UK AND INCOME INVESTMENT FUNDS ICVC

ANNUAL SHORT REPORT FOR THE
YEAR ENDED 28 FEBRUARY 2016

SCOTTISH WIDOWS

SCOTTISH WIDOWS UK AND INCOME INVESTMENT FUNDS ICVC

The Company

Scottish Widows UK and Income Investment Funds ICVC
Registered Office
15 Dalkeith Road
Edinburgh
EH16 5WL

Incorporated in Great Britain under registered number IC000165. Authorised and regulated by the Financial Conduct Authority.

Authorised Corporate Director (ACD), Authorised Fund Manager & 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 (previously the Investment Management Association)

Investment Adviser

Aberdeen Asset Investments Limited

Registered Office:

Bow Bells House
1 Bread Street
London
EC4M 9HH

Correspondence Address:

40 Princes Street
Edinburgh
EH2 2BY

Authorised and regulated by the Financial Conduct Authority and a member of The Investment Association (previously the Investment Management Association)

Depositary

State Street Trustees Limited

Registered Office:

20 Churchill Place
Canary Wharf
London
E14 5HJ

Correspondence Address:

525 Ferry Road
Edinburgh
EH5 2AW

Authorised and regulated by the Financial Conduct Authority.

Independent Auditors

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

INTRODUCTION

Twice a year we are required to send you a Short Report of the Investment Company with Variable Capital (ICVC) in which you're invested. The report covers how the Funds in the ICVC have performed and how they are invested. It also includes a review from the Funds' managers. Short Reports are important as not only do they keep you up-to-date with Fund activity and Fund managers' opinion, but they also contain important information about any changes to how Funds operate. However, please note that Short Reports don't contain any details about the value of your personal investment. Information that is personal to you is sent to you annually in your OEIC or ISA statement. The statement gives you the value of your investment. You can also get an up to-date value of your investment by registering at **www.scottishwidows.co.uk/statements**

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Long reports are available on request. If you would like a copy, please telephone Client Services on 0345 300 2244 or download the Financial Statements from the website **www.scottishwidows.co.uk** which is a website maintained by Scottish Widows plc on behalf of Scottish Widows Unit Trust Managers Limited.

Daily fund prices can also be found at the above website.

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 Scottish Widows UK and Income Investment Funds ICVC:

- With effect from 24 July 2015, the risk wording in the Prospectus was updated as explained further below in the Important Information section.
- With effect from 24 July 2015, the Prospectus and Instrument of the Company were updated by:
  - adding a definition of a US resident investor (the "US Person"); and
  - adding a restriction on such a US Person holding shares in the Company.
- With effect from 24 July 2015, the Prospectus was updated to explain that the ACD may choose to make use of the "Delivery Versus Payment" exemption within the FCA's client money and asset (CASS) rules. This period means that when Shares are purchased or redeemed there could be a time (up to close of business the day after the ACD has received the proceeds from any such transaction) where the payment or redemption monies for these Shares is not protected under the CASS rules. If in the unlikely event that the ACD became insolvent during this period, there is a risk that the impacted investor may not receive back the payment or redemption monies.
- With effect from 24 July 2015, the available eligible securities markets were updated for the UK Equity Income Fund by the addition of a number of US markets and a Swiss Market.
- With effect from 24 July 2015, the Prospectus and Instrument of the Company were updated to:

  (i) amend the investment objective of the Environmental Investor Fund and the Ethical Fund (each a "Fund" and together the "Funds"), which are both sub-funds of the Scheme, to remove references to

  (a) a 'positive' commitment to the protection and preservation of the natural environment in the investment objective of the Environmental Investor Fund and

  (b) 'positive' ethical attributes in the investment objective of the Ethical Fund;

  In addition further amendments were made to the Prospectus on this date to:

  (i) amend the investment policy of the Funds to remove references to

  (a) a 'positive' commitment to the protection and preservation of the natural environment in the investment policy of the Environmental Investor Fund and

PROSPECTUS CHANGES

(b) 'positive' ethical attributes in the investment policy of the Ethical Fund;

(ii) include a specific reference in the investment policy of each Fund to the existing power to invest in international companies;

(iii) remove references in the investment policy of each Fund to the Advisory Body as being responsible for agreeing the environmental/ethical (as appropriate) criteria which determine each Fund's investment universe; and

(iv) update the environmental/ethical (as appropriate) criteria set out in the investment policy of each Fund to reflect current Environmental, Social and Governance issues and to permit each Fund to use a negative screening process rather than both negative and positive criteria.

- With effect from 30 October 2015, the Prospectus of the Company was updated to clarify that the ACD can accept requests to redeem shares by telephone as detailed in the Prospectus and that there is no longer a requirement for a Shareholder to confirm such telephone instructions in writing to the ACD.
- With effect from 30 October 2015, the Tax section of the Prospectus of the Company was updated to include certain regulatory changes and amendments to tax rules.
- With effect from 3 December 2015, the changes in the Prospectus of the Company took effect in connection with a change to the wording in the investment policy for the High Income Bond Fund to clarify the extent to which the Fund may hold non-investment grade securities. The relevant part of this Fund's investment policy was amended to state 'The majority of the Fund will be invested in non-investment grade securities, including corporate bonds and other investment securities.' This change was notified to Shareholders in the interim report for the Company for the period ending 31 August 2015.

A copy of the Prospectus is available on request.

IMPORTANT INFORMATION

High Income Bond

We have changed the wording in the investment policy for the High Income Bond Fund to clarify the extent to which the Fund may hold non-investment grade securities. The relevant part of this Fund's investment policy will be amended to state 'The majority of the Fund will be invested in non-investment grade securities, including corporate bonds and other investment securities.' The current investment policy allows the Authorised Corporate Director (ACD) to invest in non-investment grade securities at its discretion.

Please note that this is a clarification to the wording of the investment policy and not a change to the strategy or risk profile of the High Income Bond Fund.

This change will be consistent with the objective and policy description in the High Income Bond Fund's Key Investor Information Document (KIID) which already discloses that the majority of the fund will be invested in non-investment grade securities. The KIID for the High Income Bond can be found on our website at http://www.scottishwidows.co.uk/kiids/index.html

Fund risk wording review:

We have reviewed the risk wordings in the Prospectuses for all Funds alongside wording in the Key Investor Information Documents (KIIDs). As a result of our review we have added further risk wording to the Prospectuses and we recommend you read the risk section of the Prospectus for the Fund(s) you are invested in within the Company. The Prospectuses can be found on the following web page:

http://reference.scottishwidows.co.uk/literature/doc/oeic-uk-pr

Please note there have been no changes to the risk profiles of the Funds or to the investment strategies or objectives of the Funds in the Company.

IMPORTANT NOTES

Corporate Bond Fund
High Income Bond Fund
High Reserve Fund
Strategic Income Fund

It is our intention to amend the investment and borrowing powers for the Corporate Bond Fund, High Income Bond Fund, High Reserve Fund and Strategic Income Fund (together the "Funds") to clarify that the Funds can invest in covered bonds. This will allow further flexibility for the Investment Adviser by enabling access to a wider range of assets in order to meet the investment objectives of the Funds. Please note that this will not change the strategies or the risk profiles of the Funds and there are no changes required to the investment objectives and policies of the Funds.

The FCA has confirmed that the changes will not affect the ongoing authorisation of the Scheme and we have agreed with the Depositary of the Scottish Widows UK and Income Investment Funds ICVC to provide shareholders with 30 days' notice.

This change will, therefore, be effective from 2nd August 2016.

CORPORATE BOND FUND

for the year ended 28 February 2016

FUND PROFILE

Fund objectives and investment policy

This Fund aims to give either an income, while having regard to the capital value, or growth (when income is kept within the Fund). To do so by investing mainly in investment grade corporate bonds and other fixed interest securities issued by companies primarily in the UK and also Europe.

Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of Income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

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**

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This 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 8 February 2016.

INVESTMENT ADVISER'S REVIEW

Corporate bonds delivered a strong positive return at the beginning of the review period, outperforming government bonds from the core economies. In March, yields fell materially and prices rose as risk aversion picked up. The onset of quantitative easing, falling commodity prices, softer economic data and ongoing global conflicts all contributed to an environment of ever-falling yields and positive returns from conventional bonds.

From April onwards, bond markets retraced much of the strong performance of the first quarter. Investment grade markets in Europe lost ground, largely due to an escalation of concerns over Greek debt negotiations. Moving into summer, the focus shifted to concerns over China, and the impact of its slowing economic growth on global GDP and commodity prices. Latterly, there was a rising incidence of company-specific risks such as Glencore and Volkswagen. Between July and September, corporate bonds underperformed government bonds as yield spreads widened.

Things improved in the final quarter of 2015, as rising government bond yields and moderately tighter corporate bond spreads resulted in a small positive return from the asset class. Bond yields rose as we moved closer to the first interest rate hike by the US Federal Reserve in seven years. Corporate bonds performed reasonably well, but the returns generated by various sectors varied significantly. Bonds in the basic materials and energy sectors were weak, driven by the poor performance of commodities. Utilities and financial institutions performed relatively strongly. Banks were especially resilient, supported by de-leveraging and positive news flow from the sector.

The new calendar year began with some significant re-pricing of risk assets. Credit spreads across all sectors were marked materially wider as slower global growth levels and greater risks were priced in. Conversely, "safe haven" assets such as US Treasuries and UK Gilts performed strongly, with yields falling back towards their lows. Bonds issued by financial institutions and other higher risk areas of the credit market were the worst-performing areas of the investment universe, as earnings disappointments led to some fears over growth prospects for the banking sector.

Throughout the review period, the Scottish Widows Corporate Bond Fund was overweight relative to benchmark in financials and higher-yielding corporates, and was positioned with a broadly neutral duration. Bonds issued by banks and insurers were among our key overweight positions. High yield bonds added value during the first half of the review period, but latterly detracted from performance.

In August and September, our holdings in mining group Glencore and car manufacturer Volkswagen detracted from performance. Credit spreads in Glencore moved materially wider on mounting concerns about group debt in the light of sharp falls in the commodity price. Volkswagen was damaged by the revelations surrounding the emissions scandal.

Investment Adviser's Review (continued)

Sales in September included Glencore and APT Pipelines, which had struggled owing to cyclical exposure to the Australian and Chinese economy. We also reduced off-benchmark positions to control overall risk. These included the sale of a euro-denominated holding in Hutchison Whampoa.

A rally in corporate bond spreads in the final three months of 2015 – particularly in October - helped generate positive returns. A small short duration position and limited exposure to the weakest areas affected by the commodity price decline were the main drivers. Australian mining company BHP – an overweight position relative to benchmark – had a negative impact on returns. Exposure to subordinated financial issuance was helpful, with overweight positions in Royal Bank of Scotland and Lloyds Banking Group as two of the most significant.

