MARTIN CURRIE INVESTMENT FUNDS
ANNUAL SHORT REPORT

YEAR TO 28 FEBRUARY 2014

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MARTIN CURRIE INVESTMENT FUNDS

Martin Currie manages international equities for clients worldwide. From its headquarters in Edinburgh, the company manages both generalist and specialist portfolios for a range of institutions, charities and private investors.

Established in 1999, Martin Currie Investment Funds (Martin Currie IF) is an open-ended investment company (OEIC). Under the fund's umbrella structure, Martin Currie manages a range of funds focusing on global and regional equity markets. We target our resources to deliver both superior investment returns and exceptional service for investors.

INTRODUCTION

Divergent markets
The year to the end of February 2014 was a positive period overall for global equities, with the MSCI AC World index up by 7.6%* in sterling terms. However, the figure masks a highly divergent performance between developed and emerging markets during that time.

From a regional perspective, Europe and North America were by far the best performers, with the MSCI Europe ex UK and the MSCI North America indices up by 16.3%* and 12.5%* respectively. By contrast, Asian and emerging markets struggled markedly. Latin American equities, in particular, had a torrid time, with the benchmark falling 28.1%* over the year.

Macroeconomic factors once again dominated market sentiment – specifically, speculation regarding the 'tapering' of US quantitative easing (QE) had a damaging effect on many emerging-market countries. Although the eventual announcement by the Federal Reserve in December of a reduction in QE from January 2014 was received more positively than many expected, the consequences of the withdrawal of the Fed's bond-purchasing programme continue to reverberate in many of the world's markets.

China's reforms
One of the most noteworthy events in the period was China's Third Plenary Session of the 18th Central Committee of the Communist Party, held in November. The plenum is likely to be extremely important for China's economy over the next decade. This is because there is a broad consensus that the country badly needs deepening reform to guarantee continued economic growth.

The reform announcements, including land reform, reform of the 'Hukou' household-registration system, market-based pricing, legal protection of IP rights, and reducing excess capacity will mean China will become more market-oriented, more liberalised, and more autonomous in business-processing.

Global GDP growth to accelerate in 2014
Global GDP growth looks set to accelerate in 2014 for the first time in three years. With earnings growth also set to gather speed, this bodes well for another good year for equities. The macro backdrop continues to improve in developed markets, with stronger growth indicators from the manufacturing sector combining with less fiscal drag to boost confidence and growth expectations.

Positive outlook for equities – and for our range of funds
In spite of the tapering of QE in the US, central-bank balance sheets could grow by as much as 20% in 2014, with central bankers in Japan and Europe expected to do whatever it takes to avoid deflation. Given that money supply is still likely to remain relatively abundant and that many of the world's leading companies have restructured themselves effectively after the 2008 financial crisis, we believe that equities can continue to rise, although volatility is likely to persist.

Whatever happens, we will not deviate from our evidence-based approach to stockpicking. We remain convinced that this, allied to a disciplined portfolio-construction process, is the best way to generate long-term outperformance – regardless of the prevailing conditions.

Japan Fund and the Japan Alpha Fund merger
Martin Currie aims to meet the current and future requirements of its clients via a focused range of quality funds. We are constantly reviewing and challenging our proposition in order to meet this aim. As such, after undertaking a review of the Martin Currie OEIC fund range, we decided that it was appropriate to merge the Japan Fund into the Japan Alpha Fund.

Both funds have very similar investment objectives and there is a significant overlap of investments within each fund's portfolios. The merger, which was approved at the Extraordinary General Meeting held on 20 February 2014, simplifies and consolidates our UK range and we believe that combining the funds will provide shareholders with the opportunity to benefit from the economies of scale of investing in a larger fund.

And finally…
We have reduced the annual management charge on the B shares of both the China Fund and the Emerging Markets fund to 0.75%. This took effect from 1 March 2014.

The Latin America Fund has ceased to be commercially viable and the ACD does not anticipate any significant level of subscriptions in the near future. As a consequence, we have sought the required approvals from the FCA and, subject to approval being granted, will contact investors in the coming weeks with details of the fund closure process.

The ACD recently proposed a merger of the Latin America Fund into another sub-fund in the Company but the required majority of investors was not obtained and the ACD is therefore seeking to terminate the Latin America Fund in line with its stated intention in the merger circular.

If you have any questions, please call us free on 0808 100 2125. You can find out more about Martin Currie at our website: www.martincurrie.com. While you're there, you can also check the performance, price and profile of any of our funds.

Toby Hogbin
Chairman
16 April 2014

Past performance is not a guide to future returns
Market and currency movements may cause the capital value of shares, and the income from them, to fall as well as rise and you may get back less than you invested when you decide to sell your shares.
Specific risk warnings for each fund can be found in the full Prospectus.
* Source: Lipper for Investment Management, Mid to mid basis with net revenue reinvested over the 12 month period from 28 February 2013 to 28 February 2014.

