

Investec Funds Series II Interim Report and Accounts

For the period ended 30 June 2018



Investec Funds Series ii Interim Report and Accounts

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

American Fund

Summary of the Fund's investment objective and policy

The Fund aims to provide long-term capital growth.

The Fund invests primarily in the shares of US companies or companies which carry out a large proportion of their business activities in the US.

The Fund may invest in other assets such as cash, other funds and derivatives (financial contracts whose value is linked to the price of an underlying asset).

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

Performance record

	6 months (%)
Investec American Fund 'I' accumulation shares	11.13*
Performance comparison index	4.88**
Peer group sector average	5.45**

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

Performance review

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

Factors helping performance

At a sector level, our positioning within technology was the primary driver of relative returns, although stock selection within financials contributed too.

Global payment providers Visa and Mastercard were the top performers over the period thanks to consistently positive quarterly updates, which pointed to solid growth in transaction volumes over the period. Software company Microsoft rallied on the back of consistent strong performance from its cloud computing unit Azure and positive market sentiment. Domain registration company Verisign performed well, enjoying good quarterly numbers for much of the last year. Overall, domain name registrations and revenues data have been positive. Online booking platform Priceline, which changed its name to Booking Holdings, has enjoyed good growth in total room bookings for the period.

Following reports of a strong tax season in the US in April, business software company Intuit – which produces software for filing US tax returns – released good quarterly numbers in May on the back of a particularly robust performance from its Consumer Tax division. Third-quarter revenues were up 15% year over year. Among media stocks, shares in Twenty-First Century Fox rallied as rivals Disney and Comcast faced off in a bidding war for certain Fox assets.

Factors hindering performance

The Fund's allocation to consumer staples was the largest detractor over the period. Within staples, tobacco stocks have endured a tough 12 months, starting back in July 2017 when the US FDA announced it is considering limiting nicotine in cigarettes to non-addictive levels. The extent of the negative sentiment towards tobacco has eased more recently, but attention has since shifted to the threat of reduced risk products. This negatively affected our holdings in British American Tobacco, Altria and Philip Morris International. Despite the changes in the landscape of the tobacco industry, we believe these companies' current valuations and dividends remain compelling in the long run.

Consumer goods company Nestle underperformed after reporting slightly weaker-than-anticipated volume growth, the general underperformance of the staples sector, mid-lower pricing power and rising input costs. While the results in recent times have been a little disappointing, we remain optimistic that Nestlé's superior product range, geographic exposure and prospects for increasing margins, along with a very robust balance sheet, will drive future outperformance on one of our, historically, more defensive holdings.

Portfolio activity

Significant purchases

Charles Schwab; Twenty-First Century Fox.

Significant sales

Blue Buffalo Pet Products; VeriSign; Mastercard; S&P Global; Colgate-Palmolive; Microsoft; Visa; Booking.

Outlook

We believe we are experiencing a modest short-term rebound in global economic growth. However, over the long term, we expect this growth to remain sluggish. While markets bought into the pro-growth story during the period, including expectations for higher interest rates in the US, the economic, political and market outlook remains highly uncertain.

We do not believe the current market environment has significantly changed the underlying fundamentals of the companies we own however, which continue to compound cashflows at attractive rates. Given this uncertain outlook, and given we believe nothing has changed in terms of how quality companies can provide long-term outperformance, the opportunities provided by quality stocks remain attractive.

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

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

The opinions expressed herein are as at end June 2018.

Risk and Reward profile*

Lower risk
Potentially lower rewards

Higher risk
Potentially higher rewards



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

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

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

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

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

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

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

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

*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.

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

Asia ex Japan Fund

Summary of the Fund's investment objective and policy

The Fund aims to provide long-term capital growth.

The Fund invests primarily in the shares of companies in the Asian region (excluding Japan).

The Fund may invest in other assets such as cash, other funds and derivatives (financial contracts whose value is linked to the price of an underlying asset).

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

Performance record

	6 months (%)
Investec Asia ex Japan Fund 'I' accumulation shares	1.70*
Performance comparison index	-2.41**
Peer group sector average	-1.86**

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

Performance review

The Fund produced a positive return over the period, outperforming both its performance comparison index and peer group sector average.

Factors helping performance

The majority of outperformance came from strong stock selection in Australia, but India, Hong Kong and China also contributed.

At the stock level, the biggest contributor to performance was Australian gambling machine manufacturer Aristocrat Leisure. The company released a positive set of first-half results showing strong growth in its digital revenue and increased margins across most of its units. Another Australian company, biotherapeutics specialist CSL, also contributed, as the stock performed well having lifted full-year profit guidance twice this year on better-than-expected product sales. A holding in REA Group, Australia's leading property website, was another key contributor, its share price rallying on news it would buy property data services provider Hometrack.

Meanwhile, US-listed holiday and travel booking company Booking Holdings, owner of Booking.com, made strong share price gains on the back of solid growth in room bookings over the period. Elsewhere, China's largest noodle producer, Tingyi Holding Corporation, was also strong, helped by positive first-quarter earnings results.

Factors hindering performance

At stock level, our position in South Korean furniture and kitchen manufacturer Hanssem was the biggest detractor as its furniture business struggles with increasing competition from shopping malls and department stores. However, its business-to-business division (supplying into new developments) is seeing good revenue growth and visibility as new projects are well flagged.

Our Taiwanese stock picking detracted most at regional level, due mostly to our holding in Taiwanese coffee and bakery chain Gourmet Master which has seen its share price fall over the past six months on concerns over earnings and that it is expanding too slowly in the US. However, we believe the market is focusing too much on Gourmet Master's short-term margin outlook and underappreciating its commitment to investing for the future and continue to hold the stock. At sector level, our lack of exposure to energy detracted the most as oil prices continued to surge ahead on supply issues.

Portfolio activity

Significant purchases

Tingyi Cayman Islands; ASML; Gourmet Master; Samsung Electronics.

Significant sales

Techtronic Industries; TSCM; Sands China; Aristocrat Leisure; TravelSky Technology; LG Household & Health Care; Booking; Amorepacific; Tencent; Alibaba ADR.

Outlook

Recent headwinds faced by Asian equities reflect the increased concerns around trade conflicts, financial deleveraging and weaker growth expectations. Despite the heightened volatility and uncertain outlook, we do not believe the current market environment has significantly changed the core fundamentals of the quality companies we own in the portfolio. We believe these businesses have the ability to continue compounding cashflows at attractive rates, and therefore we feel the opportunity for long-term performance provided by quality stocks remains attractive.

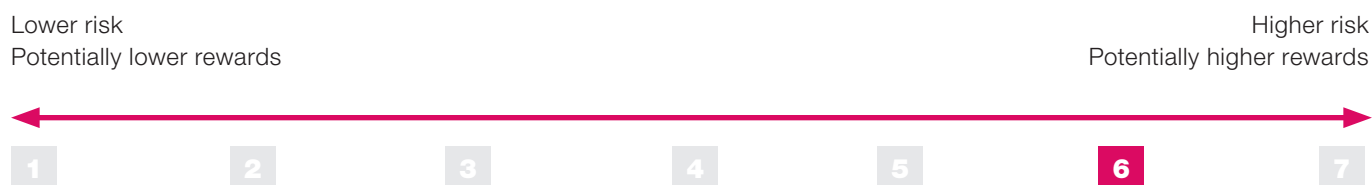
*Source: Morningstar, total return, income reinvested, no initial charge, accumulation share class, net of fees in GBP.

Index (MSCI* AC Asia Pacific ex Japan NDR Index; pre 16 October 2017 the MSCI AC Asia ex Japan NDR Index) and peer group sector average (Investment Association Asia Pacific ex Japan sector) shown for performance comparison purposes only.

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

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Risk and Reward profile*



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

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

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Global Energy Fund

Summary of the Fund's investment objective and policy

The Fund aims to provide long-term capital growth.

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

The Fund may invest in other assets such as cash, other funds and derivatives (financial contracts whose value is linked to the price of an underlying asset).

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

Performance record

	6 months (%)
Investec Global Energy Fund 'I' accumulation shares	4.25*
Performance comparison index	8.68**
Peer group sector average	N/A

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

Performance review

The Fund delivered a positive return over the period but underperformed its performance comparison index. Oil prices rallied over the year to date, offering broader support to the sector on an absolute basis.

Factors hindering performance

Among the largest detractors were the overweight positions in CES Energy and RPC, both oilfield service companies. CES detracted after slightly missing analyst consensus in its latest quarterly earnings update. Despite posting record quarterly revenues of US\$300 million, earnings were lower than expected due to softer operating margins. RPC fell as the market reacted to concerns over the potential for reduced pressure pumping activity. We have spoken with the company and believe this is an overreaction, as activity levels remain strong and RPC's return on capital employed remains one of the best in the sector.

Exposure to Chinese solar names hurt returns, as they got caught up in a broader based sell-off as China's National Development and Reform Commission issued a decree that halted subsidies for all utility-scale installations, instituting a 10GW distributed generation (DG) subsidy quota. The Chinese administration has again shown its willingness to alter policy in a way that surprises markets, but which should result in a more resilient and durable domestic market in the long term. With the removal of subsidies, Chinese renewable energy companies will now be forced to survive without them, by lowering costs and improving profitability.

Factors helping performance

While our overall exposure to oil exploration & production companies was flat over the period, certain overweight positions did contribute strongly to relative returns. Holdings in Lundin Petroleum, Hurricane Energy, CNOOC and Parex Resources all benefited from the rise in oil prices over the period.

Stock selection within global integrated oil & gas companies (engaged in exploration, production, refining and distribution) also proved profitable. Among the largest contributors were our underweight positions in large index constituents Exxon Mobil and Chevron. Both companies underperformed in the stronger oil price environment due to their more defensive positioning relative to producers.

Our positioning in oil refiners also helped returns, specifically our overweight allocation to US refiner Andeavor advanced strongly as the company was subject to a merger bid from Marathon Petroleum Corporation at a 25% premium to the pre-deal share price.

Portfolio activity

Significant purchases

Chevron; Phillips 66; RPC; Select Energy Services; TOTAL; Indian Oil; Cabot Oil & Gas; Parex Resources; Schlumberger; CES Energy Solutions.

Significant sales

Chevron; Suncor Energy; EOG Resources; Royal Dutch Shell; Exxon Mobil; Schlumberger; Equinor (formerly Statoil); Enbridge; Halliburton; Lukoil ADR.

Outlook

Brent oil prices have remained in the \$70-80/bl range since the OPEC agreement, despite data showing both Saudi Arabia and Russia have ramped production in recent months (before and after the OPEC meeting). Fears are growing that Saudi and Russian production increases will not be enough to offset the impact of continuing supply disruption in Venezuela, Angola and Libya, as well as the looming impact of US sanctions on Iran. Our supply/demand model suggests that OPEC will need to return to pre-cut production levels in 2019 to keep the market relatively balanced, despite our expectation of continuing solid supply growth from the US. The wild card is the impact of Iran. We currently model a loss of around 400,000 bl/d (barrel per day) Iranian production in 2019, but estimates range from little impact to well over 1 million bl/d. A shift to either extreme would considerably change our outlook.

The structural backdrop for global natural gas demand is positive as climate change policies and the move towards cleaner power sources accelerates. On average, gas power plants produce 50% less CO₂ emissions than coal. We believe that US and global natural gas demand is one of the strongest growth stories in our sector and expect robust annual demand growth. In the US, this is driven by rising power demand, global liquefied natural gas (LNG) exports and greater pipeline exports to Mexico.

Within the renewables sector we have seen increased volatility primarily driven by solar subsidy change in China. The government has taken this step because the sector can now compete with other sources of electricity on a pure cost and economic basis. We believe this is positive for the long-term investor, and although this has generated some short-term underperformance it has also created an excellent opportunity. In addition, our recent visit to China confirmed that the government will continue to push its positive environmental agenda and electric vehicles (EVs) are on an aggressive growth trajectory. EV subsidies are also being reduced over time and the government are favouring those EV and battery manufactures who produce longer distance/higher density vehicles. There is a chance for a repeat of what we have seen in solar (the complete removal of subsidies) over time and this could create heightened volatility in the short term. The areas of renewable energy, energy efficiency and battery technology are at the vanguard of China's global ambitions and the trip reinforced this view. China is leading the world in this area, and the domestic market alone will be vast. We continue to allocate actively – but selectively – to companies in this sector. In particular, we seek companies which we think can become market leaders, create sustainable long-term value for shareholders, and at the same time contribute to the decarbonisation of the global economy.

