06/2026	USD 1,580,000	1,360	0.91
Prime Security Services Borrower 5.75% 15/04/2026	USD 1,672,000	1,355	0.91
Wind Tre 3.125% 20/01/2025	EUR 1,500,000	1,338	0.90
ARD Finance 6.625% 15/09/2023	EUR 1,400,000	1,303	0.88
Intertrust 3.375% 15/11/2025	EUR 1,368,000	1,300	0.87
Solvay Finance 5.869% Perpetual	EUR 1,200,000	1,264	0.85
BWAY 4.75% 15/04/2024	EUR 1,340,000	1,236	0.83
Bombardier 7.875% 15/04/2027	USD 1,508,000	1,189	0.80
InterContinental Hotels 2.125% 24/08/2026	GBP 1,200,000	1,181	0.79
HSBC 5.25% Perpetual	EUR 1,200,000	1,159	0.78
Newell Brands 4.2% 01/04/2026	USD 1,410,000	1,098	0.74
Berry Global Escrow 4.875% 15/07/2026	USD 1,359,000	1,093	0.74
Guala Closures (FRN) 3.5% 15/04/2024	EUR 1,201,000	1,092	0.73
Jaguar Land Rover Automotive 4.25% 15/11/2019	USD 1,350,000	1,061	0.71
Altice France 7.375% 01/05/2026	USD 1,310,000	1,053	0.71
Skandinaviska Enskilda Banken 2.5% 28/05/2026	EUR 1,100,000	1,023	0.69
Tenet Healthcare 6% 01/10/2020	USD 1,250,000	1,016	0.68
Starfruit Finco 6.5% 01/10/2026	EUR 1,100,000	994	0.67
Catalent Pharma Solutions 4.75% 15/12/2024	EUR 1,050,000	980	0.66
CTC BondCo 5.25% 15/12/2025	EUR 1,040,000	949	0.64
GLP Capital 4.875% 01/11/2020	USD 1,180,000	948	0.64
QNB Finansbank 6.875% 07/09/2024	USD 1,150,000	921	0.62
Marks & Spencer 6.125% 02/12/2019	GBP 900,000	917	0.62
Volkswagen International Finance 3.875% Perpetual	EUR 1,000,000	910	0.61

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>CORPORATE BONDS 72.02% (31.12.18: 68.74%) (continued)</b>			
KOC 6.5% 11/03/2025	USD 1,150,000	901	0.61
Goldman Sachs Group (FRN) 2023 0.277% 26/09/2023	EUR 1,000,000	893	0.60
Coventry Building Society 6.875% Perpetual	GBP 875,000	891	0.60
JPMorgan Chase (FRN) 3.81113% 24/10/2023	USD 1,100,000	879	0.59
Credit Agricole 6.5% Perpetual	EUR 880,000	862	0.58
Ziggo 4.25% 15/01/2027	EUR 900,000	855	0.58
Embraer Netherlands Finance 5.4% 01/02/2027	USD 980,000	853	0.57
Svenska Handelsbanken 5.25% Perpetual	USD 1,050,000	834	0.56
Altice Luxembourg 10.5% 15/05/2027	USD 1,015,000	814	0.55
Omnicom 3.625% 01/05/2022	USD 1,000,000	812	0.55
Algeco Global Finance 6.5% 15/02/2023	EUR 860,000	804	0.54
Verizon Communications 3.618% 15/05/2025	USD 1,000,000	797	0.54
AT&T Inc 3.61575% 12/06/2024	USD 975,000	776	0.52
Telecom Italia 4% 11/04/2024	EUR 800,000	772	0.52
Cooperatieve Rabobank UA 4.625% Perpetual	EUR 800,000	769	0.52
KBC 4.75% Perpetual	EUR 800,000	760	0.51
GLP Capital 5.375% 15/04/2026	USD 885,000	753	0.51
Aroundtown 1.5% 03/05/2022	EUR 800,000	742	0.50
Volkswagen International Finance 3.375% Perpetual	EUR 800,000	737	0.50
Turkcell İletişim Hizmetleri 5.8% 11/04/2028	USD 1,000,000	728	0.49
Türkiye Vakıflar Bankası 5.75% 30/01/2023	USD 1,000,000	725	0.49
Braskem Netherlands Finance 4.5% 10/01/2028	USD 900,000	714	0.48
Türk Telekomünikasyon 6.875% 28/02/2025	USD 900,000	713	0.48
CenturyLink 6.45% 15/06/2021	USD 850,000	709	0.48
Qatar Reinsurance 4.95% Perpetual	USD 900,000	706	0.47
Lennar 4.75% 29/11/2027	USD 850,000	704	0.47
APX 8.75% 01/12/2020	USD 937,000	703	0.47
Novafives SAS 5% 15/06/2025	EUR 820,000	701	0.47
LYB International Finance II 1.875% 02/03/2022	EUR 750,000	700	0.47
MPT Operating Partnership 3.325% 24/03/2025	EUR 720,000	698	0.47
ING Bank 5% 09/06/2021	USD 830,000	686	0.46
Aker BP 4.75% 15/06/2024	USD 850,000	680	0.46
MPT Operating Partnership 5.25% 01/08/2026	USD 820,000	678	0.46
Hughes Satellite Systems 7.625% 15/06/2021	USD 800,000	678	0.46
FCE Bank 2.759% 13/11/2019	GBP 670,000	673	0.45
Verisure Midholding 5.75% 01/12/2023	EUR 820,000	667	0.45
TransDigm 6.25% 15/03/2026	USD 790,000	654	0.44
YPF 6.95% 21/07/2027	USD 900,000	644	0.43
Barclays 2.625% 11/11/2025	EUR 700,000	636	0.43
LeasePlan 7.375% Perpetual	EUR 670,000	631	0.43
Deutsche Telekom International Finance 2.485% 19/09/2023	USD 800,000	628	0.42
Reynolds Group Issuer 5.75% 15/10/2020	USD 787,220	622	0.42
Spectrum Brands 4% 01/10/2026	EUR 640,000	605	0.41
Bruin E&P Partners 8.875% 01/08/2023	USD 860,000	580	0.39
Macquarie 4.15% 27/03/2024	USD 700,000	575	0.39
Credit Agricole 7.5% Perpetual	GBP 630,000	714	0.48
Diocle Spa 3.875% 30/06/2026	EUR 614,000	555	0.37
SABIC Capital II 4.5% 10/10/2028	USD 650,000	548	0.37
Lecta 6.5% 01/08/2023	EUR 800,000	545	0.37
Bank of America (FRN) 0.389% 25/04/2024	EUR 600,000	540	0.36
Broadridge Financial Solutions 3.95% 01/09/2020	USD 670,000	537	0.36
Danske Bank (FRN) 3.49575% 12/09/2023	USD 700,000	532	0.36
Morgan Stanley (FRN) 3.98113% 24/10/2023	USD 650,000	521	0.35
INEOS 5.375% 01/08/2024	EUR 540,000	498	0.33
TeamSystem (FRN) 4% 15/04/2023	EUR 510,000	458	0.31
Adient Global 3.5% 15/08/2024	EUR 600,000	447	0.30
La Financiere Atalian SASU 4% 15/05/2024	EUR 620,000	416	0.28
ABN AMRO Bank 2.875% 30/06/2025	EUR 450,000	414	0.28
Iron Mountain 4.375% 01/06/2021	USD 500,000	398	0.27
International Game Technology 3.5% 15/07/2024	EUR 398,000	379	0.26
Cooperatieve Rabobank 2.5% 26/05/2026	EUR 400,000	374	0.25
Altice France 5.625% 15/05/2024	EUR 400,000	372	0.25
HCA 5% 15/03/2024	USD 425,000	363	0.24
eG Global Finance 4.375% 07/02/2025	EUR 390,000	348	0.23
Nabors Industries 0.75% 15/01/2024	USD 590,000	331	0.22
Targa Resources Partners 5.375% 01/02/2027	USD 390,000	319	0.21
Murphy Oil 5.75% 15/08/2025	USD 390,000	319	0.21

