

INVESTMENT PORTFOLIO ICVC

ANNUAL LONG REPORT FOR THE
YEAR ENDED 31ST OCTOBER 2017

Investment Portfolio ICVC

The Company and Head Office

Investment Portfolio ICVC
15 Dalkeith Road
Edinburgh
EH16 5WL

Incorporated in Great Britain under registered number IC000690. Authorised and regulated by the Financial Conduct Authority.

Authorised Corporate Director (ACD), Alternative Investment Fund Manager (AIFM) and Registrar*~

Scottish Widows Unit Trust Managers Limited

Registered Office:
Charlton Place
Andover
SP10 1RE

Head Office:
15 Dalkeith Road
Edinburgh
EH16 5WL

Authorised and regulated by the Financial Conduct Authority and a member of The Investment Association.

Investment Adviser*

Aberdeen Investment Solutions Limited

Registered Office:
10 Queen's Terrace
Aberdeen
AB10 1YG

Correspondence Address:
10 Queen's Terrace
Aberdeen
AB10 1XL

Authorised and regulated by the Financial Conduct Authority and a member of The Investment Association.

Depositary*

State Street Trustees Limited

Registered Office:
20 Churchill Place
Canary Wharf
London
E14 5HJ

Correspondence Address:
Quartermile 3
10 Nightingale Way
Edinburgh
EH3 9EG

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors*

PricewaterhouseCoopers LLP
Level 4, Atria One
144 Morrison Street
Edinburgh
EH3 8EX

*The Company names and addresses form part of the Authorised Corporate Director's Report.

~As at 26th November 2016, the Registrar of the Company changed from The Bank of New York Mellon (International) Limited to Scottish Widows Unit Trust Managers Limited.

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*Collectively, these comprise the Authorised Corporate Director's Report.

About the Company

Welcome to the Annual Long Report for the Investment Portfolio ICVC (the "Company") covering the year ended 31st October 2017 (the "Report"). The Authorised Corporate Director (the "ACD") and Authorised Fund Manager of the Company is Scottish Widows Unit Trust Managers Limited, a private company limited by shares which was incorporated in England and Wales on 19th April 1982. Its ultimate holding company is Lloyds Banking Group plc ("Lloyds"), which is incorporated in Scotland.

The Company is an Open-Ended Investment Company ("OEIC") with variable capital, incorporated in Great Britain under registration number IC000690 and is authorised and regulated by the Financial Conduct Authority ("the FCA") under regulation 12 of the Open-Ended Investment Companies Regulations 2001 (SI2001/1228) ("the OEIC Regulations"), with effect from 7th August 2008.

Shareholders are not liable for the debts of the Company.

The Company is a non-UCITS retail scheme which complies with the rules contained in the Financial Conduct Authority's Collective Investment Schemes Sourcebook (the "COLL Sourcebook") and the Investment Funds Sourcebook (the "FUND Sourcebook").

The Company is structured as an umbrella fund, in that the scheme property of the Company is currently divided among 7 sub-funds, each with different investment objectives. The assets of each sub-fund will be treated as separate from those of every other sub-fund and will be invested in accordance with the investment objective and investment policy applicable to the sub-fund. The investment objective, policies and a review of the investment activities during the six month period are disclosed in the Investment Markets Overview of the individual sub-funds. New sub-funds may be established from time to time by the ACD with the approval of the FCA and Depositary.

Each sub-fund would, if it were a separate investment company with variable capital, also be a non-UCITS retail scheme which complies with Chapter 5 of the COLL Sourcebook.

The assets of each Fund belong exclusively to that sub-fund and 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 sub-fund and shall not be available for such purpose.

Whilst the provisions of the OEIC Regulations provide for segregated liability between Funds, 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-investments 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 of the Company in every circumstance.

The Financial Statements have been prepared on an individual basis including the 7 sub-funds in existence during the year covered by this Annual Long Report, as permitted by the OEIC Regulations and the COLL Sourcebook.

As required by the OEIC Regulations and the COLL Sourcebook, information for each of the 7 sub-funds has also been included.

The Report of the Authorised Corporate Director is defined as those items highlighted in the contents page in accordance with paragraph 4.5.9 of the COLL Sourcebook.

During the year there have been a number of changes to the Company. These changes are detailed in the section Prospectus changes below.

Prospectus changes

During the year and up to the date of this report, the following changes were made to the Company and therefore the following changes were reflected in the Prospectus of Investment Portfolio ICVC:

- With effect from 26th November 2016, the Prospectus of the Company was updated to show that the ACD has delegated the function of registrar of the Company to Scottish Widows Unit Trust Managers Limited and that all administration functions are delegated to the Scottish Widows Administration Services Limited (with sub-delegation to State Street Bank and Trust Company Limited ("SSBTC")) and Scottish Widows Services Limited. The Bank of New York Mellon (International) Limited no longer carries out any administration or other functions for the Company.
- The Finance Act 2017 has removed the requirement for fund managers to deduct income tax at source from interest distributions from open-ended investment companies, authorised unit trusts and investment trust companies. This applies to distributions paid on or after 6th April 2017 and to reflect these changes we have reclassified the net share classes of the Managed Growth Fund 2, IPS Income Portfolio and IPS Higher Income Portfolio to gross share classes.

The Instrument and Prospectus of the Company were updated as appropriate to implement these changes on 1st and 3rd February 2017.

- With effect from 28th April 2017, the provisions of the Prospectus and Instrument of the Company were updated to allow the ACD to effect a compulsory conversion of shares in one class of a sub-fund of the Company for another class of the same sub-fund (the Compulsory Conversion Power). The shareholders of the Company were notified of this matter by way of a letter issued on 30th March 2017.
- With effect from 2nd May 2017, the Prospectus of the Company was updated for the purpose of removing the note in relation to (i) the reclassification of the net share class of Managed Growth Fund 2 (a sub-fund of the Company) to a gross share class on 3rd February 2017; and (ii) the conversion of the such shares into the pre-existing Class L gross accumulation shares in the Managed Growth Fund 2 on 2nd May 2017.

Prospectus changes (continued)

- With effect from 10th July 2017, the Prospectus of the Company was updated to include:
 - Insertion of additional information and regulatory disclosures with respect to stocklending and collateral as required by the Securities Financing Transaction Regulation.
 - Clarification that purchases and redemptions of shares can take place electronically through messaging platforms such as Calastone/EMX where this is available for certain investors (in line with industry practice for institutional investors/platforms).
 - Updates to list of ACD directors.
 - Insertion of regulatory disclosure regarding potential conflicts of interest applicable to the Depositary.
- With effect from 29th September 2017, the Prospectus of the Company was updated to include further insertion of regulatory disclosure regarding any use of government and public securities by the Funds in accordance with the requirements of the FCA Handbook.

The Prospectus of the Company has been updated to explain that we will no longer produce short reports twice a year (further information below).

A copy of the Prospectus is available on request.

Important information

Short Reports

As part of its Smarter Consumer Communications initiative, the Financial Conduct Authority (FCA) has now removed the requirement for firms such as the ACD to prepare and issue short reports. Investors in the Company will therefore no longer receive short reports and the references to short reports have been removed from the Prospectus of the Company. You can contact us for copies of the interim or annual Long Reports. These are available free of charge and can also be downloaded from our website at www.scottishwidows.co.uk/reportandaccounts

Holdings in other Sub-Funds of the Company

As at 31st October 2017 there were no shares in sub-funds of the Investment Portfolio ICVC held by other sub-funds of the Company.

Remuneration disclosures

The Alternative Investment Fund Managers Directive (AIFMD) requires the annual report of an Alternative Investment Fund (AIF) to contain a remuneration disclosure. The requirements include, disclosing the total amount of remuneration paid by the Alternative Investment Fund Manager (AIFM) to its staff for the financial year, split into fixed and variable remuneration.

This section provides an analysis of remuneration awards made by Lloyds Banking Group ('the Group') to its AIFMD Identified Staff for the Group's financial year to 31st December 2016, together with an explanation of the Group's remuneration policies, structure and governance.

Quantitative remuneration disclosure

Aggregate remuneration paid for the year ended 31st December 2016 to senior management and members of staff whose actions have a material impact on the risk profile of the AIFs (Identified Staff)			
	Senior management	Other members of staff with material impact	Total
Fixed remuneration	£1,616,468	£2,450,232*	£4,066,700
Variable remuneration	£958,761	£2,175,122*	£3,133,883
Carried interest	n/a	n/a	n/a
TOTAL	£2,575,229	£4,625,354*	£7,200,583
Number of Identified Staff	7	15*	22

* Excludes colleagues who receive remuneration in respect of their normal professional Group activities only and do not receive any remuneration specifically in relation to AIF/AIFM activities. There are 8 additional colleagues falling into this category.

Staff shown in the table above are employed by the Group in relation to activities relating to the management of AIFs/AIFMs and are subject to the Group Remuneration policy. They also perform other Group activities; no staff are directly employed by or receive remuneration from the AIFs/AIFMs. The investment management of the AIFs is carried out by an external fund manager (Aberdeen Asset Investments Limited) and the fees paid for these services are disclosed in the external fund management fees table.

Some individuals are subject to more than one regulatory regime, e.g. AIFMD and CRD IV, therefore the enhanced CRD IV regulatory requirements such as clawback apply.

Remuneration disclosures (continued)

Quantitative AIF/AIFM disclosure

The table below shows the total net asset value of all funds the Identified Staff are responsible for, specifically highlighting the proportion of the assets related to the Investment Portfolio ICVC.

As at 31st December 2016 the assets under management for all funds were as follows:		
	Net asset value £	% of total assets
Scottish Widows Income and Growth Funds ICVC	11,183,321,414	16.80%
Scottish Widows Investment Portfolio ICVC	4,733,493,951	7.11%
Scottish Widows Investment Solutions Funds ICVC	11,561,757,343	17.37%
Scottish Widows Managed Investment Funds ICVC	4,845,386,345	7.28%
Scottish Widows Multi-Manager ICVC	5,420,676,320	8.15%
Scottish Widows Overseas Growth Investment Funds ICVC	2,960,845,468	4.45%
Scottish Widows Property Authorised Contractual Scheme	3,499,416,917	5.26%
Scottish Widows Tracker and Specialist Investment Funds ICVC	10,956,860,575	16.46%
Scottish Widows UK and Income Investment Funds ICVC	11,392,828,749	17.12%
Total: Scottish Widows Unit Trust Managers Limited	66,554,587,082	100.00%

External investment adviser fees

The table below is a summary of the annual management fees paid to external investment advisers for investment management services, for the year to 31st December 2016, specifically highlighting the proportion of the fees related to the Investment Portfolio ICVC. These fees are paid by Scottish Widows Unit Trust Managers Limited.

Annual management fees paid to external investment advisers for the year to 31st December 2016 were:		
	Fees £	% of total fees
Scottish Widows Income and Growth Funds ICVC	2,970,081	14.42%
Scottish Widows Investment Portfolio ICVC	3,946,701	19.17%
Scottish Widows Investment Solutions Funds ICVC	2,575,618	12.51%
Scottish Widows Managed Investment Funds ICVC	3,799,164	18.45%
Scottish Widows Multi-Manager ICVC	2,765,037	13.43%
Scottish Widows Overseas Growth Investment Funds ICVC	934,897	4.54%
Scottish Widows Property Authorised Contractual Scheme	151,947	0.74%
Scottish Widows Tracker and Specialist Investment Funds ICVC	402,944	1.96%
Scottish Widows UK and Income Investment Funds ICVC	3,043,906	14.78%
Total: Scottish Widows Unit Trust Managers Limited	20,590,295	100.00%

External investment advisers are subject to BIPRU and as such those of its staff whose professional activities have an impact on the risk profile of the relevant AIF/AIFM are subject to regulatory requirements on remuneration that are equally as effective as those applicable under the AIFMD regime.

Remuneration disclosures (continued)

Qualitative remuneration disclosure

Decision-making process for remuneration policy

An essential component of the Group's approach to remuneration is the governance process that underpins it. The Group's remuneration governance arrangements provide clear oversight and effective management of any potential conflicts of interest, ensuring that remuneration decision processes are consistent with the Group's risk appetite. This ensures that the policy is robustly applied and risk is managed appropriately.

The overarching purpose of the Remuneration Committee is to consider, agree and recommend to the Board an overall remuneration policy and philosophy for the Group that is defined by, supports and is closely aligned to its long-term business strategy, business objectives, risk appetite and values and recognises the interests of relevant stakeholders. The Group has a conservative business model characterised by a risk culture founded on prudence and accountability. The remuneration policy and philosophy covers the whole Group, but the Committee pays particular attention to the top management population, including the highest paid employees in each division, those colleagues who perform significant influence functions for the Group and those who could have a material impact on the Group's risk profile.

The Group has a robust governance framework, with the Remuneration Committee reviewing all compensation decisions for Executive Directors, Senior Management, senior risk and compliance officers, high earners and any other Material Risk Takers (for CRD IV) and Identified Staff (for UCITS/AIFMD and Solvency II). This approach to governance is cascaded through the Group with the Executive Compensation Committee having oversight for all other employees. Divisional Remuneration Committees, which include independent representation from control functions, provide an additional layer of governance. Control function employees themselves are assessed and their remuneration determined by the appropriate Control Function Director, and oversight is provided by a Functional Remuneration Committee.

The Group's remuneration policy is based on principles which are applicable to all employees within the Group and in particular the principle that the reward package should support the delivery of our strategic aim to be the best bank for customers whilst delivering long term superior and sustainable returns to shareholders. It fosters a performance-driven and meritocratic culture, encourages effective risk disciplines and is in line with relevant regulations and codes of best practice. The Group places great importance on ensuring that there is a clear link between remuneration and the Group's business strategy.

In the implementation of the remuneration policy all conflicts of interest must be avoided. Effective remuneration design and independent oversight of both the policy and outcomes ensures that conflicts of interest are managed and that appropriate links exist between risk and reward.

The Remuneration Committee appoints independent consultants to provide advice on specific matters according to their particular expertise. During the year, Deloitte LLP and Kepler, a brand of Mercer advised the Committee.

Composition of the Remuneration Committee

The members of the Committee during 2016 were Anita Frew (chairman), Lord Blackwell, Alan Dickinson, Dyfrig John (until 11th May 2016), Stuart Sinclair (from 4th January 2016), Anthony Watson and Sara Weller.

For further information about meetings and principal matters considered as well as advice to the Committee please refer to the Directors' Remuneration Report (<http://www.lloydsbankinggroup.com/Investors/annual-reports>).

Role of the relevant stakeholders

During 2016, the Committee has consulted extensively with a number of shareholders and key stakeholders, such as the Group's main regulators, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The Chair of the Remuneration Committee has also met with the Group's recognised unions. Formal consultation on the remuneration of Executive Directors is not undertaken with employees.

The Group conducts colleague surveys every six months to measure engagement and culture. The engagement survey includes specific questions relating to reward and discussions on the Group's remuneration approach takes place with union representatives during the annual pay review cycle and on relevant employee reward matters.

Remuneration disclosures (continued)

Link between pay and performance

The Group's approach to reward is intended to provide a clear link between remuneration and delivery of its key strategic objectives, supporting the aim of becoming the best bank for customers, and through that, for shareholders. To this end, the performance management process has been developed, with the close participation of the Group's Risk team, to embed performance measures across the Group's reward structure which are challenging and reflect Group and divisional achievement in addition to personal contribution.

The use of a balanced scorecard approach to measure long-term performance enables the Remuneration Committee to assess the performance of the Company and its senior executives in a consistent and performance-driven way. The Group's remuneration policy supports the business values and strategy, based on building long-term relationships with customers and employees and managing the financial consequences of business decisions across the entire economic cycle.

The policy is intended to ensure that the Group's remuneration proposition is both cost effective and enables us to attract and retain individuals of the highest calibre, motivating them to perform to the highest standards. The objective is to align individual reward with the Group's performance, the interests of its shareholders, and a prudent approach to risk management. In this way, the requirements of the Group's various stakeholders – its customers, shareholders, employees and regulators – are balanced. This approach is in line with the Investment Association's principles on remuneration, ESMA guidance on remuneration, the PRA Rulebook and the FCA Remuneration Code, as the policy seeks to reward long-term value creation whilst not encouraging excessive risk-taking.

Long-term incentives are based on stretching performance objectives and targets in the Group Balanced Scorecard. This Balanced Scorecard is derived from the five year operating plan which defines the financial and non-financial targets within the agreed risk appetite over a three year period.

Annual incentives are based on stretching financial targets and objectives in divisional/functional Balanced Scorecards which are aligned to the Group's strategy.

Design and structure of remuneration processes

Reward is delivered via a combination of fixed and variable remuneration. Taking into account the expected value of awards, the performance related elements of pay make up a considerable proportion of the total remuneration package for Identified Staff, whilst maintaining an appropriate balance between the fixed and variable elements.

The overall policy objective is met by a focus on the particular aspects detailed below.

Base salary

Identified Staff receive base salaries which are reviewed annually, taking into account individual performance and market information.

Fixed share award

The fixed share award, made annually, delivers Lloyds Banking Group shares over a period of five years. It ensures that total fixed remuneration is commensurate with the role and provides a competitive reward package, with an appropriate balance of fixed and variable remuneration, in line with regulatory requirements.

Annual bonus

Identified Staff are eligible to be considered for an annual bonus. The annual bonus plan is designed to reflect specific goals linked to the performance of the business.

Awards are based upon individual contribution, overall Group results and divisional/functional Balanced Scorecard ratings. Opportunity is driven by Group performance based on Underlying Profit, together with divisional/functional achievement and individual performance. Stretching objectives relevant to improving overall business performance and aligned with the Group's strategy are contained in Balanced Scorecards and are grouped under the following headings: Customer, People, Control Environment, Building the Business and Finance.

The Remuneration Committee reviewed performance in depth to determine ratings for the Group and each division, including consideration of risk matters arising in 2016. The overall rating for the Group was Strong plus. Collective performance adjustment consideration was given to items not factored into the Group Underlying Profit or divisional/functional Balanced Scorecards. These included the provisions for legacy conduct-related matters relevant to the year. As a result of these items, the Remuneration Committee approved an overall adjustment of approximately 19 per cent, resulting in a final bonus outcome of £392.9 million.

To ensure fairness for our shareholders, the total bonus outcome is subject to a limit of 10 per cent of pre-bonus underlying profit. For 2016, the bonus outcome of £392.9 million is significantly below the limit of 10 per cent of underlying profit.

Remuneration disclosures (continued)

Deferral, vesting and performance adjustment

To ensure that the interests of Lloyds Banking Group and its employees are aligned with those of the shareholders, and that the approach to risk management supports the interests of all stakeholders, a proportion of bonus above certain thresholds is deferred into Lloyds Banking Group Shares. For all Identified Staff, bonus is deferred in line with the regulatory requirements. This deferred amount is subject to performance adjustment (malus) in accordance with the Group's Deferral and Performance Adjustment Policy. The application of performance adjustment will generally be considered when:

- there is reasonable evidence of employee misbehaviour, misconduct or material error or that they participated in conduct which resulted in losses for the Group or failed to meet appropriate standards of fitness and propriety;
- there is material failure of risk management at a Group, business area, division and/or business unit level;
- the Remuneration Committee determines that the financial results for a given year do not support the level of variable remuneration awarded; and/or
- any other circumstances where the Remuneration Committee or a Division or Function Remuneration Committee acting on their behalf considers adjustments should be made.

The Remuneration Committee reserves the right to exercise its discretion in reducing any payment that otherwise would have been earned, if they deem this appropriate.

For Identified Staff who are also Material Risk Takers under CRD IV vested variable remuneration can be recovered up to seven years after the date of award in the case of a material or severe risk event (clawback). This period may be extended to ten years where there is an ongoing internal or regulatory investigation. The option is used alongside other performance adjustment processes.

Long-term incentives

From 2017, the long-term incentive plan will be known as the Group Ownership Share plan. It is a core part of the reward strategy and an important tool for aligning the Group's reward strategy to the performance of the business. Through the application of carefully considered, stretching target measures, the Group can ensure that awards are forfeited or restricted where performance does not meet the desired level. This directly connects the financial reward for the executive and senior management team with the growth and prosperity of the Group and motivates them to demonstrate appropriate behaviours across all areas of the business. The Group Ownership Share plan pays out in shares based on performance against Group financial and other non-financial strategic targets over a three year period.

Group Ownership Share plan awards are subject to malus and clawback as outlined in the previous section.

Group Ownership Share plan performance measures

During 2016 the Remuneration Committee consulted widely with various shareholders on the topic of performance measures and sharing the growth in the Group appropriately between shareholders and management. The awards made in 2017 are based on the Group's performance against the following key measures: Economic Profit (25%), Total Shareholder Return (30%), Cost: Income ratio (10%) and strategic measures (35%). Any shares released are subject to a further holding period in line with regulatory or market practice.

Governance and risk management

In addition to setting the overall remuneration policy and philosophy for the Group, the Remuneration Committee ensures that colleagues who could have a material impact on the Group's risk profile are provided with appropriate incentives and reward to encourage them to enhance the performance of the Group and that they are recognised for their individual contribution to the success of the organisation, whilst ensuring that there is no reward for excessive risk taking. The Remuneration Committee works closely with the Risk Committee in ensuring the bonus outcome is moderated. The two Committees determine whether the proposed bonus outcome and performance assessments adequately reflect the risk appetite and framework of the Group; whether it took account of current and future risks; and whether any further adjustment is required or merited. The Group and the Remuneration Committee are determined to ensure that the aggregate of the variable remuneration for all colleagues is appropriate and balanced with the interests of shareholders and all other stakeholders.

The Remuneration Committee's terms of reference are available from the Company Secretary and are also displayed on the Group's website, www.lloydsbankinggroup.com. These terms are reviewed each year to ensure continued compliance with the remuneration regulations.

Statement of the Authorised Corporate Director's Responsibilities

for the year ended 31st October 2017

The Financial Conduct Authority Collective Investment Schemes Sourcebook (the "COLL Sourcebook") requires the Authorised Corporate Director ("ACD") to prepare Financial Statements for each accounting period which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial affairs of the Company and of its net revenue and the net capital gains/(losses) for the year.

In preparing the Financial Statements the ACD is required to:

- comply with the Prospectus, the Statement of Recommended Practice (IMA SORP) for Financial Statements of Authorised Funds issued in May 2014, the Instrument of Incorporation, United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is required to keep proper accounting records and to manage the Company in accordance with the COLL Sourcebook, the Instrument of Incorporation and the Prospectus. The ACD is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The ACD is responsible for ensuring that, to the best of their knowledge and belief, there is no relevant audit information of which the auditors are unaware. It is the responsibility of the ACD to take all necessary steps as a director to familiarise themselves with any relevant audit information and to establish that the auditors are aware of that information.

The ACD is also responsible for the maintenance and integrity of the website on which the financial statements and auditors' report are published and distributed electronically. Please note that legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Authorised Corporate Director

In accordance with the requirements of the COLL Sourcebook as issued and amended by the Financial Conduct Authority, I hereby certify the Report on behalf of Scottish Widows Unit Trust Managers Limited, the Authorised Corporate Director.

Sean Lowther
Director
Scottish Widows Unit Trust Managers Limited
19th February 2018

Statement of Depositary's Responsibilities in respect of the Scheme and Report of the Depositary to the Shareholders of the Investment Portfolio ICVC

for the year ended 31st October 2017

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook and the Investment Funds 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;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out;
- the value of shares of the Company are calculated;
- 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 Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that Company is managed in accordance with the Scheme documents and the Regulations 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 AIFM:

- (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, 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
19th February 2018

Independent Auditors' Report to the Shareholders of

Investment Portfolio ICVC ("the Company")

for the year ended 31st October 2017

Report on the audit of the financial statements

Opinion

In our opinion, Investment Portfolio ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31st October 2017 and of the net capital gains/(losses) on the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Investment Portfolio ICVC (the "company") is an Open Ended Investment Company ('OEIC') with seven sub-funds. The financial statements of the company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Long Report (the "Annual Report"), which comprise: the balance sheets as at 31st October 2017; the statement of total return and the statement of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's or any of the sub-funds' ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditors' Report to the Shareholders of

Investment Portfolio ICVC ("the Company")

(continued)

for the year ended 31st October 2017

Responsibilities for the financial statements and the audit

Responsibilities of the Authorised Corporate Director for the financial statements

As explained more fully in the Authorised Corporate Director's Responsibilities Statement set out on page 8, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for 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.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the company's and each of the 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 the Authorised Corporate Director either intends to wind up or terminate the company or individual sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
19th February 2018

Summary of Significant Accounting Policies applicable to all sub-funds

for the year ended 31st October 2017

1. Accounting basis and distribution policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with applicable law, FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and the Statement of Recommended Practice (SORP) for UK Authorised Funds issued by the Investment Management Association (IMA) in May 2014.

The Fund early adopted the FRS102 update made in March 2016, relating to the fair value hierarchy classifications.

(b) Revenue

Interest on deposits are recognised as earned. Revenue from debt securities is accounted for on an effective yield basis.

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

Where accumulation units or shares are held in another authorised collective investment scheme, the accumulation of revenue relating to the holding is recognised in the revenue account including any withholding taxes but excluding tax credits.

Equalisation on distributions received is deducted from the cost of the investment.

Revenue is allocated when earned in the proportion of the Net Asset Value of each share class to the total Net Asset Value of the sub-fund.

(c) Expenses

The underlying sub-funds may currently have up to five share classes; Class A, Class L, Class P, Class Q and Class X. Each share class suffers a different Authorised Corporate Director ("ACD") fee. Consequently the level of expenses attributable to each share class will differ.

All expenses other than those relating to the purchase and sale of investments are included in expenses in the Statement of Total Return. The only exception is interest on borrowing which is included in interest payable and similar charges in the Statement of Total Return.

The ACD's annual fee is charged to the revenue property of the respective sub-funds. Rebates are applied where ACD's fees are incurred by the underlying investments. Internal management fee rebates (rebates from Lloyds Banking Group companies) are offset against the ACD's periodic charge.