Moving into 2016, the Fund underperformed relative to benchmark during January and February. Higher beta positions in particular impaired performance. Banks and other financial bonds - which had performed relatively well during 2015 - sold off aggressively, largely driven by negative news flow. Banks, especially in the UK, and insurers where we prefer global players, remain high conviction sector overweights. Basic materials and energy suffered in January as commodities slipped, but stabilised as commodities staged a measure of recovery in February.

This sharp sell-off in credit markets as well as in other risk assets has pushed credit spreads (risk premiums) back to levels last seen in 2011, when investors were concerned about the future of the Eurozone. The economic environment is still reasonably constructive for credit. The preoccupation of all participants with the generation of some inflationary pressure in developed markets, while understandable, is leading to some unusual re-pricing. Low default rates and stable credit fundamentals continue to offer support, and returns can improve materially on a turn in sentiment.

Aberdeen Asset Investments Limited
March 2016

Distribution

XD dates	Payment dates
31/03/15	15/05/15
30/04/15	15/06/15
31/05/15	15/07/15
30/06/15	15/08/15
31/07/15	15/09/15
31/08/15	15/10/15
30/09/15	15/11/15
31/10/15	15/12/15
30/11/15	15/01/16
31/12/15	15/02/16
31/01/16	15/03/16
28/02/16	15/04/16

Ongoing charges figure

	28/02/16 %	28/02/15 %
A Accumulation	1.11	1.10
A Income	1.11	1.11
B Accumulation	0.87	0.87
B Income	0.87	0.87
G Accumulation	1.11	1.12
G Income	1.11	1.12
W Accumulation (Gross)	0.12	0.12

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	28/02/16 %	28/02/15 %
Corporate Bonds#	83.98	85.66
Mortgage-Backed Securities#	6.12	4.17
Asset-Backed Securities#	4.94	4.17
Government Bonds#	2.15	3.62
Derivatives	-	(0.02)
Net other assets	2.81	2.40
Total net assets	100.00	100.00

#Since the previous report the industry sector classification headings have been updated by data providers. Where the portfolio statement shows industry sectors, the new sector names have been reflected in the report in respect of the current holdings and comparative holdings have been updated where appropriate.

Net asset value

	NAV per share 28/02/16 (p)	NAV per share 28/02/15 (p)	NAV percentage change %
A Accumulation	273.91	287.57	(4.75)
A Income	116.54	125.63	(7.24)
B Accumulation	280.84	294.24	(4.55)
B Income	116.43	125.52	(7.24)
G Accumulation	108.00	113.39	(4.75)
G Income	98.43	106.12	(7.25)
W Accumulation (Gross)	108.65	112.19	(3.16)

Performance record

	01/03/15 to 28/02/16 %	01/03/14 to 28/02/15 %	01/03/13 to 28/02/14 %	29/02/12 to 28/02/13 %	01/03/11 to 28/02/12 %
Corporate Bond Fund A Accumulation	(4.76)	10.40	2.08	9.57	6.36
£ Corporate Bond Sector Average Return	(2.63)	9.65	3.04	9.87	6.91

Source: Lipper for Corporate Bond Fund and £ Corporate Bond Sector Average Return (funds which invest at least 80% of their assets in Sterling denominated (or hedged back to Sterling), triple BBB minus or above corporate bond securities (as measured by Standard & Poor's or an equivalent external rating agency). This excludes convertibles, preference shares and permanent interest bearing shares (PIBs)).

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.

Major holdings

		28/02/16 %		28/02/15 %
1.	Barclays Bank 10% 21/05/2021	1.49	Barclays Bank 10% 21/05/2021	1.46
2.	UK Treasury 4.25% 07/12/2055	1.36	UK Treasury 3.25% 22/01/2044	1.23
3.	Imperial Tobacco Finance 9% 17/02/2022	1.35	Imperial Tobacco Finance 9% 17/02/2022	1.13
4.	Heathrow Funding 7.125% 14/02/2024	0.90	UK Treasury 4.25% 07/12/2055	1.02
5.	Bank of America 7% 31/07/2028	0.89	Bank of America 7% 31/07/2028	0.94

Number of holdings: 299 **Number of holdings: 372**

Please note: negative figures are shown in brackets.

Summary of portfolio by credit ratings

Rating block %	28/02/16 %	28/02/15
Investment grade (AAA to BBB-)	91.51	89.28
Non-Investment grade (BB+ to C)	5.68	6.26
Unrated	-	2.08
Total bonds	97.19	97.62
Other	2.81	2.38
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

Distribution

	First interim 31/03/15 (p)	Second interim 30/04/15 (p)	Third interim 31/05/15 (p)	Fourth interim 30/06/15 (p)	Fifth interim 31/07/15 (p)	Sixth interim 31/08/15 (p)	Seventh interim 30/09/15 (p)	Eighth interim 31/10/15 (p)	Ninth interim 30/11/15 (p)	Tenth interim 31/12/15 (p)	Eleventh interim 31/01/16 (p)	Final 28/02/16 (p)
A Accumulation	0.6491	0.6135	0.5910	0.6579	0.6309	0.5774	0.6725	0.5790	0.6160	0.6154	0.5885	0.5938
A Income	0.2835	0.2680	0.2570	0.2857	0.2732	0.2496	0.2900	0.2491	0.2644	0.2636	0.2515	0.2532
B Accumulation	0.7158	0.6780	0.6511	0.7240	0.6944	0.6355	0.7404	0.6400	0.6796	0.6795	0.6488	0.6521
B Income	0.3053	0.2885	0.2765	0.3068	0.2935	0.2679	0.3114	0.2685	0.2844	0.2838	0.2702	0.2711
G Accumulation	0.2560	0.2431	0.2332	0.2596	0.2489	0.2278	0.2651	0.2285	0.2429	0.2427	0.2321	0.2340
G Income	0.2399	0.2264	0.2170	0.2413	0.2310	0.2109	0.2450	0.2110	0.2226	0.2227	0.2124	0.2139
W Accumulation (Gross)	0.4152	0.3935	0.3774	0.4186	0.4022	0.3683	0.4299	0.3751	0.3970	0.3981	0.3789	0.3772

ENVIRONMENTAL INVESTOR FUND

for the year ended 28 February 2016

FUND PROFILE

Fund objectives and investment policy

To give long-term capital growth by investing primarily in UK companies which show a commitment to the protection and preservation of the natural environment. These companies are selected according to a broad range of negative environmental screening criteria.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

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**

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 5* because it has experienced medium to high levels of volatility over the past 5 years.

*As disclosed in the key investor information document dated 8 February 2016.

INVESTMENT ADVISER'S REVIEW

UK equities fell in the year under review. Initially, market sentiment was lifted by a combination of upbeat economic data, encouraging earnings news and a raft of M&A activity. Investors were also buoyed by a resounding yet unexpected Conservative victory at the polls, along with positive economic data and an improving outlook. However, recurring fears over Greece's debt negotiations, that could potentially force it out of the Eurozone, and escalating Middle East tensions, pared early gains. A poorly-communicated yuan devaluation and concerns of a China-induced global economic slowdown, made worse by Beijing's less-than-assured policymaking, triggered bouts of panic selling.

Towards the period end, investors seemed inured to the well-signposted US interest-rate normalisation and the European Central Bank's underwhelming round of monetary easing. Instead, investors were more afraid of the continued fall in both commodity and oil prices, which fell below US$30 a barrel for the first time in 12 years, as well as the health of the stuttering Chinese economy, which sparked another global sell-off in January. Even though most UK equity benchmarks edged higher in February, sentiment was hampered by heightened volatility in the oil price after hopes of a deal to freeze output were dashed and negative interest rates were imposed in Europe and Japan. Conversely, concerns over a so-called Brexit seemed to recede.

At the stock level, contributing to relative performance was Sage Group, which continued to improve its growth rates, with positive performance from newer products and ongoing increase in subscriptions. Also benefiting the fund was RPC Group, as its shares performed well on the back of good results and the announcement of a strategically sensible acquisition in Europe. Finally, Dignity's results showed a substantial increase in revenues and profits that were due to a much higher mortality rate last year.

Conversely, costing the fund was Standard Chartered, as its shares suffered from the negative sentiment surrounding its exposure to emerging markets and news of an equity raise to strengthen its balance sheet. Also detracting from performance was Pearson, which was hampered by a weak trading update. Its higher-education courseware in the US and textbook publishing in South Africa were the two key areas in which it faced some pressure. Last, Aggreko faced tougher conditions as oil and gas weakness, as well as slower growth in emerging markets, hampered demand.

Looking ahead, UK equities may face further turbulence amid waning confidence in central banks' ability to revive economic growth, especially in the wake of Japan and Sweden's imposition of negative interest rates. Investors worry that these measures are signs of a depleted central bank toolbox. Also heightening risk aversion is the recent rout in banking share prices due to concerns that lower GDP growth and zero-to-negative interest rates will mean further downward pressure on bank earnings and ROEs. In Britain, an imbalance between internal and external demand is likely to persist. Falling oil prices should lift private consumption and underpin the services sector but lacklustre exports will hamper manufacturing. The referendum on EU membership may threaten economic activity, aggravating structural problems such as the current account deficit.

ENVIRONMENTAL INVESTOR FUND (CONTINUED)

for the year ended 28 February 2016

INVESTMENT ADVISER'S REVIEW (CONTINUED)

Overall, however, the UK economy should remain resilient and grow at a reasonable pace. More broadly the health of the global economy is being called into question, with growth faltering on several fronts, including the US more recently. However, we remain confident in our portfolio of holdings that have been carefully selected for their ability to survive these short to medium-term headwinds, given their experienced management and robust balance sheets.

Aberdeen Asset Investments Limited
March 2016

Distribution

XD date	Payment date
28/02/16	30/04/2016

Ongoing charges figure

	28/02/16 %	28/02/15 %
A Accumulation	1.61	1.62
G Accumulation	1.61	1.62
X Accumulation	0.12	0.12

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	28/02/16 %	28/02/15 %
Industrials	29.55	29.11
Consumer Services	15.44	14.19
Financials	13.08	15.90
Consumer Goods	11.99	10.97
Basic Materials	7.29	7.08
Technology	5.82	6.14
Health Care	5.52	4.72
Utilities	5.42	5.15
Telecommunications	4.58	4.03
Oil & Gas	0.00	0.00
Net other assets	1.31	2.71
Total net assets	100.00	100.00

Net asset value

	NAV per share 28/02/16 (p)	NAV per share 28/02/15 (p)	NAV percentage change %
A Accumulation	225.18	247.01	(8.84)
G Accumulation	126.54	138.75	(8.80)
X Accumulation	276.16	298.43	(7.46)

Performance record

	01/03/15 to 28/02/16 %	01/03/14 to 28/02/15 %	01/03/13 to 28/02/14 %	29/02/12 to 28/02/13 %	01/03/11 to 28/02/12 %
Environmental Investor Fund A Accumulation	(8.83)	1.65	21.88	15.74	(8.08)

Source: Lipper for Environmental Investor Fund. 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.