# Portfolio statement continued

As at 30 June 2019

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>CORPORATE BONDS 72.02% (31.12.18: 68.74%) (continued)</b>			
Ardagh Packaging Finance 4.25% 15/09/2022	USD 400,000	318	0.21
Delphi Technologies 5% 01/10/2025	USD 450,000	314	0.21
Diamond BC 5.625% 15/08/2025	EUR 410,000	309	0.21
Newell Brands 5.5% 01/04/2046	USD 400,000	305	0.21
CNAC HK Finbridge 5.125% 14/03/2028	USD 350,000	304	0.20
Buckeye Partners 4.125% 01/12/2027	USD 440,000	302	0.20
Koppers 6% 15/02/2025	USD 400,000	296	0.20
Credit Suisse 6.25% Perpetual	USD 350,000	287	0.19
Sprint 7.625% 01/03/2026	USD 343,000	287	0.19
InterContinental Hotels 2.125% 15/05/2027	EUR 300,000	286	0.19
BPCE (FRN) 3.74338% 22/05/2022	USD 350,000	279	0.19
Barclays 7.25% Perpetual	GBP 250,000	260	0.18
Andeavor Logistics 6.875% Perpetual	USD 330,000	258	0.17
Cablevision Systems 5.875% 15/09/2022	USD 310,000	258	0.17
Vine Oil & Gas 9.75% 15/04/2023	USD 500,000	254	0.17
Realogy Group 9.375% 01/04/2027	USD 350,000	244	0.16
Royal Bank of Scotland (FRN) 3.988% 15/05/2023	USD 300,000	236	0.16
UBS Group Funding Switzerland 7.125% Perpetual	USD 250,000	207	0.14
Credit Suisse 2.997% 14/12/2023	USD 260,000	206	0.14
Noble Holding International 7.95% 01/04/2025	USD 360,000	205	0.14
LABL Escrow Issuer 6.75% 15/07/2026	USD 248,000	197	0.13
HSBC Bank Capital Funding Sterling 5.844% Perpetual	GBP 150,000	193	0.13
T-Mobile USA 4% 15/04/2022	USD 200,000	160	0.11
LABL Escrow Issuer 10.5% 15/07/2027	USD 184,000	146	0.10
Berry Global Escrow 5.625% 15/07/2027	USD 140,000	115	0.08
Sirius XM Radio 4.625% 15/07/2024	USD 110,000	88	0.06
Brookfield Residential Properties 6.5% 15/12/2020	USD 100,000	79	0.05
		<b>107,080</b>	<b>72.02</b>
<b>DERIVATIVES - CREDIT DEFAULT SWAPS 0.42% (31.12.18: 0.07%)</b>			
JP Morgan iTraxx Europe 500BPS 20/03/2024	3,180,000	320	0.21
Goldman Sachs CDX NA HY 500BPS 20/06/2024	3,000,000	176	0.12
JP Morgan iTraxx Europe 500BPS 20/06/2024	1,250,000	126	0.09
		<b>622</b>	<b>0.42</b>
<b>DERIVATIVES - CREDIT DEFAULT SWAPTIONS 0.02% (31.12.18: 0.00%)</b>			
JP Morgan Markit CDX NA HY Series 32 500 BPS 20/06/2024 (Strike Price USD105.50)	14,972,000	53	0.04
JP Morgan Markit CDX NA HY Series 32 500 BPS 20/06/2024 (Strike Price USD103.50)	(14,972,000)	(23)	(0.02)
		<b>30</b>	<b>0.02</b>
<b>DERIVATIVES - TOTAL RETURN SWAPS 0.10% (31.12.18: (0.03%))</b>			
JP Morgan Total Return Swap rec 1% 20/12/2019	(1,494,401)	105	0.08
Goldman Sachs Total Return Swap rec 1% 20/12/2019	(1,534,623)	22	0.01
Goldman Sachs Total Return Swap rec 1% 20/12/2019	(1,145,986)	17	0.01
		<b>144</b>	<b>0.10</b>
<b>FORWARD CURRENCY CONTRACTS (0.56%) (31.12.18: (0.31%))</b>			
<b>Euro</b>			
Buy EUR	8,980,000	for GBP	(8,020,676)
Sell EUR	(82,155,782)	for GBP	73,033,757
<b>US Dollar</b>			
Buy USD	4,960,000	for GBP	(3,895,746)
Sell USD	(72,063,636)	for GBP	56,607,298
		<b>(831)</b>	<b>(0.56)</b>
Portfolio of investments^		130,711	87.91
Net other assets*		17,972	12.09
<b>Net assets</b>		<b>148,683</b>	<b>100.00</b>

^ Including derivative liabilities.

\* The net other assets figure consists predominantly of cash and bank balances plus short term cash deposits.

Fixed interest securities are traded on a regulated market, unless otherwise stated. Stocks shown as FRNs represent Floating Rate Notes - debt instruments that pay a floating rate of interest, usually based on an accepted market benchmark rate such as LIBOR.

The credit default swaps, total return swaps and forward foreign exchange contracts are not listed.

## Portfolio Analysis

ASSET	30.06.19		31.12.18	
	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
Bonds	130,746	87.93	77,610	87.61
Derivatives	796	0.54	46	0.04
Forward Foreign Exchange Contracts	(831)	(0.56)	(274)	(0.31)
Net other assets	17,972	12.09	11,213	12.66
<b>Net assets</b>	<b>148,683</b>	<b>100.00</b>	<b>88,595</b>	<b>100.00</b>

## Credit Breakdown\*

ASSET	30.06.19		31.12.18	
	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
AAA	13,667	9.18	9,016	10.18
AA	10,685	7.19	9,019	10.17
A	6,552	4.41	8,459	9.55
BBB	30,815	20.73	15,205	17.17
BB	33,422	22.47	20,568	23.21
B	28,553	19.20	12,803	14.46
CCC	7,052	4.75	2,540	2.87
<b>Total Bonds</b>	<b>130,746</b>	<b>87.93</b>	<b>77,610</b>	<b>87.61</b>

\* Bond ratings are Investec approximations.



# Monthly High Income Fund

## Portfolio statement

As at 30 June 2019

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>BONDS 87.11% (31.12.18: 81.81%)</b>			
<b>CORPORATE BONDS – MATURITY 0 TO 5 YEARS 17.32% (31.12.18: 40.97%)</b>			
ARD Finance 6.625% 15/09/2023	EUR 1,665,000	1,550	1.44
Jaguar Land Rover Automotive 4.25% 15/11/2019	USD 1,900,000	1,493	1.38
Tenet Healthcare 6% 01/10/2020	USD 1,710,000	1,390	1.29
BWAY 4.75% 15/04/2024	EUR 1,384,000	1,276	1.18
Telecom Italia 4% 11/04/2024	EUR 1,190,000	1,149	1.06
Bombardier 6.125% 15/01/2023	USD 1,350,000	1,069	0.99
Bruin E&P Partners 8.875% 01/08/2023	USD 1,543,000	1,041	0.96
CSC 5.125% 15/12/2021	USD 1,300,000	1,025	0.95
Algeco Global Finance 6.5% 15/02/2023	EUR 1,000,000	935	0.87
Cablevision Systems 8% 15/04/2020	USD 1,000,000	814	0.75
Brookfield Residential Properties 6.5% 15/12/2020	USD 1,000,000	790	0.73
APX 8.75% 01/12/2020	USD 990,000	743	0.69
Verisure Midholding 5.75% 01/12/2023	EUR 780,000	722	0.67
Hercule Debtco 6.75% 30/06/2024	EUR 800,000	669	0.62
Vine Oil & Gas 9.75% 15/04/2023	USD 1,200,000	610	0.57
Turkiye Vakiflar Bankasi 5.75% 30/01/2023	USD 800,000	580	0.54
Nexi Capital 4.125% 01/11/2023	EUR 600,000	557	0.52
Guala Closures (FRN) 3.5% 15/04/2024	EUR 458,000	416	0.39
La Financiere Atalian SASU 4% 15/05/2024	EUR 620,000	416	0.39
Lecta (FRN) 6.375% 01/08/2022	EUR 590,000	397	0.37
Aker BP 4.75% 15/06/2024	USD 471,000	377	0.35
Nabors Industries 0.75% 15/01/2024	USD 500,000	281	0.26
Lecta 6.5% 01/08/2023	EUR 220,000	150	0.14
Reynolds Group Issuer 5.75% 15/10/2020	USD 150,000	118	0.11
Cabot Financial Luxembourg II (FRN) 6.375% 14/06/2024	EUR 117,000	106	0.10
		<b>18,674</b>	<b>17.32</b>
<b>CORPORATE BONDS – MATURITY 5 TO 15 YEARS 54.98% (31.12.18: 38.75%)</b>			
Virgin Media Secured Finance 5% 15/04/2027	GBP 1,580,000	1,626	1.51
CTC BondCo 5.25% 15/12/2025	EUR 1,670,000	1,524	1.41
Catalent Pharma Solutions 4.75% 15/12/2024	EUR 1,560,000	1,456	1.35
Dell International 6.02% 15/06/2026	USD 1,600,000	1,377	1.28
Novafives SAS 5% 15/06/2025	EUR 1,490,000	1,273	1.18
James Hardie International Finance 3.625% 01/10/2026	EUR 1,300,000	1,234	1.14
Koppers 6% 15/02/2025	USD 1,650,000	1,222	1.13
SGL Carbon 4.625% 30/09/2024	EUR 1,293,000	1,202	1.11
RESIDOMO 3.375% 15/10/2024	EUR 1,243,000	1,156	1.07
Energizer Gamma Acquisition 4.625% 15/07/2026	EUR 1,225,000	1,150	1.07
Hilcorp Energy I 5% 01/12/2024	USD 1,450,000	1,138	1.05
CCO 5.75% 15/02/2026	USD 1,370,000	1,125	1.04
Prime Security Services Borrower 5.75% 15/04/2026	USD 1,388,000	1,125	1.04
Transocean 7.25% 01/11/2025	USD 1,450,000	1,086	1.01
Centennial Resource Production 6.875% 01/04/2027	USD 1,360,000	1,079	1.00
United 4.875% 01/07/2024	EUR 1,130,000	1,052	0.97
Antero Resources 5% 01/03/2025	USD 1,440,000	1,050	0.97
eG Global Finance 4.375% 07/02/2025	EUR 1,174,000	1,047	0.97
Moss Creek Resources 7.5% 15/01/2026	USD 1,550,000	1,045	0.97
Cott 5.5% 01/07/2024	EUR 1,100,000	1,028	0.95
Techem Verwaltungsgesellschaft 674 mbH 6% 30/07/2026	EUR 1,066,000	1,012	0.94
Sprint 7.625% 01/03/2026	USD 1,150,000	963	0.89
TransDigm 6.25% 15/03/2026	USD 1,125,000	931	0.86
Darling Global Finance 3.625% 15/05/2026	EUR 949,000	901	0.83
Berry Global Escrow 4.875% 15/07/2026	USD 1,099,000	884	0.82
International Game Technology 3.5% 15/07/2024	EUR 899,000	856	0.79
Wind Tre 3.125% 20/01/2025	EUR 950,000	847	0.78
Starfruit Finco 6.5% 01/10/2026	EUR 933,000	843	0.78
Bausch Health 5.75% 15/08/2027	USD 1,000,000	828	0.77
Bausch Health 5.5% 01/11/2025	USD 1,000,000	820	0.76
Telecom Italia 2.75% 15/04/2025	EUR 900,000	810	0.75
GLP Capital 5.375% 15/04/2026	USD 945,000	805	0.75
Newell Brands 4.2% 01/04/2026	USD 990,000	771	0.71
InterXion 4.75% 15/06/2025	EUR 773,000	754	0.70