Where it is the policy of the underlying investment to charge its management fees to capital in determining its distribution, the Fund recognises such management rebates as capital within note 2 - Net capital gains/(losses) on an accruals basis. Otherwise the rebate is recognised as revenue on an accruals basis within note 3 - revenue, or note 4 - expenses if internal, and forms part of the distribution.

Expenses incurred in respect of, or attributable to, the sub-funds as a whole are allocated when incurred in the proportion of the Net Asset Value of each share class to the total Net Asset Value of the sub-fund.

(d) Distribution policy

The revenue from the sub-funds' investments accumulates during each accounting period. If revenue exceeds expenses during the period, the net revenue of the sub-funds is available for distribution (or re-investment) at share class level to the shareholders in accordance with the OEIC Regulations. If expenses exceed revenue during the period, the net revenue shortfall may be funded from capital.

It is the policy of the following sub-funds to make interest distributions:

IPS Higher Income Portfolio, IPS Income Portfolio and Managed Growth Fund 2.

All other sub-funds make dividend distributions.

Under the IMA SORP 2014 section 3.71, it is now acceptable not to take into account marginal tax relief in determining the distribution.

(e) Taxation

Provision is made for corporation tax at the current rate on the excess of taxable income over allowable expenses. UK dividend revenue is disclosed net of any related tax credit. Overseas dividends continue to be disclosed gross of any foreign tax suffered, the tax element being separately disclosed in the taxation note.

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

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

for the year ended 31st October 2017

1. Accounting basis and distribution policies (continued)

(f) Valuation of investments

The listed investments of the Company have been valued at market value on 31st October 2017 at (GMT) 12:00pm, excluding any accrued interest in the case of fixed interest securities. Market value is defined by the SORP as fair value, which is generally the bid value of each security. Where applicable, illiquid, unlisted, delisted, unapproved or suspended securities are based on the ACD's assessment of their net realisable 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 at their fair value as at balance sheet date. The fair value of long positions is the quoted bid price and fair value of short positions is the quoted offer price. The net gains/(losses) are reflected in "Future and option contracts" in Net capital gains/(losses).

For debt security investments where no independent price is readily available, an internal model price methodology is used. Credit spreads are often used as inputs into fair value modelling.

A review of all illiquid assets and prices obtained or calculated is conducted by the Investment Adviser on a monthly basis.

Unquoted debt securities

In order to ensure that a fair value is recognised for unquoted or illiquid debt securities, there are primary, secondary and tertiary price sources in the first instance and an independent broker will be used if necessary. The primary, secondary and tertiary price sources are regularly compared with one another to ensure accuracy. A formal review is then carried out by the ACD which challenges the external valuation and includes consideration of the impact of any relevant movements in underlying variables such as:

- underlying movements in the relevant markets, for example credit spreads;
- how current transactions are being priced in the market;
- how the security is structured; and
- any supporting quantitative analysis as appropriate, for example with reference to Bloomberg or internal models.

Investments in other collective investment schemes have been valued at bid price for dual priced funds and at the single price for single priced funds.

(g) Exchange rates

All transactions in foreign currencies are translated into Sterling at the rate of exchange ruling on the date of such transactions. Foreign currency assets and liabilities at the end of the accounting year are translated at the exchange rates applicable at the end of the accounting year at the appropriate valuation point.

(h) Dilution adjustment

In certain circumstances (as detailed in the Prospectus) the ACD may charge a dilution adjustment on the creation or cancellation of shares, which is paid into the capital of the relevant sub-fund on an accruals basis. The adjustment is intended to cover certain dealing charges not included in the mid-market value of the sub-fund used in calculating the share price, which could have a diluting effect on the sub-fund.

(i) Equalisation

Equalisation only applies to shares purchased during the distribution period (group 2 shares). It is the average amount of revenue 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 the shares for capital gains tax purposes.

(j) Derivatives

Some of the sub-funds may enter into permitted transactions such as derivative contracts or forward currency contracts. Where these transactions are used to protect or enhance revenue, the revenue and expenses are included within net revenue in the Statement of Total Return.

Where the transactions are used to protect or enhance investments, the gains/losses are treated as capital and included within gains/losses on investments in the Statement of Total Return. Any open positions in these types of transactions at the year end are included in the Balance Sheet at their mark to market value.

(k) Securities Financing Transactions

Please note there have been no Securities Financing Transactions, therefore no Securities Financing Transactions note is presented.

Asset Allocator Fund

Investment Markets Overview

for the year ended 31st October 2017

Investment Objective and Policy

The Fund aims to achieve a combination of income and capital growth by utilising a tactical investment strategy which aims to maximise return by increasing and decreasing from time to time the amounts invested in the various asset classes that are open to the Fund in accordance with the FCA Rules. The Fund will gain exposure to a range of asset classes and geographic regions. The Fund has been designed to be held as part of an existing portfolio of investments through which investors can achieve a tactical investment strategy.

Subject to the FCA Rules, the Fund will have no restrictions on the proportions of assets which may be held.

The Fund will invest (directly or indirectly) in permitted derivative contracts (including futures, options, swaps, forward contracts and other derivatives), fixed interest securities (including government and supranational bonds, corporate bonds, high yield bonds, covered bonds and emerging markets debt), equities, money market instruments, cash, near cash and deposits. The Fund may take long and short positions in markets and securities through derivative contracts but total net derivatives exposure may not exceed the limits in the FCA Rules. The Fund will also gain indirect exposure to other types of assets (such as property, private equity, hedge funds and commodities) through investment in units and/or shares of collective investment schemes, companies and other vehicles which invest in such assets.

In addition, the Fund may invest, at the investment adviser's discretion, in other transferable securities (including warrants) and use may also be made of stock lending/repo, borrowing and hedging and other techniques permitted by the FCA Rules.

The investment adviser may hedge any non-sterling assets back to sterling at its discretion.

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches

<p>The Fund is ranked at 4* because it has experienced medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 17th November 2017.</p>	<p style="text-align: center;">Typically lower rewards, lower risks</p> <p style="text-align: center;">←</p>							<p style="text-align: center;">Typically higher rewards, higher risks</p> <p style="text-align: center;">→</p>						
	1	2	3	4	5	6	7							

Risk Management - Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October 2017, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/17
	%
Gross leverage	241.88
Commitment leverage	218.35

for the year ended 31st October 2017

Investment Review

Performance	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %	01/11/13 to 31/10/14 %	01/11/12 to 31/10/13 %
Asset Allocator Fund A Accumulation	3.82	6.03	(0.34)	2.55	3.93

Source: Lipper. Basis: Net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The UK equity market underperformed most of its developed-market peers, but still delivered positive returns. These gains were partly a consequence of weakness in the pound, which has boosted the profits of FTSE 100 companies with large global operations. Towards the end of the period, however, this was tempered by indications that the Bank of England might raise UK interest rates before the end of the year. Sterling rebounded strongly in September, hitting a one-year high against the US dollar and curbing the share-price gains of the UK's largest companies. The pound's renewed weakness in October allowed the FTSE to resume its upward course.

European equities performed well too, helped by optimism about greater political stability after defeats for populist candidates in the Dutch and French elections. There was a political crisis of a different sort at the end of the period, however, as the Catalan parliament formally declared independence from Spain, prompting the Spanish government to impose direct rule on the semi-autonomous region.

The US equity market was strong too. Shares reached a series of record highs following Donald Trump's victory in the country's presidential election. The rally stalled in late summer by concerns that the Trump administration might be unable to push its economic stimulus plans through Congress. In the autumn, however, strong corporate earnings allowed the market to resume its upward trajectory.

The UK bond market produced only marginally positive returns. The 10-year gilt yield (which moves in the opposite direction to bond prices) fell slightly, to end the period at 1.33%. Corporate bonds outperformed government bonds, as investors were comfortable with taking on more risk. High-yield corporate bonds, which offer a potentially higher level of return, but represent a more risky investment than investment-grade corporate bonds, produced even better returns.

Stock selection within the UK equity and government bond portions of the portfolio had a negative effect on relative returns. This was partially offset by the outperformance of the global corporate bond portfolio.

Over the period we became more positive towards equities and more negative about fixed income as an asset class, which at current levels provides neither significant protection, nor an attractive level of yield. We are particularly negative about European bonds, some of which yield close to zero.

Overall, we favour overseas equities over the UK and within bond markets we favour corporate bonds over their government-issued counterparts.

Aberdeen Investment Solutions Limited

November 2017

Asset Allocator Fund

Portfolio Statement

as at 31st October 2017

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
FINANCIALS (98.82%*)		1,106,947	67.75
Collective Investment Schemes			
Aberdeen Liquidity Fund (Lux) - Sterling Fund Z-3 Inc†∅	356,903	356,903	21.84
Aberdeen UK Equity Index Managed Fund Q Inc (formerly Aberdeen UK Enhanced Equity Fund Q Inc)∅	5,348,267	8,819	0.54
Candriam Bonds Emerging Markets Fund I GBP (Hedged) Inc	51,970	79,654	4.88
Federated Short-Term Sterling Prime Fund 3 Inc	100,000,000	100,000	6.12
Legal & General International Index Trust C Inc	76,943,195	84,868	5.19
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	19,985,157	123,309	7.55
Scottish Widows Multi-Manager International Equity Fund P Inct	78,661,943	255,887	15.66
Scottish Widows Multi-Manager UK Equity Focus Fund P Inct	49,171,433	97,507	5.97
FIXED INCOME (0.00%*)		484,586	29.66
Government Bonds			
Canadian Government Bond 0.75% 01/08/2019	CAD191,113,000	111,308	6.81
UK Treasury 1.5% 22/07/2047	GBP70,587,413	64,211	3.93
United States Treasury 0.125% Inflation Indexed Bonds 15/04/2022	USD297,510,900	226,802	13.88
United States Treasury 0.375% Inflation Indexed Bonds 15/01/2027	USD50,134,400	38,011	2.33
United States Treasury 1% Inflation Indexed Bonds 15/02/2046	USD28,881,900	22,964	1.41
United States Treasury 0.875% Inflation Indexed Bonds 15/02/2047	USD28,098,900	21,290	1.30
DERIVATIVES (-1.67%*)		28,486	1.74
Forward Currency Contracts			
Canadian Dollar			
Sold CAD188,711.000 for GBP114,370,996 Settlement 14/12/2017		3,349	0.20
Euro			
Bought EUR18,400.000 for GBP16,309,190 Settlement 14/12/2017		(90)	(0.01)
Bought EUR110,630.000 for GBP98,059,002 Settlement 14/12/2017		(544)	(0.03)
Sold EUR110,630.000 for GBP101,620,846 Settlement 14/12/2017		4,105	0.25
Japanese Yen			
Bought JPY1,170,875.000 for GBP8,270,585 Settlement 14/12/2017		(449)	(0.03)
US Dollar			
Sold USD339,064,000 for GBP257,877,664 Settlement 14/12/2017		1,703	0.11

Asset Allocator Fund

Portfolio Statement

(continued)

as at 31st October 2017

	Holdings	Market Value £000	Total Net Assets %
Futures Contracts			
Canadian Government Bond 10 Year Futures December 2017	3,021	(756)	(0.05)
Euro BTP Italian 10 Year Government Bond Futures December 2017	(1,760)	(5,398)	(0.33)
Euro OAT Futures December 2017	(951)	(1,026)	(0.06)
EURO STOXX 50 Index Futures December 2017	7,405	11,639	0.71
German Euro Bund Futures December 2017	(1,460)	(478)	(0.03)
MSCI Emerging Markets Index Futures December 2017	(2,025)	(1,815)	(0.11)
MSCI Pacific Ex Japan Index Futures December 2017	(893)	(28)	0.00
NASDAQ 100 E Mini Index Futures December 2017	(947)	(4,039)	(0.25)
S&P 500 E Mini Index Futures December 2017	345	1,429	0.09
TOPIX Index Futures December 2017	1,786	19,658	1.20
UK Long Gilt Bond Futures December 2017	718	474	0.03
US Treasury Note 2 Year Futures December 2017	1,271	(811)	(0.05)
US Treasury Note 10 Year Ultra Bond Futures December 2017	(2,451)	1,736	0.11
US Treasury Ultra Bond Futures December 2017	(509)	(173)	(0.01)
Portfolio of investments[^]		1,620,019	99.15
Net other assets		13,849	0.85
Total net assets		1,633,868	100.00

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated. Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

*Comparative figures shown in brackets relate to 31st October 2016.

[^]Including investment liabilities.

[†]This investment is a related party (see note 11).

[‡]Cash equivalents.

[◇]Asset managed by the Investment Adviser or a related party of the Investment Adviser.

Asset Allocator Fund

Material Portfolio Changes

for the year ended 31st October 2017

	Cost £000		Proceeds £000
Major purchases		Major sales	
Aberdeen Liquidity Fund (Lux) - Sterling Fund Z-3 Inc‡◇	814,339	German Euro Bund Futures June 2017	494,575
German Euro Bund Futures June 2017	502,187	Aberdeen Liquidity Fund (Lux) - Sterling Fund Z-3 Inc‡◇	492,469
German Euro Bund Futures September 2017	499,367	German Euro Bund Futures September 2017	475,116
German Euro Bund Futures March 2017	472,717	iShares USD TIPS UCITS#	471,727
German Euro BOBL Futures December 2016	451,062	German Euro Bund Futures March 2017	455,251
US Treasury Note 2 Year Futures June 2017	396,499	US Treasury Note 10 Year Ultra Bond Futures December 2017	387,008
US Treasury Note 10 Year Ultra Bond Futures March 2017	363,435	US Treasury Note 2 Year Futures June 2017	384,772
iShares USD TIPS UCITS#	329,065	US Treasury Note 10 Year Ultra Bond Futures March 2017	361,362
US Treasury Note 2 Year Futures September 2017	321,083	German Euro Bund Futures December 2017	352,321
UK Long Gilt Bond Futures March 2017	276,977	US Treasury Note 2 Year Futures September 2017	322,626

Purchases and sales of Futures have been included at the value of their exposure.

‡Cash equivalents.

#Exchange Traded Fund.

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

Asset Allocator Fund

Comparative Table

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class A - Accumulation			
Change in net assets per share			
Opening net asset value per share	123.04	116.06	116.49
Return before operating charges*	7.16	9.20	1.93
Operating charges	(2.41)	(2.22)	(2.36)
Return after operating charges*	4.75	6.98	(0.43)
Distributions	(0.86)	(0.47)	(0.32)
Retained distributions on accumulation shares	0.86	0.47	0.32
Closing net asset value per share	127.79	123.04	116.06
*after direct transaction costs of:~	0.05	0.03	0.02
Performance			
Return after charges^	3.86%	6.01%	(0.37)%
Other information			
Closing net asset value (£000)	309	2	8
Closing number of shares	242,000	1,726	7,421
Operating charges#	1.91%	1.91%	2.00%
Direct transaction costs~	0.04%	0.03%	0.01%
Prices**			
Highest share price	128.20	123.30	121.80
Lowest share price	120.10	108.00	112.20

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This is different to the performance return stated in the Investment Market Review which is sourced from Lipper and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Asset Allocator Fund

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class P - Income			
Change in net assets per share			
Opening net asset value per share	118.54	112.19	113.13
Return before operating charges*	6.50	8.64	1.59
Operating charges	(0.74)	(0.71)	(0.80)
Return after operating charges*	5.76	7.93	0.79
Distributions	(2.06)	(1.58)	(1.73)
Closing net asset value per share	122.24	118.54	112.19
*after direct transaction costs of:~	0.04	0.03	0.01
Performance			
Return after charges	4.86%	7.07%	0.70%
Other information			
Closing net asset value (£000)	114,570	107,336	60,786
Closing number of shares	93,725,127	90,550,072	54,181,339
Operating charges#	0.61%	0.62%	0.70%
Direct transaction costs~	0.04%	0.03%	0.01%
Prices**			
Highest share price	123.40	119.40	118.90
Lowest share price	115.80	104.70	109.20

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Asset Allocator Fund

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class Q - Income			
Change in net assets per share			
Opening net asset value per share	118.55	112.20	113.14
Return before operating charges*	6.48	8.61	1.58
Operating charges	(0.64)	(0.62)	(0.72)
Return after operating charges*	5.84	7.99	0.86
Distributions	(2.14)	(1.64)	(1.80)
Closing net asset value per share	122.25	118.55	112.20
*after direct transaction costs of:~	0.04	0.03	0.01
Performance			
Return after charges	4.93%	7.12%	0.76%
Other information			
Closing net asset value (£000)	1,518,989	1,473,579	1,324,261
Closing number of shares	1,242,490,750	1,243,010,495	1,180,273,360
Operating charges#	0.53%	0.55%	0.63%
Direct transaction costs~	0.04%	0.03%	0.01%
Prices**			
Highest share price	123.50	119.50	118.90
Lowest share price	115.80	104.70	109.20

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Asset Allocator Fund

Statement of Total Return

for the year ended 31st October 2017

	Notes	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
		£000	£000	£000	£000
Income					
Net capital gains	2		50,444		85,025
Revenue	3	37,701		27,555	
Expenses	4	(2,944)		(2,667)	
Interest payable and similar charges		(406)		(143)	
Net revenue before taxation		34,351		24,745	
Taxation	5	(5,585)		(3,443)	
Net revenue after taxation			28,766		21,302
Total return before distributions			79,210		106,327
Distributions	6		(28,771)		(21,338)
Change in net assets attributable to shareholders from investment activities			50,439		84,989

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2017

	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		1,580,917		1,385,055
Amounts receivable on creation of shares	74,845		309,625	
Less: Amounts payable on cancellation of shares	(72,354)		(198,796)	
		2,491		110,829
Dilution adjustment		18		44
Change in net assets attributable to shareholders from investment activities		50,439		84,989
Retained distributions on accumulation shares		3		-
Closing net assets attributable to shareholders		1,633,868		1,580,917

Notes to the Financial Statements are on pages 24 to 31.

Asset Allocator Fund

Balance Sheet

as at 31st October 2017

	Notes	31/10/17 £000	31/10/16 £000
Assets			
Fixed assets			
Investments (excluding cash equivalents)‡		1,278,723	1,386,219
Current assets			
Debtors	8	5,656	10,683
Cash and bank balances	9	23,989	49,284
Cash equivalents‡		356,903	194,729
Total assets		1,665,271	1,640,915
Liabilities			
Investment liabilities		(15,607)	(45,010)
Creditors			
Bank overdrafts		(1,592)	(1,151)
Distribution payable		(10,966)	(9,346)
Other creditors	10	(3,238)	(4,491)
Total liabilities		(31,403)	(59,998)
Net assets attributable to shareholders		1,633,868	1,580,917

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 24 to 31.

Asset Allocator Fund

Notes to the Financial Statements

for the year ended 31st October 2017

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 12 and 13.

2. Net capital gains

The net capital gains during the year comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Non-derivative securities	(17,979)	141,865
Futures and swap contracts	29,711	(3,266)
Forward currency contracts	39,220	(52,340)
Currency losses	(531)	(2,349)
Transaction charges	(2)	(2)
ACD's periodic charge rebates taken to capital	25	179
Cost Reimbursements & Compensation for Error~	-	938
Net capital gains*	<u>50,444</u>	<u>85,025</u>

*Includes realised gains of £34,032,000 and unrealised gains of £16,412,000 (31/10/16: realised losses of £2,861,000 and unrealised gains of £87,886,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

~Compensation received from Aberdeen Asset Management with regards to futures trades.

3. Revenue

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	6,453	7,708
Unfranked investment income	-	54
Interest distributions	2,577	2,785
Offshore distribution taxable	25,254	16,274
Bank interest	3	167
Interest on debt securities	3,414	520
AMC rebates	-	47
Total revenue	<u>37,701</u>	<u>27,555</u>

4. Expenses

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	2,619	2,417
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	175	160
Safe custody fees	48	13
	<u>223</u>	<u>173</u>
Other expenses:		
Audit fee	12	12
Professional fees*	-	1
Registration fees	1,296	1,040
Expense capping adjustment†	(1,206)	(976)
	<u>102</u>	<u>77</u>
Total expenses	<u>2,944</u>	<u>2,667</u>

Expenses include irrecoverable VAT.

†From 9th May 2014 within the Q share class no registration fee has been deducted and this has been borne by the ACD.

*Professional fees are in relation to operational tax advisory services paid to Ernst & Young.

Notes to the Financial Statements

(continued)

for the year ended 31st October 2017

5. Taxation

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
(a) Analysis of charge in year:		
Corporation tax	5,585	3,443
Double tax relief	-	(176)
Irrecoverable overseas tax	-	176
Total taxation (note 5b)	<u>5,585</u>	<u>3,443</u>

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:

Net revenue before taxation	34,351	24,745
Corporation tax of 20% (2016: 20%)	6,870	4,949
Effects of:		
Franked UK income*	(1,290)	(1,542)
Double tax relief	-	(176)
Irrecoverable overseas tax	-	176
Taxable income taken to capital	5	36
Total tax charge for year (note 5a)	<u>5,585</u>	<u>3,443</u>

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

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

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Interim	17,656	12,154
Final	10,966	9,346
	<u>28,622</u>	<u>21,500</u>
Add: Revenue deducted on cancellation of shares	295	496
Deduct: Revenue received on creation of shares	(146)	(658)
Net distributions for the year	<u>28,771</u>	<u>21,338</u>

Details of the distribution per share is set out in the Distribution Tables on pages 32 to 33.

7. Movement between net revenue and net distributions

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Net revenue after taxation	28,766	21,302
Tax relief on AMC's periodic charge rebate	5	36
Net distributions for the year	<u>28,771</u>	<u>21,338</u>

for the year ended 31st October 2017

8. Debtors

	31/10/17	31/10/16
	£000	£000
Sales awaiting settlement	-	466
Amounts receivable for issue of shares	58	6,531
Accrued revenue	5,091	3,139
Expense capping adjustment receivable	102	101
Income tax recoverable	405	446
Total debtors	<u>5,656</u>	<u>10,683</u>

9. Cash and bank balances

	31/10/17	31/10/16
	£000	£000
Cash and bank balances	-	7,804
Amounts held at futures clearing houses and brokers	23,989	41,480
Total cash and bank balances	<u>23,989</u>	<u>49,284</u>

10. Other creditors

	31/10/17	31/10/16
	£000	£000
Amounts payable for cancellation of shares	640	1,920
Accrued expenses	374	371
Corporation tax payable	2,224	2,200
Total other creditors	<u>3,238</u>	<u>4,491</u>

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees (Registrar has changed from Bank of New York Mellon (International) Limited to Scottish Widows Unit Trust Managers Limited in the current year) are disclosed in note 2 and 4, with £328,137 (31/10/16: £216,117) due at the year end.

Amounts paid by Scottish Widows Unit Trust Managers Limited in respect of the Expense capping adjustments are disclosed in note 4 with £101,570 (31/10/16: £100,602) due at the year end.

The Fund has a related party holding of 127,833,376 shares (31/10/16: 123,849,010 shares) and value of £353,394,252 (31/10/16: £295,253,053) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £5,198,476 (31/10/16: £7,761,887).

Shares held by associates of the ACD

On 31st October 2017, shares held as a percentage of the Fund's value were:

	31/10/17	31/10/16
	%	%
ACD and associates of the ACD	0.04	0.05

Material Shareholders

Boltro Nominees Limited held 53.54% of the Fund at 31st October 2017 (31/10/16: 52.18%).

Perry Nominees Limited held 39.98% of the Fund at 31st October 2017 (31/10/16: 41.13%).

for the year ended 31st October 2017

12. Share classes

The Fund has three share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	1.50
Share Class P - Income:	0.20
Share Class Q - Income:	0.20

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 19 to 21.

The distributions per share class are given in the Distribution Tables on pages 32 to 33.

Reconciliation of the shares movement in the year:

	01/11/16				31/10/17
	Opening shares in issue	Creations	Cancellations	Shares converted	Closing shares in issue
Share Class A - Accumulation	1,726	299,000	(58,726)	-	242,000
Share Class P - Income	90,550,072	14,831,003	(11,655,948)	-	93,725,127
Share Class Q - Income	1,243,010,495	48,148,411	(48,668,156)	-	1,242,490,750

13. Capital commitments and contingent liabilities

On 31st October 2017, the Fund had no capital commitments (31/10/16: £nil) and no contingent liabilities (31/10/16: £nil).

14. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 14. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 31st October 2017, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been an increase or decrease of approximately £969,362 (31/10/16: £1,685,353).

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure 31/10/17 £000	Currency exposure 31/10/16 £000
Australian dollar	-	(4)
Canadian dollar	(259)	-
Euro	20,957	21,820
Japanese yen	26,721	14,745
US dollar	49,517	(205,096)
Total	<u>96,936</u>	<u>(168,535)</u>

The Fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the Fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the Fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Fund in circumstances where no such hedging transactions are undertaken.

for the year ended 31st October 2017

(b) *Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in regulated collective investment schemes and exchange traded funds. The cash flow from the Fund's investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating long term capital growth.

