Aberdeen Standard Capital Phoenix Fund

(Formerly Standard Life Wealth Phoenix Fund)

Annual Long Report
For the year ended 31 July 2020

Contents

* Collectively, these items comprise the Manager's Report for the purposes of the rules contained in the Collective Investment Schemes Sourcebook ('the Sourcebook').

Fund Profile and Information

Manager
Ben Ward

Launch date
10 April 1996

FCA Product Reference Number
The fund's FCA Product Reference Number is 177993.

Investment objective
Performance Target: To exceed the return of the 1 Month GBP LIBOR plus 2% per annum, evaluated over rolling three year periods (before charges). The Performance Target is the level of performance that the management team hopes to achieve for the fund. There is however no certainty or promise that they will achieve the Performance Target.

The manager believes this is an appropriate target for the fund since it reflects the risk and return profile that private clients expect and aligns with the investment policy of the fund.

Investment policy
Portfolio Securities
- The fund invests at least 70% in global equities (company shares and investment trusts), and bonds including government bonds (loans to a government) and investment grade corporate bonds (loans to a company) issued anywhere in the world.
- The fund's equity holdings may include for example investments in companies operating in infrastructure, energy, property and commodities.
- The fund's bond holdings may include for example investment in sub-sovereign debt, sub-investment grade and convertible issued anywhere in the world.
- The fund has flexibility to seek returns from currencies.
- The fund may also invest in other funds (including those managed by Aberdeen Standard Investments), money-market instruments, and cash.

Management Process
- The management team use their discretion (active management) to identify holdings and derivatives based on an analysis of global economic and market conditions (for example, interest rates and inflation) and analysis of a company's prospects and creditworthiness compared to that of the market.
- They focus on selecting company shares, bonds and derivatives, and ensuring that the allocation of assets meets the fund's objectives.
- The team also seek to reduce the risk of losses and the expected change (as measured by annual volatility) in the value of the fund, is not ordinarily expected to exceed 12%.

Derivatives and Techniques
- The fund may routinely use derivatives to reduce risk, to reduce cost and/or generate extra income or growth consistent with the risk profile of the fund (often referred to as "efficient portfolio management"), and for investment purposes.
- Derivatives include instruments used to manage expected changes in interest rates, companies share prices, currencies or creditworthiness of corporations or governments.
- The fund may also invest in other funds which may use derivatives extensively although these investments shall be in line with fund's overall risk profile.

Reporting dates	
Interim	31 January
Annual	31 July

Distribution record dates	
Interim	31 January
Annual	31 July

Payment dates	
Interim	24 March
Annual	22 September

Keeping you informed
You can keep up to date with the performance of your investments by visiting our website aberdeenstandardcapital.com. Alternatively, if you would rather speak to us, please call 0345 113 6966 (+44 (0) 1268 445 488 if outwith the UK) between 8:30am and 5:30pm Monday to Friday.

Fund Profile and Information
Continued

Fund Information

Manager	Registered Office	Correspondence Address	Directors of the Manager
Aberdeen Standard Fund Managers Limited	Bow Bells House 1 Bread Street London EC4M 9HH	PO Box 12233 Chelmsford Essex CM99 2EE	Mr Jamie Matheson Mr Gary Marshall Ms Allison Donaldson Mr Aron Mitchell Ms Carolan Dobson
Investment Adviser	**Registered Office**	**Sub-Adviser**	**Registered Office**
Standard Life Investments Limited	1 George Street Edinburgh EH2 2LL	Aberdeen Standard Capital Limited	1 George Street Edinburgh EH2 2LL
Trustee	**Registered Office**	**Correspondence Address**	
Citibank Europe plc	1 North Wall Quay Dublin Ireland	UK Branch Office Citigroup Centre Canada Square Canary Wharf London E14 5LB	
Registrar	**Independent Auditor**		
SS&C Financial Services Europe Limited SS&C House St Nicholas Lane Basildon Essex SS15 5FS	KPMG LLP St Vincent Plaza 319 St Vincent Street Glasgow G2 5AS		

Significant Events

- On 7 August 2019 the fund changed its name from the Standard Life Wealth Phoenix Fund to Aberdeen Standard Capital Phoenix Fund. Additionally at this time the Investment Objective and Policy ("IOP") of the fund was updated to reflect regulatory changes and improve the clarity of the wording. Further details of these changes can be found at https://www.aberdeenstandard.com/en/uk/investor/fund-centre/investor-communications.

Investors will be aware of the COVID-19 outbreak and that the outlook for many capital markets has been volatile since 31 July 2020, the year-end of Aberdeen Standard Capital Phoenix Fund. Whilst the impact of COVID-19 was reflected in fund operations and global markets at year end, the continued efforts to mitigate the pandemic through global lockdowns and government interventions have resulted in prolonged market uncertainty. As a result, the NAV of the fund has fluctuated since the year-end. The subsequent events note within the financial statements provides a quantification of this fluctuation in NAV.

The Management Company has delegated various tasks to Aberdeen Standard Investments Investor Protection Committee (IPC). The IPC is responsible for ensuring the fair treatment of investors. The IPC undertakes daily reviews of the following:

- Market liquidity across each asset class and fund;
- Asset class bid-offer spread monitoring;
- Review of fund level dilution rate appropriateness;
- Review of daily subscriptions / redemptions to anticipate any potential concerns to meet redemption proceeds;
- Any requirement to gate or defer redemptions;
- Any requirement to suspend the / a fund(s);
- Any fair value price adjustments at a fund level.

Fund Profile and Information
Continued

The Management Company has also evaluated, and will continue to evaluate, the operational resilience of all service providers.

As at 26 October 2020, the fund has not been suspended and based on the Manager's assessment of the factors noted above, has adequate financial resources to continue in operation.

Developments and prospectus updates for the year ended 31 July 2020

- On 7 August 2019 as part of the merger of Standard Life plc and Aberdeen Asset Management plc, we harmonised our supplier relationships which resulted in changes to the Trustee's remuneration and expenses. The details of the new rates are included within the prospectus dated 7 August 2019. The changes do not result in a material impact to the fund;
- On 31 March 2020 the Transfer Agent of the fund changed its name from DST Financial Services Europe Limited to SS&C Financial Services Europe Limited and updated its mailing address as a result of this. There was no impact to the fund as a result of this change;
- The list of funds managed by the Manager was updated, where appropriate;
- Performance and dilution figures were refreshed, where appropriate;
- The list of sub-custodians was refreshed, where appropriate.

Assessment of Value

In 2017 the Financial Conduct Authority (FCA) published the final Asset Management Market Study. This introduced (among other reforms) new governance rules with the aim of enhancing duty of care and ensuring the industry acts in investors' best interests. The rules were outlined in the FCA Policy Statement PS18/8 and came into effect from 30 September 2019. As a result, Aberdeen Standard Fund Managers Limited is required to perform a detailed assessment on whether our funds are "providing value to investors". The resulting findings will be published within 4 months of the fund year end date and can be found on the 'Fund Centre' pages of our website.

Statement of Manager's Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ('the COLL Rules') require the Manager to prepare financial statements for each interim and annual accounting period which give a true and fair view of the financial position of the fund and of the net income and net gains or losses on the property of the fund for the period. In preparing the financial statements the Manager is responsible for:

- selecting suitable accounting policies and then applying them consistently;
- making judgements and estimates that are reasonable and prudent;
- following UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland;
- complying with the disclosure requirements of the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association in May 2014;
- keeping proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- using the going concern basis of accounting unless they either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so;
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- taking reasonable steps for the prevention and detection of fraud and irregularities.

The Manager is responsible for the management of the fund in accordance with its Trust deed, the Prospectus and the COLL Rules.

Manager's Statement

The Manager is Aberdeen Standard Fund Managers Limited which is authorised and regulated by the Financial Conduct Authority for investment business.

Aberdeen Standard Capital Phoenix Fund is an Authorised Unit Trust Scheme under section 243 of the Financial Services and Markets Act 2000.

The fund is certified under the Undertaking for Collective Investment in Transferable Securities (UCITS) directive allowing the Manager to market the fund in member states of the European Union subject to relevant local laws.

Distributions are made from positive net revenue where gross revenue exceeds expenses and tax. The total return consists of investment and currency gains and losses in addition to net revenue. In situations where the fund has a negative total return but a positive net revenue position, there will be a distribution.

Names and addresses of the Manager, Trustee, Registrar, Investment Adviser and Independent Auditor are contained on page 2 of the Annual Long Report. The investment objective of the fund is disclosed within the Fund Profile and Information, and the investment activities are disclosed within the Investment Report. Copies of the most recent Prospectus are available online at aberdeenstandardcapital.com.

We hereby certify the Annual Long Report on behalf of the Directors of Aberdeen Standard Fund Managers Limited.

Aron Mitchell
Director
Aberdeen Standard Fund Mangers Limited
26 October 2020

Gary Marshall
Director
Aberdeen Standard Fund Managers Limited
26 October 2020

Statement of the Trustee's Responsibilities in Respect of the Scheme and Report of the Trustee to the Unitholders of the Aberdeen Standard Capital Phoenix Fund for the Year ended 31 July 2020

The Trustee is responsible for the safekeeping of all the property of the fund which is entrusted to it and ensuring proper registration of tangible moveable property, and for the collection of income that arises from all such scheme property.

It is the duty of the Trustee to take reasonable care to ensure that the fund is managed and operates in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('the Sourcebook'), the Financial Services and Markets Act 2000, as amended, and the Trust Deed and the Prospectus of the fund, concerning: the pricing of and dealing in fund Units; the application of income of the scheme; and the fund investment portfolio and borrowing activities.

Having carried out procedures and enquiries considered duly necessary to discharge our responsibilities as Trustee of the scheme, based on information and explanations provided to us, we believe that, in all material respects, the Manager:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income in accordance with the Sourcebook, the Trust Deed and Prospectus;

(ii) has, observed the investment and borrowing powers and restrictions applicable to the scheme; and

(iii) has, otherwise, ensured the proper operation of the fund.