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>CORPORATE BONDS – MATURITY 5 TO 15 YEARS 54.98% (31.12.18: 38.75%) (continued)</b>			
Alcoa Nederland 6.125% 15/05/2028	USD 900,000	739	0.68
MPT Operating Partnership 3.325% 24/03/2025	EUR 730,000	708	0.66
Intertrust 3.375% 15/11/2025	EUR 739,000	702	0.65
IQVIA 5% 15/05/2027	USD 850,000	691	0.64
Altice France 7.375% 01/05/2026	USD 840,000	675	0.63
Belden 4.125% 15/10/2026	EUR 700,000	667	0.62
Ziggo 4.25% 15/01/2027	EUR 690,000	656	0.61
Altice Luxembourg 10.5% 15/05/2027	USD 816,000	655	0.61
Spectrum Brands 5.75% 15/07/2025	USD 800,000	645	0.60
eircom Finance 3.5% 15/05/2026	EUR 660,000	610	0.57
Kraton Polymers 5.25% 15/05/2026	EUR 660,000	610	0.57
QNB Finansbank 6.875% 07/09/2024	USD 700,000	601	0.56
Braskem Netherlands Finance 4.5% 10/01/2028	USD 750,000	595	0.55
Turk Telekomunikasyon 6.875% 28/02/2025	USD 750,000	594	0.55
CommScope Technologies 6% 15/06/2025	USD 800,000	591	0.55
SABIC Capital II 4.5% 10/10/2028	USD 700,000	590	0.55
KOC 6.5% 11/03/2025	USD 750,000	588	0.54
Turkcell Iletisim Hizmetleri 5.8% 11/04/2028	USD 800,000	582	0.54
YPF 6.95% 21/07/2027	USD 800,000	572	0.53
Embraer Netherlands Finance 5.4% 01/02/2027	USD 650,000	566	0.52
United States Steel 6.875% 15/08/2025	USD 750,000	557	0.52
CommScope 6% 01/03/2026	USD 672,000	543	0.50
Entertainment One 4.625% 15/07/2026	GBP 527,000	541	0.50
Targa Resources Partners 5.375% 01/02/2027	USD 660,000	539	0.50
MPT Operating Partnership 5.25% 01/08/2026	USD 650,000	538	0.50
INEOS 5.375% 01/08/2024	EUR 570,000	526	0.49
Alcoa Nederland 6.75% 30/09/2024	USD 625,000	517	0.48
Diamond BC 5.625% 15/08/2025	EUR 650,000	490	0.45
Realogy Group 9.375% 01/04/2027	USD 700,000	487	0.45
Lennar 4.75% 29/11/2027	USD 580,000	481	0.45
Adient Global 3.5% 15/08/2024	EUR 600,000	447	0.41
LABL Escrow Issuer 10.5% 15/07/2027	USD 535,000	423	0.39
Altice Luxembourg 6.25% 15/02/2025	EUR 450,000	401	0.37
Teva Pharmaceutical Finance Netherlands II 1.625% 15/10/2028	EUR 600,000	394	0.37
IQVIA 2.875% 15/09/2025	EUR 400,000	372	0.34
Gulfport Energy 6% 15/10/2024	USD 600,000	370	0.34
Delphi Technologies 5% 01/10/2025	USD 530,000	370	0.34
Hilton Domestic Operating 4.875% 15/01/2030	USD 390,000	317	0.29
CNAC HK Finbridge 5.125% 14/03/2028	USD 350,000	304	0.28
Altice Financing 7.5% 15/05/2026	USD 380,000	301	0.28
IQVIA 3.25% 15/03/2025	EUR 300,000	277	0.26
Murphy Oil 5.75% 15/08/2025	USD 330,000	270	0.25
Buckeye Partners 4.125% 01/12/2027	USD 370,000	254	0.24
Sirius XM Radio 5.5% 01/07/2029	USD 297,000	240	0.22
Noble Holding International 7.95% 01/04/2025	USD 380,000	216	0.20
Bombardier 7.875% 15/04/2027	USD 258,000	203	0.19
Berry Global Escrow 5.625% 15/07/2027	USD 190,000	156	0.14
Sirius XM Radio 4.625% 15/07/2024	USD 123,000	99	0.09
Darling Ingredients 5.25% 15/04/2027	USD 80,000	66	0.06
		<b>59,356</b>	<b>54.98</b>
<b>CORPORATE BONDS – MATURITY 15+ YEARS 14.81% (31.12.18: 2.09%)</b>			
Solvay Finance 5.869% Perpetual	EUR 1,300,000	1,369	1.27
Vodafone 7% 04/04/2079	USD 1,470,000	1,248	1.16
Svenska Handelsbanken 5.25% Perpetual	USD 1,550,000	1,231	1.14
HSBC 5.25% Perpetual	EUR 1,200,000	1,159	1.07
TOTAL 3.369% Perpetual	EUR 1,100,000	1,097	1.02
ABN AMRO Bank 5.75% Perpetual	EUR 1,100,000	1,038	0.96
ATF Netherlands 3.75% Perpetual	EUR 900,000	840	0.78
Credit Agricole 6.5% Perpetual	EUR 700,000	686	0.64
Telefonica Europe 4.375% Perpetual	EUR 600,000	583	0.54
Cooperatieve Rabobank UA 4.625% Perpetual	EUR 600,000	577	0.53
KBC 4.75% Perpetual	EUR 600,000	570	0.53
Credit Agricole 7.5% Perpetual	GBP 500,000	567	0.53
Coventry Building Society 6.875% Perpetual	GBP 550,000	560	0.52
Volkswagen International Finance 3.875% Perpetual	EUR 600,000	546	0.51
Orange 5% Perpetual	EUR 512,000	543	0.50
Telefonica Europe 2.625% Perpetual	EUR 600,000	543	0.50

# Portfolio statement continued

As at 30 June 2019

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)	
CORPORATE BONDS – MATURITY 15+ YEARS 14.81% (31.12.18: 2.09%) (continued)				
LeasePlan 7.375% Perpetual	EUR 530,000	499	0.46	
UBS Group Funding Switzerland 7.125% Perpetual	USD 500,000	413	0.38	
Credit Suisse 6.25% Perpetual	USD 350,000	287	0.27	
Newell Brands 5.5% 01/04/2046	USD 375,000	286	0.27	
Lloyds Banking 6.375% Perpetual	EUR 300,000	279	0.26	
Telefonica Europe 3.875% Perpetual	EUR 300,000	278	0.26	
Volkswagen International Finance 3.375% Perpetual	EUR 300,000	276	0.26	
Barclays 7.25% Perpetual	GBP 260,000	271	0.25	
Andeavor Logistics 6.875% Perpetual	USD 276,000	216	0.20	
		15,962	14.81	
DERIVATIVES – CREDIT DEFAULT SWAPS 0.00% (31.12.18: 0.04%)				
DERIVATIVES – CREDIT DEFAULT SWAPTIONS 0.02% (31.12.18: (0.02%))				
JP Morgan Markit CDX NA HY Series 32 500BPS 20/06/2024 (Strike Price USD105.5)	13,473,000	48	0.04	
JP Morgan Markit CDX NA HY Series 32 500BPS 20/06/2024 (Strike Price USD103.5)	(13,473,000)	(21)	(0.02)	
		27	0.02	
DERIVATIVES – TOTAL RETURN SWAPS 0.40% (31.12.18: (0.05%))				
JP Morgan Total Return Swap Rec 1% 20/12/2019	(3,785,816)	265	0.24	
JP Morgan Total Return Swap Rec 1% 20/09/2019	(6,476,950)	175	0.16	
		440	0.40	
FORWARD CURRENCY CONTRACTS (0.59%) (31.12.18: (0.29%))				
Euro				
Buy EUR	6,910,000	for GBP (6,165,002)	41	0.04
Sell EUR	(56,788,339)	for GBP 50,454,064	(542)	(0.50)
US Dollar				
Buy USD	5,130,000	for GBP (4,024,945)	13	0.01
Sell USD	(64,401,210)	for GBP 50,563,552	(146)	(0.14)
		(634)	(0.59)	
Portfolio of investments^		93,825	86.94	
Net other assets*		14,092	13.06	
Net assets		107,917	100.00	

^ Including derivative liabilities.

