

# Investec Funds Series III Annual Report and Accounts

For the year ended 28 February 2018





# Investec Funds Series iii

## Report and Accounts

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

# Emerging Markets Local Currency Debt Fund

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

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

The Fund invests primarily in bonds (contracts to repay borrowed money which typically pay interest at fixed times) and in related derivatives (financial contracts whose value is linked to the price of an underlying asset). These bonds are issued by governments, institutions or companies in emerging markets (countries that are in economic terms less developed than the major Western countries) predominantly in the currency of the issuing country.

The Investment Manager is free to choose how the Fund is invested. However, the JPMorgan GBI-EM Global Diversified Composite GBP Index is currently taken into account when the Fund's investments are selected.

## Performance record

Investec Emerging Markets Local Currency Debt Fund 'I' accumulation shares	4.68%*
Performance comparison index	3.35%**
Peer group sector average	1.10%**

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

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

12 months to 28 February 2018	6.72 pence
12 months to 28 February 2017	5.00 pence

## Performance review

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

## Factors helping performance

We held a position in Egyptian treasury bills, which added to the Fund's performance. These securities rallied materially over the year, helped by their attractive yield and a successful International Monetary Fund (IMF) reform programme which encouraged international investment and kept the exchange rate reasonably stable. In Malaysia, the portfolio generally maintained an overweight allocation to the ringgit throughout the period which added to performance during the final six months when the currency appreciated significantly relative to sterling, due to a combination of better than expected economic activity data and higher oil & gas prices (as Malaysia is a net exporter of oil).

Elsewhere, an overweight allocation to the Chilean peso contributed positively during July and August given the peso's sensitivity to a rising copper price. We finished the period with an overweight exposure to the currency due to the ongoing improvement in economic data and robust consumer and business sentiment following a market friendly election result at the end of 2017. Finally, the portfolio held an overweight allocation to Peruvian bonds, which positively impacted returns. Stagnant economic growth helped suppress inflation numbers which was a major positive for the bonds over the full period.

## Factors hindering performance

In terms of our Asian currency positioning, we held a short position (aiming to benefit from a fall in value) in the Singapore dollar to offset some of our long positions in the region. However this position acted as a drag on returns, particularly during the final six months of the period when the currency traded well given the revival in domestic economic data and strength of other regional currencies. At the end of the period, we maintained the short position but reduced its size.

Elsewhere, positioning in the Mexican peso and the country's bonds detracted from performance. This mostly occurred during the final months of 2017 when we held an overweight position to both the bonds and the peso. Mexican assets suffered a difficult end to the year given the resurfacing of Nafta-related concerns. We finished the period with an underweight in the peso and were neutrally positioned in bonds. Finally, in Israel our short position in the country's bonds and the shekel negatively impacted returns during the middle part of 2017. We finished the period with a neutral position in bonds and a slight overweight allocation to the currency.

## Portfolio activity

### Significant purchases

United States Treasury Bill 08/03/2018; Mexican Bonos 6.5% 09/06/2022; Turkey Government Bond 10.7% 17/08/2022; Brazil Letras do Tesouro Nacional 01/01/2020; South Africa Government Bond 10.5% 21/12/2026; Russian Federal Bond 7.7% 23/03/2033; Brazil Letras do Tesouro Nacional 01/07/2019; Brazil Letras do Tesouro Nacional 01/07/2020; Republic of South Africa Government Bond 8.875% 28/02/2035; Republic of Poland Government Bond 2.5% 25/07/2027.

### Significant sales

United States Treasury Bill 08/03/2018; Brazil Letras do Tesouro Nacional 01/01/2019; South Africa Government Bond 10.5% 21/12/2026; Republic of Russia Government Bond 6.2% 31/01/2018; Turkey Government Bond 8.3% 20/06/2018; Brazil Letras do Tesouro Nacional 01/07/2020; Poland Government Bond 1.5% 25/04/2020; Investec GSF Onshore Renminbi Bond Fund; Mexican Bonos 10% 20/11/2036; Mexican Bonos 7.75% 23/11/2034; Poland Government Bond 5.25% 25/10/2020.

## Outlook

We retain our constructive view on the asset class, largely reflected through a positive bias to emerging market (EM) currencies. We are more neutrally positioned in local currency bonds. In EM currencies, we believe valuations look attractive and the fundamentals still stack up – we believe EM growth could continue to accelerate in the coming months and exports remain supportive. In local currency bonds, valuations look closer to fair and risks remain from further upward moves in US Treasury yields, although the investment universe may still offer opportunities to add value given diverging trends in inflation and central bank policy.

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

\*\*Index (JPMorgan GBI-EM Global Diversified Index) and peer group sector average (Investment Association Global Emerging Markets Bond) shown for performance comparison purposes only.  
The opinions expressed herein are as at end of February 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 middle 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:**

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

**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.

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

**Government securities exposure:** The portfolio may invest more than 35% of its assets in government securities issued or guaranteed by a permitted single state.

**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.

# Global Dynamic 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 from around the world.

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

Investec Global Dynamic Equity 'I' accumulation shares	9.15%*
Performance comparison index	7.29%**
Peer group sector average	8.23%**

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 and peer group sector average.

## Factors helping performance

At a sector level, our positions in information technology and consumer staples positively contributed to performance. Within technology, electronic payment provider Paypal added the most to returns, as continued growth in e-commerce saw the company post a string of upbeat earnings. PayPal's shares were also boosted in November, when the company sold US\$5.8 billion of loans sitting on its balance sheet in an effort to focus on payment processing.

US cloud software provider NetApp surprised the market with better-than-expected earnings, while American semiconductor equipment company Lam Research outperformed as global chip manufacturers looked to capitalize on the latest memory chip business cycle. Finally in the sector, cloud computing provider VMware rallied due to continued growth in licensing revenue.

In the consumer staples sector, our large overweight holding in Chinese pork supplier WH Group contributed to returns after strong results in the US and European markets more than offset tough trading conditions in its domestic market.

## Factors hindering performance

Conversely, our holdings in the materials and industrials sectors detracted from performance. Within materials, Mexican cement maker Cemex hurt performance as its earnings missed estimates due to a mixture of increased competition and a series of natural disasters in the US and Mexico. Cemex shares have also been impacted by its management's efforts to seek shareholder pre-approval for a potential M&A deal, which has forced us to reconsider our ongoing investment in the firm.

Elsewhere, in the healthcare sector, exposure to pharmaceutical stock Celgene detracted as its psoriasis drug Otezla missed expectations due to pricing pressure and lower-than-expected sales. These factors prompted us to exit our stake in December.

Our holdings in oil drilling company Helmerich & Payne suffered due to a fall in the number of oil rigs in operation and lower day rates (the company operates as a contract driller). This weakness prompted us to sell our stake in August, which exposed the portfolio to further underperformance since the company's shares rallied later in the year due to a rebound in oil prices.

## **Portfolio activity**

### **Significant purchases**

Vestas Wind Systems; Cemex ADR; Bayer; Dow Chemical; Extended Stay America; Vinci; Thermo Fisher Scientific; Barratt Developments; Microsoft; Teleperformance.

### **Significant sales**

Vestas Wind Systems; Lam Research; Samsung Electronics; Marriott Vacations Worldwide; BNP Paribas; eBay; Carnival; Siemens; Bank of New York Mellon; Ally Financial; Broadcom; Canadian Imperial Bank of Commerce; British American Tobacco; Nippon Telegraph & Telephone; Amdocs; Tokio Marine; Danaher.

## **Outlook**

Following a year of strong equity returns it would be tempting to call an end – or at least a pause – in the market rally. While the perceived high market valuations have pushed many commentators to make this call recently, experience suggests that valuation levels rarely herald a market decline.

The normal catalyst for a downturn is central banks raising interest rates in the face of fears around accelerating inflation, yet it is hard to foresee this happening in the near-term. At the same time, the International Monetary Fund is forecasting a small acceleration in economic growth in 2018, which suggests that the probability of a recession remains low.

Also, historically, as rising equity or bull markets approach their peak, those lowly-rated stocks often referred to as value stocks finally become popular with investors too – and see a sharp rise in share price. Despite the long duration of the current rally, this has not happened yet. So-called value stocks remain particularly cheap – both relative to the market and historical averages – despite the value end of the market experiencing better-than-average upgrades to earnings forecasts. This anomaly has seen our portfolio generally demonstrate a clear valuation discount to the wider market. Moreover, companies in our portfolio have shown higher earnings growth than the rest of the market, while also enjoying stronger balance sheets.

The outlook statement reflects the views of the output from our 4Factor Equities team and is therefore similar to that of the Investec Global Equity Fund.

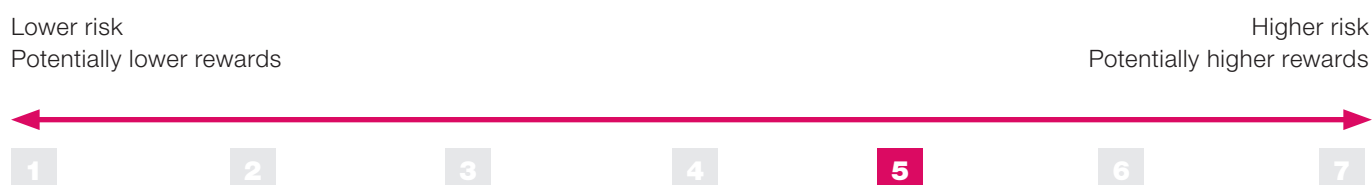
\*Source: Morningstar, total return, income reinvested, no initial charge, accumulation (acc) share class, net of fees in GBP.

\*\*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.

The opinions expressed herein are as at end of February 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 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:**

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

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

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

The full list of the Fund's risks are contained in the appendices of the Investec Funds Series omnibus prospectus.

\*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.

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# Global 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.

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. However, the MSCI All Countries World Net Return Index is currently taken into account when the Fund's investments are selected.

## Performance record

Investec Global Equity 'I' accumulation shares	8.44%*
Performance comparison index	7.29%**
Peer group sector average	8.23%**

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 and a peer group sector average.

## Factors helping performance

The Fund's stock selection in the consumer staples and energy sectors contributed positively to performance. Within consumer staples, our overweight position in Chinese spirits manufacturer Kweichow Moutai performed especially well over the period as it rallied along with the rest of the Chinese spirits sector. In addition, the continuing strong sales growth of its upmarket Baiju liquor saw the firm beat its profit expectations by 70% in its third quarter earnings update. Moutai shares went on to rally further in the following months, driven in part by anticipation that the company's recent price rise – its first in five years – could lead to more profit growth.

At a stock level, American semiconductor equipment supplier Lam Research performed well due to strong demand for memory chip equipment, as global chip manufacturers looked to capitalize on the latest memory chip industry cycle.

Some of our overweight holdings within the IT sector were also among the top contributors to performance over the period. US cloud software provider NetApp surprised the market with better-than-expected earnings, while electronic payment provider PayPal added to returns as continued growth in e-commerce saw the company post a string of upbeat earnings. PayPal's shares were also boosted in November, when the company sold US\$5.8 billion of loans sitting on its balance sheet in an effort to focus on payment processing.

## Factors hindering performance

Conversely, unfavourable stock selection in the consumer discretionary, healthcare and industrials sectors detracted from returns. In the consumer discretionary sector, American broadcasters CBS and AMC Networks were negatively impacted by softening advertising revenues due, in part, to growing competition from online content providers. CBS also suffered from a fall in viewer numbers for live sports. We believe that these competitive fears are somewhat excessive and continue to hold both stocks. Comcast was another significant detractor in the sector, mostly due to its recent bid for UK broadcaster Sky. Although this move has negatively impacted our holding, we continue to hold Comcast as we believe that the deal has the potential to benefit Comcast shareholders in the long run.

Meanwhile, increased regulation and competition from next generation smoking products, such as vaping, negatively impacted tobacco stocks and with it portfolio holdings British American Tobacco and Imperial Brands. Both stocks are still held in our portfolio as we are encouraged by both firms' efforts to refocus their portfolio towards higher growth next generation products and revamp their existing brands.

In the healthcare sector, UK biopharmaceutical company Shire was a leading detractor as its shares were negatively impacted as a result of analyst downgrades following some lacklustre management guidance. Competitive pressures have played a part too, as competitor Roche benefited from some positive test results for its haemophilia drug Hemlibra. We continue to hold Shire as we believe that its current valuation underestimates its near-term cash generation potential.

## Portfolio activity

### Significant purchases

Facebook; Bank of America; Asahi; Royal Dutch Shell; Alibaba ADR; Iberdrola; NetApp; Mitsubishi Electric; Novo Nordisk 'B' Shares; Samsung Electronics.

### Significant sales

Siemens; Nestlé; Taiwan Semiconductor Manufacturing; Samsung Electronics; SAP; Thermo Fisher Scientific; Sompco; Zimmer Biomet; TOTAL; LG Chem.

## Outlook

Following a year of strong equity returns it would be tempting to call an end – or at least a pause – in the market rally. While the perceived high market valuations have pushed many commentators to make this call recently, experience suggests that valuation levels rarely herald a market decline.

The normal catalyst for a downturn is central banks raising interest rates in the face of fears around accelerating inflation, yet it is hard to foresee this happening in the near-term. At the same time, the International Monetary Fund is forecasting a small acceleration in economic growth in 2018, which suggests that the probability of a recession remains low.

Also, historically, as rising equity (or bull) markets approach their peak, those lowly-rated stocks often referred to as value stocks finally become popular with investors too – and see a sharp rise in share price. Despite the long duration of the current rally, this has not happened yet. So-called value stocks remain particularly cheap – both relative to the market and historical averages – despite the value end of the market experiencing better-than-average upgrades to earnings forecasts. This anomaly has seen our portfolio generally demonstrate a clear valuation discount to the wider market. Moreover, companies in our portfolio have shown higher earnings growth than the rest of the market, while also enjoying stronger balance sheets.

The outlook statement reflects the views of the output from our 4Factor Equities team and is therefore similar to that of the Investec Global Dynamic Equity Fund.

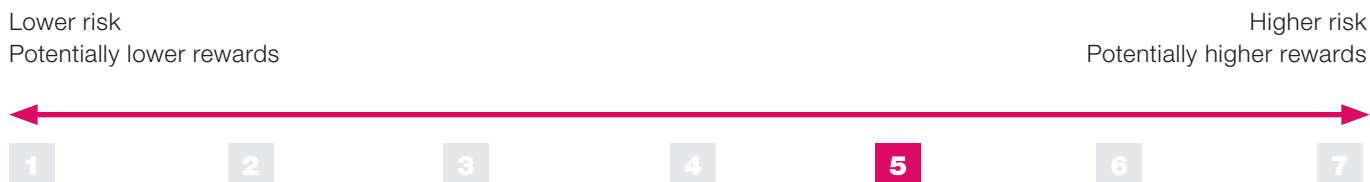
\* Source: Morningstar, total return, income reinvested, no initial charge, accumulation (acc) share class, net of fees in GBP.

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\*\*\*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 of February 2018.

### 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.

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# Global Gold 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 involved in gold mining.

The Fund may also invest up to one-third of its value in the shares of companies involved in the mining of other precious metals, minerals and non-precious metals.

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

Investec Global Gold Fund 'I' accumulation shares	-12.57%*
Performance comparison index	-15.91%**
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 negative absolute return over the 12 months to 28 February 2018, but outperformed its performance comparison index.

## Factors helping performance

The Fund's relative outperformance of the index was driven by favourable stock selection over the period. Among the contributors was our overweight allocation to Kirkland Lake Gold. The company has two of the highest-grade underground mines in the world, Macassa in Canada and Fosterville in Australia. Fosterville's gold grades (the amount of gold within the mined rock) have continued to improve beyond investor expectations, while Macassa has seen notable improvements in productivity and reduced costs. The subsequent strong production growth and company earnings have helped the stock outperform over this period. Kirkland Lake Gold also focused on returning cash to shareholders in 2017 with 5.4 million shares being bought back for around US\$76.5 million. We maintain our overweight position as we believe Kirkland Gold's strong balance sheet should allow it to continue to grow production and return cash to shareholders. Additionally, the company's exploration activities appear promising, with both mines likely to be extended in our view.

The portfolio's underweight position in Barrick Gold also generated some of the best relative returns over 12 months. We chose to have a reduced holding as we became increasingly concerned about the company's prospects following years of underinvestment in its gold mines. During 2017, production was towards the low end of the company's own initial forecasts, at 5.3 million ounces, a result of reduced spending by Barrick and the sale of some of its mines. The additional capital has instead been used to reduce the company's debts. The weak gold production along with poor earnings results caused the stock to suffer over the period. Additionally, Barrick's negotiations with the Tanzanian government over the company's majority ownership of Acacia Mining added to investor concerns (an agreement is expected in the first half of 2018). Following the significant underperformance of Barrick over the period, we did however increase our holding to only a marginal underweight position as we started seeing value in the stock at oversold levels.

## **Factors hindering performance**

Among the top detractors from relative returns was our underweight position in Newmont Mining. The company performed well over the period, delivering steady production growth and consistently adding to its gold reserves. Newmont has also been helped by reducing its level of debt in addition to plans to increase its dividend by 50%. We expect to maintain our underweight allocation to the company given concerns that its additional returns to shareholders could prove unsustainable and the company currently appears expensive given Newmont's exposure to potential geopolitical risks, with operations in countries such as Ghana.

Our underweight allocation to Franco-Nevada, a streaming and royalty company, also negatively impacted relative returns over the period. Franco-Nevada provides financing for miners in return for a percentage of gold produced over the mine's life. We sold out of our position in the second quarter of 2017 following strong share price outperformance relative to the gold sector and other royalty and streaming peers. However, the stock continued to perform well over the rest of the period, ultimately generating record profits in 2017. The company expects further growth as its Cobre gold mine in Panama ramps up production over 2019 to 2022. Despite some additional production, we believe Franco-Nevada's potential growth is still limited and the company appears expensive at current levels. We do, however, still hold some exposure to streaming companies through Canadian based Sandstorm, which contributed positively to returns over the period.

## **Portfolio activity**

### **Significant purchases**

Goldcorp; Newmont Mining; Sibyane Gold; AngloGold Ashanti; Kirkland Lake Gold; Barrick Gold; Randgold Resources; Kinross Gold; Source Physical Gold; Evolution Mining.

### **Significant sales**

Barrick Gold; Newmont Mining; Newcrest Mining; Kirkland Lake Gold; Agnico Eagle Mines; IAMGOLD; Sibanye Gold; AngloGold Ashanti; Evolution Mining; Goldcorp.

## **Outlook**

Under the new US Federal Reserve Chair Jerome Powell, there is potential for more than the planned three interest rate rises in 2018. Additional interest rate rises could lead to further strength in the US dollar (which tends to move in the opposite direction to the gold price), however asset prices globally remain high, with the potential for equity and bond markets to come under additional pressure. We believe gold remains attractive as a diversifier, especially in the context of growing concerns about overheating equity markets. The return of inflationary pressures should lend additional support to the gold price as the precious metal is seen as protection against higher prices. Furthermore, geopolitical risks remain in place with continued uncertainty in Europe as the Italian election resulted in a hung parliament and the UK's exit from the European Union is still being negotiated. The implementation of US tariffs could also add further fuel to the fire, with the potential to invoke an international trade war.

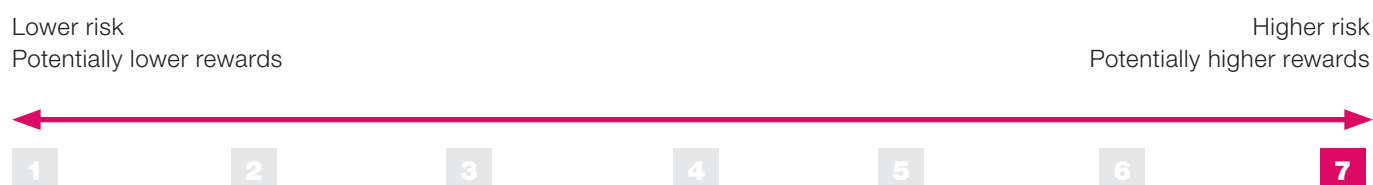
Gold equities underperformed the gold price in 2017 which we believe is the exception rather than the rule. Gold equities are typically leveraged to movements in the gold price (if the gold price rises 1%, gold equities will increase by more than 1% for example), as seen in 2016 when gold company share prices increased by an average of 57% (according to the Euromoney Global Gold index), versus an 8% increase in the gold price, in dollar terms. Continuing cost cutting and efficiencies from gold producers could see growing margins for gold companies, which together with increased capital returns from dividends, and the possibility of more merger and acquisition activity, gives the potential for attractive returns in gold equities in our view.

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

\*\*Index (Euromoney Global Gold TR) shown for performance comparison purposes only. For this Fund, there is no relevant Investment Association sector against which to measure Fund performance.

The opinions expressed herein are as at end of February 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.

\*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.

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# Emerging Markets Local Currency Debt Fund

## Portfolio statement

As at 28 February 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>COLLECTIVE INVESTMENT SCHEMES 2.36% (28.02.17: 5.47%)</b>			
Investec GSF Emerging Markets Investment Grade Corporate Debt Fund †	193,153	2,890	1.24
Investec GSF All China Bond Fund †	123,908	2,609	1.12
		<b>5,499</b>	<b>2.36</b>
<b>CORPORATE BONDS 4.72% (28.02.17: 5.88%)</b>			
Inter-American Development Bank 7.35% 12/09/2018	IDR 70,340,000,000	3,724	1.60
Petroleos Mexicanos 7.19% 12/09/2024	MXN 80,108,200	2,730	1.17
European Investment Bank 6.95% 06/02/2020	IDR 42,380,000,000	2,277	0.98
Development Bank of Kazakhstan 9.5% 14/12/2020	KZT 390,750,000	908	0.39
America Movil 7.125% 09/12/2024	MXN 22,140,000	789	0.34
Financiera de Desarrollo Territorial Findeter 7.875% 12/08/2024	COP 2,151,000,000	555	0.24
		<b>10,983</b>	<b>4.72</b>
<b>GOVERNMENT BONDS 67.30% (28.02.17: 68.71%)</b>			
Turkey Government Bond 10.7% 17/08/2022	TRY 64,165,984	11,586	4.97
Mexican Bonos 6.5% 09/06/2022	MXN 208,223,100	7,692	3.30
Russian Federal Bond 7.7% 23/03/2033	RUB 524,123,000	7,033	3.02
Republic of Poland Government Bond 2.5% 25/07/2027	PLN 34,171,000	6,760	2.90
Republic of Poland Government Bond 2.5% 25/07/2026	PLN 26,503,000	5,312	2.28
Malaysia Government Bond 3.58% 28/09/2018	MYR 28,349,000	5,239	2.25
Republic of South Africa Government Bond 8.875% 28/02/2035	ZAR 78,913,097	4,809	2.06
Republic of South Africa Government Bond 8.5% 31/01/2037	ZAR 81,700,000	4,766	2.04
Malaysia Government Bond 3.8% 17/08/2023	MYR 24,461,000	4,502	1.93
Mexican Bonos 10% 05/12/2024	MXN 102,639,600	4,448	1.91
Brazil Notas do Tesouro Nacional 10% 01/01/2021	BRL 1,786,100	4,125	1.77
Thailand Government Bond Index-Linked 1.25% 12/03/2028	THB 154,300,000	3,559	1.53
Brazil Notas do Tesouro Nacional 10% 01/01/2023	BRL 15,029,000	3,452	1.48
Hungary Government Bond 3% 26/06/2024	HUF 1,129,290,000	3,386	1.45
Russian Federal Bond 7.1% 16/10/2024	RUB 249,067,000	3,250	1.39
Russian Federal Bond 6.4% 27/05/2020	RUB 243,956,000	3,133	1.34
Indonesia Treasury Bond 7.5% 15/05/2038	IDR 55,646,000,000	2,945	1.26
Peruvian Government Bond 6.15% 12/08/2032	PEN 11,334,000	2,758	1.18
Colombian TES 6% 28/04/2028	COP 10,871,900,000	2,594	1.11
Thailand Government Bond 4.875% 22/06/2029	THB 92,062,000	2,575	1.10
Indonesia Treasury Bond 8.375% 15/03/2034	IDR 42,738,000,000	2,451	1.05
Bonos Tesoreria Pesos 5% 01/03/2035	CLP 2,000,000,000	2,353	1.01
Colombian TES 11% 24/07/2020	COP 8,193,000,000	2,329	1.00
Colombian TES 7.5% 26/08/2026	COP 8,544,100,000	2,286	0.98
Malaysia Government Bond 3.892% 15/03/2027	MYR 12,699,000	2,285	0.98
Turkey Government Bond 9.5% 12/01/2022	TRY 12,957,446	2,265	0.97
Uruguay Government International Bond 4.375% 15/12/2028	UYU 46,397,222	2,128	0.91
Colombian TES 7.75% 18/09/2030	COP 7,741,800,000	2,098	0.90
Colombian TES 7% 04/05/2022	COP 7,787,700,000	2,050	0.88
Brazil Notas do Tesouro Nacional 10% 01/01/2027	BRL 9,000,000	2,045	0.88
Russian Federal Bond 7.75% 16/09/2026	RUB 146,637,000	1,988	0.85
Bonos Tesoreria Pesos 6% 01/01/2043	CLP 1,450,000,000	1,949	0.84
Russian Federal Bond 7.4% 7/12/2022	RUB 145,626,000	1,933	0.83
Peruvian Government International Bond 6.95% 12/08/2031	PEN 7,197,000	1,870	0.80
Brazil Notas do Tesouro Nacional 10% 01/01/2025	BRL 8,118,000	1,850	0.79
Peruvian Government International Bond 6.9% 12/08/2037	PEN 6,855,000	1,764	0.76
Malaysia Government Bond 3.62% 30/11/2021	MYR 8,279,000	1,534	0.66
Malaysia Government Bond 4.181% 15/07/2024	MYR 7,877,000	1,470	0.63
Peruvian Government International Bond 6.35% 12/08/2028	PEN 5,882,000	1,463	0.63
Ghana Government Bond 19% 02/11/2026	GHS 7,733,000	1,446	0.62
Russian Federal Bond 8.5% 17/09/2031	RUB 100,001,000	1,433	0.61
Ghana Government Bond 19.75% 25/03/2024	GHS 7,067,000	1,320	0.57
Republic of South Africa Government Bond 8.25% 31/03/2032	ZAR 21,860,000	1,281	0.55



ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>GOVERNMENT BONDS 67.30% (28.02.17: 68.71%) (continued)</b>			
Czech Republic Government Bond 0.25% 10/02/2027	CZK 40,600,000	1,232	0.53
Turkey Government Bond 9.2% 22/09/2021	TRY 6,973,258	1,211	0.52
Thailand Government Bond 3.4% 17/06/2036	THB 46,808,000	1,124	0.48
Serbia Treasury Bonds 5.875% 08/02/2028	RSD 139,350,000	1,088	0.47
Republic of South Africa Government Bond 9% 31/01/2040	ZAR 16,217,177	987	0.42
Peruvian Government Bond 6.9% 12/08/2037	PEN 3,613,000	929	0.40
Malaysia Government Bond 4.378% 29/11/2019	MYR 4,609,000	865	0.37
Malaysia Government Bond 4.254% 31/05/2035	MYR 4,809,000	849	0.36
Thailand Government Bond 3.775% 25/06/2032	THB 33,482,000	838	0.36
Thailand Government Bond 2.875% 17/06/2046	THB 37,074,000	784	0.34
Thailand Government Bond 2.125% 17/12/2026	THB 34,721,000	782	0.33
Colombian TES 10% 24/07/2024	COP 2,529,800,000	765	0.33
Malaysia Government Bond 3.899% 16/11/2027	MYR 3,797,000	692	0.30
Colombian TES 7% 30/06/2032	COP 2,667,900,000	671	0.29
Peruvian Government International Bond 8.2% 12/08/2026	PEN 2,378,000	660	0.28
Hungary Government Bond 3% 27/10/2027	HUF 219,150,000	637	0.27
Mexican Bonos 7.5% 03/06/2027	MXN 16,329,100	620	0.27
Brazilian Government International Bond 12.5% 05/01/2022	BRL 2,384,000	595	0.25
Argentina Politica Monetaria 27.83471% 21/06/2020	ARS 14,059,648	549	0.23
Republic of South Africa Government Bond 8% 31/01/2030	ZAR 8,200,000	480	0.21
Uruguay Government International Bond 9.875% 20/06/2022	UYU 16,812,000	437	0.19
Turkey Government Bond 11% 02/03/2022	TRY 2,365,096	433	0.19
Malaysia Government Bond 3.9% 30/11/2026	MYR 2,157,000	391	0.17
Uruguay Government International Bond 8.5% 15/03/2028	UYU 16,063,000	386	0.17
Colombia Government International Bond 9.85% 28/06/2027	COP 1,110,000,000	349	0.15
Thailand Government Bond 5.5% 13/03/2023	THB 10,658,000	287	0.12
Malaysia Government Bond 3.492% 31/03/2020	MYR 1,059,000	196	0.08
Malaysia Government Bond 3.659% 15/10/2020	MYR 1,058,000	196	0.08
Malaysia Government Bond 3.759% 15/03/2019	MYR 822,000	152	0.06
Czech Republic Government Bond 2.5% 25/08/2028	CZK 3,570,000	131	0.06
Thailand Government Bond 3.58% 17/12/2027	THB 4,710,000	117	0.05
Indonesia Treasury Bond 9% 15/03/2029-	IDR 1,000,000	-	-
		<b>156,948</b>	<b>67.30</b>
<b>GOVERNMENT TREASURY BILLS 12.76% (28.02.17: 5.13%)</b>			
Egypt Treasury Bill 10/07/2018	EGP 166,125,000	6,380	2.74
Brazil Letras do Tesouro Nacional 01/01/2020	BRL 31,000,000	6,027	2.58
Brazil Letras do Tesouro Nacional 01/07/2019	BRL 26,083,000	5,307	2.28
Nigeria Treasury Bill 02/08/2018	NGN 1,591,500,000	2,998	1.29
Egypt Treasury Bill 03/04/2018	EGP 39,075,000	1,571	0.67
Brazil Letras do Tesouro Nacional 01/07/2020	BRL 7,897,000	1,465	0.63
Egypt Treasury Bill 06/03/2018	EGP 35,250,000	1,437	0.62
Nigeria Treasury Bill 19/04/2018	NGN 596,569,000	1,173	0.50
Argentina Letras del Banco Central 16/05/2018	ARS 34,050,875	1,146	0.49
Nigeria Treasury Bill 05/04/2018	NGN 507,969,000	1,004	0.43
Argentina Letras del Banco Central 18/07/2018	ARS 20,098,533	644	0.28
Argentina Letras del Banco Central 15/08/2018	ARS 18,728,779	592	0.25
		<b>29,744</b>	<b>12.76</b>
<b>DERIVATIVES – FUTURES 0.23% (28.02.17: (0.09%))</b>			
South African R2037 Bond Futures 03/05/2018	882	191	0.08
South African R2030 Bond Futures 03/05/2018	1,149	149	0.06
South African R2035 Bond Futures 03/05/2018	428	91	0.04
Germany Euro-BOBL Futures 08/03/2018	(170)	73	0.03
South African R208 Bond Futures 03/05/2018	488	18	0.01
Germany Euro-BUND Futures 08/03/2018	(34)	17	0.01
South African R207 Bond Futures 03/05/2018	404	12	-
United States Long Bond Futures 20/06/2018	(4)	(3)	-
South African R186 Bond Futures 03/05/2018	786	(8)	-
		<b>540</b>	<b>0.23</b>
<b>DERIVATIVES – CURRENCY SWAPS 0.02% (28.02.17: 0.00%)</b>			
Goldman Sachs Currency Swap TRY for USD 3.83% 28/11/2019	3,940,000	779	0.33
Goldman Sachs Currency Swap TRY for USD 3.83% 28/11/2019	(1,000,000)	(725)	(0.31)
		<b>54</b>	<b>0.02</b>

# Portfolio statement continued

As at 28 February 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)		
<b>DERIVATIVES – INTEREST RATE SWAPS (0.47%) (28.02.17: (0.45%))</b>					
Deutsche Bank Interest Rate Swap receive 5.75% 05/05/2018	8,000,000	83	0.04		
Citi Interest Rate Swap receive 6.418% 14/11/2022	562,007,164	80	0.04		
Citi Interest Rate Swap receive 6.45% 16/11/2022	366,972,836	44	0.01		
Goldman Sachs Interest Rate Swap receive 1.937% 15/11/2022	9,270,297	39	0.02		
Citi Interest Rate Swap receive 1.936% 15/11/2022	7,099,703	30	0.02		
Goldman Sachs Interest Rate Swap pay 3.032% 03/03/2027	6,471,007	(37)	(0.02)		
Goldman Sachs Interest Rate Swap pay 9.32% 14/01/2046	16,600,000	(176)	(0.08)		
Goldman Sachs Interest Rate Swap pay 6.917% 06/10/2022	199,900,000	(235)	(0.10)		
Goldman Sachs Interest Rate Swap pay 9.3685% 19/01/2046	34,300,000	(373)	(0.16)		
Goldman Sachs Interest Rate Swap pay 5.6472% 08/09/2021	219,070,000	(551)	(0.24)		
		<b>(1,096)</b>	<b>(0.47)</b>		
<b>DERIVATIVES – TOTAL RETURN SWAPS 6.26% (28.02.17: 7.34%)</b>					
Standard Chartered – Indonesia Government Total Return Swap 10.5% 15/08/2030	53,482,000,000	3,613	1.55		
Citibank – Indonesia Government Total Return Swap 10.5% 15/08/2030	47,231,000,000	3,191	1.37		
Standard Chartered – Indonesia Government Total Return Swap 10% 15/02/2028	45,225,000,000	2,914	1.25		
Standard Chartered – Indonesia Government Total Return Swap 9.5% 15/07/2031	27,544,000,000	1,738	0.75		
Citibank – Indonesia Government Total Return Swap 10.25% 15/07/2022	15,000,000,000	911	0.39		
Citibank – Indonesia Government Total Return Swap 10.25% 15/07/2027	10,000,000,000	650	0.28		
Standard Chartered – Indonesia Government Total Return Swap 10.25% 15/07/2022	7,500,000,000	456	0.20		
Citibank – Indonesia Government Total Return Swap 10.25% 15/07/2027	7,000,000,000	455	0.19		
Citibank – Indonesia Government Total Return Swap 10.25% 15/07/2027	5,000,000,000	325	0.14		
Citibank – Indonesia Government Total Return Swap 10% 15/02/2028	5,000,000,000	322	0.14		
		<b>14,575</b>	<b>6.26</b>		
<b>FORWARD FOREIGN EXCHANGE CONTRACTS 1.51% (28.02.17: 0.87%)</b>					
<b>FORWARD CURRENCY CONTRACTS</b>					
<b>US Dollar</b>					
Buy USD	4,202,081	for GBP	(3,100,000)	(67)	(0.03)
Sell USD	(3,549,853)	for GBP	2,570,000	8	–
				<b>(59)</b>	<b>(0.03)</b>
<b>FORWARD CROSS CURRENCY CONTRACTS</b>					
Buy ARS	105,770,000	for USD	(5,763,067)	(420)	(0.18)
Buy BRL	129,617,198	for USD	(39,404,572)	343	0.15
Buy CLP	6,471,517,233	for USD	(10,302,105)	452	0.19
Buy CNH	121,193,600	for USD	(18,903,185)	171	0.07
Buy COP	10,926,168,494	for USD	(3,597,685)	160	0.07
Buy CZK	543,330,000	for EUR	(20,959,457)	323	0.14
Buy CZK	348,954,300	for USD	(15,770,693)	799	0.34
Buy EUR	11,140,490	for CZK	(286,420,000)	(99)	(0.04)
Buy EUR	7,814,797	for HUF	(2,447,320,000)	23	0.01
Buy EUR	4,665,529	for RON	(21,780,000)	(1)	–
Buy EUR	10,532,340	for USD	(12,981,412)	(57)	(0.02)
Buy HUF	2,005,108,843	for USD	(7,782,329)	18	0.01
Buy IDR	75,093,120,000	for USD	(5,622,359)	(125)	(0.05)
Buy ILS	25,510,000	for USD	(7,330,321)	10	–
Buy INR	44,340,000	for USD	(693,806)	(11)	–
Buy KRW	7,880,760,000	for USD	(7,429,842)	(105)	(0.05)
Buy KZT	2,451,980,000	for USD	(7,214,358)	299	0.13
Buy MAD	10,511,301	for USD	(1,120,599)	(10)	–
Buy MXN	226,723,169	for USD	(11,586,786)	311	0.13
Buy MYR	23,490,000	for USD	(5,728,290)	191	0.08
Buy PHP	30,400,000	for USD	(610,013)	(21)	(0.01)
Buy PLN	60,586,534	for EUR	(14,464,101)	15	0.01
Buy PLN	50,431,972	for USD	(14,272,972)	343	0.15
Buy RON	26,040,000	for USD	(6,695,332)	95	0.04
Buy RUB	836,191,833	for USD	(14,037,119)	557	0.24
Buy SGD	11,320,000	for USD	(8,550,203)	16	0.01
Buy THB	1,013,054,936	for USD	(31,158,321)	815	0.35
Buy TRY	77,480,000	for USD	(19,846,219)	(379)	(0.16)
Buy UAH	193,150,000	for USD	(6,747,480)	131	0.06
Buy USD	3,310,294	for ARS	(64,300,000)	115	0.05
Buy USD	32,450,718	for BRL	(107,429,700)	(455)	(0.20)
Buy USD	1,517,335	for CLP	(917,880,000)	(24)	(0.01)
Buy USD	9,338,236	for CNH	(60,620,000)	(170)	(0.07)
Buy USD	3,875,122	for CNY	(25,880,000)	(151)	(0.06)

ASSET		HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>FORWARD CROSS CURRENCY CONTRACTS (continued)</b>				
Buy USD	1,470,008	for COP	(4,399,350,000)	(49)
Buy USD	4,242,988	for CZK	(89,310,000)	(40)
Buy USD	4,970,697	for EUR	(4,162,610)	(88)
Buy USD	2,091,460	for GHS	(10,043,741)	(62)
Buy USD	478,348	for HUF	(127,120,000)	(12)
Buy USD	7,245,664	for IDR	(99,135,900,974)	38
Buy USD	15,430,690	for INR	(999,920,000)	100
Buy USD	7,596,581	for MXN	(144,770,000)	(55)
Buy USD	12,077,747	for PEN	(39,016,360)	66
Buy USD	6,882,347	for PHP	(349,520,000)	142
Buy USD	6,313,330	for PLN	(21,767,075)	(37)
Buy USD	2,994,193	for RON	(11,694,546)	(52)
Buy USD	12,538,353	for RUB	(717,820,000)	(126)
Buy USD	15,593,767	for SGD	(21,004,492)	(205)
Buy USD	12,718,912	for THB	(406,730,000)	(176)
Buy USD	21,352,670	for TRY	(84,769,440)	(315)
Buy USD	17,947,509	for TWD	(523,830,000)	37
Buy USD	3,276,372	for UGX	(12,001,350,000)	2
Buy USD	42,295,589	for ZAR	(543,585,000)	(2,732)
Buy ZAR	663,778,728	for USD	(50,772,700)	3,967
			<b>3,562</b>	<b>1.54</b>
Portfolio of investments <sup>^</sup>			220,750	94.69
Net other assets			12,374	5.31
<b>Net assets</b>			<b>233,124</b>	<b>100.00</b>

<sup>^</sup> Including derivative liabilities.

<sup>†</sup> A related party to the Fund.

~ The market value of the holdings is below £500 and is therefore rounded down to £0.

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

The collective investment schemes investments, currency rate swaps, interest rate swaps, total return swaps and the forward foreign exchange contracts are not listed.

Derivatives can be exchange traded or Over the Counter (OTC) contracts.

The value of collateral held in relation to swap contracts is £490,000 (28.02.17: £1,390,000)

**Portfolio statement** continued

As at 28 February 2018

**Portfolio Analysis#**

<b>ASSET</b>	<b>28.02.18</b>		<b>28.02.17</b>	
	<b>MARKET VALUE (£'000)</b>	<b>PERCENTAGE OF NET ASSETS (%)</b>	<b>MARKET VALUE (£'000)</b>	<b>PERCENTAGE OF NET ASSETS (%)</b>
Bonds	167,931	72.02	209,363	74.59
Collective Investment Schemes	5,499	2.36	15,355	5.47
Derivatives	14,073	6.04	19,064	6.80
Forward Foreign Exchange Contracts	3,503	1.51	2,321	0.87
Government Treasury Bills	29,744	12.76	14,388	5.13
Net other assets	12,374	5.31	20,006	7.14
<b>Net assets</b>	<b>233,124</b>	<b>100.00</b>	<b>280,497</b>	<b>100.00</b>

# Cash collateral is no longer included in investment portfolio but now appears in cash and bank balances, prior year figures have therefore been restated.

**Credit Breakdown\***

<b>ASSET</b>	<b>28.02.18</b>		<b>28.02.17</b>	
	<b>MARKET VALUE (£'000)</b>	<b>PERCENTAGE OF NET ASSETS (%)</b>	<b>MARKET VALUE (£'000)</b>	<b>PERCENTAGE OF NET ASSETS (%)</b>
AAA	2,277	0.98	6,786	2.41
AA	3,724	1.60	–	–
A	46,341	19.88	72,859	25.97
BBB	71,301	30.57	43,952	15.66
BB	40,973	17.57	80,136	28.54
B	3,315	1.42	5,630	2.01
<b>Total Bonds</b>	<b>167,931</b>	<b>72.02</b>	<b>209,363</b>	<b>74.59</b>

Bond ratings are Investec approximations.

# Global Dynamic Fund

## Portfolio statement

As at 28 February 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>CANADA 0.00% (28.02.17: 2.06%)</b>			
<b>CAYMAN ISLANDS 3.29% (28.02.17: 1.81%)</b>			
WH	12,755,500	11,396	2.34
CK Asset	736,500	4,599	0.95
		<b>15,995</b>	<b>3.29</b>
<b>FRANCE 5.81% (28.02.17: 1.98%)</b>			
Vinci	133,482	9,604	1.97
AXA	414,368	9,489	1.95
Teleperformance	90,087	9,208	1.89
		<b>28,301</b>	<b>5.81</b>
<b>GERMANY 1.85% (28.02.17: 2.26%)</b>			
Bayer	107,146	<b>8,981</b>	<b>1.85</b>
<b>GUERNSEY 0.00% (28.02.17: 1.88%)</b>			
<b>HONG KONG 4.01% (28.02.17: 4.27%)</b>			
AIA	1,663,800	10,066	2.07
BOC Hong Kong	2,587,211	9,432	1.94
		<b>19,498</b>	<b>4.01</b>
<b>IRELAND 1.90% (28.02.17: 0.00%)</b>			
Accenture	78,619	<b>9,234</b>	<b>1.90</b>
<b>JAPAN 7.83% (28.02.17: 5.69%)</b>			
Komatsu	414,300	10,941	2.25
Suzuki Motor	241,500	10,010	2.06
SMC	32,600	9,902	2.04
Fuji Electric	1,304,000	7,195	1.48
		<b>38,048</b>	<b>7.83</b>
<b>MEXICO 3.62% (28.02.17: 2.42%)</b>			
Grupo Mexico	3,587,145	9,012	1.85
Cemex ADR	1,774,964	8,630	1.77
		<b>17,642</b>	<b>3.62</b>
<b>NETHERLANDS 1.97% (28.02.17: 1.85%)</b>			
ING	744,064	<b>9,588</b>	<b>1.97</b>
<b>PUERTO RICO 2.23% (28.02.17: 0.00%)</b>			
Popular	350,032	<b>10,833</b>	<b>2.23</b>
<b>RUSSIA 2.45% (28.02.17: 2.29%)</b>			
Lukoil ADR (US listing)	236,047	11,495	2.36
Lukoil ADR (London listing)	9,399	455	0.09
		<b>11,950</b>	<b>2.45</b>
<b>SINGAPORE 0.00% (28.02.17: 1.94%)</b>			
<b>SOUTH KOREA 1.96% (28.02.17: 2.12%)</b>			
POSCO	39,548	<b>9,525</b>	<b>1.96</b>
<b>SPAIN 1.97% (28.02.17: 3.33%)</b>			
Amadeus IT	181,174	<b>9,592</b>	<b>1.97</b>
<b>SWITZERLAND 0.00% (28.02.17: 1.64%)</b>			

# Portfolio statement continued

As at 28 February 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>UNITED KINGDOM 7.86% (28.02.17: 6.19%)</b>			
Rio Tinto	269,530	10,606	2.18
HSBC	1,334,000	9,604	1.98
Royal Dutch Shell	393,029	9,142	1.88
Barratt Developments	1,626,198	8,837	1.82
		<b>38,189</b>	<b>7.86</b>
<b>UNITED STATES 51.58% (28.02.17: 54.83%)</b>			
UnitedHealth	68,186	11,450	2.35
Bank of America	484,224	11,310	2.33
Microsoft	155,453	10,580	2.18
Cigna	74,384	10,575	2.17
Thermo Fisher Scientific	67,726	10,308	2.12
Las Vegas Sands	194,792	10,277	2.11
Tiffany	138,876	10,274	2.11
Citigroup	184,991	10,204	2.10
Booking	7,392	10,175	2.09
DXC Technology	136,097	10,136	2.08
NetApp	231,543	10,104	2.08
DowDuPont	191,048	9,989	2.05
PayPal	172,777	9,918	2.04
Wyndham Worldwide	117,414	9,835	2.02
Worldpay Class 'A'	174,460	9,828	2.02
Alphabet Class 'A'	12,175	9,826	2.02
Valero Energy	144,289	9,666	1.99
Extended Stay America	680,563	9,661	1.99
VF	177,287	9,597	1.97
Cummins	77,011	9,460	1.95
Honeywell International	84,986	9,447	1.94
Unum	243,761	9,147	1.88
FactSet Research Systems	58,413	8,620	1.77
VMware	86,211	8,028	1.65
Planet Fitness	251,744	6,724	1.38
Foot Locker	168,741	5,794	1.19
		<b>250,933</b>	<b>51.58</b>
Portfolio of investments		478,309	98.33
Net other assets		8,125	1.67
<b>Net assets</b>		<b>486,434</b>	<b>100.00</b>

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 Equity Fund

## Portfolio statement

As at 28 February 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>AUSTRALIA 1.31% (28.02.17: 0.48%)</b>			
Santos	404,032	1,149	0.56
Mirvac*	668,460	799	0.39
Evolution Mining	463,210	745	0.36
		<b>2,693</b>	<b>1.31</b>
<b>BELGIUM 0.00% (28.02.17: 0.49%)</b>			
<b>BRAZIL 0.40% (28.02.17: 0.00%)</b>			
Qualicorp	130,754	<b>830</b>	<b>0.40</b>
<b>CANADA 1.31% (28.02.17: 3.76%)</b>			
Bank of Nova Scotia	41,179	1,859	0.90
Canadian Natural Resources	36,652	858	0.41
		<b>2,717</b>	<b>1.31</b>
<b>CAYMAN ISLANDS 2.25% (28.02.17: 1.42%)</b>			
WH	1,898,000	1,696	0.82
CK Asset	269,586	1,683	0.81
ANTA Sports Products	356,000	1,275	0.62
		<b>4,654</b>	<b>2.25</b>
<b>CHINA 4.09% (28.02.17: 1.67%)</b>			
Alibaba ADR	18,259	2,484	1.20
Kweichow Moutai	26,730	2,214	1.07
China Construction Bank	2,380,000	1,788	0.86
China Vanke	370,100	1,197	0.58
Jiangsu Expressway	704,772	792	0.38
		<b>8,475</b>	<b>4.09</b>
<b>DENMARK 2.01% (28.02.17: 1.27%)</b>			
Novo Nordisk 'B' Shares	57,473	2,172	1.05
Danske Bank	68,605	1,983	0.96
		<b>4,155</b>	<b>2.01</b>
<b>FINLAND 0.00% (28.02.17: 0.66%)</b>			
<b>FRANCE 3.73% (28.02.17: 3.52%)</b>			
Arkema	21,090	2,005	0.97
Pernod Ricard	15,105	1,799	0.87
BNP Paribas	31,146	1,796	0.87
AXA	76,935	1,762	0.85
Valeo	7,531	353	0.17
		<b>7,715</b>	<b>3.73</b>
<b>GERMANY 0.87% (28.02.17: 3.70%)</b>			
HeidelbergCement	24,822	<b>1,807</b>	<b>0.87</b>
<b>GUERNSEY 0.00% (28.02.17: 0.83%)</b>			
<b>HONG KONG 3.61% (28.02.17: 2.23%)</b>			
AIA	528,800	3,199	1.55
CNOOC	2,249,436	2,363	1.14
BOC Hong Kong	519,737	1,895	0.92
		<b>7,457</b>	<b>3.61</b>
<b>INDIA 0.71% (28.02.17: 0.00%)</b>			
Tech Mahindra	217,295	<b>1,477</b>	<b>0.71</b>

# Portfolio statement continued

As at 28 February 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>IRELAND 0.00% (28.02.17: 0.51%)</b>			
<b>ISRAEL 0.59% (28.02.17: 0.52%)</b>			
Nice ADR	17,397	1,220	0.59
<b>JAPAN 5.74% (28.02.17: 5.67%)</b>			
Asahi	89,600	3,318	1.60
Mitsubishi Electric	159,100	1,949	0.94
Komatsu	70,800	1,870	0.90
Tokio Marine	52,200	1,748	0.85
Nippon Telegraph & Telephone	49,300	1,656	0.80
Sumitomo Mitsui Financial	42,700	1,350	0.65
		<b>11,891</b>	<b>5.74</b>
<b>JERSEY 0.63% (28.02.17: 0.81%)</b>			
Shire	42,324	1,305	0.63
<b>LUXEMBOURG 0.00% (28.02.17: 0.44%)</b>			
<b>NETHERLANDS 1.50% (28.02.17: 2.17%)</b>			
ING	130,289	1,679	0.81
ASR Nederland	44,137	1,437	0.69
		<b>3,116</b>	<b>1.50</b>
<b>NORWAY 0.48% (28.02.17: 0.49%)</b>			
Norsk Hydro	201,947	988	0.48
<b>PANAMA 0.00% (28.02.17: 0.75%)</b>			
<b>SINGAPORE 2.90% (28.02.17: 2.61%)</b>			
Broadcom	20,653	3,757	1.82
DBS	142,600	2,228	1.08
		<b>5,985</b>	<b>2.90</b>
<b>SOUTH KOREA 1.30% (28.02.17: 1.40%)</b>			
Samsung Electronics	986	1,548	0.75
Shinhan Financial	36,230	1,144	0.55
		<b>2,692</b>	<b>1.30</b>
<b>SPAIN 4.03% (28.02.17: 2.36%)</b>			
Iberdrola	417,920	2,260	1.09
Repsol	161,257	2,055	0.99
Aena	10,704	1,580	0.76
Amadeus IT	28,270	1,497	0.72
Bankia	279,389	980	0.47
		<b>8,372</b>	<b>4.03</b>
<b>SWITZERLAND 0.00% (28.02.17: 2.85%)</b>			
<b>TAIWAN 0.00% (28.02.17: 1.19%)</b>			
<b>THAILAND 1.13% (28.02.17: 1.08%)</b>			
PTT	178,400	2,332	1.13
<b>UNITED KINGDOM 8.46% (28.02.17: 4.90%)</b>			
Rio Tinto	67,823	2,669	1.29
British American Tobacco	58,635	2,558	1.24
Royal Dutch Shell	105,447	2,453	1.19
Lloyds Banking	2,603,606	1,799	0.87
Nomad Foods	107,356	1,286	0.62
Delphi Technologies	36,654	1,282	0.62
Micro Focus International	57,744	1,189	0.57
Just Eat	126,946	1,112	0.54
National Grid	141,327	1,060	0.51
Imperial Brands	40,372	1,056	0.51
Barratt Developments	190,274	1,034	0.50
		<b>17,498</b>	<b>8.46</b>



ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>UNITED STATES 52.10% (28.02.17: 51.81%)</b>			
Alphabet Class 'A'	6,768	5,462	2.64
Microsoft	77,233	5,257	2.54
Facebook	29,460	3,862	1.87
Bank of America	164,516	3,843	1.86
Citigroup	63,852	3,522	1.70
Honeywell International	30,583	3,400	1.64
Johnson & Johnson	33,996	3,232	1.56
Cigna	22,336	3,175	1.53
UnitedHealth	18,738	3,147	1.52
NetApp	65,813	2,872	1.39
Amazon.com	2,385	2,605	1.26
Thermo Fisher Scientific	16,313	2,483	1.20
Morgan Stanley	60,390	2,473	1.20
Booking	1,685	2,319	1.12
Cummins	17,848	2,192	1.06
PepsiCo	26,996	2,163	1.05
PayPal	36,783	2,112	1.02
Unum	54,292	2,037	0.99
Apple	15,304	1,972	0.95
Planet Fitness	73,552	1,964	0.95
Bank of New York Mellon	46,821	1,961	0.95
Valero Energy	28,488	1,908	0.92
Las Vegas Sands	35,347	1,865	0.90
Norfolk Southern	17,857	1,842	0.89
DowDuPont	34,889	1,824	0.88
Aflac	27,693	1,800	0.87
Lear	13,139	1,788	0.86
WestRock	36,800	1,772	0.86
DXC Technology	22,557	1,680	0.81
Wyndham Worldwide	19,968	1,673	0.81
Comcast	61,061	1,616	0.78
Delta Air Lines	41,289	1,598	0.77
American Financial	18,985	1,572	0.76
Eli Lilly	27,628	1,571	0.76
Raytheon	9,882	1,565	0.76
eBay	50,068	1,560	0.75
VMware	16,728	1,558	0.75
Pfizer	56,412	1,498	0.72
Lam Research	10,504	1,468	0.71
Tiffany	19,216	1,422	0.69
Worldpay Class 'A'	24,306	1,369	0.66
CBS	33,289	1,302	0.63
Foot Locker	37,048	1,272	0.61
AMC Networks	31,665	1,210	0.58
Gaming and Leisure Properties*	48,359	1,154	0.56
Radian Preference Shares	75,242	1,135	0.55
WESCO International	23,601	1,095	0.53
Owens Corning	17,217	1,036	0.50
Alexion Pharmaceuticals	11,934	1,020	0.49
Hess	29,429	988	0.48
Generac	27,174	906	0.44
New Residential Investment*	75,040	892	0.43
FNF	27,833	809	0.39
		<b>107,821</b>	<b>52.10</b>
Portfolio of investments		205,200	99.15
Net other assets		1,762	0.85
<b>Net assets</b>		<b>206,962</b>	<b>100.00</b>

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

\* Real Estate Investment Trust (REIT).

Stocks shown as ADRs represent American Depositary Receipts.