Citibank Europe plc, UK Branch
London
26 October 2020

Independent Auditor's Report to the Unitholders of Aberdeen Standard Capital Phoenix Fund ('the fund')

We have audited the financial statements of the fund for the year ended 31 July 2020 which comprise the Statement of Total Return, the Statement of Change in Net Assets Attributable to Unitholders, the Balance Sheet, the Related Notes and Distribution Tables of the fund and the accounting policies set out on pages 28 to 30.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of the fund as at 31 July 2020 and of the net revenue and the net capital gains on the property of the fund for the year then ended; and
- have been properly prepared in accordance with the Trust Deed, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the fund in accordance with, UK ethical requirements including the FRC Ethical Standard.

We have received all the information and explanations which we consider necessary for the purposes of our audit and we believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Manager has prepared the financial statements on the going concern basis as they do not intend to liquidate the fund or to cease their operations, and as they have concluded that the fund's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Manager's conclusions, we considered the inherent risks to the fund's business model and analysed how those risks might affect the fund's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the fund will continue in operation.

Other information

The Manager is responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the information given in the Manager's Report for the financial year is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where under the COLL Rules we are required to report to you if, in our opinion:

- proper accounting records for the fund have not been kept; or
- the financial statements are not in agreement with the accounting records.

Manager's responsibilities

As explained more fully in their statement set out on page 4, the Manager is responsible for: the preparation of financial statements that give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Unitholders of Aberdeen Standard Capital Phoenix Fund ('the fund') Continued

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the fund's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the fund and the fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Eilidh McGowan

Eilidh McGowan
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Plaza
Glasgow
G2 5AS

[redacted] October 2020

The Registrar of the Fund

The Manager is the Registrar of the Aberdeen Standard Capital Phoenix Fund. The Manager has delegated certain aspects of the registrar's operational duties to SS&C Financial Services Europe Limited ("SS&C Limited"). Prior to 31 March 2020, SS&C Limited were known as DST Financial Services International Limited ("DST Limited").

The Registrar is responsible to the Trustee for the maintenance of a register of unitholders in the fund. This register can be inspected free of charge at the offices of SS&C Limited at SS&C House, St Nicholas Lane, Essex, SS15 5FS.

The Registrar is also responsible for the distribution of tax vouchers to unitholders at the addresses recorded on the register.

Investment Report
Manager: Ben Ward

Environment

The twelve months to the end of July 2020 has been characterised by a broad range of market environments including what can only be described as a black swan event, which took us from extraordinary highs to a historical collapse in the global economy. 'Unprecedented' quickly became part of everyday parlance to describe the unfolding pandemic and the breadth of government and central bank policies announced. Every aspect of what we considered to be 'normal' was challenged by the impact and response to the COVID-19 pandemic. For the fortunate, life was defined by an uncertain hiatus in our freedom of movement and an abrupt halt to the economy.

Stepping back briefly, the outlook for global growth deteriorated over the summer months of 2019, reflected in bond yields reaching historical lows and negative returns from equities. However, the autumn signalled better economic data and removed some of the political uncertainty. The year came to a roaring close and equities recovered their earlier losses. Financial markets embraced the glad tidings brought by the promise of a first-phase resolution to the US-China trade war. Nearer to home, there was the landslide election of a Conservative government. Regardless of your politics, this event gave investors hope that we are nearing the end of economic uncertainty caused by the Brexit process. It also removed the threat of nationalisation of UK utility companies. Good tidings indeed, and against a backdrop of supportive monetary policy and contained inflation, equity markets rallied into the year-end.

US tariffs on China were scheduled to increase on 15 December. However, a phase one trade deal avoided that outcome and provided significant relief for equity markets. The fact that the US didn't additionally impose tariffs on European Union auto exports also helped support equities. How long the trade peace will last is anyone's guess, but the market ended the final quarter cheered that the worst case scenario for trade had, at least for now, been avoided.

So we entered 2020 riding high, after a year of extraordinary returns. We expected a far more subdued year ahead but foresaw a stable outlook. Markets quickly shrugged off a couple of days of heightened geopolitical risk after General Suleiman was killed by US forces in early January. However, soon after, news of a virus epidemic started to emerge from China. I'm sure many of you, like us, assumed it was an Asian problem, serious and sad but not something that would reach our shores. After all, SARS, MERS and others had left us relatively unscathed. How wrong we were. It would have been impossible to think at the start of this year that airports would be shut, road traffic would fall by over 80% or capital cities would empty. Neither would we expect goats to be roaming the deserted high streets of Llandudno and other major towns. Against this unrecognisable backdrop, the equity market highs reached in mid-February were followed by the most precipitous declines since the 1930s, for the US at least.
The western world followed China into economic and societal lockdown. Bond markets rapidly moved from panic, as liquidity dried up, to fear of missing out – FOMO frenzy – after governments stepped in. Within our investment universe, gilts provided the only positive return during this period.

The performance of different equity sectors was staggering during this period of volatility, as quality growth and defensives outperformed energy and finance by 20-30%. Healthcare, technology, consumer staples and utilities led the field, as investors rotated into what they perceived as most resilient for the dark days ahead. Energy faced not just a widespread and abrupt halt in demand but also the structural challenges of keeping global warming in check. If this wasn't challenging enough, March ended with the Russian, Saudi and US oil producers in a stand-off over production levels. Elsewhere, financials fell as interest rates found new depths and companies drew on their credit facilities.
This stretched the capital positions of some banks to levels requiring central bank support. It also put them in a position where regulators are dictating terms (i.e. dividend cuts). Not surprisingly, miners, industrials, real estate and consumer discretionary stocks underperformed, as investors factored in a deep recession ahead.

Equity markets rebounded in the second quarter of 2020 almost as rapidly as they fell in the first. Indeed, the US equity market recorded its best quarter since 1998 and the NASDAQ ended the period at a new high. Yet economists tell us we are facing the worst recession in generations. Large swathes of the economy still face considerable uncertainty and disruption, to the point that we talk of a 'new normal'.

You might rightly ask, 'how on earth does this reflect reality?' As nonsensical as this may appear, there is some rationale to support a rebound in risk assets, like equities. Firstly, the equity market is itself an indicator of the future. The values of individual stocks are fundamentally based on their future cash flows and their ability to create value. The lights were switched off for large parts of the economy in March and significant uncertainty persists in many areas. However, we have not been pitched into indefinite darkness. Investors are starting to see past the near-term disruption. Companies are providing increasing visibility on how

Investment Report
Continued

the pandemic has affected them and how they are adapting for the future. This has resulted in a broad range of outcomes. We cannot of course underestimate the societal impact of the coronavirus and life-changing impact it has had on many. However, from an investment perspective, visible data, no matter how bad, is better than speculation and the void of uncertainty we faced in March. Therefore, the headline equity market returns belie significant divergence in the performance of individual sectors, reflecting the broad range of resilience they have to COVID-19 and their outlooks.

Secondly, the pace and extent of the rally has been fuelled by unprecedented levels of monetary and fiscal stimulus. Across western economies, interest rates are at historic lows and central bank actions remains supportive. Meanwhile, governments have announced enormous stimulus packages that have helped to support income levels while economies have remained shut. Finally, as we are all aware, economies are gradually opening up. Even as I write, hairdressers and pubs in England are opening up for the first time in months. Throughout the quarter, investor sentiment was extraordinarily sensitive to this type of news, alongside falling infection rates. Both provided hope of a return to (a new) normality.

The scale of the rally surprised us. We anticipated a pullback at some point to reflect the significant uncertainty around the full fallout of the coronavirus pandemic. Questions remain around the pace of reopening, the impact of a second wave of infections and how quickly fiscal support will be rolled back? For this reason, we maintained exposure to risk assets but didn't actively increase it. Once again our quality, sustainable growth approach performed well relative to the benchmark. The focus on quality, resilient growth, which served our clients well in 2019, and in the market falls earlier this year, continues to drive returns. This was despite the rally being punctuated by periods in which lower-quality holdings, most sensitive to the economic cycle, led the market. These are the stocks that fell most earlier in the year, and are the types we typically avoid.

Performance

The fund ended the period +3.0%, which was 0.6% ahead of its performance target of 2.4%. In what was a very volatile period for financial markets being exposed to multiple asset classes helped the fund to generate a positive return and reduce volatility. The largest contributor to returns came from equities and alternatives but we also had material contributions from bonds and the funds derivative positions.

Over the past year the funds equity holdings generated a positive return of more than 2% on average, in a period where UK equities were down nearly 16% (FTSE All-Share total return) with world equities faring better up nearly 5% (FTSE World GBP total return). The big gainers were those companies less or positively impacted by the pandemic. As such the fund benefitted from holdings within the Technology, Utility and Consumer Services sectors whilst it took heavy losses in commodity sectors Oil & Gas and Basic Materials where economic weakness caused the underlying commodities to fall aggressively.

Technology was the best-performing sector globally over the period, led by hardware and semiconductors. These trade-sensitive markets benefited from the announcement of a phase-one trade agreement between the US and China. This news was positive for the positions in Taiwan Semiconductor Manufacturing (TSMC) and ASML. In addition, the accelerated rollout of 5G and subsequent upgrades to 5G penetration estimates was reflected in TSMC's increased capex guidance. Perhaps more pertinent to the performance of the broader technology sector, however, was the broad recognition that these stocks offer significant resilience given their growth is underpinned by structural trends, many of which accelerated during the pandemic. For example, cloud computing, remote working tools as well as longer term digital transformation plans.

Within Utilities, the fund continued to benefit from diversification into renewable energy, which resulted in positive stock selection of Enel, Ørsted and NextEra Energy. In addition, the overweight allocation to this relatively strong sector also added to the active return.

Whilst in consumer services it was the structural growth of ecommerce that drove returns. Before the pandemic accelerated this trend, Amazon.com grew by nearly 60% in the year. We added Chinese competitor Alibaba in the period and it was also a beneficiary of the same trends, whilst our voids in leisure and tourism which were rocked by the pandemic contributed to make consumer services a very strong sector for the fund.

Within alternatives our property holdings led the way. Avoiding retail and focusing on long term structural investment cases has proven a good approach. Our investments in supporting data infrastructure were particularly beneficial with mobile phone mast owner, American Tower, and data centre owner/operator, Equinix, both strong contributor as there structural growth is unabated by COVID. Logistics landlords; Segro and Prologis, have had continued

Investment Report
Continued

strong rent collection as many of their tenants continued to provide even more essential operations during the lockdowns. Our UK primary healthcare landlords (they own GP surgeries) have excellent tenants predominantly backed by the NHS and this assurance of rental income has led the companies to well supported high valuations. Outside of property the fund benefitted from good returns from its renewable infrastructure companies who continued to deliver attractive yields whilst its loan hedge fund holding Brevan Howard Global benefitted from the volatility in markets.