\* The net other assets figure includes bank and short term cash deposits.

Fixed interest securities are traded on a regulated market, unless otherwise stated. Stocks shown as FRNs represent Floating Rate Notes - debt instruments that pay a floating rate of interest, usually based on an accepted market benchmark rate such as LIBOR.

The credit default swaps, swaptions and the forward foreign exchange contracts are not listed.

## Portfolio Analysis

ASSET	30.06.19		31.12.18	
	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
Bonds	93,992	87.11	82,696	81.81
Derivatives	467	0.42	(32)	(0.03)
Forward Foreign Exchange Contracts	(634)	(0.59)	(297)	(0.29)
Net other assets	14,092	13.06	18,706	18.51
<b>Net assets</b>	<b>107,917</b>	<b>100.00</b>	<b>101,073</b>	<b>100.00</b>

## Credit Breakdown\*

ASSET	30.06.19		31.12.18	
	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
A	1,687	1.57	-	-
BBB	12,631	11.72	5,451	5.39
BB	36,942	34.21	40,517	40.09
B	33,717	31.25	30,421	30.08
CCC	9,015	8.36	6,307	6.25
<b>Total Bonds</b>	<b>93,992</b>	<b>87.11</b>	<b>82,696</b>	<b>81.81</b>

\*Bond ratings are Investec approximations.

# Authorised Corporate Director's Report

## **Authorised Corporate Director's report**

The Authorised Corporate Director (the "ACD") of Investec Funds Series ii (the "Company") is Investec Fund Managers Limited. The ACD is the sole director of the Company.

## **Authorised status**

The Company is an investment company with variable capital incorporated in England and Wales under registered number IC125 and authorised by the Financial Conduct Authority ("FCA") with effect from 7 September 2001.

The Company is structured as an umbrella company in that different sub-funds (the "Funds") may be established from time to time by the ACD with the approval of the FCA. The Company currently comprises six Funds.

The Company (and therefore the Funds) has been certified by the FCA as complying with the conditions necessary for it to enjoy rights conferred by the EC Directive on Undertakings for Collective Investment in Transferable Securities ("UCITS"). The Company has an unlimited duration.

The assets of each Fund will be treated as separate from those of every other Fund and will be invested in accordance with the investment objective and policy applicable to that Fund. Investment of the assets of each of the Funds must comply with the FCA's Collective Investment Scheme Sourcebook ("COLL") and the investment objective and policy of the relevant Fund.

Each Fund has a specific portfolio to which that Fund's assets and liabilities are attributable.

So far as shareholders are concerned, each Fund is treated as a separate entity.

Under English law, the Funds are segregated portfolios of assets and the assets of a Fund belong exclusively to that Fund. The assets of a Fund shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including the Company and any other Fund and shall not be available for any such purpose.

Subject to the above, each Fund will be charged with the liabilities, expenses, costs and charges of the Company attributable to that Fund, and within each Fund charges will be allocated between share classes in accordance with their terms of issue. Any assets, liabilities, expenses, costs or charges not attributable to a particular Fund may be allocated by the ACD in a manner which it believes is fair to the shareholders generally. This will normally be pro rata to the net asset value of the relevant Funds. Shareholders are not liable for the debts of the Company.

## **Accounting period covered by these accounts**

The accounting period covered in these accounts is from 1 January 2019 to 30 June 2019.

## **Changes made following required notice:**

There were no fundamental changes to the Funds that required shareholder approval nor were there any significant changes to the operation of the Funds requiring pre-notification.

**Other changes made:**

The Prospectus was updated on 4 March 2019 to reflect the addition of the Saudi Stock Exchange (Tadawul), as an eligible securities market. The Prospectus was updated on 30 April 2019 to reflect:

- a reduction of the Global Total Return Credit Fund's global expected level of leverage created through derivative usage from 200% to 125%;
- an increase of the Monthly High Income Fund's global expected level of leverage created through derivative usage from 134% to 150%; and
- the update of the All China Equity Fund launch date to 30 August 2019.

**K. McFarland**

Director of the ACD

29 August 2019

**D. Aird**

Director of the ACD

# American Franchise Fund

## Comparative Tables

As at 30 June 2019

### Net Asset Value and Ongoing Charges Figure

	'A' Class (Accumulation shares)				'A' Class (GBP Hedged Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	90,083	67,257	74,106	72,188	6,319	390	305	287
Closing number of shares	19,867,350	17,840,513	21,054,382	22,359,127	2,263,888	165,178	128,895	143,134
Closing net asset value per share (p)	453.42	376.99	351.97	322.86	279.12	235.91	236.73	200.40
Operating charges	1.57%	1.58%	1.59%	1.60%	1.61%	1.61%	1.63%	1.65%

  

	'A' Class (USD Accumulation shares)				'B' Class (Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (USD'000)/(£'000)	11,798	261	509	648	9,401	8,148	8,149	8,188
Closing number of shares	2,049,328	54,130	106,859	163,017	1,996,550	2,083,931	2,237,827	2,457,392
Closing net asset value per share (c)/(p)	575.68	481.65	475.89	397.45	470.86	391.01	364.15	333.20
Operating charges	1.57%	1.58%	1.59%	1.60%	1.32%	1.33%	1.34%	1.35%

  

	'I' Class (Accumulation shares)				'R' Class (Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	194,897	97,021	56,062	37,846	305	233	293	224
Closing number of shares	63,953,822	38,432,070	23,965,409	17,770,717	99,698	91,803	124,188	104,282
Closing net asset value per share (p)	304.75	252.45	233.93	212.97	306.33	254.07	236.03	215.42
Operating charges	0.82%	0.83%	0.84%	0.85%	1.07%	1.08%	1.09%	1.10%

  

	'S' Class (Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	6,562	4,713	3,700	3,288
Closing number of shares	1,766,318	1,537,171	1,312,035	1,290,102
Closing net asset value per share (p)	371.50	306.62	282.01	254.83
Operating charges	0.08%	0.08%	0.09%	0.10%

# Asia Pacific Franchise Fund

## Comparative Tables

As at 30 June 2019

### Net Asset Value and Ongoing Charges Figure

	'A' Class (Accumulation shares)				'B' Class (Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	54,012	49,928	63,092	55,348	4,792	4,215	5,299	4,131
Closing number of shares	7,956,965	8,597,974	9,422,105	11,517,436	68,724	70,739	77,315	84,207
Closing net asset value per share (p)	678.80	580.69	669.62	480.56	6,973.38	5,958.22	6,853.53	4,906.17
Operating charges	1.67%	1.64%	1.68%	1.71%	1.42%	1.39%	1.43%	1.46%

  

	'I' Class (Accumulation shares)				'R' Class (Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	91,790	88,102	139,131	108,062	840	527	490	284
Closing number of shares	26,891,819	30,285,306	41,784,476	45,562,993	425,774	313,080	253,921	205,871
Closing net asset value per share (p)	341.33	290.91	332.97	237.17	197.21	168.29	193.09	137.88
Operating charges	0.92%	0.89%	0.93%	0.96%	1.15%	1.14%	1.18%	1.21%

  

	'S' Class (Accumulation shares) <sup>(1)</sup>			
	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	–	–	–	314
Closing number of shares	–	–	–	61,158
Closing net asset value per share (p)	–	–	–	512.64
Operating charges	–	–	–	0.21%

(1) Closed 3 February 2017.



