

# **THE SCOTTISH FRIENDLY INVESTMENT FUNDS**

Interim Report & Financial Statements  
For the six months ended 31 May 2020 (unaudited)

# THE SCOTTISH FRIENDLY INVESTMENT FUNDS

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# THE SCOTTISH FRIENDLY INVESTMENT FUNDS

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## Company Information

### **Authorised Corporate Director (ACD)**

Scottish Friendly Asset Managers Limited

Head Office  
Scottish Friendly House  
16 Blythswood Square  
Glasgow  
G2 4HJ

Telephone: 0141 275 5000

Fax: 0141 221 4864

*The ACD is a member of the Investment Management Association and is authorised and regulated by the Financial Conduct Authority.*

### **Investment Manager**

SVM Asset Management Limited

7 Castle Street

Edinburgh

EH2 3AH

*Authorised and regulated by the Financial Conduct Authority.*

### **Depositary**

J.P. Morgan Europe Limited

Chaseside

Bournemouth

BH7 7DA

*Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.*

### **Custodian**

J.P. Morgan Chase Bank, NA, London Branch

25 Bank Street

Canary Wharf

London

E14 5JP

*Authorised and regulated by the Financial Conduct Authority.*

### **Registrar**

Scottish Friendly Asset Managers Limited

Head Office

Scottish Friendly House

16 Blythswood Square

Glasgow

G2 4HJ

Telephone: 0141 275 5000

Fax: 0141 221 4864

*Authorised and regulated by the Financial Conduct Authority.*

### **Administrator**

JP Morgan Chase Bank

3 Lochside View

Edinburgh Park

Edinburgh

EH12 9DH

*Authorised and regulated by the Financial Conduct Authority.*

### **Auditor**

Deloitte LLP

5th Floor

110 Queen Street

Glasgow

G1 3BX

# THE SCOTTISH FRIENDLY INVESTMENT FUNDS

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## Report of the Authorised Corporate Director

### The Company

The Scottish Friendly Investment Funds is an open-ended investment company with variable capital ("OEIC") under regulation 12 of the OEIC Regulations 2001 and authorised by the Financial Conduct Authority ("FCA"). The Company is incorporated in Scotland under registered number S1-11. Individual shareholders will not be held liable for the debts of the Company.

The Company is structured as an "umbrella" company for the purposes of the Financial Conduct Authority Regulations. The purpose of this structure is to give investors access to a series of funds with differing objectives, within the flexibility of one single corporate structure. Different funds may be established from time to time by the Authorised Corporate Director ("ACD") with the approval of the Financial Conduct Authority and the agreement of the Depositary. The Company currently has two 'securities' funds, the Scottish Friendly Managed Growth Fund and the Scottish Friendly UK Growth Fund.

### Authorised Status

From 1999 the Company has been authorised as an Open-Ended Investment Company under Regulation 7 of the Open-Ended Investment Companies Regulations 1996 (superseded by Regulation 12 of the Open-Ended Investment Companies Regulations 2001). The Company is authorised to operate as a "UCITS Scheme" for the purposes of the Collective Investment Schemes Sourcebook ("COLL") and as an "umbrella" company for the purposes of the OEIC Regulations.

### The Financial Statements

We are pleased to present the Interim Financial Statements of the Company for the period ended 31 May 2020. As required by the Regulations, information for each of the sub-funds has been included in these financial statements. On the following pages we review the performance of each of those sub-funds during the period.

The ACD is of the opinion that it is appropriate to continue to adopt the going concern basis in the preparation of the financial statements as the assets of the Funds consist predominately of securities that are readily realisable and, accordingly, the Funds have adequate resources to continue in operational existence for at least the next twelve months from the approval of the financial statements.

### Annual General Meetings

The Company will not be holding Annual General Meetings.

# THE SCOTTISH FRIENDLY INVESTMENT FUNDS

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## Statement of the Authorised Corporate Director's Responsibilities

The Authorised Corporate Director ("ACD") of Scottish Friendly Investment Funds is responsible for preparing the Interim Report and the financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare financial statements for each interim accounting period which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice ("United Kingdom Accounting Standards and applicable law"), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: "Financial Statements of Authorised Funds" issued by the Investment Management Association ("IMA SORP") in May 2014; and
- give a true and fair view of the financial position of the Company and each of its sub-funds as at the end of that period and the net revenue and the net capital gains on the property of the Company and each of its sub-funds for that period.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the IMA SORP have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the applicable IMA SORP and United Kingdom Accounting Standards and applicable law. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with COLL 4.5.8BR, the Interim Report and the financial statements were approved by the board of directors of the ACD of the Company and authorised for issue on 29 July 2020.

## Authorised Corporate Director's Statement

We hereby approve the Interim Report and Financial Statements of Scottish Friendly Investment Funds for the half year ended 31 May 2020 on behalf of Scottish Friendly Asset Managers Limited in accordance with the requirements of the FCA's COLL.

J Galbraith  
Director

D Huntley  
Director

Scottish Friendly Asset Managers Limited  
29 July 2020

# Scottish Friendly Managed Growth Fund

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## Investment Report

### Fund Objective

The aim of the Fund is to achieve medium to long term capital growth.

### Investment Policy

The investment policy is to invest in equities and fixed interest securities both in the UK and in other international stock markets. Fixed interest securities will comprise UK gilts or fixed interest securities denominated in sterling or foreign currencies issued by sovereign governments, supranational bodies, or local authorities. The Fund may also invest in corporate bonds denominated in sterling and other foreign currencies. The use of derivatives, stock lending or borrowing as permitted by the regulations for efficient portfolio management purposes may also take place when deemed appropriate for the achievement of the objectives of the Fund.

### Market Background

Global stockmarkets sold off sharply from the last week of February, in some areas indiscriminately. However selling eased near the end of March, and there was swift action by US, UK and EU central banks combined with government support to preserve jobs and reduce the impact of bankruptcies from deepening the economic slowdown. The oil price fell sharply in early March and this adds to the risks for banks globally. Some companies have cut dividends, but this was not a portfolio focus, with Lloyds Bank being the main impact, after the UK regulator directed major banks to suspend 2020 dividends.