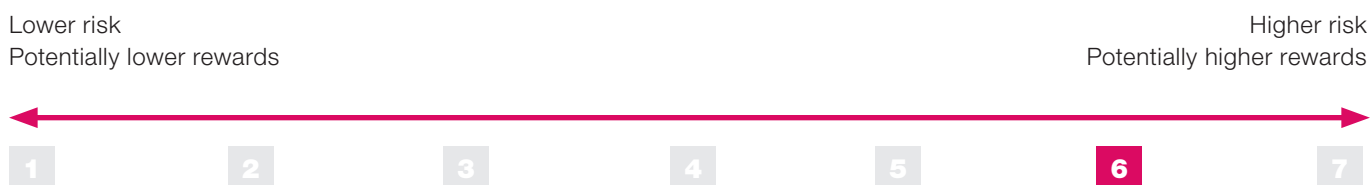
*Source: Morningstar, total return, income reinvested, no initial charge, accumulation share class, net of fees in GBP.

Index (MSCI* ACWI Energy NR) shown for performance comparison purposes only. For this Fund, there is no relevant Investment Association sector against which to measure Fund performance.

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

The opinions expressed herein are as at end June 2018.

Risk and Reward profile*



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

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

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

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

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

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

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

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Global Strategic Equity Fund

Summary of the Fund's investment objective and policy

The Fund aims to provide long-term capital growth.

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

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

The Fund may invest in other assets such as cash, other funds and derivatives (financial contracts whose value is linked to the price of an underlying asset).

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

Performance record

	6 months (%)
Investec Global Strategic Equity Fund 'I' accumulation shares	2.69*
Performance comparison index	2.02**
Peer group sector average	2.67**

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

Performance review

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

Factors helping performance

Performance was boosted most heavily by holdings in the consumer staples and consumer discretionary sectors.

Consumer staples were underpinned by US-listed British frozen food manufacturer Nomad Foods after the company reported two sets of above-consensus results driven by solid organic sales growth and better-than-expected margins. Not holding several underperforming tobacco companies also drove relative performance as the sector suffered from declining smoking rates and setbacks in converting smokers to next generation products.

Within consumer discretionary, holdings in web-retailing giant Amazon contributed the most as the company once-again beat analyst expectations on the strength of its high margin web hosting, subscription and advertising businesses. Analysts were especially enthusiastic about Amazon's prospects in the last two markets since the firm is a relatively new entrant, which raised Amazon's future growth prospects. The hospitality end of the portfolio also delivered as Extended Stay and Booking Holdings both rose after reporting improvements in booking trends.

Other significant performance contributors for the year so far include US healthcare firm Chemed which reported solid operating revenues at its hospice care and drain cleaning business, and call centre operator Teleperformance owing to both accelerating organic sales growth and investor enthusiasm for its recent M&A initiatives.

Factors hindering performance

The technology sector detracted most from performance, as well as some financial holdings. Underperformance in the technology sector was driven by a on holding in particular: business IT firm Micro Focus. Its shares more than halved following a revenue warning that also saw its new CEO resign with immediate effect, due to integration issues with the North American side of recently acquired HP Enterprise. The lowering of revenue expectations has challenged investors' confidence in the company's margin target, driving the underperformance. We no longer hold a stake in Micro Focus. Not owning outperforming tech giants Microsoft and Apple – due to preferring other names in the sector – also held back returns.

The portfolio experienced setbacks with selected holdings in the financials sector. Spanish bank Bankia and Chinese insurer New China Life Insurance both retreated considerably amid on-going volatility in their respective markets. We continue to hold both stocks in the portfolio. We believe Bankia will benefit from Spain's on-going economic momentum and New China Life by its current low valuation and its exposure to the growing Chinese insurance market.

Portfolio activity

Significant purchases

Mitsubishi Electric; Merck & Co; Dun & Bradstreet; Spotify Technology; POSCO; GVC; Mosaic; Rio Tinto; Infosys ADR; Delta Air Lines.

Significant sales

Samsung Electronics; Alibaba ADR; BNP Paribas; Novo Nordisk; LG Chem; Nippon Telegraph & Telephone; Micro Focus International; ING; Subaru; PayPal.

Outlook

The only agreement among market participants currently is that a combination of dollar strength and trade war threats is bad for emerging markets. The differing performance of developed and emerging markets proved particularly extreme last month as China – by far the largest component of the emerging market index – suffered a downturn in both its currency and stock market. Looking forward, the question is whether or not this risk aversion, and the move to the US dollar as a safe haven, persists.

US companies – which have benefitted from lower US taxes – now face a currency issue heading into the second quarter's results. At this point, it is not clear whether the underlying strength of the US economy will sufficiently offset this headwind, which could trigger downgrades in forecasted profits for the year.

For now, both technical momentum and the magnitude of positive earnings revisions remain very much in favour of the US, despite the seemingly relative lack of value available in that market. However, the flight to defensive sectors in June could indicate a desire for safety amid fears of a wider earnings slowdown. Analysts are asking themselves whether this suggests a return to the pre-Trump market leadership of stable growth companies in a low-growth/low-inflation environment and whether current conditions in the bond market foretells of a slowing economy due to overly zealous rate hikes by the US Federal Reserve. The jury is still out.

At this point our portfolios remain balanced across factors and sectors.

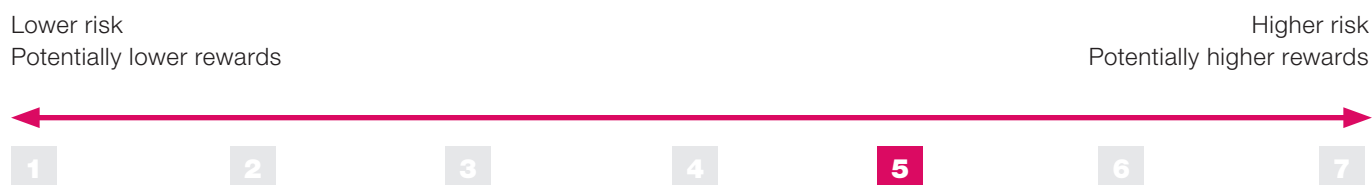
*Source: Morningstar, total return, income reinvested, no initial charge, accumulation share class, net of fees in GBP.

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

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

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Global Total Return Credit Fund

Summary of the Fund's investment objective and policy

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

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

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

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

The Fund may invest in other assets such as cash, derivatives (financial contracts whose value is linked to the price of an underlying asset), money market instruments (tradable securities where money can be invested for short periods) and other funds.

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

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

Performance record

	Period from launch to 30 June 2018 (%)
Investec Global Total Return Credit Fund 'I' accumulation shares	-0.73*
Performance comparison index	0.62**
Peer group sector average	N/A

Outlook

The Global Total Return Credit Fund was launched on 11 May 2018, and due to this short time period we have not included a performance review commentary within this report. However, analysis of the Fund's performance will be included in the annual report for the period ending 31 December 2018. For the latest performance updates, including a quarterly portfolio manager's commentary, please visit our website at www.investecassetmanagement.com.

Risk and Reward profile*



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

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

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

Derivative counterparty: A counterparty to a derivative transaction may fail to meet its obligations thereby leading to financial loss.

Derivatives: The use of derivatives may increase overall risk by magnifying the effect of both gains and losses. This may lead to large changes in value and potentially large financial loss.

Interest rate: The value of fixed income investments (e.g. bonds) tends to decrease when interest rates and/or inflation rises.

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

*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.

**Index (3 month GBP LIBOR (an interbank lending rate) +4% gross of fees over a full credit cycle) shown for performance comparison purposes only. For this Fund, there is no relevant investment association sector against which to measure Fund performance. The full list of the Fund's risks are contained in Appendix VI of the Investec Funds Series Omnibus prospectus.

Monthly High Income Fund

Summary of the Fund's investment objective and policy

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

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

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

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

Performance record

	6 months (%)
Investec Monthly High Income Fund 'I' accumulation shares	-2.25*
Performance comparison index	-1.58**
Peer group sector average	-1.27**

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

Total deemed income distributions per 'I' accumulation share

6 months to 30 June 2018	3.06 pence
6 months to 30 June 2017	2.51 pence

The amount of income payable may rise or fall.

Performance review

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

Factors hindering performance

As US interest rates continued to rise in the beginning of 2018, which weighed on Fund holdings in interest rate sensitive sectors – rising interest rates increase their funding costs. Bonds issued by home building companies such as Lennar and Toll Brothers fell, despite strong underlying business fundamentals. Investments in real estate investment trusts (REITs), such as Iron Mountain and Medical Properties Trust disappointed as the attractiveness of REITs decline as risk free rates increase.

More broadly, underperformance within the Fund was partly due to our preference for higher credit quality bonds and an overall underweight in the lowest credit quality issuers. In 2017, the market was more oriented around investing in higher quality and more defensive names. However, at the start of 2018, there was a higher risk taking orientation and the lowest quality bonds enjoyed the highest returns. As we believe we are nearing the back end of the credit cycle, we remain relatively defensively positioned. We are more interested in preserving capital rather than taking undue risk reaching too far into lower quality capital structures at unattractive valuations.

Investments in the automotive sector proved disappointing as auto parts suppliers Adient Global and American Axle detracted from the Fund. Sector profitability has eroded and the outlook for the automotive industry broadly has dimmed. La Financier Atalian and Diebold detracted from performance as pricing pressure in the French cleaning services market is challenging the former and ongoing declines in global banking machine shipments is dragging out a fundamental recovery for the latter. The Fund remains invested in Atalian and Diebold, but has eliminated its exposure to the automotive sector.

Factors helping performance

Investments across the energy sector generated the largest contribution to performance over the first half of 2018. As oil prices rose over 20% during the period, assets with exposure to that commodity performed well. Oil exploration and production companies and oilfield service companies that serve onshore operations were the primary beneficiaries. Within the portfolio, FTS International, a services company focused on unconventional well completions, completed an IPO in January that facilitated meaningful debt reduction. The rapid recovery in well completion activity is providing a significant improvement in cash flows.

Additionally, the Fund was helped by a new investment in Aker BP, a Norwegian E&P benefiting from the rapid growth in low-cost oil and gas production in the North Sea. We remain invested in these bonds, and continue to hold a healthy exposure in the energy sector as the supply and demand fundamentals seem to suggest a near-term bullish outlook on oil prices. The Fund's sector orientation is skewed toward oil versus gas commodity strength, and, in the services sub-sector, toward onshore versus offshore production as growth in US shale continues to expand with higher oil prices.

Additional contributions to the Fund came from Unitymedia as the company is undergoing asset sale negotiations with Virgin Media which should improve the credit quality of the company. AMC Entertainment, the cinema operator, also added to the portfolio as it benefited from a strong slate of movie releases this year which translated into good results for the company and helped the bonds. Finally, KLX, an aerospace industrial company assisted returns as it announced that it was being sold to Boeing, which led to a rally in the bonds of KLX.

Portfolio activity

Significant purchases

Toll Brothers 4.35% 15/02/2028; Coty 4% 15/04/2023; Chesapeake Energy (FRN) 5.5977% 15/04/2019; Kraton Polymers 5.25% 15/05/2026; Lennar 5.88% 15/11/2024; INEOS 5.375% 01/08/2024; Vantiv 3.875% 15/11/2025; MPT Operating Partnership 3.325% 24/03/2025; Teva Pharmaceutical Finance Netherlands II 0.375% 25/07/2020; MSCI 5.38% 15/05/2027.

Significant sales

Toll Brothers 4.35% 15/02/2028; Hughes Satellite Systems 5.25% 01/08/2026; Hilcorp Energy 5% 01/12/2024; Alcoa Nederland 6.75% 30/09/2024; T-Mobile USA 6.5% 15/01/2026; Alpha 3 6.25% 01/02/2025; Jaguar Land Rover Automotive 3.875% 01/03/2023; Telecom Italia 2.375% 12/10/2027; CBS Radio 7.25% 01/11/2024; Diamond Offshore Drilling 7.875% 15/08/2025.

