

# TRACKER AND SPECIALIST INVESTMENT FUNDS ICVC

INTERIM SHORT REPORT FOR THE  
SIX MONTH PERIOD ENDED 30 SEPTEMBER 2016

**SCOTTISH WIDOWS**

The logo for Scottish Widows, featuring the company name in a bold, sans-serif font. A stylized, wavy line graphic is positioned behind the text, starting under 'SCOTTISH' and ending under 'WIDOWS', with a small upward curve at the end.

# SCOTTISH WIDOWS TRACKER AND SPECIALIST INVESTMENT FUNDS ICVC

## The Company and Head Office

Scottish Widows Tracker and Specialist Investment Funds ICVC

15 Dalkeith Road  
Edinburgh EH16 5WL

Incorporated in Scotland under registered number SIO00014. Authorised and regulated by the Financial Conduct Authority.

## Authorised Corporate Director (ACD) & Registrar

Scottish Widows Unit Trust Managers Limited

**Registered Office:**

Charlton Place  
Andover SP10 1RE

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

**Head Office:**

15 Dalkeith Road  
Edinburgh EH16 5WL

## Investment Adviser

Aberdeen Asset Investments Limited

**Registered Office:**

Bow Bells House  
1 Bread Street  
London EC4M 9HH

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

**Correspondence Address:**

40 Princes Street  
Edinburgh EH2 2BY

## Depositary

State Street Trustees Limited

**Registered Office:**

20 Churchill Place  
Canary Wharf  
London E14 5HJ

Authorised and regulated by the Financial Conduct Authority.

**Correspondence Address:**

525 Ferry Road  
Edinburgh EH5 2AW

## Independent Auditors

PricewaterhouseCoopers LLP

Level 4  
Atria One  
144 Morrison Street  
Edinburgh EH3 8EX

# SCOTTISH WIDOWS TRACKER AND SPECIALIST INVESTMENT FUNDS ICVC

## 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 the 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](http://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](http://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.

Scottish Widows is committed to being a responsible investor on behalf of our customers, with particular focus on Stewardship, Ethical investment and Environmental, Social and Governance (ESG) issues. Our commitment to responsible investment is explained in more detail through this link: [www.scottishwidows.co.uk/about\\_us/responsibleinvestment](http://www.scottishwidows.co.uk/about_us/responsibleinvestment)

## PROSPECTUS CHANGES

During the period and up to the date of this report, the following change was made to the Company and therefore the following change was reflected in the Prospectus of Scottish Widows Tracker and Specialist Investment Funds ICVC:

- With effect from 17 August 2016, we have revised the investment objective and policy of the Emerging Markets Fund (the Fund) in order to clarify the Fund's investment strategy. The changes to the description of the investment objective and policy of the Fund is intended to give greater clarity to investors on how the Fund is managed.

### Emerging Markets Fund

The investment objective of the Fund has been updated to make it clear that the Fund will invest predominantly in companies based in developing countries or having a significant portion of their business in one or more of those developing countries while seeking to deliver performance over the long term, before deduction of management fees, in excess of the MSCI Emerging Markets Index with a similar level of overall volatility.

The investment policy of the Fund now makes it clear that the Fund will seek to achieve its objective by investing predominantly in a portfolio of companies which are part of the MSCI Emerging Market Index, which will involve investing in equities and may also involve investing in equity-linked securities being depositary receipts, warrants and preference shares. The updated policy also makes it clear that there is limited scope for the Fund to take positions away from the MSCI Emerging Market Index, which means there are limitations on the extent to which the Fund's investment in various sectors may differ to the MSCI Emerging Markets Index. These limited positions can be more than is held in the MSCI Emerging Markets Index (overweight) or less than is held in the MSCI Emerging Markets Index (underweight).

We have also decided to reduce the annual management charge in respect of the Class A share class of the Fund from 1.5% to 1.35% and increase the auditor's fee for the Fund following a review of pricing by the auditor of the Fund. All of the above changes to the Fund were implemented with effect from 17 August 2016.

- With effect from 17 August 2016, the Prospectus was updated to include details of our Remuneration Policy in accordance with the requirements of SYSC 19E of the FCA Handbook (UCITS Remuneration Code). These updates include a description of how remuneration and benefits are calculated, the identities of the persons responsible for awarding remuneration and benefits and the composition of the remuneration committee.

# SCOTTISH WIDOWS TRACKER AND SPECIALIST INVESTMENT FUNDS ICVC

## PROSPECTUS CHANGES (CONTINUED)

The Remuneration Policy is designed to ensure that the ACD's remuneration practices are:

- consistent with and promote sound and effective risk management;
- provide a clear link between pay and performance;
- attract and retain staff of the highest calibre;
- do not encourage risk taking and are consistent with the risk profiles, the trust deed or prospectus of the UCITS funds it manages;
- do not impair the ACD's compliance with its duty to act in the best interests of those funds; and
- include fixed and variable components of remuneration including salaries and discretionary pension benefits (although the policy is not to offer discretionary pension benefits).

The ACD considers the Remuneration Policy to be appropriate to the size, internal organisation and the nature, scope and complexity of the ACD's activities.

Up-to-date details of the Remuneration Policy, including but not limited to a description of how remuneration benefits are calculated, are available at <http://reference.scottishwidows.co.uk/docs/groupremun.pdf>

The identities of the members of the remuneration committee, together with information about membership, meetings and principal matters considered, as well as advice to the remuneration committee, are available in the most recent Directors' Remuneration Report, which is available from <http://www.lloydsbankinggroup.com/Investors/annual-reports/>

Paper copies of these documents will be made available free of charge on request.

A copy of the Prospectus is available on request.

# EMERGING MARKETS FUND

for the six month period ended 30 September 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to achieve long term capital growth by investing predominantly in a portfolio of companies which are part of the MSCI Emerging Markets Index (the "Index"). The Fund seeks to deliver performance, before deduction of management fees, in excess of the Index with a similar level of overall volatility, over the long term. The Fund may only take limited positions away from the Index. This means there are limitations on the extent to which the Fund's investment in various sectors\* may differ to the Index. These limited positions can be more than is held in the Index (overweight) or less than is held in the Index (underweight).

† A sector is a business area, industry or economy which shares the same characteristics. Company shares are typically grouped into different sectors depending on the company's business, for example travel and leisure or telecommunications.

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, normally referred to as Efficient Portfolio Management (EPM):

- 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.

The Fund may engage in securities lending, please refer to the prospectus for further details.

### 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](http://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 6\* because it has experienced high levels of volatility over the past 5 years.

\* As disclosed in the key investor information document dated 17 August 2016.

## INVESTMENT ADVISER'S REVIEW

As a group, emerging market (EM) equities made a positive return in local currency terms over the reporting period. Returns were magnified for UK-based investors, however, due to sterling's fall against a basket of international currencies in the aftermath of the Brexit vote. At the country level, Egypt and Brazil were among the top performers. Conversely, Turkey and Mexico lagged behind over the six months.

In July, Brazilian lawmakers voted to move forward with the impeachment trial of suspended President Dilma Rousseff, fuelling further optimism for change. Rousseff was officially removed from office by the country's Senate in the final days of August. The Brazilian central bank recorded an increase in economic activity in June, but new President Michel Temer's economic team cautioned that a sustained recovery will depend on the government's ability to implement reforms.