Turning to bonds government bonds delivered a positive return as yields found historical lows globally. The fund owns bonds issued by highly rated developed countries to act as safe havens and this came to pass in 2020. We had positive returns from issues by the US, the UK and Australia. Investment grade corporate bonds were able to keep pace whilst those higher risk segments emerging market debt and sub investment grade both were negative.

The fund employs derivative strategies to help hedge currency risk and to provide protection against large market falls. In 2020 our equity derivative strategies helped cushion losses and reduce the volatility in the fund.

Activity
During the period, we added a number of companies with strong structural growth investment cases. These included Ping An Insurance. Ping An generates nearly 80% of its profit from its insurance businesses. Its banking business and growing technology operations also make material contributions to profits. Programmes such as the one-child policy mean that China will soon be saddled with an aging population. In 2017, seniors made up 17% of the population at 240 million people. This will reach 250 million in 2020, and growing. We know this population is under-served by life insurance products. A recent survey (Tsinghua University) highlighted that only 9% had retirement plans in place, while 69% said they had not yet started planning. Ping An has 1.4 million sales agents on the ground in China, as well as innovative technology solutions. It is, therefore, incredibly well positioned to benefit from continued growth in demand.

We also introduced a position in Alibaba, a key beneficiary of the growth of e-commerce in China. Alibaba is the #1 player, with a 65% market share and operating several e-commerce platforms catering to different wealth brackets.

With the outbreak of the coronavirus and the sharp fall in the markets, we took the opportunity to initiate positions in certain stocks on our wish list.

One example was West Pharmaceuticals Services (WPS). This is a high-quality, mid-cap, US company that provides drug containment services. It works with global pharmaceutical companies to provide containers for the delivery of liquid-form drugs throughout their lifecycle, from trial to clinical use. WPS's containers need high technological specification to ensure the drugs they carry do not change composition over time or are affected by extreme conditions. Their use requires regulatory approval in the same way that the drugs they carry do, and significant patents protect the company's proprietary technology. All this creates high barriers to entry, yet the cost of its products is low (average 10c).

We also purchased Hermes International, another stock that historically merits a rich valuation. The luxury accessories and apparel retailer has a long heritage and very strong brand, which supports enduring pricing power. Another purchase was Alstom, the French industrial company that has transformed itself into one of the leading providers of rail equipment. The company should benefit from increasing urbanisation and shifting consumer sentiment towards greener modes of transport. It will also be supported by fiscal spend on infrastructure, the replacement of aging equipment and market liberalisation within the rail industry. The company has exited its legacy power business and bolstered its balance sheet.

In order to fund these purchases, we sold out of stocks in which we had less conviction or felt were vulnerable to the damage inflicted by the coronavirus. Schlumberger is a case in point. It is one of the leading players in oil field services, a sector we believe to now be under even greater structural pressure.

We increased the fund's exposure to investment grade and sub investment grade corporate bonds during the period as we looked to benefit from the market volatility seen in the first quarter of 2020. We took profits from government bond positions after they provided the diversification we owned them for.

Within alternatives we initiated positions in global leading logistics company Prologis and German Residential landlord, TAG Immobilien. We sold French office owner, Gecina, given the uncertainty of future office working practices.

Investment Report
Continued

Outlook
Although at an early stage, the global recovery from the pandemic is under way, leading to broad-based improvements in business and consumer confidence. As the relaxation of social distancing came earlier than we anticipated, we have revised up our 2020 growth forecasts. We expect the global economy to contract by approximately 7.4% this year, compared to the 10% contraction we anticipated at the end of the last quarter. The labour market fallout is also likely to be more moderate than we initially feared. Short-hours and furlough schemes have meant smaller increases in unemployment than otherwise implied by the sheer scale of the shutdown. However, we acknowledge that these schemes are likely to be providing a shield that is delaying an element of unemployment yet to come. Indeed, more recently, we have started to see a rise in unemployment as companies face bankruptcy, particularly in the travel, leisure and retail sectors.

Overall, we anticipate a healthy rebound in growth and expect the global economy to grow 7.8% in 2021 and 4.1% in 2022. We think inflation will remain muted in the short term. However, questions remain over its long-term outlook, given the increase in money supply created by the extraordinary levels of monetary and fiscal stimulus. Governments need to walk a narrow tightrope between opening economies quickly enough to support the expansion, but not so quickly as to invite a second wave of infections. This will be a fragile recovery. Therefore, we believe governments need to keep fiscal policy accommodative while rotating support towards spending that boosts long-term growth and social and environmental goals.

Relative to the economic outlook, both equity and credit markets have rallied strongly, fuelled by the unprecedented levels of stimulus. Volatility will likely remain a feature as investors digest coronavirus transmission rates and the ebb and flow of lockdown restrictions over the coming months, and the subsequent risk to the economic outlook. Companies will start to report their second-quarter earnings shortly, which will provide much-needed visibility of the full impact of the lockdown over this period. We will also see the costs required to maintain operations in the 'new normal' and how confident management teams are for the months ahead.

As highlighted, resilience is the bedrock of our quality, sustainable growth approach. We continue to engage with company management to understand the measures they are taking to remain resilient in such a fluid and uncertain environment. Rather than focus just on short-term market noise, we continue to concentrate on companies underpinned by long-term structural growth. We seek to identify businesses that will benefit from shifting trends, while avoiding those where change will be detrimental. Experience has taught us that companies that have strong balance sheets and can create value by generating cash flow in excess of their operational requirements, tend to generate stronger and more sustainable returns. In addition, they are usually better positioned to invest in their business and to distribute earnings to shareholders. As a result, these types of companies merit long-term positions in portfolios, regardless of shorter-term sentiment.

Risk and reward profile

Synthetic Risk & Reward Indicator

Lower risk Typically lower rewards						Higher risk Typically Higher rewards
1	2	3	**4**	5	6	7

This indicator reflects the volatility of the fund's unit price over the last five years which in turn reflects the volatility of the underlying assets in which the fund invests. Historical data may not be a reliable indication for the future.

The current rating is not guaranteed and may change if the volatility of the assets in which the fund invests changes. The lowest rating does not mean risk free.

The fund is rated as 4 because of the extent to which the following risk factors apply:

- The fund invests in securities which are subject to the risk that the issuer may default on interest or capital payments.
- The use of derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions, such as a failure amongst market participants. The use of derivatives may result in the fund being leveraged (where market exposure and thus the potential for loss by the fund exceeds the amount it has invested) and in these market conditions the effect of leverage will be to magnify losses.
- The fund invests in emerging market equities and / or bonds. Investing in emerging markets involves a greater risk of loss than investing in more developed markets due to, among other factors, greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The fund invests in equity and equity related securities. These are sensitive to variations in the stock markets which can be volatile and change substantially in short periods of time.
- The fund invests in high yielding bonds which carry a greater risk of default than those with lower yields.
- The fund price can go up or down daily for a variety of reasons including changes in interest rates, inflation expectations or the perceived credit quality of individual countries or securities.

All investment involves risk. This fund offers no guarantee against loss or that the fund's objective will be attained.

The price of assets and the income from them may go down as well as up and cannot be guaranteed; an investor may receive back less than their original investment.

Inflation reduces the buying power of your investment and income.

The value of assets held in the fund may rise and fall as a result of exchange rate fluctuations.

The fund could lose money if an entity (counterparty) with which it does business becomes unwilling or unable to honour its obligations to the fund.

In extreme market conditions some securities may become hard to value or sell at a desired price. This could affect the fund's ability to meet redemptions in a timely manner.

The fund could lose money as the result of a failure or delay in operational processes and systems including but not limited to third party providers failing or going into administration.

Comparative Tables

	2020 pence per unit	2019 pence per unit	2018 pence per unit
B Accumulation Units			
Change in net assets per unit			
Opening net asset value per unit	224.74	210.89	202.90
Return before operating charges*	9.88	16.13	10.24
Operating charges	(2.43)	(2.28)	(2.25)
Return after operating charges*	7.45	13.85	7.99
Distributions	(4.54)	(5.08)	(4.62)
Retained distributions on accumulation units	4.54	5.08	4.62
Closing net asset value per unit	232.19	224.74	210.89
* after direct transaction costs of:	0.12	0.13	0.34
Performance			
Return after charges	3.31%	6.57%	3.94%
Other information			
Closing net asset value (£'000)	601	162	182
Closing number of units	258,974	72,001	86,581
Operating charges	1.07%	1.08%	1.10%
Direct transaction costs	0.05%	0.06%	0.16%
Prices			
Highest unit price	235.9	226.7	211.5
Lowest unit price	198.5	199.6	197.7

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.

Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.

Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables
Continued

	2020 pence per unit	2019 pence per unit	2018 pence per unit
B Income Units			
Change in net assets per unit			
Opening net asset value per unit	159.35	153.10	150.64
Return before operating charges*	6.93	11.57	7.53
Operating charges	(1.70)	(1.66)	(1.66)
Return after operating charges*	5.23	9.91	5.87
Distributions	(3.17)	(3.66)	(3.41)
Closing net asset value per unit	161.41	159.35	153.10
* after direct transaction costs of:	0.08	0.10	0.25
Performance			
Return after charges	3.28%	6.47%	3.90%
Other information			
Closing net asset value (£'000)	199	524	95
Closing number of units	123,239	328,835	61,887
Operating charges	1.07%	1.08%	1.10%
Direct transaction costs	0.05%	0.06%	0.16%
Prices			
Highest unit price	165.7	162.7	155.5
Lowest unit price	139.4	144.9	145.4

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.

Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.

Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables
Continued

	2020 pence per unit	2019 pence per unit	2018 pence per unit
Z Units (Net Accumulation)			
Change in net assets per unit			
Opening net asset value per unit	71.08	66.17	63.16
Return before operating charges*	2.98	4.96	3.07
Operating charges	(0.05)	(0.05)	(0.06)
Return after operating charges*	2.93	4.91	3.01
Distributions	(2.00)	(2.13)	(1.95)
Retained distributions on accumulation units	2.00	2.13	1.95
Closing net asset value per unit	74.01	71.08	66.17
* after direct transaction costs of:	0.04	0.04	0.11
Performance			
Return after charges	4.12%	7.42%	4.77%
Other information			
Closing net asset value (£'000)	99,920	100,220	81,461
Closing number of units	135,010,137	140,997,090	123,116,312
Operating charges	0.07%	0.08%	0.10%
Direct transaction costs	0.05%	0.06%	0.16%
Prices			
Highest unit price	75.19	71.69	66.35
Lowest unit price	63.10	62.81	61.87

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.

Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.

Highest and Lowest prices are based on official published daily NAVs.

Comparative Tables
Continued

	2020 pence per unit	2019 pence per unit	2018 pence per unit
Z Units (Net Income)			
Change in net assets per unit			
Opening net asset value per unit	58.66	56.35	55.44
Return before operating charges*	2.44	4.15	2.67
Operating charges	(0.04)	(0.04)	(0.06)
Return after operating charges*	2.40	4.11	2.61
Distributions	(1.64)	(1.80)	(1.70)
Closing net asset value per unit	59.42	58.66	56.35
* after direct transaction costs of:	0.03	0.04	0.09
Performance			
Return after charges	4.09%	7.29%	4.71%
Other information			
Closing net asset value (£'000)	55,932	53,500	42,295
Closing number of units	94,122,845	91,202,791	75,057,256
Operating charges	0.07%	0.08%	0.10%
Direct transaction costs	0.05%	0.06%	0.16%
Prices			
Highest unit price	61.22	60.10	57.44
Lowest unit price	51.38	53.49	53.56

The closing net asset value (£'000) divided by the closing number of units may not calculate to the closing net asset value per unit (p) due to rounding differences. The published closing net asset value per unit (p) is based on unrounded values and represents the actual price.

The return after charges figures are based on the accounting NAV, as the financial statements are produced at a valuation point that is different from the published daily NAV.

Operating charges are expenses associated with the maintenance and administration of the fund on a day to day basis that are actually borne by the unit class.

Highest and Lowest prices are based on official published daily NAVs.

Portfolio Statement
as at 31 July 2020

Holding	Investment	Market value £'000	Percentage of total net assets
Bonds (21.58%)		**36,285**	**23.16**
Australian Dollar Denominated Bonds (1.81%)		**3,889**	**2.48**
Government Bonds (1.81%)		**3,889**	**2.48**
less than 5 years to maturity			
2,609,000	Australia (Commonwealth of) 2.25% 2022	1,490	0.95
between 5 and 10 years to maturity			
3,441,000	Australia (Commonwealth of) 4.75% 2027	2,399	1.53
Canadian Dollar Denominated Bonds (1.71%)		**1,492**	**0.95**
Government Bonds (1.71%)		**1,492**	**0.95**
less than 5 years to maturity			
2,559,000	Canadian (Govt of) 3.25% 2021	1,492	0.95
Euro Denominated Bonds (1.91%)		**4,468**	**2.85**
Corporate Bonds (1.91%)		**4,468**	**2.85**
less than 5 years to maturity			
338,000	Dufry One 2.5% 2024	233	0.15
424,000	Lincoln Financing 3.625% 2024	375	0.24
400,000	OCI 5% 2023	367	0.23
between 5 and 10 years to maturity			
375,000	Altice France 5.875% 2027	361	0.23
500,000	BBVA 3.5% 2027	498	0.32
400,000	CaixaBank 3.5% 2027	370	0.23
417,000	eircom 3.5% 2026	380	0.24
425,000	Intertrust Group 3.375% 2025	390	0.25
465,000	Intrum 3.5% 2026	388	0.25
415,000	Matterhorn Telecom 3.125% 2026	363	0.23
400,000	WMG Acquisition 3.625% 2026	373	0.24
Perpetual			
412,000	LeasePlan 7.375% Fixed to Floating Perpetual	370	0.24

Portfolio Statement
as at 31 July 2020
Continued

Holding	Investment	Market value £'000	Percentage of total net assets
Sterling Denominated Bonds (9.89%)		**16,581**	**10.59**
Corporate Bonds (8.90%)		**14,868**	**9.50**
less than 5 years to maturity			
378,000	Arrow Global 5.125% 2024	356	0.23
607,000	Barclays 10% 2021	649	0.41
730,000	BMW 0.875% 2022	732	0.47
200,000	British American Tobacco 1.75% 2021	202	0.13
301,000	Close Brothers 2.75% 2023	312	0.20
200,000	CYBG 3.125% 2025	197	0.13
751,000	Fidelity National Information Services 2.602% 2025	812	0.52
233,000	Lloyds Bank 7.625% 2025	293	0.19
200,000	Lloyds Banking Group 2.25% 2024	208	0.13
307,000	MetLife Global Funding I 1.125% 2021	309	0.20
78,000	National Grid Gas 4.1875% Index-Linked 2022	147	0.09
319,000	NatWest 5.125% 2024	369	0.24
140,000	Scottish Widows 5.5% 2023	153	0.10
400,000	TalkTalk 3.875% 2025	392	0.25
200,000	UBS 1.25% 2020	200	0.13
382,000	Verizon Communications 4.073% 2024	433	0.28
300,000	Virgin Media 6% 2025	271	0.17
between 5 and 10 years to maturity			
351,000	America Movil 5% 2026	428	0.27
154,000	Assura Financing 3% 2028	171	0.11
226,000	AT&T 4.375% 2029	275	0.18
150,000	Bank of America 7% 2028	215	0.14
200,000	British American Tobacco 2.125% 2025	207	0.13
200,000	HSBC 5.75% 2027	242	0.15
300,000	Severn Trent 3.625% 2026	345	0.22
200,000	Shaftesbury Chinatown 2.348% 2027	198	0.13
750,000	Tesco 2.75% 2030	803	0.51
between 10 and 15 years to maturity			
450,000	Barclays 3.25% 2033	496	0.32
622,000	Digital Stout 3.75% 2030	741	0.47
203,000	Experian 3.25% 2032	241	0.15
500,000	GlaxoSmithKline 5.25% 2033	751	0.48
295,000	Vodafone 5.9% 2032	436	0.28

Portfolio Statement
as at 31 July 2020
Continued

Holding	Investment	Market value £'000	Percentage of total net assets
between 15 and 25 years to maturity			
200,000	Aviva 6.125% 2036	239	0.15
170,000	Tesco 5.744% 2040	222	0.14
greater than 25 years to maturity			
253,000	Bromford Housing 3.125% 2048	334	0.21
200,000	Legal & General 5.375% 2045	226	0.14
385,000	NGG 5.625% Fixed to Floating 2073	442	0.28
138,000	Prudential 5% 2055	153	0.10
Perpetual			
800,000	BP Capital Markets 4.25% Fixed to Floating Perpetual	826	0.53
375,000	Credit Agricole 7.5% Fixed to Floating Perpetual	410	0.26
400,000	EDF 6% Fixed to Floating Perpetual	432	0.28
Government Bonds (0.99%)		**1,713**	**1.09**
between 15 and 25 years to maturity			
1,086,000	UK (Govt of) 3.25% 2044	1,713	1.09
US Dollar Denominated Bonds (6.26%)		**9,855**	**6.29**
Corporate Bonds (2.15%)		**5,042**	**3.22**
less than 5 years to maturity			
328,000	Charter Communications 4.464% 2022	266	0.17
258,000	Reynolds American 4% 2022	208	0.13
283,000	Symantec 5% 2025	222	0.14
between 5 and 10 years to maturity			
850,000	Activision Blizzard 3.4% 2026	741	0.47
330,000	BPCE 3.5% 2027	279	0.18
843,000	EOG Resources 4.375% 2030	782	0.50
805,000	Lockheed Martin 3.55% 2026	704	0.45
800,000	Sprint Spectrum 5.152% 2028	717	0.46
between 10 and 15 years to maturity			
488,000	Broadcom 4.15% 2030	418	0.27
24,000	SABMillar 6.625% 2033	25	0.02
between 15 and 25 years to maturity			
365,000	JobsOhio Beverage System 2.833% 2038	303	0.19
greater than 25 years to maturity			
453,000	Vodafone 6.25% 2078	377	0.24

Portfolio Statement
as at 31 July 2020
Continued

	Holding	Investment	Market value £'000	Percentage of total net assets
Government Bonds (4.11%)			**4,813**	**3.07**
less than 5 years to maturity				
	790,000	Saudi Arabia (Kingdom of) 4% 2025	673	0.43
	1,737,100	US Treasury 2.75% 2021	1,359	0.87
between 15 and 25 years to maturity				
	2,571,900	US Treasury 0.75% Index-Linked 2045	2,781	1.77
Equities (66.03%)			**97,615**	**62.32**
European Equities (13.87%)			**21,091**	**13.47**
Denmark (0.62%)			**1,396**	**0.89**
	12,788	Ørsted	1,396	0.89
France (2.51%)			**3,713**	**2.37**
	21,178	Alstom	901	0.58
	1,423	Hermes	880	0.56
	12,807	Schneider Electric	1,134	0.72
	12,511	Ubisoft Entertainment	798	0.51
Germany (0.47%)			**1,160**	**0.74**
	57,605	TAG Immobilien	1,160	0.74
Ireland (4.41%)			**6,676**	**4.26**
	8,585	Accenture	1,469	0.94
	8,612	Allegion	652	0.42
	39,946	CRH	1,106	0.70
	2,311,886	Greencoat Renewables++	2,541	1.62
	12,349	Medtronic	908	0.58
Italy (0.86%)			**1,342**	**0.86**
	192,730	Enel	1,342	0.86
Netherlands (1.58%)			**1,917**	**1.23**
	4,252	ASML	1,148	0.74
	389,335	Koninklijke KPN	769	0.49