The Fund's net cash overdraft of £834,303 (31/10/16: holding £7,804,154) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £23,231,075 (31/10/16: cash £40,328,392), whose rates are on based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

(c) *Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts with exception to forward currency contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

Financial derivative instrument exposure - fair value	Value (£)	Value (£)
	31/10/17	31/10/16
Exchange traded derivatives	34,936,338	17,426,905
Forward currency contracts	9,157,107	1,245,884
Total Financial derivative instrument exposure	44,093,445	18,672,789

Financial derivative instrument exposure - notional	Value (£)	Value (£)
	31/10/17	31/10/16
Exchange traded derivatives	2,108,364,359	1,585,943,654
Forward currency contracts	391,236,932	503,895,489
Total Financial derivative instrument exposure	2,499,601,291	2,089,839,143

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

Efficient portfolio management techniques	Value (£)	Value (£)
	31/10/17	31/10/16
Underlying exposure obtained through EPM techniques	2,499,601,291	2,089,839,143

Notes to the Financial Statements

(continued)

for the year ended 31st October 2017

Counterparties to financial derivative instruments and efficient portfolio management techniques	Value (£)	Value (£)
	31/10/17	31/10/16
Bank of New York - Forward currency contracts	3,348,598	-
BNP Paribas - Forward currency contracts	-	(1,365,984)
Deutsche Bank - Forward currency contracts	-	(4,880,452)
HSBC Bank - Forward currency contracts	1,703,188	1,191,932
Royal Bank of Canada - Forward currency contracts	3,655,995	(28,676,898)
State Street Bank - Forward currency contracts	(633,869)	-
Merrill Lynch - Futures contracts	20,412,107	7,393,764
Total uncollateralised counterparty exposure	28,486,019	(26,337,638)

The counterparty exposure represents the amount that the Fund could lose (or gain) if the counterparty defaulted. This is calculated as the unrealised profit (or loss) on the trade. It is therefore a different amount to the value of the sum of the notionals.

Collateral	Value (£)	Value (£)
	31/10/17	31/10/16
The type and amount of collateral received to reduce counterparty exposure:		
GBP Cash - Merrill Lynch	23,806,239	41,479,360
AUD Cash - Merrill Lynch	9	(3,530)
EUR Cash - Merrill Lynch	396	(1,115)
JPY Cash - Merrill Lynch	(757,792)	(748,605)
USD Cash - Merrill Lynch	182,224	(397,718)

(d) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes Funds are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2017, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £16,200,191 (31/10/16: £15,359,378).

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

for the year ended 31st October 2017

15. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Collective Investment Schemes	1,787,751	1,473,818	2,247,738	1,366,919
Fixed Income	629,063	-	129,917	54,925
Swaps	-	379,971	-	385,599
Trades in the year before transaction costs	2,416,814	1,853,789	2,377,655	1,807,443
Commissions				
Collective Investment Schemes	99	154	(198)	(66)
Futures	147	88	(147)	(82)
Total commissions	246	242	(345)	(148)
Taxes				
Collective Investment Schemes~	-	-	-	0
Total costs	246	242	(345)	(148)
Total net trades in the year after transaction costs	2,417,060	1,854,031	2,377,310	1,807,295

~The value of transaction costs is below £500 and is therefore rounded down to £0.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions				
Collective Investment Schemes	0.01	0.01	0.01	0.00
Taxes				
Collective Investment Schemes	-	-	-	0.00

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

	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions	0.04	0.03
Taxes	-	0.00
Total costs	0.04	0.03

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. Other types of investments such as collective investment schemes, swaps and fixed income have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.03% (31/10/16: 0.03%).

for the year ended 31st October 2017

16. Fair value

Valuation technique	31/10/17		31/10/16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	876,425	(14,524)	577,675	(10,033)
Level 2	759,201	(1,083)	1,003,273	(34,977)
Level 3	-	-	-	-
Total fair value	1,635,626	(15,607)	1,580,948	(45,010)

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

The Fund early adopted the FRS102 update made in March 2016.

Asset Allocator Fund

Distribution Tables

for the year ended 31st October 2017

Distribution in pence per share

Group 1 Interim Shares purchased prior to 1st November 2016

Final Shares purchased prior to 1st May 2017

Group 2 Interim Shares purchased on or between 1st November 2016 and 30th April 2017

Final Shares purchased on or between 1st May 2017 and 31st October 2017

Share Class A - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
Interim	0.7144	-	0.7144	0.3391
Final	0.1458	-	0.1458	0.1320
Group 2	(p)	(p)	(p)	(p)
Interim	0.7144	-	0.7144	-
Final	0.1458	-	0.1458	-

Share Class P - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
Interim	1.2763	-	1.2763	0.9146
Final	0.7840	-	0.7840	0.6641
Group 2	(p)	(p)	(p)	(p)
Interim	0.8719	0.4044	1.2763	0.9146
Final	0.5918	0.1922	0.7840	0.6641

Share Class Q - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
Interim	1.3147	-	1.3147	0.9391
Final	0.8234	-	0.8234	0.7035
Group 2	(p)	(p)	(p)	(p)
Interim	1.0342	0.2805	1.3147	0.9391
Final	0.4857	0.3377	0.8234	0.7035

for the year ended 31st October 2017

Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Interim - 14.78% of the dividend, is received as franked investment income.

Interim - 85.22% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Final - 34.77% of the dividend, is received as franked investment income.

Final - 65.23% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

IPS Growth Portfolio

Investment Markets Overview

for the year ended 31st October 2017

Investment Objective and Policy

The Fund aims to achieve long-term capital growth through investment in a portfolio which gives exposure to a wide range of asset classes through either direct or indirect investments.

The Fund will provide exposure to equities (which may include UK, overseas or emerging markets) and fixed interest securities (which may include UK government bonds, other sterling denominated bonds, high yield bonds, overseas bonds, covered bonds and convertibles). The Fund may also provide exposure to a combination of any or all of the following: "alternative" asset classes (including but not limited to private equity, hedge funds and commodities) as well as UK or overseas property.

In order to gain exposure to these asset classes the Fund may invest (directly or indirectly) in a combination of any or all of the following: collective investment schemes, transferable securities (including closed end funds and/or warrants), depositary receipts, money market instruments, cash, near cash, deposits, derivatives, forward contracts and other regulated vehicles.

Use may also be made of unregulated collective investment schemes, stock lending/repo, borrowing, hedging and other techniques permitted by FCA Rules.

It is intended that the Fund will normally be fully invested however all or part of the assets of the Fund may from time to time be invested in cash, deposits, and/or money market instruments in the interests of efficient fund management.

The Investment Adviser may delegate some or all of its duties in respect of the Fund to one or more Sub-Advisers.

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches

The Fund is ranked at 4* because it has experienced medium levels of volatility over the past 5 years. *As disclosed in the key investor information document dated 17th November 2017.	Typically lower rewards, lower risks			Typically higher rewards, higher risks			
	←				→		
	1	2	3	4	5	6	7

Risk Management - Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October 2017, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/17
	%
Gross leverage	117.08
Commitment leverage	113.16

for the year ended 31st October 2017

Investment Review

Performance	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %	01/11/13 to 31/10/14 %	01/11/12 to 31/10/13 %
IPS Growth Portfolio A Accumulation	11.74	15.33	5.24	3.69	18.44

Source: Aberdeen. Basis: Net revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The IPS Growth Portfolio invests mainly in equities, although there are smaller holdings in assets such as corporate bonds and commercial property. The UK equity market underperformed most of its developed-market peers, but still delivered positive returns. These gains were partly a consequence of weakness in the pound, which has boosted the profits of FTSE 100 companies with large global operations. Towards the end of the period, however, this was tempered by indications that the Bank of England might raise UK interest rates before the end of the year. Sterling rebounded strongly in September, hitting a one-year high against the US dollar and curbing the share-price gains of the UK's largest companies. The pound's renewed weakness in October allowed the FTSE to resume its upward course.

Japanese equities produced some of the period's best returns. This was based largely on hopes that weakness in the yen will boost sales of the country's market-leading exporters.

European equities performed well, helped by optimism about greater political stability after defeats for populist candidates in the Dutch and French elections. There was a political crisis of a different sort at the end of the period, however, as the Catalan parliament formally declared independence from Spain, prompting the Spanish government to impose direct rule on the semi-autonomous region.

The US equity market was strong too. Shares reached a series of record highs following Donald Trump's victory in the country's presidential election. The rally stalled in late summer by concerns that the Trump administration might be unable to push its economic stimulus plans through Congress. In the autumn, however, strong corporate earnings allowed the market to resume its upward trajectory.

The UK bond markets produced only marginally positive returns. The 10-year gilt yield (which moves in the opposite direction to bond prices) fell slightly, to end the period at 1.33%. Corporate bonds outperformed government bonds, as investors were comfortable with taking on more risk. High-yield corporate bonds, which offer a potentially higher level of return, but represent a more risky investment than investment-grade corporate bonds, produced even better returns.

The UK commercial property market made gains, but lagged behind equities. Concerns about the UK departure from the European Union continue to affect investors, but a need for income-generating investments and low supplies of good-quality properties have helped support prices. In particular, London's property market continues to perform better than many experts had anticipated, with prices for some of the city's most prestigious buildings hitting new highs.

The Fund produced a return of 11.74% during the review period. The performance of the Fund was boosted by good stock selection within the UK equity and global equity holdings, which both rose in value by more than the wider stock market, thereby enhancing returns to investors.

The Fund has held a relatively small allocation to UK equities, which proved beneficial as returns from international markets were greater. We held relatively large positions in Europe and Japan. We think that shares from these regions will benefit from economic stimulus measures and that share prices in these areas appear good value. Our main concern about the UK market is the uncertainty faced by the economy and companies ahead of the country's exit from the European Union.

The Fund's relatively small positions in bonds also helped its performance, as returns from bond markets were more subdued than those from the equity markets. In this regard, the low allocation to overseas bonds was particularly beneficial.

Overall, we favour equities over bonds and commercial property. We think the portfolio is well positioned to participate in any future stock-market gains, while offering some diversification via the holdings in corporate bonds and property.

Aberdeen Investment Solutions Limited

November 2017

IPS Growth Portfolio

Portfolio Statement

as at 31st October 2017

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
FINANCIALS (99.34%*)		1,663,015	95.39
Collective Investment Schemes			
Aberdeen Alternative Strategies Fund Q Roll Up∅	74	1	0.00
Aberdeen Corporate Bond Fund Q Inc∅	332,956	380	0.02
Aberdeen Liquidity Fund (Lux) - Sterling Fund K-3 Inc±∅	88,912,120	88,912	5.10
Aberdeen UK Equity Index Managed Fund Q Inc (formerly Aberdeen UK Enhanced Equity Fund Q Inc)∅	90,540,260	149,301	8.56
Aberdeen UK Property Feeder Unit Trust J Inc∅	29,691,354	34,807	2.00
Aviva Investors International Index Tracker 2 Acc	5,027,503	8,904	0.51
Candriam Bonds Emerging Markets Fund I GBP (Hedged) Inc	5,370	8,230	0.47
Eastspring US Corporate Bond Fund RGDM GBP (Hedged) Inc	653,550	6,546	0.38
Fidelity Euro Corporate Bond Fund Y Inc	2,831,573	2,934	0.17
Findlay Park American Fund USD Inc	2,008,355	159,875	9.17
iShares UK Gilts All Stocks Index Fund H Inc	31,494,289	35,053	2.01
J O Hambro Continental European Fund Y Inc	26,172,154	44,859	2.57
Legal & General International Index Trust C Inc	47,525,833	52,421	3.01
PIMCO Global Bond Fund Institutional GBP (Hedged) Inc	2,295,424	31,516	1.81
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	3,991,268	24,626	1.41
PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	531,228	7,458	0.43
Pioneer Emerging Markets Bond Fund I GBP (Hedged) Acc	43,746	45,787	2.63
Scottish Widows Asia Pacific Ex Japan Equity Index Fund X Acct	12,504,902	16,769	0.96
Scottish Widows Multi-Manager Global Real Estate Securities Fund P Inc†	27,673,149	47,847	2.74
Scottish Widows Multi-Manager International Equity Fund P Inc†	169,911,966	552,724	31.70
Scottish Widows Multi-Manager UK Equity Focus Fund P Inc†	118,233,883	234,458	13.45
Scottish Widows Multi-Manager UK Equity Income Fund P Inc†	69,284,018	109,607	6.29
FIXED INCOME (0.00%*)		77,469	4.44
Government Bond			
United States Treasury 0.125% Inflation Indexed Bonds 15/04/2022	USD59,635,900	45,462	2.61
United States Treasury 0.375% Inflation Indexed Bonds 15/01/2027	USD31,609,000	23,965	1.37
United States Treasury 1% Inflation Indexed Bonds 15/02/2046	USD5,093,100	4,050	0.23
United States Treasury 0.875% Inflation Indexed Bonds 15/02/2047	USD5,267,900	3,992	0.23
DERIVATIVES (0.07%*)		7,216	0.42
Forward Currency Contracts			
Euro			
Bought EUR5,700,000 for GBP5,235,821 Settlement 14/12/2017		(211)	(0.01)
Japanese Yen			
Bought JPY3,983,877,000 for GBP28,140,488 Settlement 14/12/2017		(1,529)	(0.09)
US Dollar			
Sold USD88,758,000 for GBP67,505,562 Settlement 14/12/2017		446	0.03

IPS Growth Portfolio

Portfolio Statement

(continued)

as at 31st October 2017

	Holdings	Market Value £000	Total Net Assets %
Futures Contracts			
EURO STOXX 50 Index Futures December 2017	1,092	1,706	0.10
German Euro Bund Futures December 2017	(597)	(198)	(0.01)
MSCI Pacific Ex Japan Index Futures December 2017	(190)	(6)	0.00
NASDAQ 100 E Mini Index Futures December 2017	(98)	(418)	(0.02)
S&P 500 E Mini Index Futures December 2017	180	745	0.04
TOPIX Index Futures December 2017	585	6,439	0.37
UK Long Gilt Bond Futures December 2017	33	(85)	(0.01)
US Treasury Ultra 10 Year Futures December 2017	(245)	327	0.02
Portfolio of investments[^]		1,747,700	100.25
Net other liabilities		(4,299)	(0.25)
Total net assets		1,743,401	100.00

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated. Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

*Comparative figures shown in brackets relate to 31st October 2016.

[^]Including investment liabilities.

[†]This investment is a related party (see note 12).

[‡]Cash equivalents.

[◇]Asset managed by the Investment Adviser or a related party of the Investment Adviser.

IPS Growth Portfolio

Material Portfolio Changes

for the year ended 31st October 2017

	Cost £000		Proceeds £000
Major purchases		Major sales	
Aberdeen Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡◇	152,303	Scottish Widows Multi-Manager UK Equity Income Fund P Inct	105,371
German Euro Bund Futures September 2017	95,939	iShares \$ TIPS UCITS	93,998
Findlay Park American Fund USD Inc	93,391	German Euro Bund Futures September 2017	90,955
German Euro Bund Futures March 2017	90,143	German Euro Bund Futures December 2017	89,010
German Euro Bund Futures June 2017	89,844	German Euro Bund Futures June 2017	88,358
TOPIX Index Futures September 2017	70,184	German Euro Bund Futures March 2017	87,699
TOPIX Index Futures June 2017	68,606	Aberdeen Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡◇	81,704
TOPIX Index Futures March 2017	65,677	iShares Core S&P 500 UCITS	71,586
TOPIX Index Futures December 2017	65,640	TOPIX Index Futures March 2017	71,575
iShares \$ TIPS UCITS	65,567	TOPIX Index Futures September 2017	70,491

Purchases and sales of Futures have been included at the value of their exposure.

†This investment is a related party (see note 12).

‡Cash equivalents.

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

IPS Growth Portfolio

Comparative Table

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class A - Accumulation			
Change in net assets per share			
Opening net asset value per share	173.83	150.69	143.18
Return before operating charges*	21.97	24.47	9.05
Operating charges	(1.60)	(1.33)	(1.54)
Return after operating charges*	20.37	23.14	7.51
Distributions	(3.36)	(3.38)	(3.83)
Retained distributions on accumulation shares	3.36	3.38	3.83
Closing net asset value per share	194.20	173.83	150.69
*after direct transaction costs of:~	0.01	0.01	0.00
Performance			
Return after charges^	11.72%	15.36%	5.25%
Other information			
Closing net asset value (£000)	9,479	9,256	6,528
Closing number of shares	4,881,199	5,324,892	4,332,605
Operating charges#	0.87%	0.85%	1.02%
Direct transaction costs~	0.01%	0.01%	0.00%
Prices**			
Highest share price	194.50	175.10	159.50
Lowest share price	168.30	137.00	141.10

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This is different to the performance return stated in the Investment Market Review which is sourced from Aberdeen and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class P - Income			
Change in net assets per share			
Opening net asset value per share	152.84	135.29	131.90
Return before operating charges*	19.15	21.69	8.39
Operating charges	(1.16)	(0.99)	(1.19)
Return after operating charges*	17.99	20.70	7.20
Distributions	(3.13)	(3.15)	(3.81)
Closing net asset value per share	167.70	152.84	135.29
*after direct transaction costs of:~	0.01	0.01	0.00
Performance			
Return after charges	11.77%	15.30%	5.46%
Other information			
Closing net asset value (£000)	104	87	2
Closing number of shares	62,331	56,898	1,455
Operating charges#	0.72%	0.70%	0.85%
Direct transaction costs~	0.01%	0.01%	0.00%
Prices**			
Highest share price	169.00	154.90	145.50
Lowest share price	148.00	122.50	128.30

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class Q - Income			
Change in net assets per share			
Opening net asset value per share	152.65	135.14	131.68
Return before operating charges*	19.12	21.63	8.28
Operating charges	(1.09)	(0.92)	(1.14)
Return after operating charges*	18.03	20.71	7.14
Distributions	(3.18)	(3.20)	(3.68)
Closing net asset value per share	167.50	152.65	135.14
*after direct transaction costs of:~	0.01	0.01	0.00
Performance			
Return after charges	11.81%	15.32%	5.42%
Other information			
Closing net asset value (£000)	1,351,816	1,253,225	1,061,891
Closing number of shares	807,034,177	820,959,451	785,775,909
Operating charges#	0.68%	0.66%	0.83%
Direct transaction costs~	0.01%	0.01%	0.00%
Prices**			
Highest share price	168.80	154.80	145.40
Lowest share price	147.80	122.30	128.20

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

IPS Growth Portfolio

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class X - Accumulation			
Change in net assets per share			
Opening net asset value per share	159.06	137.49	130.28
Return before operating charges*	20.02	22.28	8.13
Operating charges	(0.88)	(0.71)	(0.92)
Return after operating charges*	19.14	21.57	7.21
Distributions	(3.55)	(3.48)	(3.86)
Retained distributions on accumulation shares	3.55	3.48	3.86
Closing net asset value per share	178.20	159.06	137.49
*after direct transaction costs of:~	0.01	0.01	0.00
Performance			
Return after charges	12.03%	15.69%	5.53%
Other information			
Closing net asset value (£000)	381,509	322,998	261,277
Closing number of shares	214,085,118	203,060,493	190,027,563
Operating charges#	0.52%	0.50%	0.67%
Direct transaction costs~	0.01%	0.01%	0.00%
Prices**			
Highest share price	178.50	160.20	145.30
Lowest share price	154.00	125.10	128.40

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X are not published externally, as this is an internal share class.

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class X - Income			
Change in net assets per share			
Opening net asset value per share	139.53	123.51	120.35
Return before operating charges*	17.43	19.75	7.53
Operating charges	(0.77)	(0.63)	(0.84)
Return after operating charges*	16.66	19.12	6.69
Distributions	(3.09)	(3.10)	(3.53)
Closing net asset value per share	153.10	139.53	123.51
*after direct transaction costs of:~	0.01	0.01	0.00
Performance			
Return after charges	11.94%	15.48%	5.56%
Other information			
Closing net asset value (£000)	493	269	703
Closing number of shares	321,759	192,717	569,046
Operating charges#	0.52%	0.50%	0.67%
Direct transaction costs~	0.01%	0.01%	0.00%
Prices**			
Highest share price	154.40	141.50	132.90
Lowest share price	135.10	111.80	117.20

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Prices for Share Class X are not published externally, as this is an internal share class.

IPS Growth Portfolio

Statement of Total Return

for the year ended 31st October 2017

	Notes	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
		£000	£000	£000	£000
Income					
Net capital gains	2		154,768		185,201
Revenue	3	36,784		36,195	
Expenses	4	(1,499)		(1,291)	
Interest payable and similar charges		(70)		(33)	
Net revenue before taxation		35,215		34,871	
Taxation	5	(1,744)		(1,697)	
Net revenue after taxation			33,471		33,174
Total return before distributions			188,239		218,375
Distributions	6		(33,547)		(33,266)
Change in net assets attributable to shareholders from investment activities			154,692		185,109

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2017

	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		1,585,835		1,330,401
Amounts receivable on creation of shares	81,383		222,500	
Less: Amounts payable on cancellation of shares	(86,120)		(159,348)	
		(4,737)		63,152
Dilution adjustment		6		36
Change in net assets attributable to shareholders from investment activities		154,692		185,109
Retained distributions on accumulation shares		7,605		7,137
Closing net assets attributable to shareholders		1,743,401		1,585,835

Notes to the Financial Statements are on pages 46 to 53.

IPS Growth Portfolio

Balance Sheet

as at 31st October 2017

	Notes	31/10/17 £000	31/10/16 £000
Assets			
Fixed assets			
Investments (excluding cash equivalents)‡		1,661,235	1,563,283
Current assets			
Debtors	8	10,472	12,312
Cash and bank balances	9	46	9,387
Cash equivalents‡		88,912	18,313
Total assets		1,760,665	1,603,295
Liabilities			
Investment liabilities		(2,447)	(5,142)
Provision for liabilities	10	(45)	(39)
Creditors			
Bank overdrafts		(3,167)	(167)
Distribution payable		(8,546)	(8,414)
Other creditors	11	(3,059)	(3,698)
Total liabilities		(17,264)	(17,460)
Net assets attributable to shareholders		1,743,401	1,585,835

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 46 to 53.

Notes to the Financial Statements

for the year ended 31st October 2017

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 12 and 13.

2. Net capital gains

The net capital gains during the year comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Non-derivative securities	132,249	188,096
Futures contracts	19,947	(1,381)
Forward currency contracts	2,154	(2,957)
Currency gains	16	987
Transaction charges	(2)	(2)
ACD's periodic charge rebates taken to capital	379	458
Compensation for Error~	25	-
Net capital gains*	<u>154,768</u>	<u>185,201</u>

*Includes realised gains of £80,821,000 and unrealised gains of £73,947,000 (31/10/16: realised gains of £9,494,000 and unrealised gains of £175,707,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

~Monies received from Aberdeen Asset Investments Limited to compensate the Fund for trade losses relating to an error with index data.

3. Revenue

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	25,263	26,847
Unfranked investment income	1,682	1,452
Interest distributions	1,180	2,204
Offshore distribution taxable	6,389	5,527
Offshore distribution non-taxable	1,612	-
Bank interest	-	87
Interest on debt securities	614	-
AMC rebates	44	78
Total revenue	<u>36,784</u>	<u>36,195</u>

4. Expenses

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	1,137	1,003
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	181	153
Safe custody fees	16	11
	<u>197</u>	<u>164</u>
Other expenses:		
Audit fee	11	11
Professional fees*	-	1
Registration fees	715	550
Expense capping adjustment†	(561)	(438)
	<u>165</u>	<u>124</u>
Total expenses	<u>1,499</u>	<u>1,291</u>

Expenses include irrecoverable VAT.

*Prior year professional fees relate to operational tax advisory services paid to Ernst & Young.

†From 9th May 2014 within the Q share class no registration fee has been deducted and this has been borne by the ACD.

Notes to the Financial Statements

(continued)

for the year ended 31st October 2017

5. Taxation

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
(a) Analysis of charge in year:		
Corporation tax	1,738	1,757
Double tax relief	(170)	(57)
Irrecoverable overseas tax	170	57
Total current tax	<u>1,738</u>	<u>1,757</u>
Total deferred tax (note 5c)	6	(60)
Total taxation (note 5b)	<u><u>1,744</u></u>	<u><u>1,697</u></u>

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:

Net revenue before taxation	35,215	34,871
Corporation tax of 20% (2016: 20%)	7,043	6,974
Effects of:		
Franked UK income*	(5,053)	(5,369)
Overseas non-taxable revenue*	(322)	-
Double tax relief	(170)	(57)
Irrecoverable overseas tax	170	57
Taxable income taken to capital	76	92
Total tax charge for year (note 5a)	<u><u>1,744</u></u>	<u><u>1,697</u></u>

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	39	99
Deferred tax charge/(credit) in profit and loss account for the year (note 5a)	6	(60)
Provision at the end of the year	<u>45</u>	<u>39</u>
Provision consists of:		
Revenue taxable in different periods	<u>45</u>	<u>39</u>

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
First interim	7,401	6,316
Second interim	7,403	7,465
Third interim	7,569	8,717
Final	<u>11,113</u>	<u>10,733</u>
	33,486	33,231
Add: Revenue deducted on cancellation of shares	222	294
Deduct: Revenue received on creation of shares	<u>(161)</u>	<u>(259)</u>
Net distributions for the year	<u><u>33,547</u></u>	<u><u>33,266</u></u>

Details of the distributions per share are set out in the Distribution Tables on pages 54 to 56.

Notes to the Financial Statements

(continued)

for the year ended 31st October 2017

7. Movement between net revenue and net distributions

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Net revenue after taxation	33,471	33,174
Tax relief on AMC's periodic charge rebate	76	92
Net distributions for the year	<u>33,547</u>	<u>33,266</u>

8. Debtors

	31/10/17 £000	31/10/16 £000
Sales awaiting settlement	-	254
Amounts receivable for issue of shares	-	1,190
Accrued revenue	10,130	9,970
Expense capping adjustment receivable	52	42
Net AMC rebates recoverable	-	4
Income tax recoverable	290	852
Total debtors	<u>10,472</u>	<u>12,312</u>

9. Cash and bank balances

	31/10/17 £000	31/10/16 £000
Cash and bank balances	-	3,124
Amounts held at futures clearing houses and brokers	46	6,263
Total cash and bank balances	<u>46</u>	<u>9,387</u>

10. Provision for liabilities

	31/10/17 £000	31/10/16 £000
Deferred taxation	45	39

11. Other creditors

	31/10/17 £000	31/10/16 £000
Amounts payable for cancellation of shares	1,906	2,439
Accrued expenses	175	152
Corporation tax payable	978	1,107
Total other creditors	<u>3,059</u>	<u>3,698</u>

12. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid from Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees (Registrar has changed from Bank of New York Mellon (International) Limited to Scottish Widows Unit Trust Managers Limited in the current year) are disclosed in note 4, with £166,740 (31/10/16: £96,834) due at the year end.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of the Expense capping adjustments are disclosed in note 4 with £51,872 (31/10/16: £42,007) due at the year end.