Chinese shares sold off in late July due to concerns about tighter regulation on certain popular investment products. More recently, there was an improvement in economic data: growth in retail sales, industrial production and fixed-asset investment bounced back in August, after a disappointing July.

Elsewhere, India appointed a new central bank governor. Urjit Patel, currently the Reserve Bank of India's deputy governor, will succeed Raghuram Rajan from 4 September. The appointment underscores the government's commitment to inflation-targeting and continued adherence to monetary policy discipline.

Over the first part of the review period, the Fund's positions in oil and gas had a positive effect on performance. These included the Brazilian energy giant Petrobras, whose share price rose on the back of an increase in crude oil exports in Brazil and stabilisation of the government following the long-running corruption scandal.

More recently, an overweight (in comparison to the benchmark) position in Cosan, which rallied on the back of stronger than expected volumes in ethanol and sugar, had a positive influence on performance. Meanwhile, inventory gain and strong margins in previous quarters helped lift SK Innovation, a South Korean oil refiner and distributor.

On the downside, MTN, the South African telecoms group, had a negative effect on returns over the latter half of the reporting period. MTN's share price fell on the back of disputes in Nigeria in the early part of the quarter.

We believe that global interest rates will remain 'low for long', giving EMs some further breathing space to address issues of debt accumulation and corporate balance-sheet weakness. EM assets remain well supported, continuing to outperform their developed market peers. However, the improvement in macro fundamentals has been quite modest, while external risks remain. Against this background, positive EM sentiment is particularly sensitive to news flow.

Aberdeen Asset Investments Limited  
October 2016

# EMERGING MARKETS FUND (CONTINUED)

for the six month period ended 30 September 2016

## Ongoing charges figure

	30/09/16	31/03/16
	%	%
A Accumulation	1.53	1.71
X Accumulation	0.18	0.21

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, 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	30/09/16	31/03/16
	%	%
South Korea	15.40	15.53
Taiwan#	11.98	11.36
China#	11.51	10.00
Cayman Islands#	9.96	6.08
India	8.75	9.02
Brazil	7.52	7.28
South Africa	5.41	5.25
Hong Kong#	4.11	4.64
Russia#	4.04	3.94
Mexico	3.92	5.06
Malaysia	2.83	3.00
Indonesia	2.55	2.30
Thailand#	1.87	2.46
Philippines	1.86	1.84
Turkey	1.40	2.41
Ireland	1.08	3.54
Chile	0.97	1.00
Poland	0.84	1.06
United Arab Emirates	0.77	0.70
Hungary	0.76	0.75
Bermuda	0.61	0.74
Netherlands	0.54	0.29
United Kingdom	0.40	0.57
Luxembourg	0.32	0.30
Czech Republic	0.17	0.23
Greece	0.11	0.12
Malta	0.09	-
Isle Of Man	0.00	0.00
Colombia	-	0.14
Futures Contracts	-	0.01
Net other assets	0.23	0.38
Total net assets	100.00	100.00

# Since the previous report the classification headings have been updated by data provider. Comparative tables have been updated where appropriate.

## Net asset value

	NAV per share	NAV per share	NAV percentage
	30/09/16	31/03/16	change
	(p)	(p)	%
A Accumulation	166.10	135.42	22.66
X Accumulation	197.68	160.94	22.83

## Performance record

01/04/16	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11
to	to	to	to	to	to
30/09/16	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
%	%	%	%	%	%

## Emerging Markets Fund A

Accumulation 22.63 (9.20) 11.95 (12.44) 6.52 (10.14)

Source: Lipper for Emerging Markets Fund.

Basis: 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.

## Top five holdings

	30/09/16		31/03/16
	%		%
1. Taiwan Semiconductor Manufacturing	4.14	Samsung Electronics	3.97
2. Tencent	4.05	Taiwan Semiconductor Manufacturing	3.91
3. Samsung Electronics	3.81	iShares MSCI Emerging Markets	3.54
4. Alibaba ADR	2.54	Tencent	3.25
5. China Mobile	2.40	China Mobile	2.40

Number of holdings: 277 Number of holdings: 256

Please note: negative figures are shown in brackets.

# INTERNATIONAL BOND FUND

for the six month period ended 30 September 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give an income with the possibility for long-term capital growth by investing in government and other fixed interest securities from anywhere in the world, apart from South East Asia, but including Japan.

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, normally referred to as Efficient Portfolio Management (EPM):

- 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.

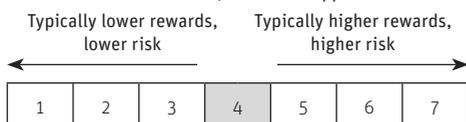
We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

The Fund may engage in securities lending, please refer to the prospectus for further details.

### 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](http://www.scottishwidows.co.uk/investmentapproaches)



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 2 August 2016.

## INVESTMENT ADVISER'S REVIEW

Markets were overshadowed by Britain's referendum about its membership of the European Union and its aftermath. The vote to leave unleashed more political and economic uncertainty on markets, triggering a surge in volatility and a further large drop in global bond yields. Expectations of more accommodative central bank policy added fuel to the global government bond rally, pushing yield curves flatter, and a number of countries into negative yield territory.

In the US, the Federal Reserve kept its policy rate unchanged and hinted at an even more cautious approach in raising rates. Taken together with the softer economic data and concerns over global financial stability, market expectations of a hike were reduced. In currencies, sterling was the biggest underperformer falling to a thirty year low against the US dollar, while risk-off sentiment and steadfast policy from the Bank of Japan drove yen outperformance.

Risk assets recovered in July as markets shrugged off the result of the UK's European Union referendum and priced in more accommodative global central bank policy. While US and core European yield curves were largely unchanged, UK gilts outperformed. August was generally quiet for global bond markets. The US yield curve steepened as hawkish comments from the Federal Reserve prompted speculation of an interest rate hike in September. UK gilts were strong as the Bank of England cut the base rate and announced a new quantitative easing programme.

The fund outperformed relative to the benchmark over the period. Currency returns made a positive contribution as the portfolio's short Australian dollar versus US dollar position outperformed, particularly in the first half of the period. The fund's short sterling position also added value as concerns of a hard Brexit and Bank of England easing helped push sterling lower. In rates, a long New Zealand front-end duration position delivered good returns. A long US break-evens position also positively contributed as inflation expectations were buoyed by a leg-up in oil prices and a more dovish path of interest rate hikes. These gains were partially offset by a long US versus Germany spread which detracted.

UK economic data since the Brexit referendum has been better than expected, and this may reduce the need for further demand stimulus. However, the government appears to be shaping up for a relatively 'hard' Brexit, which will tend to overshadow all other economic news. The Fed is likely to raise interest rates at the December meeting, but the market is very unlikely to move to price a more substantial hiking cycle into 2017 and beyond. Meanwhile, US election risk may weigh on the outlook for markets and the economy for the next several months. Further action from the European Central Bank is likely to counter falling inflation forecasts, although the market is largely priced for moves to extend quantitative easing. The Bank of Japan announced an overhaul of its monetary framework without necessarily easing policy further. Unless more is announced, the Japanese yen will struggle to sell off significantly.