# Global Gold Fund

## Portfolio statement

As at 28 February 2018

ASSET	HOLDING	MARKET VALUE (£'000)	PERCENTAGE OF NET ASSETS (%)
<b>AUSTRALIA 16.11% (28.02.17: 23.14%)</b>			
Evolution Mining	3,006,020	4,832	5.44
Saracen Mineral	3,124,018	2,846	3.20
Northern Star Resources	786,941	2,788	3.14
Resolute Mining	3,938,641	2,466	2.77
Dacian Gold	511,443	759	0.85
OceanaGold	333,278	632	0.71
		<b>14,323</b>	<b>16.11</b>
<b>CANADA 46.53% (28.02.17: 47.82%)</b>			
Goldcorp	842,046	7,622	8.58
Kirkland Lake Gold	322,337	3,734	4.20
B2Gold	1,675,619	3,602	4.05
Kinross Gold	1,371,749	3,528	3.97
Agnico Eagle Mines	110,571	3,081	3.47
OceanaGold	1,578,208	3,026	3.41
Pan American Silver	237,146	2,608	2.93
Sandstorm Gold	691,502	2,303	2.59
SEMAFO	1,157,211	2,239	2.52
IAMGOLD	434,228	1,653	1.86
New Gold	922,490	1,649	1.86
SSR Mining	240,380	1,476	1.66
Centerra Gold	265,424	994	1.12
Guyana Goldfields	339,552	909	1.02
MAG Silver	107,506	800	0.90
TMAC Resources	154,265	746	0.84
Barrick Gold	88,775	739	0.83
Pretium Resources	130,104	592	0.67
Victoria Gold	182,185	41	0.05
		<b>41,342</b>	<b>46.53</b>
<b>CAYMAN ISLANDS 3.20% (28.02.17: 3.61%)</b>			
Endeavour Mining	210,360	<b>2,846</b>	<b>3.20</b>
<b>IRELAND 5.94% (28.02.17: 0.00%)</b>			
Source Physical Gold	56,826	<b>5,282</b>	<b>5.94</b>
<b>JERSEY 5.84% (28.02.17: 4.90%)</b>			
Randgold Resources	88,823	<b>5,187</b>	<b>5.84</b>
<b>PERU 0.00% (28.02.17: 1.37%)</b>			
<b>SOUTH AFRICA 6.71% (28.02.17: 7.35%)</b>			
AngloGold Ashanti	530,579	3,528	3.97
Sibanye Gold	1,889,885	1,320	1.49
Impala Platinum	603,274	1,112	1.25
		<b>5,960</b>	<b>6.71</b>
<b>UNITED KINGDOM 2.58% (28.02.17: 0.00%)</b>			
Fresnillo	138,646	1,713	1.93
Acacia Mining	410,262	574	0.65
		<b>2,287</b>	<b>2.58</b>

<b>ASSET</b>	<b>HOLDING</b>	<b>MARKET VALUE (£'000)</b>	<b>PERCENTAGE OF NET ASSETS (%)</b>
<b>UNITED STATES 11.88% (28.02.17: 10.65%)</b>			
Newmont Mining	309,671	8,595	9.67
Coeur Mining	338,515	1,964	2.21
		<b>10,559</b>	<b>11.88</b>
Portfolio of investments		87,786	98.79
Net other assets		1,072	1.21
<b>Net assets</b>		<b>88,858</b>	<b>100.00</b>

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

# Authorised Corporate Director's Report

## Authorised Corporate Director's report

The Authorised Corporate Director ("ACD") of Investec Funds Series iii (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 IC13 and authorised by the Financial Conduct Authority ("FCA") with effect from 6 August 1998.

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 of four 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 March 2017 to 28 February 2018.

## Changes during the accounting period

### Changes made following required notice:

After consultation with the Depositary and in accordance with the requirements of Section 4.3 of the COLL, shareholders were given notice of the following:

- On 31 January, of the removal of the 'net' and 'gross' classifications in share class names. All of the share classes in our Funds were classified as either 'net' or 'gross'. From 7 April 2017 the distinction was no longer needed. For example, the 'Emerging Markets Local Currency Debt Fund, A, Acc, Net, GBP' share class is now just to be referred to as the 'Emerging Markets Local Currency Debt Fund, A, Acc, GBP'.
- On 31 January 2017, of the introduction of the capability to compulsorily convert (i.e. move) all investors in a share class to another share class in the same Fund where we reasonably believe it to be in the interests of shareholders. This was introduced into the Prospectus on 7 April 2017.

**Share class launches and closures:****The following share classes were closed on 31 August 2017**

Global Equity, S, Income, GBP.

Emerging Markets Local Currency Debt, S, Accumulation, GBP.

**Other changes made:**

On 7 April 2017, of the addition of Bolsa De Comercio De Buenos Aires, Bolsa De Valores De Colombia and Borsa Istanbul as an eligible securities market.

On 7 April 2017, of the appointment of Investec Asset Management North America, Inc., a company incorporated in the state of Delaware, USA (effective 1 June 2017), to assist in the exercise of investment management duties pursuant to a Sub-Investment Management Agreement.

On 7 April 2017, of the addition of the China Interbank Bond Market as an eligible securities market.

On 7 July 2017, of the Prospectus being updated to say "The General Administrative Charge is up to 0.08%", rather than "The General Administrative Charge is 0.08%".

On 31 August, of the Prospectus being updated to reflect the fact that the Company's administrator and registrar changed its name from IFDS to DST.

On 31 August, of the Prospectus being updated with a new eligible markets list and a new eligible derivatives markets list which lists the securities and derivative markets open at Company rather than sub-fund level.

The Prospectus was updated (on 16 October 2017 and 14 December 2017) to include changes required in respect of MiFID II.

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

A. Fletcher  
Director of the ACD

J. McNab  
Director of the ACD

9 May 2018

# Statement of Authorised Corporate Director's (ACD) Responsibilities

The Collective Investment Schemes sourcebook published by the FCA, ('the COLL Rules') require the Authorised Corporate Director ('ACD') to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Company and of the net income and net gains or losses on the property of the Company for the period.

In preparing the financial statements the ACD is responsible for:

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

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, the Prospectus and the COLL Rules.

The Report and Accounts are published on the [www.investecassetmanagement.com](http://www.investecassetmanagement.com) website, which is a website maintained by Investec Asset Management Limited ('Investec'). The maintenance and integrity of the website maintained by Investec or any of its subsidiaries is, so far as it relates to the Company, the responsibility of Investec. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts may differ from legislation in their jurisdiction.

# Statement of Depositary's Responsibilities and Report to Shareholders

## **Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the Investec Funds Series iii ('the Company') for the year ended 28 February 2018.**

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager 'the AFM' which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**State Street Trustees Limited**

9 May 2018

# Independent Auditor's Report

## Independent auditor's report to the shareholders of Investec Series iii ('the Company')

### Opinion

We have audited the financial statements of the Company for the year ended 28 February 2018 which comprise the Statements of Total Return, the Statements of Changes in Net Assets Attributable to Shareholders, the Balance Sheets, the Related Notes and Distribution Tables for each of the Company's sub-funds listed on page 1 and the accounting policies set out on page 44.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the financial position of each of the sub-funds as at 28 February 2018 and of the net revenue/deficit of revenue and the net capital gains/net capital losses on the property of each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with the Instrument of Incorporation, the Statement of Recommended Practice relating to Authorised Funds, and the COLL Rules.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard.

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

### Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

### Other information

The Authorised Corporate Director is responsible for the other information, which comprises the Authorised Corporate Director's Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

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

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



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

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

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

### **Authorised Corporate Director's responsibilities**

As explained more fully in their statement set out on page 28 the Authorised Corporate Director is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company and its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or its sub-funds or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

This report is made solely to the Company's shareholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook ('the COLL Rules') issued by the Financial Conduct Authority under the Open-Ended Investment Companies Regulations 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Paul McKechnie (Senior Statutory Auditor)**

Chartered Accountants  
15 Canada Square  
London  
E14 5GL

10 May 2018

# Emerging Markets Local Currency Debt Fund

## Comparative tables

As at 28 February 2018

Financial year	'A' Class (Accumulation shares)			'A' Class (Accumulation shares) <sup>(1)</sup>		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	182.14	147.74	159.56	203.89	164.01	175.40
Return before operating charges*	10.11	38.51	(7.88)	4.29	42.88	(8.71)
Operating charges	(3.04)	(2.78)	(2.45)	(0.36)	(3.00)	(2.68)
Return after operating charges*	7.07	35.73	(10.33)	3.93	39.88	(11.39)
Return to shareholder as a result of class closure	–	–	–	(207.82)	–	–
Distributions	(10.26)	(8.93)	(7.47)	–	(9.98)	(8.26)
Retained distributions on accumulation shares	10.26	7.60	5.98	–	9.98	8.26
Closing net asset value per share	189.21	182.14	147.74	0.00	203.89	164.01
*after direct transaction costs of:	0.06	0.07	0.02	0.01	0.08	0.02
<b>Performance</b>						
Return after charges	3.88%	24.18%	(6.47%)	1.93%	24.32%	(6.49%)
<b>Other information</b>						
Closing net asset value (£'000)	27,651	15,333	14,269	–	9,287	39,123
Closing number of shares	14,613,942	8,418,092	9,658,359	–	4,554,927	23,853,786
Operating charges	1.64%	1.66%	1.65%	1.64%	1.66%	1.65%
Direct transaction costs <sup>‡</sup>	0.03%	0.04%	0.01%	0.03%	0.04%	0.01%
<b>Prices</b>						
Highest share price	193.36	190.13	167.04	209.84	212.65	183.80
Lowest share price	179.55	146.14	133.25	205.24	162.63	147.56
Financial year	'A' Class (USD Accumulation shares)			'A' Class (Income-2 shares)		
	28.02.18 (c)	28.02.17 (c)	29.02.16 (c)	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	253.80	227.37	270.79	102.29	88.28	100.89
Return before operating charges*	44.03	30.50	(39.33)	5.58	19.02	(5.10)
Operating charges	(4.49)	(4.07)	(4.09)	(1.68)	(1.62)	(1.52)
Return after operating charges*	39.54	26.43	(43.42)	3.90	17.40	(6.62)
Distributions	(15.22)	(13.08)	(12.24)	(7.26)	(3.39)	(5.99)
Retained distributions on accumulation shares	15.22	13.08	12.24	–	–	–
Closing net asset value per share	293.34	253.80	227.37	98.93	102.29	88.28
*after direct transaction costs of:	0.09	0.11	0.03	0.03	0.04	0.01
<b>Performance</b>						
Return after charges	15.58%	11.62%	(16.03%)	3.81%	19.71%	(6.56%)
<b>Other information</b>						
Closing net asset value (USD'000)/(£'000)	1,010	1,160	2,144	4,179	7,319	8,817
Closing number of shares	344,344	456,994	942,799	4,224,220	7,155,872	9,986,936
Operating charges	1.64%	1.66%	1.65%	1.64%	1.66%	1.65%
Direct transaction costs <sup>‡</sup>	0.03%	0.04%	0.01%	0.03%	0.04%	0.01%
<b>Prices</b>						
Highest share price	297.26	263.49	273.04	106.57	110.08	105.72
Lowest share price	251.06	229.86	217.46	96.85	87.26	80.89

## Comparative tables

As at 28 February 2018

Financial year	'A' Class (Income-2 shares) <sup>(1)</sup>			'I' Class (Accumulation shares)		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	102.90	88.82	101.54	104.76	84.45	90.68
Return before operating charges*	2.18	22.50	(5.15)	5.85	19.05	(4.51)
Operating charges	(0.18)	(1.63)	(1.53)	(0.95)	(0.87)	(0.75)
Return after operating charges*	2.00	20.87	(6.68)	4.90	18.18	(5.26)
Return to shareholder as a result of class closure	(104.90)	–	–	–	–	–
Distributions	–	(6.79)	(6.04)	(6.72)	(2.84)	(4.84)
Retained distributions on accumulation shares	–	–	–	6.72	4.97	3.87
Closing net asset value per share	0.00	102.90	88.82	109.66	104.76	84.45
*after direct transaction costs of:	0.00	0.04	–	0.03	0.04	0.01
<b>Performance</b>						
Return after charges	1.94%	23.50%	(6.58%)	4.68%	21.53%	(5.80%)
<b>Other information</b>						
Closing net asset value (£'000)	–	2,853	2,729	63,463	30,240	37,244
Closing number of shares	–	2,772,246	3,072,598	57,872,754	28,864,888	44,102,779
Operating charges	1.64%	1.66%	1.65%	0.89%	0.91%	0.90%
Direct transaction costs‡	0.03%	0.04%	0.00%	0.03%	0.04%	0.01%
<b>Prices</b>						
Highest share price	105.93	110.98	106.42	111.66	109.11	94.97
Lowest share price	103.60	87.93	81.42	103.45	83.65	76.12
Financial year	'I' Class (Accumulation shares) <sup>(1)</sup>			'I' Class (USD Accumulation shares)		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (c)	28.02.17 (c)	29.02.16 (c)
<b>Change in net assets per share</b>						
Opening net asset value per share	216.15	172.62	183.22	269.31	239.43	283.04
Return before operating charges*	4.55	45.29	(9.09)	46.92	32.22	(41.27)
Operating charges	(0.21)	(1.76)	(1.51)	(2.61)	(2.34)	(2.34)
Return after operating charges*	4.34	43.53	(10.60)	44.31	29.88	(43.61)
Return to shareholder as a result of class closure	(220.49)	–	–	–	–	–
Distributions	–	(12.03)	(9.83)	(18.42)	(15.78)	(14.55)
Retained distributions on accumulation shares	–	12.03	9.83	18.42	15.78	14.55
Closing net asset value per share	0.00	216.15	172.62	313.62	269.31	239.43
*after direct transaction costs of:	0.01	0.08	0.02	0.09	0.11	0.04
<b>Performance</b>						
Return after charges	2.01%	25.22%	(5.79%)	16.45%	12.48%	(15.41%)
<b>Other information</b>						
Closing net asset value (£'000)/(\$'000)	–	33,411	100,627	145,231	187,721	216,580
Closing number of shares	–	15,457,144	58,293,661	46,307,549	69,702,598	90,456,221
Operating charges	0.89%	0.91%	0.91%	0.89%	0.91%	0.90%
Direct transaction costs‡	0.03%	0.04%	0.01%	0.03%	0.04%	0.01%
<b>Prices</b>						
Highest share price	222.60	224.89	192.17	317.61	278.43	285.83
Lowest share price	217.60	171.47	155.05	266.43	242.05	228.81

## Comparative tables

As at 28 February 2018

Financial year	I' Class (Income-2 shares)			'I' Class (Income-2 shares) <sup>(1)</sup>		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	85.14	72.95	82.76	97.20	83.28	94.50
Return before operating charges*	4.65	16.70	(4.19)	2.06	21.23	(4.84)
Operating charges	(0.76)	(0.72)	(0.68)	(0.09)	(0.84)	(0.75)
Return after operating charges*	3.89	15.98	(4.87)	1.97	20.39	(5.59)
Return to shareholder as a result of class closure	–	–	–	(99.17)	–	–
Distributions	(6.07)	(3.79)	(4.94)	–	(6.47)	(5.63)
Retained distributions on accumulation shares	–	–	–	–	–	–
Closing net asset value per share	82.96	85.14	72.95	0.00	97.20	83.28
*after direct transaction costs of:	0.03	0.03	0.01	0.00	0.04	0.01
<b>Performance</b>						
Return after charges	4.57%	21.91%	(5.88%)	2.03%	24.48%	(5.92%)
<b>Other information</b>						
Closing net asset value (£'000)	32,106	29,217	61,459	–	910	202
Closing number of shares	38,701,143	34,315,439	84,249,839	–	936,280	242,747
Operating charges	0.89%	0.91%	0.90%	0.89%	0.91%	0.91%
Direct transaction costs <sup>‡</sup>	0.03%	0.04%	0.01%	0.03%	0.04%	0.01%
<b>Prices</b>						
Highest share price	89.04	91.41	86.69	100.12	104.55	99.12
Lowest share price	81.06	72.24	66.74	97.87	82.63	76.23
Financial year	'R' Class (Accumulation shares)			'R' Class (Income-2 shares)		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	97.63	78.85	84.85	77.73	66.75	75.93
Return before operating charges*	5.43	17.89	(4.23)	4.30	14.39	(3.87)
Operating charges	(1.14)	(1.03)	(0.90)	(0.87)	(0.85)	(0.79)
Return after operating charges*	4.29	16.86	(5.13)	3.43	13.54	(4.66)
Distributions	(6.00)	(2.53)	(4.35)	(5.58)	(2.56)	(4.52)
Retained distributions on accumulation shares	6.00	4.45	3.48	–	–	–
Closing net asset value per share	101.92	97.63	78.85	75.58	77.73	66.75
*after direct transaction costs of:	0.03	0.04	0.01	0.02	0.03	0.01
<b>Performance</b>						
Return after charges	4.39%	21.38%	(6.05%)	4.41%	20.28%	(6.14%)
<b>Other information</b>						
Closing net asset value (£'000)	69	66	49	6	6	4
Closing number of shares	68,031	68,031	62,104	7,628	7,110	6,655
Operating charges	1.14%	1.16%	1.15%	1.14%	1.16%	1.15%
Direct transaction costs <sup>‡</sup>	0.03%	0.04%	0.01%	0.03%	0.04%	0.01%
<b>Prices</b>						
Highest share price	103.91	101.77	88.85	81.20	83.51	79.60
Lowest share price	96.34	78.08	71.06	73.88	66.04	61.10

## Comparative tables

As at 28 February 2018

Financial year	'S' Class (Accumulation shares) <sup>(2)</sup>		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	206.60	163.78	172.54
Return before operating charges*	14.26	43.10	(8.51)
Operating charges	(0.30)	(0.28)	(0.25)
Return after operating charges*	13.96	42.82	(8.76)
Return to shareholder as a result of class closure	(220.56)	–	–
Distributions	(3.45)	(13.06)	(10.36)
Retained distributions on accumulation shares	3.45	13.06	10.36
Closing net asset value per share	0.00	206.60	163.78
*after direct transaction costs of:	0.07	0.08	0.02
<b>Performance</b>			
Return after charges	6.76%	26.14%	(5.08%)
<b>Other information</b>			
Closing net asset value (£'000)	–	22	107,532
Closing number of shares	–	10,572	65,658,179
Operating charges	0.14%	0.16%	0.15%
Direct transaction costs‡	0.03%	0.04%	0.01%
<b>Prices</b>			
Highest share price	220.56	214.35	181.12
Lowest share price	204.32	162.96	146.87

(1) Closed 7 April 2017.

(2) Closed 31 August 2017.

High and low prices are quoted at Mid valuation.

### Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange, method of execution and the quality of research provided. They are made up of direct and indirect portfolio transaction costs:

‡ Direct portfolio transaction costs: Broker execution commission, taxes, and costs of research from brokers and other research providers.

Indirect portfolio transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid. Details of the dealing spread is shown in note 5 of the 'Notes to the financial statements' for each of the individual funds.

# Global Dynamic Fund

## Comparative tables

As at 28 February 2018

Financial year	'A' Class (Accumulation shares)			'A' Class (USD Accumulation shares)		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (c)	28.02.17 (c)	29.02.16 (c)
<b>Change in net assets per share</b>						
Opening net asset value per share	141.56	109.30	114.29	176.52	151.74	176.72
Return before operating charges*	14.18	34.22	(3.20)	39.39	27.45	(22.24)
Operating charges	(2.37)	(1.96)	(1.79)	(3.13)	(2.67)	(2.74)
Return after operating charges*	11.81	32.26	(4.99)	36.26	24.78	(24.98)
Distributions	(0.55)	(0.40)	(0.12)	(0.74)	(0.51)	(0.18)
Retained distributions on accumulation shares	0.55	0.40	0.12	0.74	0.51	0.18
Closing net asset value per share	153.37	141.56	109.30	212.78	176.52	151.74
*after direct transaction costs of:	0.19	0.11	0.12	0.25	0.14	0.18
<b>Performance</b>						
Return after charges	8.34%	29.52%	(4.37%)	20.54%	16.33%	(14.14%)
<b>Other information</b>						
Closing net asset value (£'000)/(\$'000)	1,077	1,047	3,079	1,449	2,266	1,133
Closing number of shares	702,209	739,750	2,816,856	681,173	1,283,455	746,814
Operating charges	1.59%	1.61%	1.60%	1.59%	1.61%	1.60%
Direct transaction costs <sup>‡</sup>	0.13%	0.09%	0.11%	0.13%	0.09%	0.11%
<b>Prices</b>						
Highest share price	160.03	141.98	122.85	225.56	176.95	186.75
Lowest share price	137.64	106.41	98.34	176.68	151.07	142.10
Financial year	'B' Class (Accumulation shares) <sup>(1)</sup>			'I' Class (Accumulation shares)		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	–	108.64	112.65	237.36	181.90	188.76
Return before operating charges*	–	23.37	(3.15)	23.84	57.23	(5.28)
Operating charges	–	(0.37)	(0.67)	(2.12)	(1.77)	(1.58)
Performance fee	–	–	(0.19)	–	–	–
Return after operating charges*	–	23.00	(4.01)	21.72	55.46	(6.86)
Return to shareholder as a result of class closure	–	(131.64)	–	–	–	–
Distributions	–	–	(1.05)	(2.78)	(2.24)	(1.62)
Retained distributions on accumulation shares	–	–	1.05	2.78	2.24	1.62
Closing net asset value per share	–	–	108.64	259.08	237.36	181.90
*after direct transaction costs of:	–	0.07	0.12	0.32	0.18	0.20
<b>Performance</b>						
Return after charges	–	21.17%	(3.56%)	9.15%	30.49%	(3.63%)
<b>Other information</b>						
Closing net asset value (£'000)	–	–	157,398	135,379	298,712	185,088
Closing number of shares	–	–	144,886,366	52,253,946	125,847,304	101,750,915
Operating charges	–	–	0.60%	0.84%	0.86%	0.85%
Performance fee	–	–	0.17%	–	–	–
Direct transaction costs <sup>‡</sup>	–	0.09%	0.11%	0.13%	0.09%	0.11%
<b>Prices</b>						
Highest share price	–	134.16	121.22	270.16	238.03	203.09
Lowest share price	–	106.00	97.70	231.02	177.40	163.60

**Comparative tables**

As at 28 February 2018

Financial year	'I' Class (EUR Accumulation shares) <sup>(2)</sup>			'I' Class (GBP Hedged Accumulation shares) <sup>(3)</sup>	
	28.02.18 (c)	28.02.17 (c)	29.02.16 (c)	28.02.18 (p)	28.02.17 (p)
<b>Change in net assets per share</b>					
Opening net asset value per share	103.56	86.06	100.00	102.64	100.00
Return before operating charges*	6.47	18.33	(13.16)	17.50	2.71
Operating charges	(0.89)	(0.83)	(0.78)	(0.99)	(0.07)
Return after operating charges*	5.58	17.50	(13.94)	16.51	2.64
Distributions	(1.18)	(0.97)	(0.64)	(1.20)	(0.20)
Retained distributions on accumulation shares	1.18	0.97	0.64	1.20	0.20
Closing net asset value per share	109.14	103.56	86.06	119.15	102.64
*after direct transaction costs of:	0.13	0.08	0.08	0.14	0.09
<b>Performance</b>					
Return after charges	5.39%	20.33%	(13.94%)	16.09%	2.64%
<b>Other information</b>					
Closing net asset value (EUR'000)/(£'000)	2,993	2,479	275	111,368	22
Closing number of shares	2,741,961	2,393,602	320,119	93,467,759	20,000
Operating charges	0.84%	0.86%	0.86%	0.89%	0.89%
Direct transaction costs <sup>†</sup>	0.13%	0.09%	0.09%	0.13%	0.09%
<b>Prices</b>					
Highest share price	113.97	104.82	104.63	126.14	103.05
Lowest share price	99.66	84.40	77.34	102.47	100.00

## Comparative tables

As at 28 February 2018

Financial year	'R' Class (Accumulation shares) <sup>(4)</sup>		'S' Class (Accumulation shares)		
	28.02.17 (p)	29.02.16 (p)	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>					
Opening net asset value per share	136.86	142.38	255.48	194.29	200.10
Return before operating charges*	19.77	(3.97)	25.76	61.41	(5.61)
Operating charges	0.00	(1.55)	(0.27)	(0.22)	(0.20)
Return after operating charges*	19.77	(5.52)	25.49	61.19	(5.81)
Return to shareholder as a result of class closure	(156.63)				
Distributions	–	(0.86)	(5.05)	(4.06)	(3.21)
Retained distributions on accumulation shares	–	0.86	5.05	4.06	3.21
Closing net asset value per share	–	136.86	280.97	255.48	194.29
*after direct transaction costs of:	0.07	0.15	0.34	0.19	0.21
<b>Performance</b>					
Return after charges	14.45%	(3.88%)	9.98%	31.49%	(2.90%)
<b>Other information</b>					
Closing net asset value (£'000)	–	115	234,921	270,536	289,431
Closing number of shares	–	84,225	83,610,651	105,892,218	148,971,725
Operating charges	–	1.10%	0.09%	0.11%	0.10%
Direct transaction costs <sup>‡</sup>	0.09%	0.11%	0.13%	0.09%	0.11%
<b>Prices</b>					
Highest share price	159.91	153.15	292.80	256.17	215.50
Lowest share price	133.40	123.11	248.91	189.79	174.68

(1) Closed 17 November 2016.

(2) Launched 7 April 2015.

(3) Launched 31 January 2017.

(4) Closed 9 September 2016.

High and low prices are quoted at Mid valuation.

### Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange, method of execution and the quality of research provided. They are made up of direct and indirect portfolio transaction costs:

<sup>‡</sup> Direct portfolio transaction costs: Broker execution commission, taxes, and costs of research from brokers and other research providers.

Indirect portfolio transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid. Details of the dealing spread is shown in note 5 of the 'Notes to the financial statements' for each of the individual funds.



# Global Equity Fund

## Comparative tables

As at 28 February 2018

Financial year	'A' Class (Accumulation shares)			'A' Class (USD Accumulation shares)		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (c)	28.02.17 (c)	29.02.16 (c)
<b>Change in net assets per share</b>						
Opening net asset value per share	144.80	110.78	117.99	180.12	153.46	182.04
Return before operating charges*	13.51	36.09	(5.33)	38.82	29.39	(25.74)
Operating charges	(2.45)	(2.07)	(1.88)	(3.21)	(2.73)	(2.84)
Return after operating charges*	11.06	34.02	(7.21)	35.61	26.66	(28.58)
Distributions	(0.64)	(0.66)	(0.41)	(0.89)	(0.83)	(0.57)
Retained distributions on accumulation shares	0.64	0.66	0.41	0.89	0.83	0.57
Closing net asset value per share	155.86	144.80	110.78	215.73	180.12	153.46
*after direct transaction costs of:	0.17	0.10	0.09	0.23	0.14	0.14
<b>Performance</b>						
Return after charges	7.64%	30.71%	(6.11%)	19.77%	17.37%	(15.70%)
<b>Other information</b>						
Closing net asset value (£'000)/(\$'000)	4,666	4,529	3,378	6,462	5,880	6,222
Closing number of shares	2,993,856	3,127,639	3,049,176	2,995,449	3,264,610	4,054,391
Operating charges	1.62%	1.62%	1.63%	1.62%	1.62%	1.63%
Direct transaction costs <sup>‡</sup>	0.12%	0.08%	0.08%	0.12%	0.08%	0.08%
<b>Prices</b>						
Highest share price	163.07	145.29	126.58	227.36	180.65	191.59
Lowest share price	141.00	110.02	100.50	180.25	154.97	144.92

Financial year	'I' Class (Accumulation shares)			'I' Class (USD Accumulation shares)*		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (c)	28.02.17 (c)	29.02.16 (c)
<b>Change in net assets per share</b>						
Opening net asset value per share	2047.71	1555.05	1643.71	121.01	102.31	120.46
Return before operating charges*	191.62	508.36	(74.71)	26.18	19.65	(17.13)
Operating charges	(18.61)	(15.70)	(13.95)	(1.16)	(0.94)	(1.02)
Return after operating charges*	173.01	492.66	(88.66)	25.02	18.71	(18.15)
Distributions	(25.24)	(22.78)	(17.88)	(1.66)	(1.23)	(1.17)
Retained distributions on accumulation shares	25.24	22.78	17.88	1.66	1.23	1.17
Closing net asset value per share	2,220.72	2,047.71	1,555.05	146.03	121.01	102.31
*after direct transaction costs of:	2.48	1.46	1.28	0.15	0.09	0.09
<b>Performance</b>						
Return after charges	8.45%	31.68%	(5.39%)	20.68%	18.29%	(15.07%)
<b>Other information</b>						
Closing net asset value (£'000)/(\$'000)	183,141	178,918	148,954	510	351	30,759
Closing number of shares	8,246,940	8,737,453	9,578,730	349,425	289,828	30,062,980
Operating charges	0.87%	0.87%	0.88%	0.87%	0.87%	0.88%
Direct transaction costs <sup>‡</sup>	0.12%	0.08%	0.08%	0.12%	0.08%	0.08%
<b>Prices</b>						
Highest share price	2,321.23	2,052.92	1,764.97	153.81	121.36	126.99
Lowest share price	1,996.12	1,546.86	1,410.22	121.12	103.33	96.60

## Comparative tables

As at 28 February 2018

Financial year	'R' Class (Accumulation shares)			'S' Class (Accumulation shares)		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	175.24	133.41	141.38	160.98	121.34	127.30
Return before operating charges*	16.38	43.56	(6.41)	15.13	39.82	(5.79)
Operating charges	(2.05)	(1.73)	(1.56)	(0.20)	(0.18)	(0.17)
Return after operating charges*	14.33	41.83	(7.97)	14.93	39.64	(5.96)
Distributions	(1.70)	(1.57)	(1.19)	(3.26)	(2.84)	(2.33)
Retained distributions on accumulation shares	1.70	1.57	1.19	3.26	2.84	2.33
Closing net asset value per share	189.57	175.24	133.41	175.91	160.98	121.34
*after direct transaction costs of:	0.21	0.12	0.11	0.20	0.11	0.10
<b>Performance</b>						
Return after charges	8.18%	31.35%	(5.64%)	9.27%	32.67%	(4.68%)
<b>Other information</b>						
Closing net asset value (£'000)	110	65	50	14,007	113,019	111,781
Closing number of shares	58,150	37,293	37,293	7,962,761	70,206,924	92,124,557
Operating charges	1.12%	1.12%	1.13%	0.12%	0.12%	0.13%
Direct transaction costs <sup>‡</sup>	0.12%	0.08%	0.08%	0.12%	0.08%	0.08%
<b>Prices</b>						
Highest share price	198.22	175.74	151.76	183.67	161.32	136.81
Lowest share price	170.77	132.64	121.00	157.08	120.90	110.00

## Comparative tables

As at 28 February 2018

Financial year	'S' Class (Income shares) <sup>(1)</sup>		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>			
Opening net asset value per share	139.84	107.29	114.77
Return before operating charges*	8.62	35.22	(5.23)
Operating charges	(0.17)	(0.16)	(0.15)
Return after operating charges*	8.45	35.06	(5.38)
Return to shareholder as a result of class closure	(148.29)		
Distributions	–	(2.51)	(2.10)
Closing net asset value per share	–	139.84	107.29
*after direct transaction costs of:	0.33	0.10	0.09
<b>Performance</b>			
Return after charges	6.04%	32.68%	(4.69%)
<b>Other information</b>			
Closing net asset value (USD'000)	–	960	4,027
Closing number of shares	–	686,394	3,753,537
Operating charges	0.12%	0.12%	0.13%
Direct transaction costs <sup>‡</sup>	0.12%	0.08%	0.08%
<b>Prices</b>			
Highest share price	148.31	142.65	123.33
Lowest share price	136.48	106.91	99.17

(1) Closed 31 August 2017.

### Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange, method of execution and the quality of research provided. They are made up of direct and indirect portfolio transaction costs:

<sup>‡</sup> Direct portfolio transaction costs: Broker execution commission, taxes, and costs of research from brokers and other research providers.

Indirect portfolio transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid. Details of the dealing spread is shown in note 5 of the 'Notes to the financial statements' for each of the individual funds.

# Global Gold Fund

## Comparative tables

As at 28 February 2018

Financial year	'A' Class (Accumulation shares)			'A' Class (USD Accumulation shares)		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (c)	28.02.17 (c)	29.02.16 (c)
<b>Change in net assets per share</b>						
Opening net asset value per share	134.72	105.62	96.21	167.47	146.21	148.41
Return before operating charges*	(15.75)	31.47	10.75	(3.05)	24.51	(0.18)
Operating charges	(2.07)	(2.37)	(1.34)	(2.73)	(3.25)	(2.02)
Return after operating charges*	(17.82)	29.10	9.41	(5.78)	21.26	(2.20)
Distributions	–	–	–	–	–	–
Retained distributions on accumulation shares	–	–	–	–	–	–
Closing net asset value per share	116.90	134.72	105.62	161.69	167.47	146.21
*after direct transaction costs of:	0.38	0.48	0.25	0.50	0.49	0.38
<b>Performance</b>						
Return after charges	(13.23%)	27.55%	9.78%	(3.45%)	14.54%	(1.48%)
<b>Other information</b>						
Closing net asset value (£'000)/(\$'000)	19,251	26,524	18,913	118	136	159
Closing number of shares	16,467,577	19,687,365	17,906,140	72,888	81,225	108,554
Operating charges	1.64%	1.72%	1.67%	1.64%	1.72%	1.68%
Direct transaction costs <sup>‡</sup>	0.30%	0.35%	0.31%	0.30%	0.35%	0.31%
<b>Prices</b>						
Highest share price	144.56	177.84	105.27	190.25	233.27	149.67
Lowest share price	115.14	100.82	64.06	151.77	138.50	98.97

Financial year	'I' Class (Accumulation shares)			'R' Class (Accumulation shares)		
	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)	28.02.18 (p)	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>						
Opening net asset value per share	130.18	101.29	91.57	80.98	63.18	57.24
Return before operating charges*	(15.30)	30.17	10.43	(9.48)	18.83	6.50
Operating charges	(1.07)	(1.28)	(0.71)	(0.88)	(1.03)	(0.56)
Return after operating charges*	(16.37)	28.89	9.72	(10.36)	17.80	5.94
Distributions	–	–	(0.09)	–	–	–
Retained distributions on accumulation shares	–	–	0.09	–	–	–
Closing net asset value per share	113.81	130.18	101.29	70.62	80.98	63.18
*after direct transaction costs of:	0.37	0.46	0.24	0.23	0.29	0.15
<b>Performance</b>						
Return after charges	(12.57%)	28.52%	10.61%	(12.79%)	28.17%	10.38%
<b>Other information</b>						
Closing net asset value (£'000)	69,511	67,508	44,072	11	84	15
Closing number of shares	61,076,330	51,857,020	43,508,474	15,349	103,720	24,327
Operating charges	0.89%	0.97%	0.93%	1.14%	1.22%	1.15%
Direct transaction costs <sup>‡</sup>	0.30%	0.35%	0.31%	0.30%	0.35%	0.31%
<b>Prices</b>						
Highest share price	140.23	171.12	100.96	87.12	106.60	62.97
Lowest share price	112.05	96.70	61.17	69.54	60.30	38.20

## Comparative tables

As at 28 February 2018

Financial year	'S' Class (Accumulation shares) <sup>(1)</sup>	
	28.02.17 (p)	29.02.16 (p)
<b>Change in net assets per share</b>		
Opening net asset value per share	108.88	97.68
Return before operating charges*	34.49	11.33
Operating charges	(0.33)	(0.13)
Return after operating charges*	34.16	11.20
Return to shareholder as a result of class closure	(143.04)	
Distributions	–	(0.71)
Retained distributions on accumulation shares	–	0.71
Closing net asset value per share	–	108.88
*after direct transaction costs of:	0.52	0.27
<b>Performance</b>		
Return after charges	31.37%	11.47%
<b>Other information</b>		
Closing net asset value (£'000)	–	31
Closing number of shares	–	28,633
Operating charges	–	0.15%
Direct transaction costs <sup>‡</sup>	0.35%	0.31%
<b>Prices</b>		
Highest share price	184.51	108.50
Lowest share price	103.92	65.47

(1) Closed on 30 January 2017.

High and low prices are quoted at Mid valuation.

### Portfolio transaction costs

Portfolio transaction costs are incurred by funds when buying and selling investments. These costs vary depending on the types of investment, their market capitalisation, country of exchange, method of execution and the quality of research provided. They are made up of direct and indirect portfolio transaction costs:

<sup>‡</sup> Direct portfolio transaction costs: Broker execution commission, taxes, and costs of research from brokers and other research providers.

Indirect portfolio transaction costs: 'Dealing spread' – the difference between the buying and selling prices of the fund's investments; some types of investment, such as fixed interest securities, have no direct transaction costs and only the dealing spread is paid. Details of the dealing spread is shown in note 5 of the 'Notes to the financial statements' for each of the individual funds.

# Notes to the Financial Statements of the Company

For the year ended 28 February 2018

## 1. Accounting policies

### a) Basis of accounting

The financial statements on pages 44 to 87 have been prepared under the historical cost basis, as modified by the revaluation of investments, in compliance with the Financial Conduct Authority's Collective Investments Schemes Sourcebook. They have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 (The Financial Reporting Standard Applicable in the UK and Republic of Ireland "FRS 102"), and in accordance with the Statement of Recommended Practice (SORP) for Financial Statements of Authorised Funds issued by the Investment Management Association in May 2014 ('the 2014 SORP'). The financial statements are prepared on the going concern basis.

### Changes in accounting policies

There have been no changes to the accounting policies as detailed in the audited financial statements for the year ended 28 February 2017.

### b) Valuation of investments

The investments of the Funds have been valued at market value at noon (UK time) on 28 February 2018 net of any accrued interest. Suspended securities are valued at the last traded price or at the Fund Manager's best estimate of fair value based on market information and particular circumstances that led to the suspension subject to agreement from the ACD's valuation committee.

Market value is defined by the SORP as fair value which is generally the bid value.

Open Forward Currency Contracts are shown in the Portfolio Statement and are valued using contracted forward rates. The net gains/(losses) are reflected in "Forward currency contracts" in Net capital gains/(losses).

Open Futures Contracts are shown in the Portfolio Statement and are valued using broker prices. The net gains/(losses) are reflected in "Derivative contracts" in Net capital gains/(losses).

Open Swap Contracts are shown in the Portfolio Statement and at fair value. The net gains/(losses) are reflected in "Derivative contracts" in Net capital gains/(losses).

### c) Exchange rates

Assets and liabilities held in overseas currencies have been translated into sterling at the exchange rates ruling at noon on 28 February 2018. Transactions during the year are translated at the rate ruling on the transaction date.

### d) Recognition of revenue

Income encompasses both revenue and capital gains/(losses). Revenue generally includes items such as dividends, interest and other similar items that were previously referred to as 'income'. Capital is the return from holding investments other than part of the return that is revenue.

All dividends and scrip (stock) dividends on equities are recognised when the securities are quoted ex-dividend net of any attributable tax credits. Bank interest, interest on investments and other receivables are accrued up to the accounting date.

Accumulation of revenue relating to accumulation units or shares held in collective investment schemes is recognised as revenue and included in the amount available for distribution. Equalisation received from distributions or accumulations on units or shares in collective investment schemes is treated as capital and deducted from the cost of the investment.

Revenue from debt securities is accounted for on an effective interest basis.

Underwriting commission is taken to revenue and recognised when the issue takes place, unless the Funds are required to take up all or some of the underwritten shares. In this case the commission is used to reduce the cost of those shares.

Special dividends are treated as revenue or capital depending on the facts of each particular case.

Stocklending revenue is accounted for on an accruals basis. Fees earned from stock lending are included in revenue on a gross basis.

Where derivatives are used to protect or enhance revenue, any gains or losses are treated as revenue of the Fund. Where derivatives are used to protect or enhance capital, depending on the motives and circumstances, any gains or losses are treated as capital property of the Funds.

### e) Expenses

Expenses are accounted for on an accruals basis.

### f) Taxation

Provision is made for corporation tax at current rates on the excess of taxable revenue over allowable expenses.

### g) Deferred taxation

Where applicable, a provision is made on all material timing differences between the recognition of revenue in the financial statements and its recognition in the Funds' annual tax returns. Deferred tax liabilities are recognised to the extent that it is possible that an actual liability will crystallise and deferred tax assets are recognised where it is more than likely that an asset is recoverable.

No deferred tax assets have been recognised as there is uncertainty over future net revenues to utilise such assets.

## 2. Distribution policies

### a) Basis of distribution

If at the end of the distribution period, revenue exceeds expense borne by revenue for distribution purposes, the net revenue after taxation of that Fund is available to be distributed to its shareholders. In order to conduct a controlled dividend flow to shareholders, interim distributions will be at the ACD's discretion, up to a maximum of the distributable revenue available for the period. At the end of the year, all remaining net revenue is distributed.

Emerging Markets Local Currency Debt Fund will distribute revenue on a quarterly basis.

Global Dynamic Fund, Global Equity Fund and Global Gold Fund will distribute annually by reference to net revenue arising during the year ended 28 February 2018.

Any deficit of revenue after taxation will reduce the capital of the Fund.

Distributions on accumulation shares are retained by the Fund and increase the value of the accumulation shares.

### b) Apportionment to multiple share classes

The allocation of revenue and non class specific expenses is based upon the proportion of the Funds' assets attributable to each share class, on the day the revenue is earned or expense is suffered.

# Notes to the Financial Statements of the Company

## continued

For the year ended 28 February 2018

### 2. Distribution policies continued

#### c) Stock dividends

Ordinary scrip dividends are treated as revenue and will form part of any distribution. A transfer is made from capital to revenue to compensate for the amount of revenue foregone. In the case of enhanced scrip dividends, any enhancement is taken to capital.

#### d) Interest from debt securities

As noted in note 1d above, revenue from fixed interest securities is accounted for on an effective interest basis, where applicable, UK interest distributions are also based on an effective interest basis.

#### e) Expenses

Management expenses including the General Administration Charge (GAC) and custody are charged against revenue unless otherwise stated in the Investec Funds Series Omnibus prospectus 'The Prospectus'. The only exception are the Income-2 ('Inc-2' share classes), where expenses are borne by capital for distribution. Details of expenses borne by capital can be found in the 'Distributions' note.

#### f) Equalisation

Equalisation takes account of the distributable revenue in the share price that is received on the creation of shares and paid on cancellation of shares and is allocated to the distribution account to equalise the distribution payable to Shareholders.

#### g) Aggregate distribution

The aggregate distribution for the company is based on the individual funds' net revenue after taxation. Where there is a significant difference between net revenue after taxation and the amounts available for distribution, a reconciliation has been provided.

### 3. Risk management policies

Any investment in stock market funds involves risk. Some of these risks are general, which means that they apply to all funds. Others are specific, which means that they apply to individual funds only.

We monitor our Funds' portfolios against certain parameters, seeking to ensure that they meet an acceptable risk: reward profile.

#### Risk management process

The stock selection and asset allocation of the portfolios are reviewed at periodic fund review meetings. Consideration is given to whether the risk associated with the exposure to particular investment categories or stocks is prudent in the context of the investment objective. The Investment Manager has responsibility for monitoring the existing portfolios in accordance with an overall investment category deviation parameter and seeks to ensure that the portfolios as a whole meet an acceptable risk: reward profile. Monthly market risk reviews are conducted on core funds, investigating levels and trends in risk exposures and the overall diversity of risk contributors. For certain forms of derivative intensive funds, daily predicted Value at Risk levels are also monitored.

#### General Risks

##### Risks Associated with Investments

##### Accounting

Accounting, auditing and financial reporting standards, practices and disclosure requirements vary between countries and can change and this can be a source of uncertainty in the true value of investments and can lead to a loss of capital or income.

##### Active Management

The Investment Manager has discretion to purchase and sell assets of the Funds in accordance with each Fund's investment policy which is further described in Appendix I. It may be as a consequence of the Investment Manager actively electing to deviate from the constituents of any related market index that a Fund may not participate in the general upward move as measured by that market's index and that a Fund's value may decline even while any related index is rising.

##### Efficient Portfolio Management

Efficient Portfolio Management may be used by the Funds to reduce risk, reduce costs or for the generation of additional capital or income in the Funds at an acceptably low level of risk.

The Funds may use derivatives repo contracts, and stock lending for Efficient Portfolio Management.

It is not intended that using derivatives for Efficient Portfolio Management will increase the volatility of the Funds. In adverse situations, however, a Fund's use of derivatives may become ineffective in hedging or Efficient Portfolio Management and a Fund may suffer significant loss as a result.

A Fund's ability to use Efficient Portfolio Management techniques may be limited by market conditions, regulatory limits and tax considerations. Any income or capital generated by Efficient Portfolio Management techniques will be paid to the Funds.

The Investment Manager may use one or more separate counterparties to undertake transactions on behalf of these Funds. A Fund may be required to pledge or transfer collateral from its assets to secure the exposure of such contracts entered into for Efficient Portfolio Management. There may be a risk that a counterparty will wholly or partially fail to honour their contractual arrangements with regards the provision and/or return of collateral and any other payments due to the relevant Fund. The ACD measures the creditworthiness of counterparties as part of the risk management process.

A counterparty may be an associate of the ACD or the Investment Manager which may give rise to a conflict of interest. For further details on the ACD's conflicts of interest policy please contact the ACD.

##### Exchange Rate Fluctuation

Currency fluctuations may adversely affect the value of a Fund's investments and the income thereon. Currency fluctuations may also adversely affect the profitability of an underlying company in which a Fund invests.

##### Income Yield

The level of any yield arising from interest and/or dividend payments, and other such sources of income, for a Fund may be subject to fluctuations and is not guaranteed. Therefore the related distribution amount paid, or deemed to be paid, from any Fund's Share Classes may also fluctuate over time and is not guaranteed.

##### Inflation & Deflation

Inflation erodes the real value of all investments and changes in the anticipated rate of inflation could lead to capital losses in a Fund's investments.

Deflation risk is the risk that prices throughout an economy may decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of a Fund's portfolio.

##### Initial Public Offerings (IPO) & Placement

When a Fund subscribes for an IPO or a placing there is a (potentially lengthy) period between the Fund submitting its application and finding out whether the application has been successful. If the Fund is not allocated the full amount subscribed for due to oversubscription or the security is listed at lower than the issue price (in respect of an IPO only), this may result in a sudden change in the Fund's price. There is also the opportunity cost of having cash committed to the subscription (and therefore out of the market), and not receiving the full allocation.

# Notes to the Financial Statements of the Company

## continued

For the year ended 28 February 2018

### 3. Risk management policies (continued)

#### Political & Regulatory

Expropriation by the state, social or political instability, or other restrictions on the freedom of a Fund to deal in its investments, may all lead to investment losses. It should also be noted that there may be occasions when a government imposes restrictions on a company's operations and/or the free movement of cash.

The regulatory environment is evolving and changes therein may adversely affect the ability of a Fund to pursue its investment strategies. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or regulatory authorities which may adversely affect the value of the investments held by a Fund. The effect of any future regulatory or tax change on the Funds is impossible to predict. The regulatory environment within which the Funds operate may be different to the regulatory requirements of the investors' home countries.

#### Risks Associated with Share Classes

##### Base Currency Hedged Share Classes

For the base currency Hedged Share Classes, the ACD will implement a currency hedging strategy to limit exposure to the currency position of the relevant Fund's Base Currency relative to the currency denomination of the relevant base currency hedged Share Class ("BCHSC Currency"). However, there can be no assurance that the strategy implemented by the ACD will be successful.

The currency hedging transactions will be entered into regardless of whether the Base Currency is declining or increasing in value relative to the BCHSC Currency. Consequently, while such hedging will largely protect investors against a decline in the value of the relevant Base Currency relative to the BCHSC Currency, it will also mean that investors will not benefit from an increase in the value of that Base Currency relative to the BCHSC Currency.

Due to the impossibility of forecasting future market values the currency hedging will not be perfect and the returns of the base currency hedged Share Class, measured in the BCHSC Currency, will not be exactly the same as the returns of an equivalent Share Class denominated in and measured in the relevant Base Currency.

Shareholders should also note that liabilities arising from a Hedged Share Class in a Fund may affect the Net Asset Value of the other Share Classes in that Fund.

#### Charges to Capital

Where the income generated by a Fund's investments is not sufficient to offset the charges and expenses of the Fund they may instead be deducted from the capital of the Fund. This will constrain the rate of capital growth.

For the Inc-2 Share Classes, all expenses attributable to that Share Class will be charged against the capital account of that Share Class. This has the effect of increasing the Share Class' distributions (which may be taxable) whilst reducing its capital to an equivalent extent. This could constrain future capital and income growth.

#### Currency Denomination

The Currency Denomination of a Share Class in a Fund may not necessarily be an indicator of the currency risk to which its Shareholders are exposed. Currency risk derives from the currency exposures of the underlying assets of a Fund, while the currency denomination of a Share Class only indicates the currency in which the Net Asset Value of that Share Class is valued in.

It is also particularly important to be aware of the difference between a Share Class that is denominated in a given currency and a Share Class that is hedged into that currency. For a full overview of the different Share Classes available please refer to Section '3' of the Prospectus.

#### Distribution from Capital

Inc-2 Shares may make distributions from capital as well as from net realised and unrealised capital gains before deduction of fees and expenses. Whilst this might allow more income to be distributed, it may also have the effect of reducing capital and the potential for long-term capital and income growth. In addition, this distribution policy may have tax implications for your investment in such Income Shares. If in doubt, please consult your tax adviser.

#### Initial Charges

Where an Initial Charge is made, investors who sell their Shares may not, even in the absence of a fall in the value of the Shares, recover the total amount originally subscribed.

#### Transactional Risks Arising From The Hedged Share Classes

There is a risk that where a Fund has Share Classes that operate a hedge as well as Share Classes that do not, the returns of the latter may be affected, positively or negatively, by inaccuracies and imperfections in the operation of the hedge. This risk arises because Share Classes are not separate legal entities. Hedged Share Classes and un-hedged Share Classes of the same Fund participate in the same pool of assets and/or liabilities of the same Fund. Shareholders should also note that assets and/or liabilities arising from one Share Class in a Fund may affect the Net Asset Value of the other Share Classes in that Fund.

#### Portfolio Currency Hedged Share Class

Due to the impossibility of forecasting future market values and the primary currency exposures in the relevant Fund's portfolio, portfolio currency hedging will never be perfect and the returns of PCHSC may be impacted by exchange rate movements.

Currency hedging transactions will be entered into regardless of whether the primary currency exposures are declining or increasing in value relative to the currency denomination of the PCHSC. Consequently, while such hedging will largely protect investors against a decline in the value of the relevant the primary currency exposures relative to the currency denomination of the PCHSC, it will also mean that investors will not benefit from an increase in the value of those primary currency exposures relative to the currency denomination of the PCHSC.

Shareholders should also note that liabilities arising from a hedged Share Class in a Fund may affect the Net Asset Value of the other Share Classes in that Fund.

By virtue of the hedging techniques used, the performance of any PCHSC will diverge from the performance of the equivalent Share Class that does not make use of these hedging strategies.

Please see Section 2.2.2 of the Prospectus for further details on the types of hedging transactions implemented by the ACD and the risks associated with the PCHSCs.

#### Risks Associated with Shareholder Dealing and Portfolio Transactions

##### Cancellation

If you exercise any cancellation rights you may have, you may not get back the full amount of your investment.

##### Conflicts of Interest

In relation to an investment in a Fund, it should be noted that the ACD, the Investment Manager and other companies within the Investec Group may, from time to time, act as ACD, management company, investment manager or adviser to other funds, Funds or other client mandates which are competitors to the Fund in question because they follow similar investment objectives to that Fund. It is therefore possible that the ACD and the Investment Manager may in the course of their business dealings have potential conflicts of interest with the Fund. Each of the ACD and the Investment Manager will, however, have regard in such event to their regulatory and contractual obligations and to their overall duty to act in a commercially reasonable manner to act in the best interests of all customers and to treat all customers fairly when undertaking any investment business where potential conflicts of interest may arise.



# Notes to the Financial Statements of the Company

## continued

For the year ended 28 February 2018

### 3. Risk management policies (continued)

#### Counterparty – Trading

A Fund may enter into transactions with counterparties, thereby exposing it to the counterparties' credit worthiness and their ability to perform and fulfil their financial obligations (including the timely settlement of trades). This risk may arise at any time a Fund's assets are deposited, extended, committed, invested or otherwise exposed through actual or implied contractual agreements.

In some markets there may be no secure method of delivery against payment which would minimise the exposure to counterparty risk. It may be necessary to make payment on a purchase or delivery on a sale before receipt of securities or, as the case may be, sale proceeds. In this situation, the receipt of securities or sale proceeds by a Fund is dependent on the counterparty fulfilling its own delivery obligation.

When entering derivatives transactions and making use of efficient portfolio management techniques, a Fund may be adversely impacted by conflicts of interest arising from the relationship of the counterparties to the relevant investment manager or another member of the relevant Investment Manager's group of companies.

#### Liquidity risk – fund investments

A Fund may invest in certain securities that subsequently become difficult to sell because of reduced liquidity. This would have an adverse impact on the market price or the ability to realise the asset. Reduced liquidity for such securities may be driven by a specific economic or market event, such as the deterioration in the creditworthiness of an issuer.

#### Risk of Deferred Redemptions

In the case of individual or collective redemptions and/or switches which are in aggregate 10% or more of the net asset value of a Fund on a Dealing Day, the ACD may decide without Shareholder approval to defer redemptions to the Valuation Point on the next Dealing Day (see section 3.11 of the Prospectus). Subject to sufficient liquidity being raised at the next Valuation Point all deals relating to the earlier Valuation Point will be completed before those relating to the later Valuation Point are considered.

#### Risk of Market Closure

Certain markets in which a Fund invests may not open every Dealing Day. The consequence is that the prices at which the Shares may be bought or sold will be based on prices for the underlying investments that are out of date to a greater or lesser extent. This will cause the returns of the Fund to be affected if purchases or sales of Shares are followed immediately by increases or decreases in the prices of the underlying investments. Causes of market closures can be either from differences in normal market trading days, national or localised public holidays or from non-standard market closures imposed as emergency measures.

#### Risk of Remittance Restrictions

In some countries, the proceeds from the sale of a security, or dividends or other income, which is due to foreign investors, may not be payable, in full or in part, due to governmental or other restrictions. Any such restrictions will reduce the profit potential of a Fund and may lead to losses. Other such risks may include the introduction of unexpected taxation rules. In some circumstances, governmental or regulatory controls may be imposed affecting the efficient movement of capital (e.g. exchange limitations or currency movements/repatriation).

#### Risk of Suspension

In certain circumstances, Shareholders' right to redeem, switch or convert sell Shares (including a sale by way of conversion) may be suspended (see section 6.7 of the Prospectus). This will mean that on a temporary basis Shareholders will not have access to their money.

#### Risks Associated with Fund Operations

##### Central Securities Depositories

For the purposes of the UCITS Directive, entrusting the custody of the Company's assets to the operator of a securities settlement system ("SSS") is currently not considered as a delegation by the Depository and the Depository would therefore be exempted from its obligation to return an asset lost by an SSS.

##### Custody

Each Fund's assets are safe kept by the Depository or its sub-custodians (which may not be part of the same group of companies as the Depository) and Shareholders in a Fund are exposed to the risk of the Depository or its sub-custodian not being able to fully meet its obligation to return in a short time frame all of the assets held at the Depository or a sub-custodian in the case of its insolvency. Securities of a Fund will normally be identified in the Depository's or sub-custodian's books as belonging to the Fund and will be segregated from the Depository or the sub-custodian's assets. This provides protection for the Fund's assets in the event of the insolvency of either the Depository or its sub-custodian, but does not exclude the risk that the assets will not be returned promptly in the event of insolvency.

A Fund's assets may also be pooled with the securities of other clients of the Depository or sub-custodian. In this circumstance, if there were problems with the settlement or custody of any security in the pool then, subject to the requirements of COLL, the loss would be spread across all clients in the pool and would not be restricted to the client whose securities were subject to loss.

In addition, a Fund may be required to place assets outside of the Depository and the sub-custodian's safekeeping network in order for the Fund to trade in certain markets. In such circumstances the Depository remains responsible for the proper selection and supervision of the persons safekeeping such assets in the relevant markets. In such markets, Shareholders should note that there may be delays in settlement and/or uncertainty in relation to the ownership of a Fund's investments which could affect the Fund's liquidity and which could lead to investment losses.

The Depository is liable to a Fund for the loss of an asset held in custody by the Depository and its sub-custodians. However, the Depository may have no liability for the loss of an asset where the Depository can prove that the loss is due to an event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary by the Depository.

A Fund's cash held on deposit with a Depository or its sub-custodian is not segregated from the assets of the Depository or its sub-custodian and is held at the risk of the Fund.

##### Economically Viable

If a Fund does not reach a sustainable size, this will constrain the Investment Manager from implementing all of the investment decisions that it would like to for the Fund and/or the effect of charges and expenses may be higher than anticipated and the value of the investment consequently reduced. Also, in accordance with the relevant Instrument of Incorporation, a Fund may be liquidated if it does not reach assumed sustainable size and is no longer viable to operate.

##### Fair Value Pricing

Fair value pricing adjustments may be made to the price of an underlying asset of a Fund, at the absolute discretion of the Board of Directors, to reflect predicted changes in the last available price between the market close and the Valuation Point. There is, however, a risk that this predicted price is not consistent with the subsequent opening price of that security.

# Notes to the Financial Statements of the Company

## continued

For the year ended 28 February 2018

### 3. Risk management policies (continued)

#### Fraud

A Fund's assets may be subject to fraud. This includes but is not limited to fraudulent acts at the sub-custodian level such that the sub-custodian does not maintain books and records that reflect the beneficial ownership of the Fund to its assets. Fraud may also arise with regards to counterparty default and/or fraudulent acts of other third parties.