# Global Energy Fund

## Comparative Tables

As at 30 June 2019

### Net Asset Value and Ongoing Charges Figure

	'A' Class (Accumulation shares)				'A' Class (USD Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)/(USD'000)	16,631	17,379	25,379	33,577	1,095	1,040	1,640	1,759
Closing number of shares	8,374,708	10,078,826	12,836,146	14,654,103	434,479	472,588	613,927	624,259
Closing net asset value per share (p)/(c)	198.58	172.43	197.72	229.13	251.94	220.13	267.11	281.83
Operating charges	1.65%	1.66%	1.63%	1.63%	1.65%	1.66%	1.63%	1.63%

  

	'I' Class (Accumulation shares)				'I' Class (Income shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	28,524	26,147	36,595	47,146	809	798	1,028	6,211
Closing number of shares	12,947,342	13,719,199	16,872,616	18,898,859	1,193,825	1,361,286	1,498,698	7,726,908
Closing net asset value per share (p)	220.31	190.58	216.89	249.46	67.76	58.62	68.57	80.39
Operating charges	0.90%	0.91%	0.88%	0.88%	0.90%	0.91%	0.88%	0.88%

  

	'R' Class (Accumulation shares)				'S' Class (Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	115	101	97	261	2,612	2,345	3,463	3,949
Closing number of shares	126,980	128,963	108,681	252,040	1,805,067	1,879,782	2,457,914	2,455,418
Closing net asset value per share (p)	90.68	78.54	89.62	103.35	144.73	124.74	140.87	160.82
Operating charges	1.15%	1.16%	1.13%	1.13%	0.15%	0.16%	0.13%	0.13%

# Global Strategic Equity Fund

## Comparative Tables

As at 30 June 2019

### Net Asset Value and Ongoing Charges Figure

	'A' Class (Accumulation shares)				'A' Class (USD Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)/(USD'000)	167,883	148,728	192,471	185,187	136	116	149	115
Closing number of shares	17,077,865	17,766,018	20,781,163	23,584,783	10,904	10,904	11,919	11,919
Closing net asset value per share (p)/(c)	983.04	837.15	926.18	785.20	1,245.53	1,067.41	1,249.73	964.66
Operating charges	1.59%	1.59%	1.59%	1.61%	1.59%	1.59%	1.59%	1.61%

  

	'I' Class (Accumulation shares)				'I' Class (GBP Hedged Accumulation shares) <sup>(1)</sup>			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	265,898	232,436	296,419	293,001	51,880	44,438	60,466	–
Closing number of shares	104,896,512	108,072,113	125,511,194	147,437,696	42,166,200	41,936,813	49,107,683	–
Closing net asset value per share (p)	253.49	215.07	236.17	198.73	123.04	105.96	123.13	–
Operating charges	0.84%	0.84%	0.84%	0.86%	0.87%	0.87%	0.88%	–

  

	'R' Class (Accumulation shares)				'S' Class (Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	745	551	701	640	9,526	79,395	86,261	176,156
Closing number of shares	317,704	276,578	319,855	345,859	3,008,990	29,671,025	29,578,856	72,322,662
Closing net asset value per share (p)	234.46	199.18	219.26	184.96	316.57	267.58	291.63	243.57
Operating charges	1.09%	1.09%	1.09%	1.11%	0.09%	0.09%	0.09%	0.11%

(1) Launched 31 January 2017.

# Global Total Return Credit Fund

## Comparative Tables

As at 30 June 2019

### Net Asset Value and Ongoing Charges Figure

	'A' Class (Income-2 shares)				'I' Class (Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	10	10	–	–	70,928	39,421	–	–
Closing number of shares	10,294	10,138	–	–	68,409,550	39,952,121	–	–
Closing net asset value per share (p)	98.83	96.07	–	–	103.68	98.67	–	–
Operating charges	1.59%	1.63%	–	–	0.84%	0.87%	–	–

  

	'I' Class (Income-2 shares)				'K' Class (Accumulation shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	3,277	2,314	–	–	5,099	3,613	–	–
Closing number of shares	3,287,470	2,396,673	–	–	4,900,857	3,654,871	–	–
Closing net asset value per share (p)	99.69	96.55	–	–	104.04	98.86	–	–
Operating charges	0.84%	0.85%	–	–	0.54%	0.55%	–	–

  

	'K' Class (Income-2 shares)			
	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	69,369	43,237	–	–
Closing number of shares	69,364,712	44,710,329	–	–
Closing net asset value per share (p)	100.01	96.70	–	–
Operating charges	0.54%	0.56%	–	–

Fund launched 11 May 2018, therefore no comparatives are available.

# Monthly High Income Fund

## Comparative Tables

As at 30 June 2019

### Net Asset Value and Ongoing Charges Figure

	'A' Class (Accumulation shares)				'A' Class (Income-2 shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	9,774	10,367	12,373	14,505	19,858	20,757	25,802	28,659
Closing number of shares	4,292,539	4,864,576	5,564,413	6,822,562	29,791,079	32,613,000	37,098,358	40,905,210
Closing net asset value per share (p)	227.70	213.12	222.37	212.61	66.66	63.65	69.55	70.06
Operating charges	1.35%	1.34%	1.34%	1.36%	1.35%	1.34%	1.34%	1.36%

  

	'I' Class (Accumulation shares)				'I' Class (Income-2 shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	16,173	25,988	23,330	17,673	35,084	36,359	44,938	44,336
Closing number of shares	8,579,282	14,772,845	12,787,068	10,191,159	35,749,347	38,916,034	44,281,141	43,632,233
Closing net asset value per share (p)	188.51	175.92	182.45	173.41	98.14	93.43	101.48	101.61
Operating charges	0.75%	0.74%	0.74%	0.76%	0.75%	0.74%	0.74%	0.76%

  

	'R' Class (Accumulation shares)				'R' Class (Income-2 shares)			
	30.06.19	31.12.18	31.12.17	31.12.16	30.06.19	31.12.18	31.12.17	31.12.16
Closing net asset value (£'000)	362	338	277	263	1,108	954	775	757
Closing number of shares	283,836	284,240	223,813	223,417	1,195,625	1,080,449	807,290	786,703
Closing net asset value per share (p)	127.53	119.07	123.62	117.61	92.64	88.24	95.94	96.16
Operating charges	0.85%	0.84%	0.84%	0.86%	0.85%	0.84%	0.84%	0.86%

  

	'S' Class (Accumulation shares)							
	30.06.19	31.12.18	31.12.17	31.12.16				
Closing net asset value (£'000)	25,558	6,310	2,338	6,945				
Closing number of shares	9,601,104	2,548,084	916,203	2,884,769				
Closing net asset value per share (p)	266.21	247.62	255.16	240.74				
Operating charges	0.11%	0.09%	0.09%	0.11%				

# **Notes to the Aggregated Financial Statements**

For the period ended 30 June 2019

## **Accounting policies**

The semi-annual financial statements have been prepared in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association in May 2014.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018 and are described in those annual financial statements.

**K. McFarland**  
Director of the ACD

29 August 2019

**D. Aird**  
Director of the ACD

# American Franchise Fund

## Statement of Total Return

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		43,395		15,111
Revenue	1,571		1,021	
Expenses	(1,305)		(866)	
Interest payable and similar charges	–		–	
Net revenue before taxation	266		155	
Taxation	(148)		(101)	
Net revenue after taxation		118		54
<b>Total return before distribution</b>		<b>43,513</b>		<b>15,165</b>
Distribution		37		9
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>43,550</b>		<b>15,174</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>177,967</b>		<b>142,991</b>
Amounts receivable on creation of shares	110,435		15,747	
Amounts payable on cancellation of shares	(15,086)		(16,520)	
		95,349		(773)
Change in net assets attributable to shareholders from investment activities		43,550		15,174
<b>Closing net assets attributable to shareholders</b>		<b>316,866</b>		<b>157,392</b>

## Balance Sheet

As at 30 June 2019

	30.06.19		31.12.18	
	£'000	£'000	£'000	£'000
<b>ASSETS</b>				
Investments assets		274,213		168,358
Current assets				
Debtors	2,618		1,163	
Cash and bank balances	40,420		9,782	
Total other assets		43,038		10,945
<b>Total assets</b>		<b>317,251</b>		<b>179,303</b>
<b>LIABILITIES</b>				
Creditors				
Bank overdrafts	–		153	
Other creditors	385		1,183	
<b>Total liabilities</b>		<b>385</b>		<b>1,336</b>
<b>Net assets attributable to shareholders</b>		<b>316,866</b>		<b>177,967</b>

# Asia Pacific Franchise Fund

## Statement of Total Return

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		22,451		1,347
Revenue	1,966		2,181	
Expenses	(838)		(1,086)	
Interest payable and similar charges	–		–	
Net revenue before taxation	1,128		1,095	
Taxation	(86)		(109)	
Net revenue after taxation		1,042		986
<b>Total return before distribution</b>		<b>23,493</b>		<b>2,333</b>
Distribution		(836)		(40)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>22,657</b>		<b>2,293</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>142,772</b>		<b>208,012</b>
Amounts receivable on creation of shares	807		4,285	
Amounts payable on cancellation of shares	(15,610)		(36,625)	
		(14,803)		(32,340)
Change in net assets attributable to shareholders from investment activities		22,657		2,293
Retained distributions on accumulation shares		808		(6)
<b>Closing net assets attributable to shareholders</b>		<b>151,434</b>		<b>177,959</b>

## Balance Sheet

As at 30 June 2019

	30.06.19		31.12.18	
	£'000	£'000	£'000	£'000
<b>ASSETS</b>				
Investments assets		145,452		138,365
Current assets				
Debtors	6,729		77	
Cash and bank balances	6,056		4,799	
Total other assets		12,785		4,876
<b>Total assets</b>		<b>158,237</b>		<b>143,241</b>
<b>LIABILITIES</b>				
Creditors				
Other creditors	6,803		469	
Total other liabilities		6,803		469
<b>Total liabilities</b>		<b>6,803</b>		<b>469</b>
<b>Net assets attributable to shareholders</b>		<b>151,434</b>		<b>142,772</b>