Aberdeen Asset Investments Limited  
October 2016

# INTERNATIONAL BOND FUND (CONTINUED)

for the six month period ended 30 September 2016

Distribution			
XD date	Payment date		
30/09/16	30/11/16		
<b>Ongoing charges figure</b>			
	30/09/16	31/03/16	
	%	%	
A Accumulation	1.37	1.37	
A Income	1.37	1.37	
B Accumulation	1.12	1.12	
B Income	1.12	1.12	
C Income	0.87	0.87	
W Gross Accumulation	0.12	0.12	
<p>The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, 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.</p>			
<b>Details of investments</b>			
Investments	30/09/16	31/03/16	
	%	%	
United States	46.87	38.49	
Japan	22.53	21.12	
Italy	7.86	5.93	
United Kingdom	6.70	7.20	
France	5.86	6.69	
Spain	5.05	4.81	
Australia	2.15	1.64	
Germany	0.66	2.20	
Belgium	0.64	1.43	
Canada	0.63	6.53	
Netherlands	0.42	1.26	
Mexico	-	1.14	
Ireland	-	0.84	
Sweden	-	0.35	
Forward Currency Contracts	(0.03)	(0.21)	
Net other assets	0.66	0.58	
Total net assets	100.00	100.00	
<b>Net asset value</b>			
	NAV per share	NAV per share	NAV percentage change
	30/09/16	31/03/16	
	(p)	(p)	%
A Accumulation	257.68	224.38	14.84
A Income	159.20	138.62	14.85
B Accumulation	266.58	231.88	14.96
B Income	159.59	138.91	14.89
C Income	160.27	139.49	14.90
W Gross Accumulation	135.69	117.42	15.56

Performance record						
	01/04/16	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11
	10	10	10	10	10	10
	30/09/16	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
	%	%	%	%	%	%
<b>International Bond Fund A</b>						
Accumulation	14.74	6.70	7.23	(9.58)	6.32	7.02
<b>Global Bonds Sector Average</b>						
Return	10.45	3.38	6.00	(3.61)	9.06	3.66
<p>Source: Lipper for International Bond Fund and Global Bonds Sector Average Return (funds which invest at least 80% of their assets in fixed interest securities. All funds which contain more than 80% fixed interest investments are to be classified under this heading regardless of the fact that they may have more than 80% in a particular geographical sector, unless that geographic area is the UK, when the fund should be classified under the relevant UK (Sterling) heading). Basis: Revenue reinvested and net of expenses.</p>						
<p>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.</p>						
<b>Distribution</b>						
	Interim					
	30/09/16					
	(p)					
A Accumulation	-					
A Income	-					
B Accumulation	0.1778					
B Income	0.1071					
C Income	0.2571					
W Gross Accumulation	0.7451					
<b>Major holdings</b>						
	30/09/16		31/03/16			
	%		%			
1. US Treasury Note 0.01% 19/01/2017	9.53	US Treasury Note 0.625% 31/07/2017	16.49			
2. US Treasury Note 0.75% 31/08/2018	8.24	US Treasury Note 1.375% 31/08/2020	6.98			
3. US Treasury Note 0.75% 15/08/2019	8.00	Canadian Government Bond 1.25% 01/02/2018	5.95			
4. Japan Government Twenty Year Bond 2.1% 20/06/2029	6.40	Japan Government Twenty Year Bond 2.1% 20/06/2029	5.78			
5. US Treasury Note 2.5% 15/02/2045	6.25	US Treasury Note 2.125% 15/05/2025	4.77			
6. Japan Government Ten Year Bond 1.1% 20/03/2021	5.31					
<p>Number of holdings: 37      Number of holdings: 44</p>						
<p>Minimum requirement to show top 5 or all holdings in excess of 5% of the Fund's Net Asset Value.</p>						
<p>Please note: negative figures are shown in brackets.</p>						

# LATIN AMERICAN FUND

for the six month period ended 30 September 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give long term capital growth by investing mainly in shares of companies operating in Latin American countries.

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, normally referred to as Efficient Portfolio Management (EPM):

- 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.

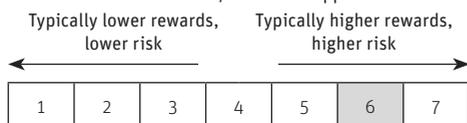
We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

The Fund may engage in securities lending, please refer to the prospectus for further details.

### 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](http://www.scottishwidows.co.uk/investmentapproaches)



This Fund is ranked at 6\* because it has experienced high levels of volatility over the past 5 years.

\* As disclosed in the key investor information document dated 2 August 2016.

## INVESTMENT ADVISER'S REVIEW

Equities in Latin America rose during the six months under review, outperforming the broader emerging market asset class. The combination of a delay in US Federal Reserve rate hike, and signs of stabilisation in China as well as in commodities prices helped lift markets. However, gains in Latin America were capped by a decline in most regional currencies against the US dollar, with the Mexican peso falling the most.

Brazilian stocks rallied with the conclusion of President Dilma Rousseff's impeachment, and optimism over the new administration's reform agenda. Despite a contraction in second-quarter GDP, investments grew for the first time in three years.

In Peru, market-friendly candidate Pedro Pablo Kuczynski was elected president, with a clear mandate to boost infrastructure investments.

In contrast, Mexico reported lacklustre economic data and reduced its official growth forecast amid deteriorating external conditions, coupled with heightened concerns over the still uncertain outcome of the US presidential elections. The central bank lowered interest rates by 50 basis points, while the government's latest budget included a series of spending cuts designed to return a surplus to the country for the first time since 2008. Meanwhile, Chilean president Michelle Bachelet continued to lose favour, as the national pension system came under populist pressure, and overshadowed reform efforts.

The fund rose by 28.79% over the period.

At the stock level, Lojas Renner was a key contributor to fund performance. The fashion retailer outshone its peers despite tough operating conditions. Italian lender Banco Bradesco rallied on the back of easing credit quality and reasonable income growth, while Peruvian engineering company Grana Y Montero rebounded, due to a raised outlook and outcome of the country's presidential elections. The fund also benefited from not holding Mexican telco America Movil, which suffered from intensifying domestic competition and a large foreign debt position.

Conversely, the lack of exposure to state-owned Petrobras was the biggest detractor, as its shares rose alongside the improving Brazilian political landscape and economic prospects. Elsewhere, dairy business Grupo Lala's stock retreated on profit-taking after a solid run, amid concerns about its attempt to break into the US market via its recent acquisition.

The remarkable rally that supported Latin American equities for much of 2016 appears to be tapering off. Investor expectations about central bank loose monetary policies are likely to continue determining market direction. While oil prices were lifted by an OPEC deal to curb supply, there is skepticism about its implementation and its effectiveness in capping output. Other headwinds, such as ongoing Brexit volatility and an unexpected outcome from the US presidential election, could roil markets in the region.

# LATIN AMERICAN FUND (CONTINUED)

for the six month period ended 30 September 2016

## INVESTMENT ADVISER'S REVIEW (CONTINUED)

While market-watchers are now slightly more circumspect about Temer's reform efforts in Brazil, there are optimists, such as credit rating agency Moody's, who believe the economy may have bottomed out. Attempts at making the country more appealing to foreign capital seem to be paying off. Mexico's future appears closely entwined with the November US presidential elections – Trump's antagonistic stance could hurt Mexico's growth prospects if he wins.

Elsewhere, Colombian voters' rejection of a landmark peace accord between the government and rebel group Farc has thrown doubt back into the country's future. Reassuringly, both parties are committed to achieving peace.