#### Fund Legal Action

There is no certainty that any legal action taken by a Fund against its service providers, agents, counterparties or other third parties will be successful and Shareholders may not receive compensation in full or at all for any losses incurred. Recourse through the legal system can be lengthy, costly and protracted. Depending on the circumstances, a Fund may decide not to take legal action and/or the Fund may decide to enter into settlement negotiations which may or may not be successful.

#### Liabilities of each Company and the Funds

As explained in paragraph 2.2.1 of the Prospectus where, under the OEIC Regulations, each Fund within a Company is a segregated portfolio of assets and those assets can only be used to meet the liabilities of, or claims against, that Fund. Whilst the provisions of the OEIC Regulations provide for segregated liability between Funds in the same Company, the concept of segregated liability is relatively new. Accordingly, where claims are brought by local creditors in foreign courts or under foreign law contracts, it is not yet known whether a foreign court would give effect to the segregated liability and cross-investment provisions contained in the OEIC Regulations. Therefore, it is not possible to be certain that the assets of a Fund will always be completely insulated from the liabilities of another Fund in the same Company in every circumstance. However, for the avoidance of doubt there is no liability between Funds in different Companies.

#### Liquidity risk – shareholder activity

Subscriptions, conversions or redemptions of Shares in a Fund may have an impact on the other Shareholders of that Fund, which is commonly known as dilution or concentration.

To match subscriptions, conversions and redemptions of Shares from a Fund, assets may be bought or sold and such transactions may incur costs that the Fund must meet. Where a Fund is forced to buy or sell a significant volume of assets relative to the liquidity normally available in the market, it may affect the price at which those assets are bought or sold (and this may be different from the price at which they are valued), therefore having a dilutive or concentrative impact for the other Shareholders. In addition, the weighting of different holdings within the Fund may change, therefore altering the construction and composition of the Fund. The impact will vary to a lesser or greater extent depending on the volume of transactions, the purchase and sale price of the assets and valuation method used to calculate net asset value of the Fund.

The ACD may at its discretion, but always acting in the best interests of Shareholders, in times of severe illiquidity, utilise liquidity management tools including, without limitation, the power to defer redemptions and suspend dealing in the Shares of a Fund.

#### Securities Lending

Securities lending involves the risk that the borrower may fail to return the securities in a timely manner or at all. As a result, a Fund engaged in securities lending transactions may lose money and there may be a delay in recovering the lent securities. A Fund could also lose money if it does not recover the securities and/or the value of the collateral falls, including the value of assets purchased with re-invested cash collateral.

A Fund's portfolio exposure to market risk will not change by engaging in securities lending. However, securities lending carries the specific market risk of the counterparty defaulting. To mitigate this risk, the Fund will receive collateral relating to its securities lending transactions in accordance with the ESMA Guidelines 2012/832. This collateral shall take any of the forms described under the ESMA Guidelines 2012/832.

In the event of default by the counterparty to a securities lending transaction, the collateral provided will need to be sold and the lent securities repurchased at the prevailing price, which may lead to a loss in value for the relevant Fund. There can therefore be no assurance that the relevant Fund's investment objectives will be achieved.

Securities lending also carries operational risks such as the non-settlement of instructions associated with securities lending. Such operational risks are managed by means of procedures, controls and systems implemented by the securities lending agent and the Fund.

When engaging in securities lending, a Fund may be adversely impacted by conflicts of interest arising from the relationship of the counterparties to such transactions with the relevant investment manager or another member of the relevant investment manager's group of companies.

#### Tax

Tax laws may change without notice and may impose taxes on a retrospective basis. Taxes may be deducted at source without notice to a Fund and/or the Investment Manager. Tax charged may vary between Shareholders.

#### Third-Party Operational (including Counterparty – Service Providers)

Each Fund's operations depend on third parties, either for the purpose of segregating duties, or due to delegation/outsourcing of functions by the Investment Manager. Investors in a Fund may suffer disruption or financial loss in the event of third-party operational failure.

#### Specific Risks

##### Risks Associated with Debt Investments

##### Contingent Convertibles or CoCos

A Fund may invest in contingent convertibles (CoCos). CoCos are Tier 1 and Tier 2 subordinated debt securities issued by financial institutions. CoCos generally contain loss absorption mechanisms, or 'bail-in' clauses, to avoid public sector intervention to keep the issuer of such securities from insolvency or bankruptcy. Investors in CoCos may suffer losses prior to investors in the same financial institution holding equities or bonds ranking alongside or junior to the CoCo bond holders. CoCos tend to have higher price volatility and greater liquidity risk than other securities which do not expose investors to the aforementioned risks. Additionally, Shareholders should be aware that the structure of CoCos is yet to be tested and there is some uncertainty as to how they may perform in a stressed environment. Depending on how the market views certain triggering events, there is the potential for price contagion and volatility across the asset class. Furthermore, this risk may be increased depending on the level of underlying instrument arbitrage and in an illiquid market, price formation may be increasingly difficult.

##### Credit

Where the value of an investment depends on a party (which could be a company, government or other institution) fulfilling an obligation to pay, there exists a risk that that obligation will not be satisfied. This risk is greater the weaker the financial strength of the party. The Net Asset Value of a Fund could be affected by any actual or feared breach of the party's obligations, while the income of the Fund would be affected only by an actual failure to pay, which is known as a default.

# Notes to the Financial Statements of the Company

## continued

For the year ended 28 February 2018

### 3. Risk management policies (continued)

#### Distressed Debt

A Fund may invest in distressed debt securities. Investment in such distressed debt securities (which qualify as transferable securities) involves purchases of obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganisation and liquidation proceedings. Acquired investments may include senior or subordinated debt securities, bank loans, promissory notes and other evidences of indebtedness, as well as payables to trade creditors. Although such purchases may result in significant investor returns, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these investments ordinarily remain unpaid unless and until the company reorganises and/or emerges from bankruptcy proceedings, and as a result may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is unusually high. There is no assurance that the Investment Manager will correctly evaluate the nature and magnitude of the various factors that could affect the prospects for a successful reorganisation or similar action. In any reorganisation or liquidation proceeding relating to a company in which a Fund invests, an investor may lose its entire investment or may be required to accept cash or securities with a value less than the original investment. Under such circumstances, the returns generated from the investment may not compensate a Fund adequately for the risks assumed.

Investing in distressed debt can also impose duties on the Investment Manager which may conflict with duties which it owes to a Fund. A specific example of where the Investment Manager may have a conflict of interest is where it invests the assets of a Fund in a company in serious financial distress and where that investment leads to the Investment Manager investing further amounts of the Fund's assets in the company or taking an active role in managing or advising the company, or one of the Investment Manager's employees becomes a director or other officer of the company. In such cases, the Investment Manager or its employee may have duties to the company and/or its members and creditors which may conflict with, or not correlate with, the interests of the Shareholders of that Fund. In such cases, the Investment Manager may also have discretion to exercise any rights attaching to the Fund's investments in such a company. The Investment Manager will take such steps as it considers necessary to resolve such potential conflicts of interest fairly.

#### High Yield Debt Securities

High yield debt securities, that is those that are rated BB+ by Standard & Poor's or Ba1 by Moody's or lower, or are unrated, are subject to greater risk of loss of income and principal due to default by the issuer than are higher-rated debt securities. It may also be more difficult to dispose of, or to determine the value of, high yield debt securities.

High yield debt securities rated BB+ or Ba1 or lower are described by the ratings agencies as "predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions".

#### Interest Rate

The earnings or market value of a Fund may be affected by changes in interest rates. This risk can be particularly relevant for Funds holding fixed-rate debt securities (such as bonds), since their values may fall if interest rates rise. Furthermore, Funds holding fixed-rate debt securities with a long time until maturity may be more sensitive to changes in interest rates than shorter-dated debt securities, for example a small rise in long-term interest rates may result in a more than proportionate fall in the price of a long-dated debt security.

#### Investment Grade

The price of securities involved in initial public offerings are often subject to greater and more unpredictable price changes than more established securities.

#### Money Market Instrument

Money market instruments in which a Fund invests are subject to the solvency of the underlying issuer. The buying and selling of money market instruments is exposed to liquidity constraints in the market.

While every effort will be made to maintain the capital value of the Fund, there is no guarantee that this will be the case as a loss made on an instrument held by the Fund could reduce the capital value of the Fund.

#### Mortgage Backed and Other Asset Backed Securities

##### Mortgage Backed

A mortgage-backed security is a generic term for a debt security backed or collateralised by the income stream from an underlying pool of commercial and/or residential mortgages. This type of security is commonly used to redirect the interest and principal payments from the pool of mortgages to investors. A mortgage-backed security is normally issued in a number of different classes with varying characteristics depending on the riskiness of the underlying mortgages assessed by reference to their credit quality and term and can be issued at a fixed or a floating rate of securities. The higher the risk contained in the class, the more the mortgage-backed security pays by way of income.

##### Asset Backed

Traditional debt securities typically pay a fixed rate of interest until maturity, when the entire principal amount is due. By contrast, payments on asset-backed securities (ABS) typically include both interest and partial payment of principal. Principal may also be prepaid voluntarily, or as a result of refinancing or forced repayment. A Fund may have to invest the proceeds from prepaid investments under less attractive terms and yields. Compared to other debt, ABS are less likely to increase in value during periods of declining interest rates and have a higher risk of decline in value during periods of rising interest rates and they can increase the volatility of a Fund. Some ABS receive only portions of payments of either interest or principal of the underlying debt. The yields and values of these investments are extremely sensitive to changes in interest rates and in the rate of principal payments on the underlying mortgages. The market for these investments may be volatile and illiquid, which may make it difficult to buy or sell them, and the secondary market may be smaller than that for more traditional debt securities.

##### CDOs/CLOs

Collateralised Debt Obligations (CDOs) represent a participation in, or are secured by, a pool of fixed or floating rate debt obligations. CDOs are issued in separate classes with different stated maturities that may have different credit and investment profiles. As the debt pool experiences prepayments, the pool pays off investors in classes with shorter maturities first. Prepayments may cause the actual maturity of a CDO to be substantially shorter than its stated maturity. Conversely, slower than anticipated prepayments can extend the effective maturities of CDOs, subjecting them to a greater risk of decline in market value in response to rising interest rates than traditional debt securities, and, therefore, potentially increasing their volatility. CDOs and other instruments with complex or highly variable prepayment terms generally entail greater market, prepayment and liquidity risks than other asset backed securities (ABS). CDOs are generally subject to each of the risks discussed under asset-backed (ABS) securities.

#### Risks Associated with Derivative Instruments

##### Cash Flow

A Fund may have insufficient cash to meet the margin calls necessary to sustain its position in a derivatives contract. This may result in the Fund having to close a position (or sell other securities to raise the cash) at a time and / or on terms that it may otherwise not have done. This could lead to capital losses for the Fund.

# Notes to the Financial Statements of the Company

## continued

For the year ended 28 February 2018

### 3. Risk management policies (continued)

#### Credit Default Swaps and Other Synthetic Securities

A portion of a Fund's investments may consist of credit default swaps and other synthetic securities the reference obligations of which may be leveraged loans, high-yield debt securities or similar securities. Investments in such types of assets through the purchase of credit default swaps and other synthetic securities present risks in addition to those resulting from direct purchases of such investments. With respect to each synthetic security, a Fund will usually have a contractual relationship only with the counterparty of such synthetic security, and not the reference obligor on the reference obligation. A Fund generally will have no right directly to enforce compliance by the reference obligor with the terms of the reference obligation nor any rights of set-off against the reference obligor, may be subject to set-off rights exercised by the reference obligor against the counterparty or another person or entity, and generally will not have any voting or other contractual rights of ownership with respect to the reference obligation. In addition, a Fund will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation. In addition, in the event of the insolvency of the counterparty, a Fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to the reference obligation. Consequently, a Fund will be subject to the credit risk of the counterparty as well as that of the reference obligor. As a result, concentrations of synthetic securities entered into with any one counterparty will subject a Fund to an additional degree of risk with respect to defaults by such counterparty as well as by the reference obligor.

Additionally, while the Investment Manager expects that the returns on a synthetic security will generally reflect those of the related reference obligation, as a result of the terms of the synthetic security and the assumption of the credit risk of the synthetic security counterparty, a synthetic security may have a different expected return, a different (and potentially greater) probability of default and expected loss characteristics following a default, and a different expected recovery following default. Additionally, when compared to the reference obligation, the terms of a synthetic security may provide for different maturities, distribution dates, interest rates, interest rate references, credit exposures, or other credit or non-credit related characteristics. Upon maturity, default, acceleration or any other termination (including a put or call) other than pursuant to a credit event (as defined therein) of the synthetic security, the terms of the synthetic security may permit or require the issuer of such synthetic security to satisfy its obligations under the synthetic security by delivering to the relevant Fund securities other than the reference obligation or an amount different than the then current market value of the reference obligation.

#### Derivative Basis

The value of a derivative typically depends on the value of an underlying asset. The value of the derivative may not be 100% correlated with the value of the underlying asset and therefore a change in the value of the asset may not be matched by a proportionate corresponding change in the value of the derivative.

#### Derivatives

The use of derivatives may lead to large changes in the value of a Fund and includes the potential for large financial loss.

#### Exchange Derivatives

Futures contracts may have restricted liquidity due to certain exchanges limiting fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". These prevent trades from being executed at prices beyond the daily limits during a single trading day. Also, once the price of a contract for a futures contract has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit.

#### Leverage

Where a Fund uses derivatives to create aggregate exposure that is greater than its net assets, this may lead to potentially large financial loss. This also creates the effect that the Fund will have greater exposure to certain risks that are associated with the use of derivatives (e.g. Counterparty Risk – Trading, OTC Derivatives Risk and market risk).

#### OTC Derivative Instruments

In general, there is less government regulation and supervision of transactions in OTC markets than of transactions entered into on organised exchanges. OTC derivatives are executed directly with the counterparty rather than through a recognised exchange and clearing house. Counterparties to OTC derivatives are not afforded the same protections as may apply to those trading on recognised exchanges, such as the performance guarantee of a clearing house.

Investments in OTC derivatives may be subject to the risk of differing valuations arising out of different permitted valuation methods. Although the Fund has implemented appropriate valuation procedures to determine and verify the value of OTC derivatives, certain transactions are complex and valuation may only be provided by a limited number of market participants who may also be acting as the counterparty to the transactions.

OTC derivatives expose a Fund to the risk that the counterparty will not settle a transaction in accordance with its terms, or will delay the settlement of the transaction, because of a dispute over the terms of the contract (whether or not that dispute is valid) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. Investors should also refer to the risk factor Counterparty Risk – Trading.

Counterparty risk is generally mitigated by the transfer or pledge of collateral in favour of the relevant Fund. The value of the collateral may fluctuate, however, and it may be difficult to sell (in the case of non-cash collateral), so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to the relevant Fund.

The Funds may enter into OTC derivatives cleared through a clearing house that serves as a central counterparty. Central clearing is designed to reduce counterparty risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate the risk completely. The central counterparty will require margin from the clearing broker which will in turn require margin from the relevant Fund. There is a risk of loss by a Fund of its initial and variation margin deposits in the event of default of the clearing broker with which the Fund has an open position or if margin is not identified and correctly reported to the relevant Fund, in particular where margin is held in an omnibus account maintained by the clearing broker with the central counterparty. In the event that the clearing broker becomes insolvent, the Fund may not be able to transfer or "port" its positions to another clearing broker.

EU Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation or EMIR) requires certain eligible OTC derivatives to be submitted for clearing to regulated central clearing counterparties and the reporting of certain details to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty risk in respect of OTC derivatives which are not subject to mandatory clearing. Ultimately, these requirements are likely to include the exchange and segregation of collateral by the parties, including by the Fund. While some of the obligations under EMIR have come into force, a number of the requirements are subject to phase-in periods and certain key issues have not been finalised by the date of this Prospectus.

It is as yet unclear how the over-the-counter financial derivative instruments market will adapt to the new regulatory regime. The collateral, reporting and clearing requirements under EMIR, compliance with rules, regulations promulgated and other legislation in other jurisdictions may increase costs to the Funds and may impact performance. The full impact that such legislation will ultimately have on the Funds and the markets in which they trade and invest is not fully known. Such uncertainty may itself be detrimental to the efficient functioning of the markets and the success of certain investment strategies. Any changes to current regulations or any new regulations applicable to the Funds could have a materially adverse effect on the Funds.

#### Short Exposure

Where a Fund uses derivatives to create short exposure there is potential for gains to be made when the underlying securities are falling in value, but a loss could be incurred when the underlying security is rising in value. This means the Fund's performance will be less closely related to the performance of the type of assets in which it will ordinarily invest.

# Notes to the Financial Statements of the Company

## continued

For the year ended 28 February 2018

### 3. Risk management policies (continued)

#### Risks Associated with Emerging Market Investments China Interbank Bond Market

The China Interbank Bond Market ("CIBM") is an OTC market (i.e. trades are conducted directly between the buyer and the seller and not on an exchange) that operates outside of the two main stock exchanges in China. On the CIBM, institutional investors trade sovereign, government and corporate bonds.

The main debt instruments traded on the CIBM include government bonds, bond repo, bond lending, People's Bank of China ("PBOC") bills, and other financial debt instruments.

The CIBM is regulated and supervised by the PBOC. The PBOC is responsible for, among other things, establishing listing, trading, functioning rules applying to the CIBM and supervising the market operators of the CIBM.

Counterparty and liquidity risk are particularly relevant to trading on the CIBM.

#### Settlement risk

There are various transaction settlement methods in the CIBM, which involve varying degrees of risk. Although the Investment Manager may be able to negotiate terms which are favourable to the Funds (e.g. requiring simultaneous delivery of security and payment), there is no assurance that settlement risks can be eliminated. Where the counterparty does not perform its obligations under a transaction, the Funds will sustain losses.

#### Risks in relation to RMB fixed income securities using the CIBM Direct Access

The CIBM Direct Access is the PRC investment program revised in 2016 under which certain foreign institutional investors such as the Funds may invest, without particular license or quota, directly in RMB fixed income securities dealt on the CIBM via an onshore bond settlement agent (the "Bond Settlement Agent").

#### CIBM Direct Access rules and regulations

Participation in the CIBM Direct Access by foreign institutional investors (such as the Funds) is governed by rules and regulations set by the Mainland Chinese authorities, i.e. the PBOC and the State Administration of Foreign Exchange in China. Such rules and regulations may be amended from time to time (with retrospective effect).

The CIBM Direct Access rules and regulations are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future. In addition, there can be no assurance that the CIBM Direct Access rules and regulations will not be abolished in the future. Funds, which invest in the PRC markets through the CIBM Direct Access, may be adversely affected as a result of any such changes or abolition.

#### Restrictions to remittances and repatriations risk

Certain restrictions may be imposed by the PRC authorities on investors participating in the CIBM Direct Access and/or the Bond Settlement Agent which may have an adverse effect on the Funds' liquidity and performance. Repatriations (moving cash offshore from Mainland China) conducted in RMB are currently permitted daily and are not subject to repatriation restrictions (such as lock-up periods) or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. It should also be noted that the actual time required for the completion of the relevant repatriation will be beyond the Investment Manager's control should such restrictions be imposed.

#### Securities and cash accounts

Onshore PRC securities are registered in accordance with the relevant rules and regulations and maintained by the Bond Settlement Agent. Onshore cash will be maintained on a cash account with the Bond Settlement Agent.

Beneficial ownership of RMB securities should be acquired by a Fund through CIBM Direct Access. However, beneficial ownership is an untested concept in the PRC.

Investors should note that cash deposited in the cash account of the Funds with the Bond Settlement Agent will not be segregated but will be a debt owing from the Bond Settlement Agent to the Funds as a depositor. Such cash will be co-mingled with cash belonging to other clients of the Bond Settlement Agent. In the event of bankruptcy or liquidation of the Bond Settlement Agent, the Funds will not have any proprietary rights to the cash deposited in such cash account, and the Funds will become unsecured creditors, ranking on equal footing with all other unsecured creditors, of the Bond Settlement Agent. The Funds may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the Funds will suffer losses.

#### Bond settlement agent risk

There is a risk that the Funds may suffer losses, whether direct or consequential, from the acts or omissions in the settlement of any transaction or in the transfer of funds or securities, default, bankruptcy or disqualification of the Bond Settlement Agent.

Such acts, omissions, default or disqualification may also adversely affect the Funds in implementing their investment strategies or disrupt the operations of the Funds, including causing delays in the settlement of any transaction.

In addition, the PBOC is vested with the power to impose regulatory sanctions if the Bond Settlement Agent violates any provision of the CIBM Direct Access rules. Such sanctions may adversely impact on the investment by the Funds through the CIBM Direct Access.

#### China Tax

In common with other Funds, income and gains derived from China may be subject to withholding tax and capital gains tax. The interpretation and applicability of existing Chinese tax laws may not be as consistent and transparent as those of more developed nations, and may vary from region to region. There is a possibility that the current tax laws, regulations, and practice in China may be changed with retrospective effect in the future. Moreover, there is no assurance that tax incentives currently offered to foreign companies, if any, will not be abolished and the existing tax laws and regulations will not be revised or amended in the future. Any of these changes may reduce the income from, and/or value of, the Funds' investments. The Chinese government has implemented a number of tax reform policies in recent years. The current tax laws and regulations may be revised or amended in the future. Any revision or amendment in tax laws and regulations may affect the after-tax profit of Chinese companies and foreign investors in such companies, such as the Funds. There can be no guarantee that future tax laws, regulations, and practice in China will not adversely impact the tax exposure of the Funds and/or their Shareholders.

The ACD considers that the Funds should be regarded as a UK tax resident and should be able to enjoy a tax exemption on capital gains under the UK-China double tax treaty.

In light of the legal and regulatory uncertainties in China, the Funds reserve the right to make any provision for taxes or to deduct or to withhold an amount on account of taxes (which may be payable by the Funds to the Chinese tax authorities in respect of its investments in China) from assets of the Funds. The amount of provision (if any) will be disclosed in the financial statements of the Funds. In this regard, the Funds have determined that no tax provision will be made on the capital gains derived from PRC investments. Any provision for taxes made by the Funds may be more or less than the Funds' actual Chinese tax liabilities. If the Funds do not set aside enough to meet these tax obligations, then the shortfall may be debited from the Funds' assets to meet its actual Chinese tax liabilities. As a result, the income from, and/or the performance of the Funds may be reduced/adversely affected. The degree of impact on individual Shareholders may vary depending on whether or not the price they paid or received for Shares reflected any difference between the amount the Funds set aside for tax and their actual tax liabilities.

# Notes to the Financial Statements of the Company

## continued

For the year ended 28 February 2018

### 3. Risk management policies (continued)

#### Emerging Markets

Emerging Markets investments may be more volatile and less liquid than investments in developed markets and the investments of a Fund in such markets may be considered speculative and subject to significant delays in settlement. In addition, there may be a higher than usual risk of exchange rate, political, economic, social and religious instability and of adverse changes in government regulations. Some of these markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those of more developed countries and the securities markets of such markets may be subject to unexpected closure. In addition, there may be less government supervision, legal regulation and less well defined tax laws and procedures than in countries with more developed securities markets.

#### Investment in China

Investments in China are particularly exposed to China's economic, social and political system, which may behave differently to other markets, and investments in China may be harder to assess for suitability or risk. China has enjoyed significant economic prosperity in recent years but continued growth cannot be assumed and a decline in China's economic performance may affect a Fund's investment.

Investments in China are subject to State-imposed restrictions, including the operation of trading quotas and currency management; while other State and regulatory intervention may be more unpredictable or intrusive than in other markets. China's laws and regulations relating to securities (including surrounding taxation) are new and evolving, their application is subject to uncertainty, and they may be subject to change in the future. Investments in China may be subject to greater or more frequent rises and falls in value than other markets and may be harder or impossible to buy or sell.

Accounting and auditing standards in China may also be less rigorous than their international equivalents and this could result in investments being overvalued. Investments held by Chinese brokers may be mixed with other investors' assets or subject to lower safekeeping standards than investments held domestically, which could lead to delays in payment or losses should the broker become insolvent. Chinese investments are denominated in Renminbi and its value may fluctuate widely from other international currencies

Other applicable risks:

Investors should also note the following risk factors, which may be applicable to the Funds, each of which is described in more detail in this Appendix: Accounting, Emerging Markets, Equity Investment, Exchange Rates, Market Action, Market Closure, Political, Settlement and Custody and Tax.

#### Stock Connect

To the extent that a Fund's investments in China are dealt via Hong Kong Shanghai Stock Connect or Shenzhen Stock Connect ("Stock Connect"), such dealing will be subject to additional risk factors.

Stock Connect is a relatively new trading programme, therefore the relevant rules and regulations are untested and subject to change. Since investments through Stock Connect are subject to certain restrictions (including trading day restrictions, pre-trade checking, eligibility of stock, quota limits and daily trade quotas), investments may be subject to greater or more frequent rises and falls in value and may be harder to buy or sell.

Under Stock Connect, overseas investors such as the investing Funds may invest directly in certain China A shares listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange ("Stock Connect Shares"). The Funds trade Stock Connect Shares through a broker who is affiliated to the Hong Kong sub-custodian appointed by the Depository.

Stock Connect Shares purchased through Stock Connect are uncertified and held in accounts in the Hong Kong Central Clearing and Settlement System maintained by the Hong Kong Securities and Clearing Corporation Limited ("HKSCC"), the central securities depository in Hong Kong. HKSCC in turn holds the legal title to the Stock Connect Shares of all its participants through a nominee omnibus securities account in its name, registered with ChinaClear, the central securities depository in China.

A failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement, or the loss, of Stock Connect Shares and/or monies in connection with them and the Funds may suffer losses as a result.

Foreign investors like the Funds investing through the Stock Connect remain beneficial owners of the Stock Connect Shares and are only eligible to exercise their rights to the Stock Connect Shares in China through the HKSCC nominee.

In the event of a default of ChinaClear, HKSCC through its nominee is likely to seek to recover any outstanding Stock Connect Shares on behalf of the Funds from ChinaClear through available legal channels but it is not obligated to do so. If HKSCC does not enforce claims against ChinaClear the Fund may not be able to recover all of its Stock Connect Shares.

Trading under Stock Connect will not be covered by Hong Kong's Investor Compensation Fund nor the China Securities Investor Protection Fund.

Investors should also consider the Investment in China detailed in this Appendix which applies to investment in China.

#### Risks Associated with Equity Investments

##### Discount/Premium

From time to time the prices of closed ended investment company shares can trade at either a premium or discount to their underlying value. This can create volatility in the price of a Fund that invests in closed ended investment company shares in excess of the volatility of the underlying markets in which the investment trust invests in and this consequently poses a greater risk to capital.

##### Equity Investment

The value of equities 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, the owners of their equity rank last in terms of any financial payment from that company.

##### Smaller Companies

Smaller company shares may be less liquid and more volatile than the shares of larger companies, due to the smaller number of shares in issue and the frequently less diversified and less established nature of the business. These factors can create a greater potential for significant capital losses.

#### Risks Associated with Investment Strategy

##### Concentration

A Fund which invests in a concentrated portfolio of holdings may be more volatile than more broadly diversified funds.

##### Income Priority

Where a Fund gives priority to income over capital growth this may constrain the rate of future capital and income growth. In addition, this distribution policy may have tax implications for your investment in the Shares. If in doubt, please consult your tax adviser.

##### Multi-Asset Investment

Losses may be made due to adverse movements in equity, bond, commodity, currency and other market prices and to changes in the volatility of any of these.

# Notes to the Financial Statements of the Company

## continued

For the year ended 28 February 2018

### 3. Risk management policies (continued)

#### Risk of higher Ongoing Charges when investing in funds

Where a Fund invests in other UCITS and/or UCIs, there may be additional costs of investing in these UCITS/UCIs which may increase the TER and/or Ongoing Charges.

#### Sector and/or Geographical

A Fund that restricts investment to a small number of related sectors and / or geographical locations may decline even while broader based market indices are rising.

Furthermore, investments which offer exposure to commodities may include additional risks e.g. political risk, natural events or terrorism. This may influence the production and trading of commodities and the value of financial instruments offering exposure to such commodities.