Distribution

	Final 28/02/16 (p)
A Accumulation	3.1123
G Accumulation	1.7515
X Accumulation	8.1267

Major holdings

	28/02/16 %		28/02/15 %
1. Unilever	4.72	Prudential	4.56
2. Compass	4.33	Rolls-Royce	4.22
3. Sage	3.58	Sage	3.94
4. Experian	3.51	Unilever	3.82
5. Prudential	3.50	Pearson	3.81

Number of holdings: 42 **Number of holdings:40**

Please note: negative figures are shown in brackets.

ETHICAL FUND

for the year ended 28 February 2016

FUND PROFILE

Fund objectives and investment policy

To give long-term capital growth by investing primarily in UK companies that demonstrate ethical attributes and practices. These companies are selected according to a broad range of negative ethical screening criteria.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

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**

Typically lower rewards, lower risk						Typically higher rewards, higher risk
1	2	3	4	5	6	7

This Fund is ranked at 5* because it has experienced medium to high levels of volatility over the past 5 years.

*As disclosed in the key investor information document dated 8 February 2016.

INVESTMENT ADVISER'S REVIEW

UK equities fell in the year under review. Initially, market sentiment was lifted by a combination of upbeat economic data, encouraging earnings news and a raft of M&A activity. Investors were also buoyed by a resounding yet unexpected Conservative victory at the polls, along with positive economic data and an improving outlook. However, recurring fears over Greece's debt negotiations, that could potentially force it out of the Eurozone, and escalating Middle East tensions, pared early gains. A poorly-communicated yuan devaluation and concerns of a China-induced global economic slowdown, made worse by Beijing's less-than-assured policymaking, triggered bouts of panic selling.

Towards the period end, investors seemed inured to the well-signposted US interest-rate normalisation and the European Central Bank's underwhelming round of monetary easing. Instead, investors were more afraid of the continued fall in both commodity and oil prices, which fell below US$30 a barrel for the first time in 12 years, as well as the health of the stuttering Chinese economy, which sparked another global sell-off in January. Even though most UK equity benchmarks edged higher in February, sentiment was hampered by heightened volatility in the oil price after hopes of a deal to freeze output were dashed and negative interest rates were imposed in Europe and Japan. Conversely, concerns over a so-called Brexit seemed to recede.

At the stock level, contributing to relative performance was RPC Group, as its shares performed well on the back of good results and the announcement of a strategically sensible acquisition in Europe. Also benefiting the fund was Sage Group, which continued to improve its growth rates, with positive performance from newer products and ongoing increase in subscriptions. Finally, Dignity's results showed a substantial increase in revenues and profits that were due to a much higher mortality rate last year.

Conversely, costing the fund was Standard Chartered, as its shares suffered from the negative sentiment surrounding its exposure to emerging markets and news of an equity raise to strengthen its balance sheet. Also detracting from performance was Pearson, which was hampered by a weak trading update. Its higher-education courseware in the US and textbook publishing in South Africa were the two key areas in which it faced some pressure. Last, Aggreko faced tougher conditions as oil and gas weakness, as well as slower growth in emerging markets, hampered demand.

Looking ahead, UK equities may face further turbulence amid waning confidence in central banks' ability to revive economic growth, especially in the wake of Japan and Sweden's imposition of negative interest rates. Investors worry that these measures are signs of a depleted central bank toolbox. Also heightening risk aversion is the recent rout in banking share prices due to concerns that lower GDP growth and zero-to-negative interest rates will mean further downward pressure on bank earnings and ROEs. In Britain, an imbalance between internal and external demand is likely to persist. Falling oil prices should lift private consumption and underpin the services sector but lacklustre exports will hamper manufacturing. The referendum on EU membership may threaten economic activity, aggravating structural problems such as the current account deficit. Overall, however, the UK economy should remain resilient

ETHICAL FUND (CONTINUED)

for the year ended 28 February 2016

INVESTMENT ADVISER'S REVIEW (CONTINUED)

and grow at a reasonable pace. More broadly the health of the global economy is being called into question, with growth faltering on several fronts, including the US more recently. However, we remain confident in our portfolio of holdings that have been carefully selected for their ability to survive these short to medium-term headwinds, given their experienced management and robust balance sheets.

Aberdeen Asset Investments Limited
March 2016

Distribution

XD date	Payment date
28/02/16	30/04/16

Ongoing charges figure

	28/02/16 %	28/02/15 %
A Accumulation	1.62	1.62
B Accumulation	1.37	1.37
G Accumulation	1.62	1.62
X Accumulation	0.12	0.12

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	28/02/16 %	28/02/15 %
Industrials	27.28	24.37
Consumer Services	20.96	20.42
Financials	16.85	20.57
Consumer Goods	11.07	10.14
Technology	6.33	7.06
Utilities	5.99	5.68
Basic Materials	4.62	5.12
Health Care	2.41	2.08
Telecommunications	2.08	1.93
Oil & Gas	-	0.13
Net other assets	2.41	2.50
Total net assets	100.00	100.00

Net asset value

	NAV per share 28/02/16 (p)	NAV per share 28/02/15 (p)	NAV percentage change %
A Accumulation	115.72	127.54	(9.27)
B Accumulation	119.82	131.73	(9.04)
G Accumulation	119.61	131.82	(9.26)
X Accumulation	141.28	153.39	(7.89)

Performance record

	01/03/15 to 28/02/16 %	01/03/14 to 28/02/15 %	01/03/13 to 28/02/14 %	29/02/12 to 28/02/13 %	01/03/11 to 28/02/12 %
Ethical Fund A Accumulation	(9.25)	(0.86)	19.85	11.75	(10.19)

Source: Lipper for Ethical Fund. 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.

Distribution

	Final 28/02/16 (p)
A Accumulation	1.4435
B Accumulation	1.8121
G Accumulation	1.4997
X Accumulation	3.9963

Major holdings

28/02/16	%	28/02/15	%
1. Compass	4.92	Prudential	4.65
2. Berendsen	3.62	Sage	4.26
3. Sage	3.56	Compass	4.12
4. Experian	3.56	Pearson	3.90
5. Devro	3.55	Standard Chartered	3.64
Number of holdings: 38		**Number of holdings: 75**	

Please note: negative figures are shown in brackets.

GILT FUND

for the year ended 28 February 2016

FUND PROFILE

Fund objectives and investment policy

This Fund aims to give either an income, while having regard to the capital value, or growth (when income is kept within the Fund). To do so by investing primarily in UK Government and other fixed interest securities.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of Income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

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**

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This 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 8 February 2016.

INVESTMENT ADVISER'S REVIEW

UK government bonds experienced a high level of volatility in the year to 28 February. Markets shifted between bouts of optimism and pessimism over economic growth, and fretted over a plethora of geopolitical problems. This latter factor served to heighten risk aversion, encouraging an investor flight to the perceived safety of core government bonds such as UK Gilts. For much of the review period, this was countered by a rise in inflation expectations and an accompanying expectation that UK interest rates were likely to rise.

That expectation diminished as the review period wore on. While the Bank of England's monetary policy committee (MPC) was consistently split 8-1 against an interest rate hike in the later stages of the review period, market pricing for the first interest rate hike has fluctuated wildly, and markets are not fully pricing in the first rate rise until late next year.

The possibility that the UK might leave the European Union (or 'Brexit' as it has become known in the media) became a prominent topic for discussion towards the end of the review period. Investors hate uncertainty and the prospect of a protracted in/out battle until late June caused the pound to plummet to its lowest level against the US dollar since 2009.

The portfolio began the review period with a long duration position, expressed via German bonds. We then opened various cross-market trades into the likes of Sweden, Australia and Italy while closing others previously opened. The long duration position was later taken back to neutral but then added again (also via German bonds) in May. In order to take duration back to flat to benchmark while maintaining European core interest rate exposure, this long German bond position was turned into a cross-market trade in June by selling the similar-maturity UK government bonds. As uncertainty over Greece increased mid-June, it was felt prudent to close the cross-market positions we had opened in Italy, Spain and Ireland. Besides these active positions, the Fund also held yield curve trades (such as flattening trades, where we bought seven-year maturity bonds and sold three-year maturity bonds in the hope that the front end of the UK yield curve would flatten) and relative-value type 'butterfly' trades across the yield curve.

After closing other cross market positions, in the latter part of 2015 the Fund switched the long German bond position for a more risky long peripheral Europe trade via a combination of Spain and Italian bonds. This was felt to be the best way to express the view of increasing monetary policy divergence between the Bank of England and the European Central Bank. These positions are still held in the Fund. A yield curve-flattening trade was also added, expressed by buying additional 30-year maturity UK debt and selling 10-year maturity debt.

In terms of outlook, given recent market volatility and heightened uncertainty surrounding central bank activity due to the UK's EU referendum, we feel it is prudent to maintain a neutral duration outlook at overall Fund level.

Aberdeen Asset Investments Limited
March 2016

GILT FUND (CONTINUED)

for the year ended 28 February 2016

Distribution

XD dates	Payment dates
31/05/15	31/07/15
31/08/15	31/10/15
30/11/15	31/01/16
28/02/16	30/04/16

Ongoing charges figure

	28/02/16 %	28/02/15 %
A Accumulation	1.11	1.10
A Income	1.11	1.10
B Income	0.86	0.86
G Accumulation	1.11	1.11
G Income	1.11	1.10
W Accumulation (Gross)	0.11	0.11

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	28/02/16 %	28/02/15 %
Sterling Denominated Bonds	97.30	93.53
Euro Denominated Bonds	2.07	3.38
Mexican Peso Denominated Bonds	-	1.43
Derivatives	(0.23)	0.28
Net other assets	0.86	1.38
Total net assets	100.00	100.00

Net asset value

	NAV per share 28/02/16 (p)	NAV per share 28/02/15 (p)	NAV percentage change %
A Accumulation	255.18	248.74	2.59
A Income	196.78	193.02	1.95
B Income	196.77	193.01	1.95
G Accumulation	107.95	105.21	2.60
G Income	105.37	103.33	1.97
W Accumulation (Gross)	115.06	110.86	3.79

Summary of portfolio by credit ratings

Rating block	28/02/16 %	28/02/15 %
Investment grade (AAA to BBB-)	99.37	98.34
Total bonds	99.37	98.34
Other	0.63	1.66
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

Please note: negative figures are shown in brackets.

