

Ignis European Smaller Companies Fund





Introduction to your short report

Dear Investor,

Welcome to your short report for the 12 months to 31 August 2013. As you will be aware, we send you a managers' report every six months relating to the Fund you are invested in.

The Long Report & Accounts are still available should you wish, and can be obtained by contacting Investor Support on 0800 317 749.

Yours faithfully



David Cameron

Head of Investor Services & Provider Oversight

Ignis European Smaller Companies Fund

Investment objective

The investment objective of the Fund is to achieve long term capital growth through investing primarily in the equity of smaller companies domiciled in Continental Europe (excluding the UK) or with significant Continental European operations. There is no restriction on the economic sectors in which investments may be made nor does the Fund concentrate on any particular country.

Investment policy

The Fund will invest in a concentrated portfolio of high conviction stocks. Investments will be selected across the range of smaller company stocks with the power to invest in the lower end of mid cap. The Manager will however have regard to liquidity and tracking error. The Fund may invest in transferable securities, units in collective investment schemes, money market instruments and deposits. The Fund may invest in derivatives and forward transactions for the purpose of efficient portfolio management, including the use of hedging techniques.

Risk profile

The Ignis European Smaller Companies Fund is suitable for investors who are interested in specialised equity markets and who are aware of the associated increased investment risks. The investor should have experience with equity products and must be able to accept losses. Investors should be able to set aside the invested capital for at least five years. The value of units and any income from them can go down as well as up and is not guaranteed.

Fund facts

Launch date	01 November 2007
Fund size as at 31 August 2013	£23.1m
Initial charge	5.25%
Annual management charge	Class 'A' 1.5% Class 'I' 0.75%
Historic yields*	Class 'A' 0.60% Class 'I' 1.20%
Sector	European Smaller Companies
XD dates	1 March & 1 September
Distribution payment dates	30 April & 31 October

Ongoing Charges Figure as at 31 August 2013	Accumulation	
	Class 'A'	Class 'I'
	1.62%	0.86%

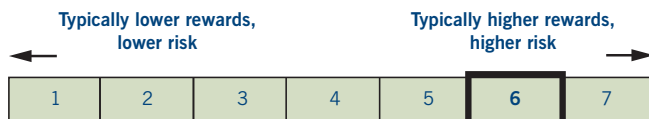
The Ongoing Charges Figure (OCF) shows the operating expenses, annualised, of each unit class as a percentage of average net assets of that class for the preceding 12 months.

If you require any further information, please contact Investor Support on 0800 317 749.

*Yield as at 31/08/13. Yields are historic based on the preceding 12 months' distributions as a percentage of the midmarket unit price as at date shown. Yields will vary, do not include any preliminary charges, and investors may be subject to tax on distributions.

Risk and reward profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The highlighted area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



The Fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. The above figure applies to the following unit classes:

- Class 'A' Accumulation
- Class 'I' Accumulation

For more information on the Risk and Reward profiles of our funds, please refer to the most up to date relevant Fund and Unit Class Key Investor Information Documents (KIIDs). These are available online at www.ignisasset.com.

Summary of Fund performance

Unit price

Year to 31 December	Accumulation 'A' Lowest redemption price (pence per unit)	Accumulation 'A' Highest issue price (pence per unit)	Accumulation 'I' Lowest redemption price (pence per unit)	Accumulation 'I' Highest issue price (pence per unit)
2008	53.96	104.05	54.35	104.44
2009	55.88	97.94	56.42	99.33
2010	84.73	115.02	86.35	117.67
2011	84.62	122.14	87.13	125.25
2012	89.98	115.59	92.76	119.99
1 Jan to 31 Aug 2013	115.30	154.39	119.72	161.03

Distribution record

Year to 31 December	Accumulation 'A' Net distribution pence per unit (paid during period)	Accumulation 'I' Net distribution pence per unit (paid during period)
2008	0.8224	1.3362
2009	1.0463	1.5604
2010	0.2629	0.9255
2011	0.4252	1.2808
2012	1.1089	1.9122
1 Jan to 31 Aug 2013	—	—

Past performance is not a guide to future performance. The value of units can fall as well as rise and is not guaranteed. You might not get back the full amount invested.