ASIA PACIFIC FUND

FUND PROFILE

Launch date	14 February 1994	
Objective	To produce long-term capital growth by investment in any economic sector in all or any of the Middle East, the Indian sub-continent, Australia, New Zealand and the Far East, excluding Japan.	
Policy	The portfolio will consist primarily of transferable securities but the investment manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the fund's objective.	
Risk profile	This fund may invest in emerging markets which tend to be more volatile than established stock markets. The fund may hold some investments in smaller companies, which may be less liquid than larger companies, meaning that their share price may be more volatile. The fund will also be exposed to changes in currency rates. These factors may affect the performance of the fund.	
Benchmark	MSCI AC Asia Pacific ex Japan index	
Fund size	£80 million	
Distribution	XD date	Payment date
	28/29 February	30 April
Annual Management Charge	'A' 1.50%	
	'B' 0.75%	
Ongoing Charges Figure	As at 28 February 2014	As at 28 February 2013
	'A' 1.78%	'A' 1.74%
	'B' 1.03%	'B' 0.99%

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

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 shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

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

1	2	3	4	5	**6**	7

This Fund is ranked at this level because funds of this type have experienced high rises and falls in value in the past.
Please note that even the lowest risk class can lose you money and extreme market circumstances can mean you suffer severe losses.
The indicator does not take into account the following risks of investing in this Fund:
Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.

INVESTMENT MANAGER'S REVIEW

Asia produced no shortage of macroeconomic events during the period, but the biggest drivers of stockmarket direction came from outside the region – in particular, speculation regarding the 'tapering' of US quantitative easing (QE). The eventual announcement by the Federal Reserve in December 2013 of a reduction in QE from January 2014 was received more positively than many expected. However, emerging-market concerns regarding the withdrawal of the Fed's bond-buying scheme dragged markets down at the start of the year and the benchmark ended the 12-month period down by 10.1%*.

The fund underperformed the benchmark, falling by 13.3%*. The key detractor to relative returns was not holding Chinese IT-investment firm Tencent. Of the stocks that were held, Australian companies, gold miner Newcrest and energy and mining services provider WorleyParsons, were the biggest negatives. Newcrest Mining was particularly weak in the second quarter of 2013 as a falling gold price and an announcement of asset write-downs weighed heavily on the stock. Management cut production estimates following short-term technical difficulties at one of its key mining assets. The drop in gold prices and rising production costs caused further concern. In the third quarter, we took advantage of a bounce in the price of gold – and the stock – to reduce our position. WorleyParsons fell sharply in May and again in November. The May sell-off came after the company revised down its 2013 guidance. Management blamed weakness in the Western Australia mining-services business and slower activity in Canadian oil sands. The poor performance in November followed another profit warning, citing project delays and higher-than-expected costs. We sold the stock in December following a review.

The top contributors were Australian financial-services company Macquarie Group, Chinese gas distributor ENN Energy, and Macau casino-operator SJM Holdings. Macquarie was a notably strong contributor during the year, after the company gave better-than-expected guidance, noting strength in its mortgage business and signs of an improvement in deal flow. ENN Energy was a particularly good relative performer in quarter one of 2013. It rose on the back of strong results from peers and its own solid operating performance. ENN was able to lift its gross margins as it replaced expensive liquefied natural gas (LNG) and wholesale gas with cheaper gas from China's recently completed cross-country pipelines, in line with our original investment thesis. SJM rose fairly steadily throughout the second half of the year, but outperformed strongly in October. The sharp rise followed an encouraging set of results from the company's industry peers, as gaming revenues in Macau and the number of visitors to the city-state from mainland China continued to grow rapidly.

In terms of portfolio activity, notable purchases during the period included Indian IT services firm Infosys, Taiwan-based fabless semiconductor company MediaTek, Chinese engine manufacturer Weichai Power, China's biggest oil producer Petrochina, and Shin Corp, whose principal asset is Thai mobile-phone operator AIS. Among the key sales not already mentioned were British-Australian mining group Rio Tinto, Malaysian-based telecoms firm Axiata, Hong Kong real estate company Henderson Land Development and Korean confectionary manufacturers Orion Corp.

Andrew Graham and Paul Danes

* Source: Lipper for Investment Management. Mid to mid basis with net revenue re-invested for the year to 28 February 2014. These figures do not include initial charges. If these were included, performance figures would be reduced.
Past performance is not a guide to future returns.

PERFORMANCE (%)*

The table shows the total return (net revenue reinvested), excluding the initial charge, on a calendar year basis, over the last five years.