Outlook

We believe the fundamental backdrop for credit is still positive but it's important to remain selective. Earnings, particularly in the US, continue to look strong although President Trump's protectionist tariffs could impact this on a forward-looking basis. From a valuation perspective, high yield and investment grade bonds continue to look expensive given spreads are still near post-crisis lows although the sell-off over the year to date is beginning to offer pockets of value, particularly in Europe. Emerging market (EM) corporate bonds have retreated significantly over the quarter and also may begin to look less expensive, although the increasing strength of the US dollar continues to hurt EM as investors repatriate assets.

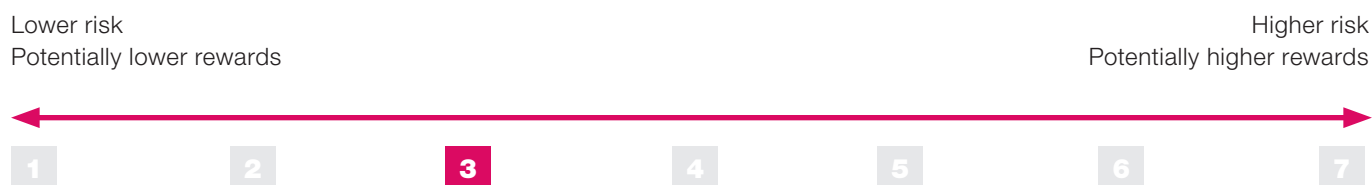
We continue to believe this cycle may be extended beyond historic norms. Valuations are the clearest indication of that, but the continued focus from central banks on reducing accommodative monetary policy (by raising interest rates) is another. As such, we remain cautiously positive on the prospects of the credit asset class, with a focus on managing risks but also making use of interesting opportunities that may arise in the wake of any rise in volatility.

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

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

The opinions expressed herein are as at end June 2018.

Risk and Reward profile*



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

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

The Fund appears towards the lower end of the Risk and Reward Indicator scale. This is because it invests in bonds whose returns tend to fluctuate more than those of cash funds but less than those of funds which invest in the shares of companies.

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

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

Derivative counterparty: A counterparty to a derivative transaction may fail to meet its obligations thereby leading to financial loss.

Derivatives: The use of derivatives may increase overall risk by magnifying the effect of both gains and losses. This may lead to large changes in value and potentially large financial loss.

Interest rate: The value of fixed income investments (e.g. bonds) tends to decrease when interest rates and/or inflation rises.

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

*The Risk and Reward profile is taken from the Key Investor Information Document. Please note that, the Risk and Reward profile section is based on Sterling 'I' Class Accumulation shares.

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

American Fund

Portfolio statement

As at 30 June 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
CONSUMER GOODS 12.29% (31.12.17: 19.00%)			
BEVERAGES			
PepsiCo	34,349	2,841	1.81
FOOD PRODUCERS			
Nestle	70,234	4,104	2.61
TOBACCO			
Altria	92,833	4,047	2.57
British American Tobacco	99,060	3,863	2.46
Philip Morris International	59,198	3,679	2.34
British American Tobacco ADR	20,525	793	0.50
		12,382	7.87
CONSUMER SERVICES 12.09% (31.12.17: 10.21%)			
MEDIA			
Twenty-First Century Fox	127,646	4,837	3.07
FactSet Research Systems	10,369	1,558	0.99
		6,395	4.06
TRAVEL & LEISURE			
Booking	6,246	9,600	6.10
Compass	187,138	3,044	1.93
		12,644	8.03
FINANCIALS 25.13% (31.12.17: 20.95%)			
FINANCIAL SERVICES			
Visa	125,639	12,688	8.06
S&P Global	48,599	7,534	4.79
Mastercard	46,002	6,899	4.38
Charles Schwab	136,096	5,356	3.40
MSCI	30,016	3,760	2.39
Moody's	25,609	3,324	2.11
		39,561	25.13
HEALTH CARE 15.71% (31.12.17: 15.83%)			
HEALTH CARE EQUIPMENT & SERVICES			
Medtronic	93,616	6,151	3.91
Becton Dickinson	31,753	5,793	3.68
Stryker	43,593	5,606	3.56
Waters	28,652	4,226	2.69
		21,776	13.84
PHARMACEUTICALS & BIOTECHNOLOGY			
Zoetis	26,676	1,723	1.09
Johnson & Johnson	13,152	1,221	0.78
		2,944	1.87
INDUSTRIALS 1.91% (31.12.17: 2.10%)			
GENERAL INDUSTRIALS			
3M	8,357	1,247	0.79
SUPPORT SERVICES			
PayPal	28,208	1,770	1.12

Portfolio statement continued

As at 30 June 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
TECHNOLOGY 26.32% (31.12.17: 26.42%)			
SOFTWARE & COMPUTER SERVICES			
Microsoft	162,039	12,163	7.73
Alphabet	12,709	10,777	6.85
VeriSign	75,754	7,936	5.04
Intuit	32,506	5,047	3.21
Facebook	21,028	3,140	2.00
Check Point Software Technologies	31,318	2,351	1.49
		41,414	26.32
Portfolio of investments		147,078	93.45
Net other assets		10,314	6.55*
Net assets		157,392	100.00

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

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

Asia ex Japan Fund

Portfolio statement

As at 30 June 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
AUSTRALIA 19.80% (31.12.17: 17.71%)			
Aristocrat Leisure	494,079	8,562	4.81
Domino's Pizza Enterprises	223,771	6,553	3.68
Amcor	738,131	5,963	3.35
CSL	46,363	5,010	2.82
REA	91,811	4,679	2.63
Cochlear	39,718	4,459	2.51
		35,226	19.80
CHINA 31.50% (31.12.17: 28.58%)			
Tencent	361,300	13,794	7.75
Alibaba ADR	85,826	12,304	6.91
Kweichow Moutai	118,219	9,927	5.58
Tingyi Cayman Islands	3,452,000	6,087	3.42
Sands China	1,322,800	5,376	3.02
TravelSky Technology	2,236,000	4,945	2.78
NetEase ADR	19,363	3,634	2.04
Real Gold Mining*	1,507,000	-	-
		56,067	31.50
FINLAND 3.54% (31.12.17: 3.55%)			
Kone	163,348	6,296	3.54
HONG KONG 4.54% (31.12.17: 6.12%)			
AIA	1,213,800	8,077	4.54
INDIA 9.81% (31.12.17: 9.14%)			
HDFC Bank	286,140	6,704	3.77
ITC	2,263,575	6,662	3.74
Hindustan Unilever	224,742	4,085	2.30
		17,451	9.81
NETHERLANDS 1.48% (31.12.17: 0.00%)			
ASML	17,882	2,634	1.48
SOUTH KOREA 12.36% (31.12.17: 15.13%)			
Samsung Electronics	328,771	10,473	5.89
Amorepacific	21,052	4,629	2.60
LG Household & Health Care	4,675	4,457	2.50
Hanssem	34,208	2,441	1.37
		22,000	12.36
TAIWAN 6.77% (31.12.17: 7.90%)			
Gourmet Master	932,880	6,869	3.86
Taiwan Semiconductor Manufacturing	959,357	5,173	2.91
		12,042	6.77
UNITED KINGDOM 3.01% (31.12.17: 3.24%)			
Reckitt Benckiser	85,901	5,362	3.01
UNITED STATES OF AMERICA 3.09% (31.12.17: 3.20%)			
Booking	3,583	5,507	3.09
VIETNAM 2.71% (31.12.17: 3.51%)			
Vietnam Dairy Products	855,936	4,824	2.71
Portfolio of investments		175,486	98.61
Net other assets		2,473	1.39
Net assets		177,959	100.00

* Suspended securities.

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

Global Energy Fund

Portfolio statement

As at 30 June 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
CANADA 13.01% (31.12.17: 18.01%)			
Canadian Natural Resources	67,847	1,802	2.82
Enbridge	64,652	1,630	2.55
Parex Resources	83,396	1,167	1.83
TransCanada	34,237	1,107	1.74
CES Energy Solutions	382,854	994	1.56
Enerflex	104,043	851	1.33
Encana	75,430	752	1.18
		8,303	13.01
CHINA 2.87% (31.12.17: 1.86%)			
Shenzhen Inovance Technology	107,634	405	0.64
Wuxi Lead Intelligent Equipment	86,704	301	0.47
Tianneng Power International	236,000	279	0.44
Huaneng Renewables	858,000	216	0.34
BYD	39,000	180	0.28
LONGi Green Energy Technology	85,120	163	0.26
Xinyi Solar	676,200	157	0.25
Xinjiang Goldwind Science & Technology	132,780	123	0.19
		1,824	2.87
DENMARK 2.03% (31.12.17: 1.13%)			
Orsted	10,579	484	0.76
Novozymes	12,035	462	0.72
Vestas Wind Systems	7,521	353	0.55
		1,299	2.03
FRANCE 11.64% (31.12.17: 8.29%)			
TOTAL	126,960	5,878	9.21
Gaztransport Et Technigaz	26,734	1,242	1.95
Schneider Electric	4,870	308	0.48
		7,428	11.64
HONG KONG 3.50% (31.12.17: 3.56%)			
CNOOC	1,447,000	1,898	2.97
China Everbright International	347,000	341	0.53
		2,239	3.50
HUNGARY 1.75% (31.12.17: 1.83%)			
MOL Hungarian Oil & Gas	154,235	1,119	1.75
INDIA 2.06% (31.12.17: 0.33%)			
Indian Oil	576,911	999	1.57
Amara Raja Batteries	38,713	312	0.49
		1,311	2.06
IRELAND 1.13% (31.12.17: 0.32%)			
Aptiv	5,027	352	0.55
Kingspan (London listing)	5,104	194	0.30
Kingspan (Ireland listing)	4,675	178	0.28
		724	1.13
NORWAY 0.00% (31.12.17: 2.30%)			
PORTUGAL 2.88% (31.12.17: 2.38%)			
Galp Energia	128,138	1,838	2.88
RUSSIA 2.22% (31.12.17: 2.84%)			
Lukoil ADR	27,601	1,413	2.22
SPAIN 0.37% (31.12.17: 0.29%)			
Siemens Gamesa Renewable Energy	23,415	238	0.37
SWEDEN 2.47% (31.12.17: 1.65%)			
Lundin Petroleum	64,595	1,573	2.47

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
SWITZERLAND 0.13% (31.12.17: 0.26%)			
Guoxuan High Tech	50,506	81	0.13
TAIWAN 0.51% (31.12.17: 0.00%)			
Voltronic Power Technology	25,000	325	0.51
UNITED KINGDOM 16.01% (31.12.17: 16.59%)			
BP	902,140	5,227	8.19
Royal Dutch Shell	135,626	3,697	5.79
Hurricane Energy	1,371,803	652	1.02
Tullow Oil	263,801	646	1.01
		10,222	16.01
UNITED STATES 36.29% (31.12.17: 38.01%)			
Valero Energy	31,305	2,600	4.08
Chevron	26,614	2,545	3.99
Phillips 66	29,202	2,484	3.89
Noble Energy	70,153	1,873	2.94
Andeavor	18,605	1,845	2.89
Halliburton	41,929	1,456	2.28
Schlumberger	27,728	1,414	2.22
Baker Hughes	52,526	1,317	2.06
Select Energy Services	113,125	1,289	2.02
RPC	96,665	1,077	1.69
Devon Energy	25,955	861	1.35
Cabot Oil & Gas	47,443	854	1.34
Cimarex Energy	8,662	665	1.04
Hannon Armstrong Sustainable Infrastructure Capital*	29,331	438	0.69
AO Smith	8,383	373	0.59
Itron	8,055	366	0.57
Ormat Technologies	7,724	313	0.49
Advanced Energy Industries	6,979	308	0.48
TPI Composites	13,527	304	0.48
SolarEdge Technologies	6,826	257	0.40
Acuity Brands	2,899	255	0.40
First Solar	6,401	254	0.40
		23,148	36.29
Portfolio of investments		63,085	98.87
Net other assets		723	1.13
Net assets		63,808	100.00

* Real Estate Investment Trust (REIT).