Global GDP has fallen sharply, with potential for a gradual, but incomplete rebound in 2021. Many UK companies have international operations or export and the EU faces similar challenges which may constrain demand as Europe recovers. The US, with a reserve currency has more policy flexibility than Europe. The EU has challenges in the sovereign debt of countries such as Italy. Despite all the money being pumped into economies by governments around the world, even lower inflation and interest rates are now likely. However, economic stimulation should support company refinancings and ease credit stresses.

Many businesses are now faced with uncertainty over demand and the timescale in which that might correct. For consumer services, in particular, prospects for this year and next remain uncertain. But the portfolio emphasises growth and includes companies with opportunity to benefit from current circumstances and likely longer term changes to the economy. Some consumer businesses in the portfolio have an online strategy or can use additional capital to build market share. There is also exposure to growing sectors such as technology and the digital economy.

Businesses appear to be demanding more enterprise support services, assisting cloud, data, mobile services and virtual operations. Many firms will move their existing remote work onto more robust systems, and strengthen cyber security. Suppliers of these technologies were typically already disrupters in their sectors and have proven their agility in offering differentiated services in scalable ways.

### Portfolio Review

Over the six month period under review, the Managed Growth Fund fell 4.8%. This compares to a return for the FTSE All-Share Index of -16.1%, and -4.7% for the IA Mixed Investment 40-85% Shares Sector average. Over three years to 31 May 2020, the Fund has returned -5.0% versus a return for the IA Mixed Investment 40-85% Shares Sector average of +5.6% and against an FTSE All-Share Index return of -8.4%.\*

During the period under review, most stocks fell but there were positive contributions to performance from Plus 500, Ocado, Microsoft and the UK Government bonds. Ocado's proprietary technology is specifically built for online, and its delivery technology has attracted a number of major international grocery chains to partner with it. Ocado is revolutionising global grocery through the fusion of software, hardware, and robotics. The six months saw particularly sharp falls in travel-related shares and property. Emerging markets are suffering from the strength of the USD Dollar which is squeezing liquidity globally. The currency move was unhelpful for relative performance in the six months.

## Scottish Friendly Managed Growth Fund

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### Investment Report (continued)

#### Portfolio Review (continued)

Sales or part sales were made of some holdings where the share price did not appear to recognise the change in outlook, including BP, Lloyds Bank and some travel-related businesses. Reinvestment was made in specialist plumbing and heating product distributor, Ferguson. It is a FTSE 100 constituent and appears misunderstood by investors as a London-listed but mainly US and international business. AJ Bell, Luxottica, Next, and office space provider, IWG were also purchased. New investment was made in United Internet and SAP in Germany. Overall, overseas investment was increased and UK exposure reduced.

#### Investment Outlook

Stockmarkets move ahead of economic recovery. Economies will resume - but the global economy will change. Investors may need to focus more on sustainable growth rather than high dividends. We expect greater use of tax and legislation to encourage effective business structures. Many growth business have had to operate with lean business models and may emerge strongly.

History shows that economic shocks often drive long term social change. While the lockdown has damaged the economy, there have been identifiable benefits to wellbeing and the environment. At the same time, in many companies the governance model has failed to deliver genuine resilience. After the crisis, good governance may matter more.

The crisis has heightened the contrast between legacy businesses and well-adapted agile disruptors. Changes in tastes are often slow to evolve, but persistent once set. At the centre of the revolution is a shift in sentiment to the home environment. This investment theme could shape the economy for some time.

Investment in more economically sensitive, cyclical sectors has been reduced, with low exposure to commodities, oil and banks. The portfolio emphasises resilient growing businesses, with a competitive edge. The portfolio emphasises exposure to recovery and growth in the UK, US and Eurozone. Within equities, the emphasis is on scalable businesses with a competitive edge that can deliver above average growth. Investment trusts and funds are focused on specialist areas, including private equity and property.

\*Source: Lipper. Past performance is not a guide to future performance. The value of shares and the income from them can go down as well as up and the original investment is not guaranteed. The basis of taxation may change.

#### Synthetic Risk and Reward Indicator

The SRRI is a numerical indicator of the risk and return profile of the Fund. This indicator is disclosed in the Key Investor Information Document (KIID) for each shareclass which can be found on the website [www.scottishfriendly.co.uk](http://www.scottishfriendly.co.uk). The values range from 1 through to 7 in a non-linear manner, where 1 denotes the lowest risk and therefore typically the lower rewards, while a 7 denotes the highest risk and therefore typically higher rewards. The SRRI is based on return volatility over the last five years. Historical data may not be a reliable indication for the future. The risk category shown is not guaranteed and may vary over time. The lowest category does not mean 'risk free'. The current SRRI for Scottish Friendly Managed Growth Fund is 5.

## Scottish Friendly Managed Growth Fund

### Fund Information

#### Net Asset Value

Share Class	As at	Net asset value (£)	Number of shares in issue	Net asset value per share (p)
A Accumulation	30 November 2017	163,012,211	56,866,686	286.7
	30 November 2018	149,967,755	57,232,213	262.0
	30 November 2019	159,801,892	57,444,996	278.2
	31 May 2020	152,056,363	57,506,996	264.4

#### Performance Record

Share Class	Financial year	Highest price (p)	Lowest price (p)
A Accumulation	2017	292.8	243.7
	2018	299.7	260.5
	2019	280.1	245.6
	2020*	294.6	198.8

\* 1 December 2019 to 31 May 2020.

#### Revenue Record

The revenue record table below shows the net accumulation rates per financial year on xd date basis.

Share Class	Financial year	31.05 Interim (p)	30.11 Final (p)	Total (p)
A Accumulation	2017	1.5676	1.2627	2.8303
	2018	1.3723	0.5224	1.8947
	2019	1.3872	0.9181	2.3053
	2020	0.1143	n/a	0.1143

#### Ongoing Charges Figure

	31.05.2020	30.11.2019
A Accumulation	1.42%	1.42%

The ongoing charges figure (OCF) is annualised based on the fees suffered during the accounting period.