The Fund has a related party holding of 397,607,918 shares (31/10/16: 461,955,923 shares) and value of £961,404,681 (31/10/16: £964,056,941) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £17,675,250 (31/10/16: £9,738,905).

for the year ended 31st October 2017

Shares held by associates of the ACD

On 31st October 2017, shares held as a percentage of the Fund's value were:

	31/10/17	31/10/16
	%	%
ACD and associates of the ACD	21.80	20.30

Material Shareholders

Boltro Nominees Limited held 36.01% of the Fund at 31st October 2017 (31/10/16: 32.38%).

Perry Nominees Limited held 34.76% of the Fund at 31st October 2017 (31/10/16: 42.36%).

13. Share classes

The Fund has four share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation:	0.35
Share Class P - Income:	0.20
Share Class Q - Income:	0.20
Share Class X - Accumulation:	-
Share Class X - Income:	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 39 to 43.

The distributions per share class are given in the Distribution Tables on pages 54 to 56.

Reconciliation of the shares movement in the year:

	01/11/16				31/10/17
	Opening shares in issue	Creations	Cancellations	Shares converted*	Closing shares in issue
Share Class A - Accumulation	5,324,892	1,831,500	(2,640,027)	364,834	4,881,199
Share Class P - Income	56,898	7,000	(1,567)	-	62,331
Share Class Q - Income	820,959,451	31,155,840	(44,665,742)	(415,372)	807,034,177
Share Class X - Accumulation	203,060,493	16,844,050	(5,819,425)	-	214,085,118
Share Class X - Income	192,717	162,000	(32,958)	-	321,759

*Share conversions during the year relate to the restructure of a large client portfolio from an institutional share class to a retail share class.

14. Capital commitments and contingent liabilities

On 31st October 2017, the Fund had no capital commitments (31/10/16: £nil) and no contingent liabilities (31/10/16: £nil).

15. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 34. The risks inherent in the Fund's investment portfolio are as follows:

(a) *Currency risk*

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 31st October 2017, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been an increase or decrease of approximately £2,104,724 (31/10/16: £1,635,001).

Notes to the Financial Statements

(continued)

for the year ended 31st October 2017

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure	Currency exposure
	31/10/17	31/10/16
	£000	£000
Euro	6,532	10,692
Japanese yen	32,962	27,660
US dollar	170,978	125,148
Total	<u>210,472</u>	<u>163,500</u>

The Fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the Fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the Fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Fund in circumstances where no such hedging transactions are undertaken.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in regulated collective investment schemes and exchange traded funds. The cash flow from the Fund's investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating long term capital growth.

The Fund's net cash overdraft of £922,344 (31/10/16: holding £3,123,015) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net overdraft at futures brokers of £2,199,046 (31/10/16: cash £6,096,659), whose rates are on based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

(c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts with exception to forward currency contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, as the sensitivity analysis or value at risk are not significant, no additional disclosure has been shown.

Financial derivative instrument exposure - fair value	Value (£)	Value (£)
	31/10/17	31/10/16
Exchange traded derivatives	9,217,629	4,283,942
Forward currency contracts	445,850	1,926,355
Total Financial derivative instrument exposure	<u>9,663,479</u>	<u>6,210,297</u>

Financial derivative instrument exposure - notional	Value (£)	Value (£)
	31/10/17	31/10/16
Exchange traded derivatives	254,027,060	237,582,161
Forward currency contracts	98,695,679	64,563,449
Total Financial derivative instrument exposure	<u>352,722,739</u>	<u>302,145,610</u>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

for the year ended 31st October 2017

Efficient portfolio management techniques	Value (£)	Value (£)
	31/10/17	31/10/16
Underlying exposure obtained through EPM techniques	352,722,739	302,145,610
Counterparties to financial derivative instruments and efficient portfolio management techniques	Value (£)	Value (£)
	31/10/17	31/10/16
HSBC Bank - Forward currency contracts	445,850	1,926,355
Royal Bank of Canada - Forward currency contracts	(1,740,341)	(3,901,335)
Merrill Lynch - Futures contracts	8,510,870	3,042,589
Total uncollateralised counterparty exposure	7,216,379	1,067,609

The counterparty exposure represents the amount that the Fund could lose (or gain) if the counterparty defaulted. This is calculated as the unrealised profit (or loss) on the trade. It is therefore a different amount to the value of the sum of the notionals.

Collateral	Value (£)	Value (£)
	31/10/17	31/10/16
The type and amount of collateral received to reduce counterparty exposure:		
GBP Cash - Merrill Lynch	(2,155,013)	6,264,054
JPY Cash - Merrill Lynch	(88,698)	(167,095)
USD Cash - Merrill Lynch	44,665	(300)

(d) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes Funds are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2017, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £17,476,998 (31/10/16: £15,764,540).

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

for the year ended 31st October 2017

16. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Collective Investment Schemes	496,851	570,058	545,264	517,686
Fixed Income	79,064	-	-	-
Trades in the year before transaction costs	575,915	570,058	545,264	517,686
Commissions				
Collective Investment Schemes	20	48	(59)	(16)
Futures	25	24	(26)	(22)
Total commissions	45	72	(85)	(38)
Taxes				
Collective Investment Schemes~	-	-	-	0
Total costs	45	72	(85)	(38)
Total net trades in the year after transaction costs	575,960	570,130	545,179	517,648

~ The value of transaction costs is below £500 and is therefore rounded down to £0.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions				
Collective Investment Schemes	0.00	0.01	0.01	0.00
Taxes				
Collective Investment Schemes	-	-	-	0.00

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

	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions	0.01	0.01
Taxes	0.00	0.00
Total costs	0.01	0.01

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. Other types of investments such as collective investment schemes and fixed income have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.01% (31/10/16: 0.01%).

for the year ended 31st October 2017

17. Fair value

Valuation technique	31/10/17		31/10/16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	86,686	(707)	136,324	(1,241)
Level 2	1,663,461	(1,740)	1,445,272	(3,901)
Level 3	-	-	-	-
Total fair value	<u>1,750,147</u>	<u>(2,447)</u>	<u>1,581,596</u>	<u>(5,142)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

The Fund early adopted the FRS102 update made in March 2016.

IPS Growth Portfolio

Distribution Tables

for the year ended 31st October 2017

Distribution in pence per share

- Group 1 First Interim Shares purchased prior to 1st November 2016
 Second Interim Shares purchased prior to 1st February 2017
 Third Interim Shares purchased prior to 1st May 2017
 Final Shares purchased prior to 1st August 2017
- Group 2 First Interim Shares purchased on or between 1st November 2016 and 31st January 2017
 Second Interim Shares purchased on or between 1st February 2017 and 30th April 2017
 Third Interim Shares purchased on or between 1st May 2017 and 31st July 2017
 Final Shares purchased on or between 1st August 2017 and 31st October 2017

Share Class A - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
First Interim	0.7309	-	0.7309	0.6378
Second Interim	0.7327	-	0.7327	0.7779
Third Interim	0.7476	-	0.7476	0.8695
Final	1.1445	-	1.1445	1.0940
Group 2	(p)	(p)	(p)	(p)
First Interim	0.7309	-	0.7309	0.6378
Second Interim	0.7327	-	0.7327	0.7779
Third Interim	0.7476	-	0.7476	0.8695
Final	1.1445	-	1.1445	1.0940

Share Class P - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
First Interim	0.6904	-	0.6904	0.6020
Second Interim	0.6881	-	0.6881	0.7282
Third Interim	0.7038	-	0.7038	0.8102
Final	1.0451	-	1.0451	1.0109
Group 2	(p)	(p)	(p)	(p)
First Interim	0.6904	-	0.6904	-
Second Interim	0.6881	-	0.6881	-
Third Interim	0.7038	-	0.7038	-
Final	1.0451	-	1.0451	-

Share Class Q - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
First Interim	0.7018	-	0.7018	0.6218
Second Interim	0.7000	-	0.7000	0.7385
Third Interim	0.7176	-	0.7176	0.8197
Final	1.0584	-	1.0584	1.0246
Group 2	(p)	(p)	(p)	(p)
First Interim	0.2303	0.4715	0.7018	0.6218
Second Interim	0.4580	0.2420	0.7000	0.7385
Third Interim	0.3729	0.3447	0.7176	0.8197
Final	0.4256	0.6328	1.0584	1.0246

Distribution Tables

(continued)

for the year ended 31st October 2017

Share Class X - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
First Interim	0.7831	-	0.7831	0.6764
Second Interim	0.7838	-	0.7838	0.7992
Third Interim	0.8101	-	0.8101	0.8882
Final	1.1734	-	1.1734	1.1131
Group 2	(p)	(p)	(p)	(p)
First Interim	0.3757	0.4074	0.7831	0.6764
Second Interim	0.4538	0.3300	0.7838	0.7992
Third Interim	0.6741	0.1360	0.8101	0.8882
Final	0.9961	0.1773	1.1734	1.1131

Share Class X - Income

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
First Interim	0.6868	-	0.6868	0.6077
Second Interim	0.6841	-	0.6841	0.7141
Third Interim	0.7035	-	0.7035	0.7893
Final	1.0150	-	1.0150	0.9865
Group 2	(p)	(p)	(p)	(p)
First Interim	0.6868	-	0.6868	0.6077
Second Interim	0.6841	-	0.6841	0.7141
Third Interim	0.6820	0.0215	0.7035	0.7893
Final	1.0122	0.0028	1.0150	-

Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

First Interim - 72.63% of the dividend, is received as franked investment income.

First Interim - 24.23% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

First Interim - 3.14% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Second Interim - 75.61% of the dividend, is received as franked investment income.

Second Interim - 17.87% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Second Interim - 6.52% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Third Interim - 75.12% of the dividend, is received as franked investment income.

Third Interim - 16.04% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Third Interim - 8.84% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Distribution Tables

(continued)

for the year ended 31st October 2017

Final - 88.21% of the dividend, is received as franked investment income.

Final - 11.79% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

IPS Higher Income Portfolio

Investment Markets Overview

for the year ended 31st October 2017

Investment Objective and Policy

The Fund aims to provide a high level of income through investment in a portfolio which gives exposure to a wide range of asset classes and geographic regions through either direct or indirect investments.

The Fund will provide exposure to fixed interest securities (including but not limited to UK governments bonds, other sterling denominated bonds, covered bonds, corporate bonds, high yield bonds, overseas bonds and convertibles). The Fund may also provide exposure to a combination of any or all of the following: equities (which may include UK, overseas or emerging markets equities), "alternative" asset classes (including but not limited to private equity, hedge funds and commodities) as well as UK or overseas property.

In order to gain exposure to these asset classes the Fund may invest (directly or indirectly) in a combination of any or all of the following: collective investment schemes, transferable securities (including closed end funds and/or warrants), depositary receipts, money market instruments, cash, near cash, deposits, derivatives, forward contracts and other regulated vehicles.

Use may also be made of unregulated collective investment schemes, stock lending/repo, borrowing, hedging and other techniques permitted by FCA Rules.

It is intended that the Fund will normally be fully invested however all or part of the assets of the Fund may from time to time be invested in cash, deposits, and/or money market instruments in the interests of efficient fund management.

The Investment Adviser may delegate some or all of its duties in respect of the Fund to one or more Sub-Advisers.

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches

<p>The Fund is ranked at 3* because it has experienced low to medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 17th November 2017.</p>	Typically lower rewards, lower risks		Typically higher rewards, higher risks					
	←	→	1	2	3	4	5	6

Risk Management - Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October 2017, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/17
	%
Gross leverage	99.17
Commitment leverage	99.30

for the year ended 31st October 2017

Investment Review

Performance	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %	01/11/13 to 31/10/14 %	01/11/12 to 31/10/13 %
IPS Higher Income Portfolio A Accumulation	6.01	5.12	1.13	4.47	5.80

Source: Aberdeen. Basis: Gross revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The IPS Higher Income Portfolio invests mainly in corporate bonds, although it also has smaller holdings in government bonds, equities and commercial property.

The UK bond markets produced only marginally positive returns. The 10-year gilt yield (which moves in the opposite direction to bond prices) fell slightly, to end the period at 1.33%. Corporate bonds outperformed government bonds, as investors were comfortable with taking on more risk.

High-yield corporate bonds, which offer a potentially higher level of return, but represent a more risky investment than investment-grade corporate bonds, produced even better returns.

Yields on most bonds are still close to record lows following strong gains in bond markets in recent years and in this environment, investors are seeking those bonds that offer higher yields.

The UK equity market outperformed the bond markets. These gains were partly a consequence of weakness in the pound, which has boosted the profits of FTSE 100 companies with large global operations. Towards the end of the period, however, this was tempered by indications that the Bank of England might raise UK interest rates before the end of the year. Sterling rebounded strongly in September, hitting a one-year high against the US dollar and curbing the share-price gains of the UK's largest companies. The pound's renewed weakness in October allowed the FTSE to resume its upward course.

Overseas equity markets performed well over the period, with Japanese equities producing some of the period's best returns. This was based largely on hopes that weakness in the yen will boost sales of the country's market-leading exporters.

The UK commercial property market made gains, but lagged behind equities. Concerns about the UK departure from the European Union continues to affect investors, but a need for income-generating investments and low supplies of good-quality properties have helped support prices. In particular, London's property market continues to perform better than many experts had anticipated, with prices for some of the city's most prestigious buildings hitting new highs.

Over the review period, the Fund produced a return of 6.01%. Performance was boosted by the strong performance of the Fund's corporate-bond holdings, which produced higher returns than the wider market. Returns from the Fund's overseas corporate bonds were particularly strong over the period; these holdings performed significantly better than the overseas bond market as a whole. The Fund's high-yield bonds also performed well.

Stock selection in global equities had a small negative effect on the Fund's performance. The commercial-property section of the portfolio also detracted from performance over the period as property underperformed other asset classes.

We think that corporate bonds could come under pressure if interest rates rise significantly in the US. Investment-grade corporate bonds tend to be sensitive to interest rates. For this reason, we are more positive about the prospects for high-yield corporate bonds.

We have some concerns about the prospects for UK commercial property, given the uncertainty stemming from the country's imminent departure from the European Union.

Overall, the portfolio appears well positioned to continue providing a competitive level of income via its holdings in bond markets, while benefiting to some extent from any stock market growth through the holdings in equities.

Aberdeen Investment Solutions Limited

November 2017

IPS Higher Income Portfolio

Portfolio Statement

as at 31st October 2017

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (99.40%*)		37,600	99.80
Collective Investment Schemes			
Aberdeen Corporate Bond Fund Q Inc [◇]	4,993,404	5,696	15.12
Aberdeen Liquidity Fund (Lux) - Sterling Fund K-3 Inc [‡] [◇]	462,127	462	1.23
Aberdeen UK Equity Index Managed Fund Q Inc (formerly Aberdeen UK Enhanced Equity Fund Q Inc) [◇]	1,191,614	1,965	5.22
Aberdeen UK Property Feeder Unit Trust J Inc [◇]	671,484	787	2.09
Aviva Investors International Index Tracker 2 Acc	976,029	1,729	4.59
Candriam Bonds Emerging Markets Fund I GBP (Hedged) Inc	592	907	2.41
iShares Corporate Bond Index Fund H Inc	1,896,852	2,128	5.65
iShares UK Gilts All Stocks Index Fund H Inc	2,168,066	2,413	6.39
Legal & General International Index Trust C Inc	869,792	959	2.54
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	911,482	5,624	14.93
PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	458,788	6,441	17.10
Pioneer Emerging Markets Bond Fund I GBP (Hedged) Acc	1,580	1,654	4.39
Royal London Sterling Credit Fund Z Inc	2,042,626	2,852	7.57
Scottish Widows Multi-Manager Global Real Estate Securities Fund P Inc [†]	655,095	1,133	3.01
Scottish Widows Multi-Manager UK Equity Income Fund P Inc [†]	1,215,781	1,923	5.10
Exchange Traded Funds			
iShares Core GBP Corporate Bond UCITS	6,388	927	2.46
DERIVATIVES (-0.20%*)			
		-	-
Portfolio of investments		37,600	99.80
Net other assets		74	0.20
Total net assets		37,674	100.00

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated. Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

*Comparative figures shown in brackets relate to 31st October 2016.

[†]This investment is a related party (see note 11).

[‡]Cash equivalents.

[◇]Asset managed by the Investment Adviser or a related party of the Investment Adviser.

IPS Higher Income Portfolio

Material Portfolio Changes

for the year ended 31st October 2017

	Cost £000		Proceeds £000
Major purchases		Major sales	
Aberdeen Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡◇	3,888	Aberdeen Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡◇	4,486
Royal London Sterling Credit Fund Z Inc	2,850	Invesco Perpetual Corporate Bond Fund Z Inc	4,154
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	2,718	UBAM Global High Yield Solution UH Inc	2,881
iShares Corporate Bond Index Fund H Inc	2,128	Aberdeen Corporate Bond Fund Q Inc◇	2,850
iShares Core GBP Corporate Bond UCITS#	2,127	M&G Strategic Corporate Bond Fund A Inc	2,829
Aberdeen Corporate Bond Fund Q Inc◇	1,751	Aberdeen UK Property Feeder Unit Trust J Inc◇	2,176
PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	1,280	iShares UK Dividend UCITS#	1,693
Scottish Widows Multi-Manager Global Real Estate Securities Fund P Inc†	1,170	iShares Core GBP Corporate Bond UCITS#	1,246
iShares UK Gilts All Stocks Index Fund H Inc	1,000	iShares UK Gilts All Stocks Index Fund H Inc	1,050
Invesco Perpetual Corporate Bond Fund Z Inc	190	Aberdeen Sterling Opportunistic Corporate Bond Fund Q Inc◇	828

†This investment is a related party (see note 11).

‡Cash equivalents.

#Exchange Traded Fund.

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

IPS Higher Income Portfolio

Comparative Table

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class A - Accumulation (Gross)			
Change in net assets per share			
Opening net asset value per share	131.51	124.87	123.81
Return before operating charges*	9.19	8.72	3.11
Operating charges	(1.19)	(1.37)	(1.36)
Return after operating charges*	8.00	7.35	1.75
Distributions	(3.86)	(3.56)	(3.44)
Retained distributions on accumulation shares	3.68	2.85	2.75
Closing net asset value per share	139.33	131.51	124.87
*after direct transaction costs of:	0.01	0.01	0.00
Performance			
Return after charges^	6.08%	5.89%	1.41%
Other information			
Closing net asset value (£000)	10	2	2
Closing number of shares	7,500	1,606	1,606
Operating charges#	0.88%	1.07%	1.08%
Direct transaction costs	0.00%	0.01%	0.00%
Prices**			
Highest share price	139.70	133.20	127.20
Lowest share price	129.30	121.60	122.90

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This is different to the performance return stated in the Investment Market Review which is sourced from Aberdeen and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation (Gross) converted from net to gross on 1st February 2017.

IPS Higher Income Portfolio

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class P - Income (Gross)			
Change in net assets per share			
Opening net asset value per share	111.51	108.28	109.50
Return before operating charges*◇	7.78	7.43	2.85
Operating charges	(0.84)	(0.99)	(1.03)
Return after operating charges*◇	6.94	6.44	1.82
Distributions◇	(3.42)	(3.21)	(3.04)
Closing net asset value per share	115.03	111.51	108.28
*after direct transaction costs of:	0.00	0.01	0.00
Performance			
Return after charges◇	6.22%	5.95%	1.66%
Other information			
Closing net asset value (£000)	11	2	2
Closing number of shares	9,500	1,826	1,826
Operating charges#	0.74%	0.90%	0.94%
Direct transaction costs	0.00%	0.01%	0.00%
Prices**			
Highest share price	116.30	113.50	111.60
Lowest share price	109.60	104.70	107.50

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class P Income (Gross) converted from net to gross on 1st February 2017.

◇2016 and 2015 comparative figures have been restated to reflect the gross distribution of income from the fund.

IPS Higher Income Portfolio

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class Q - Income (Gross)			
Change in net assets per share			
Opening net asset value per share	110.96	107.73	108.86
Return before operating charges*◇	7.71	7.44	3.04
Operating charges	(0.72)	(0.84)	(0.91)
Return after operating charges*◇	6.99	6.60	2.13
Distributions◇	(3.50)	(3.37)	(3.26)
Closing net asset value per share	114.45	110.96	107.73
*after direct transaction costs of:	0.00	0.01	0.00
Performance			
Return after charges◇	6.30%	6.13%	1.96%
Other information			
Closing net asset value (£000)	36,882	42,131	32,473
Closing number of shares	32,225,975	37,970,685	30,142,030
Operating charges#	0.64%	0.77%	0.83%
Direct transaction costs	0.00%	0.01%	0.00%
Prices**			
Highest share price	115.70	113.00	111.00
Lowest share price	109.10	104.20	107.00

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class Q Income (Gross) converted from net to gross on 1st February 2017.

◇2016 and 2015 comparative figures have been restated to reflect the gross distribution of income from the fund.

IPS Higher Income Portfolio

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class X - Income (Gross)			
Change in net assets per share			
Opening net asset value per share	107.66	104.53	105.63
Return before operating charges*◇	7.47	7.20	2.95
Operating charges	(0.58)	(0.70)	(0.77)
Return after operating charges*◇	6.89	6.50	2.18
Distributions◇	(3.51)	(3.37)	(3.28)
Closing net asset value per share	111.04	107.66	104.53
*after direct transaction costs of:	0.00	0.01	0.00
Performance			
Return after charges◇	6.40%	6.22%	2.06%
Other information			
Closing net asset value (£000)	771	1,026	624
Closing number of shares	694,106	952,935	597,301
Operating charges#	0.53%	0.66%	0.72%
Direct transaction costs	0.00%	0.01%	0.00%
Prices**			
Highest share price	112.30	109.70	107.70
Lowest share price	105.80	101.10	103.80

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Income (Gross) converted from net to gross on 1st February 2017.

Prices for Share Class X are not published externally, as this is an internal share class.

◇2016 and 2015 comparative figures have been restated to reflect the gross distribution of income from the fund.

IPS Higher Income Portfolio

Statement of Total Return

for the year ended 31st October 2017

	Notes	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
		£000	£000	£000	£000
Income					
Net capital gains	2		1,269		726
Revenue	3	1,342		1,111	
Expenses	4	(95)		(79)	
Interest payable and similar charges		-		(1)	
Net revenue before taxation		1,247		1,031	
Taxation	5	(1)		(1)	
Net revenue after taxation			1,246		1,030
Total return before distributions			2,515		1,756
Distributions	6		(1,247)		(1,031)
Change in net assets attributable to shareholders from investment activities			1,268		725

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2017

	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		43,161		33,101
Amounts receivable on creation of shares	2,304		15,454	
Less: Amounts payable on cancellation of shares	(9,062)		(6,122)	
		(6,758)		9,332
Dilution adjustment		3		3
Change in net assets attributable to shareholders from investment activities		1,268		725
Closing net assets attributable to shareholders		37,674		43,161

Notes to the Financial Statements are on pages 67 to 73.

IPS Higher Income Portfolio

Balance Sheet

as at 31st October 2017

	Notes	31/10/17 £000	31/10/16 £000
Assets			
Fixed assets			
Investments (excluding cash equivalents)‡		37,138	41,949
Current assets			
Debtors	8	447	438
Cash and bank balances		-	275
Cash equivalents‡		462	1,061
Total assets		38,047	43,723
Liabilities			
Investment liabilities		-	(196)
Provision for liabilities	9	(1)	(4)
Creditors			
Bank overdrafts		(48)	-
Distribution payable		(300)	(337)
Other creditors	10	(24)	(25)
Total liabilities		(373)	(562)
Net assets attributable to shareholders		37,674	43,161

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 67 to 73.

IPS Higher Income Portfolio

Notes to the Financial Statements

for the year ended 31st October 2017

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 12 and 13.

2. Net capital gains

The net capital gains during the year comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Non-derivative securities	1,265	923
Futures contracts	-	100
Forward currency contracts	-	(270)
Currency losses	-	(41)
Transaction charges	(1)	(2)
ACD's periodic charge rebates taken to capital	5	4
AMC rebates taken to capital	-	2
Cost Reimbursements & Compensation for Error~	-	10
Net capital gains*	<u>1,269</u>	<u>726</u>

*Includes realised gains of £770,000 and unrealised gains of £499,000 (31/10/16: realised gains of £350,000 and unrealised gains of £376,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

~Compensation received from Aberdeen Asset Management with regards to future trades.

3. Revenue

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	201	100
Unfranked investment income	49	80
Interest distributions	432	522
Offshore distribution taxable	627	381
Offshore distribution non-taxable	27	-
Bank interest	-	7
AMC rebates	6	21
Total revenue	<u>1,342</u>	<u>1,111</u>

4. Expenses

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	79	64
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	4	4
Other expenses:		
Audit fee	11	11
Registration fees	38	30
Expense capping adjustment†	(37)	(30)
Total expenses	<u>95</u>	<u>79</u>

Expenses include irrecoverable VAT.