Despite the turmoil, Latin America's potential for growth remains appealing to long-term investors. As such, we continue to seek and hold local companies with sound fundamentals and the potential to provide robust returns over the long term.

Aberdeen Asset Investments Limited  
October 2016

### Ongoing charges figure

	30/09/16	31/03/16
	%	%
A Accumulation	2.00	2.04
B Accumulation	1.75	1.79
X Accumulation	0.49	0.54

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, 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	30/09/16	31/03/16
	%	%
Brazil	58.70	55.89
Mexico	21.29	23.88
Chile	10.59	10.03
Peru	2.59	2.31
Luxembourg	2.27	2.37
Colombia	1.80	2.96
Bermuda	1.68	1.72
Net other assets	1.08	0.84
Total net assets	100.00	100.00

### Net asset value

	NAV per share	NAV per share	NAV percentage
	30/09/16	31/03/16	change
	(p)	(p)	%
A Accumulation	316.95	246.22	28.73
B Accumulation	326.72	253.49	28.89
X Accumulation	347.42	267.87	29.70

### Performance record

	01/04/16	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11
	to	to	to	to	to	to
	30/09/16	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
	%	%	%	%	%	%
Latin American Fund A	28.79	(3.29)	(13.04)	(22.17)	0.08	(7.60)
Equity Global Emerging Markets Latin American Sector Average Return	22.81	(8.10)	(10.60)	(22.93)	5.24	(9.43)

Source: Lipper for Latin American Fund and Equity Global Emerging Markets Latin American Sector Average Return. IMA for specialist Sector Average Return (funds that have an investment universe that is not accommodated by the mainstream sectors. Performance ranking of funds within the sector as a whole is inappropriate, given the diverse nature of its constituents). Basis: 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.

### Top five holdings

	30/09/16		31/03/16
	%		%
1. Banco Bradesco Preference Shares	8.05	Banco Bradesco Preference Shares	8.02
2. Itau Unibanco Preference Shares	7.84	Itau Unibanco Preference Shares	7.70
3. Lojas Renner	5.25	Lojas Renner	4.83
4. Ambev	5.07	Fomento Economico Mexicano ADR	4.81
5. Multiplan Empreendimentos Imobiliarios	4.54	Grupo Financiero Banorte	4.75

Number of holdings: 38      Number of holdings: 39

Please note: negative figures are shown in brackets.



# OVERSEAS FIXED INTEREST TRACKER FUND (CONTINUED)

for the six month period ended 30 September 2016

Distribution		Payment dates	
XD dates			
30/06/16		31/08/16	
30/09/16		30/11/16	
Ongoing charges figure			
	30/09/16	31/03/16	
	%	%	
I Accumulation	0.63	0.63	
I Income	0.62	0.61	
W Gross Accumulation	0.13	0.13	
The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, 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	30/09/16	31/03/16	
	%	%	
United States	42.21	42.78	
Japan	24.82	23.92	
France	7.70	7.52	
Italy	7.36	7.63	
Germany	5.71	5.74	
Spain	4.19	4.08	
Belgium	1.93	2.01	
Netherlands	1.79	1.96	
Australia	1.44	1.37	
Canada	1.26	1.29	
Denmark	0.53	0.48	
Sweden	0.34	0.39	
Net other assets	0.72	0.83	
Total net assets	100.00	100.00	
Net asset value			
	NAV per share	NAV per share	NAV percentage change
	30/09/16	31/03/16	
	(p)	(p)	%
I Accumulation	230.38	199.45	15.51
I Income	170.54	148.13	15.13
W Gross Accumulation	136.83	118.06	15.90
Top five holdings			
	30/09/16		31/03/16
	%		%
1. US Treasury Note 7.12	US Treasury Note	7.94	
1.75% 15/05/2022	1.75% 15/05/2022		
2. Japan Government 5.17	Japan Government	6.53	
Ten Year Bond	Ten Year Bond		
1.4% 20/09/2019	1.4% 20/09/2019		
3. US Treasury Note 4.87	US Treasury Note	4.84	
3.75% 15/11/2018	1% 30/11/2019		
4. US Treasury Note 4.49	US Treasury Note	4.56	
1.875% 30/06/2020	3.75% 15/11/2018		
5. US Treasury Note 4.45	US Treasury Note	4.22	
1.5% 31/08/2018	0.5% 31/07/2017		
Number of holdings: 61	Number of holdings: 53		
Please note: negative figures are shown in brackets.			

Distribution		First interim		Second interim		
		30/06/16		30/09/16		
		(p)		(p)		
I Accumulation		0.3650		0.3757		
I Income		0.2750		0.2714		
W Gross Accumulation		0.4195		0.4476		
Performance record						
	01/04/16	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11
	to	to	to	to	to	to
	30/09/16	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
	%	%	%	%	%	%
Overseas Fixed Interest Tracker Fund I						
Accumulation	15.48	8.54	7.17	(9.21)	3.85	4.96
Global Bonds Sector Average Return	10.45	3.38	6.00	(3.61)	9.06	3.66
JP Morgan Global Government Bond (non UK) Traded Index	15.27	9.81	7.60	(8.49)	4.49	5.39
Realised Tracking Error*	0.09	0.09	0.09	0.13	0.10	n/a
Anticipated Tracking Error*	0.00	0.00	0.00	0.00	0.00	n/a
	-0.40	-0.40	-0.40	-0.40	-0.40	n/a
Source: Lipper for Overseas Fixed Interest Tracker Fund and Global Bonds Sector Average Return (funds which invest at least 80% of their assets in fixed interest securities. All funds which contain more than 80% fixed interest investments are to be classified under this heading regardless of the fact that they may have more than 80% in a particular geographic sector, unless that geographic area is the UK, when the fund should be classified under the relevant UK (Sterling) heading). Basis: Revenue reinvested and net of expenses.						
Source: Datastream for JP Morgan Global Government Bond (non UK) Traded Index (GBP). Basis: Gross Revenue reinvested and gross of expenses.						
Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2016, J.P. Morgan Chase & Co. All rights reserved.						
*The Realised Tracking Error measures how consistently the Fund follows its benchmark and is defined as being the volatility of differences in returns between the Fund and its benchmark over a 3 year period.						
*The Anticipated Tracking Error calculated using the performance of the Fund against the closing position of the Benchmark Index will be in the region of 0.0-0.4%. Factors likely to affect the ability of the Fund in meeting this objective are transaction costs, small illiquid components, dividend reinvestment, rebalancing, Fund expenses, significant inflows/outflows and the cash management thereof.						
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.						

# UK ALL SHARE TRACKER FUND

for the six month period ended 30 September 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give a total return by tracking the performance of the UK Equity market, currently represented by the Financial Times Stock Exchange All Share Index. The Fund invests primarily in UK equities. The Fund uses a number of methods to track its selected index. Discretion may be used in deciding which investments in the index will be included in the Fund.

The index measures the performance of equities of small, medium and large companies listed in the UK. The Fund aims to invest in a sample of equities that make up the index and aims to perform in line with the index on a rolling 3 year basis.

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, normally referred to as Efficient Portfolio Management (EPM):

- 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.

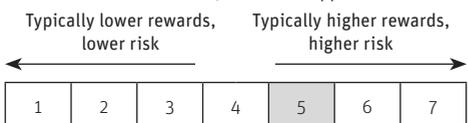
We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

The Fund may engage in securities lending, please refer to the prospectus for further details.