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

Global Strategic Equity Fund

Portfolio statement

As at 30 June 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
AUSTRALIA 0.81% (31.12.17: 0.83%)			
South32	2,416,927	4,881	0.81
AUSTRIA 0.87% (31.12.17: 1.03%)			
Raiffeisen Bank International	225,544	5,195	0.87
BRAZIL 0.47% (31.12.17: 0.59%)			
Itau Unibanco ADR	358,430	2,810	0.47
CHINA 7.82% (31.12.17: 10.13%)			
Alibaba ADR	69,433	9,954	1.66
Shanghai International Airport	1,267,209	8,068	1.35
Kweichow Moutai	87,250	7,327	1.22
China Construction Bank	9,182,000	6,448	1.07
Anhui Conch Cement	1,347,500	5,875	0.98
Baidu ADR	31,869	5,872	0.98
New China Life Insurance	1,057,600	3,344	0.56
		46,888	7.82
DENMARK 1.03% (31.12.17: 2.25%)			
Novo Nordisk	174,986	6,152	1.03
FINLAND 1.02% (31.12.17: 1.03%)			
UPM-Kymmene	224,163	6,097	1.02
FRANCE 3.02% (31.12.17: 3.42%)			
Teleperformance	91,563	12,273	2.05
Arkema	65,250	5,836	0.97
		18,109	3.02
HONG KONG 1.24% (31.12.17: 1.03%)			
CNOOC	5,662,000	7,425	1.24
INDIA 0.87% (31.12.17: 0.00%)			
Infosys ADR	359,358	5,196	0.87
IRELAND 0.92% (31.12.17: 1.07%)			
AIB	1,333,427	5,514	0.92
ISLE OF MAN 0.77% (31.12.17: 0.00%)			
GVC	440,099	4,634	0.77
ISRAEL 0.69% (31.12.17: 0.60%)			
Nice ADR	52,020	4,124	0.69
ITALY 1.65% (31.12.17: 1.48%)			
Poste Italiane	1,553,459	9,920	1.65
JAPAN 8.06% (31.12.17: 8.94%)			
Asahi	343,000	13,373	2.23
Mitsubishi Electric	674,700	6,830	1.14
Haseko	640,300	6,731	1.12
SCREEN	121,600	6,509	1.09
Sompo	203,900	6,279	1.05
Komatsu	270,500	5,888	0.98
Yokohama Rubber	170,700	2,702	0.45
		48,312	8.06
LUXEMBOURG 1.08% (31.12.17: 0.00%)			
Spotify Technology	50,651	6,464	1.08
MEXICO 0.64% (31.12.17: 0.72%)			
Grupo Mexico	1,792,963	3,861	0.64
MONACO 0.23% (31.12.17: 0.24%)			
Scorpio Tankers	621,659	1,353	0.23
NETHERLANDS 1.10% (31.12.17: 2.11%)			
NN	213,902	6,627	1.10

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
PUERTO RICO 1.26% (31.12.17: 0.99%)			
Popular	217,863	7,528	1.26
RUSSIA 1.28% (31.12.17: 1.52%)			
MMC Norilsk Nickel ADR (US listing)	340,444	4,568	0.76
Polymetal International	435,877	2,926	0.49
MMC Norilsk Nickel ADR (London listing)	14,448	196	0.03
		7,690	1.28
SINGAPORE 0.00% (31.12.17: 1.87%)			
SOUTH KOREA 0.72% (31.12.17: 2.51%)			
POSCO	19,227	4,313	0.72
SPAIN 2.87% (31.12.17: 2.97%)			
Repsol	749,230	11,204	1.87
Bankia	2,014,033	5,720	0.95
Repsol Rights Issue 06/07/2018	749,230	329	0.05
		17,253	2.87
SWITZERLAND 1.12% (31.12.17: 1.37%)			
ABB	406,446	6,718	1.12
TURKEY 0.55% (31.12.17: 0.56%)			
Emlak Konut Gayrimenkul Yatirim*	9,759,028	3,320	0.55
UNITED KINGDOM 5.65% (31.12.17: 6.17%)			
Unilever	270,886	11,430	1.91
Nomad Foods	469,065	6,968	1.16
Meggitt	1,092,413	5,399	0.90
Delphi Technologies	153,123	5,327	0.89
Rio Tinto	111,971	4,721	0.79
		33,845	5.65
UNITED STATES 51.51% (31.12.17: 45.47%)			
Amazon.com	14,867	19,251	3.21
Citigroup	295,867	15,062	2.51
Alphabet	15,413	13,217	2.20
UnitedHealth	66,824	12,457	2.08
PayPal	190,338	11,947	1.99
Booking	6,949	10,680	1.78
Broadcom	56,756	10,578	1.76
DXC Technology	173,731	10,575	1.76
Las Vegas Sands	174,727	10,055	1.68
Shire	233,883	9,994	1.67
VMware	85,090	9,463	1.58
Cars.com	438,156	9,450	1.58
Extended Stay America	560,909	9,170	1.53
Chemed	37,365	9,111	1.52
Merck	197,713	9,075	1.51
Delta Air Lines	225,722	8,555	1.43
Bank of America	384,840	8,400	1.40
CBS	179,349	7,662	1.28
Johnson & Johnson	74,184	6,888	1.15
ON Semiconductor	402,168	6,816	1.14
Worldpay	109,180	6,780	1.13
Thermo Fisher Scientific	42,756	6,691	1.12
Valero Energy	79,397	6,593	1.10
CME	51,302	6,398	1.07
Welbilt	373,256	6,343	1.06
Ally Financial	322,485	6,310	1.05
Tyson Foods	118,556	6,249	1.04
Dun & Bradstreet	64,651	6,125	1.02
Morgan Stanley	159,151	5,850	0.98
Lincoln National	116,639	5,525	0.92
Lam Research	42,220	5,490	0.92
Comcast	199,284	4,949	0.83
Alexion Pharmaceuticals	52,841	4,893	0.82
Mosaic	220,679	4,753	0.79
Zimmer Biomet	54,613	4,625	0.77
Hess	89,509	4,465	0.74

Portfolio statement continued

As at 30 June 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
UNITED STATES 51.51% (31.12.17: 45.47%) (continued)			
Wyndham Hotels & Resorts	69,977	3,126	0.52
Wyndham Destinations	69,977	2,358	0.39
Hanesbrands	91,965	1,541	0.26
Perspecta	86,865	1,336	0.22
		308,806	51.51
Portfolio of investments		583,035	97.25
Net other assets		16,479	2.75
Net assets		599,514	100.00

* Real Estate Investment Trust (REIT).

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

Global Total Return Credit Fund

Portfolio statement

As at 30 June 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
COLLATERALIZED LOAN OBLIGATIONS 12.33% (31.12.17: n/a)			
Aqueduct European CLO 2-2017 1.2% 15/10/2030	EUR 1,200,000	1,064	2.31
Barings Euro CLO 2017-1 0.9% 15/10/2030	EUR 1,100,000	976	2.12
Cadogan Square CLO X 0.74% 25/10/2030	EUR 1,100,000	971	2.11
KKR CLO 17 3.99769% 15/04/2029	USD 1,250,000	951	2.07
Golub Capital Partners CLO 22B 3.85866% 20/01/2031	USD 1,250,000	950	2.06
Shackleton 2017-X CLO 4.00866% 20/04/2029	USD 1,000,000	762	1.66
		5,674	12.33
CORPORATE BONDS 84.84% (31.12.17: n/a)			
Danske Bank (FRN) 3.38631% 12/09/2023	USD 1,200,000	912	1.98
INEOS 5.375% 01/08/2024	EUR 680,000	628	1.36
Goldman Sachs (FRN) 0.297% 26/09/2023	EUR 700,000	612	1.33
Tenet Healthcare 6% 01/10/2020	USD 750,000	589	1.28
International Game Technology 6.25% 15/02/2022	USD 750,000	585	1.27
Lennar 2.95% 29/11/2020	USD 790,000	584	1.27
Ball 5% 15/03/2022	USD 730,000	572	1.24
Chesapeake Energy (FRN) 5.58919% 15/04/2019	USD 750,000	569	1.24
Alpha 2 8.75% 01/06/2023	USD 750,000	568	1.23
ARD Finance 6.625% 15/09/2023	EUR 630,000	566	1.23
Peabody Energy 6% 31/03/2022	USD 720,000	557	1.21
Equinix 2.875% 15/03/2024	EUR 640,000	556	1.21
Nielsen Finance 5% 15/04/2022	USD 740,000	554	1.20
IQVIA 3.5% 15/10/2024	EUR 620,000	551	1.20
Aroundtown 1.5% 03/05/2022	EUR 600,000	549	1.19
NRG Energy 6.25% 15/07/2022	USD 700,000	549	1.19
Verizon Communications (FRN) 3.4425% 15/05/2025	USD 700,000	532	1.16
CTC BondCo 5.25% 15/12/2025	EUR 630,000	531	1.15
Omnicom 3.625% 01/05/2022	USD 700,000	529	1.15
Macquarie 4.15% 27/03/2024	USD 700,000	529	1.15
DKT Finance 7% 17/06/2023	EUR 580,000	519	1.13
Santander UK 2.125% 03/11/2020	USD 700,000	517	1.12
Broadridge Financial Solutions 3.95% 01/09/2020	USD 670,000	513	1.11
BAT Capital 2.764% 15/08/2022	USD 700,000	511	1.11
LYB International Finance II 1.875% 02/03/2022	EUR 550,000	508	1.10
ABN AMRO Bank 2.875% 30/06/2025	EUR 550,000	507	1.10
Petroleos Mexicanos 6.5% 13/03/2027	USD 650,000	507	1.10
ING Bank 5% 09/06/2021	USD 630,000	500	1.09
Kraton Polymers 5.25 15/05/2026	EUR 545,000	485	1.05
Albertsons (FRN) 6.08506% 15/01/2024	USD 625,000	477	1.04
Teva Pharmaceutical Finance Netherlands II 0.375% 25/07/2020	EUR 550,000	475	1.03
Minerva Luxembourg 6.5% 20/09/2026	USD 650,000	453	0.98
APX 7.875% 01/12/2022	USD 600,000	452	0.98
Barclays 2.625% 11/11/2025	EUR 500,000	451	0.98
TeamSystem (FRN) 4% 15/04/2023	EUR 510,000	450	0.98
VEREIT Operating Partnership 3% 06/02/2019	USD 580,000	441	0.96
Dell International 6.02% 15/06/2026	USD 550,000	440	0.96
Volkswagen International Finance 3.375% Perpetual	EUR 500,000	435	0.95
Paprec (FRN) 3.5% 31/03/2025	EUR 490,000	434	0.94
Eagle Intermediate Global 5.375% 01/05/2023	EUR 490,000	430	0.93
AT&T 3.8% 15/03/2022	USD 550,000	419	0.91
Nidda Healthcare 3.5% 30/09/2024	EUR 500,000	416	0.90
Vantiv 3.875% 15/11/2025	GBP 440,000	416	0.90
Catalent Pharma Solutions 4.75% 15/12/2024	EUR 450,000	415	0.90
WMG Acquisition 4.125% 01/11/2024	EUR 450,000	412	0.90
Cemex 5.7% 11/01/2025	USD 550,000	411	0.89
Virgin Media Secured Finance 5.125% 15/01/2025	GBP 400,000	406	0.88
Cabot Financial Luxembourg II (FRN) 5.875% 15/11/2021	EUR 450,000	402	0.87
CPUK Finance 4.875% 28/02/2047	GBP 400,000	401	0.87
Cott 5.5% 01/07/2024	EUR 430,000	400	0.87
Verisure Midholding 5.75% 01/12/2023	EUR 460,000	395	0.86
Valeant Pharmaceuticals International 6.5% 15/03/2022	USD 500,000	393	0.85
Coty 4% 15/04/2023	EUR 440,000	385	0.84
Royal Bank of Scotland (FRN) 3.8125% 15/05/2023	USD 500,000	382	0.83
Spectrum Brands 4% 01/10/2026	EUR 440,000	380	0.83