## Scottish Friendly Managed Growth Fund

### Portfolio Statement (unaudited)

As at 31 May 2020

Investment	Holding	Market Value £	Net Assets %
<b>Collective Investment Schemes 1.86% (1.55%)</b>			
KraneShares CSI China Internet UCITS Fund Class USD Shares	69,000	2,823,399	1.86
<b>Collective Investment Schemes total</b>		<b>2,823,399</b>	<b>1.86</b>
<b>Equities 82.73% (83.25%)</b>			
<b>Communication Services 1.00% (0.00%)</b>			
<b>Diversified Telecommunication Services 1.00% (0.00%)</b>			
United Internet AG	46,000	1,527,609	1.00
<b>Communication Services total</b>		<b>1,527,609</b>	<b>1.00</b>
<b>Consumer Discretionary 9.63% (7.08%)</b>			
<b>Hotels, Restaurants &amp; Leisure 3.07% (3.67%)</b>			
Flutter Entertainment plc	23,063	2,391,633	1.58
GVC Holdings plc	281,284	2,268,274	1.49
		<b>4,659,907</b>	<b>3.07</b>
<b>Internet &amp; Direct Marketing Retail 2.36% (2.42%)</b>			
Ocado Group plc	164,000	3,585,040	2.36
		<b>3,585,040</b>	<b>2.36</b>
<b>Multiline Retail 1.47% (0.00%)</b>			
Next plc	45,000	2,239,650	1.47
		<b>2,239,650</b>	<b>1.47</b>
<b>Specialty Retail 1.15% (0.99%)</b>			
Applegreen plc	303,851	911,553	0.60
WH Smith plc	76,179	844,064	0.55
		<b>1,755,617</b>	<b>1.15</b>
<b>Textiles, Apparel &amp; Luxury Goods 1.58% (0.00%)</b>			
EssilorLuxottica SA	22,500	2,400,915	1.58
		<b>2,400,915</b>	<b>1.58</b>
<b>Consumer Discretionary total</b>		<b>14,641,129</b>	<b>9.63</b>
<b>Consumer Staples 1.51% (4.07%)</b>			
<b>Food &amp; Staples Retailing 0.00% (2.94%)</b>			
<b>Food Products 1.51% (1.13%)</b>			
Hilton Food Group plc	180,000	2,296,800	1.51
		<b>2,296,800</b>	<b>1.51</b>
<b>Consumer Staples total</b>		<b>2,296,800</b>	<b>1.51</b>
<b>Energy 2.16% (5.35%)</b>			
<b>Oil, Gas &amp; Consumable Fuels 2.16% (5.35%)</b>			
Royal Dutch Shell plc 'B'	265,000	3,282,290	2.16
		<b>3,282,290</b>	<b>2.16</b>
<b>Energy total</b>		<b>3,282,290</b>	<b>2.16</b>
<b>Financials 13.33% (18.69%)</b>			
<b>Banks 0.00% (3.84%)</b>			
<b>Capital Markets 9.02% (9.37%)</b>			
AJ Bell plc	280,300	1,101,579	0.72
Draper Esprit plc <sup>#</sup>	651,588	2,866,987	1.88
Intermediate Capital Group plc	212,000	2,715,720	1.79
London Stock Exchange Group plc	37,505	3,054,407	2.01
Merian Chrysalis Investment Co. Ltd.	3,505,559	3,978,810	2.62
		<b>13,717,503</b>	<b>9.02</b>
<b>Diversified Financial Services 1.41% (0.61%)</b>			
Plus500 Ltd.	164,000	2,147,580	1.41
		<b>2,147,580</b>	<b>1.41</b>
<b>Insurance 2.90% (4.87%)</b>			
Beazley plc	414,283	1,595,818	1.05
Prudential plc	266,000	2,814,280	1.85
		<b>4,410,098</b>	<b>2.90</b>
<b>Financials total</b>		<b>20,275,181</b>	<b>13.33</b>

## Scottish Friendly Managed Growth Fund

### Portfolio Statement (unaudited) (continued)

As at 31 May 2020

Investment	Holding	Market Value £	Net Assets %
<b>Health Care 7.95% (7.13%)</b>			
<b>Pharmaceuticals 7.95% (7.13%)</b>			
AstraZeneca plc	70,000	6,239,800	4.10
Hutchison China MediTech Ltd. #	1,710,200	5,848,884	3.85
		<b>12,088,684</b>	<b>7.95</b>
<b>Health Care total</b>		<b>12,088,684</b>	<b>7.95</b>
<b>Industrials 10.76% (11.27%)</b>			
<b>Airlines 1.59% (4.26%)</b>			
Ryanair Holdings plc	238,100	2,418,129	1.59
		<b>2,418,129</b>	<b>1.59</b>
<b>Commercial Services &amp; Supplies 1.29% (1.14%)</b>			
HomeServe plc	150,000	1,953,000	1.29
		<b>1,953,000</b>	<b>1.29</b>
<b>Industrial Conglomerates 1.53% (1.90%)</b>			
DCC plc	34,483	2,332,430	1.53
		<b>2,332,430</b>	<b>1.53</b>
<b>Professional Services 1.86% (1.59%)</b>			
Experian plc	99,000	2,833,380	1.86
		<b>2,833,380</b>	<b>1.86</b>
<b>Trading Companies &amp; Distributors 4.49% (2.38%)</b>			
Ashtead Group plc	160,030	3,936,738	2.59
Ferguson plc	45,200	2,890,992	1.90
		<b>6,827,730</b>	<b>4.49</b>
<b>Industrials total</b>		<b>16,364,669</b>	<b>10.76</b>
<b>Information Technology 8.36% (4.68%)</b>			
<b>IT Services 3.69% (2.24%)</b>			
Softcat plc	63,000	721,350	0.47
Visa, Inc. 'A'	31,000	4,888,052	3.22
		<b>5,609,402</b>	<b>3.69</b>
<b>Software 4.67% (2.44%)</b>			
Microsoft Corp.	33,000	4,854,784	3.19
SAP SE	21,870	2,242,633	1.48
		<b>7,097,417</b>	<b>4.67</b>
<b>Information Technology total</b>		<b>12,706,819</b>	<b>8.36</b>
<b>Investment Funds 16.41% (13.64%)</b>			
<b>Investment Companies 16.41% (13.64%)</b>			
Allianz Technology Trust plc	110,000	2,266,000	1.49
Augmentum Fintech plc	2,619,975	2,578,055	1.70
BB Healthcare Trust plc	1,402,941	2,258,735	1.49
European Opportunities Trust plc	180,000	1,353,600	0.89
Fidelity European Trust plc	1,004,150	2,495,313	1.64
HarbourVest Global Private Equity Ltd.	252,187	3,565,924	2.35
International Oil and Gas Technology Ltd. ^	170,000	—	—
JPMorgan Japanese Investment Trust plc	1,099,000	5,495,000	3.61
North American Income Trust plc	737,500	1,755,250	1.15
Oryx International Growth Fund Ltd.	410,000	3,177,500	2.09
		<b>24,945,377</b>	<b>16.41</b>
<b>Investment Funds total</b>		<b>24,945,377</b>	<b>16.41</b>
<b>Materials 6.45% (6.08%)</b>			
<b>Chemicals 2.41% (2.23%)</b>			
Synthomer plc	1,168,750	3,665,200	2.41
		<b>3,665,200</b>	<b>2.41</b>