Performance record

	01/03/15 to 28/02/16 %	01/03/14 to 28/02/15 %	01/03/13 to 28/02/14 %	29/02/12 to 28/02/13 %	01/03/11 to 28/02/12 %
Gilt Fund A Accumulation	2.61	10.00	(2.37)	0.61	14.31
UK Gilt Sector Average Return	3.93	12.73	(1.54)	1.44	16.29

Source: Lipper for Gilt Fund and UK Gilt Sector Average Return (funds which invest at least 95% of their assets in Sterling denominated (or hedged back to Sterling) government backed securities, with a rating the same or higher than that of the UK, with at least 80% invested in UK government securities (Gilts)).

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.

Distribution

	First interim 31/05/15 (p)	Second interim 31/08/15 (p)	Third interim 30/11/15 (pt)	Final 28/02/16 (p)
A Accumulation	0.2916	0.4319	0.4261	0.4144
A Income	0.2264	0.3347	0.3297	0.3205
B Income	0.3222	0.4287	0.4279	0.4134
G Accumulation	0.1263	0.1841	0.1805	0.1838
G Income	0.1229	0.1813	0.1764	0.1711
W Accumulation (Gross)	0.4388	0.5129	0.5238	0.5044

Major holdings

	28/02/16 %		28/02/15 %
1. UK Treasury 4% 07/09/2016	9.65	UK Treasury 4.75% 07/09/2015	16.65
2. UK Treasury 4.25% 07/06/2032	8.83	UK Treasury 1.75% 1.75% 22/07/2019	9.53
3. UK Treasury 1.25% 22/07/2018	8.36	UK Treasury 3.25% 22/01/2044	8.13
4. UK Treasury 1.75% 22/07/2019	8.24	UK Treasury 4.5% 07/09/2034	7.67
5. UK Treasury 3.5% 22/01/2045	6.07	UK Treasury 3.5% 22/07/2068	6.71
6. UK Treasury 3.25% 22/01/2044	5.91	UK Treasury 2% 22/01/2016	6.05
7. UK Treasury 4.25% 07/12/2040	5.58	UK Treasury 4.25% 07/09/2039	5.49
8. UK Treasury 3.75% 07/09/2021	5.31	UK Treasury 4.25% 07/12/2040	5.26

Number of holdings: 37 **Number of holdings: 65**

Minimum requirement to show top 5 or all holdings in excess of 5% of the Fund's Net Asset Value.

HIGH INCOME BOND FUND

for the year ended 28 February 2016

FUND PROFILE

Fund objectives and investment policy

This Fund aims to give either an income or growth (when income is kept within the Fund). To do so by investing predominantly in corporate bonds and other fixed interest securities issued by companies and governments operating in the USA, the UK and Europe. The majority of the Fund will be in non-investment grade bonds with a higher than average risk.

Non-investment grade bonds have not been awarded the minimum rating required to meet the investment grade rating. Therefore they are considered higher risk than bonds with a higher credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of Income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with an acceptably low level of risk; and
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 2pm daily on working days in the UK and the USA. Instructions received before 12pm will receive the price calculated on that day. Instructions received after 12pm will receive the price calculated on the next working day.

Synthetic risk and reward profile

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.

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Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This 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 8 February 2016.

INVESTMENT ADVISER'S REVIEW

Returns from US high yield were broadly negative for much of the review period – a reflection of geopolitical and economic uncertainty (largely emanating from the Chinese slowdown and its effects on commodity markets), and the impact from a continued unhealthy global oil supply/demand situation on the energy sector.

In March, CCC and lower-rated corporate bonds under-performed significantly. The coal sector was very weak, while the metals and mining and energy (to a lesser extent) sectors added to the underperformance. In contrast, the food and beverage sector outperformed, boosted by a large rally in Heinz bonds following the company's proposed mega merger with Kraft Foods.

Positive returns from high yield in April and May were driven by a recovery in the energy sector, resulting specifically from a rebound in benchmark oil prices. Asset class returns were also boosted by weaker-than-expected macroeconomic reports, cementing an extension in the "low for longer" interest rate environment backdrop. From a credit quality perspective, higher quality B and BB rated bonds performed better. Improving economic conditions in the US raised expectations for the Federal Reserve's (the Fed) first interest rate hike, with yields across fixed income rising during April through June.

In July, global high yield as an asset class delivered a slightly negative monthly return, completely driven by the commodity-heavy sectors of energy and metals & mining. Practically all other sectors generated positive return, notably led by the wireless, health-care and pharmaceutical sectors. Finally, in August, returns further deteriorated as a result of intensifying China economic slowdown concerns as well as emerging market economies more broadly and the cumulative effect (lowered demand) on commodity markets. This produced materially weakened investor confidence and increased investment outflows from the US high yield asset class.

The prospect of divergent central bank policy was the primary focus for government bond markets in final few months of the review period. "Core" government bonds from the US, the Eurozone and the UK sold off in October. This move was led by US Treasuries, as a hawkish Federal Open Market Committee statement encouraged expectations that the Fed would begin to normalise policy. In November, strong US labour market data helped push the Treasury yield higher as market expectations for the first interest rate hike converged on December. Meanwhile, European Central Bank (ECB) policy makers continued to talk up the possibility of further easing, Risk assets generally underperformed while government bonds outperformed. Policymakers on both sides of the Atlantic took action in December 2015. The Fed hiked the target range for the Federal Funds rate by 25 basis points (bps) while the ECB cut its deposit rate by 10 bps and expanded its quantitative easing policy.

HIGH INCOME BOND FUND (CONTINUED)

for the year ended 28 February 2016

INVESTMENT ADVISER'S REVIEW (CONTINUED)

The US high-yield market lost ground in the second half of the review period, experiencing several bouts of volatility. Investor sentiment was dampened by the ongoing downturn in global energy and commodity prices, along with concerns regarding global economic growth. Not surprisingly, lower-rated CCC bonds recorded the greatest losses for the period, underperforming their B and BB rated counterparts. Energy was the weakest-performing sector thanks to the falling oil prices, while the materials sector also significantly lagged the overall market. Conversely, the consumer goods sector recorded a modest positive return and was the strongest performer.

In recent years, a significant proportion of US high yield issuance has come from energy exploration and production companies, many of whom had been hit hard by the 2015 year-to-date collapse in benchmark crude oil prices. Accordingly, the Fund has deployed a conservative position across energy throughout this review period. Specifically, during this period, the Fund has sustained a -210bps area underweight position across the energy sector compared to the global high yield benchmark.

For the review period, the High Income Bond Fund struggled due to the aforementioned global macroeconomic headwinds, delivering a -9.99% all-in return for the period. Nevertheless, the Fund's active decision to underweight the metals & mining and energy sectors delivered sector allocation benefits. Furthermore, the Fund's active decision to possess overweight sector allocations to the telecom wireless, chemicals and media/entertainment industries were beneficial (+59bps sector allocation outperformance).

In terms of stock selection, strong individual performance was generated from Petco (consumer product), First Data (technology), McGraw Hill (media), Rite Aid (consumer products), and MGM Resorts (gaming).

Looking ahead through the remainder of 2016, the energy sector is expected to remain price volatile due to a sustained supply demand imbalance tilted to overabundant global supply. Nevertheless, energy sector high yield bonds are already priced to reflect much of this risk, offering certain potentially favourable total return based upon historical precedent.

Aberdeen Asset Investments Limited
March 2016

Distribution

XD dates	Payment dates
31/03/15	15/05/15
30/04/15	15/06/15
31/05/15	15/07/15
30/06/15	15/08/15
31/07/15	15/09/15
31/08/15	15/10/15
30/09/15	15/11/15
31/10/15	15/12/15
30/11/15	15/01/16
31/12/15	15/02/16
31/01/16	15/03/16
28/02/16	15/04/16

Ongoing charges figure

	28/02/16 %	28/02/15 %
A Accumulation	1.62	1.62
A Income	1.62	1.62
X Accumulation	0.12	0.12

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	28/02/16 %	28/02/15 %
US Dollar Denominated Bonds	76.05	77.29
Sterling Denominated Bonds	8.49	9.39
Euro Denominated Bonds	7.12	6.12
United States Equities	0.07	-
Derivatives	(2.58)	2.20
Net other assets	10.85	5.00
Total net assets	100.00	100.00

Net asset value

	NAV per share 28/02/16 (p)	NAV per share 28/02/15 (p)	NAV percentage change %
A Accumulation	196.66	220.28	(10.72)
A Income	82.33	96.77	(14.92)
X Accumulation	202.20	223.33	(9.46)

HIGH INCOME BOND FUND (CONTINUED)

for the year ended 28 February 2016

Performance record

	01/03/15 to 28/02/16 %	01/03/14 to 28/02/15 %	01/03/13 to 28/02/14 %	29/02/12 to 28/02/13 %	01/03/11 to 28/02/12 %
High Income Bond Fund A Accumulation	(9.99)	(0.54)	7.42	6.62	8.84
£ High Yield Sector Average Return	(5.56)	1.80	8.08	11.99	0.08

Source: Lipper for High Income Bond Fund and £ High Yield Sector Average Return (funds which invest at least 80% of their assets in Sterling denominated (or hedged back to Sterling) fixed interest securities and at least 50% of their assets in below BBB minus fixed interest securities (as measured by Standard & Poor's or an equivalent external rating agency), including convertibles, preference shares and permanent interest bearing shares (PIBs)).

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.

Major holdings

	28/02/16 %		28/02/15 %
1. HCA 5.875% 15/02/2026	1.26	iHeartCommunications 11.25% 01/03/2021	1.53
2. CCOH Safari 5.75% 15/02/2026	1.26	Intelsat Luxembourg 7.75% 01/06/2021	1.47
3. Inmarsat Finance 4.875% 15/05/2022	1.22	Numericable 6% 15/05/2022	1.22
4. International Lease Finance 6.25% 15/05/2019	1.18	Avanti Communications 10% 01/10/2019	1.22
5. KB Home 7% 15/12/2021	1.17	Icahn Enterprises Finance 5.875% 01/02/2022	1.13

Number of holdings: 258 **Number of holdings: 306**

Summary of portfolio by credit ratings

Rating block	28/02/16 %	28/02/15 %
Investment grade (AAA to BBB-)	7.83	5.53
Non-Investment grade (BB+ to C)	82.97	84.42
Unrated	0.86	2.85
Total bonds	91.66	92.80
Other	8.34	7.20
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

Please note: negative figures are shown in brackets.