Portfolio statement continued

As at 30 June 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
CORPORATE BONDS 84.84% (31.12.17: n/a) (continued)			
Credit Agricole (FRN) 3.37923% 24/04/2023	USD 500,000	379	0.82
HSBC (FRN) 3.32563% 18/05/2024	USD 500,000	379	0.82
Vodafone (FRN) 3.32919% 16/01/2024	USD 483,000	366	0.80
KB Home 8% 15/03/2020	USD 450,000	364	0.79
Bank of America (FRN) 0.372% 25/04/2024	EUR 400,000	353	0.77
Lloyds Banking (FRN) 0.457% 21/06/2024	EUR 400,000	351	0.76
Morgan Stanley (FRN) 3.75923% 24/10/2023	USD 450,000	350	0.76
Aker BP 5.875% 31/03/2025	USD 450,000	349	0.76
Wells Fargo (FRN) 3.58878 31/10/2023	USD 450,000	348	0.76
BPCE (FRN) 3.54938% 22/05/2022	USD 450,000	347	0.75
Williams 4.55% 24/06/2024	USD 450,000	342	0.74
Hercule Debtc0 6.75% 30/06/2024	EUR 390,000	337	0.73
CCO 5.25% 15/03/2021	USD 400,000	306	0.66
Reynolds Group Issuer 5.75% 15/10/2020	USD 400,000	306	0.67
Cablevision Systems 5.875% 15/09/2022	USD 400,000	301	0.65
Huntsman International 4.875% 15/11/2020	USD 380,000	294	0.64
GLP Capital 4.875% 01/11/2020	USD 380,000	293	0.64
MARB BondCo 7% 15/03/2024	USD 400,000	292	0.63
MPT Operating Partnership 3.325% 24/03/2025	EUR 300,000	272	0.59
PulteGroup 4.25% 01/03/2021	USD 340,000	260	0.57
Petrobras Global Finance 8.75% 23/05/2026	USD 300,000	247	0.54
FTS International 6.25% 01/05/2022	USD 300,000	231	0.50
United (FRN) 4.375% 01/07/2023	EUR 250,000	221	0.48
Monitchem HoldCo 3 5.25% 15/06/2021	EUR 250,000	219	0.48
MPT Operating Partnership 5.5% 01/05/2024	USD 280,000	216	0.47
La Financiere Atalian 4% 15/05/2024	EUR 250,000	209	0.45
RAC Bond 5% 06/05/2046	GBP 220,000	208	0.45
Extraction Oil & Gas 7.375% 15/05/2024	USD 260,000	207	0.45
Hughes Satellite Systems 7.625% 15/06/2021	USD 250,000	203	0.44
AMC Entertainment 6.375% 15/11/2024	GBP 200,000	202	0.44
KB Home 7% 15/12/2021	USD 250,000	201	0.44
AA Bond 5.5% 31/07/2043	GBP 220,000	201	0.44
CenturyLink 6.45% 15/06/2021	USD 250,000	195	0.42
Sprint Capital 6.9% 01/05/2019	USD 250,000	195	0.42
Nabors Industries 5% 15/09/2020	USD 250,000	192	0.42
Scientific Games International 6.25% 01/09/2020	USD 250,000	191	0.42
IHO Verwaltungs 4.125% 15/09/2021	USD 250,000	188	0.41
Altice France 5.625% 15/05/2024	EUR 200,000	183	0.40
Vertiv 9.25% 15/10/2024	USD 200,000	151	0.33
QEP Resources 5.25% 01/05/2023	USD 200,000	150	0.33
MEDNAX 5.25% 01/12/2023	USD 200,000	150	0.33
Qatar Reinsurance 4.95% Perpetual	USD 200,000	144	0.31
Intrum 2.75% 15/07/2022	EUR 160,000	134	0.29
Nexi Capital (FRN) 3.625% 01/05/2023	EUR 130,000	113	0.25
Nexi Capital 4.125% 01/11/2023	EUR 130,000	113	0.25
William Hill 4.25% 05/06/2020	GBP 100,000	103	0.22
Arrow Global Finance (FRN) 2.875% 01/04/2025	EUR 100,000	84	0.18
Transocean Guardian 5.875% 15/01/2024	USD 106,000	80	0.17
RSP Permian 6.625% 01/10/2022	USD 100,000	80	0.17
Brookfield Residential Properties 6.5% 15/12/2020	USD 100,000	77	0.17
Royal Bank of Scotland 4.7% 03/07/2018	USD 100,000	76	0.17
Iron Mountain 4.375% 01/06/2021	USD 100,000	76	0.17
QEP Resources 5.375% 01/10/2022	USD 83,000	65	0.14
		39,054	84.84
DERIVATIVES – FUTURES (0.01%) (31.12.17: n/a)			
Germany Euro-BOBL Futures 06/09/2018	(12)	(4)	(0.01)

ASSET			HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
FORWARD CURRENCY CONTRACTS (1.37%) (31.12.17: n/a)					
Euro					
Buy EUR	330,000	for GBP	(288,992)	4	0.01
Sell EUR	(20,470,000)	for GBP	18,010,639	(139)	(0.30)
US Dollar					
Buy USD	1,010,000	for GBP	(762,150)	5	0.01
Sell USD	(35,244,445)	for GBP	26,284,311	(503)	(1.09)
				(633)	(1.37)
Portfolio of investments^				44,091	95.79
Net other assets				1,940	4.21*
Net assets				46,031	100.00

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

^ Including derivative liabilities.

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

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

Portfolio Analysis

ASSET	30.06.18	
	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
Bonds	44,728	97.17
Derivatives	(4)	(0.01)
Forward Foreign Exchange Contracts	(633)	(1.37)
Net other assets	1,940	4.21
Net assets	46,031	100.00

Credit Breakdown*

ASSET	30.06.18	
	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
AAA	1,947	4.23
AA	3,727	8.10
A	4,322	9.39
BBB	8,489	18.44
BB	11,376	24.72
B	11,710	25.43
CCC	3,157	6.86
Total Bonds	44,728	97.17

*Bond ratings are Investec approximations.

Monthly High Income Fund

Portfolio statement

As at 30 June 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
BONDS 97.17% (31.12.17: 94.29%)			
CORPORATE BONDS – MATURITY 0 TO 5 YEARS 25.01% (31.12.17: 9.55%)			
Chesapeake Energy (FRN) 5.5977% 15/04/2019	USD 2,060,000	1,564	1.63
Tenet Healthcare 6% 01/10/2020	USD 1,810,000	1,421	1.48
Scientific Games International 10% 01/12/2022	USD 1,650,000	1,339	1.39
Peabody Energy 6% 31/03/2022	USD 1,615,000	1,248	1.30
Teva Pharmaceutical Finance Netherlands II 0.375% 25/07/2020	EUR 1,400,000	1,208	1.26
FTS International 6.25% 01/05/2022	USD 1,570,000	1,207	1.25
DKT Finance 7% 17/06/2023	EUR 1,280,000	1,146	1.19
KLX 5.875% 01/12/2022	USD 1,430,000	1,130	1.17
Coty 4% 15/04/2023	EUR 1,285,000	1,124	1.17
Intrum 2.75% 15/07/2022	EUR 1,250,000	1,047	1.09
CCO 5.125% 01/05/2023	USD 1,367,000	1,026	1.07
Nielsen Finance 5% 15/04/2022	USD 1,370,000	1,026	1.07
Nabors Industries 5.5% 15/01/2023	USD 1,390,000	1,024	1.06
HCA 4.25% 15/10/2019	USD 1,301,000	996	1.04
KB Home 8% 15/03/2020	USD 1,200,000	971	1.01
Algeco Global Finance 6.5% 15/02/2023	EUR 1,000,000	904	0.94
APX 7.875% 01/12/2022	USD 1,180,000	889	0.92
Cablevision Systems 8% 15/04/2020	USD 1,000,000	795	0.83
GLP Capital 4.875% 01/11/2020	USD 1,000,000	771	0.80
Eagle Intermediate Global 5.375% 01/05/2023	EUR 803,000	704	0.73
QEP Resources 5.375% 01/10/2022	USD 904,000	704	0.73
Alpha 2 8.75% 01/06/2023	USD 635,556	481	0.50
Cabot Financial Luxembourg II (FRN) 5.875% 15/11/2021	EUR 500,000	447	0.46
QEP Resources 5.25% 01/05/2023	USD 470,000	353	0.37
Brookfield Residential Properties 6.5% 15/12/2020	USD 300,000	231	0.24
SLG Combibloc 7.75% 15/02/2023	EUR 200,000	183	0.19
Reynolds Group Issuer 5.75% 15/10/2020	USD 150,000	115	0.12
		24,054	25.01
CORPORATE BONDS – MATURITY 5 TO 15 YEARS 69.86% (31.12.17: 79.70%)			
Petrobras Global Finance 4.75% 14/01/2025	EUR 1,845,000	1,678	1.74
IQVIA 3.5% 15/10/2024	EUR 1,750,000	1,554	1.62
Kraton Polymers 5.25% 15/05/2026	EUR 1,660,000	1,479	1.54
AMC Entertainment 6.375% 15/11/2024	GBP 1,405,000	1,420	1.48
Vantiv 3.875% 15/11/2025	GBP 1,480,000	1,400	1.46
HCA 5% 15/03/2024	USD 1,840,000	1,398	1.45
Lennar 5.875% 15/11/2024	USD 1,740,000	1,366	1.42
Catalent Pharma Solutions 4.75% 15/12/2024	EUR 1,460,000	1,346	1.40
ARD Finance 6.625% 15/09/2023	EUR 1,470,000	1,321	1.37
Cemex Finance 4.625% 15/06/2024	EUR 1,400,000	1,302	1.35
International Game Technology 6.5% 15/02/2025	USD 1,650,000	1,295	1.35
Kronos International 3.75% 15/09/2025	EUR 1,520,000	1,294	1.35
Antero Midstream Partners 5.375% 15/09/2024	USD 1,685,000	1,289	1.34
Dell International 6.02% 15/06/2026	USD 1,600,000	1,281	1.33
La Financiere Atalian 4% 15/05/2024	EUR 1,500,000	1,252	1.30
INEOS 5.375% 01/08/2024	EUR 1,350,000	1,247	1.30
MPT Operating Partnership 3.325% 24/03/2025	EUR 1,330,000	1,205	1.25
FAGE International 5.625% 15/08/2026	USD 1,680,000	1,174	1.22
Iron Mountain US 5.375% 01/06/2026	USD 1,595,000	1,157	1.20
CTC BondCo 5.25% 15/12/2025	EUR 1,370,000	1,155	1.20
Verisure Midholding 5.75% 01/12/2023	EUR 1,340,000	1,151	1.20
United States Steel 6.875% 15/08/2025	USD 1,500,000	1,150	1.20
Extraction Oil & Gas 7.375% 15/05/2024	USD 1,430,000	1,139	1.18
Equinix 2.875% 15/03/2024	EUR 1,309,000	1,136	1.18
Transocean Guardian 5.875% 15/01/2024	USD 1,478,000	1,121	1.17
AECOM 5.125% 15/03/2027	USD 1,565,000	1,120	1.16
WMG Acquisition 4.125% 01/11/2024	EUR 1,210,000	1,108	1.15
RPG 3.375% 15/10/2024	EUR 1,243,000	1,096	1.14
Energizer Gamma Acquisition 4.625% 15/07/2026	EUR 1,225,000	1,094	1.14
Spectrum Brands 4% 01/10/2026	EUR 1,250,000	1,080	1.12
Nexi Capital 4.125% 01/11/2023	EUR 1,232,000	1,069	1.11
Trinseo Materials Finance 5.375% 01/09/2025	USD 1,414,000	1,068	1.11