## Scottish Friendly Managed Growth Fund

### Portfolio Statement (unaudited) (continued)

As at 31 May 2020

Investment	Holding	Market Value £	Net Assets %
<b>Containers &amp; Packaging 1.56% (1.54%)</b>			
Smurfit Kappa Group plc	90,000	2,379,600	1.56
		<b>2,379,600</b>	<b>1.56</b>
<b>Metals &amp; Mining 2.48% (2.31%)</b>			
Rio Tinto plc	87,000	3,770,580	2.48
		<b>3,770,580</b>	<b>2.48</b>
<b>Materials total</b>		<b>9,815,380</b>	<b>6.45</b>
<b>Real Estate 5.17% (5.26%)</b>			
<b>Real Estate Management &amp; Development 5.17% (5.26%)</b>			
IWG plc	434,165	1,258,314	0.83
Phoenix Spree Deutschland Ltd.	1,150,000	3,220,000	2.12
Watkin Jones plc <sup>#</sup>	2,019,167	3,384,124	2.22
		<b>7,862,438</b>	<b>5.17</b>
<b>Real Estate total</b>		<b>7,862,438</b>	<b>5.17</b>
<b>Equities total</b>		<b>125,806,376</b>	<b>82.73</b>
<b>Government Bonds 14.31% (9.18%)</b>			
UK Treasury 2.75% 07/09/2024	£5,410,000	6,054,434	3.98
UK Treasury 4.25% 07/06/2032	£3,211,000	4,707,480	3.10
UK Treasury 3.25% 22/01/2044	£2,900,000	4,584,677	3.02
US Treasury Bill 0.00% 13/08/2020	\$7,900,000	6,408,202	4.21
<b>Government Bonds total</b>		<b>21,754,793</b>	<b>14.31</b>
Investment assets		150,384,568	98.90
Net other assets		1,671,795	1.10
<b>Net assets</b>		<b>152,056,363</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

The comparative percentage figures in brackets are as at 30 November 2019.

<sup>#</sup> Security traded on another regulated market.

<sup>^</sup> Unlisted, suspended or delisted security.

## Scottish Friendly Managed Growth Fund

### Summary of Material Portfolio Changes (unaudited)

for the six months ended 31 May 2020

Purchases	Cost £'000	Sales	Proceeds £'000
US Treasury Bill 0.00% 13/08/2020	6,517	BP plc	5,940
Royal Dutch Shell plc 'B'	3,907	Tesco plc	4,618
Ferguson plc	3,258	Wizz Air Holdings plc	3,406
London Stock Exchange Group plc	2,769	Lloyds Banking Group plc	2,959
Next plc	2,166	Energear Oil & Gas plc	1,664
EssilorLuxottica SA	2,139	Dalata Hotel Group plc	1,541
SAP SE	2,053	Prudential plc	1,472
IWG plc	1,797	M&G plc	993
WH Smith plc	1,739	Trainline plc	916
United Internet AG	1,540	DCC plc	687
Plus500 Ltd.	1,481	Jupiter European Opportunities Trust plc	636
AJ Bell plc	1,101	Augmentum Fintech plc	381
Visa, Inc. 'A'	943	Applegreen plc	165
Wizz Air Holdings plc	792	Beazley plc	156
Softcat plc	706		
Intermediate Capital Group plc	561		
Beazley plc	170		
Flutter Entertainment plc	122		
<b>Total for the period</b>	<b><u>33,761</u></b>	<b>Total for the period</b>	<b><u>25,534</u></b>

The above represents all purchases and sales during the period.

## Scottish Friendly Managed Growth Fund

### Statement of Total Return (unaudited)

for the six months ended 31 May 2020

	£'000	31.05.2020 £'000	£'000	31.05.2019 £'000
Income				
Net capital (losses)/gains		(7,984)		2,041
Revenue	1,166		1,904	
Expenses	(1,074)		(1,107)	
Net revenue before taxation	92		797	
Taxation	(27)		-	
Net revenue after taxation		65		797
<b>Total return before distributions</b>		<b>(7,919)</b>		<b>2,838</b>
Distributions		(66)		(797)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(7,985)</b>		<b>2,041</b>

### Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the six months ended 31 May 2020

	£'000	31.05.2020 £'000	£'000	31.05.2019 £'000
<b>Opening net assets attributable to shareholders</b>		<b>159,802</b>		<b>149,968</b>
Amounts receivable on creation of shares	353		791	
Amounts payable on cancellation of shares	(180)		(210)	
		173		581
Change in net assets attributable to shareholders from investment activities (see above)		(7,985)		2,041
Retained distribution on accumulation shares		66		797
<b>Closing net assets attributable to shareholders</b>		<b>152,056</b>		<b>153,387</b>

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparative should be for the comparable interim period, the closing net assets of that period will not agree to the opening net assets of the current period. The published net assets as at 30 November 2019 was £159,801,892.