Portfolio Statement
as at 31 July 2020
Continued

Holding	Investment	Market value £'000	Percentage of total net assets
Switzerland (3.42%)		**4,887**	**3.12**
28,759	BB Biotech	1,589	1.01
12,210	Nestle	1,105	0.71
15,608	Novartis	987	0.63
4,557	Roche	1,206	0.77
Japanese Equities (1.66%)		**1,986**	**1.27**
2,437	Canadian Solar Infrastructure Fund	1,986	1.27
North American Equities (12.01%)		**21,591**	**13.78**
Bermuda (0.17%)		**–**	**–**
United States (11.84%)		**21,591**	**13.78**
23,907	Activision Blizzard	1,505	0.96
1,115	Alphabet 'A'	1,264	0.81
565	Amazon.com	1,362	0.87
7,842	American Tower	1,562	1.00
32,837	Boston Scientific	965	0.61
152,612	Burford Capital++	819	0.52
29,707	Comcast	969	0.62
2,831	Equinix	1,693	1.08
6,787	Estee Lauder	1,022	0.65
15,891	First Republic Bank	1,361	0.87
4,625	Intuit	1,080	0.69
5,252	Mastercard	1,235	0.79
9,663	Microsoft	1,510	0.96
12,025	Procter & Gamble	1,201	0.77
21,488	Prologis	1,724	1.10
8,198	Visa	1,189	0.76
5,514	West Pharmaceutical Services	1,130	0.72
Pacific Basin Equities (2.23%)		**4,464**	**2.85**
Australia (0.59%)		**–**	**–**
China (0.00%)		**2,368**	**1.51**
7,139	Alibaba ADR	1,365	0.87
124,285	Ping An Insurance 'H'	1,003	0.64

Portfolio Statement
as at 31 July 2020
Continued

Holding	Investment	Market value £'000	Percentage of total net assets
Hong Kong (0.81%)		**973**	**0.62**
141,241	AIA	973	0.62
Taiwan (0.83%)		**1,123**	**0.72**
18,694	Taiwan Semiconductor Manufacturing ADR	1,123	0.72
UK Equities (36.26%)		**48,483**	**30.95**
Basic Materials (1.32%)		**1,893**	**1.21**
37,851	Johnson Matthey	847	0.54
18,851	Rio Tinto	1,046	0.67
Consumer Goods (2.11%)		**961**	**0.61**
339,408	Countryside Properties	961	0.61
Consumer Services (0.82%)		**931**	**0.59**
57,669	RELX	931	0.59
Financials (27.46%)		**40,283**	**25.72**
846,635	3i Infrastructure	2,451	1.56
1,145,098	Apax Global Alpha	1,818	1.16
2,432,191	Aquila European Renewables Income Fund	2,213	1.41
196,354	Ashmore	766	0.49
1,954,234	Assura	1,542	0.98
130,359	BH Global	2,360	1.51
1,862,915	Bluefield Solar Income Fund	2,487	1.59
2,413,574	CQS New City High Yield	1,159	0.74
1,769,954	Foresight Solar Fund	1,894	1.21
1,459,170	GCP Infrastructure	1,684	1.07
1,502,365	Greencoat UK Wind	2,196	1.40
2,221,450	Gresham House Energy Storage	2,599	1.66
932,877	HICL Infrastructure	1,564	1.00
2,000,000	Hipgnosis Songs	2,016	1.29
1,554,851	International Public Partnerships	2,534	1.62
396,016	John Laing	1,168	0.75
41,500	NB Distressed Debt Investment Fund	20	0.01
969,432	Primary Health Properties	1,489	0.95
76,803	Prudential	849	0.54

Portfolio Statement
as at 31 July 2020
Continued

Holding	Investment	Market value £'000	Percentage of total net assets
1,576,142	Renewables Infrastructure Group	2,093	1.34
180,822	Segro	1,752	1.12
2,101,057	Sequoia Economic Infrastructure Income	2,202	1.41
1,712,402	SQN Asset Finance Income Fund	444	0.28
1,500,000	Tufton Oceanic Assets	983	0.63
Health Care (2.25%)		**3,592**	**2.29**
77,004	Abcam ++	989	0.63
9,958	AstraZeneca	849	0.54
27,867	Dechra Pharmaceuticals	795	0.51
62,682	GlaxoSmithKline	959	0.61
Industrials (1.52%)		**823**	**0.53**
315,321	Smith (DS)	823	0.53
Oil & Gas (0.78%)		**–**	**–**
Exchange Traded Funds (0.56%)		**1,096**	**0.70**
7,202	ETFS Physical Gold	1,029	0.66
1,027	ETFS Physical Platinum	67	0.04
Collective Investment Schemes (7.91%)		**11,268**	**7.19**
1,246,079	BBGI SICAV	2,091	1.34
485,470	Neuberger Berman Emerging Markets Debt Local Currency I4 Inc	4,204	2.68
4,424,210	SLI Active Overlay SICAV+	4,973	3.17
Derivatives (-0.38%)		**905**	**0.58**
Exchange Traded Options (0.02%)		**531**	**0.34**
400	Buy PUT FTSE 100 INDEX 18/09/2020	620	0.40
(200)	Sell PUT FTSE 100 INDEX 18/09/2020	(89)	(0.06)

Portfolio Statement
as at 31 July 2020
Continued

Holding	Investment	Market value £'000	Percentage of total net assets
Forward Currency Contracts (-0.40%)		**374**	**0.24**
	Buy AUD 3,109,065 Sell GBP 1,646,477 04/08/2020	52	0.03
	Buy AUD 6,750,059 Sell GBP 3,742,840 04/08/2020	(54)	(0.03)
	Buy CAD 2,706,102 Sell GBP 1,573,139 04/08/2020	(34)	(0.02)
	Buy EUR 5,453,458 Sell GBP 4,969,273 04/08/2020	(56)	(0.04)
	Buy GBP 5,126,065 Sell AUD 9,859,125 04/08/2020	(261)	(0.17)
	Buy GBP 3,742,158 Sell AUD 6,750,059 09/10/2020	55	0.03
	Buy GBP 1,547,920 Sell CAD 2,706,102 04/08/2020	9	0.01
	Buy GBP 1,572,821 Sell CAD 2,706,102 09/10/2020	34	0.02
	Buy GBP 4,771,066 Sell EUR 5,453,458 04/08/2020	(142)	(0.09)
	Buy GBP 4,974,464 Sell EUR 5,453,458 09/10/2020	55	0.04
	Buy GBP 13,763,408 Sell USD 16,991,978 04/08/2020	817	0.52
	Buy GBP 11,837,982 Sell USD 15,219,384 09/10/2020	247	0.16
	Buy USD 1,772,594 Sell GBP 1,451,175 04/08/2020	(101)	(0.06)
	Buy USD 15,219,384 Sell GBP 11,842,579 04/08/2020	(247)	(0.16)
Total investment assets and liabilities		147,169	93.95
Net other assets		9,483	6.05
Total Net Assets		**156,652**	**100.00**

All investments (excluding OTC derivatives) are listed on recognised stock exchanges and are approved securities, regulated collective investment schemes or approved derivatives within the meaning of the FCA rules.

The percentage figures in brackets show the comparative holding as at 31 July 2019.

+ Managed by subsidiaries of Standard Life Aberdeen plc.

++ AIM listed.

Financial Statements

Statement of Total Return
for the year ended 31 July 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Income:					
Net capital gains	2		1,395		6,482
Revenue	3	4,680		4,958	
Expenses	4	(45)		(48)	
Interest payable and similar charges		(2)		–	
Net revenue before taxation		4,633		4,910	
Taxation	5	(417)		(423)	
Net revenue after taxation			4,216		4,487
Total return before distributions			**5,611**		**10,969**
Distributions	6		(4,216)		(4,487)
Change in net assets attributable to unitholders from investment activities			**1,395**		**6,482**

Statement of Change in Net Assets Attributable to Unitholders
for the year ended 31 July 2020

	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Opening net assets attributable to unitholders		154,406		124,033
Amounts receivable on the issue of units	29,025		43,027	
Amounts payable on the cancellation of units	(30,896)		(22,253)	
		(1,871)		20,774
Dilution levy		35		105
Change in net assets attributable to unitholders from investment activities (see above)		1,395		6,482
Retained distribution on accumulation units		2,687		3,012
Closing net assets attributable to unitholders		**156,652**		**154,406**

Financial Statements
Continued

Balance Sheet
as at 31 July 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Assets:					
Fixed assets:					
Investment assets			148,153		148,439
Current assets:					
Debtors	7	1,631		933	
Cash and bank balances	8	9,204		7,303	
			10,835		8,236
Total assets			158,988		156,675
Liabilities:					
Investment liabilities			(984)		(668)
Creditors	9	(563)		(737)	
Distribution payable		(789)		(864)	
			(1,352)		(1,601)
Total liabilities			(2,336)		(2,269)
Net assets attributable to unitholders			**156,652**		**154,406**

Notes to the Financial Statements

1 Accounting Policies

a. Basis of preparation

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

The Manager has considered the impact of the emergence and spread of COVID-19 and potential implications on future operations of the fund of reasonably plausible downside scenarios. The Manager has undertaken a detailed assessment, and continues to monitor, the fund's ability to meet its liabilities as they fall due, including liquidity, declines in global capital markets and investor redemption levels. Based on this assessment, the fund continue to be open for trading and the Manager is satisfied the fund has adequate financial resources to continue in operation and accordingly it is appropriate to adopt the going concern basis in preparing the financial statements.

b. Valuation of investments

Listed investments have been valued at fair value as at the close of business on 31 July 2020. The SORP defines fair value as the market value of each security, in an active market, this is generally the quoted bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the Managers best estimate of the amount that would be received from an immediate transfer at arm's length. The Manager has appointed a FVP committee to review valuations.

Collective Investment Schemes are valued by reference to their net asset value. Dual priced funds have been valued at the bid price. Single priced funds have been valued using the single price.

Any open positions in derivative contracts or forward foreign currency transactions at the year-end are included in the Balance Sheet at their mark to market value.

c. Foreign Exchange

Assets and liabilities denominated in foreign currencies are translated into Sterling at the prevailing exchange rates as at the close of business on the reporting date.

Foreign currency transactions are translated at the rates of exchange ruling on the date of such transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

d. Dilution

In certain circumstances (as detailed in the Prospectus) the Manager may apply a dilution adjustment on the issue or cancellation of units, which is applied to the capital of the fund on an accruals basis. The adjustment is intended to protect existing investors from the costs of buying or selling underlying investments as a result of large inflows or outflows from the fund.

e. Revenue

Overseas dividends are grossed up at the appropriate rate of withholding tax and the tax consequences are shown within the tax charge.

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

Accumulation distributions from shares held in collective investment schemes are reflected as revenue and form part of the distribution.

Notes to the Financial Statements
Continued

1 Accounting Policies (continued)

Equalisation received from distributions or accumulations on units or shares in underlying investments is treated as capital and deducted from the cost of the investment.