#### Emerging Markets Local Currency Debt Fund

Investment in China  
China Interbank Bond Market  
China tax  
CIBM Direct Access  
Credit  
Derivatives  
Emerging Markets  
Exchange Derivatives  
High Yield Debt Securities  
Income Priority  
Interest Rate  
Investment Grade  
Leverage  
OTC Derivative Instruments

#### Global Dynamic Fund

Investment in China  
Derivatives  
Equity Investment  
Stock Connect

#### Global Equity Fund

Investment in China  
Derivatives  
Equity Investment  
Stock Connect

#### Global Gold Fund

Contingent Convertibles or CoCos  
Credit Default Swaps and Other Synthetic Securities  
Derivatives  
Emerging Markets  
Equity Investment  
Sector and/or Geographical  
Smaller Companies

#### Sensitivity analysis

The table below shows the fund's beta; this is a historical measure of the funds' sensitivity to movements in well known markets. A beta of 1.0 would suggest that a fund had experienced a close relationship to the volatility of the market index against which it was being measured, rising when the market rises and falling when it falls in a one to one manner. A beta of 1.5 would suggest that a fund had experienced movements of 1.5 times the index i.e. the fund was more volatile than the market. A beta of 0.5 would suggest that a fund had experienced movements in values of half of the index's movement i.e. the fund was less volatile than the market. Broadly speaking, if a fund has a beta of 'B' to an index, it means that if the index value changes by 'X%' we could expect the fund value to change by 'B' multiplied by 'X%'. Of course, this is only an expectation, but it is a good indicator of the risk currently faced by particular funds.

2018†	FTSE	MSCI	Citigroup World
	All-Share Index	World Index	Government Bond Index
Emerging Markets Local Currency Debt Fund	n/a	n/a	0.58
Global Dynamic Fund	0.86	0.53	n/a
Global Equity Fund	0.83	0.52	n/a
Global Gold Fund	0.21	0.13	n/a

† Source: Lipper 01.03.15 – 28.02.18 using daily sub-periods for class 'I' accumulation shares for all Funds.

2017††	FTSE	MSCI	Citigroup World
	All-Share Index	World Index	Government Bond Index
Emerging Markets Local Currency Debt Fund	n/a	n/a	0.55
Global Dynamic Fund	0.36	0.54	n/a
Global Equity Fund	0.38	0.54	n/a
Global Gold Fund	0.04	0.19	n/a

†† Source: Lipper 01.03.14 – 29.02.17 using daily sub-periods for class 'I' accumulation shares for all Funds.

Past performance is not a guide to future performance.

# Notes to the Financial Statements of the Company

## continued

For the year ended 28 February 2018

#### 4. Dilution adjustment

A dilution adjustment may be applied at the ACD's discretion to all purchases, sales and switches of shares where the impact of the net deals is believed to have a material effect.

A dilution adjustment or levy is a method to ensure fair treatment between investors joining, leaving or remaining in a Fund. We reserve the right to levy a dilution adjustment on any or all deals. The price of the shares of a Fund may be adjusted to protect its value from being reduced in the case of larger scale movements into or out of the Fund.

Full details on the ACD policy for dilution adjustment can be found in the Prospectus.

We hereby certify the Annual Report and Accounts on behalf of the Directors of Investec Fund Managers Limited

**A. Fletcher**

Director of the ACD

9 May 2018

**J. McNab**

Director of the ACD



# Emerging Markets Local Currency Debt Fund

## Statement of Total Return

For the year ended 28 February 2018

	Note	28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital (losses)/gains	4		(4,946)		93,069
Revenue	6	19,453		34,477	
Expenses	7	(2,650)		(4,177)	
Interest payable and similar charges	8	(89)		(42)	
Net revenue before taxation		16,714		30,258	
Taxation	9	(122)		(43)	
Net revenue after taxation			16,592		30,215
<b>Total return before distributions</b>			<b>11,646</b>		<b>123,284</b>
Distributions	10		(16,965)		(30,906)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(5,319)</b>		<b>92,378</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2018

		28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>					
Amounts receivable on creation of shares		87,942	280,497	80,304	529,951
Amounts payable on cancellation of shares		(143,861)		(445,302)	
			(55,919)		(364,998)
Dilution adjustment			–		281
Change in net assets attributable to shareholders from investment activities			(5,319)		92,378
Retained distributions on accumulation shares			13,854		22,884
Unclaimed distributions			11		1
<b>Closing net assets attributable to shareholders</b>			<b>233,124</b>		<b>280,497</b>

Notes to the financial statements are on pages 44 to 54.

## Balance Sheet

As at 28 February 2018

	Note	28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Investments assets			228,902		276,164
Current assets					
Debtors	11	6,855		4,030	
Cash and bank balances	12	9,573		27,488	
Total other assets			16,428		31,518
<b>Total assets</b>			<b>245,330</b>		<b>307,682</b>
<b>LIABILITIES</b>					
Investment liabilities			8,152		14,283
Creditors					
Bank overdrafts		2,927		7,706	
Distribution payable		687		976	
Other creditors	13	440		4,220	
Total other liabilities			4,054		12,902
<b>Total liabilities</b>			<b>12,206</b>		<b>27,185</b>
<b>Net assets attributable to shareholders</b>			<b>233,124</b>		<b>280,497</b>

Notes to the financial statements are on pages 44 to 54.

# Emerging Markets Local Currency Debt Fund

## Notes to the Financial Statements

For the year ended 28 February 2018

**1. Accounting policies**

The Accounting policies for the Fund are disclosed in the notes to the financial statements on page 44.

**2. Distribution policies**

The Distribution policies for the Fund are disclosed in the notes to the financial statements on pages 44 to 45.

**3. Risk management policies**

The Risk management policies for the Fund are disclosed in the notes to the financial statements on pages 45 to 53.

**4. Net capital (losses)/gains**

The net capital (losses)/gains during the year comprise:

	28.02.18 £'000	28.02.17 £'000
Losses on foreign exchange	(1,730)	(5,595)
Derivatives contracts	53	6,392
Forward currency contracts	7,145	(4,154)
Non-derivative securities	(10,401)	96,449
Transaction charges	(13)	(23)
<b>Net capital (losses)/gains</b>	<b>(4,946)</b>	<b>93,069</b>

**5. Purchases, sales and transaction costs**Analysis of total trade costs<sup>#</sup>

	Purchases		Sales	
	28.02.18 £'000	28.02.17 £'000	28.02.18 £'000	28.02.17 £'000
Bonds	199,137	295,545	235,362	594,079
Collective Investment Schemes	3,604	5,757	12,805	17,687
Swaps	172,443	617,002	176,918	631,993
Treasury Bills	52,127	35,707	36,925	40,865
Futures*	-	-	-	-
<b>Trades excluding transaction costs</b>	<b>427,311</b>	<b>954,011</b>	<b>462,010</b>	<b>1,284,624</b>
<b>Commissions</b>				
Bonds	-	-	-	-
Collective Investment Schemes	-	-	-	-
Swaps	-	-	-	-
Treasury Bills	-	-	-	-
Futures*	3	4	(1)	(2)
<b>Taxes</b>				
Bonds	-	-	(84)	(202)
Collective Investment Schemes	-	-	-	-
Swaps	-	-	-	-
Treasury Bills	-	-	-	-
Futures*	-	-	-	-
<b>Net trades in the year after transaction costs</b>	<b>427,314</b>	<b>954,015</b>	<b>461,925</b>	<b>1,284,420</b>

<sup>#</sup> Cash collateral is no longer included in investment portfolio but now appears in cash and bank balances, prior year figures have therefore been restated.**Total transaction cost expressed as a percentage of asset type cost**

	Purchases		Sales	
	28.02.18 %	28.02.17 %	28.02.18 %	28.02.17 %
<b>Commissions</b>				
Bonds	-	-	-	-
Collective Investment Schemes	-	-	-	-
Swaps	-	-	-	-
Treasury Bills	-	-	-	-
Futures*	-	-	-	-
<b>Taxes</b>				
Bonds	-	-	0.04	0.03
Collective Investment Schemes	-	-	-	-
Swaps	-	-	-	-
Treasury Bills	-	-	-	-
Futures*	-	-	-	-

\* Purchases and/or sales of futures contracts do not incur transaction costs and have been included at the value of their exposure.

**5. Purchases, sales and transaction costs (continued)****Total transaction cost expressed as a percentage of average net asset value**

	<b>28.02.18</b>	<b>28.02.17</b>
	%	%
Commissions	–	–
Taxes	0.03	0.04
<b>Total costs</b>	<b>0.03</b>	<b>0.04</b>

**Average portfolio dealing spread**

The average portfolio dealing spread at the balance sheet date was 0.37% (28.02.17: 0.26%).

**6. Revenue**

	<b>28.02.18</b>	<b>28.02.17</b>
	£'000	£'000
Bank interest	231	332
Interest on debt securities	17,385	30,461
Interest distributions from collective investment schemes	46	311
Interest on total return swaps	1,340	2,516
Offshore distribution taxable from collective investment schemes	451	858
Trial commission	–	(1)
<b>Total revenue</b>	<b>19,453</b>	<b>34,477</b>

**7. Expenses**

	<b>28.02.18</b>	<b>28.02.17</b>
	£'000	£'000
<b>Payable to the ACD or associates of the ACD, and agents of either of them:</b>		
ACD fee	2,289	3,458
General administration charge (GAC)	205	390
	2,494	3,848
<b>Payable to the Depositary or associates of the Depositary, and agents of either of them:</b>		
Safe custody fee	154	305
	154	305
<b>Other expenses:</b>		
VAT refund	(10)	(4)
Out of pocket expenses	–	24
Collateral interest fee	12	4
	2	24
<b>Total expenses</b>	<b>2,650</b>	<b>4,177</b>

Please refer to the Prospectus for a full description of expenses covered by the GAC.

The audit fee for the year is £12,000 (28.02.17: £12,000).

VAT is currently recovered in respect of certain expenses paid under the GAC.

**8. Interest payable and similar charges**

	<b>28.02.18</b>	<b>28.02.17</b>
	£'000	£'000
Interest	66	19
Margin Interest	23	23
<b>Total interest payable and similar charges</b>	<b>89</b>	<b>42</b>

**9. Taxation****(a) Analysis of the tax charge in the year:**

	<b>28.02.18</b>	<b>28.02.17</b>
	£'000	£'000
Irrecoverable income tax	122	43
<b>Current tax charge</b>	<b>122</b>	<b>43</b>
Deferred tax charge (note 9(c))	–	–
<b>Total tax charge (note 9(b))</b>	<b>122</b>	<b>43</b>

# Emerging Markets Local Currency Debt Fund

## Notes to the Financial Statements continued

For the year ended 28 February 2018

### 9. Taxation (continued)

#### (b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised OEIC (20%) (28.02.17: 20%). The differences are explained below:

	28.02.18 £'000	28.02.17 £'000
Net revenue before taxation	16,714	30,258
Corporation tax of 20%	3,343	6,052
<b>Effects of:</b>		
Tax deductible interest distributions	(3,343)	(6,052)
Irrecoverable income tax	122	43
<b>Total tax charge (note 9(a))</b>	<b>122</b>	<b>43</b>

#### (c) Provision for deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

### 10. Distributions

The Distributions take account of equalisation received on the creation of shares and deducted on the cancellation of shares, and comprise:

	28.02.18 £'000	28.02.17 £'000
First quarter	4,123	8,205
Second quarter	4,477	9,262
Third quarter	3,926	5,033
Final	3,880	4,108
Income tax withheld at source	-	1,289
	16,406	27,897
<b>Add:</b> Equalisation deducted on cancellation of shares	1,215	3,421
<b>Less:</b> Equalisation received on creation of shares	(656)	(412)
<b>Net distribution for the year</b>	<b>16,965</b>	<b>30,906</b>

#### The net distribution for the year is represented by:

	28.02.18 £'000	28.02.17 £'000
Net revenue after taxation	16,592	30,215
Shortfall of income transferred from capital	3	-
Amounts charged to capital:		
ACD fee	323	594
General administration charge (GAC)	27	54
Safe custody fee	20	41
Collateral interest fee	-	2
<b>Net distribution for the year</b>	<b>16,965</b>	<b>30,906</b>

### 11. Debtors

	28.02.18 £'000	28.02.17 £'000
Accrued bond interest	2,813	3,624
Accrued dividends and bank interest	1	-
Amounts receivable for creation of shares	804	17
Sales awaiting settlement	3,162	197
Accrued total return swaps	75	192
	<b>6,855</b>	<b>4,030</b>

### 12. Cash and bank balances

	28.02.18 £'000	28.02.17 £'000
Cash and bank balances	5,571	18,468
Amount held at futures clearing houses and brokers	4,002	9,020
	<b>9,573</b>	<b>27,488</b>

**13. Other creditors**

	28.02.18 £'000	28.02.17 £'000
Amounts payable for cancellation of shares	72	1,989
Purchases awaiting settlement	74	1,856
Capital gain tax payable	114	95
Accrued ACD fees	153	188
Accrued general administration charge (GAC)	13	18
Accrued safe custody fee	13	67
Accrued transaction charges	1	7
	<b>440</b>	<b>4,220</b>

**14. Capital commitments and contingent liabilities**

The Fund had no contingent liabilities or capital commitments at the year end date (28.02.17: Nil).

**15. Related party transactions**

Investec Fund Managers Limited, as Authorised Corporate Director (ACD), is a related party, and acts as a principal in respect of all transactions of shares in the Company. The aggregate monies received through issues and paid on cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets.

In accordance with the prospectus the ACD collects from the Fund, a general administration charge (GAC), ACD fees and safe custody fees. Please refer to notes 7, 13 and 17 for further details.

Any amounts due to/from Investec Fund Managers Limited at the end of the accounting year are disclosed in notes 11 and 13.

At the year end date 9.71% of the Fund's shares (by net asset value) were held by other Funds managed by the ACD (28.02.17: nil%).

**16. Dilution adjustment**

Please refer to note 4 of the notes to the financial statements of the company for a detailed description of dilution adjustment.

**17. ACD Fee and charges**

The different level of ACD fees payable per annum as at 28 February 2018 for each share class is detailed below:

'A' Shares	1.50%
'I' Shares	0.75%
'R' Shares	1.00%
'S' Shares	0.00%

The GAC is charged at up to 0.08% of the Net Asset Value of each share class.

All shares within the sub-fund have the same rights on winding up.

**Reconciliation of the shares movement in the year:**

	28.02.17 Opening shares in issue	Creations	Cancellations	Shares converted	28.02.18 Closing shares in issue
'A' Class (Accumulation shares)	8,418,092	3,304,874	(2,043,618)	4,934,594	14,613,942
'A' Class (Accumulation shares)	4,554,927	125,981	(146,136)	(4,534,772)	-
'A' Class (USD Accumulation shares)	456,994	-	(112,650)	-	344,344
'A' Class (Income-2 shares)	7,155,872	360,551	(4,350,351)	1,058,148	4,224,220
'A' Class (Income-2 shares)	2,772,246	-	(13,907)	(2,758,339)	-
'I' Class (Accumulation shares)	28,864,888	10,215,317	(13,249,371)	32,041,920	57,872,754
'I' Class (Accumulation shares)	15,457,144	61,307	(113,770)	(15,404,681)	-
'I' Class (USD Accumulation shares)	69,702,599	26,900,555	(50,295,605)	-	46,307,549
'I' Class (Income-2 shares)	34,315,439	13,759,267	(12,487,740)	3,114,177	38,701,143
'I' Class (Income-2 shares)	936,280	2,609	(12,019)	(926,870)	-
'R' Class (Accumulation shares)	68,031	-	-	-	68,031
'R' Class (Income-2 shares)	7,110	518	-	-	7,628
'S' Class (Accumulation shares)	10,572	-	-	(10,572)	-

# Emerging Markets Local Currency Debt Fund

## Notes to the Financial Statements continued

For the year ended 28 February 2018

### 18. Risk consideration

Please refer to note 3 of the financial statements for a detailed description of the risk considerations. There are no further specific risks for this Fund.

The Fund's currency exposure as at 28 February 2018 was:

Currency	Currency exposure	
	Total 28.02.18 £'000	Total 28.02.17 £'000
Argentine Peso	4,423	8,880
Brazilian Real	29,939	29,263
Chilean Peso	11,145	(6,195)
Chinese Yuan	(2,948)	(8,303)
Chinese Yuan (Offshore)	6,905	(13,068)
Colombian Peso	15,828	29,407
Czech Koruna	19,335	4,896
Egyptian Pound	9,428	3,744
Euro	(7,624)	(2,149)
Ghanaian Cedi	1,362	-
Hungarian Forint	5,621	14,396
Indian Rupee	(10,424)	(64)
Indonesian Rupiah	25,002	33,234
Israeli Shekel	5,315	(84)
Kazakhstan Tenge	6,431	2,942
Malaysian Ringgit	22,883	24,531
Mexican Peso	18,945	34,212
Moroccan Dirham	788	2,986
Nigerian Naira	5,175	(2,806)
Peruvian Nuevo Sol	819	12,663
Philippine Peso	(4,407)	15,296
Polish Zloty	31,150	32,758
Romanian Leu	(1,405)	(148)
Russian Ruble	20,744	16,902
Serbian Dinar	1,085	1,363
Singapore Dollar	(5,226)	(6,566)
South African Rand	20,531	21,864
South Korean Won	5,259	(10,137)
Sterling	(274)	1,608
Taiwan Dollar	(12,920)	72
Thai Baht	24,081	28,549
Turkish Lira	14,559	30,430
Uganda Shilling	(2,359)	5
Ukrainian Hryvnia	4,984	-
Uruguayan Peso	2,937	-
US Dollar	(33,963)	(19,984)
<b>Total</b>	<b>233,124</b>	<b>280,497</b>

**18. Risk consideration (continued)**

Interest rate risk profile of financial assets and liabilities as at 28 February 2018 was as follows:

<b>Currency</b>	<b>Floating rate financial assets 28.02.18 £'000</b>	<b>Fixed rate financial assets 28.02.18 £'000</b>	<b>Financial assets not carrying interest 28.02.18 £'000</b>	<b>Total 28.02.18 £'000</b>
Argentine Peso	549	2,382	1,492	4,423
Brazilian Real	7	24,866	5,066	29,939
Chilean Peso	-	4,302	6,843	11,145
Chinese Yuan	-	-	(2,948)	(2,948)
Chinese Yuan (Offshore)	-	-	6,905	6,905
Colombian Peso	1	13,697	2,130	15,828
Czech Koruna	3	1,363	17,969	19,335
Egyptian Pound	41	9,388	(1)	9,428
Euro	(2,891)	-	(4,733)	(7,624)
Ghanaian Cedi	-	2,766	(1,404)	1,362
Hungarian Forint	-	4,023	1,598	5,621
Indian Rupee	-	-	(10,424)	(10,424)
Indonesian Rupiah	-	11,397	13,605	25,002
Israeli Shekel	12	-	5,303	5,315
Kazakhstan Tenge	-	908	5,523	6,431
Malaysian Ringgit	-	18,371	4,512	22,883
Mexican Peso	-	16,279	2,666	18,945
Moroccan Dirham	-	-	788	788
Nigerian Naira	-	5,175	-	5,175
Peruvian Nuevo Sol	2	9,444	(8,627)	819
Philippine Peso	-	-	(4,407)	(4,407)
Polish Zloty	3	12,072	19,075	31,150
Romanian Leu	2	-	(1,407)	(1,405)
Russian Ruble	-	18,770	1,974	20,744
Serbian Dinar	-	1,088	(3)	1,085
Singapore Dollar	-	-	(5,226)	(5,226)
South African Rand	871	12,323	7,337	20,531
South Korean Won	1	-	5,258	5,259
Sterling	496	-	(770)	(274)
Taiwan Dollar	-	-	(12,920)	(12,920)
Thai Baht	-	10,066	14,015	24,081
Turkish Lira	3	15,495	(939)	14,559
Uganda Shilling	5	-	(2,364)	(2,359)
Ukrainian Hryvnia	-	-	4,984	4,984
Uruguayan Peso	-	2,951	(14)	2,937
US Dollar	8,087	-	(42,050)	(33,963)
<b>Total</b>	<b>7,192</b>	<b>197,126</b>	<b>28,806</b>	<b>233,124</b>

# Emerging Markets Local Currency Debt Fund

## Notes to the Financial Statements continued

For the year ended 28 February 2018

**18. Risk consideration (continued)**

Interest rate risk profile of financial assets and liabilities as at 28 February 2017 was as follows:

Currency	Floating rate	Fixed rate	Financial	Total
	financial	financial	assets not	
	assets	assets	carrying	
	28.02.17	28.02.17	interest	28.02.17
	£'000	£'000	£'000	£'000
Argentine Peso	–	4,309	4,571	8,880
Brazilian Real	–	30,958	(1,695)	29,263
Chilean Peso	–	–	(6,195)	(6,195)
Chinese Yuan	(4,102)	–	(4,201)	(8,303)
Chinese Yuan (Offshore)	4,225	–	(17,293)	(13,068)
Colombian Peso	16	18,251	11,139	29,406
Czech Koruna	201	–	4,695	4,896
Egyptian Pound	–	–	3,744	3,744
Euro	(2,794)	–	644	(2,150)
Hungarian Forint	–	3,142	11,254	14,396
Indian Rupee	–	–	(65)	(65)
Indonesian Rupiah	–	13,162	20,072	33,234
Israeli Shekel	31	–	(115)	(84)
Kazakhstan Tenge	–	–	2,942	2,942
Malaysian Ringgit	–	24,236	295	24,531
Mexican Peso	–	24,412	9,801	34,213
Moroccan Dirham	–	–	2,986	2,986
Nigerian Naira	–	–	(2,806)	(2,806)
Peruvian Nuevo Sol	2	10,517	2,144	12,663
Philippine Peso	–	337	14,960	15,297
Polish Zloty	1	16,458	16,301	32,760
Romanian Leu	169	8,498	(8,816)	(149)
Russian Ruble	–	27,041	(10,139)	16,902
Serbian Dinar	–	1,322	40	1,362
Singapore Dollar	–	–	(6,567)	(6,567)
South African Rand	4,549	752	16,563	21,864
South Korean Won	4,507	–	(14,643)	(10,136)
Sterling	614	–	995	1,609
Taiwan Dollar	–	–	72	72
Thai Baht	10	10,209	18,331	28,550
Turkish Lira	2	30,147	281	30,430
Uganda Shilling	5	–	–	5
US Dollar	12,346	–	(32,331)	(19,985)
<b>Total</b>	<b>19,782</b>	<b>223,751</b>	<b>36,964</b>	<b>280,497</b>

**19. Efficient portfolio management techniques risk exposure**

The exposure obtained through efficient portfolio management techniques and identity of counterparties as at 28 February 2018 was as follows:

**a) Swaps**

Counterparty	Value of collateral	
	28.02.18	28.02.17
	£'000	£'000
Goldman Sachs	490	1,390
<b>Total</b>	<b>490</b>	<b>1,390</b>



## b) Forwards

Counterparty	Market Value	
	28.02.18 £'000	28.02.17 £'000
Barclays Bank	-	52
Citibank	1,609	4,076
Goldman Sachs	(1,219)	(271)
HSBC	505	(580)
JPMorgan	633	(400)
Royal Bank of Scotland	-	138
Standard Chartered Bank	1,975	(352)
State Street Bank	-	2
UBS	-	(344)
<b>Total</b>	<b>3,503</b>	<b>2,321</b>

## c) Futures

Counterparty	Market Value	Value of exposure
	28.02.18 £'000	28.02.18 £'000
Goldman Sachs	540	50,966
<b>Total</b>	<b>540</b>	<b>50,966</b>

Counterparty	Market Value	Value of exposure
	28.02.17 £'000	28.02.17 £'000
Goldman Sachs	(272)	68,247
<b>Total</b>	<b>(272)</b>	<b>68,247</b>

## 20. Fair value

Valuation technique	28.02.18		28.02.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	44,338	(11)	223,791	(312)
Level 2	184,564	(8,141)	52,373	(13,971)
Level 3	-	-	-	-
<b>Total fair value</b>	<b>228,902</b>	<b>(8,152)</b>	<b>276,164</b>	<b>(14,283)</b>

The three levels of the fair value hierarchy under FRS 102 are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

# Emerging Markets Local Currency Debt Fund

## Distribution Tables

For the year ended 28 February 2018

### Interim distribution paid 31 July 2017

Group 1 – Shares purchased before 1 March 2017

Group 2 – Shares purchased between 1 March and 31 May 2017

	Net Income pence	Equalisation pence	Distribution paid 31.07.17 pence	Distribution paid 31.07.16 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	2.3466	–	2.3466	1.4883
Group 2	1.2136	1.1330	2.3466	1.4883
<b>'A' Class (Accumulation shares)<sup>(1)</sup></b>				
Group 1	–	–	–	2.0643
Group 2	–	–	–	2.0643
<b>'A' Class (Income-2 shares)</b>				
Group 1	1.7471	–	1.7471	1.1862
Group 2	0.4174	1.3297	1.7471	1.1862
<b>'A' Class (Income-2 shares)<sup>(1)</sup></b>				
Group 1	–	–	–	1.4912
Group 2	–	–	–	1.4912
<b>'I' Class (Accumulation shares)</b>				
Group 1	1.5495	–	1.5495	0.9825
Group 2	0.8013	0.7482	1.5495	0.9825
<b>'I' Class (Accumulation shares)<sup>(1)</sup></b>				
Group 1	–	–	–	2.5109
Group 2	–	–	–	2.5109
<b>'I' Class (Income-2 shares)</b>				
Group 1	1.4559	–	1.4559	0.9792
Group 2	0.7684	0.6875	1.4559	0.9792
<b>'I' Class (Income-2 shares)<sup>(1)</sup></b>				
Group 1	–	–	–	1.3903
Group 2	–	–	–	1.3903
<b>'R' Class (Accumulation shares)</b>				
Group 1	1.3785	–	1.3785	0.8760
Group 2	1.3785	–	1.3785	0.8760
<b>'R' Class (Income-2 shares)</b>				
Group 1	1.3440	–	1.3440	0.8832
Group 2	0.5192	0.8248	1.3440	0.8832
<b>'S' Class (Accumulation shares)<sup>(2)</sup></b>				
Group 1	3.4482	–	3.4482	2.7040
Group 2	3.4482	–	3.4482	2.7040
	Net Income US cent	Equalisation US cent	Distribution paid 31.07.17 US cent	Distribution paid 31.07.16 US cent
<b>'A' Class (USD Accumulation shares)</b>				
Group 1	3.3607	–	3.3607	3.0200
Group 2	3.3607	–	3.3607	3.0200
<b>'I' Class (USD Accumulation shares)</b>				
Group 1	4.1036	–	4.1036	3.6701
Group 2	2.3005	1.8031	4.1036	3.6701

## Distribution Tables

For the year ended 28 February 2018

### Interim distribution paid 31 October 2017

Group 1 - Shares purchased before 1 June 2017

Group 2 - Shares purchased between 1 June and 31 August 2017

	Net Income pence	Equalisation pence	Distribution paid 31.10.17 pence	Distribution paid 31.10.16 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	2.7687	–	2.7687	2.1805
Group 2	0.9031	1.8656	2.7687	2.1805
<b>'A' Class (Accumulation shares)<sup>(1)</sup></b>				
Group 1	–	–	–	3.0287
Group 2	–	–	–	3.0287
<b>'A' Class (Income-2 shares)</b>				
Group 1	1.9487	–	1.9487	1.6132
Group 2	1.1545	0.7942	1.9487	1.6132
<b>'A' Class (Income-2 shares)<sup>(1)</sup></b>				
Group 1	–	–	–	2.0289
Group 2	–	–	–	2.0289
<b>'I' Class (Accumulation shares)</b>				
Group 1	1.7987	–	1.7987	1.3926
Group 2	0.8606	0.9381	1.7987	1.3926
<b>'I' Class (Accumulation shares)<sup>(1)</sup></b>				
Group 1	–	–	–	3.5690
Group 2	–	–	–	3.5690
<b>'I' Class (Income-2 shares)</b>				
Group 1	1.6265	–	1.6265	1.3365
Group 2	0.8257	0.8008	1.6265	1.3365
<b>'I' Class (Income-2 shares)<sup>(1)</sup></b>				
Group 1	–	–	–	1.9084
Group 2	–	–	–	1.9084
<b>'R' Class (Accumulation shares)</b>				
Group 1	1.6109	–	1.6109	1.2542
Group 2	1.6109	–	1.6109	1.2542
<b>'R' Class (Income-2 shares)</b>				
Group 1	1.4919	–	1.4919	1.2211
Group 2	0.5358	0.9561	1.4919	1.2211
<b>'S' Class (Accumulation shares)<sup>(2)</sup></b>				
Group 1	–	–	–	3.7498
Group 2	–	–	–	3.7498
	Net Income US cent	Equalisation US cent	Distribution paid 31.10.17 US cent	Distribution paid 31.10.16 US cent
<b>'A' Class (USD Accumulation shares)</b>				
Group 1	3.9886	–	3.9886	3.9811
Group 2	3.9886	–	3.9886	3.9811
<b>'I' Class (USD Accumulation shares)</b>				
Group 1	4.7879	–	4.7879	4.6906
Group 2	2.5181	2.2698	4.7879	4.6906

(1) Closed 7 April 2017.