## Scottish Friendly Managed Growth Fund

### Balance Sheet (unaudited)

as at 31 May 2020

	31.05.2020 £'000	30.11.2019 £'000
<b>Assets</b>		
Investments	150,385	150,176
<b>Current assets</b>		
Debtors	3,338	293
Cash and bank balances	1,179	9,350
<b>Total assets</b>	<b>154,902</b>	<b>159,819</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Other creditors	(2,846)	(17)
<b>Total liabilities</b>	<b>(2,846)</b>	<b>(17)</b>
<b>Net assets attributable to shareholders</b>	<b>152,056</b>	<b>159,802</b>

### Notes to the Financial Statements

#### Accounting Basis and Policies

The interim financial statements have been prepared in accordance with the Prospectus and the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association (SORP 2014), and in accordance with United Kingdom Generally Accepted Accounting Practice as defined within Financial Reporting Standard 102 ('FRS 102') the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The accounting policies applied are consistent with those of the financial statements for the year ended 30 November 2019 and are described in those annual financial statements.

# Scottish Friendly UK Growth Fund

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## Investment Report

### Fund Objective

The aim of the Fund is to achieve medium to long term capital growth.

### Investment Policy

The investment policy will be to invest in a diversified portfolio of UK listed equities.

### Market Background

The UK followed the global pattern as stockmarkets sold off sharply from the last week of February, in some areas indiscriminately. However selling eased near the end of March, and there was swift Government and Bank of England action to preserve jobs and reduce the impact of bankruptcies from deepening the economic slowdown. The oil price fell sharply in early March and this adds to the risks for banks globally. Some companies have cut dividends, but this was not a portfolio focus, with Lloyds Bank being the main impact, after the UK regulator directed major banks to suspend 2020 dividends.

UK GDP has fallen sharply, with potential for a gradual, but incomplete rebound in 2021. Many UK companies have international operations or export. The EU faces similar challenges which may constrain demand as Europe recovers. Despite all the money being pumped into economies by governments around the world, even lower inflation and interest rates are now likely. However, economic stimulation should support company refinancings and ease credit stresses.

Many businesses are now faced with uncertainty over demand and the timescale in which that might correct. For consumer services, in particular, prospects for this year and next remain uncertain. But the portfolio emphasises growth and includes companies with opportunity to benefit from current circumstances and likely longer term changes to the economy. Some consumer businesses in the portfolio have an online strategy or can use additional capital to build market share. There is also exposure to growing sectors such as technology and the digital economy.

Businesses appear to be demanding more enterprise support services, assisting cloud, data, mobile services and virtual operations. Many firms will move their existing remote work onto more robust systems, and strengthen cyber security. Suppliers of these technologies were typically already disrupters in their sectors and have proven their agility in offering differentiated services in scalable ways.

### Portfolio Review

Over the six month period under review, the UK Growth Fund fell 9.1%. This compares to a return for the FTSE All-Share Index of -16.1%, and -15.5% for the IA UK All Companies Sector average. Over three years to 31 May 2020, the Fund has returned -4.1% versus a return for the FTSE All-Share Index of -8.4% and -8.0% for the IA UK All Companies Sector average.\*

During the period under review, most stocks fell but there were positive contributions to performance from M&G, Reckitt Benckiser, Ocado, BP and Tesco. Ocado's proprietary technology is specifically built for online, and its delivery technology has attracted a number of major international grocery chains to partner with it. Ocado is revolutionising global grocery through the fusion of software, hardware, and robotics. The six months saw particularly sharp falls in travel-related shares and property.

Sales or part sales were made of some holdings where the share price did not appear to recognise the change in outlook, including BP, Lloyds Bank and some travel-related businesses. Reinvestment was made in specialist plumbing and heating product distributor, Ferguson. It is a FTSE 100 constituent and appears misunderstood by investors as a London-listed but mainly US and international business. Games Workshop, Plus 500, Ceres Power, and office space provider, IWG were also purchased.

## Scottish Friendly UK Growth Fund

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### Investment Report (continued)

#### Investment Outlook

Stockmarkets move ahead of economic recovery. Economies will resume - but the global economy will change. Investors may need to focus more on sustainable growth rather than high dividends. We expect greater use of tax and legislation to encourage effective business structures. Many growth business have had to operate with lean business models and may emerge strongly.

History shows that economic shocks often drive long term social change. While the lockdown has damaged the economy, there have been identifiable benefits to wellbeing and the environment. At the same time, in many companies the governance model has failed to deliver genuine resilience. After the crisis, good governance may matter more.

The crisis has heightened the contrast between legacy businesses and well-adapted agile disruptors. Changes in tastes are often slow to evolve, but persistent once set. At the centre of the revolution is a shift in sentiment to the home environment. This investment theme could shape the economy for some time.

Investment in more economically sensitive, cyclical sectors has been reduced, with low exposure to commodities, oil and banks. The portfolio emphasises resilient growing businesses, with a competitive edge. The focus is in the UK, with some indirect exposure to companies trading in the US and Eurozone.

\*Source: Lipper. Past performance is not a guide to future performance. The value of shares and the income from them can go down as well as up and the original investment is not guaranteed. The basis of taxation may change.

#### Synthetic Risk and Reward Indicator

The SRRI is a numerical indicator of the risk and return profile of the Fund. This indicator is disclosed in the Key Investor Information Document (KIID) for each shareclass which can be found on the website [www.scottishfriendly.co.uk](http://www.scottishfriendly.co.uk). The values range from 1 through to 7 in a non-linear manner, where 1 denotes the lowest risk and therefore typically the lower rewards, while a 7 denotes the highest risk and therefore typically higher rewards. The SRRI is based on return volatility over the last five years. Historical data may not be a reliable indication for the future. The risk category shown is not guaranteed and may vary over time. The lowest category does not mean 'risk free'. The current SRRI for Scottish Friendly UK Growth Fund is 5.



## Scottish Friendly UK Growth Fund

### Fund Information

#### Net Asset Value

Share Class	As at	Net asset value (£)	Number of shares in issue	Net asset value per share (p)
A Accumulation	30 November 2017	19,190,440	6,096,724	314.8
	30 November 2018	19,143,476	6,686,985	286.3
	30 November 2019	21,163,255	6,622,282	319.6
	31 May 2020	19,198,535	6,614,666	290.2

#### Performance Record

Share Class	Financial year	Highest price (p)	Lowest price (p)
A Accumulation	2017	321.9	259.7
	2018	339.3	285.9
	2019	322.3	267.4
	2020*	335.3	201.1

\* 1 December 2019 to 31 May 2020.