†From 9th May 2014 within the Q share class no registration fee has been deducted and this has been borne by the ACD.

for the year ended 31st October 2017

5. Taxation

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
(a) Analysis of charge in year:		
Corporation tax	4	2
Double tax relief	-	(1)
Irrecoverable overseas tax	-	1
Total current tax	<u>4</u>	<u>2</u>
Deferred taxation	<u>(3)</u>	<u>(1)</u>
Total deferred tax (note 5c)	<u>(3)</u>	<u>(1)</u>
Total taxation (note 5b)	<u>1</u>	<u>1</u>

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:

Net revenue before taxation	1,247	1,031
Corporation tax of 20% (2016: 20%)	249	206
Effects of:		
Franked UK income*	(40)	(20)
Overseas non-taxable revenue*	(5)	-
Double tax relief	1	(1)
Irrecoverable overseas tax	-	1
Tax deductible interest distributions	(204)	(186)
Taxable income taken to capital	-	1
Total tax charge for year (note 5a)	<u>1</u>	<u>1</u>

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	4	5
Deferred tax credit in profit and loss account for the year (note 5a)	<u>(3)</u>	<u>(1)</u>
Provision at the end of the year	<u>1</u>	<u>4</u>
Provision consists of:		
Revenue taxable in different periods	<u>1</u>	<u>4</u>

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
First interim	245	241
Second interim	292	185
Third interim	306	182
Final	300	234
Income tax withheld	<u>62</u>	<u>206</u>
	1,205	1,048
Add: Revenue deducted on cancellation of shares	53	23
Deduct: Revenue received on creation of shares	<u>(11)</u>	<u>(40)</u>
Net distributions for the year	<u>1,247</u>	<u>1,031</u>

Details of the distributions per share are set out in the Distribution Tables on pages 74 to 75.

Notes to the Financial Statements

(continued)

for the year ended 31st October 2017

7. Movement between net revenue and net distributions

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Net revenue after taxation	1,246	1,030
Tax relief on AMC's periodic charge rebate	1	1
Net distributions for the year	<u>1,247</u>	<u>1,031</u>

8. Debtors

	31/10/17 £000	31/10/16 £000
Amounts receivable for issue of shares	203	193
Accrued revenue	160	44
Expense capping adjustment receivable	3	3
Net AMC rebates recoverable	-	6
Income tax recoverable	81	192
Total debtors	<u>447</u>	<u>438</u>

9. Provision for liabilities

	31/10/17 £000	31/10/16 £000
Deferred taxation	1	4

10. Other creditors

	31/10/17 £000	31/10/16 £000
Accrued expenses	21	23
Corporation tax payable	3	2
Total other creditors	<u>24</u>	<u>25</u>

11. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees (Registrar has changed from Bank of New York Mellon (International) Limited to Scottish Widows Unit Trust Managers Limited in the current year) are disclosed in note 2 and 4, with £8,711 (31/10/16: £6,922) due at the year end.

Amounts paid by Scottish Widows Unit Trust Managers Limited in respect of the Expense capping adjustments are disclosed in note 4 with £2,886 (31/10/16: £3,459) due at the year end.

The Fund has a related party holding of 1,870,876 shares (31/10/16: 1,279,245 shares) and value of £3,056,025 (31/10/16: £1,955,765) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £89,189 (31/10/16: £66,964).

Shares held by associates of the ACD

On 31st October 2017, shares held as a percentage of the Fund's value were:

	31/10/17 %	31/10/16 %
ACD and associates of the ACD	2.00	2.38

Material Shareholders

Boltro Nominees Limited held 68.95% of the Fund at 31st October 2017 (31/10/16: 66.25%).

Perry Nominees Limited held 28.26% of the Fund at 31st October 2017 (31/10/16: 30.26%).

for the year ended 31st October 2017

12. Share classes

The Fund has four share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation (Gross):	0.35
Share Class P - Income (Gross):	0.20
Share Class Q - Income (Gross):	0.20
Share Class X - Income (Gross):	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 61 to 64.

The distributions per share class are given in the Distribution Tables on pages 74 to 75.

Reconciliation of the shares movement in the year:

	01/11/16				31/10/17	
	Opening shares in issue	Creations	Cancellations	Shares converted	Closing shares in issue	
Share Class A - Accumulation (Gross)	1,606	316,000	(310,106)	-	7,500	
Share Class P - Income (Gross)	1,826	9,500	(1,826)	-	9,500	
Share Class Q - Income (Gross)	37,970,685	1,612,478	(7,357,188)	-	32,225,975	
Share Class X - Income (Gross)	952,935	24,000	(282,829)	-	694,106	

Share Classes A Accumulation (Gross), P Income (Gross), Q Income (Gross) and X Income (Gross) converted from net to gross on 1st February 2017.

13. Capital commitments and contingent liabilities

On 31st October 2017, the Fund had no capital commitments (31/10/16: £nil) and no contingent liabilities (31/10/16: £nil).

14. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 57. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at the 31st October 2017 the Fund's net foreign currency exposure was less than 10% of the Fund NAV and so no table of currency risk has been disclosed.

The Fund's net foreign currency exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the Fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the Fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Fund in circumstances where no such hedging transactions are undertaken.

for the year ended 31st October 2017

(b) *Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in regulated collective investment schemes and exchange traded funds. The cash flow from the Fund's investments may fluctuate depending upon the particular decisions made by each Fund. The Fund's underlying assets may be varied from time to time by the Investment Adviser with the objective of generating long term capital growth.

The Fund's net cash overdraft of £47,944 (31/10/16: holding £275,005) is held in a floating rate bank account whose interest rates are based on LIBOR or its international equivalent.

The Fund did not have any long term financial liabilities.

(c) *Derivatives and other financial instruments*

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts with exception to forward currency contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

Financial derivative instrument exposure - fair value	Value (£)	Value (£)
	31/10/17	31/10/16
Forward currency contracts	-	112,180
Total Financial derivative instrument exposure	-	112,180

Counterparties to financial derivative instruments and efficient portfolio management techniques	Value (£)	Value (£)
	31/10/17	31/10/16
BNP Paribas - Forward currency contracts	-	78,680
Royal Bank of Canada - Forward currency contracts	-	(162,687)
Total uncollateralised counterparty exposure	-	(84,007)

The counterparty exposure represents the amount that the Fund could lose (or gain) if the counterparty defaulted. This is calculated as the unrealised profit (or loss) on the trade. It is therefore a different amount to the value of the sum of the notionals.

for the year ended 31st October 2017

(d) *Liquidity risk*

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(e) *Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes Funds are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2017, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £376,001 (31/10/16: £428,137).

(f) *Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

15. **Portfolio transaction costs**

Analysis of total trade costs.

	Purchases		Sales	
	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Collective Investment Schemes	19,101	39,336	25,613	30,508
Commissions				
Collective Investment Schemes	1	1	(1)	(1)
Futures~	-	0	-	0
Total commissions	1	1	(1)	(1)
Taxes				
Collective Investment Schemes~	-	-	-	0
Total costs	1	1	(1)	(1)
Total net trades in the year after transaction costs	19,102	39,337	25,612	30,507

~The value of transaction costs is below £500 and is therefore rounded down to £0.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions				
Collective Investment Schemes	0.01	0.00	0.00	0.00
Taxes				
Collective Investment Schemes	-	-	-	0.00

for the year ended 31st October 2017

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

	01/11/16 to 31/10/17	01/11/15 to 31/10/16
	%	%
Commissions	0.00	0.01
Taxes	-	0.00
Total costs	<u>0.00</u>	<u>0.01</u>

Direct transaction costs are expenses incurred when buying and selling financial investments. Collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.04% (31/10/16: 0.02%).

16. Fair value

Valuation technique	31/10/17		31/10/16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	927	-	1,584	-
Level 2	36,673	-	41,426	(196)
Level 3	-	-	-	-
Total fair value	<u>37,600</u>	<u>-</u>	<u>43,010</u>	<u>(196)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

The Fund early adopted the FRS102 update made in March 2016.

IPS Higher Income Portfolio

Distribution Tables

for the year ended 31st October 2017

Distribution in pence per share

- Group 1 First Interim Shares purchased prior to 1st November 2016
 Second Interim Shares purchased prior to 1st February 2017
 Third Interim Shares purchased prior to 1st May 2017
 Final Shares purchased prior to 1st August 2017
- Group 2 First Interim Shares purchased on or between 1st November 2016 and 31st January 2017
 Second Interim Shares purchased on or between 1st February 2017 and 30th April 2017
 Third Interim Shares purchased on or between 1st May 2017 and 31st July 2017
 Final Shares purchased on or between 1st August 2017 and 31st October 2017

Share Class A - Accumulation (Gross)

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	-	-	-	-	-	0.8530
Second Interim	-	-	-	-	-	0.6550
Third Interim	-	-	-	-	-	0.7166
Final	-	-	-	-	-	0.6232
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.8640	0.1728	0.6912	-	0.6912	-
Second Interim	0.9556	-	0.9556	-	0.9556	-
Third Interim	1.0233	-	1.0233	-	1.0233	-
Final	1.0136	-	1.0136	-	1.0136	-

Share class converted from net to gross on 1st February 2017.

Share Class P - Income (Gross)

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	-	-	-	-	-	0.7820
Second Interim	-	-	-	-	-	0.6056
Third Interim	-	-	-	-	-	0.6128
Final	-	-	-	-	-	0.5640
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.7743	0.1549	0.6194	-	0.6194	-
Second Interim	0.8468	-	0.8468	-	0.8468	-
Third Interim	0.8920	-	0.8920	-	0.8920	-
Final	0.9028	-	0.9028	-	0.9028	-

Share class converted from net to gross on 1st February 2017.

IPS Higher Income Portfolio

Distribution Tables

(continued)

for the year ended 31st October 2017

Share Class Q - Income (Gross)

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.8063	0.1613	0.6450	-	0.6450	0.7935
Second Interim	0.8570	-	0.8570	-	0.8570	0.6252
Third Interim	0.9281	-	0.9281	-	0.9281	0.6760
Final	0.9108	-	0.9108	-	0.9108	0.6000
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.1159	0.0232	0.0927	0.5523	0.6450	0.7935
Second Interim	0.4333	-	0.4333	0.4237	0.8570	0.6252
Third Interim	0.5069	-	0.5069	0.4212	0.9281	0.6760
Final	0.2442	-	0.2442	0.6666	0.9108	0.6000

Share class converted from net to gross on 1st February 2017.

Share Class X - Income (Gross)

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.8106	0.1621	0.6485	-	0.6485	0.7921
Second Interim	0.8567	-	0.8567	-	0.8567	0.6286
Third Interim	0.9352	-	0.9352	-	0.9352	0.6655
Final	0.9110	-	0.9110	-	0.9110	0.6121
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.8106	0.1621	0.6485	-	0.6485	0.7921
Second Interim	0.8229	-	0.8229	0.0338	0.8567	0.6286
Third Interim	0.6632	-	0.6632	0.2720	0.9352	0.6655
Final	0.9110	-	0.9110	-	0.9110	0.6121

Share class converted from net to gross on 1st February 2017.

Investment Markets Overview

for the year ended 31st October 2017

Investment Objective and Policy

The Fund aims to provide income with some potential for capital growth through investment in a portfolio which gives exposure to a wide range of asset classes through either direct or indirect investments.

The Fund will provide exposure to fixed interest securities (which may include UK government bonds, other sterling denominated bonds, high yield bonds, overseas bonds, covered bonds and convertibles). The Fund may also provide exposure to a combination of any or all of the following: equities (which may include UK, overseas or emerging markets equities), "alternative" asset classes (including but not limited to private equity, hedge funds and commodities) as well as UK or overseas property.

In order to gain exposure to these asset classes, the Fund may invest in any or all of the following: collective investments schemes, transferable securities (including closed end funds and/or warrants), depositary receipts, money market instruments, cash, near cash, deposits, derivatives, forward contracts and other regulated vehicles.

Use may also be made of unregulated collective investment schemes, stock lending/repo, borrowing, hedging and other techniques permitted by the FCA rules.

It is intended that the Fund will normally be fully invested however all or part of the assets of the Fund may from time to time be invested in cash, deposits, and/or money market instruments in the interests of efficient fund management.

The Investment Adviser may delegate some or all of its duties in respect of the Fund to one or more Sub-Advisers.

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches

The Fund is ranked at 3* because it has experienced low to medium levels of volatility over the past 5 years. *As disclosed in the key investor information document dated 17th November 2017.	Typically lower rewards, lower risks							Typically higher rewards, higher risks						
	←	→												
	1	2	3	4	5	6	7	→						

Risk Management - Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October 2017, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/17
	%
Gross leverage	115.25
Commitment leverage	113.56

for the year ended 31st October 2017

Investment Review

Performance	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %	01/11/13 to 31/10/14 %	01/11/12 to 31/10/13 %
IPS Income Portfolio A Accumulation	4.00	4.83	1.39	3.82	5.08

Source: Aberdeen. Basis: Gross revenue reinvested and net of expenses.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The IPS Income Portfolio invests mainly in corporate bonds, although it also has smaller holdings in government bonds, equities and commercial property.

The UK bond markets produced only marginally positive returns. The 10-year gilt yield (which moves in the opposite direction to bond prices) fell slightly, to end the period at 1.33%. Corporate bonds outperformed government bonds, as investors were comfortable with taking on more risk.

High-yield corporate bonds, which offer a potentially higher level of return, but represent a more risky investment than investment-grade corporate bonds, produced even better returns.

Yields on most bonds are still close to record lows following strong gains in bond markets in recent years and in this environment, investors are seeking those bonds that offer higher yields.

The UK equity market outperformed the bond markets. These gains were partly a consequence of weakness in the pound, which has boosted the profits of FTSE 100 companies with large global operations. Towards the end of the period, however, this was tempered by indications that the Bank of England might raise UK interest rates before the end of the year. Sterling rebounded strongly in September, hitting a one-year high against the US dollar and curbing the share-price gains of the UK's largest companies. The pound's renewed weakness in October allowed the FTSE to resume its upward course.

Overseas equity markets performed well over the period, with Japanese equities producing some of the period's best returns. This was based largely on hopes that weakness in the yen will boost sales of the country's market-leading exporters.

The UK commercial property market made gains, but lagged behind equities. Concerns about the UK departure from the European Union continues to affect investors, but a need for income-generating investments and low supplies of good-quality properties have helped support prices. In particular, London's property market continues to perform better than many experts had anticipated, with prices for some of the city's most prestigious buildings hitting new highs.

Over the review period the Fund produced a return of 4.00%. Performance was boosted by the strong performance of the Fund's corporate-bond holdings, which produced higher returns than the wider market. The relatively large allocation to the Japanese equity market was also beneficial, as Japanese equities performed well over the period.

The holdings in commercial property had a negative effect, as property underperformed other asset classes. The Fund's allocation to absolute-return strategies had a positive effect, however. These strategies are designed to deliver positive returns regardless of the prevailing market conditions.

We think that corporate bonds could come under pressure if interest rates rise significantly in the US. Investment-grade corporate bonds tend to be sensitive to interest rates. For this reason, we are more positive about the prospects for high-yield corporate bonds.

We have some concerns about the prospects for UK commercial property due to the uncertainty stemming from the country's imminent departure from the European Union.

Overall, we think the portfolio is well placed to continue providing an attractive level of income.

Aberdeen Investment Solutions Limited

November 2017

IPS Income Portfolio

Portfolio Statement

as at 31st October 2017

	Holdings or Nominal Values	Market Value £000	Total Net Assets %
FINANCIALS (98.93%*)		1,412,807	95.08
Collective Investment Schemes			
Aberdeen Alternative Strategies Fund Q Roll Up◇	6,567,725	65,506	4.41
Aberdeen Corporate Bond Fund Q Inc◇	197,723,775	225,543	15.18
Aberdeen Liquidity Fund (Lux) - Sterling Fund K-3 Inc†◇	49,873,694	49,874	3.35
Aberdeen UK Equity Index Managed Fund Q Inc (formerly Aberdeen UK Enhanced Equity Fund Q Inc)◇	6,022,279	9,931	0.67
Aberdeen UK Property Feeder Unit Trust J Inc◇	25,260,988	29,613	1.99
Candriam Bonds Emerging Markets Fund I GBP (Hedged) Inc	19,551	29,965	2.02
Eastspring US Corporate Bond Fund RGDM GBP (Hedged) Inc	12,209,554	122,291	8.23
Federated Short-Term Sterling Prime Fund 3 Inc	4,317,167	4,317	0.29
Fidelity Euro Corporate Bond Fund Y Inc	77,317,923	80,101	5.39
iShares Corporate Bond Index Fund H Inc	127,021,122	142,518	9.59
iShares UK Gilts All Stocks Index Fund H Inc	61,895,590	68,890	4.64
Legal & General International Index Trust C Inc	12,931,034	14,263	0.96
PIMCO Global Bond Fund Institutional GBP (Hedged) Inc	4,273,133	58,670	3.95
PIMCO Global High Yield Bond Fund Institutional GBP (Hedged) Inc	13,077,071	80,686	5.43
PIMCO Global Investment Grade Credit Fund Institutional GBP (Hedged) Inc	15,798,615	221,813	14.93
Pioneer Emerging Markets Bond Fund GBP (Hedged) I Acc	79,819	83,544	5.62
Royal London Sterling Credit Fund Z Inc	47,957,579	66,949	4.50
Scottish Widows Multi-Manager Global Real Estate Securities Fund P Inc†	20,122,238	34,791	2.34
Scottish Widows Multi-Manager International Equity Fund P Inc†	2,547,873	8,288	0.56
Scottish Widows Multi-Manager UK Equity Focus Fund P Inc†	6,876,549	13,636	0.92
Scottish Widows Multi-Manager UK Equity Income Fund P Inc†	1,022,799	1,618	0.11
FIXED INCOME (0.00%*)		66,797	4.50
Government Bonds			
United States Treasury 0.125% Inflation Indexed Bond 15/04/2022	USD51,177,100	39,014	2.63
United States Treasury 0.375% Inflation Indexed Bond 15/01/2027	USD27,437,700	20,803	1.40
United States Treasury 1% Inflation Indexed Bond 15/02/2046	USD4,421,000	3,515	0.24
United States Treasury 0.875% Inflation Indexed Bond 15/02/2047	USD4,572,700	3,465	0.23
DERIVATIVES (-0.32%*)		3,915	0.26
Forward Currency Contracts			
US Dollar			
Sold USD115,099,000 for GBP87,539,406 Settlement 14/12/2017		578	0.04

IPS Income Portfolio

Portfolio Statement

(continued)

as at 31st October 2017

	Holdings	Market Value £000	Total Net Assets %
Futures Contracts			
EURO STOXX 50 Index Futures December 2017	669	1,047	0.07
FTSE 100 Index Futures December 2017	(106)	(91)	(0.01)
German Euro Bund Futures December 2017	(519)	(172)	(0.01)
MSCI Pacific Ex Japan Index Futures December 2017	(162)	(5)	0.00
S&P 500 E Mini Index Futures December 2017	(163)	(675)	(0.05)
TOPIX Index Futures December 2017	286	3,148	0.21
UK Long Gilt Bond Futures December 2017	77	(199)	(0.01)
US Treasury Note 10 Year Futures December 2017	(213)	284	0.02
Portfolio of investments[^]		1,483,519	99.84
Net other assets		2,326	0.16
Total net assets		1,485,845	100.00

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated. Derivative contracts can be exchange traded on a regulated market or over the counter (OTC).

*Comparative figures shown in brackets relate to 31st October 2016.

[^]Including investment liabilities.

[†]This investment is a related party (see note 12).

[‡]Cash equivalents.

[◇]Asset managed by the Investment Adviser or a related party of the Investment Adviser.

IPS Income Portfolio

Material Portfolio Changes

for the year ended 31st October 2017

	Cost £000		Proceeds £000
Major purchases		Major sales	
Aberdeen Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡◇	177,151	Aberdeen Liquidity Fund (Lux) - Sterling Fund K-3 Inc‡◇	155,401
iShares Corporate Bond Index Fund H Inc	142,623	Invesco Perpetual Corporate Bond Fund Z Inc	151,133
Aberdeen Corporate Bond Fund Q Inc◇	137,035	M&G Strategic Corporate Bond Fund A Inc	124,568
Eastspring US Corporate Bond Fund RGDM GBP (Hedged) Inc	122,204	iShares GBP Corporate Bond UCITS#	103,900
Pioneer Emerging Markets Bond Fund GBP (Hedged) I Acc	85,248	Aberdeen Sterling Opportunistic Corporate Bond Fund Q Inc◇	93,135
German Euro Bund Futures September 2017	84,385	iShares \$ TIPS UCITS#	81,890
German Euro Bund Futures March 2017	79,354	Pioneer Emerging Markets Bond Fund GBP (Hedged) I Ac	81,409
German Euro Bund Futures June 2017	79,091	German Euro Bund Futures September 2017	80,069
Fidelity Euro Corporate Bond Fund Y Inc	78,430	German Euro Bund Futures December 2017	77,783
UK Long Gilt Bond Futures March 2017	71,695	German Euro Bund Futures December 2017	77,380

Purchases and sales of Futures have been included at the value of their exposure.

‡Cash equivalents.

#Exchange Traded Fund.

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

IPS Income Portfolio

Comparative Table

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class A - Accumulation (Gross)			
Change in net assets per share			
Opening net asset value per share	130.11	124.14	122.34
Return before operating charges*	6.47	7.91	3.68
Operating charges	(1.19)	(1.25)	(1.23)
Return after operating charges*	5.28	6.66	2.45
Distributions	(3.38)	(3.45)	(3.26)
Retained distributions on accumulation shares	3.18	2.76	2.61
Closing net asset value per share	135.19	130.11	124.14
*after direct transaction costs of:~	0.01	0.01	0.00
Performance			
Return after charges^	4.06%	5.36%	2.00%
Other information			
Closing net asset value (£000)	657	2,102	1,202
Closing number of shares	485,997	1,615,867	968,511
Operating charges#	0.90%	0.98%	0.99%
Direct transaction costs~	0.01%	0.01%	0.00%
Prices**			
Highest share price	135.70	132.10	126.20
Lowest share price	127.90	121.10	122.00

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This is different to the performance return stated in the Investment Market Review which is sourced from Aberdeen and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class A Accumulation (Gross) converted from net to gross on 1st February 2017.

IPS Income Portfolio

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class P - Income (Gross)			
Change in net assets per share			
Opening net asset value per share	112.11	109.33	110.10
Return before operating charges*◇	5.54	6.84	3.23
Operating charges	(0.87)	(0.99)	(1.02)
Return after operating charges*◇	4.67	5.85	2.21
Distributions◇	(3.04)	(3.07)	(2.98)
Closing net asset value per share	113.74	112.11	109.33
*after direct transaction costs of:~	0.01	0.01	0.00
Performance			
Return after charges◇	4.17%	5.35%	2.01%
Other information			
Closing net asset value (£000)	11	2	2
Closing number of shares	9,500	1,817	1,817
Operating charges#	0.76%	0.89%	0.93%
Direct transaction costs~	0.01%	0.01%	0.00%
Prices**			
Highest share price	115.00	114.30	112.70
Lowest share price	110.20	105.90	108.60

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class P Income (Gross) converted from net to gross on 1st February 2017.

◇2016 and 2015 comparative figures have been restated to reflect the gross distribution of income from the fund.

IPS Income Portfolio

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class Q - Income (Gross)			
Change in net assets per share			
Opening net asset value per share	112.14	109.33	110.01
Return before operating charges*◇	5.53	6.88	3.31
Operating charges	(0.75)	(0.81)	(0.83)
Return after operating charges*◇	4.78	6.07	2.48
Distributions◇	(3.17)	(3.26)	(3.16)
Closing net asset value per share	113.75	112.14	109.33
*after direct transaction costs of:~	0.01	0.01	0.00
Performance			
Return after charges◇	4.26%	5.55%	2.25%
Other information			
Closing net asset value (£000)	1,188,549	1,150,268	1,195,162
Closing number of shares	1,044,868,043	1,025,778,662	1,093,143,692
Operating charges#	0.66%	0.74%	0.75%
Direct transaction costs~	0.01%	0.01%	0.00%
Prices**			
Highest share price	115.00	114.40	112.60
Lowest share price	110.30	105.90	108.60

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class Q Income (Gross) converted from net to gross on 1st February 2017.

◇2016 and 2015 comparative figures have been restated to reflect the gross distribution of income from the fund.

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class X - Accumulation (Gross)			
Change in net assets per share			
Opening net asset value per share	126.01	119.88	117.80
Return before operating charges*	6.29	7.65	3.56
Operating charges	(0.72)	(0.77)	(0.77)
Return after operating charges*	5.57	6.88	2.79
Distributions	(3.73)	(3.74)	(3.54)
Retained distributions on accumulation shares	3.51	2.99	2.83
Closing net asset value per share	131.36	126.01	119.88
*after direct transaction costs of:~	0.01	0.01	0.00
Performance			
Return after charges	4.42%	5.74%	2.37%
Other information			
Closing net asset value (£000)	296,628	271,739	245,118
Closing number of shares	225,814,579	215,657,326	204,466,812
Operating charges#	0.56%	0.63%	0.64%
Direct transaction costs~	0.01%	0.01%	0.00%
Prices**			
Highest share price	131.80	127.90	121.70
Lowest share price	123.90	117.00	117.50

~Direct transaction costs are stated after deducting the proportion of the amounts collected from dilution adjustments that relate to direct transaction costs as permitted by the IMA SORP 2014.

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Share Class X Accumulation (Gross) converted from net to gross on 1st February 2017.

Prices for Share Class X are not published externally, as this is an internal share class.

IPS Income Portfolio

Statement of Total Return

for the year ended 31st October 2017

	Notes	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
		£000	£000	£000	£000
Income					
Net capital gains	2		20,742		35,131
Revenue	3	43,795		45,782	
Expenses	4	(2,758)		(2,781)	
Interest payable and similar charges		(73)		(32)	
Net revenue before taxation		40,964		42,969	
Taxation	5	(46)		(42)	
Net revenue after taxation			40,918		42,927
Total return before distributions			61,660		78,058
Distributions	6		(40,917)		(42,970)
Change in net assets attributable to shareholders from investment activities			20,743		35,088

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2017

	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		1,424,111		1,441,484
Amounts receivable on creation of shares	93,825		153,514	
Less: Amounts payable on cancellation of shares	(60,733)		(212,300)	
		33,092		(58,786)
Dilution adjustment		50		36
Change in net assets attributable to shareholders from investment activities		20,743		35,088
Retained distributions on accumulation shares		7,849		6,289
Closing net assets attributable to shareholders		1,485,845		1,424,111

Notes to the Financial Statements are on pages 87 to 94.