# Global Energy Fund

## Statement of Total Return

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		6,506		1,904
Revenue	967		1,032	
Expenses	(263)		(346)	
Interest payable and similar charges	–		–	
Net revenue before taxation	704		686	
Taxation	(53)		(57)	
Net revenue after taxation		651		629
<b>Total return before distribution</b>		<b>7,157</b>		<b>2,533</b>
Distribution		(22)		(23)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>7,135</b>		<b>2,510</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>47,584</b>		<b>67,776</b>
Amounts receivable on creation of shares	1,250		6,764	
Amounts payable on cancellation of shares	(6,415)		(13,242)	
		(5,165)		(6,478)
Change in net assets attributable to shareholders from investment activities		7,135		2,510
<b>Closing net assets attributable to shareholders</b>		<b>49,554</b>		<b>63,808</b>

## Balance Sheet

As at 30 June 2019

	30.06.19		31.12.18	
	£'000	£'000	£'000	£'000
<b>ASSETS</b>				
Investments assets		49,035		47,228
Current assets				
Debtors	112		146	
Cash and bank balances	660		441	
Total other assets		772		587
<b>Total assets</b>		<b>49,807</b>		<b>47,815</b>
<b>LIABILITIES</b>				
Creditors				
Bank overdrafts	–		92	
Distribution payable	–		22	
Other creditors	253		117	
Total other liabilities		253		231
<b>Total liabilities</b>		<b>253</b>		<b>231</b>
<b>Net assets attributable to shareholders</b>		<b>49,554</b>		<b>47,584</b>



# Global Strategic Equity Fund

## Statement of Total Return

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains		74,564		9,827
Revenue	6,283		7,112	
Expenses	(2,520)		(2,876)	
Interest payable and similar charges	(6)		(6)	
Net revenue before taxation	3,757		4,230	
Taxation	(422)		(597)	
Net revenue after taxation		3,335		3,633
<b>Total return before distribution</b>		<b>77,899</b>		<b>13,460</b>
Distribution		(83)		(1)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>77,816</b>		<b>13,459</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>505,639</b>		<b>636,428</b>
Amounts receivable on creation of shares	6,907		13,478	
Amounts payable on cancellation of shares	(94,377)		(63,851)	
		(87,470)		(50,373)
Dilution adjustment		54		–
Change in net assets attributable to shareholders from investment activities		77,816		13,459
<b>Closing net assets attributable to shareholders</b>		<b>496,039</b>		<b>599,514</b>

## Balance Sheet

As at 30 June 2019

	30.06.19		31.12.18	
	£'000	£'000	£'000	£'000
<b>ASSETS</b>				
Investments assets		479,414		495,056
Current assets				
Debtors	1,000		1,154	
Cash and bank balances	16,622		17,920	
Total other assets		17,622		19,074
<b>Total assets</b>		<b>497,036</b>		<b>514,130</b>
<b>LIABILITIES</b>				
Creditors				
Other creditors	997		8,491	
<b>Total liabilities</b>		<b>997</b>		<b>8,491</b>
<b>Net assets attributable to shareholders</b>		<b>496,039</b>		<b>505,639</b>

# Global Total Return Credit Fund

## Statement of Total Return

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		3,739		(470)
Revenue	1,990		163	
Expenses	(384)		(34)	
Interest payable and similar charges	(3)		–	
Net revenue before taxation	1,603		129	
Taxation	–		(29)	
Net revenue after taxation		1,603		100
<b>Total return before distributions</b>		<b>5,342</b>		<b>(370)</b>
Distributions		(1,740)		15
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>3,602</b>		<b>(355)</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>88,595</b>		<b>–</b>
Amounts receivable on creation of shares	59,981		46,347	
Amounts payable on cancellation of shares	(4,488)		(29)	
		55,493		46,318
Dilution adjustment		53		68
Change in net assets attributable to shareholders from investment activities		3,602		(355)
Retained distributions on accumulation shares		940		–
<b>Closing net assets attributable to shareholders</b>		<b>148,683</b>		<b>46,031</b>

## Balance Sheet

As at 30 June 2019

	30.06.19		31.12.18	
	£'000	£'000	£'000	£'000
<b>ASSETS</b>				
Investments assets		131,617		77,686
Current assets				
Debtors	3,806		963	
Cash and bank balances	19,851		10,867	
Total other assets		23,657		11,830
<b>Total assets</b>		<b>155,274</b>		<b>89,516</b>
<b>LIABILITIES</b>				
Investment liabilities		906		304
Creditors				
Bank overdrafts	10		14	
Distribution payable	746		382	
Other creditors	4,929		221	
Total other liabilities		5,685		617
<b>Total liabilities</b>		<b>6,591</b>		<b>921</b>
<b>Net assets attributable to shareholders</b>		<b>148,683</b>		<b>88,595</b>

# Global Total Return Credit Fund continued

## Distribution Tables

For the period ended 30 June 2019

### Interim distribution paid 31 May 2019

Group 1 – Shares purchased before 1 January 2019

Group 2 – Shares purchased between 1 January and 30 March 2019

	Net Income pence	Equalisation pence	Distribution paid 31.05.19 pence	Distribution paid 31.05.18 pence
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.7072	–	0.7072	n/a
Group 2	0.2642	0.4430	0.7072	n/a
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.5306	–	0.5306	n/a
Group 2	0.2867	0.2439	0.5306	n/a
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.7158	–	0.7158	n/a
Group 2	0.4931	0.2227	0.7158	n/a
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.6041	–	0.6041	n/a
Group 2	0.2777	0.3264	0.6041	n/a
<b>'K' Class (Income-2 shares)</b>				
Group 1	0.7173	–	0.7173	n/a
Group 2	0.4478	0.2695	0.7173	n/a

# Global Total Return Credit Fund continued

## Distribution Tables

For the period ended 30 June 2019

### Interim distribution payable 31 August 2019

Group 1 – Shares purchased before 31 March 2019

Group 2 – Shares purchased between 31 March and 30 June 2019

	Net Income pence	Equalisation pence	Distribution payable 31.08.19 pence	Distribution paid 31.08.18 pence
<b>'A' Class (Income-2 shares)</b>				
Group 1	1.0254	–	1.0254	0.3249
Group 2	0.3272	0.6982	1.0254	0.3249
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.8427	–	0.8427	0.2217
Group 2	0.3823	0.4604	0.8427	0.2217
<b>'I' Class (Income-2 shares)</b>				
Group 1	1.0256	–	1.0256	0.3288
Group 2	0.2851	0.7405	1.0256	0.3288
<b>'K' Class (Accumulation shares)</b>				
Group 1	0.9254	–	0.9254	0.2590
Group 2	0.4926	0.4328	0.9254	0.2590
<b>'K' Class (Income-2 shares)</b>				
Group 1	1.0270	–	1.0270	0.3281
Group 2	0.2942	0.7328	1.0270	0.3281

Fund launched 11 May 2018.

## Equalisation

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

# Monthly High Income Fund

## Statement of Total Return

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Income</b>				
Net capital gains/(losses)		5,347		(4,298)
Revenue	2,373		2,371	
Expenses	(436)		(483)	
Interest payable and similar charges	(4)		(5)	
Net revenue before taxation	1,933		1,883	
Taxation	–		–	
Net revenue after taxation		1,933		1,883
<b>Total return before distributions</b>		<b>7,280</b>		<b>(2,415)</b>
Distributions		(1,968)		(1,938)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>5,312</b>		<b>(4,353)</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2019

	30.06.19		30.06.18	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>101,073</b>		<b>109,833</b>
Amounts receivable on creation of shares	20,648		5,269	
Amounts payable on cancellation of shares	(19,976)		(15,079)	
		672		(9,810)
Dilution adjustment		28		–
Change in net assets attributable to shareholders from investment activities		5,312		(4,353)
Retained distributions on accumulation shares		824		509
Unclaimed distributions		8		1
<b>Closing net assets attributable to shareholders</b>		<b>107,917</b>		<b>96,180</b>

## Balance Sheet

As at 30 June 2019

	30.06.19		31.12.18	
	£'000	£'000	£'000	£'000
<b>ASSETS</b>				
Investments assets		94,534		82,741
Current assets				
Debtors	3,107		1,224	
Cash and bank balances	14,122		18,367	
Total other assets		17,229		19,591
<b>Total assets</b>		<b>111,763</b>		<b>102,332</b>
<b>LIABILITIES</b>				
Investment liabilities		709		374
Creditors				
Bank overdrafts	184		191	
Distribution payable	420		522	
Other creditors	2,533		172	
Total other liabilities		3,137		885
<b>Total liabilities</b>		<b>3,846</b>		<b>1,259</b>
<b>Net assets attributable to shareholders</b>		<b>107,917</b>		<b>101,073</b>