### 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](http://www.scottishwidows.co.uk/investmentapproaches)



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 2 August 2016.

## INVESTMENT ADVISER'S REVIEW

In the UK, wider equity markets made good progress over the period. The top performers at the sector level were technology and basic materials. Conversely, telecoms and consumer services disappointed.

In the run-up to the Brexit referendum, all eyes were on the UK as its voters decided whether the country should remain a member of the European Union (EU). This led to some big share price movements as opinion polls swung between the 'Leave' and 'Remain' camps. The backlash after the Leave result was swift: global stockmarkets sold off; sterling fell to a 30-year low against the US dollar; and David Cameron announced that he would step down as prime minister. Theresa May took over, bringing a relatively quick resolution to the political situation.

Meanwhile, Bank of England Governor Mark Carney issued an immediate statement, which provided some comfort, reminding investors of the robustness of the financial system and the central bank's ability to keep markets functioning. In August, the Bank's monetary policy committee moved to cut interest rates from 0.5% to a new all-time low of 0.25%.

Despite the uncertainty, some of the UK's largest companies benefited from the sterling's fall. This is because many of them generate the bulk of their profits overseas. The advances in their share prices helped to propel the FTSE 100 index towards the 7,000 mark by the end of the period.

In terms of activity and composition, the Fund continued to mirror the FTSE All-Share index. We therefore periodically rebalanced its holdings in accordance with the changes that index provider FTSE made at its quarterly reviews.

Over the period, the top performers in the FTSE All-Share index included Hochschild Mining, Ferrexpo, Fresnillo, Indivior, Evraz and Georgia Healthcare Group. In contrast, the worst performers included Sepura, Circassia Pharmaceuticals, Countrywide, Oxford Biomedica, Brown Group and St.Ives.

UK economic data has continued to surprise on the upside, as the economy has weathered the impact of the EU referendum result better than anticipated. Current rhetoric suggests that the UK may leave the European Single Market in order to negotiate free trade agreements with third countries and control immigration. Sterling's depreciation is starting to feed through into consumer prices inflation, which may rise above 3% by mid-2017. Despite earlier suggestions of a further interest rate cut, a sharp rise in inflation is likely to keep the Bank of England on hold for now.

Abderdeen Asset Investments Limited  
October 2016

# UK ALL SHARE TRACKER FUND (CONTINUED)

for the six month period ended 30 September 2016

Distribution			
XD date	Payment date		
30/09/16	30/11/16		
Ongoing charges figure	30/09/16	31/03/16	
	%	%	
I Accumulation	0.36	0.36	
I Income	0.36	0.36	
X Accumulation	0.11	0.11	
The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, 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	30/09/16	31/03/16	
	%	%	
Financials	24.50	24.15	
Consumer Goods	17.07	17.36	
Oil & Gas	11.43	10.52	
Consumer Services	11.34	12.80	
Industrials	10.39	10.50	
Health Care	9.75	8.27	
Basic Materials	6.10	4.83	
Telecommunications	4.35	5.19	
Utilities	3.93	3.94	
Technology	0.91	1.58	
Fixed Income	0.00	0.00	
Derivatives	0.02	0.01	
Net other assets	0.21	0.85	
Total net assets	100.00	100.00	
Net asset value			
	NAV per share	NAV per share	NAV percentage change
	30/09/16	31/03/16	
	(p)	(p)	%
I Accumulation	242.03	215.01	12.57
I Income	138.15	125.00	10.52
X Accumulation	243.78	216.30	12.70
Distribution			
		Interim	
		30/09/16	
		(p)	
I Accumulation		4.3896	
I Income		2.5518	
X Accumulation		4.7027	

Performance record	01/04/16	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11
	to	to	to	to	to	to
	30/09/16	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
	%	%	%	%	%	%
UK All Share Tracker Fund I	11.78	(4.63)	7.64	8.38	16.75	0.54
UK All Companies Sector						
Average Return	8.62	(2.60)	5.74	14.03	17.47	0.39
FTSE All-Share Index	12.85	(3.92)	6.57	8.81	16.77	1.39
Realised Tracking Error*	0.04	0.05	0.07	0.11	0.10	n/a
Anticipated Tracking Error*	0.00	0.00	0.00	0.00	0.00	n/a
Source: Lipper for UK All Share Tracker 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: Revenue reinvested and net of expenses.						
Source: Rimes for the FTSE All-Share Index (GBP). Basis: Revenue reinvested and gross of expenses.						
*The Realised Tracking Error measures how consistently the Fund follows its benchmark and is defined as being the volatility of differences in returns between the Fund and its benchmark over a 3 year period.						
*The Anticipated Tracking Error calculated using the performance of the Fund against the closing position of the Benchmark Index will be in the region of 0.0-0.2%. Factors likely to affect the ability of the Fund in meeting this objective are transaction costs, small illiquid components, dividend reinvestment, rebalancing, Fund expenses, significant inflows/outflows and the cash management thereof.						
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.						
Top five holdings						
	30/09/16				31/03/16	
	%				%	
1. HSBC	5.11	HSBC			4.19	
2. British American Tobacco	4.10	British American Tobacco			3.74	
3. BP	3.76	Royal Dutch Shell 'A' Shares			3.54	
4. Royal Dutch Shell 'A' Shares	3.69	GlaxoSmithKline			3.38	
5. GlaxoSmithKline	3.58	BP			3.22	
Number of holdings: 598      Number of holdings: 623						
Please note: negative figures are shown in brackets.						

# UK FIXED INTEREST TRACKER FUND

for the six month period ended 30 September 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give a total return by tracking the performance of the UK Fixed Interest market, currently represented by the FTSE Actuaries UK Conventional Gilts All Stocks Index. The Fund invests primarily in UK Government Gilts. The Fund uses a number of methods to track its selected index. Discretion may be used in deciding which investments in the index will be included in the Fund.

The index measures the performance of fixed interest securities (Gilts) issued by the UK government. The Fund aims to invest in a sample of the gilts that make up the index and aims to perform in line with the index on a rolling 3 year basis.

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, normally referred to as Efficient Portfolio Management (EPM):

- 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.

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.

Note: The benchmark index FTSE A UK Gilts All Stocks Index is also known as the FTSE Actuaries UK Conventional Gilts All Stocks Index.

The Fund may engage in securities lending, please refer to the prospectus for further details.

### 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](http://www.scottishwidows.co.uk/investmentapproaches)

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

1	2	3	4	5	6	7
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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 2 August 2016.

## INVESTMENT ADVISER'S REVIEW

Bond market sentiment changed dramatically over the six months to 30 September. The period began with low volatility during April; core bond markets sold off while risk assets, including corporate bonds and equities, outperformed.

However, attention began to shift back to the outlook for the US Federal Reserve, and May brought a steady rise in expectations of summer hikes in interest rates. However, these expectations were drastically reduced in June. A disappointing labour market report was followed by the UK referendum on membership of the European Union. The outcome was a vote to leave. Given that markets had become seemingly quite complacent with the notion that the electorate would vote "Remain", the result caused shockwaves in financial markets globally, causing market liquidity to disappear. There was a pronounced 'risk-off' tone in markets for the remainder of June. The UK 10-year Government bond was 60 basis points lower in June alone. Sterling fell heavily, and the pound was down about 9.5% against the US dollar. Following the result, several ratings agencies downgraded the UK. Safer assets such as government bonds witnessed a significant re-pricing higher and the market has shifted to expecting no hikes at all from the Fed this year.