(2) Closed 31 August 2017.

### 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.

# Emerging Markets Local Currency Debt Fund

## Distribution Tables

For the year ended 28 February 2018

### Interim distribution paid 31 January 2017

Group 1 – Shares purchased before 1 September 2017

Group 2 – Shares purchased between 1 September and 30 November 2017

	Net Income pence	Equalisation pence	Distribution paid 31.01.18 pence	Distribution paid 31.01.17 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	2.3654	–	2.3654	1.6351
Group 2	0.8872	1.4782	2.3654	1.6351
<b>'A' Class (Accumulation shares)<sup>(1)</sup></b>				
Group 1	–	–	–	2.2862
Group 2	–	–	–	2.2862
<b>'A' Class (Income-2 shares)</b>				
Group 1	1.6940	–	1.6940	1.2893
Group 2	0.9398	0.7542	1.6940	1.2893
<b>'A' Class (Income-2 shares)<sup>(1)</sup></b>				
Group 1	–	–	–	1.6208
Group 2	–	–	–	1.6208
<b>'I' Class (Accumulation shares)</b>				
Group 1	1.5694	–	1.5694	1.0933
Group 2	0.8310	0.7384	1.5694	1.0933
<b>'I' Class (Accumulation shares)<sup>(1)</sup></b>				
Group 1	–	–	–	2.8079
Group 2	–	–	–	2.8079
<b>'I' Class (Income-2 shares)</b>				
Group 1	1.4166	–	1.4166	1.0706
Group 2	0.5889	0.8277	1.4166	1.0706
<b>'I' Class (Income-2 shares)<sup>(1)</sup></b>				
Group 1	–	–	–	1.5259
Group 2	–	–	–	1.5259
<b>'R' Class (Accumulation shares)</b>				
Group 1	1.3944	–	1.3944	0.9713
Group 2	1.3944	–	1.3944	0.9713
<b>'R' Class (Income-2 shares)</b>				
Group 1	1.3003	–	1.3003	0.9778
Group 2	0.3821	0.9182	1.3003	0.9778
<b>'S' Class (Accumulation shares)<sup>(2)</sup></b>				
Group 1	–	–	–	3.2309
Group 2	–	–	–	3.2309
	Net Income US cent	Equalisation US cent	Distribution paid 31.01.18 US cent	Distribution paid 31.01.17 US cent
<b>'A' Class (USD Accumulation shares)</b>				
Group 1	3.5612	–	3.5612	2.8416
Group 2	3.5612	–	3.5612	2.8416
<b>'I' Class (USD Accumulation shares)</b>				
Group 1	4.3569	–	4.3569	3.5047
Group 2	2.2469	2.1100	4.3569	3.5047

## Distribution Tables

For the year ended 28 February 2018

### Final distribution paid 28 April 2018

Group 1 – Shares purchased before 1 December 2017

Group 2 – Shares purchased between 1 December 2017 and 28 February 2018

	Net Income pence	Equalisation pence	Distribution paid 30.04.18 pence	Distribution paid 28.04.17 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	2.7770	–	2.7770	2.2997
Group 2	1.3141	1.4629	2.7770	2.2997
<b>'A' Class (Accumulation shares)<sup>(1)</sup></b>				
Group 1	–	–	–	2.5982
Group 2	–	–	–	2.5982
<b>'A' Class (Income-2 shares)</b>				
Group 1	1.8749	–	1.8749	1.7161
Group 2	0.3161	1.5588	1.8749	1.7161
<b>'A' Class (Income-2 shares)<sup>(1)</sup></b>				
Group 1	–	–	–	1.7484
Group 2	–	–	–	1.7484
<b>'I' Class (Accumulation shares)</b>				
Group 1	1.8073	–	1.8073	1.4984
Group 2	0.6167	1.1906	1.8073	1.4984
<b>'I' Class (Accumulation shares)<sup>(1)</sup></b>				
Group 1	–	–	–	3.1383
Group 2	–	–	–	3.1383
<b>'I' Class (Income-2 shares)</b>				
Group 1	1.5698	–	1.5698	1.4105
Group 2	0.3303	1.2395	1.5698	1.4105
<b>'I' Class (Income-2 shares)<sup>(1)</sup></b>				
Group 1	–	–	–	1.6496
Group 2	–	–	–	1.6496
<b>'R' Class (Accumulation shares)</b>				
Group 1	1.6188	–	1.6188	1.3459
Group 2	1.6188	–	1.6188	1.3459
<b>'R' Class (Income-2 shares)</b>				
Group 1	1.4456	–	1.4456	1.2940
Group 2	0.4501	0.9955	1.4456	1.2940
<b>'S' Class (Accumulation shares)<sup>(2)</sup></b>				
Group 1	–	–	–	3.3745
Group 2	–	–	–	3.3745
	Net Income US cent	Equalisation US cent	Distribution payable 30.04.18 US cent	Distribution paid 28.04.17 US cent
<b>'A' Class (USD Accumulation shares)</b>				
Group 1	4.3052	–	4.3052	3.2388
Group 2	4.3052	–	4.3052	3.2388
<b>'I' Class (USD Accumulation shares)</b>				
Group 1	5.1684	–	5.1684	3.9156
Group 2	3.7597	1.4087	5.1684	3.9156

(1) Closed 7 April 2017.

(2) Closed 31 August 2017.

### 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.

# Global Dynamic Fund

## Statement of Total Return

For the year ended 28 February 2018

	Note	28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains	4		43,996		173,669
Revenue	6	11,497		13,992	
Expenses	7	(2,519)		(3,243)	
Interest payable and similar charges		(9)		(1)	
Net revenue before taxation		8,969		10,748	
Taxation	8	(1,002)		(1,215)	
Net revenue after taxation			7,967		9,533
<b>Total return before distribution</b>			<b>51,963</b>		<b>183,202</b>
Distribution	9		(7,967)		(9,377)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>43,996</b>		<b>173,825</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2018

		28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
Opening net assets attributable to shareholders			574,249		636,145
Amounts receivable on creation of shares		118,455		31,027	
Amounts payable on cancellation of shares		(257,095)		(273,976)	
			(138,640)		(242,949)
Dilution adjustment			-		87
Change in net assets attributable to shareholders from investment activities			43,996		173,825
Retained distributions on accumulation shares			6,829		7,141
<b>Closing net assets attributable to shareholders</b>			<b>486,434</b>		<b>574,249</b>

Notes to the financial statements are on pages 44 to 54.

## Balance Sheet

As at 28 February 2018

	Note	28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Investments assets			478,309		554,499
Current assets					
Debtors	10	506		20,720	
Cash and bank balances	11	8,267		8,324	
Total other assets			8,773		29,044
<b>Total assets</b>			<b>487,082</b>		<b>583,543</b>
<b>LIABILITIES</b>					
Creditors					
Other creditors	12	648		9,294	
<b>Total liabilities</b>			<b>648</b>		<b>9,294</b>
<b>Net assets attributable to shareholders</b>			<b>486,434</b>		<b>574,249</b>

Notes to the financial statements are on pages 44 to 54.

# Global Dynamic Fund

## Notes to the Financial Statements

For the year ended 28 February 2018

### 1. Accounting policies

The Accounting policies for the Fund are disclosed in the notes to the financial statements on page 44.

### 2. Distribution policies

The Distribution policies for the Fund are disclosed in the notes to the financial statements on pages 44 to 45.

### 3. Risk management policies

The Risk management policies for the Fund are disclosed in the notes to the financial statements on pages 45 to 53.

### 4. Net capital gains

The net capital gains during the year comprise:

	28.02.18 £'000	28.02.17 £'000
Gains/(losses) on foreign exchange	2,978	(1,155)
Non-derivative securities	41,047	174,849
Transaction charges	(29)	(25)
<b>Net capital gains</b>	<b>43,996</b>	<b>173,669</b>

### 5. Purchases, sales and transaction costs

Analysis of total trade costs

	Purchases		Sales	
	28.02.18 £'000	28.02.17 £'000	28.02.18 £'000	28.02.17 £'000
Equities	345,707	434,536	463,614	671,019
<b>Trades excluding transaction costs</b>	<b>345,707</b>	<b>434,536</b>	<b>463,614</b>	<b>671,019</b>
<b>Commissions</b>				
Equities	162	205	(216)	(250)
<b>Taxes</b>				
Equities	222	79	(70)	(41)
<b>Total costs</b>	<b>384</b>	<b>284</b>	<b>(286)</b>	<b>(291)</b>
<b>Net trades in the year after transaction costs</b>	<b>346,091</b>	<b>434,820</b>	<b>463,328</b>	<b>670,728</b>

#### Total transaction cost expressed as a percentage of asset type cost

	Purchases		Sales	
	28.02.18 %	28.02.17 %	28.02.18 %	28.02.17 %
<b>Commissions</b>				
Equities	0.05	0.05	0.05	0.04
<b>Taxes</b>				
Equities	0.06	0.02	0.02	0.01

#### Total transaction cost expressed as a percentage of average net asset value

	28.02.18 %	28.02.17 %
Commissions	0.07	0.07
Taxes	0.06	0.02
<b>Total costs</b>	<b>0.13</b>	<b>0.09</b>

#### Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.06% (28.02.17: 0.05%).

### 6. Revenue

	28.02.18 £'000	28.02.17 £'000
Bank interest	27	31
Overseas dividends	9,482	12,233
UK dividends	1,987	1,727
Interest on foreign tax reclaims amounts	1	1
<b>Total revenue</b>	<b>11,497</b>	<b>13,992</b>

# Global Dynamic Fund

## Notes to the Financial Statements continued

For the year ended 28 February 2018

### 7. Expenses

	28.02.18 £'000	28.02.17 £'000
<b>Payable to the ACD or associates of the ACD, and agents of either of them:</b>		
ACD fee	2,011	2,550
General administration charge (GAC)	399	529
	2,410	3,079
<b>Payable to the Depositary or associates of the Depositary, and agents of either of them:</b>		
Safe custody fee	93	122
	93	122
<b>Other expenses:</b>		
VAT refund	(15)	(11)
Out of pocket expenses	3	-
ADR fees	10	53
Currency hedge	18	-
	16	42
<b>Total expenses</b>	<b>2,519</b>	<b>3,243</b>

Please refer to the Prospectus for a full description of expenses covered by the GAC.

The audit fee for the year is £8,000 (28.02.17: £8,000).

VAT is currently recovered in respect of certain expenses paid under the GAC.

### 8. Taxation

#### (a) Analysis of the tax charge in the year:

	28.02.18 £'000	28.02.17 £'000
Overseas tax	1,002	1,215
<b>Current tax charge</b>	<b>1,002</b>	<b>1,215</b>
Deferred tax charge (note 8(c))	-	-
<b>Total tax charge (note 8(b))</b>	<b>1,002</b>	<b>1,215</b>

#### (b) Factors affecting current tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised OEIC (20%) (28.02.17: 20%). The differences are explained below:

	28.02.18 £'000	28.02.17 £'000
Net revenue before taxation	8,969	10,748
Corporation tax of 20%	1,794	2,150
<b>Effects of:</b>		
Movement in excess management expenses	370	411
Overseas tax	1,002	1,215
Overseas tax expensed	(15)	(31)
Revenue not subject to taxation	(2,149)	(2,530)
<b>Total tax charge (note 8(a))</b>	<b>1,002</b>	<b>1,215</b>

#### (c) Provision for deferred taxation:

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

#### (d) Factors affecting future tax charge:

The Fund has surplus management expenses that have resulted in an unrecognised deferred asset of £1,630,000 (2017: £1,260,000). This asset has not been recognised in the financial statements due to the inherent uncertainty of the Fund to generate sufficient taxable net revenue.



**9. Distribution**

The Distribution take account of equalisation received on the creation of shares and deducted on the cancellation of shares, and comprises:

	<b>28.02.18</b>	<b>28.02.17</b>
	<b>£'000</b>	<b>£'000</b>
Final	6,829	7,141
	6,829	7,141
<b>Add:</b> Equalisation deducted on cancellation of shares	1,940	2,320
<b>Less:</b> Equalisation received on creation of shares	(802)	(84)
<b>Net distribution for the year</b>	<b>7,967</b>	<b>9,377</b>

The net distribution for the year is represented by:

	<b>28.02.18</b>	<b>28.02.17</b>
	<b>£'000</b>	<b>£'000</b>
Net revenue after taxation	7,967	9,533
Equalisation on conversion of shares	-	(156)
<b>Net distribution for the year</b>	<b>7,967</b>	<b>9,377</b>

**10. Debtors**

	<b>28.02.18</b>	<b>28.02.17</b>
	<b>£'000</b>	<b>£'000</b>
Accrued dividends and bank interest	611	1,181
Amounts receivable for creation of shares	27	74
Overseas tax recoverable	335	530
Sales awaiting settlement	455	18,935
Unrealised currency hedge	(922)	-
	<b>506</b>	<b>20,720</b>

**11. Cash and bank balances**

	<b>28.02.18</b>	<b>28.02.17</b>
	<b>£'000</b>	<b>£'000</b>
Cash and bank balances	8,267	8,324
	<b>8,267</b>	<b>8,324</b>

**12. Other creditors**

	<b>28.02.18</b>	<b>28.02.17</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable for cancellation of shares	-	944
Purchases awaiting settlement	455	8,102
Payable for hedge fee expense	12	-
Accrued ACD fees	144	174
Accrued general administration charge (GAC)	26	35
Accrued safe custody fee	8	28
Accrued transaction charges	3	11
	<b>648</b>	<b>9,294</b>

**13. Capital commitments and contingent liabilities**

The Fund had no contingent liabilities or capital commitments at the year end date (28.02.17: Nil).

**14. Related party transactions**

Investec Fund Managers Limited, as Authorised Corporate Director (ACD), is a related party, and acts as a principal in respect of all transactions of shares in the Company. The aggregate monies received through issues and paid on cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets.

In accordance with the prospectus the ACD collects from the Fund, a general administration charge (GAC), ACD fees and safe custody fees. Please refer to notes 7, 12 and 16 for further details.

Any amounts due to/from Investec Fund Managers Limited at the end of the accounting year are disclosed in notes 10 and 12.

At the year end date nil% of the Fund's shares (by net asset value) were held by other Funds managed by the ACD (28.02.17: nil%).

**15. Dilution adjustment**

Please refer to note 4 of the notes to the financial statements of the company for a detailed description of dilution adjustment.

# Global Dynamic Fund

## Notes to the Financial Statements continued

For the year ended 28 February 2018

### 16. ACD Fee and charges

The different level of ACD fees payable per annum as at 28 February 2018 for each share class is detailed below:

'A' Shares	1.50%
'I' Shares	0.75%
'S' Shares	0.00%

The GAC is charged at up to 0.08% of the Net Asset Value of each share class.

All shares within the sub-fund have the same rights on winding up.

### Reconciliation of the shares movement in the year:

	28.02.17 Opening shares in issue	Creations	Cancellations	Shares converted	28.02.18 Closing shares in issue
'A' Class (Accumulation shares)	739,750	83,638	(71,705)	(49,474)	702,209
'A' Class (USD Accumulation shares)	1,283,455	–	(602,282)	–	681,173
'I' Class (Accumulation shares)	125,847,304	599,008	(74,221,787)	29,421	52,253,946
'I' Class (EUR Accumulation shares)	2,393,602	538,105	(189,746)	–	2,741,961
'I' Class (GBP Hedged Accumulation shares)	20,000	101,738,422	(8,290,663)	–	93,467,759
'S' Class (Accumulation shares)	105,892,218	1,288,532	(23,570,099)	–	83,610,651

### 17. Risk consideration

Please refer to note 3 of the financial statements for a detailed description of the risk considerations. There are no further specific risks for this Fund.

### The Fund's currency exposure as at 28 February 2018 was:

Currency	Currency exposure	
	28.02.18 Total £'000	28.02.17 Total £'000
Australian Dollar	1	1
Canadian Dollar	3	11,849
Danish Krone	9	0
Euro	73,113	54,378
Hong Kong Dollar	61,618	44,377
Indian Rupee	5	6
Japanese Yen	47,012	32,694
Mexican Peso	9,080	13,971
Norwegian Krone	63	1
South African Rand	1	1
South Korean Won	9,525	12,191
Sterling	(69,969)	33,561
Swiss Franc	143	9,663
US Dollar	355,830	361,556
<b>Total</b>	<b>486,434</b>	<b>574,249</b>

### The currency exposure included in the above table that was exclusive to the currency hedge share classes at 28 February 2018 was:

Currency	Currency exposure	
	28.02.18 Total £'000	28.02.17 Total £'000
Euro	(16,467)	(2)
Hong Kong Dollar	(16,520)	(3)
Japanese Yen	(8,965)	(1)
Sterling	105,588	19
Swiss Franc	0	0
US Dollar	(63,636)	(13)
<b>Total</b>	<b>–</b>	<b>–</b>

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. Therefore, the fund's exposure to interest rate risk is not considered to be significant.

18. Fair value

Valuation technique	28.02.18		28.02.17	
	Assets	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	478,309	-	554,499	-
Level 2	-	-	-	-
Level 3	-	-	-	-
<b>Total fair value</b>	<b>478,309</b>	<b>-</b>	<b>554,499</b>	<b>-</b>

The three levels of the fair value hierarchy under FRS 102 are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

# Global Dynamic Fund

## Distribution Tables

For the year ended 28 February 2018

### Final distribution payable 30 April 2018

Group 1 – Shares purchased before 1 March 2017

Group 2 – Shares purchased between 1 March 2017 and 28 February 2018

	Net Income pence	Equalisation pence	Distribution payable 30.04.18 pence	Distribution paid 28.04.17 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.5498	–	0.5498	0.4030
Group 2	0.1482	0.4016	0.5498	0.4030
<b>'I' Class (Accumulation shares)</b>				
Group 1	2.7847	–	2.7847	2.2355
Group 2	1.2870	1.4977	2.7847	2.2355
<b>'I' Class (GBP Hedged Accumulation shares)<sup>(1)</sup></b>				
Group 1	1.1976	–	1.1976	0.2047
Group 2	0.4415	0.7561	1.1976	0.2047
<b>'S' Class (Accumulation shares)</b>				
Group 1	5.0453	–	5.0453	4.0607
Group 2	3.5367	1.5086	5.0453	4.0607

	Net Income US cent	Equalisation US cent	Distribution payable 30.04.18 US cent	Distribution paid 28.04.17 US cent
<b>'A' Class (USD Accumulation shares)</b>				
Group 1	0.7372	–	0.7372	0.5148
Group 2	0.7372	–	0.7372	0.5148

	Net Income Euro cent	Equalisation Euro cent	Distribution payable 30.04.18 Euro cent	Distribution paid 28.04.17 Euro cent
<b>'I' Class (EUR Accumulation shares)</b>				
Group 1	1.1799	–	1.1799	0.9738
Group 2	0.4336	0.7463	1.1799	0.9738

(1) Launched 31 January 2017

### 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.

# Global Equity Fund

## Statement of Total Return

For the year ended 28 February 2018

	Note	28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital gains	4		18,783		81,045
Revenue	6	6,634		7,277	
Expenses	7	(1,809)		(1,810)	
Interest payable and similar charges		(1)		(3)	
Net revenue before taxation		4,824		5,464	
Taxation	8	(601)		(632)	
Net revenue after taxation			4,223		4,832
<b>Total return before distribution</b>			<b>23,006</b>		<b>85,877</b>
Distribution	9		(4,223)		(4,832)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>18,783</b>		<b>81,045</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2018

		28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>					
Amounts receivable on creation of shares		5,674	302,499	28,781	294,886
Amounts payable on cancellation of shares		(122,422)		(106,240)	
			(116,748)		(77,459)
Dilution adjustment			43		–
Change in net assets attributable to shareholders from investment activities			18,783		81,045
Retained distributions on accumulation shares			2,385		4,027
<b>Closing net assets attributable to shareholders</b>			<b>206,962</b>		<b>302,499</b>

Notes to the financial statements are on pages 44 to 54.

## Balance Sheet

As at 28 February 2018

	Note	28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Investments assets			205,200		301,253
Current assets					
Debtors	10	2,200		2,972	
Cash and bank balances	11	403		2,633	
Total other assets			2,603		5,605
<b>Total assets</b>			<b>207,803</b>		<b>306,858</b>
<b>LIABILITIES</b>					
Creditors					
Bank overdrafts		–		508	
Distribution payable		–		17	
Other creditors	12	841		3,834	
<b>Total liabilities</b>			<b>841</b>		<b>4,359</b>
<b>Net assets attributable to shareholders</b>			<b>206,962</b>		<b>302,499</b>

Notes to the financial statements are on pages 44 to 54.

# Global Equity Fund

## Notes to the Financial Statements

For the year ended 28 February 2018

### 1. Accounting policies

The Accounting policies for the Fund are disclosed in the notes to the financial statements on page 44.

### 2. Distribution policies

The Distribution policies for the Fund are disclosed in the notes to the financial statements on pages 44 to 45.

### 3. Risk management policies

The Risk management policies for the Fund are disclosed in the notes to the financial statements on pages 45 to 53.

### 4. Net capital gains

The net capital gains during the year comprise:

	28.02.18 £'000	28.02.17 £'000
Losses on foreign exchange	(528)	(179)
Non-derivative securities	19,372	81,303
Transaction charges	(61)	(79)
<b>Net capital gains</b>	<b>18,783</b>	<b>81,045</b>

### 5. Purchases, sales and transaction costs

Analysis of total trade costs

	Purchases		Sales	
	28.02.18 £'000	28.02.17 £'000	28.02.18 £'000	28.02.17 £'000
Equities	137,601	140,814	252,078	211,995
<b>Commissions</b>				
Equities	73	81	(116)	(87)
<b>Taxes</b>				
Equities	96	43	(57)	(42)
<b>Total costs</b>	<b>169</b>	<b>124</b>	<b>(173)</b>	<b>(129)</b>
<b>Net trades in the year after transaction costs</b>	<b>137,770</b>	<b>140,938</b>	<b>251,905</b>	<b>211,866</b>

#### Total transaction cost expressed as a percentage of asset type cost

	Purchases		Sales	
	28.02.18 %	28.02.17 %	28.02.18 %	28.02.17 %
<b>Commissions</b>				
Equities	0.05	0.06	0.05	0.04
<b>Taxes</b>				
Equities	0.07	0.03	0.02	0.02

#### Total transaction cost expressed as a percentage of average net asset value

	28.02.18 %	28.02.17 %
Commissions	0.06	0.05
Taxes	0.05	0.03
<b>Total costs</b>	<b>0.11</b>	<b>0.08</b>

#### Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.06% (28.02.17: 0.08%).

### 6. Revenue

	28.02.18 £'000	28.02.17 £'000
Bank interest	2	5
Overseas dividends	5,601	6,592
UK dividends	1,026	677*
Interest on foreign tax reclaims amounts	5	3
<b>Total revenue</b>	<b>6,634</b>	<b>7,277</b>

\* Prior year balances have been reanalysed to present the balances consistently across the years.

**7. Expenses**

	28.02.18 £'000	28.02.17 £'000
<b>Payable to the ACD or associates of the ACD, and agents of either of them:</b>		
ACD fee	1,536	1,497
General administration charge (GAC)	224	248
	1,760	1,745
<b>Payable to the Depositary or associates of the Depositary, and agents of either of them:</b>		
Safe custody fee	57	67
	57	67
<b>Other expenses:</b>		
VAT refund	(9)	(4)
Out of pocket expenses	1	1
ADR fees	–	1
	(8)	(2)
<b>Total expenses</b>	<b>1,809</b>	<b>1,810</b>

Please refer to the Prospectus for a full description of expenses covered by the GAC.

The audit fee for the year is £8,000 (28.02.17: £8,000).

VAT is currently recovered in respect of certain expenses paid under the GAC.

**8. Taxation****(a) Analysis of the tax charge in the year:**

	28.02.18 £'000	28.02.17 £'000
Overseas tax	601	632
<b>Current tax charge</b>	<b>601</b>	<b>632</b>
Deferred tax charge (note 8(c))	–	–
<b>Total tax charge (note 8(b))</b>	<b>601</b>	<b>632</b>

**(b) Factors affecting current tax charge for the year:**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an authorised OEIC (20%) (28.02.17: 20%). The differences are explained below:

	28.02.18 £'000	28.02.17 £'000
Net revenue before taxation	4,824	5,464
Corporation tax of 20%	965	1,093
<b>Effects of:</b>		
Movement in excess management expenses	306	333
Overseas tax	601	632
Overseas tax expensed	(9)	(5)
Revenue not subject to taxation	(1,262)	(1,421)
<b>Total tax charge (note 8(a))</b>	<b>601</b>	<b>632</b>

**(c) Provision for deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

**(d) Factors affecting future tax charge:**

The Fund has surplus management expenses that have resulted in an unrecognised deferred asset of £2,006,000 (28.02.17: £1,700,000). This asset has not been recognised in the financial statements due to the inherent uncertainty of the Fund to generate sufficient taxable net revenue.

# Global Equity Fund

## Notes to the Financial Statements continued

For the year ended 28 February 2018

### 9. Distribution

The Distribution take account of equalisation received on the creation of shares and deducted on the cancellation of shares, and comprises:

	28.02.18 £'000	28.02.17 £'000
Final	2,385	4,044
	2,385	4,044
<b>Add:</b> Equalisation deducted on cancellation of shares	1,898	1,124
<b>Less:</b> Equalisation received on creation of shares	(60)	(336)
<b>Net distribution for the year</b>	<b>4,223</b>	<b>4,832</b>

The net distribution for the year is represented by:

	28.02.18 £'000	28.02.17 £'000
Net revenue after taxation	4,223	4,832
<b>Net distribution for the year</b>	<b>4,223</b>	<b>4,832</b>

### 10. Debtors

	28.02.18 £'000	28.02.17 £'000
Accrued dividends and bank interest	336	397
Amounts receivable for creation of shares	1,676	12
Overseas tax recoverable	188	345
Sales awaiting settlement	–	2,218
	<b>2,200</b>	<b>2,972</b>

### 11. Cash and bank balances

	28.02.18 £'000	28.02.17 £'000
Cash and bank balances	403	2,633
	<b>403</b>	<b>2,633</b>

### 12. Other creditors

	28.02.18 £'000	28.02.17 £'000
Amounts payable for cancellation of shares	165	1,955
Purchases awaiting settlement	452	1,628
HMRC Focus bank reclaims payable	87	87
Accrued ACD fees	114	116
Accrued general administration charge (GAC)	14	20
Accrued safe custody fee	5	18
Accrued transaction charges	4	10
	<b>841</b>	<b>3,834</b>

### 13. Capital commitments and contingent liabilities

The Fund had no contingent liabilities or capital commitments at the year end date (28.02.17: Nil).

### 14. Related party transactions

Investec Fund Managers Limited, as Authorised Corporate Director (ACD), is a related party, and acts as a principal in respect of all transactions of shares in the Company. The aggregate monies received through issues and paid on cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets.

In accordance with the prospectus the ACD collects from the Fund, a general administration charge (GAC), ACD fees and safe custody fees. Please refer to notes 7, 12 and 16 for further details.

Any amounts due to/from Investec Fund Managers Limited at the end of the accounting year are disclosed in notes 10 and 12.

At the year end date nil% of the Fund's shares (by net asset value) were held by other Funds managed by the ACD (28.02.17: 8.84%).