## Distribution Tables

For the period ended 30 June 2019

### Interim distribution paid 31 March 2019

Group 1 – Shares purchased before 1 January 2019

Group 2 – Shares purchased between 1 January and 31 January 2019

	Net Income pence	Equalisation pence	Distribution paid 31.03.19 pence	Distribution paid 31.03.18 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.3585	–	0.3585	0.5004
Group 2	0.1541	0.2044	0.3585	0.5004
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.1802	–	0.1802	0.2345
Group 2	0.0853	0.0949	0.1802	0.2345
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.3866	–	0.3866	0.5024
Group 2	0.1428	0.2438	0.3866	0.5024
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.2646	–	0.2646	0.3423
Group 2	0.1057	0.1589	0.2646	0.3423
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.2514	–	0.2514	0.3300
Group 2	0.2514	–	0.2514	0.3300
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.2499	–	0.2499	0.3236
Group 2	0.2499	–	0.2499	0.3236
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.6826	–	0.6826	0.8419
Group 2	0.4862	0.1964	0.6826	0.8419

# Monthly High Income Fund continued

## Distribution Tables

For the period ended 30 June 2019

### Interim distribution paid 30 April 2019

Group 1 – Shares purchased before 1 February 2019

Group 2 – Shares purchased between 1 February and 28 February 2019

	Net Income pence	Equalisation pence	Distribution paid 30.04.19 pence	Distribution paid 30.04.18 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.4233	–	0.4233	0.5056
Group 2	0.1885	0.2348	0.4233	0.5056
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.2000	–	0.2000	0.2345
Group 2	0.0817	0.1183	0.2000	0.2345
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.4416	–	0.4416	0.5059
Group 2	0.2743	0.1673	0.4416	0.5059
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.2938	–	0.2938	0.3424
Group 2	0.1108	0.1830	0.2938	0.3424
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.2885	–	0.2885	0.3325
Group 2	0.2885	–	0.2885	0.3325
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.2775	–	0.2775	0.3237
Group 2	0.2775	–	0.2775	0.3237
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.7624	–	0.7624	0.8458
Group 2	0.0879	0.6745	0.7624	0.8458

## Distribution Tables

For the period ended 30 June 2019

### Interim distribution paid 31 May 2019

Group 1 – Shares purchased before 1 March 2019

Group 2 – Shares purchased between 1 March and 31 March 2019

	Net Income pence	Equalisation pence	Distribution paid 31.05.19 pence	Distribution paid 31.05.18 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.4233	–	0.4233	0.5098
Group 2	0.0412	0.3821	0.4233	0.5098
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.2000	–	0.2000	0.2345
Group 2	0.0598	0.1402	0.2000	0.2345
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.4425	–	0.4425	0.5090
Group 2	0.1198	0.3227	0.4425	0.5090
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.2940	–	0.2940	0.3426
Group 2	0.1570	0.1370	0.2940	0.3426
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.2890	–	0.2890	0.3346
Group 2	0.2890	–	0.2890	0.3346
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.2776	–	0.2776	0.3238
Group 2	0.2776	–	0.2776	0.3238
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.7654	–	0.7654	0.8497
Group 2	0.2141	0.5513	0.7654	0.8497



# Monthly High Income Fund continued

## Distribution Tables

For the period ended 30 June 2019

### Interim distribution paid 30 June 2019

Group 1 – Shares purchased before 1 April 2019

Group 2 – Shares purchased between 1 April and 30 April 2019

	Net Income pence	Equalisation pence	Distribution paid 30.06.19 pence	Distribution paid 30.06.18 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.5855	–	0.5855	0.5117
Group 2	0.0319	0.5536	0.5855	0.5117
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.2484	–	0.2484	0.2345
Group 2	0.0746	0.1738	0.2484	0.2345
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.5781	–	0.5781	0.5111
Group 2	0.1646	0.4135	0.5781	0.5111
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.3653	–	0.3653	0.3428
Group 2	0.0795	0.2858	0.3653	0.3428
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.3806	–	0.3806	0.3359
Group 2	0.3806	–	0.3806	0.3359
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.3449	–	0.3449	0.3239
Group 2	0.1827	0.1622	0.3449	0.3239
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.9590	–	0.9590	0.8536
Group 2	0.2225	0.7365	0.9590	0.8536

## Distribution Tables

For the period ended 30 June 2019

### Interim distribution payable 31 July 2019

Group 1 – Shares purchased before 1 May 2019

Group 2 – Shares purchased between 1 May and 31 May 2019

	Net Income pence	Equalisation pence	Distribution payable 31.07.19 pence	Distribution paid 31.07.18 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.5918	–	0.5918	0.5167
Group 2	–	0.5918	0.5918	0.5167
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.2484	–	0.2484	0.2345
Group 2	0.0479	0.2005	0.2484	0.2345
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.5825	–	0.5825	0.5146
Group 2	–	0.5825	0.5825	0.5146
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.3655	–	0.3655	0.3430
Group 2	0.0590	0.3065	0.3655	0.3430
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.3836	–	0.3836	0.3384
Group 2	0.3836	–	0.3836	0.3384
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.3450	–	0.3450	0.3241
Group 2	0.3450	–	0.3450	0.3241
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.9639	–	0.9639	0.8578
Group 2	0.0989	0.8650	0.9639	0.8578

# Monthly High Income Fund continued

## Distribution Tables

For the period ended 30 June 2019

### Interim distribution payable 31 August 2019

Group 1 – Shares purchased before 1 June 2019

Group 2 – Shares purchased between 1 June and 30 June 2019

	Net Income pence	Equalisation pence	Distribution payable 31.08.19 pence	Distribution paid 31.08.18 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.5903	–	0.5903	0.5200
Group 2	–	0.5903	0.5903	0.5200
<b>'A' Class (Income-2 shares)</b>				
Group 1	0.2484	–	0.2484	0.2345
Group 2	–	0.2484	0.2484	0.2345
<b>'I' Class (Accumulation shares)</b>				
Group 1	0.5832	–	0.5832	0.5173
Group 2	–	0.5832	0.5832	0.5173
<b>'I' Class (Income-2 shares)</b>				
Group 1	0.3657	–	0.3657	0.3431
Group 2	0.0032	0.3625	0.3657	0.3431
<b>'R' Class (Accumulation shares)</b>				
Group 1	0.3839	–	0.3839	0.3402
Group 2	0.3839	–	0.3839	0.3402
<b>'R' Class (Income-2 shares)</b>				
Group 1	0.3452	–	0.3452	0.3242
Group 2	0.3452	–	0.3452	0.3242
<b>'S' Class (Accumulation shares)</b>				
Group 1	0.9683	–	0.9683	0.8617
Group 2	0.0624	0.9059	0.9683	0.8617

## Equalisation

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

# Securities Financing Transactions ('SFT's')

As at 30 June 2019

## GLOBAL DATA

Assets engaged in SFTs and total return swaps		Fund assets under management (AUM) £'000
Global Total Return Credit Fund		148,683
Monthly High Income Fund		107,917
Absolute value of assets engaged in total return swaps:		
	Underlying exposure value £'000	% of net assets
Global Total Return Credit Fund	144	0.10%
Monthly High Income Fund	440	0.40%

## CONCENTRATION DATA

Counterparty	Counterparty's country of establishment	Underlying exposure value £'000	Settlement and clearing
<b>Global Total Return Credit Fund</b>			
JP Morgan	United States of America	105	Bi-lateral
Goldman Sachs	United States of America	39	Bi-lateral
<b>Monthly High Income Fund</b>			
JP Morgan	United States of America	440	Bi-lateral

## AGGREGATE TRANSACTION DATA

### Type, Quality and Currency of Collateral

Type	Quality	Currencies
<b>Total return swaps</b>		
<b>Global Total Return Credit Fund</b>		
n/a	n/a	n/a
<b>Monthly High Income Fund</b>		
n/a	n/a	n/a

There was no collateral granted by the Fund at 30 June 2019 in relation to the Total Return Swaps contracts held.

### Maturity Tenor of SFTs and Total Return Swaps (remaining period to maturity)

	Less than one day £'000	One day to one week £'000	One week to one month £'000	One to three months £'000	Three months to one year £'000	Above one year £'000	Open transactions £'000	Total £'000
<b>Global Total Return Credit Fund</b>								
Total return swaps	–	–	–	–	144	–	–	144
<b>Monthly High Income Fund</b>								
Total return swaps	–	–	–	175	265	–	–	440

## RETURN AND COST

	Collective Investment Undertaking £'000	Manager of Collective Investment Undertaking £'000	Third Parties (e.g. lending agent) £'000	Total £'000
<b>Global Total Return Credit Fund</b>				
<b>Total return swaps</b>				
Gross return	–	–	–	–
% of total gross return	0.00%	0.00%	0.00%	
Cost	–	–	–	–
<b>Monthly High Income Fund</b>				
<b>Total return swaps</b>				
Gross return	–	–	–	–
% of total gross return	0.00%	0.00%	0.00%	
Cost	–	–	–	–

## Other Information

### ISA status

During the period under review, the shares of the funds met the requirements for eligibility to be held in a stocks and shares ISA as determined by the regulations which govern ISAs.

Investec Fund Managers Limited offer the 'A' shares of the funds through its own ISA plan.

### Distributions

Where a distribution is to be paid, it has been calculated as at 30 June 2019 and will be distributed to shareholders, where applicable, on 30 August 2019. For accumulations shares income distribution payments are deemed to be paid on 30 August 2019.

### Telephone calls

Telephone calls may be recorded for training and quality assurance purposes.