July began with a slew of political developments in the UK as the immediate ramifications of the Brexit vote played out. Theresa May became leader of the Conservative Party, and thus prime minister, much more quickly than expected. She appointed a new cabinet, replacing George Osborne with Phillip Hammond as chancellor. European Union leaders signalled that there could be no negotiations on the UK's exit until Article 50 of the Lisbon Treaty was triggered (to formally start the process), but the prime minister has said this will not occur until next year.

The Bank of England surprised markets in August with an interest rate cut to 0.25%, a re-start of quantitative easing and a corporate-bond-buying programme. This package was complemented by a term-funding scheme, created to help ease the transmission of the easing of conditions into the real economy.

Economic data was initially disappointing. In July, manufacturing and services purchasing managers' indices indicated that a recession could be on its way. Data released in August was mixed, but still painted a relatively bleak picture. Business and consumer surveys published in September were more encouraging, however, showing a strong rebound from July's weakness. This showed that some of the worst fears about the short-term impact of the Brexit vote had not been realised. But huge uncertainties remain over the timing and nature of any Brexit deal, and its long-term implications for the UK economy.

By 30 September, the yield on the 10-year gilt fell to 0.65%, although it was as low as 0.52% in mid-August. Since the Brexit vote, sterling has fallen around 12% against the dollar and just over 11.5% against the euro. The UK's uncertain long-term outlook and the shift in monetary policy have been the primary factors in the weakness of the pound.

Over the six months to the end of September, the benchmark FTSE Actuaries UK Conventional Gilts All Stocks index returned 8.66%. The UK Fixed Interest Tracker Fund returned 9.60% net of fees over the same period.

Activity over the year continued to serve the Fund's aim of tracking the performance of the FTSE-A UK Gilts All Stocks index. Changes to the portfolio during the review period were therefore confined to reflecting shifts in the yield curve and changes to the index. New money and coupon payments were invested to maintain a full replication of the benchmark index.

Aberdeen Asset Investments Limited  
October 2016

# UK FIXED INTEREST TRACKER FUND (CONTINUED)

for the six month period ended 30 September 2016

Distribution		Payment dates	
XD dates			
30/06/16			31/08/16
30/09/16			30/11/16
Ongoing charges figure			
	30/09/16	31/03/16	
	%	%	
I Accumulation	0.37	0.37	
I Income	0.37	0.37	
W Gross Accumulation	0.12	0.12	
The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, 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	30/09/16	31/03/16	
	%	%	
Government Securities	99.47	100.01	
Net other assets/(liabilities)	0.53	(0.01)	
Total net assets	100.00	100.00	
Net asset value			
	NAV per share	NAV per share	NAV percentage change
	30/09/16	31/03/16	
	(p)	(p)	%
I Accumulation	256.55	234.23	9.53
I Income	140.59	129.12	8.88
W Gross Accumulation	128.90	117.36	9.83
Distribution			
		First interim	Second interim
		30/06/16	30/09/16
		(p)	(p)
I Accumulation		0.7668	0.7329
I Income		0.4229	0.4028
W Gross Accumulation		0.5542	0.5405
Top five holdings			
	30/09/16		31/03/16
	%		%
1. UK Treasury	3.52	UK Treasury	3.48
4.25% 07/06/2032		4.25% 07/06/2032	
2. UK Treasury	3.45	UK Treasury	3.45
4.75% 07/12/2030		4.75% 07/12/2030	
3. UK Treasury	3.37	UK Treasury	3.44
4.25% 07/12/2055		5% 07/03/2025	
4. UK Treasury	3.33	UK Treasury	3.34
4.5% 07/09/2034		4% 07/03/2022	
5. UK Treasury	3.28	UK Treasury	3.25
5% 07/03/2025		4.5% 07/09/2034	
Number of holdings: 42		Number of holdings: 41	
Please note: negative figures are shown in brackets.			

Performance record							
	01/04/16	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11	
	to	to	to	to	to	to	
	30/09/16	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12	%
UK Fixed Interest Tracker Fund I							
Accumulation	9.60	2.49	13.11	(3.49)	4.65	13.44	
UK Gilt Sector Average Return	11.17	2.25	15.30	(3.75)	4.52	13.81	
FTSE Actuaries UK Conventional Gilts All Stocks Index	8.66	3.25	13.91	(2.56)	5.25	14.46	
Realised Tracking Error*	0.04	0.05	0.05	0.06	0.10	n/a	
Anticipated Tracking Error*	0.00	0.00	0.00	0.00	0.00	n/a	

Source: Lipper for UK Fixed Interest Tracker Fund and UK Gilt Sector Average Return (funds which invest at least 95% of their assets in Sterling denominated (or hedged back to Sterling) triple AAA rated, government backed securities, with at least 80% invested in UK government securities, (Gilts)). Basis: Revenue reinvested and net of expenses.

Source: Datastream for the FTSE Actuaries UK Conventional Gilts All Stocks Index (GBP). Basis: Gross revenue reinvested and gross of expenses.

\*The Realised Tracking Error measures how consistently the Fund follows its benchmark and is defined as being the volatility of differences in returns between the Fund and its benchmark over a 3 year period.

\*The Anticipated Tracking Error calculated using the performance of the Fund against the closing position of the Benchmark Index will be in the region of 0.0-0.02%. Factors likely to affect the ability of the Fund in meeting this objective are transaction costs, small illiquid components, dividend reinvestment, rebalancing, Fund expenses, significant inflows/outflows and the cash management thereof.

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.

# UK INDEX-LINKED TRACKER FUND

for the six month period ended 30 September 2016

## FUND PROFILE

### Fund objectives and investment policy

This Fund aims to give a total return by tracking the performance of the gilt market, currently represented by the FTSE Actuaries UK Index-Linked All Stocks Index. The Fund invests primarily in UK Index-Linked Government Gilts. The Fund uses a number of methods to track its selected index. Discretion may be used in deciding which investments in the index will be included in the Fund.

The index measures the performance of the index-linked securities (Gilts) issued by the UK government. The Fund aims to invest in a sample of the gilts that make up the index and aims to perform in line with the index on a rolling 3 year basis. 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, normally referred to as Efficient Portfolio Management (EPM):

- 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.

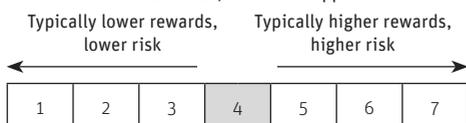
We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

The Fund may engage in securities lending, please refer to the prospectus for further details.

### 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](http://www.scottishwidows.co.uk/investmentapproaches)



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 2 August 2016.

## INVESTMENT ADVISER'S REVIEW

The six months to 30 September has been a particularly strong period for index-linked bonds, with higher prices and lower yields. The ten-year real yield fell from -0.99% to -2.04% over the review period.

Two factors in particular were prime contributors to performance. First was the UK vote in June to leave the European Union. The resultant depreciation in sterling is likely to feed through to higher inflation through increases in prices of imported goods, and this explains part of the increased demand for inflation-linked bonds. A second factor was the Bank of England's monetary stimulus package in August, the size of which surprised markets.

Late on in the quarter, a wave of demand – most likely from pension fund accounts hedging their liabilities – caused a significant outperformance of UK inflation-linked bonds relative to conventional bonds.