IPS Income Portfolio

Balance Sheet

as at 31st October 2017

	Notes	31/10/17 £000	31/10/16 £000
Assets			
Fixed assets			
Investments (excluding cash equivalents)‡		1,434,787	1,384,490
Current assets			
Debtors	8	9,982	12,170
Cash and bank balances	9	2,276	19,648
Cash equivalents‡		49,874	28,124
Total assets		1,496,919	1,444,432
Liabilities			
Investment liabilities		(1,142)	(8,317)
Provision for liabilities	10	(39)	(64)
Creditors			
Bank overdrafts		(78)	(279)
Distribution payable		(9,392)	(9,594)
Other creditors	11	(423)	(2,067)
Total liabilities		(11,074)	(20,321)
Net assets attributable to shareholders		1,485,845	1,424,111

‡Cash equivalents have been disclosed separately from the portfolio of investments for the current and comparative year to comply with the Alternative Investment Fund Managers Directive (AIFMD) requirements.

Notes to the Financial Statements are on pages 87 to 94.

Notes to the Financial Statements

for the year ended 31st October 2017

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 12 and 13.

2. Net capital gains

The net capital gains during the year comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Non-derivative securities	7,458	47,122
Futures contracts	5,289	1,737
Forward currency contracts	7,944	(14,273)
Currency losses	(72)	(175)
Transaction charges	(3)	(1)
ACD's periodic charge rebates taken to capital	68	165
AMC rebates taken to capital	-	45
Cost Reimbursements & Compensation for Error~	58	511
Net capital gains*	<u>20,742</u>	<u>35,131</u>

*Includes realised gains of £34,284,000 and unrealised losses of £13,542,000 (31/10/16: realised gains of £16,622,000 and unrealised gains of £18,509,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

~Compensation received from Aberdeen Asset Management with regards to futures trades in the prior accounting year. Compensation received from Aberdeen Asset Management with regards to duplicated forward foreign exchange trades in the current accounting year.

3. Revenue

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Overseas taxable revenue*	(15)	(10)
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	1,586	3,291
Unfranked investment income	1,521	3,107
Interest distributions	16,444	20,448
Offshore distribution taxable	23,509	16,980
Bank interest	8	347
HM Revenue and Customs interest	10	8
Interest on debt securities	531	721
AMC rebates	201	890
Total revenue	<u>43,795</u>	<u>45,782</u>

*Overseas taxable revenue includes currency gains or losses arising from the repatriation of foreign dividends therefore may be negative.

4. Expenses

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	<u>2,301</u>	<u>2,361</u>
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	156	156
Safe custody fees	14	13
	<u>170</u>	<u>169</u>

Notes to the Financial Statements

(continued)

for the year ended 31st October 2017

Other expenses:

Audit fee	11	11
Registration fees	1,400	1,351
Expense capping adjustment†	(1,124)	(1,111)
	<u>287</u>	<u>251</u>
Total expenses	<u>2,758</u>	<u>2,781</u>

Expenses include irrecoverable VAT.

†From 9th May 2014 within the Q share class no registration fee has been deducted and this has been borne by the ACD.

5. Taxation

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
(a) Analysis of charge in year:		
Corporation tax	48	180
Double tax relief	(48)	(36)
Irrecoverable overseas tax	71	36
Total current tax	<u>71</u>	<u>180</u>
Total deferred tax (note 5c)	(25)	(138)
Total taxation (note 5b)	<u>46</u>	<u>42</u>

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:

Net revenue before taxation	40,964	42,969
Corporation tax of 20% (2016: 20%)	8,193	8,594
Effects of:		
Franked UK income*	(317)	(658)
Double tax relief	(48)	(36)
Irrecoverable overseas tax	71	36
Tax deductible interest distributions	(7,867)	(7,936)
Taxable income taken to capital	14	42
Total tax charge for year (note 5a)	<u>46</u>	<u>42</u>

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	64	202
Deferred tax credit in profit and loss account for the year (note 5a)	(25)	(138)
Provision at the end of the year	<u>39</u>	<u>64</u>
Provision consists of:		
Revenue taxable in different periods	<u>39</u>	<u>64</u>

Notes to the Financial Statements

(continued)

for the year ended 31st October 2017

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
First interim	9,491	10,531
Second interim	8,359	8,110
Third interim	9,072	9,165
Final	11,800	6,340
Income tax withheld	2,368	8,594
	<u>41,090</u>	<u>42,740</u>
Add: Revenue deducted on cancellation of shares	270	784
Deduct: Revenue received on creation of shares	(443)	(554)
Net distributions for the year	<u>40,917</u>	<u>42,970</u>

Details of the distributions per share are set out in the Distribution Tables on pages 95 to 96.

7. Movement between net revenue and net distributions

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Net revenue after taxation	40,918	42,927
Tax relief on AMC's periodic charge rebate	-	42
Surplus/(deficit) carried forward to next year	(1)	1
Net distributions for the year	<u>40,917</u>	<u>42,970</u>

8. Debtors

	31/10/17 £000	31/10/16 £000
Sales awaiting settlement	77	195
Amounts receivable for issue of shares	2,049	1,696
Accrued revenue	5,686	3,075
Expense capping adjustment receivable	97	96
Net AMC rebates recoverable	-	266
Income tax recoverable	2,073	6,842
Total debtors	<u>9,982</u>	<u>12,170</u>

9. Cash and bank balances

	31/10/17 £000	31/10/16 £000
Cash and bank balances	690	16,774
Amounts held at futures clearing houses and brokers	1,586	2,874
Total cash and bank balances	<u>2,276</u>	<u>19,648</u>

10. Provision for liabilities

	31/10/17 £000	31/10/16 £000
Deferred taxation	39	64

11. Other creditors

	31/10/17 £000	31/10/16 £000
Amounts payable for cancellation of shares	77	1,570
Accrued expenses	346	353
Corporation tax payable	-	144
Total other creditors	<u>423</u>	<u>2,067</u>

for the year ended 31st October 2017

12. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD and registration fees (Registrar has changed from Bank of New York Mellon (International) Limited to Scottish Widows Unit Trust Managers Limited in the current year) are disclosed in note 2 and 4, with £313,802 (31/10/16: £189,979) due at the year end.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of the Expense capping adjustment are disclosed in note 4 with £97,150 (31/10/2016: £95,403) due at the year end.

The Fund has a related party holding of 30,569,460 shares (31/10/16: 25,465,620 shares) and value of £58,333,848 (31/10/16: £45,056,296) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £1,257,597 (31/10/16: £3,178,458).

Shares held by associates of the ACD

On 31st October 2017, shares held as a percentage of the Fund's value were:

	31/10/17 %	31/10/16 %
ACD and associates of the ACD	19.85	19.00

Material Shareholders

Boltro Nominees Limited held 60.57% of the Fund at 31st October 2017 (31/10/16: 58.57%).

Perry Nominees Limited held 14.28% of the Fund at 31st October 2017 (31/10/16: 18.92%).

13. Share classes

The Fund has four share classes in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class A - Accumulation (Gross):	0.35
Share Class P - Income (Gross):	0.20
Share Class Q - Income (Gross):	0.20
Share Class X - Accumulation (Gross):	-

The net asset value of each share class, the net asset value per share and the number of shares in each class are given in the Comparative Table on pages 81 to 84.

The distributions per share class are given in the Distribution Tables on pages 95 to 96.

Reconciliation of the shares movement in the year:

	01/11/16			31/10/17
	Opening shares in issue	Creations	Cancellations	Shares converted* Closing shares in issue
Share Class A - Accumulation (Gross)	1,615,867	665,203	(1,994,773)	199,700 485,997
Share Class P - Income (Gross)	1,817	9,500	(1,817)	- 9,500
Share Class Q - Income (Gross)	1,025,778,662	57,673,690	(38,352,492)	(231,817) 1,044,868,043
Share Class X - Accumulation (Gross)	215,657,326	21,960,738	(11,803,485)	- 225,814,579

*Share conversions during the year relate to the restructure of a large client portfolio from an institutional share class to a retail share class.

Share Classes A Accumulation (Gross), P Income (Gross), Q Income (Gross) and X Accumulation (Gross) converted from net to gross on 1st February 2017.

14. Capital commitments and contingent liabilities

On 31st October 2017, the Fund had no capital commitments (31/10/16: £nil) and no contingent liabilities (31/10/16: £nil).

for the year ended 31st October 2017

15. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 76. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at 31st October 2017, if the value of Sterling increased or decreased by 1% against all currencies, the resulting change in the net assets attributable to shareholders of the Fund would have been a decrease or increase of approximately £201,477 (31/10/16: £93,388).

As at 31st October the Fund had the following net currency exposure (excluding Sterling):

Currency	Currency exposure	Currency exposure
	31/10/17	31/10/16
	£000	£000
Euro	0	6,718
Japanese yen	(78)	7,116
US dollar	(20,070)	(4,494)
Total	<u>(20,148)</u>	<u>9,340</u>

The Fund is not required to hedge its foreign currency risk, although it may do so through foreign currency exchange contracts, forward contracts, currency options and other methods. To the extent that the Fund does not hedge its foreign currency risk or such hedging is incomplete or unsuccessful, the value of the Fund's assets and revenue could be adversely affected by currency exchange rate movements. There may also be circumstances in which a hedging transaction may reduce currency gains that would otherwise arise in the valuation of the Fund in circumstances where no such hedging transactions are undertaken.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in collective investment schemes and exchange traded funds. The cash flow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. Given that the Fund's objective is to seek capital growth, these cash flows are considered to be of secondary importance and are not actively managed.

The Fund's net cash holding of £690,276 (31/10/16: holding £16,773,304) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The Fund holds net cash at futures brokers of £1,507,696 (31/10/16: cash £2,594,777), whose rates are on based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

(c) Derivatives and other financial instruments

During the year, the ACD entered into derivative contracts on behalf of the Fund for the purpose of efficient portfolio management (EPM). EPM requires that the purpose of the derivative contract must be to achieve; a reduction of the risk, or a reduction of cost, or the generation of additional capital, or revenue for the Fund with an acceptably low level of risk. The ACD monitors the use of derivative contracts to ensure that the requirements of EPM are satisfied. All derivative contracts with exception to forward currency contracts were traded on an eligible derivatives exchange.

Exposure to the various markets may be balanced through tactical asset allocation of futures contracts. Tactical asset allocation is a technique which allows the ACD to undertake a switch in the Fund's exposure by the use of derivatives rather than through the sale and purchase by the Fund of transferable securities.

Due to the use of derivatives, the percentage movements in the value of the Fund will be different from the percentage movements in the markets. At the year end, as use of derivatives is not significant, no sensitivity analysis or value at risk disclosure has been shown.

Notes to the Financial Statements

(continued)

for the year ended 31st October 2017

Financial derivative instrument exposure - fair value	Value (£)	Value (£)
	31/10/17	31/10/16
Exchange traded derivatives	4,479,095	3,366,140
Forward currency contracts	578,166	409,351
Total Financial derivative instrument exposure	<u>5,057,261</u>	<u>3,775,491</u>

Financial derivative instrument exposure - notional	Value (£)	Value (£)
	31/10/17	31/10/16
Exchange traded derivatives	191,940,586	164,139,405
Forward currency contracts	86,961,240	95,458,135
Total Financial derivative instrument exposure	<u>278,901,826</u>	<u>259,597,540</u>

The financial derivative instruments exposure represents the value of what is "economically commanded" by the instrument and is calculated as the sum of the notional value of the instrument, i.e. the number of contracts multiplied by the relevant index or spot price.

Efficient portfolio management techniques	Value (£)	Value (£)
	31/10/17	31/10/16
Underlying exposure obtained through EPM techniques	<u>278,901,826</u>	<u>259,597,540</u>

Counterparties to financial derivative instruments and efficient portfolio management techniques	Value (£)	Value (£)
	31/10/17	31/10/16
BNP Paribas - Forward currency contracts	-	(814,882)
Deutsche Bank - Forward currency contracts	-	(1,551,494)
HSBC Bank - Forward currency contracts	578,166	147,281
Royal Bank of Canada - Forward currency contracts	-	(5,412,841)
Merrill Lynch - Futures contracts	3,336,605	3,089,419
Total uncollateralised counterparty exposure	<u>3,914,771</u>	<u>(4,542,517)</u>

The counterparty exposure represents the amount that the Fund could lose (or gain) if the counterparty defaulted. This is calculated as the unrealised profit (or loss) on the trade. It is therefore a different amount to the value of the sum of the notionals.

Collateral	Value (£)	Value (£)
	31/10/17	31/10/16
The type and amount of collateral received to reduce counterparty exposure:		
GBP Cash - Merrill Lynch	1,530,298	2,873,612
JPY Cash - Merrill Lynch	(77,611)	(144,677)
USD Cash - Merrill Lynch	55,009	(134,158)

(d) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

Notes to the Financial Statements

(continued)

for the year ended 31st October 2017

(e) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in collective investment schemes. The value of these collective investment schemes are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2017, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £14,835,186 (31/10/16: £14,042,967).

(f) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

16. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Collective Investment Schemes	1,122,263	696,196	1,127,047	752,394
Fixed Income	68,172	-	-	42,552
Trades in the year before transaction costs	1,190,435	696,196	1,127,047	794,946
Commissions				
Collective Investment Schemes	35	35	(65)	(17)
Futures	17	21	(19)	(19)
Total commissions	52	56	(84)	(36)
Taxes				
Collective Investment Schemes~	-	-	-	0
Total costs	52	56	(84)	(36)
Total net trades in the year after transaction costs	1,190,487	696,252	1,126,963	794,910

~The value of transaction costs is below £500 and is therefore rounded down to £0.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions				
Collective Investment Schemes	0.00	0.01	0.01	0.00
Taxes				
Collective Investment Schemes	-	-	-	0.00

for the year ended 31st October 2017

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

	01/11/16 to 31/10/17	01/11/15 to 31/10/16
	%	%
Commissions	0.01	0.01
Taxes	-	0.00
Total costs	<u>0.01</u>	<u>0.01</u>

Direct transaction costs are expenses incurred when buying and selling financial investments. In the case of futures contracts, broker commissions and transfer taxes may be paid on each transaction. Other types of investments such as collective investment schemes and fixed income have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds. Exchange traded funds are included within collective investment schemes. Broker commissions and transfer taxes may be paid on these transactions.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.06% (31/10/16: 0.02%).

17. Fair value

Valuation technique	31/10/17		31/10/16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	71,276	(1,142)	108,477	(276)
Level 2	1,413,385	-	1,304,137	(8,041)
Level 3	-	-	-	-
Total fair value	<u>1,484,661</u>	<u>(1,142)</u>	<u>1,412,614</u>	<u>(8,317)</u>

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

The Fund early adopted the FRS102 update made in March 2016.

IPS Income Portfolio

Distribution Tables

for the year ended 31st October 2017

Distribution in pence per share

- Group 1 First Interim Shares purchased prior to 1st November 2016
 Second Interim Shares purchased prior to 1st February 2017
 Third Interim Shares purchased prior to 1st May 2017
 Final Shares purchased prior to 1st August 2017
- Group 2 First Interim Shares purchased on or between 1st November 2016 and 31st January 2017
 Second Interim Shares purchased on or between 1st February 2017 and 30th April 2017
 Third Interim Shares purchased on or between 1st May 2017 and 31st July 2017
 Final Shares purchased on or between 1st August 2017 and 31st October 2017

Share Class A - Accumulation (Gross)

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.9953	0.1991	0.7962	-	0.7962	0.8225
Second Interim	0.6778	-	0.6778	-	0.6778	0.6642
Third Interim	0.7334	-	0.7334	-	0.7334	0.7065
Final	0.9762	-	0.9762	-	0.9762	0.5659
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.9940	0.1988	0.7952	0.0010	0.7962	0.8225
Second Interim	-	-	-	-	-	0.6642
Third Interim	0.7334	-	0.7334	-	0.7334	0.7065
Final	0.9762	-	0.9762	-	0.9762	0.5659

*Share class converted from net to gross on 1st February 2017.

Share Class P - Income (Gross)

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	-	-	-	-	-	0.7462
Second Interim	-	-	-	-	-	0.5206
Third Interim	-	-	-	-	-	0.6758
Final	-	-	-	-	-	0.5107
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.8918	0.1784	0.7134	-	0.7134	-
Second Interim	0.6194	-	0.6194	-	0.6194	-
Third Interim	0.6641	-	0.6641	-	0.6641	-
Final	0.8687	-	0.8687	-	0.8687	-

*Share class converted from net to gross on 1st February 2017.

IPS Income Portfolio

Distribution Tables

(continued)

for the year ended 31st October 2017

Share Class Q - Income (Gross)

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.9274	0.1855	0.7419	-	0.7419	0.7855
Second Interim	0.6470	-	0.6470	-	0.6470	0.6065
Third Interim	0.6952	-	0.6952	-	0.6952	0.7232
Final	0.8989	-	0.8989	-	0.8989	0.4950
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.1355	0.0271	0.1084	0.6335	0.7419	0.7855
Second Interim	0.2567	-	0.2567	0.3903	0.6470	0.6065
Third Interim	0.2100	-	0.2100	0.4852	0.6952	0.7232
Final	0.2199	-	0.2199	0.6790	0.8989	0.4950

*Share class converted from net to gross on 1st February 2017.

Share Class X - Accumulation (Gross)

	Gross revenue	Income tax	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	1.0748	0.2150	0.8598	-	0.8598	0.8867
Second Interim	0.7635	-	0.7635	-	0.7635	0.6958
Third Interim	0.8260	-	0.8260	-	0.8260	0.8296
Final	1.0642	-	1.0642	-	1.0642	0.5812
Group 2	(p)	(p)	(p)	(p)	(p)	(p)
First Interim	0.3535	0.0707	0.2828	0.5770	0.8598	0.8867
Second Interim	0.4292	-	0.4292	0.3343	0.7635	0.6958
Third Interim	0.3219	-	0.3219	0.5041	0.8260	0.8296
Final	0.4484	-	0.4484	0.6158	1.0642	0.5812

*Share class converted from net to gross on 1st February 2017.

Managed Growth Fund 2

Investment Markets Overview

for the year ended 31st October 2017

Investment Objective and Policy

The Fund aims to achieve a combination of income and capital growth by mainly investing in a portfolio of collective investment schemes to achieve broad exposure to diversified investments, including equities and fixed interest securities. Property exposure will also be achieved via exposure to collective investment schemes. The Fund will typically have a higher exposure to lower risk assets, such as fixed interest securities.

Where appropriate the Fund may also invest directly or indirectly in equities and fixed interest securities and other transferable securities (including closed end funds), depositary receipts, money market instruments, cash, near cash, deposits, derivatives and other regulated collective investment schemes. Use may also be made of unregulated collective investment schemes, stock lending/repos, borrowing and hedging.

The portfolio will normally be fully invested however the ACD may at its discretion invest all or part of the assets of the Fund in cash, deposits, and/or money market instruments in the interests of efficient fund management.

It is not currently intended that derivatives will be used for any purpose other than hedging where it is appropriate to do so and the efficient portfolio management of the Fund. Although derivatives may, subject to the ACD obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, be used in pursuit of its investment objective as well as hedging in the future. If derivatives are used for the purpose of meeting the investment objective of the Fund as well as hedging it is not intended that the use of derivatives would raise the risk profile.

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches

As the Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 3* because, based on simulated data, it would have experienced low to medium levels of volatility over the past 5 years. *As disclosed in the key investor information document dated 17th November 2017.	Typically lower rewards, lower risks						
	Typically higher rewards, higher risks						
	←						→
	1	2	3	4	5	6	7

Risk Management - Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October 2017, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/17
	%
Gross leverage	99.56
Commitment leverage	99.73

Managed Growth Fund 2

Investment Markets Overview

(continued)

for the year ended 31st October 2017

Investment Review

Performance	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %	26/03/14 to 31/10/14 %
Managed Growth Fund 2 L Accumulation	5.28	9.98	3.08	N/A

Source: Lipper. Basis: Net revenue reinvested and net of expenses.

On 26th March 2014 Managed Growth Fund 2 was launched with Share Class L Accumulation.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The Fund mainly invests in fixed-income securities, predominantly corporate bonds, although it also has holdings in UK and global equities and commercial property.

The UK bond markets produced only marginally positive returns. The 10-year gilt yield (which moves in the opposite direction to bond prices) fell slightly, to end the period at 1.33%. Corporate bonds outperformed government bonds, as investors were comfortable with taking on more risk.

High-yield corporate bonds, which offer a potentially higher level of return, but represent a more risky investment than investment-grade corporate bonds, produced even better returns.

Yields on most bonds are still close to record lows following strong gains in bond markets in recent years and in this environment, investors are seeking those bonds that offer higher yields.

The UK equity market outperformed the bond markets. These gains were partly a consequence of weakness in the pound, which has boosted the profits of FTSE 100 companies with large global operations. Towards the end of the period, however, this was tempered by indications that the Bank of England might raise UK interest rates before the end of the year. Sterling rebounded strongly in September, hitting a one-year high against the US dollar and curbing the share-price gains of the UK's largest companies. However, the pound's renewed weakness in October allowed the FTSE to resume its upward course.

The UK commercial property market made gains, but lagged behind equities. Concerns about the UK departure from the European Union continue to affect investors, but a need for income-generating investments and low supplies of good-quality properties have helped support prices. In particular, London's property market continues to perform better than many experts had anticipated, with prices for some of the city's most prestigious buildings hitting new highs.

The Fund produced a return of 5.28% during the 12 months under review. Performance was boosted by the relatively strong performance of the Fund's corporate bond-holdings, which produced returns greater than that of the wider market, thereby enhancing returns to investors. The commercial-property portfolio detracted from returns, however, as it underperformed the broader property market.

Looking ahead, we are concerned about the effect the vote to leave the European Union will have on the UK economy, which could affect assets such as equities and commercial property. However, the Fund's holdings in bonds and some overseas assets should help mitigate these risks to some extent.

We think the portfolio is well positioned to continue providing a competitive level of income through its holdings in bond markets, while benefiting to some extent from any stock-market growth through the holdings in equities.

Aberdeen Investment Solutions Limited

November 2017

Managed Growth Fund 2

Portfolio Statement

as at 31st October 2017

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (99.44%*)		21,336	99.52
Collective Investment Schemes			
Aberdeen Corporate Bond Fund Q Inc◇	1,325,979	1,512	7.05
Aberdeen Global High Yield Bond Fund Q Inc◇	701,742	651	3.04
Aberdeen UK All Share Tracker Fund B Acc◇	2,397,053	4,280	19.96
Aberdeen UK Property Feeder Unit Trust J Inc◇	2,153,744	2,525	11.78
Scottish Widows Corporate Bond Fund W Gross Acct	5,042,635	6,460	30.13
Scottish Widows International Equity Tracker Fund X Acct	172,886	557	2.60
Scottish Widows Overseas Fixed Interest Tracker Fund W Gross Acct	1,377,209	1,778	8.29
Scottish Widows UK Fixed Interest Tracker Fund W Gross Acct	2,895,654	3,573	16.67
Portfolio of investments		21,336	99.52
Net other assets		103	0.48
Total net assets		21,439	100.00

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

*Comparative figures shown in brackets relate to 31st October 2016.

†This investment is a related party (see note 10).

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

Managed Growth Fund 2

Material Portfolio Changes

for the year ended 31st October 2017

	Cost £000		Proceeds £000
Total purchases		Total sales	
Scottish Widows Corporate Bond Fund W Gross Acct†	3,583	Aberdeen UK All Share Tracker Fund B Acc◇	25
Aberdeen UK All Share Tracker Fund B Acc◇	2,170	Scottish Widows Overseas Fixed Interest Tracker Fund W Gross Acct†	20
Scottish Widows UK Fixed Interest Tracker Fund W Gross Acct†	2,130		
Aberdeen UK Property Feeder Unit Trust J Inc◇	1,390		
Scottish Widows Overseas Fixed Interest Tracker Fund W Gross Acct†	1,092		
Aberdeen Corporate Bond Fund Q Inc◇	885		
Aberdeen Global High Yield Bond Fund Q Inc◇	368		
Scottish Widows International Equity Tracker Fund X Acct†	287		

†This investment is a related party (see note 10).

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

Managed Growth Fund 2

Comparative Table

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class L - Accumulation			
Change in net assets per share			
Opening net asset value per share	117.88	107.18	103.93
Return before operating charges*	4.12	11.81	4.25
Operating charges	-	(0.51)	(0.48)
Return after operating charges*	4.12	11.30	3.77
Distributions	(1.50)	(3.00)	(2.57)
Retained distributions on accumulation shares	1.50	2.40	2.05
Return to shareholder as a result of class closure	(122.00)	-	-
Closing net asset value per share	-	117.88	107.18
*after direct transaction costs of:	-	0.00	0.03
Performance			
Return after charges	-	10.54%	3.62%
Other information			
Closing net asset value (£000)	-	1,959	908
Closing number of shares	-	1,661,593	847,492
Operating charges#	-	0.45%	0.45%
Direct transaction costs	-	0.00%	0.03%
Prices**			
Highest share price	-	120.70	111.40
Lowest share price	-	105.30	103.60

#Operating charges are representative of the ongoing charges figure.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

The ACD reimburses the Managed Growth Fund 2 in respect of expenses incurred by the L share class so as to cap the OCF of the share class at 0.45%.

Share Class L Accumulation (Gross) converted from net to gross on 3rd February 2017.

Share Class L Accumulation (Gross) merged with the Share Class L Accumulation on 9th May 2017.