Distribution

	First interim 31/03/15 (p)	Second interim 30/04/15 (p)	Third interim 31/05/15 (p)	Fourth interim 30/06/15 (p)	Fifth interim 31/07/15 (p)	Sixth interim 31/08/15 (p)	Seventh interim 30/09/15 (p)	Eighth interim 31/10/15 (p)	Ninth interim 30/11/15 (p)	Tenth interim 31/12/15 (p)	Eleventh interim 31/01/16 (p)	Final 28/02/16 (p)
A Accumulation	1.1062	0.7778	0.7970	0.8181	0.8604	0.7353	0.9066	0.7395	0.8750	0.8202	0.9123	0.7915
A Income	0.4862	0.3400	0.3472	0.3552	0.3722	0.3169	0.3895	0.3161	0.3728	0.3479	0.3854	0.3329
X Accumulation	1.2020	0.8655	0.8840	0.9129	0.9539	0.8190	1.0067	0.8287	0.9707	0.9138	1.0031	0.8765

HIGH RESERVE FUND

for the year ended 28 February 2016

FUND PROFILE

Fund objectives and investment policy

This Fund aims to give an income, and the potential for long-term capital growth, by investing mainly in shares and fixed interest securities in the UK, including Gilts and corporate bonds. The Fund may also invest in Europe.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of Income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

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**

Typically lower rewards, lower risk ← → **Typically higher rewards, higher risk**

1	2	3	4	5	6	7

This Fund is ranked at 5* because it has experienced medium to high levels of volatility over the past 5 years.

*As disclosed in the key investor information document dated 8 February 2016.

INVESTMENT ADVISER'S REVIEW

The Fund invests in a mix of equities and corporate bonds. The value of the Fund fell by 7.96% during the twelve months under review.

Looking first at equities, the UK stock market achieved a new high during the early part of the reporting period. Things went downhill from there however. Investor confidence worsened following China's unexpected decision to devalue its currency, which triggered a global sell-off in August. Sentiment had already been fragile, due to worries that the slowing Chinese economy would hurt global growth prospects.

The UK stock market underperformed many of its global counterparts. For the most part, this was due to weakness in oil and commodity prices, as mining and energy companies make up a high proportion of the UK market. As a result, falls in commodity prices tend to hit the UK stock market particularly severely.

Looking at the corporate bond portion of the portfolio, returns were better than for equities, but still slightly negative. The review period started off well for corporate bond markets, as investors continued searching for higher yields than those available on government bonds. However, during the summer months, concerns about Greece and the slowdown in the Chinese economy took over, resulting in a market sell-off. Things improved towards the end of 2015, though returns from various corporate bond market sectors varied widely. For example, the fall in oil and commodity prices led to sharp falls in bonds issued by mining and energy companies. But some bonds in the financial and utility sectors performed well.

Within the portfolio, holdings in bonds issued by commodity companies underperformed. Meanwhile, we held a relatively large position in high yield corporate bonds, which offer a more generous yield, but are more at risk of 'default' (failing to pay investors the promised coupon on the bond). These holdings performed well in the first part of the review period, but have performed less well recently, as investors have been nervous about holding these more risky investments.

Looking at the positioning of the Fund, it held a relatively high weighting in corporate bonds at the expense of equities. This was positive for performance given the outperformance of corporate bonds compared to equities. The UK equity portion of the portfolio outperformed its benchmark, thereby enhancing returns to investors. Unfortunately, the relative performance of the corporate bond portfolio was less positive. This part of the Fund underperformed its benchmark.

Overall, we believe the portfolio's current blend of corporate bonds and equities leaves the Fund well placed to participate in any further market gains, while providing investors with the required level of income.

Aberdeen Asset Investments Limited
March 2016

HIGH RESERVE FUND (CONTINUED)

for the year ended 28 February 2016

Distribution

XD dates	Payment dates
31/05/15	31/07/15
31/08/15	31/10/15
30/11/15	31/01/16
28/02/16	30/04/16

Ongoing charges figure

	28/02/16 %	28/02/15 %
A Accumulation	1.36	1.37
A Income	1.36	1.37

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	28/02/16 %	28/02/15 %
Corporate Bonds#	20.74	21.34
Financials	15.05	15.58
Consumer Goods	12.64	11.94
Consumer Services	11.80	9.76
Health Care	7.74	9.14
Oil & Gas	7.46	9.51
Industrials	7.14	6.41
Telecommunications	4.47	3.71
Utilities	3.55	2.31
Basic Materials	3.46	5.56
Technology	1.52	1.10
Government Bonds	1.13	0.99
Asset- Backed Securities#	1.07	0.98
Mortgage-Backed Securities#	1.03	0.71
Derivatives	-	0.04
Net other assets	1.20	0.92
Total net assets	100.00	100.00

#Since the previous report the industry sector classification headings have been updated by data providers. Comparative figures have been updated where appropriate.

Net asset value

	NAV per share 28/02/16 (p)	NAV per share 28/02/15 (p)	NAV percentage change %
A Accumulation	287.95	312.93	(7.98)
A Income	117.91	133.37	(11.59)

Minimum requirement to show top 5 or all holdings in excess of 5% of the Fund's Net Asset Value.

Performance record

	01/03/15 to 28/02/16 %	01/03/14 to 28/02/15 %	01/03/13 to 28/02/14 %	29/02/12 to 28/02/13 %	01/03/11 to 28/02/12 %
High Reserve Fund A Accumulation	(7.96)	4.65	12.84	8.57	(0.57)
UK Equity & Bond Income Sector Average Return	(3.93)	6.53	13.96	13.00	3.63

Source: Lipper for High Reserve Fund and UK Equity & Bond Income Sector Average Return (funds which invest at least 80% of their assets in the UK, between 20% and 80% in UK fixed interest securities and between 20% and 80% in UK equities. These funds aim to have a yield in excess of 120% of the FTSE All-Share Index).

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.

Distribution

	First interim 31/05/15 (p)	Second interim 31/08/15 (p)	Third interim 30/11/15 (pt)	Final 28/02/16 (p)
A Accumulation	4.0307	3.1528	2.3950	2.4212
A Income	1.7181	1.3274	0.9965	0.9999

Major holdings

	28/02/16 %		28/02/15 %
1. GlaxoSmithKline	4.53	Royal Dutch Shell 'B'	4.77
2. Royal Dutch Shell 'B'	4.43	GlaxoSmithKline	4.16
3. HSBC	4.33	HSBC	3.86
4. British American Tobacco	3.43	BP	3.12
5. AstraZeneca	3.03	AstraZeneca	3.09
6. Imperial Tobacco	3.03		

Number of holdings: 258 Number of holdings: 249

Summary of portfolio by credit ratings

Rating block	28/02/16 %	28/02/15 %
Investment grade (AAA to BBB-)	23.37	23.03
Non-Investment grade (BB+ to C)	0.60	0.99
Total bonds	23.97	24.02
Other	76.03	75.98
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

Please note: negative figures are shown in brackets.

SAFETYPLUS® FUND

for the year ended 28 February 2016

FUND PROFILE

Fund objectives and investment policy

This Fund aims to give long-term capital growth, normally by investing primarily in share of companies included in the Financial Times Stock Exchange 100 Index (FTSE 100 Index). The Fund may move away from the policy of being primarily invested in shares when market conditions indicate that a better return is expected to be achieved by being invested in cash, near cash and/or deposits and with or without options. To give a level of protection against major stock market falls through the use of a Safety Price. By 'Safety Price' we mean the lowest possible selling price which is guaranteed not to fall for a period of time, the 'Safety Period', normally 12 months. The Safety Price is set at 95% of the share price at the start of each Safety Period.

Important Notes

- If the share price of class A shares rises 10% above the share price at the start of the Safety Period, we will raise the Safety Price and start a new Safety Period.
- You can check the up-to-date Safety Price and end date for the Safety Period on our website at **www.scottishwidows.co.uk**

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with an acceptably low level of risk.
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

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 **www.scottishwidows.co.uk/investmentapproaches**

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This 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 8 February 2016.

INVESTMENT ADVISER'S REVIEW

In line with other developed equity markets, those in the UK lost ground over the review period. For the most part, this was due to weakness in energy and commodity prices. This has had a negative influence throughout 2015 because of the large number of global oil and mining companies that are listed in the UK.

In November, the Bank of England highlighted that the prospect of sustained inflation is remote and that the problems being faced by China and other developing economies could lead to the UK's recovery fizzling out. Accordingly, interest rates were once more held at 0.5%.

But in the US, the Federal Reserve has started the process of raising interest rates for the first time since the onset of the financial crisis. Investors had also been nervous ahead of the Federal Reserve's December rate-setting meeting. When rates were eventually raised, the move was taken as an expression of confidence in the strength of the US economy. While stock markets across the world recovered some of their previous losses from earlier in 2015, the UK market nevertheless finished slightly lower over December.

The possibility that the UK might leave the European Union (or 'Brexit' as it has become known in the media) was the most-talked-about topic during February. The date of the referendum was announced as 23 June, prompting several politicians to announce whether they would be campaigning for the UK to remain in or leave the 28-nation bloc. While the prospect of a protracted in/out battle over the coming four months caused the pound to plummet to its lowest level against the US dollar since 2009, equity investors seemed relatively unfazed by all the 'Brexit' speculation. The stock market performed very well following the referendum announcement, recovering all of the losses it had incurred earlier in the month.

At the end of February, 96.94% of the fund was invested in cash investments, while 3.06% was invested in call options. In the current climate, the cash and call strategy remains the most efficient way of meeting the fund's aim due to the prohibitive cost of protection via derivatives. A large proportion of the portfolio continues to be invested in cash-like investments, these provide the protection required but will significantly limit the extent of FTSE 100 exposure. The safety price for A-class shares was 35.90.

INVESTMENT ADVISER'S REVIEW (CONTINUED)

We have revised down our forecasts of gross domestic product growth for this year and next, to 2.0% and 2.3% respectively (from 2.2% and 2.5%). The downgrades reflect a weaker investment picture, driven by the heightened uncertainty caused by the upcoming referendum on the UK's membership of the EU to be held on 23 June 2016.

Despite the slightly softer outlook for growth, inflation should rise steadily through 2016 as the base effects associated with the collapse in the oil price last year kick in. But the scale of the pick-up will be muted by the renewed fall in oil prices over the past couple of months, recent price cuts announced by domestic gas suppliers and weak core inflationary pressures.