### 15. Dilution adjustment

Please refer to note 4 of the notes to the financial statements of the company for a detailed description of dilution adjustment.



**16. ACD Fee and charges**

The different level of ACD fees payable per annum as at 28 February 2018 for each share class is detailed below:

'A' Shares	1.50%
'I' Shares	0.75%
'R' Shares	1.00%
'S' Shares	0.00%

The GAC is charged at up to 0.08% of the Net Asset Value of each share class.

All shares within the sub-fund have the same rights on winding up.

**Reconciliation of the shares movement in the year:**

	28.02.17 Opening shares in issue	Creations	Cancellations	Shares converted	28.02.18 Closing shares in issue
'A' Class (Accumulation shares)	3,127,639	125,237	(220,149)	(38,871)	2,993,856
'A' Class (USD Accumulation shares)	3,264,610	84,740	(353,901)		2,995,449
'I' Class (Accumulation shares)	8,737,453	127,872	(621,124)	2,739	8,246,940
'I' Class (USD Accumulation shares)	289,828	81,481	(21,884)		349,425
'R' Class (Accumulation shares)	37,293	20,857	(58,150)		-
'S' Class (Accumulation shares)	70,206,924	1,478,908	(63,723,071)		7,962,761
'S' Class (Income shares)	686,394	5,090	(691,484)		-

**17. Risk consideration**

Please refer to note 3 of the financial statements for a detailed description of the risk considerations. There are no further specific risks for this Fund.

The Fund's currency exposure as at 28 February 2018 was:

Currency	Currency exposure	
	Total 28.02.18 £'000	Total 28.02.17 £'000
Australian Dollar	2,727	1,480
Brazilian real	772	-
Canadian Dollar	2,746	11,380
Chinese Yuan	3,006	(508)
Chinese Yuan (Offshore)	-	4,046
Danish Krone	4,173	3,828
Euro	21,062	37,280
Hong Kong Dollar	15,141	12,604
Indian Rupee	1,479	2
Israeli Shekel	-	88
Japanese Yen	11,927	17,187
New Zealand Dollar	4	4
Norwegian Krone	998	2,796
Singapore Dollar	2,230	2,504
South Korean Won	2,761	4,139
Sterling	17,749	15,728
Swiss Franc	111	8,794
Taiwan Dollar	12	3,607
Thai Baht	2,332	3,271
Turkish Lira	-	1
US Dollar	117,732	174,268
<b>Total</b>	<b>206,962</b>	<b>302,499</b>

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. Therefore, the fund's exposure to interest rate risk is not considered to be significant.

**Global Equity Fund****Notes to the Financial Statements** continued

For the year ended 28 February 2018

**18. Fair value**

Valuation technique	28.02.18		28.02.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	205,200	–	301,253	–
Level 2	–	–	–	–
Level 3	–	–	–	–
<b>Total fair value</b>	<b>205,200</b>	<b>–</b>	<b>301,253</b>	<b>–</b>

The three levels of the fair value hierarchy under FRS 102 are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

## Distribution Table

For the year ended 28 February 2018

### Final distribution payable 30 April 2018

Group 1 – Shares purchased before 1 March 2017

Group 2 – Shares purchased between 1 March 2017 and 28 February 2018

	Net Income pence	Equalisation pence	Distribution payable 30.04.18 pence	Distribution paid 28.04.17 pence
<b>'A' Class (Accumulation shares)</b>				
Group 1	0.6441	–	0.6441	0.6649
Group 2	0.0735	0.5706	0.6441	0.6649
<b>'I' Class (Accumulation shares)</b>				
Group 1	25.2394	–	25.2394	22.7766
Group 2	11.3733	13.8661	25.2394	22.7766
<b>'R' Class (Accumulation shares)</b>				
Group 1	1.7034	–	1.7034	1.5683
Group 2	1.3010	0.4024	1.7034	1.5683
<b>'S' Class (Accumulation shares)</b>				
Group 1	3.2627	–	3.2627	2.8353
Group 2	0.4390	2.8237	3.2627	2.8353
<b>'S' Class (Income shares)<sup>(1)</sup></b>				
Group 1	–	–	–	2.5069
Group 2	–	–	–	2.5069
	Net Income US cent	Equalisation US cent	Distribution payable 30.04.18 US cent	Distribution paid 28.04.17 US cent
<b>'A' Class (USD Accumulation shares)</b>				
Group 1	0.8907	–	0.8907	0.8250
Group 2	–	0.8907	0.8907	0.8250
<b>'I' Class (USD Accumulation shares)</b>				
Group 1	1.6603	–	1.6603	1.2306
Group 2	0.9720	0.6883	1.6603	1.2306

(1) Closed on 31 August 2017.

### 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.

# Global Gold Fund

## Statement of Total Return

For the year ended 28 February 2018

	Note	28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
<b>Income</b>					
Net capital (losses)/gains	4		(12,267)		15,811
Revenue	6	714		713	
Expenses	7	(932)		(1,066)	
Interest payable and similar charges		(1)		(2)	
Net expense before taxation		(219)		(355)	
Taxation	8	(43)		(75)	
Net expense after taxation			(262)		(430)
<b>Total return before distribution</b>			<b>(12,529)</b>		<b>15,381</b>
Distribution	9		-		6
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(12,529)</b>		<b>15,387</b>

## Statement of Change in Net Assets Attributable to Shareholders

For the year ended 28 February 2018

		28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>					
Amounts receivable on creation of shares		41,511	94,225	85,459	63,146
Amounts payable on cancellation of shares		(34,388)		(69,782)	
			7,123		15,677
Dilution adjustment			39		15
Change in net assets attributable to shareholders from investment activities			(12,529)		15,387
<b>Closing net assets attributable to shareholders</b>			<b>88,858</b>		<b>94,225</b>

Notes to the financial statements are on pages 44 to 54.

## Balance Sheet

As at 28 February 2018

	Note	28.02.18		28.02.17	
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
Investments assets			87,786		93,130
Current assets					
Debtors	10	1,622		1,134	
Cash and bank balances	11	563		527	
Total other assets			2,185		1,661
<b>Total assets</b>			<b>89,971</b>		<b>94,791</b>
<b>LIABILITIES</b>					
Creditors					
Other creditors	12	1,113		566	
<b>Total liabilities</b>			<b>1,113</b>		<b>566</b>
<b>Net assets attributable to shareholders</b>			<b>88,858</b>		<b>94,225</b>

Notes to the financial statements are on pages 44 to 54.

# Global Gold Fund

## Notes to the Financial Statements

For the year ended 28 February 2018

### 1. Accounting policies

The Accounting policies for the Fund are disclosed in the notes to the financial statements on page 44.

### 2. Distribution policies

The Distribution policies for the Fund are disclosed in the notes to the financial statements on pages 44 to 45.

### 3. Risk management policies

The Risk management policies for the Fund are disclosed in the notes to the financial statements on pages 45 to 53.

### 4. Net capital (losses)/gains

The net capital (losses)/gains during the year comprise:

	28.02.18 £'000	28.02.17 £'000
Gains on foreign exchange	57	8
Non-derivative securities	(12,301)	15,924
Transaction charges	(23)	(121)
<b>Net capital (losses)/gains</b>	<b>(12,267)</b>	<b>15,811</b>

### 5. Purchases, sales and transaction costs

Analysis of total trade costs

	Purchases		Sales	
	28.02.18 £'000	28.02.17 £'000	28.02.18 £'000	28.02.17 £'000
Equities	131,900	185,626	130,522	171,214
Collective Investment Schemes	5,351	–	42	–
<b>Trades excluding transaction costs</b>	<b>137,251</b>	<b>185,626</b>	<b>130,564</b>	<b>171,214</b>
<b>Commissions</b>				
Equities	116	132	(95)	(145)
Collective Investment Schemes	–	–	–	–
<b>Total commissions</b>	<b>116</b>	<b>132</b>	<b>(95)</b>	<b>(145)</b>
<b>Taxes</b>				
Equities	59	69	(2)	(2)
Collective Investment Schemes	–	–	–	–
<b>Total costs</b>	<b>175</b>	<b>201</b>	<b>(97)</b>	<b>(147)</b>
<b>Net trades in the year after transaction costs</b>	<b>137,426</b>	<b>185,827</b>	<b>130,467</b>	<b>171,067</b>

#### Total transaction cost expressed as a percentage of asset type cost

	Purchases		Sales	
	28.02.18 %	28.02.17 %	28.02.18 %	28.02.17 %
<b>Commissions</b>				
Equities	0.09	0.07	0.07	0.08
Collective Investment Schemes	–	–	0.05	–
<b>Taxes</b>				
Equities	0.05	0.04	–	–

#### Total transaction cost expressed as a percentage of average net asset value

	28.02.18 %	28.02.17 %
Commissions	0.23	0.28
Taxes	0.07	0.07
<b>Total costs</b>	<b>0.30</b>	<b>0.35</b>

#### Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.45% (28.02.17: 0.47%).

## Global Gold Fund

## Notes to the Financial Statements continued

For the year ended 28 February 2018

**6. Revenue**

	28.02.18 £'000	28.02.17 £'000
Bank interest	1	2
Overseas dividends	713	704
UK dividends	–	3
Stock lending income	–	4
<b>Total revenue</b>	<b>714</b>	<b>713</b>

**7. Expenses**

	28.02.18 £'000	28.02.17 £'000
<b>Payable to the ACD or associates of the ACD, and agents of either of them:</b>		
ACD fee	855	969
General administration charge (GAC)	69	80
	924	1,049
<b>Payable to the Depositary or associates of the Depositary, and agents of either of them:</b>		
Safe custody fee	14	18
	14	18
<b>Other expenses:</b>		
Stock lending fee	–	1
VAT refund	(6)	(2)
	(6)	(1)
<b>Total expenses</b>	<b>932</b>	<b>1,066</b>

Please refer to the Prospectus for a full description of expenses covered by the GAC.

The audit fee for the year is £8,000 (28.02.17: £8,000)

VAT is currently recovered in respect of certain expenses paid under the GAC.

**8. Taxation****(a) Analysis of the tax charge in the year:**

	28.02.18 £'000	28.02.17 £'000
Overseas tax	43	75
<b>Current tax charge</b>	<b>43</b>	<b>75</b>
Deferred tax charge (note 8(c))	–	–
<b>Total tax charge (note 8(b))</b>	<b>43</b>	<b>75</b>

**(b) Factors affecting current tax charge for the year:**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK for an authorised OEIC (20%) (28.02.17: 20%). The differences are explained below:

	28.02.18 £'000	28.02.17 £'000
Net expense before taxation	(219)	(355)
Corporation tax of 20%	(44)	(71)
<b>Effects of:</b>		
Movement in excess management expenses	187	212
Overseas tax	43	75
Revenue not subject to taxation	(143)	(141)
<b>Total tax charge (note 8(a))</b>	<b>43</b>	<b>75</b>

**(c) Provision for deferred taxation:**

There is no provision required for deferred taxation at the Balance Sheet date in the current or prior year.

**(d) Factors affecting future tax charge:**

At the year end, after offset against revenue taxable on receipt, there is a potential deferred tax asset of £2,351,000 (28.02.17: £2,165,000) in relation to surplus management expenses. It is unlikely that the Fund will generate sufficient taxable profits in the future to utilise this amount and therefore no deferred tax asset has been recognised in the year.

**9. Distribution**

The Distribution take account of equalisation received on the creation of shares and deducted on the cancellation of shares, and comprises:

	28.02.18 £'000	28.02.17 £'000
Final	–	–
<b>Add:</b> Equalisation deducted on cancellation of shares	10	5
<b>Less:</b> Equalisation received on creation of shares	(10)	(11)
<b>Net distribution for the year</b>	<b>–</b>	<b>(6)</b>

The net distribution for the year is represented by:

	28.02.18 £'000	28.02.17 £'000
Net expense after taxation	(262)	(430)
Shortfall of income transferred from capital	262	424
<b>Net distribution for the year</b>	<b>–</b>	<b>(6)</b>

**10. Debtors**

	28.02.18 £'000	28.02.17 £'000
Accrued dividends and bank interest	67	68
Amounts receivable for creation of shares	868	964
Sales awaiting settlement	687	102
	<b>1,622</b>	<b>1,134</b>

**11. Cash and bank balances**

	28.02.18 £'000	28.02.17 £'000
Cash and bank balances	563	527
	<b>563</b>	<b>527</b>

**12. Other creditors**

	28.02.18 £'000	28.02.17 £'000
Amounts payable for cancellation of shares	290	346
Purchases awaiting settlement	751	111
Accrued ACD fees	63	74
Accrued general administration charge (GAC)	5	6
Accrued safe custody fee	1	4
Accrued transaction charges	3	25
	<b>1,113</b>	<b>566</b>

**13. Capital commitments and contingent liabilities**

The Fund had no contingent liabilities or capital commitments at the year end date (28.02.17: Nil).

**14. Related party transactions**

Investec Fund Managers Limited, as Authorised Corporate Director (ACD), is a related party, and acts as a principal in respect of all transactions of shares in the Company. The aggregate monies received through issues and paid on cancellation of shares are disclosed in the Statement of Change in Shareholders' Net Assets.

In accordance with the prospectus the ACD collects from the Fund, a general administration charge (GAC), ACD fees and safe custody fees. Please refer to notes 7, 12 and 16 for further details.

Any amounts due to/from Investec Fund Managers Limited at the end of the accounting year are disclosed in notes 10 and 12.

At the year end date nil% of the Fund's shares (by net asset value) were held by other Funds managed by the ACD (28.02.17: nil%).

**15. Dilution adjustment**

Please refer to note 4 of the notes to the financial statements of the company for a detailed description of dilution adjustment.

# Global Gold Fund

## Notes to the Financial Statements continued

For the year ended 28 February 2018

### 16. ACD Fee and charges

The different level of ACD fees payable per annum as at 28 February 2018 for each share class is detailed below:

'A' Shares	1.50%
'I' Shares	0.75%
'R' Shares	1.00%

The GAC is charged at up to 0.08% of the Net Asset Value of each share class.

All shares within the sub-fund have the same rights on winding up.

### Reconciliation of the shares movement in the year:

	28.02.17 Opening shares in issue	Creations	Cancellations	Shares converted	28.02.18 Closing shares in issue
'A' Class (Accumulation shares)	19,687,365	5,089,362	(7,988,905)	(320,245)	16,467,577
'A' Class (USD Accumulation shares)	81,225	25,879	(34,216)	–	72,888
'I' Class (Accumulation shares)	51,857,020	28,125,374	(19,236,228)	330,164	61,076,330
'R' Class (Accumulation shares)	103,720	17,551	(105,922)	–	15,349

### 17. Risk consideration

Please refer to note 3 of the financial statements for a detailed description of the risk considerations. There are no further specific risks for this Fund.

### The Fund's currency exposure as at 28 February 2018 was:

Currency	Currency exposure	
	Total 28.02.18 £'000	Total 28.02.17 £'000
Australian Dollar	14,384	21,841
Canadian Dollar	24,261	28,822
South African Rand	5,960	6,922
Sterling	9,218	5,731
Turkish Lira	1	1
US Dollar	35,034	30,908
<b>Total</b>	<b>88,858</b>	<b>94,225</b>

The majority of the Fund's financial assets are equity shares and other investments which neither pay interest nor have a maturity date. Therefore, the Fund's exposure to interest risk is not considered to be significant.

### 18. Fair value

Valuation technique	28.02.18		28.02.17	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1	87,786	–	93,130	–
Level 2	–	–	–	–
Level 3	–	–	–	–
<b>Total fair value</b>	<b>87,786</b>	<b>–</b>	<b>93,130</b>	<b>–</b>

The three levels of the fair value hierarchy under FRS 102 are as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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



## Distribution Table

For the year ended 28 February 2018

### Final distribution payable 30 April 2018

Group 1 – Shares purchased before 1 March 2017

Group 2 – Shares purchased between 1 March 2017 and 28 February 2018

	Net Income pence	Equalisation pence	Distribution payable 30.04.18 pence	Distribution paid 28.04.17 pence
<b>'A' Class (Accumulation shares)*</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–
<b>'I' Class (Accumulation shares)*</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–
<b>'R' Class (Accumulation shares)*</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–
	Net Income US cent	Equalisation US cent	Distribution payable 30.04.18 US cent	Distribution paid 28.04.17 US cent
<b>'A' Class (USD Accumulation shares)*</b>				
Group 1	–	–	–	–
Group 2	–	–	–	–

### 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.

# Share class was in deficit position at the year end.

# Securities Financing Transactions ('SFTs') (Unaudited)

## Emerging Markets Local Currency Debt Fund

As at 28 February 2018

### GLOBAL DATA

Assets engaged in SFTs and total return swaps	£'000	%
Fund assets under management (AUM)	233,124	
Absolute value of assets engaged in:		
Total return swaps	14,575	6.26%

### CONCENTRATION DATA

Counterparties Name and value of outstanding transactions	£'000
<b>Total return swaps</b>	
Citibank	5,854
Standard Chartered	8,721

### AGGREGATE TRANSACTION DATA

Type, Quality and Currency of Collateral Type	Quality	Currencies
<b>Total return swaps</b>		
n/a	n/a	n/a

There was no collateral granted by the Fund at 28 February 2018 in relation to the Total Return Swap contracts held.

Counterparty details Type	Countries of counterparty establishment	Settlement and clearing
Total return swaps	UK, Singapore	Bi-lateral

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

Type	Less than one day £'000	One day to one week £'000	One week to one month £'000	One to three months £'000	Three months to one year £'000	Above one year £'000	Open transactions £'000	Total £'000
Total return swaps	-	-	-	-	-	14,575	-	14,575
					Collective Investment Undertaking £'000	Manager of Collective Investment Undertaking £'000	Third Parties (e.g. lending agent) £'000	Total £'000

### RETURN AND COST

<b>Total return swaps</b>								
Gross return					1,340	-	-	1,340
% of total gross return					100.00%	0.00%	0.00%	
Cost					-	-	-	-

## Other Information (Unaudited)

### 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 28 February 2018 and will be distributed to shareholders, where applicable, on 30 April 2018. For accumulations shares income distribution payments are deemed to be paid on 30 April 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 iii as at 28 February 2018.

### UCITS V Directive on remuneration

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

Remuneration paid for 2016-17 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 2016-17 to senior management and members of staff whose actions have a material impact on the risk profile if IFML.

Aggregate Remuneration	£226,329
Senior Management	£218,393
Other individuals with material impact	£7,936
No of staff	10

## Registration in overseas markets (Unaudited)

	Chile	Peru	Switzerland*	UK
Emerging Markets Local Currency Debt Fund	✓	✓		✓
Global Dynamic Fund				✓
Global Equity Fund				✓
Global Gold 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.

\* All Funds were no longer registered for sale in Switzerland effective 30 January 2018.

ACD fees during the year 01.03.17 to 28.02.18.

Sub-Fund Class	Effective charge and daily calculated (%)	Commission for administration monthly paid to ACD (%)	Commission for administration according to the prospectus (%)
Emerging Markets Local Currency Debt Fund 'A' Shares	0.00410959	0.12500000	1.50
Emerging Markets Local Currency Debt Fund 'I' Shares	0.00205479	0.06250000	0.75
Emerging Markets Local Currency Debt Fund 'R' Shares	0.00273973	0.08333333	1.00
Emerging Markets Local Currency Debt Fund 'S' Shares	0.00000000	0.00000000	0.00
Global Dynamic Fund 'A' Shares	0.00410959	0.12500000	1.50
Global Dynamic Fund 'I' Shares	0.00205479	0.06250000	0.75
Global Dynamic Fund 'S' Shares	0.00000000	0.00000000	0.00
Global Equity Fund 'A' Shares	0.00410959	0.12500000	1.50
Global Equity Fund 'I' Shares	0.00205479	0.06250000	0.75
Global Equity Fund 'R' Shares	0.00273973	0.08333333	1.00
Global Equity Fund 'S' Shares	0.00000000	0.00000000	0.00
Global Gold Fund 'A' Shares	0.00410959	0.12500000	1.50
Global Gold Fund 'I' Shares	0.00205479	0.06250000	0.75
Global Gold Fund 'R' Shares	0.00273973	0.08333333	1.00

## Fund performance (Unaudited)

	01.03.17 to 28.02.18 %	Year Ended 31.12.17 %	Year Ended 31.12.16 %	Year Ended 31.12.15 %
<b>Emerging Markets Local Currency Debt Fund</b>				
'A' Class (Accumulation shares) #	3.86	5.42	27.37	(14.34)
'A' Class (Accumulation shares) <sup>(3)</sup>	–	–	28.65	(13.46)
'A' Class (USD Accumulation shares) <sup>(5)</sup>	4.38	5.77	26.02	(13.96)
'A' Class (Income-2 shares) #	3.85	5.41	26.99	(14.57)
'A' Class (Income-2 shares) <sup>(3)</sup>	–	–	28.66	(13.47)
'I' Class (Accumulation shares) #	4.64	6.21	28.07	(13.83)
'I' Class (Accumulation shares) <sup>(3)</sup>	–	–	29.59	(12.81)
'I' Class (USD Accumulation shares) <sup>(5)</sup>	5.17	6.57	26.81	(13.41)
'I' Class (Income-2 shares) #	4.61	6.18	27.88	(13.92)
'I' Class (Income-2 shares) <sup>(3)</sup>	–	–	29.56	(12.78)
'R' Class (Accumulation shares) #	4.37	5.94	27.88	(14.01)
'R' Class (Income-2 shares) #	4.46	6.00	27.56	(14.17)
'S' Class (Accumulation shares) <sup>(4)</sup>	–	–	30.55	(12.16)
JPM GBI-EM Global Diversified Index	3.35	5.24	31.14	(9.99)
Investment Association Global Emerging Markets Bond	1.10	5.45	24.26	(5.15)
<b>Global Dynamic Fund</b>				
'A' Class (Accumulation shares)	8.32	13.44	20.91	4.65
'A' Class (USD Accumulation shares) <sup>(5)</sup>	8.85	13.80	19.75	5.13
'I' Class (Accumulation shares)	9.13	14.29	21.81	5.46
'I' Class (EUR Accumulation shares) <sup>(1) (5)</sup>	9.23	14.99	20.83	–
'I' Class (GBP Hedged Accumulation shares) <sup>(2)</sup>	16.07	–	–	–
'S' Class (Accumulation shares)	9.96	15.15	22.76	6.25
MSCI All Countries World NDR Index	7.29	13.24	28.66	3.29
Investment Association Global	8.23	13.87	23.94	2.85
<b>Global Equity Fund</b>				
'A' Class (Accumulation shares)	7.64	13.32	22.07	2.06
'A' Class (USD Accumulation shares) <sup>(5)</sup>	8.16	13.69	20.89	2.50
'I' Class (Accumulation shares)	8.44	14.17	22.99	2.83
'I' Class (USD Accumulation shares) <sup>(5)</sup>	8.97	14.54	21.81	3.28
'R' Class (Accumulation shares)	8.17	13.89	22.68	2.56
'S' Class (Accumulation shares)	9.27	15.03	23.91	3.61
MSCI All Countries World NDR Index	7.29	13.24	28.66	3.29
Investment Association Global	8.23	13.87	23.94	2.85
<b>Global Gold Fund</b>				
'A' Class (Accumulation shares)	(13.23)	(0.72)	82.74	(19.29)
'A' Class (USD Accumulation shares) <sup>(5)</sup>	(12.80)	(0.40)	80.95	(18.97)
'I' Class (Accumulation shares)	(12.57)	0.02	84.09a	(18.65)
'R' Class (Accumulation shares)	(12.79)	(0.22)	83.62	(18.84)
Euromoney Global Gold TR	(15.91)	3.20	87.35	(16.37)

Source: Morningstar, total return, net of UK basic rate tax, no initial charges net of fees in GBP. Index shown for performance comparison purposes only.

Past performance should not be taken as a guide to the future and there is no guarantee that this investment will make profits. Returns will vary with market action, fee levels and taxes, and in certain market conditions losses may be exaggerated.

(1) Launched 7 April 2015.

(2) Launched 31 January 2017.

(3) Closed 7 April 2017.

(4) Closed 31 August 2017.

(5) The indices are shown in GBP.

# Share class converted from net to gross on 1 December 2016.

# Total Expense Ratios

Sub-Fund Class	28 February 2018
<b>Emerging Markets Local Currency Debt Fund</b>	
'A' Class (Accumulation shares)	1.62%
'A' Class (Accumulation shares) <sup>(2)</sup>	1.62%
'A' Class (USD Accumulation shares)	1.62%
'A' Class (Income-2 shares)	1.62%
'A' Class (Income-2 shares) <sup>(2)</sup>	1.62%
'I' Class (Accumulation shares)	0.87%
'I' Class (Accumulation shares) <sup>(2)</sup>	0.87%
'I' Class (USD Accumulation shares)	0.87%
'I' Class (Income-2 shares)	0.87%
'I' Class (Income-2 shares) <sup>(2)</sup>	0.87%
'R' Class (Accumulation shares)	1.12%
'R' Class (Income-2 shares)	1.12%
'S' Class (Accumulation shares) <sup>(3)</sup>	0.12%
<b>Global Dynamic Fund</b>	
'A' Class (Accumulation shares)	1.60%
'A' Class (USD Accumulation shares)	1.60%
'I' Class (Accumulation shares)	0.85%
'I' Class (EUR Accumulation shares)	0.85%
'I' Class (GBP Hedged Accumulation shares) <sup>(1)</sup>	0.85%
'S' Class (Accumulation shares)	0.10%
<b>Global Equity Fund</b>	
'A' Class (Accumulation shares)	1.62%
'A' Class (USD Accumulation shares)	1.62%
'I' Class (Accumulation shares)	0.87%
'I' Class (USD Accumulation shares)	0.87%
'R' Class (Accumulation shares)	1.12%
'S' Class (Accumulation shares)	0.12%
'S' Class (Income shares)	0.12%
<b>Global Gold Fund</b>	
'A' Class (Accumulation shares)	1.62%
'A' Class (USD Accumulation shares)	1.62%
'I' Class (Accumulation shares)	0.87%
'R' Class (Accumulation shares)	1.12%

(1) Launched 31 January 2017.

(2) Closed 7 April 2017.

(3) Closed 31 August 2017.

## Total Expense Ratio ('TER') Methodology (Unaudited)

The total expense ratio is calculated in accordance with the principles set down by EFAMA, the Pan-European umbrella organisation of the Investments Funds Industry to comply with the Code of Conduct for the Swiss Funds Industry.

### Definition of TER

The Total Expense Ratio (TER) represents the relevant annualised operating expenses of each Share Class for the year as a percentage of the average Net Asset Value of that share class over the same period.

$$\text{TER} = \frac{\text{Operating costs}}{\text{Average NAV}}$$

The ratio will be expressed as a percentage to 2 decimal places.

### Source of operating cost:

- (a) The following list is indicative, but not exhaustive, of the types of expenses included within the TER figure:
- fund management fees;
  - administration fees;
  - trustee or depositary fees;
  - custody fees;
  - audit fees;
  - fund accounting fees;
  - valuation fees;
  - fees for shareholder services;
  - registration fees and regulatory fees;
  - legal and advisory fees relating to fund establishment and operation;
  - performance fees (if applicable disclosed separately).
- (b) The total operating costs do not include:
- transaction costs (including transfer taxes);
  - interest on borrowing;
  - payments incurred because of financial derivative instruments;
  - fees paid directly by the investors, such as entry/exit fees;
  - soft commissions.

### Average NAV

The average net assets are calculated using figures that are based on each Fund's net assets at each calculation point of the net asset value (NAV).

# 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)

### Investec Fund Managers Limited

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

Registered address Woolgate Exchange  
25 Basinghall Street  
London EC2V 5HA

## Investment Manager

### Investec Asset Management Limited

Woolgate Exchange  
25 Basinghall Street  
London EC2V 5HA

## Registered number for Investec Funds Series iii

IC13 England and Wales

## Registrar

### DST Financial Services Europe Limited

DST House  
St. Nicholas Lane  
Basildon  
Essex SS15 5FS

## Depositary

### State Street Trustees Limited

20 Churchill Place  
London E14 5HJ

## Fund Accounting

### State Street Bank and Trust Company Limited

20 Churchill Place  
London E14 5HJ

## Independent Auditors

### KPMG LLP

15 Canada Square  
Canary Wharf  
London E14 5GL

Issued by Investec Fund Managers Limited, April 2018.  
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