Managed Growth Fund 2

Comparative Table

(continued)

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class L - Accumulation (Gross)			
Change in net assets per share			
Opening net asset value per share	119.39	107.97	104.25
Return before operating charges*	6.82	11.93	4.21
Operating charges	(0.55)	(0.51)	(0.49)
Return after operating charges*	6.27	11.42	3.72
Distributions	(3.04)	(3.04)	(2.57)
Retained distributions on accumulation shares	3.04	3.04	2.57
Closing net asset value per share	125.66	119.39	107.97
*after direct transaction costs of:	-	0.00	0.03
Performance			
Return after charges^	5.25%	10.58%	3.57%
Other information			
Closing net asset value (£000)	21,439	6,972	2,372
Closing number of shares	17,060,370	5,840,103	2,196,453
Operating charges#	0.45%	0.45%	0.45%
Direct transaction costs	0.00%	0.00%	0.03%
Prices**			
Highest share price	126.60	122.20	112.00
Lowest share price	116.70	106.30	103.90

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This is different to the performance return stated in the Investment Market Review which is sourced from Lipper and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

The ACD reimburses the Managed Growth Fund 2 in respect of expenses incurred by the L share class so as to cap the OCF of the share class at 0.45%.

Managed Growth Fund 2

Statement of Total Return

for the year ended 31st October 2017

	Notes	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
		£000	£000	£000	£000
Income					
Net capital gains	2		332		444
Revenue	3	369		156	
Expenses	4	(32)		(10)	
Interest payable and similar charges		-		-	
Net revenue before taxation		337		146	
Taxation	5	(2)		(1)	
Net revenue after taxation			335		145
Total return before distributions			667		589
Distributions	6		(335)		(145)
Change in net assets attributable to shareholders from investment activities			332		444

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2017

	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		8,931		3,280
Amounts receivable on creation of shares	15,002		6,057	
Less: Amounts payable on cancellation of shares	(3,261)		(1,034)	
		11,741		5,023
Change in net assets attributable to shareholders from investment activities		332		444
Retained distributions on accumulation shares		435		184
Closing net assets attributable to shareholders		21,439		8,931

Notes to the Financial Statements are on pages 105 to 109.

Managed Growth Fund 2

Balance Sheet

as at 31st October 2017

	Notes	31/10/17 £000	31/10/16 £000
Assets			
Fixed assets			
Investments		21,336	8,881
Current assets			
Debtors	7	85	152
Cash and bank balances		<u>36</u>	<u>18</u>
Total assets		<u>21,457</u>	<u>9,051</u>
Liabilities			
Provision for liabilities	8	(3)	(1)
Creditors			
Distribution payable		-	(6)
Other creditors	9	<u>(15)</u>	<u>(113)</u>
Total liabilities		<u>(18)</u>	<u>(120)</u>
Net assets attributable to shareholders		<u>21,439</u>	<u>8,931</u>

Notes to the Financial Statements are on pages 105 to 109.

Managed Growth Fund 2

Notes to the Financial Statements

for the year ended 31st October 2017

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 12 and 13.

2. Net capital gains

The net capital gains during the year comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Non-derivative securities	333	445
Transaction charges	(1)	(1)
Net capital gains*	332	444

*Includes realised gains of £4,000 and unrealised gains of £328,000 (31/10/16: realised losses of £7,000 and unrealised gains of £451,000). Included in realised gains for the year were unrealised gains/(losses) recognised in the prior accounting year.

3. Revenue

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	88	32
Unfranked investment income	44	16
Interest distributions	237	107
Offshore distribution non-taxable	-	1
Total revenue	369	156

4. Expenses

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	22	8
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	1	1
Other expenses:		
Audit fee	10	10
Expense capping adjustment†	(1)	(9)
Total expenses	32	10

Expenses include irrecoverable VAT.

†The ACD reimburses the Managed Growth Fund 2 in respect of expenses incurred by the L share class so as to cap the OCF of the share class at 0.45%.

for the year ended 31st October 2017

5. Taxation

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
(a) Analysis of charge in year:		
Deferred taxation	2	1

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:

Net revenue before taxation	337	146
Corporation tax of 20% (2016: 20%)	67	29
Effects of:		
Franked UK income*	(17)	(6)
Tax deductible interest distributions	(48)	(22)
Total tax charge for year (note 5a)	2	1

**As an authorised OEIC these items are not subject to corporation tax.*

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	1	-
Deferred tax charge in profit and loss account for the year (note 5a)	2	1
Provision at the end of the year	3	1
Provision consists of:		
Revenue taxable in different periods	3	1

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Interim	181	74
Final	253	110
Income tax withheld	-	7
	434	191
Add: Revenue deducted on cancellation of shares	8	9
Deduct: Revenue received on creation of shares	(107)	(55)
Net distributions for the year	335	145

Details of the distribution per share is set out in the Distribution Tables on page 110.

7. Debtors

	31/10/17 £000	31/10/16 £000
Sales awaiting settlement	2	-
Amounts receivable for issue of shares	36	124
Accrued revenue	33	11
Expense capping adjustment receivable	-	9
Income tax recoverable	14	8
Total debtors	85	152

for the year ended 31st October 2017

8. Provision for liabilities

	31/10/17 £000	31/10/16 £000
Deferred taxation	3	1

9. Other creditors

	31/10/17 £000	31/10/16 £000
Purchases awaiting settlement	-	90
Amounts payable for cancellation of shares	-	11
Accrued expenses	14	12
Expense capping adjustment payable	1	-
Total other creditors	15	113

10. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in note 4, with £2,666 (31/10/16: £1,122) due at the year end.

Amounts paid by Scottish Widows Unit Trust Managers Limited in respect of the Expense capping adjustments are disclosed in note 4 with £1,070 receivable (31/10/16: £8,622 payable) due at the year end.

The Fund has a related party holding of 9,488,384 shares (31/10/16: 4,017,653 shares) and value of £12,368,042 (31/10/16: £5,119,432) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £190,410 (31/10/16: £87,568).

Shares held by associates of the ACD

There were no shares held by the ACD and associates of the ACD in the Fund at the current and prior year.

Material Shareholders

Cofunds Nominees Limited held 48.24% of the Fund at 31st October 2017 (31/10/16: 98.32%).

Minster Nominees Limited held 51.71% of the Fund at 31st October 2017 (31/10/16: 0.00%).

11. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on each share class is as follows:

	%
Share Class L - Accumulation (Gross)*:	0.15
Share Class L - Accumulation (Gross):	0.15

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Comparative Table on pages 101 and 102.

The distributions per share class are given in the Distribution Table on page 110.

Reconciliation of the shares movement in the year:

	01/11/16			31/10/17	
	Opening shares in issue	Creations	Cancellations	Shares converted	Closing shares in issue
Share Class L - Accumulation*	1,661,593	860,022	(2,521,615)	-	-
Share Class L - Accumulation (Gross)	5,840,103	11,388,055	(167,788)	-	17,060,370

*Share class was closed on 9th May 2017.

for the year ended 31st October 2017

12. Capital commitments and contingent liabilities

On 31st October 2017, the Fund had no capital commitments (31/10/16: £nil) and no contingent liabilities (31/10/16: £nil).

13. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 97. The risks inherent in the Fund's investment portfolio are as follows:

(a) Currency risk

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at the 31st October 2017 the Fund's net foreign currency exposure was less than 10% of the Fund NAV and so no table of currency risk has been disclosed.

The Fund's net foreign currency exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

(b) Interest rate risk profile of financial assets and liabilities

The Fund receives revenue from holdings in collective investment schemes. The cash flow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. Given that the Fund's objective is to seek capital growth, these cash flows are considered to be of secondary importance and are not actively managed.

The Fund's net cash holding of £36,035 (31/10/16: holding £17,737) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

(c) Liquidity risk

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(d) Market price risk and fair value of financial assets and liabilities

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes Funds are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2017, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £213,358 (31/10/16: £88,814).

(e) Credit risk

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

for the year ended 31st October 2017

14. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Collective Investment Schemes	11,905	5,232	45	125
Commissions				
Collective Investment Schemes~	-	-	-	0
Total net trades in the year	11,905	5,232	45	125

~The value of transaction costs is below £500 and is therefore rounded down to 0.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions				
Collective Investment Schemes	-	-	-	0

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

	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions	-	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. Collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.00% (31/10/16: 0.00%).

15. Fair value

Valuation technique	31/10/17		31/10/16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	-	-	-	-
Level 2	21,336	-	8,881	-
Level 3	-	-	-	-
Total fair value	21,336	-	8,881	-

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

The Fund early adopted the FRS102 update made in March 2016.

Managed Growth Fund 2

Distribution Tables

for the year ended 31st October 2017

Distribution in pence per share

Group 1 Interim Shares purchased prior to 1st November 2016

Final Shares purchased prior to 1st May 2017

Group 2 Interim Shares purchased on or between 1st November 2016 and 30th April 2017

Final Shares purchased on or between 1st May 2017 and 31st October 2017

Share Class L - Accumulation (Gross)

	Gross revenue	Equalisation	Distributions paid to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
Interim	-	-	-	1.1915
Final	-	-	-	1.2081
Group 2	(p)	(p)	(p)	(p)
Interim	1.4580	0.0463	1.5043	1.1915
Final	-	-	-	1.2081

Share class converted from net to gross on 3rd February 2017.

Share class was closed on 9th May 2017.

Share Class L - Accumulation (Gross)

	Gross revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
Interim	1.5518	-	1.5518	1.5019
Final	1.4841	-	1.4841	1.5354
Group 2	(p)	(p)	(p)	(p)
Interim	0.2497	1.3021	1.5518	1.5019
Final	0.5800	0.9041	1.4841	1.5354

Managed Growth Fund 4

Investment Markets Overview

for the year ended 31st October 2017

Investment Objective and Policy

The Fund aims to achieve a combination of income and capital growth by mainly investing in a portfolio of collective investment schemes to achieve broad exposure to diversified investments, including equities and fixed interest securities. Property exposure will also be achieved via exposure to collective investment schemes. The Fund will typically take a diversified approach to lower and higher risk assets.

Where appropriate the Fund may also invest directly or indirectly in transferable securities (including closed end funds), depositary receipts, money market instruments, cash, near cash, deposits, derivatives and other regulated collective investment schemes. Use may also be made of unregulated collective investment schemes, stock lending/repos, borrowing and hedging.

The portfolio will normally be fully invested however the ACD may at its discretion invest all or part of the assets of the Fund in cash, deposits, and/or money market instruments in the interests of efficient fund management.

It is not currently intended that derivatives will be used for any purpose other than hedging where it is appropriate to do so and the efficient portfolio management of the Fund. Although derivatives may, subject to the ACD obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, be used in pursuit of its investment objective as well as hedging in the future. If derivatives are used for the purpose of meeting the investment objective of the Fund as well as hedging it is not intended that the use of derivatives would raise the risk profile.

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches

<p>As the Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 4* because, based on simulated data, it would have experienced medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 17th November 2017.</p>	<p>Typically lower rewards, lower risks</p> <p style="text-align: right;">Typically higher rewards, higher risks</p>							
	←	→	1	2	3	4	5	6

Risk Management - Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October 2017, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/17
	%
Gross leverage	98.95
Commitment leverage	99.47

Managed Growth Fund 4

Investment Markets Overview

(continued)

for the year ended 31st October 2017

Investment Review

Performance	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %	26/03/14 to 31/10/14 %
Managed Growth Fund 4 L Accumulation	8.63	10.17	3.31	N/A

Source: Lipper. Basis: Net revenue reinvested and net of expenses.

On 26th March 2014 Managed Growth Fund 4 was launched with Share Class L Accumulation.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

Approximately half of the Fund is invested in equities, with the UK market representing the largest single position. The rest of the Fund is invested in global equities, fixed-income securities, predominantly corporate bonds, and in commercial property.

The UK equity market underperformed most of its developed-market peers, but still delivered positive returns. These gains were partly a consequence of weakness in the pound, which has boosted the profits of FTSE 100 companies with large global operations. Towards the end of the period, however, this was tempered by indications that the Bank of England might raise UK interest rates before the end of the year. Sterling rebounded strongly in September, hitting a one-year high against the US dollar and curbing the share-price gains of the UK's largest companies. However, the pound's renewed weakness in October allowed the FTSE to resume its upward course.

European equities performed well too, helped by optimism about greater political stability after defeats for populist candidates in the Dutch and French elections. There was a political crisis of a different sort at the end of the period, however, as the Catalan parliament formally declared independence from Spain, prompting the Spanish government to impose direct rule on the semi-autonomous region.

The US equity market was strong too. Shares reached a series of record highs following Donald Trump's victory in the country's presidential election. The rally stalled in late summer by concerns that the Trump administration might be unable to push its economic stimulus plans through Congress. In the autumn, however, strong corporate earnings allowed the market to resume its upward trajectory.

The UK bond markets produced only marginally positive returns. The 10-year gilt yield (which moves in the opposite direction to bond prices) fell slightly, to end the period at 1.33%. Corporate bonds outperformed government bonds, as investors were comfortable with taking on more risk. High-yield corporate bonds, which offer a potentially higher level of return, but represent a more risky investment than investment-grade corporate bonds, produced even better returns.

The UK commercial property market made gains, but lagged behind equities. Concerns about the UK departure from the European Union continue to affect investors, but a need for income-generating investments and low supplies of good-quality properties have helped support prices. In particular, London's property market continues to perform better than many experts had anticipated, with prices for some of the city's most prestigious buildings hitting new highs.

The Fund produced a return of 8.63% during the 12 months under review. The performance of the Fund was boosted by the relatively strong performance of its corporate-bond holdings, which produced returns greater than that of the wider market, thereby enhancing returns to investors. The Fund's high-yield bonds performed particularly well. The commercial-property portfolio detracted from returns, however, as it underperformed the broader property market.

Looking ahead, we are concerned about the effect the vote to leave the European Union will have on the UK economy, which could affect assets such as equities and commercial property. However, the Fund's holdings in overseas assets should help mitigate these risks to some extent.

Overall, we feel that the portfolio is well placed to take advantage of any future stock-market gains, while potentially providing a reasonable level of income via its holdings in corporate bonds and commercial property.

Aberdeen Investment Solutions Limited

November 2017

Managed Growth Fund 4

Portfolio Statement

as at 31st October 2017

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (99.85%*)		42,479	98.70
Collective Investment Schemes			
Aberdeen Global High Yield Bond Fund Q Inc◊	2,202,755	2,043	4.75
Aberdeen UK All Share Tracker Fund B Acc (formerly Aberdeen Foundation Growth Fund B Acc)◊	7,184,522	12,827	29.80
Aberdeen UK Property Feeder Unit Trust J Inc◊	3,568,251	4,183	9.72
Scottish Widows Corporate Bond Fund W Gross Acct	8,624,573	11,048	25.67
Scottish Widows International Equity Tracker Fund X Acct	997,671	3,216	7.47
Scottish Widows UK All Share Tracker Fund X Acct†	2,007,111	5,560	12.92
Scottish Widows UK Fixed Interest Tracker Fund W Gross Acct†	2,919,306	3,602	8.37
Portfolio of investments		42,479	98.70
Net other assets		560	1.30
Total net assets		43,039	100.00

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

* Comparative figures shown in brackets relate to 31st October 2016.

† This investment is a related party (see note 10).

◊ Asset managed by the Investment Adviser or a related party of the Investment Adviser.

Managed Growth Fund 4

Material Portfolio Changes

for the year ended 31st October 2017

	Cost £000
Total purchases	
Aberdeen UK All Share Tracker Fund B Acc (formerly Aberdeen Foundation Growth Fund B Acc)◇	7,445
Scottish Widows Corporate Bond Fund W Gross Acct	7,025
Scottish Widows UK All Share Tracker Fund X Acct	3,240
Aberdeen UK Property Feeder Unit Trust J Inc◇	2,650
Scottish Widows UK Fixed Interest Tracker Fund W Gross Acct	2,435
Scottish Widows International Equity Tracker Fund X Acct	1,790
Aberdeen Global High Yield Bond Fund Q Inc◇	1,260

There were no sales during the year.

†This investment is a related party (see note 10).

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

Managed Growth Fund 4

Comparative Table

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class L - Accumulation			
Change in net assets per share			
Opening net asset value per share	116.93	106.14	102.80
Return before operating charges*	10.65	11.28	3.82
Operating charges	(0.50)	(0.49)	(0.48)
Return after operating charges*	10.15	10.79	3.34
Distributions	(2.91)	(2.78)	(2.13)
Retained distributions on accumulation shares	2.91	2.78	2.13
Closing net asset value per share	127.08	116.93	106.14
*after direct transaction costs of:	-	0.00	0.01
Performance			
Return after charges^	8.68%	10.17%	3.25%
Other information			
Closing net asset value (£000)	43,039	14,656	6,181
Closing number of shares	33,868,044	12,534,027	5,822,985
Operating charges#	0.40%	0.45%	0.45%
Direct transaction costs	0.00%	0.00%	0.01%
Prices**			
Highest share price	127.20	119.10	111.70
Lowest share price	114.50	99.76	101.80

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This is different to the performance return stated in the Investment Market Review which is sourced from Lipper and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

Managed Growth Fund 4

Statement of Total Return

for the year ended 31st October 2017

	Notes	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
		£000	£000	£000	£000
Income					
Net capital gains	2		1,390		941
Revenue	3	762		305	
Expenses	4	(55)		(23)	
Interest payable and similar charges		-		-	
Net revenue before taxation		707		282	
Taxation	5	(67)		(28)	
Net revenue after taxation			640		254
Total return before distributions			2,030		1,195
Distributions	6		(640)		(254)
Change in net assets attributable to shareholders from investment activities			1,390		941

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2017

	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		14,656		6,181
Amounts receivable on creation of shares	26,332		9,430	
Less: Amounts payable on cancellation of shares	(171)		(2,206)	
		26,161		7,224
Dilution adjustment		1		-
Change in net assets attributable to shareholders from investment activities		1,390		941
Retained distributions on accumulation shares		831		310
Closing net assets attributable to shareholders		43,039		14,656

Notes to the Financial Statements are on pages 118 to 122.

Managed Growth Fund 4

Balance Sheet

as at 31st October 2017

	Notes	31/10/17 £000	31/10/16 £000
Assets			
Fixed assets			
Investments		42,479	14,634
Current assets			
Debtors	7	428	130
Cash and bank balances		222	61
Total assets		43,129	14,825
Liabilities			
Provision for liabilities	8	(5)	(2)
Creditors			
Other creditors	9	(85)	(167)
Total liabilities		(90)	(169)
Net assets attributable to shareholders		43,039	14,656

Notes to the Financial Statements are on pages 118 to 122.

Managed Growth Fund 4

Notes to the Financial Statements

for the year ended 31st October 2017

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 12 and 13.

2. Net capital gains

The net capital gains during the year comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Non-derivative securities	1,391	941
Transaction charges	(1)	-
Net capital gains*	<u>1,390</u>	<u>941</u>

*Includes realised losses of £1,000 and unrealised gains of £1,391,000 (31/10/16: realised gains of £31,000 and unrealised gains of £910,000). Included in realised losses for the year were unrealised gains/(losses) recognised in the prior accounting year.

3. Revenue

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	372	140
Unfranked investment income	68	23
Interest distributions	322	141
Offshore distribution taxable	-	1
Total revenue	<u>762</u>	<u>305</u>

4. Expenses

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	<u>41</u>	<u>15</u>
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	<u>3</u>	<u>1</u>
Other expenses:		
Audit fee	11	11
Expense capping adjustment†	-	(4)
Total expenses	<u>55</u>	<u>23</u>

Expenses include irrecoverable VAT.

†The ACD reimburses the Managed Growth Fund 4 in respect of expenses incurred by the L share class so as to cap the OCF of the share class at 0.45%.

Notes to the Financial Statements

(continued)

for the year ended 31st October 2017

5. Taxation

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
(a) Analysis of charge in year:		
Corporation tax	64	27
Total current tax	<u>64</u>	<u>27</u>
Total deferred tax (note 5c)	3	1
Total taxation (note 5b)	<u><u>67</u></u>	<u><u>28</u></u>

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:

Net revenue before taxation	707	282
Corporation tax of 20% (2016: 20%)	<u>141</u>	<u>56</u>
Effects of:		
Franked UK income*	<u>(74)</u>	<u>(28)</u>
Total tax charge for year (note 5a)	<u><u>67</u></u>	<u><u>28</u></u>

*As an authorised OEIC these items are not subject to corporation tax.

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	2	1
Deferred tax charge in profit and loss account for the year (note 5a)	<u>3</u>	<u>1</u>
Provision at the end of the year	<u><u>5</u></u>	<u><u>2</u></u>
Provision consists of:		
Revenue taxable in different periods	<u><u>5</u></u>	<u><u>2</u></u>

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Interim	317	124
Final	<u>514</u>	<u>186</u>
	831	310
Add: Revenue deducted on cancellation of shares	-	18
Deduct: Revenue received on creation of shares	<u>(191)</u>	<u>(74)</u>
Net distributions for the year	<u><u>640</u></u>	<u><u>254</u></u>

Details of the distribution per share is set out in the Distribution Table on page 123.

7. Debtors

	31/10/17 £000	31/10/16 £000
Sales awaiting settlement	2	1
Amounts receivable for issue of shares	359	100
Accrued revenue	48	15
Expense capping adjustment receivable	-	3
Income tax recoverable	<u>19</u>	<u>11</u>
Total debtors	<u><u>428</u></u>	<u><u>130</u></u>

for the year ended 31st October 2017

8. Provision for liabilities

	31/10/17 £000	31/10/16 £000
Deferred taxation	5	2

9. Other creditors

	31/10/17 £000	31/10/16 £000
Purchases awaiting settlement	-	100
Amounts payable for cancellation of shares	-	27
Accrued expenses	17	12
Corporation tax payable	63	28
Expense capping adjustment payable	5	-
Total other creditors	85	167

10. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in note 4, with £5,312 (31/10/16: £1,848) due at the year end.

Amounts paid and received by Scottish Widows Unit Trust Managers Limited in respect of the Expense capping adjustments are disclosed in note 4 with £4,635 receivable (31/10/16: £2,969 payable) at the year end.

The Fund has a related party holding of 14,548,661 shares (31/10/16: 5,212,488 shares) and value of £23,425,694 (31/10/16: £7,988,749) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £402,296 (31/10/16: £166,266).

Shares held by associates of the ACD

There were no shares held by the ACD and associates of the ACD in the Fund at the current and prior year.

Material Shareholders

Cofunds Nominees Limited held 48.43% of the Fund at 31st October 2017 (31/10/16: 99.28%).

Minster Nominees Limited held 51.55% of the Fund at 31st October 2017 (31/10/16: 0.00%).

11. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

Share Class L - Accumulation:	%
	0.15

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Comparative Table on page 115.

The distributions per share class are given in the Distribution Table on page 123.

Reconciliation of the shares movement in the year:

	01/11/16			31/10/17
	Opening shares in issue	Creations	Cancellations	Shares converted Closing shares in issue
Share Class L - Accumulation	12,534,027	21,481,114	(147,097)	-
				33,868,044

for the year ended 31st October 2017

12. Capital commitments and contingent liabilities

On 31st October 2017, the Fund had no capital commitments (31/10/16: £nil) and no contingent liabilities (31/10/16: £nil).

13. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 111. The risks inherent in the Fund's investment portfolio are as follows:

(a) *Currency risk*

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at the 31st October 2017 the Fund's net foreign currency exposure was less than 10% of the Fund NAV and so no table of currency risk has been disclosed.

The Fund's net foreign currency exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

(b) *Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in collective investment schemes. The cash flow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. Given that the Fund's objective is to seek capital growth, these cash flows are considered to be of secondary importance and are not actively managed.

The Fund's net cash holding of £221,917 (31/10/16: holding £61,375) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

(c) *Liquidity risk*

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(d) *Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes Funds are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2017, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £424,786 (31/10/16: £146,344).

(e) *Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

for the year ended 31st October 2017

14. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Collective Investment Schemes	25,845	7,796	-	453
Commissions				
Collective Investment Schemes~	-	-	-	0
Total net trades in the year	25,845	7,796	-	453

~The value of transaction costs is below £500 and is therefore rounded down to £0.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions				
Collective Investment Schemes	-	-	-	0

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

	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions	-	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. Collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.00% (31/10/16: 0.00%).

15. Fair value

Valuation technique	31/10/17		31/10/16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	-	-	-	-
Level 2	42,479	-	14,634	-
Level 3	-	-	-	-
Total fair value	42,479	-	14,634	-

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

The Fund early adopted the FRS102 update made in March 2016.

Managed Growth Fund 4

Distribution Table

for the year ended 31st October 2017

Distribution in pence per share

Group 1 Interim Shares purchased prior to 1st November 2016

Final Shares purchased prior to 1st May 2017

Group 2 Interim Shares purchased on or between 1st November 2016 and 30th April 2017

Final Shares purchased on or between 1st May 2017 and 31st October 2017

Share Class L - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
Interim	1.3966	-	1.3966	1.2943
Final	1.5171	-	1.5171	1.4811
Group 2	(p)	(p)	(p)	(p)
Interim	0.3849	1.0117	1.3966	1.2943
Final	0.7401	0.7770	1.5171	1.4811

Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Interim - 51.80% of the dividend, is received as franked investment income.

Interim - 48.20% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Final - 61.28% of the dividend, is received as franked investment income.

Final - 38.72% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Managed Growth Fund 6

Investment Markets Overview

for the year ended 31st October 2017

Investment Objective and Policy

The Fund aims to achieve a combination of income and capital growth by mainly investing in a portfolio of collective investment schemes to achieve broad exposure to diversified investments, including equities and fixed interest securities. Property exposure will also be achieved via exposure to collective investment schemes. The Fund will typically have high exposure to assets providing potential for growth, such as equities.

Where appropriate the Fund may also invest directly or indirectly in transferable securities (including closed end funds), depositary receipts, money market instruments, cash, near cash, deposits, derivatives and other regulated collective investment schemes. Use may also be made of unregulated collective investment schemes, stock lending/repos, borrowing and hedging.

The portfolio will normally be fully invested however the ACD may at its discretion invest all or part of the assets of the Fund in cash, deposits, and/or money market instruments in the interests of efficient fund management.