Revenue from offshore funds is recognised when income is reported by the offshore fund operator.

Interest on bank deposits is recognised on an accruals basis.

Interest from short-term deposits is recognised on an accruals basis.

Interest on debt securities is recognised on an accruals basis.

Interest from debt securities is recognised as revenue using the effective interest method. The purchase price of the asset, the yield expectation and scheduling of payments, are all part of this calculation. Callable bonds are calculated on a yield to worst expectation generally, which may not match other calculations. Convertible bonds are excluded from a true effective interest calculation owing to the unavailability of option values for the conversion rate.

Stock dividends are recognised as revenue when they are quoted ex dividend. In the case of enhanced stock dividends, the value of the enhancement is recognised as capital.

Special dividends may be treated as repayments of capital or as revenue dependent on the facts of the particular case. Where receipt of a special dividend results in a significant reduction in the capital value of the holding, then the special dividend will be recognised as capital so as to ensure that the matching principle is applied to gains and losses. Otherwise, the special dividends are recognised as revenue.

Underwriting commission is taken to revenue and recognised when the issue takes place, except where the fund is required to take up all or some of the units underwritten in which case an appropriate proportion of the commission received is deducted from the cost of the relevant units.

f. Expenses

All expenses other than those relating to the purchase and sale of investments are charged against revenue on an accruals basis in the Statement of Total Return.

Expenses relating to the purchases of investments are charged to the cost of investment and expenses relating to the sales of investments are deducted from the proceeds on sales.

Notes to the Financial Statements
Continued

1 Accounting Policies (continued)

g. Taxation
Provision is made for corporation tax at the current rate on the excess of taxable income over allowable expenses.

Overseas dividends are disclosed gross of any foreign tax suffered and the tax element is separately disclosed in the taxation note.

The tax accounting treatment follows that of the principal amount, with charges or reliefs allocated using the marginal basis regardless of any alternative treatment that may be permitted in determining the distribution.

Any windfall overseas tax reclaims received are netted off against irrecoverable overseas tax and therefore the irrecoverable overseas tax line in the taxation note may be negative.

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

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

h. Distributions
All of the net revenue available for distribution at the year end will be distributed. Where the fund has accumulation unitholders, this will be reinvested. Where the fund has income unitholders, this will be paid.

Gains and losses on non-derivative investments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution. Cash flows associated with derivative transactions are allocated between the revenue and capital property of the fund according to the motives and circumstances of the particular derivative strategy. The investment manager articulates the motives and circumstances underlying the derivative strategy and the Manager assesses these in association with financial reporting constraints enshrined within the SORP to allocate the cash flows accordingly.

i. Equalisation
Equalisation appears within the fund report as part of the distribution. This represents the net revenue in the fund's unit price attached to the issue and cancellation of units. It will form part of any distributions at the period end attributable to unitholders.

j. Derivatives
The fund may enter into permitted transactions such as derivative contracts or forward foreign currency transactions. Where the transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the Statement of Total Return. Where the transactions are undertaken to protect or enhance investments, the gains/losses are treated as capital and included within gains/losses on investments in the Statement of Total Return.

Notes to the Financial Statements
Continued

2 Net Capital Gains

	2020 £'000	2019 £'000
Non-derivative securities	(243)	7,993
Derivative contracts	910	(261)
Forward currency contracts	858	(1,272)
Other (losses)/gains	(118)	33
Transaction charges	(12)	(11)
Net capital gains	1,395	6,482

3 Revenue

	2020 £'000	2019 £'000
Bank and margin interest	44	49
Income from Overseas Collective Investment Schemes		
Unfranked income	409	459
Interest on debt securities	945	945
Overseas dividends	1,172	1,254
Overseas REIT	58	78
UK dividends	1,963	2,057
UK REIT	89	116
Total revenue	4,680	4,958

4 Expenses

	2020 £'000	2019 £'000
Payable to the Manager, associates of the Manager and agents of either of them:		
Manager's periodic charge	5	3
Registration fees	1	1
	6	4
Payable to the Trustee or associates of the Trustee, and agents of either of them:		
Safe custody fee	7	8
Trustee fees	19	26
	26	34
Other:		
Audit fee	12	10
Professional fees	1	–
	13	10
Total expenses	45	48

Irrecoverable VAT is included in the above expenses where relevant.

Notes to the Financial Statements
Continued

5 Taxation

	2020 £'000	2019 £'000
(a) Analysis of charge in year		
Corporation tax	300	321
Double taxation relief	(9)	(14)
Overseas taxes	126	117
Total current tax	417	424
Deferred tax (note 5(c)	–	(1)
Total taxation (note 5b)	417	423

(b) Factors affecting current tax charge for the year
The tax assessed for the year is less than the standard rate of corporation tax in the UK for authorised Unit Trusts (20%). The differences are explained below:

	2020 £'000	2019 £'000
Net revenue before taxation	4,633	4,910
Corporation tax at 20% (2019: 20%)	927	982
Effects of:		
Revenue not subject to taxation	(627)	(662)
Overseas taxes	126	117
Double taxation relief	(9)	(14)
Total tax charge for year (note 5a)	417	423

Authorised Unit Trusts are exempt from tax on capital gains in the UK. Therefore, any capital gain is not included in the above reconciliation.

	2020 £'000	2019 £'000
(c) Deferred tax		
Deferred tax charge at the start of the year	–	1
Deferred tax charge in statement of total return for year (note 5a)	–	(1)
Provision at the end of the year	–	–

(d) Factors that may affect future tax charge
At the year end there are no surplus expenses and therefore no deferred tax asset in the current or prior year.

Notes to the Financial Statements
Continued

6 Distributions

The distributions takes account of income received on the creation of units and income deducted on the cancellation of units and comprise:

	2020 £'000	2019 £'000
Interim distribution	2,069	2,152
Final distribution	2,183	2,448
	4,252	4,600
Add: Income deducted on cancellation of units	193	216
Deduct: Income received on issue of units	(229)	(329)
Net distribution for the year	4,216	4,487

Details of the distribution per unit are set out in this fund's distribution tables.

7 Debtors

	2020 £'000	2019 £'000
Accrued revenue	615	658
Amounts receivable from the Manager for the issue of units	169	264
Overseas withholding tax recoverable	11	11
Sales awaiting settlement	836	–
Total debtors	1,631	933

8 Liquidity

	2020 £'000	2019 £'000
Cash and bank balances		
Cash at bank	606	292
Cash at broker	5	134
Deposits with original maturity of less than 3 months	8,593	6,877
	9,204	**7,303**
Net Liquidity	**9,204**	**7,303**

Notes to the Financial Statements
Continued

9 Creditors

	2020 £'000	2019 £'000
Accrued expenses payable to the Manager	1	1
Accrued expenses payable to the Trustee or associates ofthe Trustee	4	2
Amounts payable to the Manager for cancellation of units	48	593
Corporation tax payable	138	129
Other accrued expenses	11	12
Purchases awaiting settlement	361	–
Total creditors	563	737

10 Related Party Transactions

Aberdeen Standard Fund Managers Limited, as Manager, is a related party and acts as principal in respect of all transactions of units in the fund.

The aggregate monies received through issue and paid on cancellation of units are disclosed in the statement of change in net assets attributable to unitholders.

Any amounts due from or due to Aberdeen Standard Fund Managers Limited at the end of the accounting year are disclosed in notes 7 and 9.

Amounts payable to Aberdeen Standard Fund Managers Limited, in respect of periodic charge and registration services, are disclosed in note 4 and any amounts due at the year end in note 9.

11 Portfolio Transaction Costs

There are no transaction costs associated with the purchases or sales of bonds and derivatives during the year, or in the prior year.

Bonds are dealt on a spread agreed between buyer and seller with reference to the expected cashflows and current credit profiles.

Collective investments operate within the terms of the offer document or prospectus. Typically we do not invest into funds that require an initial charge to be made. The underlying price may contain an estimation of cost known as a dilution levy which is applied from time to time.

Derivatives are dealt on a spread agreed between buyer and seller with reference to the underlying investment.

	Purchases		Sales	
Trades in the year	**2020 £'000**	**2019 £'000**	**2020 £'000**	**2019 £'000**
Bonds	11,827	9,010	9,412	6,599
Equities	27,010	43,652	30,068	33,301
Collective investment schemes	391	23,493	1,826	23,343
Corporate actions	277	771	–	93
Trades in the year before transaction costs	**39,505**	**76,926**	**41,306**	**63,336**

Notes to the Financial Statements
Continued

11 Portfolio Transaction Costs (continued)

Trades in the year	Purchases 2020 £'000	Purchases 2019 £'000	Sales 2020 £'000	Sales 2019 £'000
Commissions				
Equities	15	17	(21)	(21)
Collective investment schemes	–	2	(2)	(1)
Total commissions	**15**	**19**	**(23)**	**(22)**
Taxes				
Equities	39	44	–	(2)
Total taxes	**39**	**44**	**–**	**(2)**
Total transaction costs	**54**	**63**	**(23)**	**(24)**
Total net trades in the year after transaction costs	**39,559**	**76,989**	**41,283**	**63,312**

	Purchases 2020 %	Purchases 2019 %	Sales 2020 %	Sales 2019 %
Total transaction costs expressed as a percentage of asset type cost				
Commissions				
Equities	0.05	0.04	0.07	0.06
Collective investment schemes	–	–	0.09	–
Taxes				
Equities	0.15	0.10	–	0.01

	2020 %	2019 %
Total transaction costs expressed as a percentage of net asset value		
Commissions	0.02	0.03
Taxes	0.03	0.03

At the balance sheet date the average portfolio dealing spread (i.e. the spread between bid and offer prices expressed as a percentage of the offer price) was 0.47% (2019: 0.44%), this is representative of the average spread on the assets held during the year.

12 Units in issue reconciliation

	Opening units 2019	Creations during the year	Cancellations during the year	Conversions during the year	Closing units 2020
B Accumulation Units	72,001	–	(30,075)	217,048	258,974
B Income Units	328,835	186	(311,264)	105,482	123,239
Z Units (Net Income)	91,202,791	15,835,308	(12,629,047)	(286,207)	94,122,845
Z Units (Net Accumulation)	140,997,090	27,761,607	(33,066,046)	(682,514)	135,010,137

Notes to the Financial Statements
Continued

13 Fair Value Hierarchy

The three levels of the fair value hierarchy under FRS 102 are described below:

Level 1: Unadjusted quoted market prices in active markets that are accessible at the measurement date for the identical unrestricted assets or liabilities.