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
CORPORATE BONDS – MATURITY 5 TO 15 YEARS 69.86% (31.12.17: 79.70%) (continued)			
Aker BP 5.875% 31/03/2025	USD 1,372,000	1,064	1.11
Vertiv 9.25% 15/10/2024	USD 1,400,000	1,058	1.10
Albertsons (FRN) 6.0851% 15/01/2024	USD 1,385,000	1,057	1.10
Open Text 5.875% 01/06/2026	USD 1,350,000	1,053	1.09
Cott 5.5% 01/04/2025	USD 1,400,000	1,036	1.08
Cheniere Energy Partners 5.25% 01/10/2025	USD 1,354,000	1,011	1.05
Altice Financing 7.5% 15/05/2026	USD 1,380,000	1,011	1.05
Alcoa Nederland 6.125% 15/05/2028	USD 1,300,000	992	1.03
Minerva Luxembourg 6.5% 20/09/2026	USD 1,420,000	989	1.03
Levi Strauss 3.375% 15/03/2027	EUR 1,100,000	975	1.01
MARB BondCo 6.875% 19/01/2025	USD 1,350,000	974	1.01
Paprec 4% 31/03/2025	EUR 1,080,000	946	0.98
Nidda Healthcare 3.5% 30/09/2024	EUR 1,130,000	941	0.98
Constellium 6.625% 01/03/2025	USD 1,170,000	894	0.93
InterXion 4.75% 15/06/2025	EUR 995,000	883	0.92
Titan Acquisition 7.75% 15/04/2026	USD 1,200,000	852	0.89
Darling Global Finance 3.625% 15/05/2026	EUR 949,000	840	0.87
Casino Giuchard Perrachon 4.048% 05/08/2026	EUR 1,000,000	836	0.87
United 4.875% 01/07/2024	EUR 900,000	811	0.84
American Axle & Manufacturing 6.25% 01/04/2025	USD 1,010,000	765	0.79
Valeant Pharmaceuticals International 5.5% 01/11/2025	USD 1,000,000	750	0.78
BWAY 4.75% 15/04/2024	EUR 784,000	694	0.72
Hercule Debtco 6.75% 30/06/2024	EUR 800,000	692	0.72
MEDNAX 5.25% 01/12/2023	USD 920,000	689	0.72
Belden 4.125% 15/10/2026	EUR 700,000	643	0.67
Diebold Nixdorf 8.5% 15/04/2024	USD 830,000	606	0.63
Belden 2.875% 15/09/2025	EUR 640,000	551	0.57
Virgin Media Secured Finance 5% 15/04/2027	GBP 560,000	546	0.57
IQVIA 2.875% 15/09/2025	EUR 600,000	496	0.52
Virgin Media Secured Finance 5.25% 15/01/2026	USD 700,000	494	0.51
Arrow Global Finance (FRN) 2.875% 01/04/2025	EUR 540,000	455	0.47
Tendam Brands 5% 15/09/2024	EUR 530,000	442	0.46
Virgin Media Secured Finance 5.125% 15/01/2025	GBP 350,000	355	0.37
Petrobras Global Finance 8.75% 23/05/2026	USD 350,000	289	0.30
Arrow Global Finance 5.125% 15/09/2024	GBP 300,000	277	0.29
Eagle Intermediate Global 7.5% 01/05/2025	USD 187,000	142	0.15
United States Steel 6.25% 15/03/2026	USD 179,000	135	0.14
Sirius XM Radio 5.375% 15/04/2025	USD 12,000	9	0.01
		67,198	69.86
CORPORATE BONDS – MATURITY 15+ YEARS 2.30% (31.12.17: 5.04%)			
CPUK Finance 4.875% 28/02/2047	GBP 1,210,000	1,213	1.26
RAC Bond 5% 06/05/2046	GBP 580,000	547	0.57
AA Bond 5.5% 31/07/2043	GBP 493,000	450	0.47
		2,210	2.30
DERIVATIVES – FUTURES (0.01%) (31.12.17: 0.00%)			
Germany Euro-BOBL Futures 06/09/2018	(11)	(10)	(0.01)
DERIVATIVES – CREDIT DEFAULT SWAPS 0.00% (31.12.17: 0.28%)			
DERIVATIVES – CREDIT DEFAULT SWAPTIONS 0.00% (31.12.17: 0.02%)			

Portfolio statement continued

As at 30 June 2018

ASSET	HOLDING		MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
FORWARD CURRENCY CONTRACTS (1.23%) (31.12.17: (0.23%))				
Euro				
Buy EUR	1,670,000	for GBP	(1,465,699)	15
Sell EUR	(45,500,000)	for GBP	40,074,016	(268)
US Dollar				
Buy USD	14,030,000	for GBP	(10,532,324)	131
Sell USD	(76,090,000)	for GBP	56,768,061	(1,063)
			(1,185)	(1.23)
Portfolio of investments [^]			92,267	95.93
Net other assets			3,913	4.07*
Net assets			96,180	100.00

[^] Including derivative liabilities.

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

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

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

Portfolio Analysis

ASSET	30.06.18		31.12.17	
	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
Bonds	93,462	97.17	103,563	94.29
Collective Investment Schemes				
Derivatives	(10)	(0.01)	330	0.30
Equities				
Forward Foreign Exchange Contracts	(1,185)	(1.23)	(257)	(0.23)
Net other assets	3,913	4.07	6,197	5.64
Net assets	96,180	100.00	109,833	100.00

Credit Breakdown*

ASSET	30.06.18		31.12.17	
	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
BBB	1,281	1.33	2,339	2.13
BB	42,191	43.87	49,628	45.18
B	41,252	42.88	42,285	38.51
CCC	8,738	9.09	9,311	8.47
Total Bonds	93,462	97.17	103,563	94.29

*Bond ratings are Investec approximations.

Authorised Corporate Director's Report

Authorised Corporate Director's report

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

Authorised status

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

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

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

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

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

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

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

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

Accounting period covered by these accounts

The accounting period covered in these accounts is from 1 January 2018 to 30 June 2018.

Changes during the accounting period

Changes made following required notice:

The following share classes were launched on 11 May 2018:

Global Total Return Credit Fund, I, Accumulation, GBP
 Global Total Return Credit Fund, K, Accumulation, GBP
 Global Total Return Credit Fund, A, Income-2, GBP
 Global Total Return Credit Fund, I, Income-2, GBP
 Global Total Return Credit Fund, K, Income-2, GBP

On 11 May 2018, the Global Total Return Credit Fund was launched.

The Prospectus was updated (on 6 April 2018) to include changes required in respect of the Benchmarks Regulation.

Authorised Corporate Director's Report continued

The Prospectus was updated on (31 May 2018) to include disclosure of the fact that the ACD acts as an authorised fund manager in relation to the IFML Vitality Funds.

The Prospectus was updated on (31 May 2018) to reflect:

- the correction of the reference portfolio for the Monthly High Income Fund in the global expected level of leverage table from "ML European Currency High Yield Constrained Index GBP Hedged" to "ML Global High Yield Constrained GBP Hedged"; and
- the reduction of the Monthly High Income Fund's global expected level of leverage figure from 170% to 134%.

The Prospectus was updated (on 31 May 2018) to include changes required in respect of the GDPR,



K. McFarland
Director of the ACD

29 August 2018



A. Fletcher
Director of the ACD

American Fund

Comparative Tables

As at 30 June 2018

Net Asset Value and Ongoing Charges Figure

	'A' Class (Accumulation shares)				'A' Class (GBP Hedged Accumulation shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	72,007	74,106	72,188	64,837	398	305	287	219
Closing number of shares	18,477,377	21,054,382	22,359,127	28,785,293	157,773	128,895	143,134	128,731
Closing net asset value per share (p)	389.70	351.97	322.86	225.24	252.50	236.73	200.40	170.38
Operating charges	1.59%	1.59%	1.60%	1.60%	1.63%	1.63%	1.65%	1.65%

	'A' Class (USD Accumulation shares)				'B' Class (Accumulation shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (USD'000)/(£'000)	313	509	648	646	8,678	8,149	8,188	6,533
Closing number of shares	61,130	106,859	163,017	193,258	2,149,705	2,237,827	2,457,392	2,817,467
Closing net asset value per share (c)/(p)	512.39	475.89	397.45	334.04	403.68	364.15	333.20	231.88
Operating charges	1.59%	1.59%	1.60%	1.60%	1.34%	1.34%	1.35%	1.35%

	'I' Class (Accumulation shares)				'R' Class (Accumulation shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	71,264	56,062	37,846	23,966	156	293	224	177
Closing number of shares	27,412,772	23,965,409	17,770,717	16,250,525	59,407	124,188	104,282	118,082
Closing net asset value per share (p)	259.97	233.93	212.97	147.48	261.97	236.03	215.42	149.55
Operating charges	0.84%	0.84%	0.85%	0.85%	1.09%	1.09%	1.10%	1.10%

	'S' Class (Accumulation shares)			
	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	4,650	3,700	3,288	2,404
Closing number of shares	1,478,416	1,312,035	1,290,102	1,372,192
Closing net asset value per share (p)	314.56	282.01	254.83	175.16
Operating charges	0.09%	0.09%	0.10%	0.25%

Asia ex Japan Fund

Comparative Tables

As at 30 June 2018

Net Asset Value and Ongoing Charges Figure

	'A' Class (Accumulation shares)				'B' Class (Accumulation shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	61,895	63,092	55,348	58,955	5,035	5,299	4,131	3,864
Closing number of shares	9,119,463	9,422,105	11,517,436	15,171,771	72,397	77,315	84,207	97,649
Closing net asset value per share (p)	678.72	669.62	480.56	388.59	6,954.86	6,853.53	4,906.17	3,957.19
Operating charges	1.68%	1.68%	1.71%	1.75%	1.43%	1.43%	1.46%	1.50%

	'I' Class (Accumulation shares)				'R' Class (Accumulation shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	110,573	139,131	108,062	90,573	456	490	284	376
Closing number of shares	32,645,913	41,784,476	45,562,993	47,585,001	232,220	253,921	205,871	338,607
Closing net asset value per share (p)	338.70	332.97	237.17	190.34	196.18	193.09	137.88	110.94
Operating charges	0.93%	0.93%	0.96%	1.00%	1.18%	1.18%	1.21%	1.25%

	'S' Class (Accumulation shares) ⁽¹⁾			
	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	–	–	314	165
Closing number of shares	–	–	61,158	40,416
Closing net asset value per share (p)	–	–	512.64	408.35
Operating charges	–	–	0.21%	0.25%

(1) Closed 3 February 2017.

Global Energy Fund

Comparative Tables

As at 30 June 2018

Net Asset Value and Ongoing Charges Figure

	'A' Class (Accumulation shares)				'A' Class (USD Accumulation shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)/(USD'000)	25,483	25,379	33,577	23,834	1,437	1,640	1,759	1,760
Closing number of shares	12,409,104	12,836,146	14,654,103	15,478,271	532,681	613,927	624,259	771,645
Closing net asset value per share (p)/(c)	205.36	197.72	229.13	153.98	269.78	267.11	281.83	228.15
Operating charges	1.63%	1.63%	1.63%	1.64%	1.63%	1.63%	1.63%	1.64%

	'I' Class (Accumulation shares)				'I' Class (Income shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	33,103	36,595	47,146	32,653	1,041	1,028	6,211	5
Closing number of shares	14,641,152	16,872,616	18,898,859	19,623,340	1,455,711	1,498,698	7,726,908	9,413
Closing net asset value per share (p)	226.10	216.89	249.46	166.40	71.48	68.57	80.39	54.54
Operating charges	0.88%	0.88%	0.88%	0.89%	0.88%	0.88%	0.88%	0.89%

	'R' Class (Accumulation shares)				'S' Class (Accumulation shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	102	97	261	70	2,985	3,463	3,949	3,169
Closing number of shares	109,572	108,681	252,040	101,235	2,025,430	2,457,914	2,455,418	2,976,693
Closing net asset value per share (p)	93.31	89.62	103.35	69.11	147.39	140.87	160.82	106.47
Operating charges	1.13%	1.13%	1.13%	1.14%	0.13%	0.13%	0.13%	0.14%

Global Strategic Equity Fund

Comparative Tables

As at 30 June 2018

Net Asset Value and Ongoing Charges Figure

	'A' Class (Accumulation shares)				'A' Class (USD Accumulation shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)/(USD'000)	196,795	192,471	185,187	177,808	145	149	115	166
Closing number of shares	20,771,547	20,781,163	23,584,783	28,100,916	11,690	11,919	11,919	17,711
Closing net asset value per share (p)/(c)	947.43	926.18	785.20	632.75	1,243.19	1,249.72	964.66	936.38
Operating charges	1.59%	1.59%	1.61%	1.61%	1.59%	1.59%	1.61%	1.61%

	'I' Class (Accumulation shares)				'I' Class (GBP Hedged Accumulation shares) ⁽¹⁾			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	251,676	296,419	293,001	254,684	60,460	60,466	-	-
Closing number of shares	103,792,349	125,511,194	147,437,696	160,222,825	49,149,532	49,107,683	-	-
Closing net asset value per share (p)	242.48	236.17	198.73	158.96	123.01	123.13	-	-
Operating charges	0.84%	0.84%	0.86%	0.86%	0.88%	0.88%	-	-

	'R' Class (Accumulation shares)				'S' Class (Accumulation shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	716	701	640	538	89,756	86,261	176,156	136,228
Closing number of shares	318,541	319,855	345,859	362,664	29,865,546	29,578,856	72,322,662	70,447,396
Closing net asset value per share (p)	224.84	219.26	184.96	148.31	300.53	291.63	243.57	193.38
Operating charges	1.09%	1.09%	1.11%	1.11%	0.09%	0.09%	0.11%	0.11%

(1) Launched 31 January 2017.