It is not currently intended that derivatives will be used for any purpose other than hedging where it is appropriate to do so and the efficient portfolio management of the Fund. Although derivatives may, subject to the ACD obtaining and maintaining the requisite permissions from the FCA under the Financial Services and Markets Act 2000 and on giving not less than 60 days' notice to shareholders in the Fund, be used in pursuit of its investment objective as well as hedging in the future. If derivatives are used for the purpose of meeting the investment objective of the Fund as well as hedging it is not intended that the use of derivatives would raise the risk profile.

Synthetic Risk and Reward Indicator

There are several different ways of measuring risk. The table below uses an industry standard measure of fund risk based on measuring a fund's volatility using its returns over the past five years. Volatility is generated by both rising and falling prices. Volatility doesn't tell you how much a fund has lost or gained; it indicates how volatile its returns were historically. The Fund's ranking may change over time and may not be a reliable indication of its future risk profile.

This is a separate measure to Scottish Widows' Investment Approaches (where we use our own methodology to take an overall look at funds' risks and aims and categorise our funds as Secure, Cautious, Balanced, Progressive, Adventurous or Specialist). You can read more about them at www.scottishwidows.co.uk/investmentapproaches

<p>As the Fund has been available for less than 5 years, we have used simulated historical data for the part of the 5 year period before the Fund began. The Fund is ranked at 4* because, based on simulated data, it would have experienced medium levels of volatility over the past 5 years.</p> <p>*As disclosed in the key investor information document dated 17th November 2017.</p>	<p>Typically lower rewards, lower risks</p> <p style="text-align: right;">Typically higher rewards, higher risks</p>							
	←	→	1	2	3	4	5	6

Risk Management - Leverage

Leverage is any method by which the ACD increases the exposure of a Fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means.

The maximum level of leverage which the ACD is entitled to employ on behalf of the Fund is set out in the Prospectus.

Where the investment policy of a Fund permits the use of derivatives and/or forward transactions for investment purposes, the Fund may be leveraged to the extent that this may potentially increase the volatility and risk of the Fund. In addition, when undertaking derivative and forward transactions, the low margin deposits normally required may lead to a higher degree of leverage, which may also lead to greater fluctuations in the price of a Fund.

The table below sets out the total amount of leverage employed by the Fund as at 31st October 2017, calculated in accordance with the gross method and the commitment method (as defined in the Alternative Investment Fund Managers Directive). This method uses Net Present Value to calculate the exposure of cash and non-derivative holdings and is therefore different to the exposure calculation if the Net Asset Value of the Fund had been used.

	31/10/17
	%
Gross leverage	99.29
Commitment leverage	99.73

Managed Growth Fund 6

Investment Markets Overview

(continued)

for the year ended 31st October 2017

Investment Review

Performance	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/14 to 31/10/15 %	26/03/14 to 31/10/14 %
Managed Growth Fund 6 L Accumulation	11.03	12.61	3.43	N/A

Source: Lipper. Basis: Net revenue reinvested and net of expenses.

On 26th March 2014 Managed Growth Fund 6 was launched with Share Class L Accumulation.

Past performance is not a reliable indicator of future results. The value of an investment and any revenue from it is not guaranteed and can go down as well as up depending on investment performance and currency exchange rates.

The Fund mainly invests in UK equities, but it also has holdings in global equities, corporate bonds and commercial property.

The UK equity market underperformed most of its developed-market peers, but still delivered positive returns. These gains were partly a consequence of weakness in the pound, which has boosted the profits of FTSE 100 companies with large global operations. Towards the end of the period, however, this was tempered by indications that the Bank of England might raise UK interest rates before the end of the year. Sterling rebounded strongly in September, hitting a one-year high against the US dollar and curbing the share-price gains of the UK's largest companies. However, the pound's renewed weakness in October allowed the FTSE to resume its upward course.

European equities performed well too, helped by optimism about greater political stability after defeats for populist candidates in the Dutch and French elections. There was a political crisis of a different sort at the end of the period, however, as the Catalan parliament formally declared independence from Spain, prompting the Spanish government to impose direct rule on the semi-autonomous region.

The US equity market was strong too. Shares reached a series of record highs following Donald Trump's victory in the country's presidential election. The rally stalled in late summer by concerns that the Trump administration might be unable to push its economic stimulus plans through Congress. In the autumn, however, strong corporate earnings allowed the market to resume its upward trajectory.

The UK bond markets produced only marginally positive returns. The 10-year gilt yield (which moves in the opposite direction to bond prices) fell slightly, to end the period at 1.33%. Corporate bonds outperformed government bonds, as investors were comfortable with taking on more risk. High-yield corporate bonds, which offer a potentially higher level of return, but represent a more risky investment than investment-grade corporate bonds, produced even better returns.

The UK commercial property market made gains, but lagged behind equities. Concerns about the UK departure from the European Union continue to affect investors, but a need for income-generating investments and low supplies of good-quality properties have helped support prices. In particular, London's property market continues to perform better than many experts had anticipated, with prices for some of the city's most prestigious buildings hitting new highs.

Performance was enhanced by the holdings in global equities, which produced the best performance of the main asset classes.

In terms of stock selection, the Fund's holdings in high-yields bonds performed well, producing returns greater than that of the wider market and thereby enhancing returns to investors. The holdings in UK corporate bonds and global and UK equities also performed well. The holdings in commercial property holdings underperformed, however.

Although we have some concerns about the effects of the UK's departure from the European Union, global economic growth remains strong, which we think will be of benefit to global equities.

Overall, we think the portfolio is well positioned to participate in any future stock market gains, while potentially offering some income via the holdings in corporate bonds and property.

Aberdeen Investment Solutions Limited

November 2017

Managed Growth Fund 6

Portfolio Statement

as at 31st October 2017

	Holdings	Market Value £000	Total Net Assets %
FINANCIALS (99.45%*)		31,799	99.06
Collective Investment Schemes			
Aberdeen Global High Yield Bond Fund Q Inc◊	1,987,155	1,843	5.74
Aberdeen UK All Share Tracker Fund B Acc (formerly Aberdeen Foundation Growth Fund B Acc)◊	5,366,048	9,581	29.85
Aberdeen UK Property Feeder Unit Trust J Inc◊	2,060,828	2,416	7.53
Scottish Widows Corporate Bond Fund W Gross Acct	2,732,315	3,500	10.90
Scottish Widows International Equity Tracker Fund X Acct†	1,814,218	5,847	18.21
Scottish Widows UK All Share Tracker Fund X Acct†	3,109,131	8,612	26.83
Portfolio of investments		31,799	99.06
Net other assets		302	0.94
Total net assets		32,101	100.00

Collective investment schemes are regulated within the meaning of the FCA rules and exchange traded funds are quoted on a listed securities market, unless otherwise stated.

* Comparative figures shown in brackets relate to 31st October 2016.

† This investment is a related party (see note 10).

◊ Asset managed by the Investment Adviser or a related party of the Investment Adviser.

Managed Growth Fund 6

Material Portfolio Changes

for the year ended 31st October 2017

	Cost £000
Total purchases	
Aberdeen UK All Share Tracker Fund B Acc (formerly Aberdeen Foundation Growth Fund B Acc)◇	5,105
Scottish Widows UK All Share Tracker Fund X Acct	4,570
Scottish Widows International Equity Tracker Fund X Acct	2,993
Scottish Widows Corporate Bond Fund W Gross Acct	2,070
Aberdeen UK Property Feeder Unit Trust J Inc◇	1,370
Aberdeen Global High Yield Bond Fund Q Inc◇	1,030

There were no sales during the year.

†This investment is a related party (see note 10).

◇Asset managed by the Investment Adviser or a related party of the Investment Adviser.

Managed Growth Fund 6

Comparative Table

as at 31st October 2017

	31/10/17 (p)	31/10/16 (p)	31/10/15 (p)
Share Class L - Accumulation			
Change in net assets per share			
Opening net asset value per share	118.82	105.45	102.02
Return before operating charges*	13.60	13.86	3.91
Operating charges	(0.50)	(0.49)	(0.48)
Return after operating charges*	13.10	13.37	3.43
Distributions	(3.00)	(2.70)	(2.02)
Retained distributions on accumulation shares	3.00	2.70	2.02
Closing net asset value per share	131.92	118.82	105.45
*after direct transaction costs of:	-	0.00	0.01
Performance			
Return after charges^	11.03%	12.68%	3.36%
Other information			
Closing net asset value (£000)	32,101	12,685	6,428
Closing number of shares	24,333,659	10,675,251	6,095,874
Operating charges#	0.39%	0.45%	0.45%
Direct transaction costs	0.00%	0.00%	0.01%
Prices**			
Highest share price	132.20	120.30	112.10
Lowest share price	115.90	95.90	99.55

#Operating charges are representative of the ongoing charges figure.

^The return after charges figure is calculated as the return after operating charges per share divided by the opening net asset value per share. This is different to the performance return stated in the Investment Market Review which is sourced from Lipper and based on daily published prices.

**The highest and lowest share prices are based on published price. The opening and closing net asset values per share include accounting adjustments, therefore they may appear higher or lower as a result.

The ACD reimburses the Managed Growth Fund 6 in respect of expenses incurred by the L share class so as to cap the OCF of the share class at 0.45%.

Managed Growth Fund 6

Statement of Total Return

for the year ended 31st October 2017

	Notes	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
		£000	£000	£000	£000
Income					
Net capital gains	2		1,564		1,101
Revenue	3	602		270	
Expenses	4	(46)		(23)	
Interest payable and similar charges		-		-	
Net revenue before taxation		556		247	
Taxation	5	(28)		(13)	
Net revenue after taxation			528		234
Total return before distributions			2,092		1,335
Distributions	6		(528)		(234)
Change in net assets attributable to shareholders from investment activities			1,564		1,101

Statement of Change in Net Assets Attributable to Shareholders

for the year ended 31st October 2017

	01/11/16 to 31/10/17		01/11/15 to 31/10/16	
	£000	£000	£000	£000
Opening net assets attributable to shareholders		12,685		6,428
Amounts receivable on creation of shares	17,629		7,032	
Less: Amounts payable on cancellation of shares	(416)		(2,142)	
		17,213		4,890
Change in net assets attributable to shareholders from investment activities		1,564		1,101
Retained distributions on accumulation shares		639		266
Closing net assets attributable to shareholders		32,101		12,685

Notes to the Financial Statements are on pages 131 to 135.

Managed Growth Fund 6

Balance Sheet

as at 31st October 2017

	Notes	31/10/17 £000	31/10/16 £000
Assets			
Fixed assets			
Investments		31,799	12,615
Current assets			
Debtors	7	215	96
Cash and bank balances		136	17
Total assets		32,150	12,728
Liabilities			
Provision for liabilities	8	(3)	(1)
Creditors			
Other creditors	9	(46)	(42)
Total liabilities		(49)	(43)
Net assets attributable to shareholders		32,101	12,685

Notes to the Financial Statements are on pages 131 to 135.

Managed Growth Fund 6

Notes to the Financial Statements

for the year ended 31st October 2017

1. Accounting basis and distribution policies

The financial statements have been prepared in accordance with the accounting policies set out on pages 12 and 13.

2. Net capital gains

The net capital gains during the year comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Non-derivative securities	1,565	1,101
Transaction charges	(1)	-
Net capital gains*	<u>1,564</u>	<u>1,101</u>

*Includes realised losses of £1,000 and unrealised gains of £1,565,000 (31/10/16: realised losses of £8,000 and unrealised gains of £1,109,000). Included in realised losses for the year were unrealised gains/(losses) recognised in the prior accounting year.

3. Revenue

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Distributions from Regulated Collective Investment Schemes:		
Franked investment income	416	180
Unfranked investment income	43	17
Interest distributions	143	73
Total revenue	<u>602</u>	<u>270</u>

4. Expenses

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Payable to the ACD, associates of the ACD, and agents of either of them:		
ACD's periodic charge	<u>33</u>	<u>14</u>
Payable to the Depositary, associates of the Depositary, and agents of either of them:		
Depositary's fees	<u>2</u>	<u>1</u>
Other expenses:		
Audit fee	11	11
Expense capping adjustment†	-	(3)
Total expenses	<u>46</u>	<u>23</u>

Expenses include irrecoverable VAT.

†The ACD reimburses the Managed Growth Fund 6 in respect of expenses incurred by the L share class so as to cap the OCF of the share class at 0.45%.

for the year ended 31st October 2017

5. Taxation

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
(a) Analysis of charge in year:		
Corporation tax	26	12
Total current tax	26	12
Deferred taxation	2	1
Total deferred tax (note 5c)	2	1
Total taxation (note 5b)	28	13

(b) Factors affecting total tax charge for the year:

The tax assessed for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK for an Open-Ended Investment Company of 20% (2016: 20%). The differences are explained below:

Net revenue before taxation	556	247
Corporation tax of 20% (2016: 20%)	111	49
Effects of:		
Franked UK income*	(83)	(36)
Total tax charge for year (note 5a)	28	13

**As an authorised OEIC these items are not subject to corporation tax.*

OEICs are exempt from tax on capital gains in the UK. Therefore, any capital return is not included within the reconciliation above.

(c) Deferred taxation:

Provision at the start of the year	1	-
Deferred tax charge in profit and loss account for the year (note 5a)	2	1
Provision at the end of the year	3	1
Provision consists of:		
Revenue taxable in different periods	3	1
Provision at the end of the year	3	1

6. Distributions

The distributions take account of revenue received on the creation of shares and revenue deducted on the cancellation of shares, and comprise:

	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Interim	245	104
Final	394	162
	639	266
Add: Revenue deducted on cancellation of shares	2	15
Deduct: Revenue received on creation of shares	(113)	(47)
Net distributions for the year	528	234

Details of the distribution per share is set out in the Distribution Table on page 136.

7. Debtors

	31/10/17 £000	31/10/16 £000
Sales awaiting settlement	2	-
Amounts receivable for issue of shares	161	70
Accrued revenue	37	13
Expense capping adjustment receivable	-	2
Income tax recoverable	15	11
Total debtors	215	96

for the year ended 31st October 2017

8. Provision for liabilities

	31/10/17 £000	31/10/16 £000
Deferred taxation	3	1

9. Other creditors

	31/10/17 £000	31/10/16 £000
Amounts payable for cancellation of shares	-	16
Accrued expenses	15	13
Corporation tax payable	26	13
Expense capping adjustment payable	5	-
Total other creditors	46	42

10. Related party transactions

Scottish Widows Unit Trust Managers Limited, ("the ACD") is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operations of the Fund. Lloyds Banking Group, as the parent company of the ACD is the ultimate controlling party of the Fund. As such any member company of Lloyds Banking Group is also a related party.

Scottish Widows Unit Trust Managers Limited act as principal on all the transactions of shares in the Fund. The aggregate monies received through sales and repurchases of shares are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts due to/from Scottish Widows Unit Trust Managers Limited in respect of share transactions at the year end are included in the Balance Sheet.

Amounts paid to Scottish Widows Unit Trust Managers Limited in respect of ACD fees are disclosed in note 4, with £4,011 (31/10/16: £1,599) due at the year end.

Amounts paid by Scottish Widows Unit Trust Managers Limited in respect of the Expense capping adjustments are disclosed in note 4 with £5,127 receivable (31/10/16: £1,843 payable) due at the year end.

The Fund has a related party holding of 7,655,664 shares (31/10/16: 3,309,967 shares) and value of £17,959,613 (31/10/16: £7,110,092) held at the year end within the Lloyds Banking Group.

Revenue disclosed in note 3 includes amounts received from Lloyds Banking Group investments. The total revenue received amounts to £312,204 (31/10/16: £138,750).

Shares held by associates of the ACD

There were no shares held by the ACD and associates of the ACD in the Fund at the current and prior year.

Material Shareholders

Cofunds Nominees Limited held 49.03% of the Fund at 31st October 2017 (31/10/16: 99.32%).

Minster Nominees Limited held 50.93% of the Fund at 31st October 2017 (31/10/16: 0.00%).

11. Share classes

The Fund has one share class in issue.

The ACD's periodic charge on the share class is as follows:

Share Class L - Accumulation:	%
	0.15

The net asset value of this share class, the net asset value per share and the number of shares in this class is given in the Comparative Table on page 128.

The distributions per share class are given in the Distribution Table on page 136.

Reconciliation of the shares movement in the year:

	01/11/16				31/10/17
	Opening shares in issue	Creations	Cancellations	Shares converted	Closing shares in issue
Share Class L - Accumulation	10,675,251	13,994,902	(336,494)	-	24,333,659

12. Capital commitments and contingent liabilities

On 31st October 2017, the Fund had no capital commitments (31/10/16: £nil) and no contingent liabilities (31/10/16: £nil).

for the year ended 31st October 2017

13. Risk management policies, derivatives and other financial instruments

A statement of the Fund's objective and the policy for achieving it has been included on page 124. The risks inherent in the Fund's investment portfolio are as follows:

(a) *Currency risk*

The Fund's financial assets and liabilities are currently invested in multi-manager regulated collective investment schemes managed within the Aberdeen Asset Management Group and the Lloyds Banking Group whose prices are quoted in Sterling. As a result, the Fund does not have any direct exposure to foreign currency movements. However, some of the Fund's investments will be affected by movements in exchange rates and ultimately their Sterling values as a result of holdings in investments outside the UK by the Funds in which it invests. As a result, movements in exchange rates may affect the Sterling value of the portfolio investments.

As at the 31st October 2017 the Fund's net foreign currency exposure was less than 10% of the Fund NAV and so no table of currency risk has been disclosed.

The Fund's net foreign currency exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

(b) *Interest rate risk profile of financial assets and liabilities*

The Fund receives revenue from holdings in collective investment schemes. The cash flow from the Fund's underlying investments may fluctuate depending upon the particular decisions made by each Fund. Given that the Fund's objective is to seek capital growth, these cash flows are considered to be of secondary importance and are not actively managed.

The Fund's net cash holding of £136,421 (31/10/16: holding £16,950) is held in a floating rate deposit account whose interest rates are based on LIBOR or its international equivalent.

The interest rate exposure for the Fund is not deemed to be significant and on that basis no sensitivity analysis is presented.

The Fund did not have any long term financial liabilities.

(c) *Liquidity risk*

All of the Fund's financial assets are considered to be readily realisable in accordance with the market practices of the exchange on which they are traded. In general, the Investment Adviser manages the Fund's cash to ensure it can meet its liabilities. Where investments cannot be realised in time to meet any potential liability, the Fund may borrow up to 10% of its value to ensure settlement.

All of the Fund's financial liabilities are payable on demand or in less than one year.

We do not consider these liquidity risks to be significant and therefore no numerical analysis is being presented.

(d) *Market price risk and fair value of financial assets and liabilities*

The Fund invests principally in regulated collective investment schemes managed within the Lloyds Banking Group. The value of these collective investment schemes funds are not fixed and may go down as well as up. This may be the result of a specific factor affecting the value of an individual asset or be caused by general market factors (such as government policy or the health of the underlying economy) which can affect the entire portfolio. The Investment Adviser seeks to minimise these risks by holding a diversified portfolio of collective investment schemes in line with the Fund's objectives. In addition, the management of the Fund complies with the Financial Conduct Authority COLL Sourcebook, which includes rules prohibiting a holding greater than 20% of assets in any one fund.

There is no material difference between the value of the financial assets and liabilities, as shown in the Balance Sheet, and their fair values.

As at 31st October 2017, if the price of investments held by the Funds increased or decreased by 1%, the resulting change in net assets attributable to shareholders would have been an increase or decrease of approximately 1%; which for this Fund would equate to £317,988 (31/10/16: £126,149).

(e) *Credit risk*

The Fund enters into transactions in financial instruments which expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Fund has fulfilled its obligations. The Fund only buys and sells financial instruments through parties that have been approved by the ACD as acceptable. These are reviewed on an ongoing basis.

for the year ended 31st October 2017

14. Portfolio transaction costs

Analysis of total trade costs.

	Purchases		Sales	
	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000	01/11/16 to 31/10/17 £000	01/11/15 to 31/10/16 £000
Collective Investment Schemes	17,138	5,223	-	248
Commissions				
Collective Investment Schemes~	-	-	-	0
Total net trades in the year	17,138	5,223	-	248

~The value of transaction costs is below £500 and is therefore rounded down to 0.

Total transaction cost expressed as a percentage of asset class trades

	Purchases		Sales	
	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions				
Collective Investment Schemes	-	-	-	0.00

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

	01/11/16 to 31/10/17 %	01/11/15 to 31/10/16 %
Commissions	0.00	0.00

Direct transaction costs are expenses incurred when buying and selling financial investments. Collective investment schemes have no separately identifiable transaction costs and these costs form part of the dealing spread. Transaction costs disclosed on collective investment schemes relate to exchange traded funds.

Average portfolio dealing spread

The average portfolio dealing spread at the balance sheet date was 0.00% (31/10/16: 0.00%).

15. Fair value

Valuation technique	31/10/17		31/10/16	
	Assets £000	Liabilities £000	Assets £000	Liabilities £000
Level 1	-	-	-	-
Level 2	31,799	-	12,615	-
Level 3	-	-	-	-
Total fair value	31,799	-	12,615	-

Level 1 - Quoted prices for identical instruments in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service etc. These include active listed equities, exchange traded derivatives etc.

Level 2 - Valuation techniques with inputs other than quoted prices within level 1 that are observable. This category includes instruments valued using quoted market prices in active markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data. This category will typically include debt securities and collective investment schemes.

Level 3 - Prices using valuation techniques where inputs are unobservable. This category may include single or broker priced securities and suspended or unlisted securities.

The Fund early adopted the FRS102 update made in March 2016.

Managed Growth Fund 6

Distribution Table

for the year ended 31st October 2017

Distribution in pence per share

Group 1 Interim Shares purchased prior to 1st November 2016

Final Shares purchased prior to 1st May 2017

Group 2 Interim Shares purchased on or between 1st November 2016 and 30th April 2017

Final Shares purchased on or between 1st May 2017 and 31st October 2017

Share Class L - Accumulation

	Net revenue	Equalisation	Distributions paid/payable to 31/12/2017	Distributions paid to 31/12/2016
Group 1	(p)	(p)	(p)	(p)
Interim	1.3781	-	1.3781	1.1866
Final	1.6177	-	1.6177	1.5172
Group 2	(p)	(p)	(p)	(p)
Interim	0.4535	0.9246	1.3781	1.1866
Final	0.9294	0.6883	1.6177	1.5172

Corporate shareholder information (unaudited) for all share classes

A shareholder liable to corporation tax receives this distribution, excluding equalisation, as follows:

Interim - 74.07% of the dividend, is received as franked investment income.

Interim - 25.93% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Interim - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

Final - 81.11% of the dividend, is received as franked investment income.

Final - 18.89% of the dividend is received as an annual payment (non foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. The tax deemed to be deducted is treated as income tax.

Final - 0.00% of the dividend is received as an annual payment (foreign element) received after the deduction of income tax at the lower rate and is liable to corporation tax. It is treated as foreign income in the hands of the corporate investor and is liable to corporation tax. The associated deemed tax is treated as foreign tax in the hands of the investor who may be able to claim double tax relief. Investors cannot reclaim any of this deemed tax on the foreign element from HM Revenue & Customs.

General Information

About OEICs

The Investment Portfolio ICVC (the "Company") is an umbrella Open Ended Investment Company ("OEIC"). An OEIC is a collective investment vehicle with variable capital in which your funds are pooled with a portfolio of investments in accordance with its Prospectus and the Collective Investment Schemes Sourcebook (COLL Sourcebook).

Scottish Widows is committed to being a responsible investor on behalf of our customers, with particular focus on Stewardship, Ethical investment and Environmental, Social and Governance (ESG) issues. Our commitment to responsible investment is explained in more detail through this link: www.scottishwidows.co.uk/about_us/responsibleinvestment

It should be remembered that the value of your shares will be affected by fluctuations in the relevant markets and foreign currency exchange rates (where applicable) and may, therefore, go down as well as up. You should view your investment over the medium to long-term.

Please contact us on 0345 300 2244 for more information. We may record and monitor calls to help us improve our service.

All sub-funds are classified as non-UCITS retail schemes which comply with Chapter 5 of the COLL Sourcebook.

The base currency of the Company is Sterling, but a class of shares in respect of any sub-fund may be designated in any currency other than Sterling.

Shares

The Company currently offers five share classes; Class A, Class L, Class P, Class Q and Class X. Each share class has a different ACD fee.

Prices and Dealing Times

The price used for either the purchase or sale of shares is normally the next price calculated after your instructions are received and accepted at our Edinburgh Office. Advisers have no authority to guarantee applications or prices.

The latest prices are obtainable from the Dealing Desk on 0345 845 0066.

Shares may be bought or sold between 9:00am and 5:00pm on Mondays to Fridays inclusive.

Liability

Shareholders are not liable for the debts of the Company.

Prospectus

The Prospectus, which is available from the ACD free of charge, outlines how the Company is managed and gives details of the types of assets in which each sub-fund may invest. The Prospectus and (where applicable) the Instrument of Incorporation have been amended during the year to 31st October 2017 (as noted on pages 2 to 3). Full terms and conditions are available from the ACD.

Personal Taxation

Unless your shares are held within an ISA, if you sell your shares or switch your shares to a different sub-fund, this is treated as a disposal for Capital Gains Tax purposes. Tax rules can change. The value to an investor of the tax advantages of an ISA will depend on personal circumstances, which may change.

Shareholders are recommended to consult with their professional tax advisors if they are in any doubt about their position.

Queries

If you have any queries about the operation of your sub-fund you should in the first instance contact the ACD. Please supply details of your holding (including surname, initials and account number).

Scottish Widows Unit Trust Managers Limited. Registered in England and Wales No. 1629925.
Registered Office in the United Kingdom at Charlton Place, Andover, Hampshire SP10 1RE. Tel: 0345 300 2244.
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