The benchmark FTSE Actuaries UK Index-Linked All Stocks Index returned 20.90% over the reporting period. This meant index-linked Gilts considerably outperformed conventional (i.e. non index-linked) Gilts. The UK Index-Linked Tracker Fund returned 24.22%.

Trading activity over the period continued to serve the objective of tracking the benchmark FTA Index Linked All Stocks index. Changes to the portfolio during the review period were therefore confined to reflecting shifts in the yield curve and changes to the index. New money and coupon payments were invested to maintain a full replication of the benchmark index.

Abdeen Asset Investments Limited  
October 2016

# UK INDEX-LINKED TRACKER FUND (CONTINUED)

for the six month period ended 30 September 2016

Distribution		Payment dates	
XD dates			
30/06/16		31/08/16	
30/09/16		30/11/16	
<b>Ongoing charges figure</b>			
	30/09/16	31/03/16	
	%	%	
I Accumulation	0.36	0.36	
I Income	0.36	0.36	
W Gross Accumulation	0.11	0.11	
<p>The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, 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.</p>			
<b>Details of investments</b>			
Investments	30/09/16	31/03/16	
	%	%	
UK Index-Linked Gilts	99.83	99.75	
Net other assets	0.17	0.25	
Total net assets	100.00	100.00	
<b>Net asset value</b>			
	NAV per share	NAV per share	NAV percentage change
	30/09/16	31/03/16	
	(p)	(p)	%
I Accumulation	341.64	275.00	24.23
I Income	282.21	227.47	24.06
W Gross Accumulation	148.67	119.48	24.43
<b>Top five holdings</b>			
	30/09/16		31/03/16
	%		%
1. UK Treasury 1.25% Index-Linked 22/11/2055	5.87	UK Treasury 1.25% Index-Linked 22/11/2055	5.27
2. UK Treasury 0.125% Index-Linked 22/03/2068	5.49	UK Treasury 2.5% Index-Linked 26/07/2016	4.73
3. UK Treasury 0.375% Index-Linked 22/03/2062	5.48	UK Treasury 1.125% Index-Linked 22/11/2037	4.64
4. UK Treasury 0.5% Index-Linked 22/03/2050	4.77	UK Treasury 0.375% Index-Linked 22/03/2062	4.63
5. UK Treasury 0.75% Index-Linked 22/11/2047	4.72	UK Treasury 1.875% Index-Linked 22/11/2022	4.51
Number of holdings:	27	Number of holdings:	28
Please note: negative figures are shown in brackets.			

Distribution		First interim	Second interim			
		30/06/16	30/09/16			
		(p)	(p)			
I Accumulation		0.2472	0.1780			
I Income		0.2044	0.1468			
W Gross Accumulation		0.2094	0.1845			
<b>Performance record</b>						
	01/04/16	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11
	to	to	to	to	to	to
	30/09/16	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
	%	%	%	%	%	%
UK Index-Linked Tracker Fund I Accumulation	24.22	(0.40)	19.68	(3.79)	9.45	17.35
UK Index-Linked Gilts Sector Average Return	25.38	0.67	19.33	(4.50)	10.14	18.56
FTSE Actuaries UK Index-Linked All Stocks Index	20.90	1.74	18.55	(3.80)	10.21	18.12
Realised Tracking Error*	0.06	0.05	0.06	0.07	0.10	n/a
Anticipated Tracking Error*	0.00	0.00	0.00	0.00	0.00	n/a
	-0.20	-0.20	-0.20	-0.20	-0.20	n/a
<p>Source: Lipper for UK Index-Linked Tracker Fund and UK Index-Linked Gilts Sector Average Return (funds which invest at least 95% of their assets in Sterling denominated (or hedged back to Sterling) triple AAA rated government backed index linked securities, with at least 80% invested in UK Index Linked Gilts). Basis: Revenue reinvested and net of expenses.</p>						
<p>Source: Datastream for the FTSE Actuaries UK Index-Linked All Stocks Index (GBP). Basis: Gross revenue reinvested and gross of expenses.</p>						
<p>*The Realised Tracking Error measures how consistently the Fund follows its benchmark and is defined as being the volatility of differences in returns between the Fund and its benchmark over a 3 year period.</p>						
<p>*The Anticipated Tracking Error calculated using the performance of the Fund against the closing position of the Benchmark Index will be in the region of 0.0-0.2%. Factors likely to affect the ability of the Fund in meeting this objective are transaction costs, small illiquid components, dividend reinvestment, rebalancing, Fund expenses, significant inflows/outflows and the cash management thereof.</p>						
<p>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.</p>						

# UK SMALLER COMPANIES FUND

for the six month period ended 30 September 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 smaller companies' 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 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, normally referred to as Efficient Portfolio Management (EPM):

- 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.

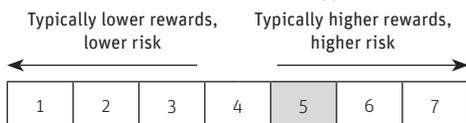
We calculate the value of this Fund at 8am daily on working days in the UK. Our dealing times are from 9am to 5pm each working day. Instructions received before 5pm will receive the next day's price.

The Fund may engage in securities lending, please refer to the prospectus for further details.

### 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](http://www.scottishwidows.co.uk/investmentapproaches)



The 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 2 August 2016.

## INVESTMENT ADVISER'S REVIEW

Small-cap UK equities rose in the half year under review. At one point, market benchmarks approached their highest in more than 14 months amid relief from the swift change in the political leadership and a rebound in the oil price on speculation that OPEC members would agree to freeze production. Investors were also cheered by the Bank of England's interest rate cut, which left the official lending rate

at a new low of 0.25%, as well as sterling's fall to its lowest level since Britain's shock vote to exit the European Union in June. The backlash to that historic decision was swift: global stockmarkets tumbled; sterling fell to a 30-year low against the US dollar; and David Cameron stepped down as the prime minister. Since then, however, sentiment has steadily recovered, helped by robust corporate results and dovish comments from major central banks, particularly the US Federal Reserve, which continued to hold interest rates steady in the face of still-lacklustre jobs data. However, the benchmark's gains were capped by worries over Deutsche Bank's troubles.

For the half year to end-September, the portfolio rose by 7.80% in sterling terms. Positive asset allocation outweighed negative stock selection.

At the stock level, contributors to relative returns were Smart Metering Systems, as its shares rose on the back of new contract wins with utilities for smart meter installations. Also benefiting the fund was RPC, which gained as its acquisition of BPI Group proceeded, adding new exposures to its flexible-packaging markets. Finally, Abcam contributed to performance as the company continued to post good results, and benefited from sterling weakness following the shock Brexit result at the end of June, as it earns the bulk of its revenue in US dollars.

In contrast, detracting from performance was Mothercare, which saw the business suffer from increasingly difficult trading conditions in some international markets. Also costing the fund was Devro, which posted weaker-than-expected half-year results due to lower volumes in China and Russia. Last, Hochschild Mining, which we do not hold, rebounded with the broader sector amid improved sentiment and rising mineral prices.

Global growth looks set to improve next year, aided by an on-going recovery in the US, both Russia and Brazil exiting recession and a Chinese economy that increasingly looks to have stabilised, albeit at levels of expansion below those enjoyed previously. However, the risks posed by Brexit, the fragility of the European banking system and US presidential elections mean that there are significant uncertainties facing investors, companies and consumers.