Summary of distribution

A final distribution of 0.9136 per unit will be credited to retail accumulation unitholders and 1.9020 pence per unit will be credited to institutional accumulation unitholders on 31 October 2013.

Net asset value

	Net Asset Value as at 31 August 2013	Net Asset Value as at 31 August 2012	Net Asset Value % Change
Accumulation 'A'	151.31p per unit	103.53p per unit	46.15%
Accumulation 'I'	157.85p per unit	107.24p per unit	47.19%

Note: Figures are calculated internally for accounting purposes (assets are valued at bid at 12pm based on holdings at close the same day).

Past performance record

	Aug 12-13 % growth	Aug 11-12 % growth	Aug 10-11 % growth	Aug 09-10 % growth	Aug 08-09 % growth
Ignis European Smaller Companies Fund	46.1	7.1	11.5	2.7	-7.8
Sector average	32.7	1.3	13.8	9.0	-11.4

Source: Lipper, bid to bid, net income reinvested to end August for each year.

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Sectoral spread of investments

as at 31 August 2013

Sector	%
Industrials	25.6
Consumer Goods	15.4
Consumer Services	13.1
Cash	11.3
Financials	11.1
Technology	10.9
Healthcare	8.9
Telecoms	2.2
Oil & Gas	1.5

Sectoral spread of investments

as at 31 August 2012

Sector	%
Industrials	26.0
Financials	13.9
Consumer Goods	12.9
Healthcare	11.9
Services	11.4
Technology	9.5
Cash	7.7
Telecoms	2.4
Oil & Gas	2.4
Basic Materials	1.9

Top ten holdings

Holding	% of Fund value as at 31 August 2013	Holding	% of Fund value as at 31 August 2012
Origin Enterprises	2.7	United Internet	2.7
Nobia	2.5	D'leteren	2.7
C & C Group	2.4	Orpea	2.6
Aalberts Industries	2.4	Getinge	2.6
Transmode Holding	2.4	Industrial & Financial Systems 'B'	2.6
Asetek	2.3	Gerresheimer	2.6
Brunel International	2.3	Banca Generali	2.6
Barco	2.3	Dufry 'R'	2.5
Ingenico	2.3	Brunel International	2.5
Cewe Color Holding	2.3	Euler Hermes	2.5

Fund manager's comment

Over the 12 months under review, markets were supported by the increasingly stable nature of economic conditions in Europe. This stemmed from last year's announcement of the European Central Bank's (ECB) Outright Monetary Transactions (OMT), a pickup in economic activity in the United States, avoidance of the so-called US 'fiscal cliff' and a change in government in Japan which has brought about looser monetary policy.

The economies of the European Union grew by 0.4% year-on-year to the middle of 2013. The difference in levels of growth between the best and worst performing countries has narrowed dramatically, particularly if we exclude Cyprus which has only recently introduced austerity measures. As austerity measures are easing elsewhere, particularly in the peripheral countries, growth expectations have been revised upwards. Elsewhere, the ECB has cut interest rates by 0.25% to a record low of 0.5%, but has had to do little else as banking markets have continued to recover slowly. Merger and acquisition activity and new issues continued to improve, driven by lower market volatility and improving economic conditions.

The Fund was the top performer in its peer group over the last year, beating the median fund by 14.8%. Stock selection was positive and the main drag on performance was the Fund's high levels of cash which averaged 7.1% across the period. The management of the Fund continues to be conducted using a bottom-up style and we still find interesting opportunities across the region with an ongoing preference towards mid-cap companies.