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

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

Fair value of investment assets	2020 £'000 Level 1	2020 £'000 Level 2	2020 £'000 Level 3	2019 £'000 Level 1	2019 £'000 Level 2	2019 £'000 Level 3
Bonds	7,648	28,637	–	9,812	23,508	–
Equities	98,711	–	–	101,954	870	–
Collective Investment Schemes	2,091	9,177	–	–	12,221	–
Derivatives	620	1,269	–	74	–	–
Total investment assets	109,070	39,083	–	111,840	36,599	–
Fair value of investment liabilities						
Derivatives	(89)	(895)	–	(43)	(625)	–
Total investment liabilities	(89)	(895)	–	(43)	(625)	–

14 Risk Management Policies and Disclosures

The risks inherent in the fund's investment portfolio are as follows:

Foreign currency risk

Fluctuations in the foreign exchange rates can adversely affect the value of a portfolio. The following table details the net exposure to the principal foreign currencies that the fund is exposed to including any instruments used to hedge against foreign currencies, if applicable.

	Net foreign currency exposure 2020 £'000	2019 £'000
Currency		
Australian Dollar	1,307	2,004
Canadian Dollar	(39)	(25)
Danish Krone	1,400	965
Euro	13,872	13,924
Hong Kong Dollar	1,976	1,245
Japanese Yen	2,046	2,645
Swiss Franc	4,887	5,288
US Dollar	27,535	22,469
Total	**52,984**	**48,515**

Notes to the Financial Statements
Continued

14 Risk Management Policies and Disclosures (continued)

Interest rate risk

Interest rate risk is an unfavourable change in interest rates that can affect the price of a security, which in turn results in the portfolio experiencing a loss. Interest rate changes not only affect fixed income products but have material impacts on funding arrangements and other asset types.

The following table shows separately the value of investments at fixed interest rates, at variable rates and those that are non-interest bearing instruments.

The interest rate risk profile of the fund's investments at the year end consists of:

	Floating rate financial assets £'000	Fixed rate financial assets £'000	Financial assets/ (liabilities) not carrying interest £'000	Total £'000
2020				
Currency				
UK Sterling	8,749	16,437	78,482	103,668
Australian Dollar	29	3,889	(2,611)	1,307
Canadian Dollar	–	1,492	(1,531)	(39)
Danish Krone	–	–	1,400	1,400
Euro	327	4,466	9,080	13,873
Hong Kong Dollar	–	–	1,976	1,976
Japanese Yen	–	–	2,046	2,046
Swiss Franc	–	–	4,887	4,887
US Dollar	3,026	7,074	17,434	27,534
Total	**12,131**	**33,358**	**111,163**	**156,652**
2019				
Currency				
UK Sterling	10,167	12,135	83,589	105,891
Australian Dollar	796	2,009	(801)	2,004
Canadian Dollar	–	2,636	(2,661)	(25)
Danish Krone	–	–	965	965
Euro	400	2,557	10,967	13,924
Hong Kong Dollar	–	–	1,245	1,245
Japanese Yen	–	–	2,645	2,645
Swiss Franc	–	–	5,288	5,288
US Dollar	3,282	6,641	12,546	22,469
Total	**14,645**	**25,978**	**113,783**	**154,406**

Notes to the Financial Statements
Continued

14 Risk Management Policies and Disclosures (continued)

Other price risk

The fund's investment portfolio is exposed to market price fluctuations which are monitored by the Investment Advisor in pursuance of the investment objectives and policies. Adherence to investment guidelines and to investment and borrowing powers mitigate the risk of excessive exposure to any particular type of security or issuer.

An increase or decrease in market values will therefore have a direct effect on the value of the investment assets in the portfolio and therefore a proportionate effect on the value of the fund.

The table below indicates the VaR of the fund's financial instruments, measured as the potential 5 day loss in value from adverse changes in equity prices, interest rates, inflation and foreign currency exchange rates, with a 99 percent confidence level. Calculated on this basis, the table indicates that the net value of the fund's financial assets and liabilities could be expected to change by more than the stated amount on only two days out of 200, in response to either price, interest rate, inflation or foreign currency exchange rate changes.

2020	Minimum	Maximum	Average
VaR 99% 1 Month	3.24%	5.08%	4.08%

2019	Minimum	Maximum	Average
VaR 99% 1 Month	3.23%	3.98%	3.62%

At the year end date, there was a 1% chance of the portfolio value falling (or rising) more than 5.08%, 7,476,000 (2019: 3.98%, 5,881,000) in a one month period.

This calculation is generally determined by the use of an industry recognised medium term risk model, typically based on 3–5 year history. The method assumes normal market conditions and that the portfolio remains unchanged.

Counterparty risk

Credit quality of debt security investment assets

The following table shows the credit quality of the part of the investment portfolio that is invested in debt securities.

	Market value £'000	Percentage of total net assets %
2020		
Investment grade securities	30,233	19.30%
Below investment grade securities	5,854	3.73%
Unrated securities	198	0.13%
Total Value of Securities	36,285	23.16%

	Market value £'000	Percentage of total net assets %
2019		
Investment grade securities	27,323	17.71%
Below investment grade securities	5,309	3.43%
Unrated securities	688	0.44%
Total Value of Securities	33,320	21.58%

Investment grade information used in the above table is based on credit ratings issued by market vendors.

Notes to the Financial Statements
Continued

14 Risk Management Policies and Disclosures (continued)

Financial derivatives instrument risk

These types of transaction can introduce market exposure greater than the market value of the instrument. These transactions exchange benefits with a third party at a future date creating both counterparty and concentration risk. The Investment Adviser's policies for managing these risks are outlined in the fund's prospectus.

At the balance sheet date the fund had the following exposures:

2020 Counterparty or clearer	Swaps £'000	Options £'000	Futures £'000	Forward Currency Contracts £'000	Mark to Market Exposure Total £'000	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Total by Counterparty £'000
Barclays	–	–	–	675	675	–	–	675
Deutsche Bank	–	–	–	1	1	–	–	1
Goldman Sachs	–	531	–	–	531	–	–	531
Societe Generale	–	–	–	(1)	(1)	–	–	(1)
StateStreet	–	–	–	(101)	(101)	–	–	(101)
UBS	–	–	–	(200)	(200)	–	–	(200)
Total	–	531	–	374	905	–	–	905

2019 Counterparty or clearer	Swaps £'000	Options £'000	Futures £'000	Forward Currency Contracts £'000	Mark to Market Exposure Total £'000	Collateral (held)/ pledged £'000	Margin at clearing broker £'000	Total by Counterparty £'000
BNP Paribas	–	–	–	(129)	(129)	–	–	(129)
Goldman Sachs	–	31	–	–	31	–	–	31
UBS	–	–	–	(496)	(496)	–	–	(496)
Total	–	31	–	(625)	(594)	–	–	(594)

The total mark to market exposure is the sum of the notional derivative contracts on a gross basis with no offsetting.

Margin exchanged and collateral held or pledged is in the form of high quality assets e.g. cash/gilts. Positions are fully collateralised at all times. Restrictions are placed on the right of either party to reuse collateral assets.

Notes to the Financial Statements
Continued

14 Risk Management Policies and Disclosures (continued)

Liquidity risk

The following table provides a maturity analysis of the fund's financial liabilities on a contractual basis.

2020	On demand £'000	Up to one year £'000	Over one year but not more than five years £'000	Over five years £'000	Total £'000
Derivatives					
Investment liabilities	–	(984)	–	–	(984)
Non-derivatives					
Other creditors	–	(563)	–	–	(563)
Distribution payable	–	(789)	–	–	(789)
Total financial liabilities	**–**	**(2,336)**	**–**	**–**	**(2,336)**

2019	On demand £'000	Up to one year £'000	Over one year but not more than five years £'000	Over five years £'000	Total £'000
Derivatives					
Investment liabilities	–	(668)	–	–	(668)
Non-derivatives					
Other creditors	–	(737)	–	–	(737)
Distribution payable	–	(864)	–	–	(864)
Total financial liabilities	**–**	**(2,269)**	**–**	**–**	**(2,269)**

15 Subsequent Events

Since the year end, markets and operations have continued to be disrupted by the effects of the COVID-19 pandemic. Since the year end the NAV per unit class has increased by 2.46% (to 19 October 2020). Contingency plans at the Manager and key service suppliers have proven effective in mitigating the effects on management of the portfolio and on all supporting operations.

Distribution Tables

For the year ended 31 July 2020 (in pence per unit)

Interim dividend distribution

Group 1 – units purchased prior to 1 August 2019

Group 2 – units purchased between 1 August 2019 and 31 January 2020

	Revenue	Equalisation	Distribution paid 24/03/20	Distribution paid 22/03/19
B Accumulation Units				
Group 1	2.1698	–	2.1698	2.3710
Group 2	2.1698	–	2.1698	2.3710
B Income Units				
Group 1	1.5405	–	1.5405	1.7209
Group 2	1.0102	0.5303	1.5405	1.7209
Z Units (Net Accumulation)				
Group 1	0.9752	–	0.9752	0.8576
Group 2	0.4672	0.5080	0.9752	0.8576
Z Units (Net Income)				
Group 1	0.8049	–	0.8049	1.0081
Group 2	0.3050	0.4999	0.8049	1.0081

Final dividend distribution

Group 1 – units purchased prior to 1 February 2020

Group 2 – units purchased between 1 February 2020 and 31 July 2020

	Revenue	Equalisation	Distribution paid 22/09/20	Distribution paid 20/09/19
B Accumulation Units				
Group 1	2.3722	–	2.3722	2.7059
Group 2	2.3722	–	2.3722	2.7059
B Income Units				
Group 1	1.6246	–	1.6246	1.9422
Group 2	0.9619	0.6627	1.6246	1.9422
Z Units (Net Accumulation)				
Group 1	1.0280	–	1.0280	1.2200
Group 2	0.4123	0.6157	1.0280	1.2200
Z Units (Net Income)				
Group 1	0.8364	–	0.8364	0.9408
Group 2	0.4282	0.4082	0.8364	0.9408

Equalisation

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

Remuneration (unaudited)

Remuneration Policy
The Standard Life Aberdeen plc Remuneration Policy applies with effect from 1 January 2018. The purpose of the Standard Life Aberdeen plc Remuneration Policy (the "Policy") is to document clearly the remuneration policies, practices and procedures of Standard Life Aberdeen. It has been approved by the Standard Life Aberdeen plc Remuneration Committee and is subject to the Remuneration Committee's annual review. The Policy applies to employees of the Standard Life Aberdeen group of companies ("SLA").