OPEC has announced that it intends to reduce supply for the first time since 2008. The news has been positive for oil producers and those businesses with direct and indirect exposure to oil and gas production. The oil price has rebounded on the back of the news. However, history shows that compliance with quotas is often weak and it will be sometime before we know if this will genuinely lead to a structural re-balancing between supply and demand. Sterling has continued to weaken as markets have focussed on the risks of a so-called hard Brexit. It remains much too early to tell what the ramifications of leaving the EU will be. It is notable that, as more data becomes available, some of the more downbeat prognoses have been forced to shift to less extreme positions. In the meantime, sterling weakness is being regarded as a positive for the profitability of many UK companies, especially the larger ones and hence, the optimism in equity markets. That holds true to a point but devaluing the currency is not a panacea. It brings with it the risk of future inflation, particularly at a time when the tools conventionally used to control rising prices are unavailable.

Aberdeen Asset Investments Limited  
October 2016

# UK SMALLER COMPANIES FUND (CONTINUED)

for the six month period ended 30 September 2016

## Ongoing charges figure

	30/09/16	31/03/16
	%	%
A Accumulation	1.63	1.63
B Accumulation	1.38	1.38
C Accumulation	0.88	0.88
X Accumulation	0.13	0.13

The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, 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	30/09/16	31/03/16
	%	%
Industrials	43.65	42.67
Financials	15.41	14.97
Consumer Services	13.52	15.34
Health Care	8.29	7.88
Consumer Goods	7.00	6.78
Basic Materials	5.28	5.77
Technology	3.13	2.56
Telecommunications	2.09	2.22
Oil & Gas	0.86	0.78
Net other assets	0.77	1.03
Total net assets	100.00	100.00

## Net asset value

	NAV per share	NAV per share	NAV percentage change
	30/09/16	31/03/16	
	(p)	(p)	%
A Accumulation	354.04	328.43	7.80
B Accumulation	366.03	339.14	7.93
C Accumulation	391.67	361.98	8.20
X Accumulation	436.34	401.75	8.61

## Performance record

	01/04/16	01/04/15	01/04/14	01/04/13	01/04/12	01/04/11
	to	to	to	to	to	to
	30/09/16	31/03/16	31/03/15	31/03/14	31/03/13	31/03/12
	%	%	%	%	%	%
UK Smaller Companies Fund A	7.80	1.80	(5.48)	26.60	26.47	8.50
UK Smaller Companies Sector Average Return	6.49	8.13	(2.13)	30.33	19.42	1.37

Source: Lipper for UK Smaller Companies Fund and UK Smaller Companies Sector Average Return (funds which invest at least 80% of their assets in UK equities of companies which form the bottom 10% by market capitalisation). Basis: 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.

## Top five holdings

	30/09/16		31/03/16
	%		%
1. RPC	3.78	RPC	4.20
2. Dechra Pharmaceuticals	3.69	XP Power	4.16
3. XP Power	3.53	Dechra Pharmaceuticals	3.86
4. James Fisher & Sons	3.30	James Fisher & Sons	3.46
5. Euromoney Institutional Investor	3.26	Wilmington Institutional Investor	3.43

Number of holdings: 43      Number of holdings: 45

Please note: negative figures are shown in brackets.



# UK TRACKER FUND (CONTINUED)

for the six month period ended 30 September 2016

Distribution	Payment date		
XD date	30/11/16		
30/09/16	30/09/16	31/03/16	
Ongoing charges figure			
	30/09/16	31/03/16	
	%	%	
A Accumulation	1.00	1.00	
A Income	1.00	1.00	
B Accumulation	0.50	0.50	
B Income	0.50	0.50	
G Accumulation	1.00	1.00	
G Income	1.00	1.00	
X Accumulation	-	-	
The ongoing charges figure (OCF) is the total expenses paid by each share class in the period, annualised, 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	30/09/16	31/03/16	
	%	%	
Financials	20.43	20.03	
Consumer Goods	19.92	20.55	
Oil & Gas	13.53	12.52	
Health Care	11.50	9.66	
Consumer Services	10.28	11.90	
Industrials	7.24	7.33	
Basic Materials	6.79	5.27	
Telecommunications	5.11	6.29	
Utilities	4.61	4.73	
Technology	0.71	1.32	
Derivatives	0.03	0.01	
Net other (liabilities)/assets	(0.15)	0.39	
Total net assets	100.00	100.00	
Net asset value			
	NAV per share	NAV per share	NAV percentage change
	30/09/16	31/03/16	
	(p)	(p)	%
A Accumulation	287.17	253.34	13.35
A Income	174.05	156.00	11.57
B Accumulation	309.05	271.95	13.64
B Income	173.10	155.13	11.58
G Accumulation	133.53	117.81	13.34
G Income	119.76	107.33	11.58
X Accumulation	331.00	290.59	13.91
Distribution			
		Interim	
		30/09/16	
		(p)	
A Accumulation		4.5097	
A Income		2.7833	
B Accumulation		5.5808	
B Income		3.1703	
G Accumulation		2.0909	
G Income		1.9048	
X Accumulation		6.6859	

## Performance record

	01/04/16 to 30/09/16 %	01/04/15 to 31/03/16 %	01/04/14 to 31/03/15 %	01/04/13 to 31/03/14 %	01/04/12 to 31/03/13 %	01/04/11 to 31/03/12 %
UK Tracker Fund A						
Accumulation	13.39	(7.35)	6.88	6.28	14.57	(0.76)
UK All Companies						
Sector Average Return	8.62	(2.60)	5.74	14.03	17.47	0.39
FTSE 100 Index	14.06	(5.26)	6.34	6.66	15.45	1.24
Realised Tracking Error*	0.04	0.05	0.05	0.05	0.10	n/a
Anticipated Tracking Error*	0.00	0.00	0.00	0.00	0.00	n/a

Source: Lipper for UK Tracker 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: Revenue reinvested and net of expenses.

Source: Rimes for the FTSE 100 Index (GBP). Basis: Revenue reinvested and gross of expenses.

\*The Realised Tracking Error measures how consistently the Fund follows its benchmark and is defined as being the volatility of differences in returns between the Fund and its benchmark over a 3 year period.

\*The Anticipated Tracking Error calculated using the performance of the Fund against the closing position of the Benchmark Index will be in the region of 0.0-0.2%. Factors likely to affect the ability of the Fund in meeting this objective are transaction costs, small illiquid components, dividend reinvestment, rebalancing, Fund expenses, significant inflows/outflows and the cash management thereof.

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.

## Top five holdings

	30/09/16		31/03/16
	%		%
1. HSBC	6.38	HSBC	5.28
2. British American Tobacco	5.13	British American Tobacco	4.70
3. BP	4.70	Royal Dutch Shell 'A' Shares	4.48
4. Royal Dutch Shell 'A' Shares	4.62	GlaxoSmithKline	4.28
5. GlaxoSmithKline	4.46	BP	4.07
Number of holdings: 103		Number of holdings: 103	

Please note: negative figures are shown in brackets.



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45670 11/16

**SCOTTISH WIDOWS**

The logo for Scottish Widows, featuring the company name in a bold, sans-serif font. A stylized, wavy line graphic is positioned behind the text, starting under 'S' and ending under 'S', with a small upward curve at the end.