Aberdeen Asset Investments Limited
March 2016

SAFETYPLUS® FUND (CONTINUED)

for the year ended 28 February 2016

Distribution

XD date	Payment date
28/02/16	30/04/16

Ongoing charges figure

	28/02/16 %	28/02/15 %
A Accumulation	1.12	1.12
X Accumulation	0.12	0.12

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	28/02/16 %	28/02/15 %
Short Term Deposit	96.26	103.29
Collective Investment Schemes	7.79	-
Options Contracts	3.29	2.31
Net other liabilities	(7.34)	(5.60)
Total net assets	100.00	100.00

Net asset value

	NAV per share 28/02/16 (p)	NAV per share 28/02/15 (p)	NAV percentage change %
A Accumulation	37.93	40.07	(5.34)
X Accumulation	42.68	44.82	(4.77)

Performance record

	01/03/15 to 28/02/16 %	01/03/14 to 28/02/15 %	01/03/13 to 28/02/14 %	29/02/12 to 28/02/13 %	01/03/11 to 28/02/12 %
SafetyPlus® Fund A Accumulation	(5.54)	(3.91)	3.35	0.70	(3.91)
Protected Sector Average Return	(5.95)	3.23	4.07	2.26	(3.57)

Source: Lipper for SafetyPlus® Fund and Protected Sector Average Return (funds, other than money market funds, which principally aim to provide a return of a set amount of capital back to the investor (either explicitly protected or via an investment strategy highly likely to achieve this objective) plus the potential for some investment return).

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.

Distribution

	Final 28/02/16 (p)
A Accumulation	-
X Accumulation	0.1493

Portfolio holdings

		28/02/16 %		28/02/15 %
1.	Aberdeen Global Liquidity Sterling Fund Advisory	7.79	Sumitomo Mitsui Trust Bank 0.43% 02/03/2015	5.16
2.	Sumitomo Mitsui Bank 0.6% 29/02/2016	5.16	Credit Agricole 0.54% 09/03/2015	5.16
3.	DNB Bank 0.66% 28/04/2016	4.69	Macquarie Bank 0.01% 14/05/2015	5.15
4.	Credit Industriel 0.6% 04/04/2016	4.69	National Bank of Abu Dhabi 0.53% 20/04/2015	4.64
5.	Natixis 1% 04/05/2016	4.69	Bank of Montreal 0.5% 08/04/2015	4.64
6.	BNP Paribas 0.61% 08/04/2016	4.69	Credit Industriel 0.51% 16/03/2015	4.64
7.	Standard Chartered Bank 0.6% 03/03/2016	4.69	Bank of Nova Scotia 0.48% 07/04/2015	4.64
8.	Sumitomo Mitsui Bank 0.01% 31/05/2016	4.69	Standard Chartered 0.55% 08/05/2015	4.64
9.	Lloyds Bank 0.6% 16/03/2016	4.69	Sumitomo Mitsui Banking 0.52% 30/03/2015	4.64
10.	KBS Bank 0.58% 08/03/2016	4.69	BNP Paribas 0.55% 28/04/2015	4.64
11.	Nationwide Building Society 0.61% 07/04/2016	4.69	Bank of Tokyo Mitsubishi 0.53% 18/05/2015	4.64
12.	Credit Agricole 0.58% 11/04/2016	4.69	DZ Bank 0.51% 18/05/2015	4.64
13.	National Bank of Abu Dhabi 0.6% 20/04/2016	4.69	Mizuho Corporate Bank 0.01% 14/04/2015	4.64
14.	Nordea Bank 0.55% 04/04/2016	4.02	ING Bank 0.54% 11/05/2015	4.64
15.	DZ Bank 0.57% 18/04/2016	4.02	Citibank 0.54% 13/05/2015	4.64
16.	The Bank of Toyota Mitsubishi 0.57% 18/05/2016	4.02	Natixis 0.56% 01/04/2015	4.64
17.	Citibank 0.57% 09/05/2016	4.02	Landesbank Hessen-Thüringen 0.51% 03/03/2015	4.38
18.	Svenska Handelsbanken 0.56% 13/05/2016	4.02	HSBC Bank 1% 07/04/2015	4.13
19.	Bank of America 0.63% 16/06/2016	4.02	Nordea Bank Finland 0.53% 12/03/2015	3.61
20.	Quatar National Bank 0.01% 14/03/2016	4.02	Svenska Handelsbanken 0.5% 03/03/2015	3.09
21.	Mizuho Bank 0.6% 31/05/2016	2.68	Sumitomo Trust & Banking 0.54% 02/03/2015	2.58
22.	Sumitomo Mitsui Trust Bank 0.6% 07/03/2016	2.67	Sumitomo Trust & Banking 0.48% 02/04/2015	2.58
23.	Wells Fargo Bank International 0.55% 29/02/2016	2.67	Svenska Handelsbanken 0.5% 03/06/2015	2.58
24.	Macquarie Bank 0.01% 16/05/2016	2.01	Svenska Handelsbanken 0.5% 07/04/2015	2.06
25.	Credit Suisse 0.62% 17/05/2016	1.34	Credit Suisse 0.54% 17/03/2015	2.06
26.			Natixis 0.43% 02/03/2015	0.43

Number of holdings: 30 | Number of holdings: 28

Please note: negative figures are shown in brackets.

STRATEGIC INCOME FUND

for the year ended 28 February 2016

FUND PROFILE

Fund objectives and investment policy

This Fund aims to give either an income or growth (when income is kept within the Fund). To do so by investing primarily in the UK and European corporate bonds and other fixed interest securities, including government bonds. The majority of the Fund will be in investment grade securities, but a significant proportion will be in securities with a higher than average risk.

Investment grade bonds have achieved or exceeded a minimum credit rating awarded by a credit rating agency. Therefore they are considered lower risk than bonds with a lower credit rating. Credit ratings indicate the likelihood that an issuer will be able to make their payments.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of Income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost;
- To help generate extra capital or income for the Fund with an acceptably low level of risk; and
- To help manage the effect of fluctuations in exchange rates with Sterling.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

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**

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This 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 8 February 2016.

INVESTMENT ADVISER'S REVIEW

Corporate bonds delivered a strong positive return at the beginning of the review period, outperforming government bonds from the core economies. In March, yields fell materially and prices rose as risk aversion picked up. The onset of quantitative easing, falling commodity prices, softer economic data and ongoing global conflicts all contributed to an environment of ever-falling yields and positive returns from conventional bonds.

From April onwards, bond markets retraced much of the strong performance of the first quarter. Investment grade markets in Europe lost ground, largely due to an escalation of concerns over Greek debt negotiations. Moving into summer, the focus shifted to concerns over China, and the impact of its slowing economic growth on global GDP and commodity prices. Latterly, there was a rising incidence of company-specific risks such as Glencore and Volkswagen. Between July and September, corporate bonds underperformed government bonds as yield spreads widened.

Things improved in the final quarter of 2015, as rising government bond yields and moderately tighter corporate bond spreads resulted in a small positive return from the asset class. Bond yields rose as we moved closer to the first interest rate hike by the US Federal Reserve in seven years. Corporate bonds performed reasonably well, but the returns generated by various sectors varied significantly. Bonds in the basic materials and energy sectors were weak, driven by the poor performance of commodities. Utilities and financial institutions performed relatively strongly. Banks were especially resilient, supported by de-leveraging and positive news flow from the sector.

The new calendar year began with some significant re-pricing of risk assets. Credit spreads across all sectors were marked materially wider as slower global growth levels and greater risks were priced in. Conversely, "safe haven" assets such as US Treasuries and UK Gilts performed strongly, with yields falling back towards their lows. Bonds issued by financial institutions and other higher risk areas of the credit market were the worst-performing areas of the investment universe, as earnings disappointments led to some fears over growth prospects for the banking sector.

The Scottish Widows Strategic Income Fund comprises a portfolio of which roughly three-quarters is invested in investment grade corporate bonds with the remainder in European high-yielding bonds.

Over the first six months of the review period, performance was generated primarily by the high yield portion of the portfolio. A cautious stance to adding risk in high yield has helped, with spreads wider but more than offset by the higher coupon income from this portion.

INVESTMENT ADVISER'S REVIEW (CONTINUED)

For the investment grade portion the Fund remained overweight financials and Gilts along with a smaller overweight in asset-backed securities, capital goods, technology, media and telecoms and transport bonds. Underweights at the end of the period were real estate, autos, consumer stocks and utilities. Overall, spreads moved wider due to concerns about the sustainability of global growth, Chinese slowdown and the pace of interest rate rises in the United States. The spread impact limited performance potential particularly in the investment grade portion of the Fund, offsetting much of the income generation from the assets.

We continue to favour investment grade bonds issued by banks and insurers, despite recent volatility. The ability of banks to generate earnings organically is challenged materially by the current extremely low yield environment but credit fundamentals continue to improve. Banks in the UK such as Barclays, HSBC, Lloyds and RBS remain favoured, and exposure has been added. In the insurance sector, which is very well capitalised, diversified operators are preferred and exposure to Aviva, Prudential and AXA was added.

In advance of what proved to be an extremely volatile period for commodity prices some of the fund's exposures to Glencore were pared back, and this proved to be very beneficial. We also sold positions in Australian natural gas operator Santos. Duration has been managed fairly conservatively with the UK rates market proving to be particularly challenging.

The high yield component remains fairly conservatively positioned and is overweight in single B rated bonds, where issuers have tended to be quite conservative with their balance sheets. Performance in this part of the Fund was supported materially by avoiding a number of idiosyncratic problems such as Spanish infrastructure business Abengoa, which collapsed, and Brazilian issuers Petrobras and OI, both of which underperformed materially.

Looking ahead, the sharp sell-off in credit markets and other risk assets has pushed credit spreads (risk premiums) back to levels last seen in 2011, when investors were concerned about the future of the Eurozone. The economic environment is still reasonably constructive for credit. The preoccupation of all participants with the generation of some inflationary pressure in developed markets, while understandable, is leading to some unusual re-pricing. Low default rates and stable credit fundamentals continue to offer support, and returns can improve materially on a turn in sentiment.