The Management Company, Aberdeen Standard Fund Managers Limited is authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") and is a wholly owned subsidiary of Standard Life Aberdeen plc.

The Remuneration Committee of Standard Life Aberdeen plc adopted a UCITS V Remuneration Policy to ensure that the requirements of the Undertakings for Collective Investment Transferrable Securities V Directive (UCITS V) are fully adhered to by the group. This policy applies to Aberdeen Standard Fund Managers Limited and the UCITS Funds it manages. This policy is available on request.

Remuneration Principles
SLA applies Group wide principles for remuneration policies, procedures and practices ensuring that remuneration design and the basis for awards will be clear, transparent and fair, in line with business strategy, objectives, culture, values and long term interests of SLA. Remuneration policies, procedures and practices should be consistent with and promote good conduct which includes sound and effective risk management and not encourage risk taking that exceeds the level of tolerated risk of SLA. Total variable remuneration will be funded through pre-agreed distribution metrics. Where SLA's financial performance is subdued or negative, total variable remuneration should generally be contracted, taking into account both current remuneration and reductions in pay-outs of amounts previously granted and having regard for SLA's long term economic viability.

In addition to applying the SLA wide principles above, Aberdeen Standard Investments ("ASI") applies a number of additional principles including the following, when determining remuneration for employees:

a) Remuneration should be competitive and reflect both financial, non-financial and personal performance;

b) Our remuneration design will align the interests of employees, shareholders and importantly our clients/customers;

c) Our remuneration structure will reward delivery of results over appropriate time horizons and will include deferred variable compensation at an appropriate level for the employee's role;

d) We will provide an appropriate level of fixed remuneration to balance risk and reward.

Governance and Regulatory Compliance
The Remuneration Committee is made up of independent non-executive directors and makes recommendations to the Board of Standard Life Aberdeen plc (the "Board") to assist it with its remuneration related duties. The Chief People Officer of Standard Life Aberdeen is responsible for ensuring the implementation of the Policy in consultation with the Remuneration Committee as well as other members of the Executive Committee ("Executive Body") (as defined by the Board), if appropriate.

Financial and non-financial criteria
Variable remuneration is based on a rounded assessment of Group, Divisional and individual performance. When assessing individual performance, financial as well as non-financial criteria are taken into account. Individual performance is based on the individual's appraisal, which includes an employee's compliance with controls and applicable company standards including the Group's Code of Ethics, including Treating Customers Fairly and Conduct Risk.

Conflicts of interest
The Conflicts of Interest Policy is designed to avoid conflicts of interest between SLA and its clients. This Policy prohibits any employee from being involved in decisions on their own remuneration. Furthermore, all employees are required to adhere to SLA's Global Code of Conduct, which encompasses conflicts of interest.

Remuneration (unaudited)
Continued

The Policy should, at all times, adhere to local legislation, regulations or other provisions. In circumstances or in jurisdictions where there is any conflict between the Policy and local legislation, regulations or other provisions, then the latter will prevail.

Remuneration Framework
Employee remuneration is composed principally of fixed and variable elements of reward as follows:

a) Fixed reward (fixed remuneration: salary (and cash allowances, if appropriate); and Benefits (including pension).

b) Variable reward (bonus, a proportion of which may be subject to retention or deferral depending on role and regulatory requirements) and senior employees may also be awarded a long-term incentive award).

Appropriate ratios of fixed: variable remuneration will be set to as to ensure that:

a) Fixed and variable components of total remuneration are appropriately balanced and

b) The fixed component is a sufficiently high proportion of total remuneration to allow Standard Life Aberdeen to operate a fully flexible policy on variable remuneration components, including paying no variable remuneration component.

Fixed Remuneration	Base salary provides a core reward for undertaking the role, where appropriate, and depending on the role, geographical or business market variances or other indicators, additional fixed cash allowances may make up a portion of fixed remuneration.
Benefits	Benefits are made up of: core benefits, which are provided to all employees; and extra voluntary benefits that may be chosen by certain employees and which may require contribution through salary sacrifice or other arrangements. Extra voluntary benefits are designed to support the health and wellbeing of employees through enabling individual selection based on lifestyle choices. Standard Life Aberdeen will ensure that the core and voluntary employee benefits policies are in line with relevant market practice, its views on managing its business risk objectives, culture and values and long-term interests and local requirements.
Pension	Standard Life Aberdeen's pension policies (which consist of defined contribution plans and legacy defined benefit plans) are in line with legislative requirements, governance structures and market practice, and reflect Standard Life Aberdeen's long-term views on risk and financial volatility, its business objectives, culture and values and long-term interests and local requirements. In certain circumstances, SLA may offer a cash allowance in lieu of any pension arrangement.
Annual Performance Bonus Awards	Employees who have been employed during a performance year (1 January to 31 December) may be eligible to be considered for an annual bonus in respect of that year. Eligibility criteria for an annual bonus are set out in the rules of the relevant bonus plan and/or contract of employment, as appropriate. The bonus plan in place is designed to reward performance in line with the business strategy, objectives, culture and values, long term interests and risk appetite of SLA. All Executive Directors are awarded bonuses under a SLA bonus plan as detailed in the Directors' Remuneration Report.
Other variable Pay Plans	Selected employees may participate in other variable pay plans, for example, performance fee share arrangements, where it is appropriate for their role or business unit. These plans operate under the overarching remuneration principles that apply across the group and, where appropriate, are also subject to specific principles governing incentives and are compliant with the requirements of any applicable regulatory standards.

Clawback/Malus
A clawback/malus principle applies to the variable pay plan. This enables the Remuneration Committee to seek to recoup the deferred amount of any unvested variable pay, in the exceptional event of misstatement or misleading representation of performance; a significant failure of risk management and control; or serious misconduct by an individual.

Remuneration (unaudited)
Continued

Guaranteed Variable Remuneration
Guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of service.

UCITS V Identified Staff
Staff considered UCITS V Identified Staff are those categories of staff whose professional activities have a material impact on the decision making profiles of the Management Company or the UCITS Funds that the Management Company manages.

UCITS V identified staff will include; Senior Management; Decision makers, Staff engaged in control functions; and any employees receiving total remuneration that takes them into the same remuneration bracket as senior management and decision makers, and whose professional activities have a material impact on the risk profiles of the Company or the Funds that the Company manages.

Control Functions
SLA adheres to the principles and guidelines of regulations that apply to SLA in defining control functions. control functions include, but are not necessarily limited to, Risk, Compliance, Internal Audit and Actuarial functions or roles.

SLA will ensure that, as appropriate, senior employees engaged in a control function:

a) Are independent from the Business Units they oversee;

b) Have appropriate authority, and

c) Their remuneration is directly overseen by the Remuneration Committee.

This is achieved by the main control functions being outside the business, and a material proportion of their annual incentives being subject to a scorecard based on the performance of the control function. Performance against the scorecard is reviewed by the relevant independent governing committee (either Risk & Capital Committee, or Audit Committee). SLA's People Function reviews the remuneration of employees in control functions and benchmarks with the external market to ensure that it is market competitive and adequately reflects employees' skills and experience.

Personal Hedging
UCITS V Identified Staff are not permitted to undermine the risk alignment effects of the UCITS V Remuneration Code. Personal hedging strategies; or remuneration-related insurance; or liability-related insurance is not permissible on remuneration.

Employee Remuneration Disclosure
The table below provides an overview of the following:

- Aggregate total remuneration paid by Aberdeen Standard Fund Managers Limited to its entire staff; and
- Aggregate total remuneration paid by Aberdeen Standard Fund Managers Limited to its 'Identified Staff'.

The 'Identified Staff' of Aberdeen Standard Fund Managers Limited are those employees who could have a material impact on the risk profile of Aberdeen Standard Fund Managers Limited or the UCITS Funds it manages, including Aberdeen Standard Capital Phoenix Fund.

This broadly includes senior management, decision makers and control functions. For the purposes of this disclosure, 'Identified Staff' includes employees of entities to which activities have been delegated.

Remuneration (unaudited)
Continued

Amounts shown reflect payments made during the financial reporting period in question. The reporting period runs from **1 January 2019 to 31 December 2019** inclusive.

Aberdeen Standard Capital Phoenix Fund	Headcount	Total Remuneration £'000	UCITS proportion £'000[4]
Aberdeen Standard Fund Managers Limited staff[1]	224	24,013	200
of which			
Fixed remuneration		16,642	138
Variable remuneration		7,371	62
Carried Interest		NIL	
Aberdeen Standard Fund Managers Limited 'Identified Staff'[2]	239	11,531	96
of which			
Senior Management[3]	16	1,213	10
Other 'Identified Staff'	223	10,318	86

1 As there are a number of individuals indirectly and directly employed by Aberdeen Standard Fund Managers Limited this figure represents an apportioned amount of SLA's total remuneration fixed and variable pay, apportioned to the relevant UCITS Fund on an AUM basis, plus any carried interest paid by the UCITS Fund. The Headcount figure provided reflects the number of beneficiaries calculated on a Full Time Equivalent basis.

2 The Identified Staff disclosure represents total compensation of those staff of the Management Company who are fully or partly involved in the activities of the Management Company, apportioned to the estimated time relevant to the Management Company, based on their time in role during the reporting period and the Management Company's proportion of SLA's total AUM. Across the 'Identified Staff', the average percentage of AUM allocation per individual based on work undertaken for Aberdeen Standard Fund Managers Limited as a Management Company was 18.46%.

3 Senior management are defined in this table as Management Company Directors and members of the Standard Life Aberdeen plc Board, together with its Executive Committee, Investment Management Committee and Group Product Committee.

4 This figure represents an apportioned amount of the total remuneration of the 'Identified staff' attributable to the UCITS Fund allocated on an AUM basis.

Important Information

Unless otherwise indicated, this document refers only to the investment products, teams, processes and opinions of Aberdeen Asset Management/Standard Life Investments as at the date of publication.