### Cross holding table

There were no cross holdings between sub-funds in Investec Funds Series ii as at 30 June 2019.

### UCITS V Directive on remuneration

The latest remuneration policy relating to the Authorised Corporate Director (ACD) is available from [www.investecassetmanagement.com/remuneration](http://www.investecassetmanagement.com/remuneration) or free of charge on request from the Registered Office.

Remuneration paid for 2018-2019 to all staff employed by the management company, split into fixed and variable remuneration paid.

#### **Aggregate remuneration paid for 2018-2019 to senior management and members of staff whose actions have a material impact on the risk profile of IFML.**

Aggregate Remuneration	£240,631
Senior Management	£234,568
Other individuals with material impact	£6,063
No. of staff	15

# Glossary

## Active management

An active investment approach is one where a portfolio manager aims to beat the market through research, analysis and his/her judgement. (See also passive management).

## Asset allocation

A fund's allotment to different asset classes.

## Asset class

The main types of investment available. The traditional asset classes are equities, bonds and cash.

## Bear market

A market where prices fall consistently over a long period of time. Investors are referred to as 'bearish' if they believe prices are going to fall.

## Benchmark

A comparative performance index.

## Bond

A form of loan issued by a government or company. Typically, an investor should receive a regular coupon and the return of the principal originally lent when the bond matures. Note: Not all bonds are interest bearing (see zero coupon bond), and not all bonds are fixed rate (e.g. index linked, floating rate and stepped rate bonds).

## Bottom-up investing

An investment approach that concentrates on the analysis of individual companies and considers the company's history, management and potential as more important than macroeconomic trends.

## Bull market

A market where prices rise consistently over a long period of time. Investors are referred to as 'bullish' if they believe prices are going to rise.

## Cash

The most liquid form in which to store capital. While it is regarded as a safe asset class, over time the purchasing power of cash tends to be eroded by inflation.

## Central bank base rate

The basic rate of interest set by a central bank that determines the cost of borrowing.

## Commodities

An asset class which comprises physical assets such as oil, base and precious metals and agricultural produce.

## Credit rating agency

An institution that assigns credit ratings to debt issuers, such as companies and governments. Standard & Poor's and Moody's are well-known examples.

## Credit risk

The risk that a bond issuer or borrower will be unable to meet their contractual obligations.

## Credit spread

The differences in yield between 'risk-free' bonds, such as gilts or US treasuries, and non-treasury (or gilt) bonds, which are identical in all respects except for the quality of their rating. Corporate bonds tend to offer additional yield to compensate investors for the potential risk of default.

## Currency risk

The risk of incurring losses of foreign assets due to adverse movements in exchange rates between domestic and foreign currencies.

## Deflation

As opposed to inflation, it describes conditions in which there is a widespread, consistent decline in prices. It conveys the rarer occurrence of the money in one's pocket actually increasing in buying power, rather than the more usual opposite.

## Derivatives

An instrument whose value depends on the performance of an underlying security or rate which requires no initial exchange of principal. Options, futures and swaps are all examples of derivatives.

## Developed markets

Refers to industrialised countries with relatively high levels of economic productivity, high standards of living and stable economies.

## Disinflation

Refers to a slowing down in price growth, as opposed to deflation where prices are already falling.

## Diversification

Holding a range of assets to reduce risk.

## Dividend

The portion of company net profits paid out to shareholders.

# Glossary continued

## Dividend yield

The annual dividend per share divided by the current share price.

## Duration

A measure of a bond investment's sensitivity to changes in interest rates. The longer the duration, the more sensitive it is. Calculating 'duration' for a fixed income investment such as a bond is a complicated sum. It takes into account the current value of the bond, the coupon or interest payment, the book cost, and the number of years the bond has left to run. Put simply, the higher the duration number the higher the potential return (and the greater the risk).

## Emerging markets

Countries in the process of industrialising which tend to have rapidly growing economies.

## Emerging market debt

Debt issued by governments and corporates in emerging markets.

## Equity

Refers to shares. A share in a company provides an investor with part ownership of that company.

## Fixed Income

An investment that provides a return in the form of fixed periodic payments and the eventual return of principal at maturity.

## Future

An obligation to buy or sell an asset on a specific date in the future at an agreed price.

## Gilt

A bond that is issued by the British government which is generally considered low risk. Bonds issued by South African and Irish governments are also referred to as gilts.

## Hedging

A technique seeking to offset or minimise the exposure to specific risk by entering an opposing position.

## High yield bond

A below investment grade rated bond, providing the investor with greater returns due to its higher default risk. (See Junk bond).

## Index-linked bonds

Bonds whose coupons and principal payment are linked to movements in inflation.

## Inflation

Describes conditions in which there have been a consistent rise in prices.

## Initial public offering (IPO)

The first public sale of a company's equity resulting in a quoted stock price on a stock exchange.

## Interest

The return earned on funds which have been deposited, loaned, or invested.

## Investment grade bonds

Bonds considered of the highest quality by credit rating agencies. The threshold credit rating for Standard & Poor's is BBB and Baa3 for Moody's.

## Liabilities

Financial obligations that must be met.

## Liquidity

The ease with which an asset can be sold at a reasonable price for cash.

## Long dated bond

A bond with usually 15 years or more remaining before redemption, at which point the principal is paid to the holder.

## Long-term investment

Holding an asset for an extended period of time. Depending on the security, a long-term asset can be held for as little as one year or for as long as 30 years.

## Macroeconomic

Refers to the big trends in an economy as a whole, such as inflation and unemployment, while microeconomic forces refer to the factors affecting individual situations or companies.

## Market capitalisation

The total value of a company's equity, calculated by the number of shares multiplied by their market price.

**Maturity**

With regards to bonds, maturity refers to the time at which the principal of the bond is repayable and it ceases to exist. In terms of a pension fund, it conveys the average age of the membership and the time until benefits are payable.

**Outperformance**

The return of a fund in excess of the comparative performance index.

**Overweight**

When a fund has greater exposure to an asset than the comparative performance index.

**Peer group**

A group of funds that can be compared with one another for performance purposes. A peer group will usually be based on the funds' investment scope, for example UK equities.

**Performance**

The results of an investment over a given period.

**Portfolio**

A grouping of financial assets, such as equities, bonds and cash equivalents. Portfolios are held directly by investors and/or managed by financial professionals.

**Rally**

A swift rise.

**Real estate**

An asset class comprising buildings and land.

**Risk premium**

The extra return expected by an investor in compensation for holding a risky asset.

**Security**

A general term for a tradable financial instrument.

**Short-term investment**

Investments that are held for or mature in 12 months or less.

**Standard deviation**

A measure of risk, deriving from the historic volatility of a particular asset.

**Top-down investing**

Contrasting with bottom-up analysis, a top-down approach to investment analysis begins with an assessment of macroeconomic factors, then business cycles before moving on to look at individual sectors and companies.

**Treasuries**

Debt securities issued by the US government. Treasuries fall under three categories: treasury bills (T-bills), treasury notes (T-notes) and treasury bonds (T-bonds).

**Underweight**

When a fund has less exposure to an asset than the benchmark.

**Volatility**

Price movements. Standard deviation is a measure of an asset's historic volatility.

**Year-to-date (YTD)**

Refers to the period extending from the beginning of the current calendar year to the present date.

**Yield**

A measure of the income return earned on an investment. In the case of a share the yield expresses the annual dividend payment as the percentage of the market price of the share. In the case of a property, it is the rental income as a percentage of the capital value. In the case of a bond the running yield (or flat or current yield) is the annual interest payable as a percentage of the current market price. The redemption yield (or yield to maturity) allows for any gain or loss of capital which will be realised at the maturity date.

**Yield curve**

A graphical representation of all the yields of bonds of the same quality with maturities ranging from the shortest to the longest available.

**Yield spread**

The difference in yield between different bonds.

**Yield to maturity**

The annualised return (internal rate of return) that would be earned on a bond if held to maturity.



# Directory

## **Authorised Corporate Director (ACD)**

### **Investec Fund Managers Limited**

Contact address	PO Box 9042, Chelmsford CM99 2XL
Telephone	+44 (0)20 7597 1900
Free phone	0800 389 2299
Email	enquiries@investecmail.com
Indicator	online valuation service www.investecassetmanagement.com

Registered address	Woolgate Exchange 25 Basinghall Street London EC2V 5HA
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## **Investment Manager**

### **Investec Asset Management Limited**

Woolgate Exchange  
25 Basinghall Street  
London EC2V 5HA

## **Registered number for Investec Funds Series ii**

IC125 England and Wales

## **Registrar**

### **DST Financial Services Europe Limited**

DST House  
St. Nicholas Lane  
Basildon  
Essex SS15 5FS

## **Depository**

### **State Street Trustees Limited**

20 Churchill Place  
London E14 5HJ

## **Fund Accounting**

### **State Street Bank and Trust Company Limited**

20 Churchill Place  
London E14 5HJ

## **Independent Auditors**

### **KPMG LLP**

15 Canada Square  
Canary Wharf  
London E14 5GL

Issued by Investec Fund Managers Limited, August 2019.  
Authorised and regulated by the Financial Conduct Authority.