Global Total Return Credit Fund

Comparative Tables

As at 30 June 2018

Net Asset Value and Ongoing Charges Figure

	'A' Class (Income-2 shares) 30.06.18	'I' Class (Accumulation shares) 30.06.18
Closing net asset value (£'000)	10	24,621
Closing number of shares	10,000	24,856,319
Closing net asset value per share (p)	98.96	99.06
Operating charges	1.62%	0.87%

	'I' Class (Income-2 shares) 30.06.18	'K' Class (Accumulation shares) 30.06.18
Closing net asset value (£'000)	10	10
Closing number of shares	10,000	10,000
Closing net asset value per share (p)	99.07	99.10
Operating charges	0.87%	0.57%

	'K' Class (Income-2 shares) 30.06.18
Closing net asset value (£'000)	21,380
Closing number of shares	21,576,824
Closing net asset value per share (p)	99.09
Operating charges	0.57%

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

Monthly High Income Fund

Comparative Tables

As at 30 June 2018

Net Asset Value and Ongoing Charges Figure

	'A' Class (Accumulation shares)				'A' Class (Income-2 shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	10,698	12,373	14,505	19,226	23,347	25,802	28,659	37,370
Closing number of shares	4,938,638	5,564,413	6,822,562	10,114,631	35,177,822	37,098,358	40,905,210	56,520,743
Closing net asset value per share (p)	216.62	222.37	212.61	190.08	66.37	69.55	70.06	66.12
Operating charges	1.34%	1.34%	1.36%	1.35%	1.34%	1.34%	1.36%	1.35%

	'I' Class (Accumulation shares)				'I' Class (Income-2 shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	16,481	23,330	17,673	10,538	40,993	44,938	44,336	35,853
Closing number of shares	9,245,085	12,787,068	10,191,159	6,829,407	42,204,032	44,281,141	43,632,233	37,617,342
Closing net asset value per share (p)	178.27	182.45	173.41	154.30	97.13	101.48	101.61	95.31
Operating charges	0.74%	0.74%	0.76%	0.75%	0.74%	0.74%	0.76%	0.75%

	'R' Class (Accumulation shares)				'R' Class (Income-2 shares)			
	30.06.18	31.12.17	31.12.16	31.12.15	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	369	277	263	7	726	775	757	707
Closing number of shares	305,399	223,813	223,417	6,280	791,147	807,290	786,703	783,085
Closing net asset value per share (p)	120.73	123.62	117.61	104.73	91.78	95.94	96.16	90.29
Operating charges	0.84%	0.84%	0.86%	0.85%	0.84%	0.84%	0.86%	0.85%

	'S' Class (Accumulation shares)			
	30.06.18	31.12.17	31.12.16	31.12.15
Closing net asset value (£'000)	3,566	2,338	6,945	9,261
Closing number of shares	1,425,851	916,203	2,884,769	4,399,255
Closing net asset value per share (p)	250.12	255.16	240.74	210.51
Operating charges	0.09%	0.09%	0.11%	0.10%

Notes to the Aggregated Financial Statements

For the period ended 30 June 2018

Accounting policies

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

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2017 and are described in those annual financial statements.



K. McFarland
Director of the ACD

29 August 2018



A. Fletcher
Director of the ACD

American Fund

Statement of Total Return

For the period ended 30 June 2018

	30.06.18		30.06.17	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		15,111		5,081
Revenue	1,021		1,193	
Expenses	(866)		(823)	
Interest payable and similar charges	–		(9)	
Net revenue before taxation	155		361	
Taxation	(101)		(169)	
Net revenue after taxation		54		192
Total return before distribution		15,165		5,273
Distribution		9		(8)
Change in net assets attributable to shareholders from investment activities		15,174		5,265

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2018

	30.06.18		30.06.17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		142,991		122,548
Amounts receivable on creation of shares	15,747		26,515	
Amounts payable on cancellation of shares	(16,520)		(24,264)	
		(773)		2,251
Change in net assets attributable to shareholders from investment activities		15,174		5,265
Closing net assets attributable to shareholders		157,392		130,064

Balance Sheet

As at 30 June 2018

	30.06.18		31.12.17	
	£'000	£'000	£'000	£'000
ASSETS				
Investments assets		147,078		135,134
Current assets				
Debtors	633		524	
Cash and bank balances	9,863		7,497	
Total other assets		10,496		8,021
Total assets		157,574		143,155
LIABILITIES				
Creditors				
Other creditors	182		164	
Total liabilities		182		164
Net assets attributable to shareholders		157,392		142,991

Asia ex Japan Fund

Statement of Total Return

For the period ended 30 June 2018

	30.06.18		30.06.17	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		1,347		37,494
Revenue	2,181		3,185	
Expenses	(1,086)		(1,167)	
Interest payable and similar charges	–		(1)	
Net revenue before taxation	1,095		2,017	
Taxation	(109)		(280)	
Net revenue after taxation		986		1,737
Total return before distribution		2,333		39,231
Distribution		(40)		(13)
Change in net assets attributable to shareholders from investment activities		2,293		39,218

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2018

	30.06.18		30.06.17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		208,012		168,139
Amounts receivable on creation of shares	4,285		34,505	
Amounts payable on cancellation of shares	(36,625)		(21,869)	
		(32,340)		12,636
Dilution adjustment		–		43
Change in net assets attributable to shareholders from investment activities		2,293		39,218
Retained distributions on accumulation shares		(6)		–
Closing net assets attributable to shareholders		177,959		220,036

Balance Sheet

As at 30 June 2018

	30.06.18		31.12.17	
	£'000	£'000	£'000	£'000
ASSETS				
Investments assets		175,486		204,022
Current assets				
Debtors	681		87	
Cash and bank balances	2,326		4,499	
Total other assets		3,007		4,586
Total assets		178,493		208,608
LIABILITIES				
Creditors				
Other creditors	534		596	
Total liabilities		534		596
Net assets attributable to shareholders		177,959		208,012

Global Energy Fund

Statement of Total Return

For the period ended 30 June 2018

	30.06.18		30.06.17	
	£'000	£'000	£'000	£'000
Income				
Net capital gains/(losses)		1,904		(18,866)
Revenue	1,032		1,075	
Expenses	(346)		(440)	
Net revenue before taxation	686		635	
Taxation	(57)		(72)	
Net revenue after taxation		629		563
Total return before distribution		2,533		(18,303)
Distribution		(23)		(22)
Change in net assets attributable to shareholders from investment activities		2,510		(18,325)

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2018

	30.06.18		30.06.17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		67,776		92,574
Amounts receivable on creation of shares	6,764		8,217	
Amounts payable on cancellation of shares	(13,242)		(14,603)	
		(6,478)		(6,386)
Change in net assets attributable to shareholders from investment activities		2,510		(18,325)
Closing net assets attributable to shareholders		63,808		67,863

Balance Sheet

As at 30 June 2018

	30.06.18		31.12.17	
	£'000	£'000	£'000	£'000
ASSETS				
Investments assets		63,085		67,540
Current assets				
Debtors	583		245	
Cash and bank balances	667		444	
Total other assets		1,250		689
Total assets		64,335		68,229
LIABILITIES				
Creditors				
Bank overdrafts	–		22	
Distribution payable	–		20	
Other creditors	527		411	
Total liabilities		527		453
Net assets attributable to shareholders		63,808		67,776

Global Strategic Equity Fund

Statement of Total Return

For the period ended 30 June 2018

	30.06.18		30.06.17	
	£'000	£'000	£'000	£'000
Income				
Net capital gains		9,827		44,187
Revenue	7,112		7,915	
Expenses	(2,876)		(2,912)	
Interest payable and similar charges	(6)		(6)	
Net revenue before taxation	4,230		4,997	
Taxation	(597)		(650)	
Net revenue after taxation		3,633		4,347
Total return before distribution		13,460		48,534
Distribution		(1)		10
Change in net assets attributable to shareholders from investment activities		13,459		48,544

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2018

	30.06.18		30.06.17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		636,428		655,077
Amounts receivable on creation of shares	13,478		38,215	
Amounts payable on cancellation of shares	(63,851)		(51,679)	
		(50,373)		(13,464)
Change in net assets attributable to shareholders from investment activities		13,459		48,544
Closing net assets attributable to shareholders		599,514		690,157

Balance Sheet

As at 30 June 2018

	30.06.18		31.12.17	
	£'000	£'000	£'000	£'000
ASSETS				
Investments assets		583,035		629,445
Current assets				
Debtors	861		992	
Cash and bank balances	17,984		6,993	
Total other assets		18,845		7,985
Total assets		601,880		637,430
LIABILITIES				
Creditors				
Bank overdrafts	274		-	
Other creditors	2,092		1,002	
Total other liabilities		2,366		1,002
Net assets attributable to shareholders		599,514		636,428

Global Total Return Credit Fund

Statement of Total Return

For the period ended 30 June 2018

	£'000	30.06.18 £'000
Income		
Net capital losses		(470)
Revenue	163	
Expenses	(34)	
Net revenue before taxation	129	
Taxation	(29)	
Net revenue after taxation		100
Total return before distributions		(370)
Distributions		15
Change in net assets attributable to shareholders from investment activities		(355)

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2018

	£'000	30.06.18 £'000
Opening net assets attributable to shareholders		-
Amounts receivable on creation of shares	46,347	
Amounts payable on cancellation of shares	(29)	
		46,318
Dilution adjustment		68
Change in net assets attributable to shareholders from investment activities		(355)
Closing net assets attributable to shareholders		46,031

Balance Sheet

As at 30 June 2018

	£'000	30.06.18 £'000
ASSETS		
Investments assets		44,737
Current assets		
Debtors	945	
Cash and bank balances	1,628	
Total other assets		2,573
Total assets		47,310
LIABILITIES		
Investment liabilities		646
Creditors		
Bank overdrafts	8	
Other creditors	625	
Total other liabilities		633
Total liabilities		1,279
Net assets attributable to shareholders		46,031

Global Total Return Credit Fund

Distribution Tables

For the period ended 30 June 2018

Interim distribution payable 31 August 2018

Group 1 – Shares purchased before 11 May 2018

Group 2 – Shares purchased between 11 May and 30 June 2018

	Net Income pence	Equalisation pence	Distribution payable 31.08.18 pence
'A' Class (Income-2 shares)			
Group 1	0.3249	–	0.3249
Group 2	0.3249	–	0.3249
'I' Class (Accumulation shares)			
Group 1	0.2217	–	0.2217
Group 2	0.2131	0.0086	0.2217
'I' Class (Income-2 shares)			
Group 1	0.3288	–	0.3288
Group 2	0.3288	–	0.3288
'K' Class (Accumulation shares)			
Group 1	0.2590	–	0.2590
Group 2	0.2590	–	0.2590
'K' Class (Income-2 shares)			
Group 1	0.3281	–	0.3281
Group 2	0.2656	0.0625	0.3281

Fund launched 11 May 2018.