#### Revenue Record

The revenue record table below shows the net accumulation rates per financial year on xd date basis.

Share Class	Financial year	31.05 Interim (p)	30.11 Final (p)	Total (p)
A Accumulation	2017	2.2357	1.5483	3.7840
	2018	2.0322	0.5446	2.5768
	2019	1.9965	1.5247	3.5212
	2020	0.0000	n/a	0.0000

#### Ongoing Charges Figure

	31.05.2020	30.11.2019
A Accumulation	1.49%	1.49%

The ongoing charges figure (OCF) is annualised based on the fees suffered during the accounting period.

## Scottish Friendly UK Growth Fund

### Portfolio Statement (unaudited)

As at 31 May 2020

Investment	Holding	Market Value £	Net Assets %
<b>Equities 98.41% (99.32%)</b>			
<b>Communication Services 2.49% (1.36%)</b>			
<b>Diversified Telecommunication Services 1.49% (1.36%)</b>			
Gamma Communications plc <sup>#</sup>	23,100	285,285	1.49
		<b>285,285</b>	<b>1.49</b>
<b>Entertainment 1.00% (0.00%)</b>			
Team17 Group plc <sup>#</sup>	35,000	192,500	1.00
		<b>192,500</b>	<b>1.00</b>
<b>Communication Services total</b>		<b>477,785</b>	<b>2.49</b>
<b>Consumer Discretionary 17.72% (13.70%)</b>			
<b>Auto Components 1.71% (2.23%)</b>			
AB Dynamics plc <sup>#</sup>	19,257	327,369	1.71
		<b>327,369</b>	<b>1.71</b>
<b>Hotels, Restaurants &amp; Leisure 6.33% (5.85%)</b>			
Dalata Hotel Group plc	43,000	125,245	0.65
Flutter Entertainment plc	5,899	611,726	3.19
GVC Holdings plc	35,929	289,731	1.51
InterContinental Hotels Group plc	4,750	188,053	0.98
		<b>1,214,755</b>	<b>6.33</b>
<b>Internet &amp; Direct Marketing Retail 4.21% (4.62%)</b>			
Ocado Group plc	37,000	808,820	4.21
		<b>808,820</b>	<b>4.21</b>
<b>Leisure Products 2.43% (0.00%)</b>			
Games Workshop Group plc	6,000	466,200	2.43
		<b>466,200</b>	<b>2.43</b>
<b>Multiline Retail 1.89% (0.00%)</b>			
Next plc	7,300	363,321	1.89
		<b>363,321</b>	<b>1.89</b>
<b>Specialty Retail 1.15% (1.00%)</b>			
Applegreen plc	40,306	120,918	0.63
WH Smith plc	9,096	100,783	0.52
		<b>221,701</b>	<b>1.15</b>
<b>Consumer Discretionary total</b>		<b>3,402,166</b>	<b>17.72</b>
<b>Consumer Staples 3.32% (7.19%)</b>			
<b>Food &amp; Staples Retailing 0.00% (3.66%)</b>			
<b>Food Products 3.32% (2.38%)</b>			
Hilton Food Group plc	50,000	638,000	3.32
		<b>638,000</b>	<b>3.32</b>
<b>Household Products 0.00% (1.15%)</b>			
<b>Consumer Staples total</b>		<b>638,000</b>	<b>3.32</b>
<b>Energy 3.97% (8.91%)</b>			
<b>Oil, Gas &amp; Consumable Fuels 3.97% (8.91%)</b>			
Jadestone Energy, Inc. <sup>#</sup>	652,757	365,544	1.90
Royal Dutch Shell plc 'B'	32,000	396,352	2.07
		<b>761,896</b>	<b>3.97</b>
<b>Energy total</b>		<b>761,896</b>	<b>3.97</b>

## Scottish Friendly UK Growth Fund

### Portfolio Statement (unaudited) (continued)

As at 31 May 2020

Investment	Holding	Market Value £	Net Assets %
<b>Financials 18.63% (22.75%)</b>			
<b>Banks 0.00% (4.35%)</b>			
<b>Capital Markets 12.96% (10.55%)</b>			
AJ Bell plc	45,000	176,850	0.92
Draper Esprit plc <sup>#</sup>	108,902	479,169	2.50
Intermediate Capital Group plc	32,500	416,325	2.17
London Stock Exchange Group plc	4,506	366,969	1.91
Manolete Partners plc <sup>#</sup>	93,170	475,167	2.47
Merian Chrysalis Investment Co. Ltd.	505,000	573,175	2.99
		<b>2,487,655</b>	<b>12.96</b>
<b>Consumer Finance 0.00% (1.13%)</b>			
<b>Diversified Financial Services 2.32% (0.64%)</b>			
Plus500 Ltd.	34,000	445,230	2.32
		<b>445,230</b>	<b>2.32</b>
<b>Insurance 3.35% (6.08%)</b>			
Beazley plc	64,991	250,345	1.30
Prudential plc	37,200	393,576	2.05
		<b>643,921</b>	<b>3.35</b>
<b>Financials total</b>		<b>3,576,806</b>	<b>18.63</b>
<b>Health Care 10.48% (8.22%)</b>			
<b>Biotechnology 0.91% (0.00%)</b>			
MaxCyte, Inc. <sup>#</sup>	49,999	80,999	0.42
MaxCyte, Inc. (Registered) <sup>#</sup>	62,000	94,240	0.49
		<b>175,239</b>	<b>0.91</b>
<b>Pharmaceuticals 9.57% (8.22%)</b>			
AstraZeneca plc	9,600	855,744	4.46
Dechra Pharmaceuticals plc	7,800	220,740	1.15
Hutchison China MediTech Ltd. <sup>#</sup>	222,310	760,300	3.96
		<b>1,836,784</b>	<b>9.57</b>
<b>Health Care total</b>		<b>2,012,023</b>	<b>10.48</b>
<b>Industrials 21.18% (21.17%)</b>			
<b>Airlines 1.72% (6.13%)</b>			
Ryanair Holdings plc	32,500	330,068	1.72
		<b>330,068</b>	<b>1.72</b>
<b>Commercial Services &amp; Supplies 1.97% (1.67%)</b>			
HomeServe plc	29,000	377,580	1.97
		<b>377,580</b>	<b>1.97</b>
<b>Electrical Equipment 3.08% (1.25%)</b>			
Ceres Power Holdings plc <sup>#</sup>	92,700	454,230	2.37
Melrose Industries plc	115,000	136,965	0.71
		<b>591,195</b>	<b>3.08</b>
<b>Industrial Conglomerates 1.51% (2.34%)</b>			
DCC plc	4,300	290,852	1.51
		<b>290,852</b>	<b>1.51</b>
<b>Professional Services 6.50% (5.93%)</b>			
Alpha Financial Markets Consulting plc <sup>#</sup>	93,000	153,450	0.80
Experian plc	26,000	744,120	3.87
Keystone Law Group plc <sup>#</sup>	78,000	351,000	1.83
		<b>1,248,570</b>	<b>6.50</b>
<b>Trading Companies &amp; Distributors 6.40% (3.85%)</b>			
Ashtead Group plc	25,800	634,680	3.31
Diploma plc	10,750	197,155	1.03
Ferguson plc	6,200	396,552	2.06
		<b>1,228,387</b>	<b>6.40</b>
<b>Industrials total</b>		<b>4,066,652</b>	<b>21.18</b>