The key positives for performance have been exposure to the following themes: technology companies, auto-related holdings, financial stocks, consumer-related companies and agriculture-related firms (Origin). Purchases made over the last few months include Irish packaging company Smurfit Kappa, Swedish confectionery maker Cloetta, German light manufacturer Osram, German printer CeWe Color, German industrial group Schaltbau and Irish cider maker C&C.

European markets have continued to benefit from more stable economic conditions, particularly as speculation about a breakup of the eurozone fades in the memory.

In terms of Fund positioning, not much has changed: while we have growth in Europe, it remains modest, which leads us to continue seeking companies with access to above-average growth either domestically or internationally.

Over the review period, the Ignis European Smaller Companies Fund returned 46.1% compared to a return of 32.7% from its sector average. (Source: Lipper, bid to bid, net income reinvested for 12 months to 31/08/13).

Availability of long report & accounts

If you wish to receive a copy of the annual and half yearly Long Report & Accounts for the Ignis European Smaller Companies Fund then please contact Investor Support on 0800 317 749. They are free of charge.

Other information

The information in this report is designed to enable unitholders to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period. For more information about the activities and performance of the Fund during this period and previous periods, please contact Investor Support on 0800 317 749.

Ignis Asset Management is the trading name for companies in the Ignis Asset Management Limited group of companies which includes the unit trust manager Ignis Fund Managers Limited and the investment manager Ignis Investment Services Limited. The Ignis Asset Management Limited group of companies is part of The Phoenix Group.

Unit prices and yields appear daily on the Ignis website www.ignisasset.com and the Investment Management Association website www.investmentfunds.org.uk.

Money Laundering

If you have not already provided us with the required documentation to prove your identity we may have to freeze or terminate your account, and will not be able to accept any further subscriptions. There may also be a delay when repurchasing your investment. Please note that we will have previously contacted you by post if we do not have all the required documentation on file for your account.

Manager

Ignis Fund Managers Limited

50 Bothwell Street, Glasgow G2 6HR

Tel: 0141 222 8000

Registered in Scotland – No. SC85610

Member of the Investment Management Association
Authorised and regulated by the Financial Conduct Authority

Directors

C Bannister

C J L Samuel MA ACA

C Chene

C Fellingham

J McConville

Chairman;

Chief Executive;

Director & Global Head of Distribution;

Chief Investment Officer; Director.

Investment Adviser

Ignis Investment Services Limited

50 Bothwell Street, Glasgow G2 6HR

Registered in Scotland – No. SC101825

Authorised and regulated by the Financial Conduct Authority.

Trustee

Citibank International Plc

Registered office: Citigroup Centre

Canada Square, Canary Wharf

London E14 5LB

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

Independent Auditors to the Fund

PricewaterhouseCoopers LLP

141 Bothwell Street, Glasgow G2 7EQ

Registrar and Correspondence address

Ignis Fund Managers Limited

PO Box 9028 Chelmsford CM99 2WH

Authorised Status

This Fund is an authorised unit trust scheme under Section 243 of the Financial Services and Markets Act 2000 and is categorised under the Collective Investment Schemes Sourcebook as a UCITS fund.

Update

Please note that as of May 2013 HSBC Bank Plc has been appointed to act as Custodian and assist in the safekeeping of the Scheme Property for Ignis Fund Managers. Prior to May this was undertaken by Citibank N.A.





ASSET MANAGEMENT

Investor Support

Call: **0800 317 749**

Email: **helpdesk@ignisasset.com**

Telephone calls may be monitored and/or recorded for the purposes of security, internal training, accurate account operation, internal customer monitoring and to improve the quality of service.

Please note the Key Investor Information Document (KIID), the Supplementary Information Document (SID) and the Full Prospectus are available free of charge. For a copy, phone Investor Support on 0800 317 749.

Ignis Investment Services Limited does not accept liability for any claims or losses of any nature arising directly or indirectly from use of the data or material in this report. The information supplied is not intended to constitute investment, tax, legal or other advice.

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*Authorised and regulated by the Financial Conduct Authority.