Aberdeen Asset Investments Limited
March 2016

Distribution

XD dates	Payment dates
31/03/15	15/05/15
30/04/15	15/06/15
31/05/15	15/07/15
30/06/15	15/08/15
31/07/15	15/09/15
31/08/15	15/10/15
30/09/15	15/11/15
31/10/15	15/12/15
30/11/15	15/01/16
31/12/15	15/02/16
31/01/16	15/03/16
28/02/16	15/04/16

Ongoing charges figure

	28/02/16 %	28/02/15 %
A Accumulation	1.37	1.37
A Income	1.37	1.38
W Accumulation (Gross)	0.13	0.13

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	28/02/16 %	28/02/15 %
Sterling Denominated Bonds	74.15	79.00
Euro Denominated Bonds	21.59	15.54
US Dollar Denominated Bonds	3.30	2.14
Derivatives	(2.64)	1.40
Net other assets	3.60	1.92
Total net assets	100.00	100.00

Net asset value

	NAV per share 28/02/16 (p)	NAV per share 28/02/15 (p)	NAV percentage change %
A Accumulation	176.26	183.46	(3.92)
A Income	93.55	100.59	(7.00)
W Accumulation (Gross)	107.73	109.85	(1.93)

STRATEGIC INCOME FUND (CONTINUED)

for the year ended 28 February 2016

Performance record

	01/03/15 to 28/02/16 %	01/03/14 to 28/02/15 %	01/03/13 to 28/02/14 %	29/02/12 to 28/02/13 %	01/03/11 to 28/02/12 %
Strategic Income Fund A Accumulation	(3.92)	8.20	4.95	12.07	2.35
£ Strategic Bond Sector Average Return	(3.39)	6.32	4.24	9.65	5.31

Source: Lipper for Strategic Income Fund and £ Strategic Bond Sector Average Return (funds which invest at least 80% of their assets in Sterling denominated (or hedged back to Sterling) fixed interest securities. This includes convertibles, preference shares and permanent interest bearing shares (PIBs). At any point in time the asset allocation of these funds could theoretically place the fund in one of the other Fixed Interest sectors. The funds will remain in this sector on these occasions since it is the Manager's stated intention to retain the right to invest across the Sterling fixed interest credit risk spectrum).

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.

Major holdings

	28/02/16 %		28/02/15 %
1. UK Treasury 4.5% 07/12/2042	2.65	UK Treasury 4.5% 07/12/2042	2.58
2. Lloyds Bank 13% Perpetual	1.60	Lloyds Bank 13% Perpetual	1.45
3. GE Capital UK Funding 5.125% 24/05/2023	1.33	Bank of America 7% 31/07/2028	1.22
4. Lloyds Bank 5.75% 09/07/2025	1.28	Lloyds Bank 5.75% 09/07/2025	1.22
5. Bank of America 7% 31/07/2028	1.26	GE Capital UK Funding 5.125% 24/05/2023	1.21

Number of holdings: 349 **Number of holdings: 359**

Summary of portfolio by credit ratings

Rating block	28/02/16 %	28/02/15 %
Investment grade (AAA to BBB-)	65.78	64.42
Non-Investment grade (BB+ to C)	27.43	26.30
Unrated	5.83	5.96
Total bonds	99.04	96.68
Other	0.96	3.32
Total net assets	100.00	100.00

The credit ratings used in the above table have been supplied by Standard & Poor's, Moody's or Fitch Ratings.

Please note: negative figures are shown in brackets.

Distribution

	First interim 31/03/15 (p)	Second interim 30/04/15 (p)	Third interim 31/05/15 (p)	Fourth interim 30/06/15 (p)	Fifth interim 31/07/15 (p)	Sixth interim 31/08/15 (p)	Seventh interim 30/09/15 (p)	Eighth interim 31/10/15 (p)	Ninth interim 30/11/15 (p)	Tenth interim 31/12/15 (p)	Eleventh interim 31/01/16 (p)	Final 28/02/16 (p)
A Accumulation	0.5116	0.4678	0.4452	0.5075	0.4847	0.4584	0.5250	0.4467	0.4785	0.5150	0.4847	0.5000
A Income	0.2805	0.2558	0.2428	0.2761	0.2630	0.2480	0.2833	0.2403	0.2569	0.2758	0.2587	0.2665
W Accumulation (Gross)	0.4676	0.4308	0.4106	0.4652	0.4458	0.4195	0.4831	0.4165	0.4445	0.4734	0.4453	0.4541

UK EQUITY INCOME FUND

for the year ended 28 February 2016

FUND PROFILE

Fund objectives and investment policy

This Fund aims to give an income together with some capital growth over the long-term by investing primarily in UK company shares.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of Income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

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**

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 5* because it has experienced medium to high levels of volatility over the past 5 years.

*As disclosed in the key investor information document dated 8 February 2016.

INVESTMENT ADVISER'S REVIEW

In line with other developed equity markets, those in the UK lost ground over the review period. For the most part, this was due to weakness in energy and commodity prices. This has had a negative influence throughout 2015 because of the large number of global oil and mining companies that are listed in the UK.

In November, the Bank of England highlighted that the prospect of sustained inflation is remote and that the problems being faced by China and other developing economies could lead to the UK's recovery fizzling out. Accordingly, interest rates were once more held at 0.5%.

But in the US, the Federal Reserve has started the process of raising interest rates for the first time since the onset of the financial crisis. Investors had also been nervous ahead of the Federal Reserve's December rate-setting meeting. When rates were eventually raised, the move was taken as an expression of confidence in the strength of the US economy. While stock markets across the world recovered some of their previous losses from earlier in 2015, the UK market nevertheless finished slightly lower over December.

The possibility that the UK might leave the European Union (or 'Brexit' as it has become known in the media) was the most-talked-about topic during February. The date of the referendum was announced as 23 June, prompting several politicians to announce whether they would be campaigning for the UK to remain in or leave the 28-nation bloc. While the prospect of a protracted in/out battle over the coming four months caused the pound to plummet to its lowest level against the US dollar since 2009, equity investors seemed relatively unfazed by all the 'Brexit' speculation. The stock market performed very well following the referendum announcement, recovering all of the losses it had incurred earlier in the month.

At the stock level, the position in Royal Dutch Shell 'B' shares had a negative effect on returns over the period. The price was badly affected by the sustained decline in the oil price. In October, the company took the unusual step of pulling the plug on a project where work was already underway. More recently, the company's shareholders approved its plans to takeover BG Group.

Lack of exposure to beer and soft drinks-producer SABMiller was also detrimental to returns over the period. The company's share price rose sharply following news of a takeover by Anheuser-Busch InBev in a deal worth around £71 billion.

In contrast, Sage Group made a positive contribution to performance. The company continued to improve its growth rates with positive performance from newer products and an ongoing increase in subscriptions. Also benefiting the Fund was the comparative lack of exposure to Glencore: the shares have fallen sharply in recent months in response to weak commodity prices and a poorly-received equity raising.

We have revised down our forecasts of gross domestic product growth for this year and next, to 2.0% and 2.3% respectively (from 2.2% and 2.5%). The downgrades reflect a weaker investment picture, driven by the heightened uncertainty caused by the upcoming referendum on the UK's membership of the EU to be held on 23 June 2016.

INVESTMENT ADVISER'S REVIEW (CONTINUED)

Despite the slightly softer outlook for growth, inflation should rise steadily through 2016 as the base effects associated with the collapse in the oil price last year kick in. But the scale of the pick-up will be muted by the renewed fall in oil prices over the past couple of months, recent price cuts announced by domestic gas suppliers and weak core inflationary pressures.

Aberdeen Asset Investments Limited
March 2016

Distribution

XD dates	Payment dates
31/08/15	31/10/15
28/02/16	30/04/15

Ongoing charges figure

	28/02/16 %	28/02/15 %
A Accumulation	1.36	1.36
A Income	1.36	1.36
B Income	1.11	1.11
C Income	0.61	0.61
X Accumulation	0.11	0.11

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	28/02/16 %	28/02/15 %
Financials	20.14	20.47
Consumer Goods	16.82	15.97
Consumer Services	15.61	13.00
Health Care	10.33	12.44
Oil & Gas	10.04	12.55
Industrials	9.78	8.69
Telecommunications	6.04	4.87
Basic Materials	5.24	7.47
Utilities	4.70	3.14
Technology	2.02	1.37
Derivatives	(0.04)	0.03
Net other liabilities	(0.68)	0.00
Total net assets	100.00	100.00

Net asset value

	NAV per share 28/02/16 (p)	NAV per share 28/02/15 (p)	NAV percentage change %
A Accumulation	3,732.24	4,119.96	(9.41)
A Income	644.59	744.27	(13.39)
B Income	670.38	772.11	(13.18)
C Income	714.82	819.12	(12.73)
X Accumulation	4,424.03	4,823.15	(8.28)

Performance record

	01/03/15 to 28/02/16 %	01/03/14 to 28/02/15 %	01/03/13 to 28/02/14 %	29/02/12 to 28/02/13 %	01/03/11 to 28/02/12 %
UK Equity Income Fund A Accumulation	(9.40)	2.95	15.51	7.85	(2.85)
UK Equity Income Sector Average Return	(3.60)	6.15	19.20	15.42	2.48

Source: Lipper for UK Equity Income Fund and UK Equity Income Sector Average Return (funds which invest at least 80% in UK equities and which intend to achieve a historic yield on the distributable income in excess of 110% of the FTSE All-Share yield at the fund's year end).

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.

Distribution

	Interim 31/08/15 (p)	Final 28/02/16 (p)
A Accumulation	103.8817	63.4542
A Income	18.7670	11.1495
B Income	19.4808	11.5901
C Income	20.6924	12.3460
X Accumulation	121.9791	75.0359

Major holdings

	28/02/16 %		28/02/15 %
1. GlaxoSmithKline	6.12	Royal Dutch Shell 'B'	6.33
2. Royal Dutch Shell 'B'	5.99	GlaxoSmithKline	5.56
3. HSBC	5.84	HSBC	5.14
4. British American Tobacco	4.54	BP	4.26
5. AstraZeneca	4.16	AstraZeneca	4.25

Number of holdings: 101 Number of holdings: 97

Please note: negative figures are shown in brackets.

UK GROWTH FUND

for the year ended 28 February 2016

FUND PROFILE

Fund objectives and investment policy

This Fund aims to give long-term capital growth by investing in a wide portfolio of primarily UK company shares.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund in respect of accumulation shares is retained in the Fund and has the effect of increasing the share price. Any income received by the Fund in respect of Income shares will be paid out to you.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

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**

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 5* because it has experienced medium to high levels of volatility over the past 5 years.

*As disclosed in the key investor information document dated 8 February 2016.

INVESTMENT ADVISER'S REVIEW

In line with other developed equity markets, those in the UK lost ground over the review period. For the most part, this was due to weakness in energy and commodity prices. This has had a negative influence throughout 2015 because of the large number of global oil and mining companies that are listed in the UK.

In November, the Bank of England highlighted that the prospect of sustained inflation is remote and that the problems being faced by China and other developing economies could lead to the UK's recovery fizzling out. Accordingly, interest rates were once more held at 0.5%.

But in the US, the Federal Reserve has started the process of raising interest rates for the first time since the onset of the financial crisis. Investors had also been nervous ahead of the Federal Reserve's December rate-setting meeting. When rates were eventually raised, the move was taken as an expression of confidence in the strength of the US economy. While stock markets across the world recovered some of their previous losses from earlier in 2015, the UK market nevertheless finished slightly lower over December.