## Scottish Friendly UK Growth Fund

### Portfolio Statement (unaudited) (continued)

As at 31 May 2020

Investment	Holding	Market Value £	Net Assets %
<b>Information Technology 1.99% (0.00%)</b>			
<b>IT Services 1.99% (0.00%)</b>			
Kainos Group plc	24,500	198,940	1.04
Softcat plc	16,000	183,200	0.95
		<b>382,140</b>	<b>1.99</b>
<b>Information Technology total</b>		<b>382,140</b>	<b>1.99</b>
<b>Investment Funds 1.21% (0.00%)</b>			
<b>Investment Companies 1.21% (0.00%)</b>			
Augmentum Fintech plc	235,934	232,159	1.21
		<b>232,159</b>	<b>1.21</b>
<b>Investment Funds total</b>		<b>232,159</b>	<b>1.21</b>
<b>Materials 7.80% (7.05%)</b>			
<b>Chemicals 2.49% (2.19%)</b>			
Synthomer plc	152,500	478,240	2.49
		<b>478,240</b>	<b>2.49</b>
<b>Containers &amp; Packaging 2.76% (2.59%)</b>			
Smurfit Kappa Group plc	20,000	528,800	2.76
		<b>528,800</b>	<b>2.76</b>
<b>Metals &amp; Mining 2.55% (2.27%)</b>			
Rio Tinto plc	11,300	489,742	2.55
		<b>489,742</b>	<b>2.55</b>
<b>Materials total</b>		<b>1,496,782</b>	<b>7.80</b>
<b>Real Estate 9.62% (8.97%)</b>			
<b>Equity Real Estate Investment Trusts (REITs) 3.28% (3.65%)</b>			
LondonMetric Property plc	153,650	320,821	1.67
UNITE Group plc (The)	35,579	309,359	1.61
		<b>630,180</b>	<b>3.28</b>
<b>Real Estate Management &amp; Development 6.34% (5.32%)</b>			
IWG plc	111,417	322,927	1.68
Phoenix Spree Deutschland Ltd.	175,000	490,000	2.56
Watkin Jones plc <sup>#</sup>	240,611	403,264	2.10
		<b>1,216,191</b>	<b>6.34</b>
<b>Real Estate total</b>		<b>1,846,371</b>	<b>9.62</b>
<b>Equities total</b>		<b>18,892,780</b>	<b>98.41</b>
Investment assets		18,892,780	98.41
Net other assets		305,755	1.59
<b>Net assets</b>		<b>19,198,535</b>	<b>100.00</b>

All holdings are ordinary shares or stock units and admitted to official stock exchange listings unless otherwise stated.

The comparative percentage figures in brackets are as at 30 November 2019.

<sup>#</sup> Security traded on another regulated market.

## Scottish Friendly UK Growth Fund

### Summary of Material Portfolio Changes (Unaudited)

for the six months ended 31 May 2020

Purchases	Cost £'000	Sales	Proceeds £'000
Royal Dutch Shell plc 'B'	472	BP plc	774
IWG plc	464	Tesco plc	755
Ceres Power Holdings plc	418	Wizz Air Holdings plc	448
Games Workshop Group plc	360	Lloyds Banking Group plc	444
Next plc	351	Energiean Oil & Gas plc	284
London Stock Exchange Group plc	333	Ocado Group plc	278
Plus500 Ltd.	307	Reckitt Benckiser Group plc	242
Ferguson plc	229	DCC plc	198
WH Smith plc	208	Beazley plc	195
Team17 Group plc	201	Dart Group plc	165
AJ Bell plc	181	Prudential plc	147
Softcat plc	171	Premier Oil plc	145
Kainos Group plc	167	M&G plc	140
Diploma plc	157	Morses Club plc	124
MaxCyte, Inc. (Registered)	81	Trainline plc	115
MaxCyte, Inc.	73	Jadestone Energy, Inc.	71
Wizz Air Holdings plc	59	Applegreen plc	22
Intermediate Capital Group plc	47	Augmentum Fintech plc	14
Flutter Entertainment plc	31		
Beazley plc	27		
Other purchases	24	Other sales	-
<b>Total for the period</b>	<b><u>4,361</u></b>	<b>Total for the period</b>	<b><u>4,561</u></b>

The above represents the largest 20 purchases and all sales during the period.