Equalisation

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

Monthly High Income Fund

Statement of Total Return

For the period ended 30 June 2018

	30.06.18		30.06.17	
	£'000	£'000	£'000	£'000
Income				
Net capital (losses)/gains		(4,298)		987
Revenue	2,371		3,169	
Expenses	(483)		(533)	
Interest payable and similar charges	(5)		(2)	
Net revenue before taxation	1,883		2,634	
Taxation	–		87	
Net revenue after taxation		1,883		2,721
Total return before distributions		(2,415)		3,708
Distribution		(1,938)		(2,837)
Change in net assets attributable to shareholders from investment activities		(4,353)		871

Statement of Change in Net Assets Attributable to Shareholders

For the period ended 30 June 2018

	30.06.18		30.06.17	
	£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders		109,833		113,138
Amounts receivable on creation of shares	5,269		9,621	
Amounts payable on cancellation of shares	(15,079)		(14,164)	
		(9,810)		(4,543)
Dilution adjustment		–		16
Change in net assets attributable to shareholders from investment activities		(4,353)		871
Retained distributions on accumulation shares		509		836
Unclaimed distributions		1		4
Closing net assets attributable to shareholders		96,180		110,322

Balance Sheet

As at 30 June 2018

	30.06.18		31.12.17	
	£'000	£'000	£'000	£'000
ASSETS				
Investments assets		93,608		103,893
Current assets				
Debtors	1,414		1,713	
Cash and bank balances	8,064		5,737	
Total other assets		9,478		7,450
Total assets		103,086		111,343
LIABILITIES				
Investment liabilities		1,341		257
Creditors				
Bank overdrafts	437		418	
Distribution payable	462		715	
Other creditors	4,666		120	
Total other liabilities		5,565		1,253
Total liabilities		6,906		1,510
Net assets attributable to shareholders		96,180		109,833

Distribution Tables

For the period ended 30 June 2018

Interim distribution paid 31 March 2018

Group 1 – Shares purchased before 1 January 2018

Group 2 – Shares purchased between 1 January and 31 January 2018

	Net Income pence	Equalisation pence	Distribution paid 31.03.18 pence	Distribution paid 31.03.17 pence
'A' Class (Accumulation shares)				
Group 1	0.5004	–	0.5004	0.6686
Group 2	0.4144	0.0860	0.5004	0.6686
'A' Class (Income-2 shares)				
Group 1	0.2345	–	0.2345	0.2847
Group 2	0.0762	0.1583	0.2345	0.2847
'I' Class (Accumulation shares)				
Group 1	0.5024	–	0.5024	0.6170
Group 2	0.2328	0.2696	0.5024	0.6170
'I' Class (Income-2 shares)				
Group 1	0.3423	–	0.3423	0.4130
Group 2	0.1709	0.1714	0.3423	0.4130
'R' Class (Accumulation shares)				
Group 1	0.3300	–	0.3300	0.4103
Group 2	0.3300	–	0.3300	0.4103
'R' Class (Income-2 shares)				
Group 1	0.3236	–	0.3236	0.3909
Group 2	0.3236	–	0.3236	0.3909
'S' Class (Accumulation shares)				
Group 1	0.8419	–	0.8419	1.2061
Group 2	0.8419	–	0.8419	1.2061

Monthly High Income Fund

Distribution Tables

For the period ended 30 June 2018

Interim distribution paid 30 April 2018

Group 1 – Shares purchased before 1 February 2018

Group 2 – Shares purchased between 1 February and 28 February 2018

	Net Income pence	Equalisation pence	Distribution paid 30.04.18 pence	Distribution paid 30.04.17 pence
'A' Class (Accumulation shares)				
Group 1	0.5056	–	0.5056	0.6675
Group 2	0.2224	0.2832	0.5056	0.6675
'A' Class (Income-2 shares)				
Group 1	0.2345	–	0.2345	0.3000
Group 2	0.0695	0.1650	0.2345	0.3000
'I' Class (Accumulation shares)				
Group 1	0.5059	–	0.5059	0.6338
Group 2	0.2089	0.2970	0.5059	0.6338
'I' Class (Income-2 shares)				
Group 1	0.3424	–	0.3424	0.4355
Group 2	0.1352	0.2072	0.3424	0.4355
'R' Class (Accumulation shares)				
Group 1	0.3325	–	0.3325	0.4197
Group 2	0.3325	–	0.3325	0.4197
'R' Class (Income-2 shares)				
Group 1	0.3237	–	0.3237	0.4120
Group 2	0.3237	–	0.3237	0.4120
'S' Class (Accumulation shares)				
Group 1	0.8458	–	0.8458	1.0153
Group 2	0.8458	–	0.8458	1.0153

Distribution Tables

For the period ended 30 June 2018

Interim distribution paid 31 May 2018

Group 1 – Shares purchased before 1 March 2018

Group 2 – Shares purchased between 1 March and 31 March 2018

	Net Income pence	Equalisation pence	Distribution paid 31.05.18 pence	Distribution paid 31.05.17 pence
'A' Class (Accumulation shares)				
Group 1	0.5098	–	0.5098	0.6729
Group 2	–	0.5098	0.5098	0.6729
'A' Class (Income-2 shares)				
Group 1	0.2345	–	0.2345	0.3000
Group 2	0.0774	0.1571	0.2345	0.3000
'I' Class (Accumulation shares)				
Group 1	0.5090	–	0.5090	0.6379
Group 2	0.0712	0.4378	0.5090	0.6379
'I' Class (Income-2 shares)				
Group 1	0.3426	–	0.3426	0.4357
Group 2	0.0719	0.2707	0.3426	0.4357
'R' Class (Accumulation shares)				
Group 1	0.3346	–	0.3346	0.4226
Group 2	0.3346	–	0.3346	0.4226
'R' Class (Income-2 shares)				
Group 1	0.3238	–	0.3238	0.4122
Group 2	0.3238	–	0.3238	0.4122
'S' Class (Accumulation shares)				
Group 1	0.8497	–	0.8497	1.0210
Group 2	0.8497	–	0.8497	1.0210

Monthly High Income Fund

Distribution Tables

For the period ended 30 June 2018

Interim distribution paid 30 June 2018

Group 1 – Shares purchased before 1 April 2018

Group 2 – Shares purchased between 1 April and 30 April 2018

	Net Income pence	Equalisation pence	Distribution paid 30.06.18 pence	Distribution paid 30.06.17 pence
'A' Class (Accumulation shares)				
Group 1	0.5117	–	0.5117	0.6741
Group 2	0.1445	0.3672	0.5117	0.6741
'A' Class (Income-2 shares)				
Group 1	0.2345	–	0.2345	0.3000
Group 2	0.0038	0.2307	0.2345	0.3000
'I' Class (Accumulation shares)				
Group 1	0.5111	–	0.5111	0.6402
Group 2	0.1064	0.4047	0.5111	0.6402
'I' Class (Income-2 shares)				
Group 1	0.3428	–	0.3428	0.4359
Group 2	0.0519	0.2909	0.3428	0.4359
'R' Class (Accumulation shares)				
Group 1	0.3359	–	0.3359	0.4239
Group 2	–	0.3359	0.3359	0.4239
'R' Class (Income-2 shares)				
Group 1	0.3239	–	0.3239	0.4124
Group 2	0.1265	0.1974	0.3239	0.4124
'S' Class (Accumulation shares)				
Group 1	0.8536	–	0.8536	1.0261
Group 2	0.8536	–	0.8536	1.0261

Distribution Tables

For the period ended 30 June 2018

Interim distribution paid 31 July 2018

Group 1 – Shares purchased before 1 May 2018

Group 2 – Shares purchased between 1 May and 31 May 2018

	Net Income pence	Equalisation pence	Distribution payable 31.07.18 pence	Distribution paid 31.07.17 pence
'A' Class (Accumulation shares)				
Group 1	0.5167	–	0.5167	0.6762
Group 2	–	0.5167	0.5167	0.6762
'A' Class (Income-2 shares)				
Group 1	0.2345	–	0.2345	0.3000
Group 2	0.0384	0.1961	0.2345	0.3000
'I' Class (Accumulation shares)				
Group 1	0.5146	–	0.5146	0.6429
Group 2	0.0140	0.5006	0.5146	0.6429
'I' Class (Income-2 shares)				
Group 1	0.3430	–	0.3430	0.4361
Group 2	0.0231	0.3199	0.3430	0.4361
'R' Class (Accumulation shares)				
Group 1	0.3384	–	0.3384	0.4257
Group 2	0.3384	–	0.3384	0.4257
'R' Class (Income-2 shares)				
Group 1	0.3241	–	0.3241	0.4125
Group 2	0.3241	–	0.3241	0.4125
'S' Class (Accumulation shares)				
Group 1	0.8578	–	0.8578	1.0315
Group 2	–	0.8578	0.8578	1.0315

Monthly High Income Fund

Distribution Tables

For the period ended 30 June 2018

Interim distribution paid 31 August 2018

Group 1 – Shares purchased before 1 June 2018

Group 2 – Shares purchased between 1 June and 30 June 2018

	Net Income pence	Equalisation pence	Distribution payable 31.08.18 pence	Distribution paid 31.08.17 pence
'A' Class (Accumulation shares)				
Group 1	0.5200	–	0.5200	0.6809
Group 2	–	0.5200	0.5200	0.6809
'A' Class (Income-2 shares)				
Group 1	0.2345	–	0.2345	0.3000
Group 2	–	0.2345	0.2345	0.3000
'I' Class (Accumulation shares)				
Group 1	0.5173	–	0.5173	0.6467
Group 2	–	0.5173	0.5173	0.6467
'I' Class (Income-2 shares)				
Group 1	0.3431	–	0.3431	0.4363
Group 2	–	0.3431	0.3431	0.4363
'R' Class (Accumulation shares)				
Group 1	0.3402	–	0.3402	0.4283
Group 2	0.3402	–	0.3402	0.4283
'R' Class (Income-2 shares)				
Group 1	0.3242	–	0.3242	0.4127
Group 2	0.3242	–	0.3242	0.4127
'S' Class (Accumulation shares)				
Group 1	0.8617	–	0.8617	1.0370
Group 2	0.0461	0.8156	0.8617	1.0370

Equalisation

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

Other Information

ISA status

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

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

Distributions

Where a distribution is to be paid, it has been calculated as at 30 June 2018 and will be distributed to shareholders, where applicable, on 31 August 2018. For accumulations shares income distribution payments are deemed to be paid on 31 August 2018.

Telephone calls

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

Cross holding table

There were no cross holdings between sub-funds in Investec Funds Series ii as at 30 June 2018.

UCITS V Directive on remuneration

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

Remuneration paid for 2017-18 to all staff employed by the management company, split into fixed and variable remuneration paid.

N/A – IFML does not employ any employees.

Aggregate remuneration paid for 2017-18 to senior management and members of staff whose actions have a material impact on the risk profile of IFML.

Aggregate Remuneration	£163,276
Senior Management	£159,940
Other individuals with material impact	£3,336
No of staff	9

Registration in overseas markets

	Chile	Peru	UK
American Fund	✓		✓
Asia ex Japan Fund	✓		✓
Global Energy Fund			✓
Global Strategic Equity Fund	✓		✓
Global Total Return Credit Fund			✓
Monthly High Income Fund	✓	✓	✓

Notes: Chile and Peru to be distributed to AFPs (Pension Funds) only.

The Company's Prospectus, Key Investor Information Documents, Instrument of Incorporation, annual and semi-annual reports and accounts may be obtained, free of charge, from Investec Fund Managers Limited or, in Switzerland, from the Swiss Representative and Paying Agent, RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Badenerstrasse 567, Post Fach 1292, CH-8048 Zurich.

A copy of the full portfolio changes during the period under review, is available free of charge from the Swiss Representative.

* From 30 January 2018 the funds were no longer registered for sale in Switzerland.

Glossary (Unaudited)

Active management

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

Asset allocation

A fund's allotment to different asset classes.

Asset class

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

Bear market

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

Benchmark

A comparative performance index.

Bond

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

Bottom-up investing

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

Bull market

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

Cash

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

Central bank base rate

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

Commodities

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

Credit rating agency

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

Credit risk

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

Credit spread

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

Currency risk

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

Deflation

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

Derivatives

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

Developed markets

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

Disinflation

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

Diversification

Holding a range of assets to reduce risk.

Dividend

The portion of company net profits paid out to shareholders.

Dividend yield

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

Duration

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

Emerging markets

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

Emerging market debt

Debt issued by governments and corporates in emerging markets.

Equity

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

Fixed Income

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

Future

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

Gilt

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

Hedging

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

High yield bond

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

Index-linked bonds

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

Inflation

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

Initial public offering (IPO)

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

Interest

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

Investment grade bonds

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

Liabilities

Financial obligations that must be met.

Liquidity

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

Long dated bond

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

Long-term investment

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

Macroeconomic

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

Market capitalisation

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

Glossary (Unaudited) continued

Maturity

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

Outperformance

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

Overweight

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

Peer group

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

Performance

The results of an investment over a given period.

Portfolio

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

Rally

A swift rise.

Real estate

An asset class comprising buildings and land.

Risk premium

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

Security

A general term for a tradable financial instrument.

Short-term investment

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

Standard deviation

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

Top-down investing

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

Treasuries

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

Underweight

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

Volatility

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

Year-to-date (YTD)

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

Yield

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

Yield curve

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

Yield spread

The difference in yield between different bonds.

Yield to maturity

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

Directory (Unaudited)

Authorised Corporate Director (ACD)

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