The possibility that the UK might leave the European Union (or 'Brexit' as it has become known in the media) was the most-talked-about topic during February. The date of the referendum was announced as 23 June, prompting several politicians to announce whether they would be campaigning for the UK to remain in or leave the 28-nation bloc. While the prospect of a protracted in/out battle over the coming four months caused the pound to plummet to its lowest level against the US dollar since 2009, equity investors seemed relatively unfazed by all the 'Brexit' speculation. The stock market performed very well following the referendum announcement, recovering all of the losses it had incurred earlier in the month.

Over the period, educational publisher Pearson performed poorly after a profit warning and consequent market expectations that it might cut its dividend. Rolls Royce also suffered a decline in share price. The engineering company warned that earnings would be lower than expected after struggling to cut costs in reaction to a downturn in some of its key markets. This includes the marine division, which is exposed to the oil industry. Mining firm BHP Billiton continued to suffer from falling commodity prices and lower-than-expected demand, causing the share price to fall.

In contrast, Sage Group made a positive contribution to performance. The company continued to improve its growth rates with positive performance from newer products and an ongoing increase in subscriptions. Inmarsat, the satellite communications firm, also performed well. The share price rose on the back of analyst upgrades amid increasing opportunities for business growth.

We have revised down our forecasts of gross domestic product growth for this year and next, to 2.0% and 2.3% respectively (from 2.2% and 2.5%). The downgrades reflect a weaker investment picture, driven by the heightened uncertainty caused by the upcoming referendum on the UK's membership of the EU to be held on 23 June 2016.

UK GROWTH FUND (CONTINUED)

for the year ended 28 February 2016

INVESTMENT ADVISER'S REVIEW (CONTINUED)

Despite the slightly softer outlook for growth, inflation should rise steadily through 2016 as the base effects associated with the collapse in the oil price last year kick in. But the scale of the pick-up will be muted by the renewed fall in oil prices over the past couple of months, recent price cuts announced by domestic gas suppliers and weak core inflationary pressures.

Aberdeen Asset Investments Limited
March 2016

Distribution

XD date	Payment date
28/02/16	30/04/15

Ongoing charges figure

	28/02/16 %	28/02/15 %
A Accumulation	1.61	1.61
B Accumulation	1.11	1.11
C Income	0.61	0.61
X Income	0.12	0.11

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	28/02/16 %	28/02/15 %
Financials	24.64	26.97
Consumer Goods*	19.16	15.09
Consumer Services	13.85	11.62
Industrials*	9.92	9.89
Oil & Gas	9.63	11.75
Health Care	7.65	8.73
Telecommunications	5.74	4.82
Basic Materials	5.62	7.23
Utilities	3.20	3.60
Technology	1.73	1.93
Derivatives	0.05	0.20
Net other liabilities	(1.19)	(1.83)
Total net assets	100.00	100.00

*Since the previous report classification headings have been updated by data providers. Comparative figures have been updated where appropriate.

Net asset value

	NAV per share 28/02/16 (p)	NAV per share 28/02/15 (p)	NAV percentage change %
A Accumulation	144.89	159.73	(9.29)
B Accumulation	154.99	170.02	(8.84)
C Income	112.75	127.25	(11.39)
X Income	112.28	126.75	(11.42)

Performance record

	01/03/15 to 28/02/16 %	01/03/14 to 28/02/15 %	01/03/13 to 28/02/14 %	29/02/12 to 28/02/13 %	01/03/11 to 28/02/12 %
UK Growth Fund A Accumulation	(9.33)	1.91	12.90	10.69	(3.17)
UK All Companies Sector Average Return	(5.52)	3.69	19.28	14.36	1.06

Source: Lipper for UK Growth and UK All Companies Sector Average Return (funds which invest at least 80% of their assets in UK equities which have a primary objective of achieving capital growth).

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.

Distribution

	Final 28/02/16 (p)
A Accumulation	3.2513
B Accumulation	4.2820
C Income	3.8225
X Income	4.4262

Major holdings

	28/02/16 %		28/02/15 %
1. HSBC	3.97	HSBC	4.72
2. British American Tobacco	3.81	British American Tobacco	3.48
3. Royal Dutch Shell 'B'	3.38	GlaxoSmithKline	3.42
4. Vodafone	2.99	Royal Dutch Shell 'A'	3.28
5. Reckitt Benckiser	2.83	BP	3.09
Number of holdings: 249		**Number of holdings: 200**	

Please note: negative figures are shown in brackets.

UK SELECT GROWTH FUND

for the year ended 28 February 2016

FUND PROFILE

Fund objectives and investment policy

This Fund aims to give long-term capital growth by investing in a limited portfolio of primarily UK company shares. Typically the Fund will be invested in 30 to 50 holdings.

Investors should aim to hold their investment in this Fund for the medium to long-term (at least five to ten years).

Any income received by the Fund is retained in the Fund and has the effect of increasing the share price.

The Fund is allowed to use derivatives (contracts which have a value linked to the price of another asset) for the following reasons:

- To help reduce risk;
- To help reduce cost; and
- To help generate extra capital or income for the Fund with an acceptably low level of risk.

We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

Synthetic risk and reward profile

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**

Typically lower rewards, lower risk ← → Typically higher rewards, higher risk

1	2	3	4	5	6	7

This Fund is ranked at 5* because it has experienced medium to high levels of volatility over the past 5 years.

*As disclosed in the key investor information document dated 8 February 2016.

INVESTMENT ADVISER'S REVIEW

UK equities fell in the year under review. Initially, market sentiment was lifted by a combination of upbeat economic data, encouraging earnings news and a raft of M&A activity. Investors were also buoyed by a resounding yet unexpected Conservative victory at the polls, along with positive economic data and an improving outlook. However, recurring fears over Greece's debt negotiations, that could potentially force it out of the Eurozone, and escalating Middle East tensions, pared early gains. A poorly-communicated yuan devaluation and concerns of a China-induced global economic slowdown, made worse by Beijing's less-than-assured policymaking, triggered bouts of panic selling.

Towards the period end, investors seemed inured to the well-signposted US interest-rate normalisation and the European Central Bank's underwhelming round of monetary easing. Instead, investors were more afraid of the continued fall in both commodity and oil prices, which fell below US$30 a barrel for the first time in 12 years, as well as the health of the stuttering Chinese economy, which sparked another global sell-off in January. Even though most UK equity benchmarks edged higher in February, sentiment was hampered by heightened volatility in the oil price after hopes of a deal to freeze output were dashed and negative interest rates were imposed in Europe and Japan. Conversely, concerns over a so-called Brexit seemed to recede.

At the stock level, contributing to relative performance was Sage Group, which continued to improve its growth rates, with positive performance from newer products and ongoing increase in subscriptions. Also benefiting the fund was Glencore, which we do not hold; it saw its shares fall sharply in response to weak commodity prices and a poorly received equity raise. Last, Compass recorded robust full-year results with good performance in its core growth market of North America and encouraging improvements in Europe.

Conversely, costing the fund was Standard Chartered, as its shares suffered from the negative sentiment surrounding its exposure to emerging markets and news of an equity raise to strengthen its balance sheet. Also detracting from performance was Pearson, which was hampered by a weak trading update. Its higher-education courseware in the US and textbook publishing in South Africa were the two key areas in which it faced some pressure. Finally, BHP Billiton suffered in the period as weaker commodity prices dampened sentiment towards the mining giant.

Looking ahead, UK equities may face further turbulence amid waning confidence in central banks' ability to revive economic growth, especially in the wake of Japan and Sweden's imposition of negative interest rates. Investors worry that these measures are signs of a depleted central bank toolbox. Also heightening risk aversion is the recent rout in banking share prices due to concerns that lower GDP growth and zero-to-negative interest rates will mean further downward pressure on bank earnings and ROEs. In Britain, an imbalance between internal and external demand is likely to persist. Falling oil prices should lift private consumption and underpin the services sector but lacklustre exports will hamper manufacturing. The referendum on EU membership may threaten economic activity, aggravating structural problems such as the current account deficit.

INVESTMENT ADVISER'S REVIEW (CONTINUED)

Overall, however, the UK economy should remain resilient and grow at a reasonable pace. More broadly the health of the global economy is being called into question, with growth faltering on several fronts, including the US more recently. However, we remain confident in our portfolio of holdings that have been carefully selected for their ability to survive these short to medium-term headwinds, given their experienced management and robust balance sheets.

Aberdeen Asset Investments Limited
March 2016

Distribution

XD date	Payment date
28/02/16	30/04/15

Ongoing charges figure

	28/02/16 %	28/02/15 %
A Accumulation	1.66	1.64
B Accumulation	1.41	1.39
C Accumulation	1.16	1.14
X Accumulation	0.14	0.14

The ongoing charges figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. It excludes the cost of buying or selling assets for the Fund (unless these assets are shares of another fund). The OCF can fluctuate as underlying costs change.

Details of investments

Investments	28/02/16 %	28/02/15 %
Industrials	20.69	17.08
Consumer Goods	15.93	13.36
Financials	15.64	17.94
Consumer Services	12.39	12.70
Oil & Gas	8.18	11.52
Basic Materials	7.70	8.36
Health Care	6.65	5.74
Technology	4.59	4.85
Telecommunications	4.29	3.73
Utilities	1.79	2.79
Net other assets	2.15	1.93
Total net assets	100.00	100.00

Net asset value

	NAV per share 28/02/16 (p)	NAV per share 28/02/15 (p)	NAV percentage change %
A Accumulation	1,504.83	1,731.03	(13.07)
B Accumulation	1,559.02	1,788.91	(12.85)
C Accumulation	1,610.71	1,843.56	(12.63)
X Accumulation	1,853.16	2,099.44	(11.73)

Performance record

	01/03/15 to 28/02/16 %	01/03/14 to 28/02/15 %	01/03/13 to 28/02/14 %	29/02/12 to 28/02/13 %	01/03/11 to 28/02/12 %
UK Select Growth Fund A Accumulation	(13.01)	(6.44)	9.21	5.35	(6.74)
UK All Companies Sector Average Return	(5.52)	3.69	19.28	14.36	1.06

Source: Lipper for UK Select Growth Fund and UK All Companies Sector Average Return (funds which invest at least 80% of their assets in UK equities which have a primary objective of achieving capital growth).

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.

Distribution

	Final 28/02/16 (p)
A Accumulation	30.6705
B Accumulation	35.9339
C Accumulation	41.4086
X Accumulation	67.7990

Major holdings

	28/02/16 %		28/02/15 %
1. Royal Dutch Shell 'B'	4.96	Prudential	4.57
2. Unilever	4.79	Rolls-Royce	4.11
3. British American Tobacco	4.08	HBOS Smaller Companies Fund I Inc	4.03
4. Compass	4.04	Pearson	3.90
5. HBOS Smaller Companies Fund I Inc	3.95	Unilever	3.80

Number of holdings: 41 **Number of holdings: 39**

Please note: negative figures are shown in brackets.

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