## Scottish Friendly UK Growth Fund

### Statement of Total Return (unaudited)

for the six months ended 31 May 2020

	£'000	31.05.2020 £'000	£'000	31.05.2019 £'000
Income				
Net capital (losses)/gains		(1,927)		1,046
Revenue	133		284	
Expenses	(144)		(151)	
Net (expense)/revenue before taxation	(11)		133	
Taxation	(1)		-	
Net (expense)/revenue after taxation		(12)		133
<b>Total (expense)/revenue before distributions</b>		<b>(1,939)</b>		<b>1,179</b>
Distributions		-		(133)
<b>Change in net assets attributable to shareholders from investment activities</b>		<b>(1,939)</b>		<b>1,046</b>

### Statement of Change in Net Assets Attributable to Shareholders (unaudited)

for the six months ended 31 May 2020

	£'000	31.05.2020 £'000	£'000	31.05.2019 £'000
<b>Opening net assets attributable to shareholders</b>		<b>21,163</b>		<b>19,143</b>
Amounts receivable on creation of shares	15		40	
Amounts payable on cancellation of shares	(40)		(75)	
		(25)		(35)
Change in net assets attributable to shareholders from investment activities (see above)		(1,939)		1,046
Retained distribution on accumulation shares		-		133
<b>Closing net assets attributable to shareholders</b>		<b>19,199</b>		<b>20,287</b>

The Statement of Recommended Practice (2014) requires that comparatives are shown for the above report. As the comparative should be for the comparable interim period, the closing net assets of that period will not agree to the opening net assets of the current period. The published net assets as at 30 November 2019 was £21,163,255.

## Scottish Friendly UK Growth Fund

### Balance Sheet (unaudited)

as at 31 May 2020

	31.05.2020 £'000	30.11.2019 £'000
<b>Assets</b>		
Investments	18,893	21,019
<b>Current assets</b>		
Debtors	372	19
Cash and bank balances	308	134
<b>Total assets</b>	<b>19,573</b>	<b>21,172</b>
<b>Liabilities</b>		
<b>Creditors</b>		
Other creditors	(374)	(9)
<b>Total liabilities</b>	<b>(374)</b>	<b>(9)</b>
<b>Net assets attributable to shareholders</b>	<b>19,199</b>	<b>21,163</b>

### Notes to the Financial Statements

#### Accounting Basis and Policies

The interim financial statements have been prepared in accordance with the Prospectus and the Statement of Recommended Practice for UK Authorised Funds issued by the Investment Association (SORP 2014), and in accordance with United Kingdom Generally Accepted Accounting Practice as defined within Financial Reporting Standard 102 ('FRS 102') the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The accounting policies applied are consistent with those of the financial statements for the year ended 30 November 2019 and are described in those annual financial statements.

# THE SCOTTISH FRIENDLY INVESTMENT FUNDS

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## GENERAL INFORMATION

### Subscription Days

Shares may be purchased or sold on any dealing day. The price of shares and the estimated yield are calculated daily. A forward pricing basis is used. Prices are listed in the Financial Times and the Herald.

### Redemption of Shares

Shares in the sub-funds may be redeemed on any dealing day. All sale instructions must be made to the ACD in writing. The shares will be purchased from the shareholder at the next valuation point and a contract note confirming the sale will be sent.

### Dilution

The actual cost to the Company of purchasing or selling a sub-fund's investments may be higher or lower than the mid-market value used in calculating the share price, e.g., due to dealing charges or through dealing at prices other than the mid-market price. Under certain circumstances (e.g., large volumes of deals) this may have an adverse effect on the interests of shareholders generally. In order to prevent this effect, called 'dilution', Scottish Friendly Asset Managers Ltd has the power to charge a dilution levy on the sale and/or redemption of shares. The dilution levy will be applied at outset and will be paid into that sub-fund and become part of the relevant sub-fund. The dilution levy for each sub-fund will be calculated by reference to the costs of dealing in the underlying investments of that sub-fund, including any dealing spreads, commission and transfer

### Charges

Certain charges are levied to cover the operating costs of the ACD. An initial charge of 4% of the price paid to the depositary is levied when shares are created. An Annual Management Charge of 1.35% per annum of the net asset value of the sub-funds is levied. In addition a number of other fees are payable out of the sub-funds. These include audit, custody, regulatory and depositary fees. The current estimated effect of these fees is 0.50% per annum and is levied on the net asset value of the sub-funds. The charges are deducted daily from the revenue of the sub-funds.

In addition shareholders are permitted to make six free switches in each tax period, however, an administration charge of up to 3% may be levied on additional switches.

### Taxation

The sub-funds are exempt from UK tax on capital gains realised on the disposal of investments held within them. Dividends from UK companies are received by the sub-funds with the tax already deducted and no further tax is payable by the sub-funds on that revenue. Other types of revenue (after deducting allowable expenses) are subject to corporation tax of 20%.

The revenue accumulated by the sub-funds has an attaching tax credit of 10% of the accumulation plus the tax credit.

Lower and basic rate taxpayers do not have any further tax to pay, although higher rate taxpayers are liable to tax on the net revenue accumulated at the difference between higher rate tax and the tax already deducted (currently 40% and 30%).

Details of the tax paid on behalf of shareholders is sent in the form of a tax voucher at each accumulation date.

Shareholders may be liable to capital gains tax when they sell their investments if the gains exceed the exempt amount in that year. For the tax year 2018/2019 the exempt amount was £11,700 and for the tax year 2019/2020 the exempt amount is £12,000.

### Stamp Duty Reserve Tax

This is disclosed on the face of the Statements of Change in Net Assets Attributable to Shareholders in accordance with the Statement of Recommended Practice for Authorised Funds issued by the Financial Conduct Authority. Stamp Duty was abolished on 30 March 2014.

### Prospectus

Further details concerning the Funds are contained in the Prospectus, which is available on application from the ACD.

### Publication of Prices

The most recent prices are published daily in the Financial Times and the Herald. Prices are also published on the Scottish Friendly web site at [www.scottishfriendly.co.uk](http://www.scottishfriendly.co.uk).

### Application for Shares

All applications should be made by post to the ACD at Scottish Friendly Asset Managers Ltd, 16 Blythswood Square, Glasgow G2 4HJ or by fax on 0141 221 4864. Shares will be purchased at the next valuation point following receipt of a valid application form and cheque. A contract note will be sent to the purchaser.

Prospective shareholders should note that the price of shares can fluctuate and the revenue from them can go down as well as up and is not guaranteed. On redemption investors may receive less than the original amount invested. Past performance is not necessarily a guide to future performance.