	2014**	2013	2012	2011	2010	2009	Since launch†
Asia Pacific Fund 'A' share class	(3.08)	(2.73)	16.51	(9.80)	21.28	31.79	126.00
Asia Pacific Fund 'B' share class^	(3.01)	(1.97)	17.42	(9.18)	22.17	32.75	235.55
Benchmark	(1.90)	1.73	17.24	(14.75)	22.14	54.61	147.09

* Source: Lipper for Investment Management. ** To 28 February 2014. ^ Launch date of 'B' share class 15 June 2002. † Launch date of unit trust 14 February 1994. Benchmark - MSCI AC Asia Pacific ex Japan index. Past performance is not a guide to future returns.

PRICE & REVENUE

The table below show the highest and lowest prices and the net revenue on a calendar year basis, in pence per share, over the last five years.

Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2009	'A'	89.84p	59.37p	0.66p	'B'	94.51p	62.10p	1.16p
2010	'A'	108.4p	81.72p	0.72p	'B'	115.0p	86.07p	1.35p
2011	'A'	111.2p	86.32p	0.53p	'B'	118.4p	92.02p	1.33p
2012	'A'	114.0p	96.96p	0.57p	'B'	122.6p	103.9p	1.42p
2013	'A'	125.2p	104.6p	0.74p	'B'	134.8p	112.9p	1.66p
2014*	'A'	109.0p	103.3p	1.10p	'B'	118.2p	112.1p	2.11p

* To 28 February 2014

TOP TEN HOLDINGS (%)

	28 Feb 2014
Samsung Electronics	6.48
Taiwan Semiconductor Manufacturing	4.84
AIA	4.59
BHP Billiton	4.19
Commonwealth Bank of Australia	4.01
Woolworths	3.57
China Construction Bank	3.22
Hyundai Mobis	3.18
China Mobile	3.09
Macquarie	3.04

Number of holdings: 47

	28 Feb 2013
Samsung Electronics	7.26
Taiwan Semiconductor Manufacturing	4.58
AIA	4.16
Commonwealth Bank of Australia	3.45
China Mobile	3.45
CNOOC	3.32
Woolworths	3.13
Hyundai Mobis	2.93
Kasikornbank	2.91
China Construction Bank	2.87

Number of holdings: 45

COUNTRY ALLOCATION (%)

	28 Feb 2014	28 Feb 2013
China	18.31	17.38
Australia	17.52	19.85
Hong Kong	16.84	15.50
South Korea	15.04	16.47
Taiwan	9.66	7.09
Singapore	6.12	6.20
Thailand	5.69	6.21
India	5.37	3.90
Malaysia	3.42	3.88
Indonesia	1.06	2.49
Cash and net other assets	0.97	1.03

Number of countries: 10

SUMMARY OF FUND PERFORMANCE

	Share type	Net asset value at 28 Feb 2014*	Net asset value at 28 Feb 2013*	Net asset value % change
'A'	Acc	106.7p	123.1p	(13.32)
'B'	Acc	115.8p	132.6p	(12.67)

* As detailed in the Long Report.

CHINA FUND

FUND PROFILE

Launch date	10 March 2010	
Objective	To produce long-term capital growth by investing in companies listed in China and companies or other entities with significant assets, investments, production activities, trading or other business interests in China, or which derive a significant part of their revenue from China.	
Policy	The portfolio will consist primarily of transferable securities but the investment manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate, to meet the fund's objective.	
Risk profile	This is a single country fund, and therefore has a concentrated portfolio, which limits the room for risk diversification within the fund. The fund may hold some investments in smaller companies, which may be less liquid than larger companies, meaning that their share price may be more volatile. The fund will also be exposed to changes in currency rates. These factors may affect the performance of the fund.	
Benchmark	MSCI Zhong Hua index	
Fund size	£6 million	
Distribution	XD date	Payment date
	28/29 February	30 April
Annual Management Charge	'A' 1.50% 'B' 1.00%†	
Ongoing Charges Figure	As at 28 February 2014 'A' 2.62% 'B' 2.02%	As at 28 February 2013 'A' 2.00% 'B' 1.49%

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

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 shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

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

1	2	3	4	5	**6**	7

This Fund is ranked at this level because funds of this type have experienced high rises and falls in value in the past.
Please note that even the lowest risk class can lose you money and extreme market circumstances can mean you suffer severe losses.
The indicator does not take into account the following risks of investing in this Fund:
Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
Investment markets in China are at an early stage of development and Chinese companies may face the risk of political, social and religious instability amongst other factors. This means your money is at greater risk.

INVESTMENT MANAGER'S REVIEW

In a challenging year for Chinese equities, the portfolio fell 7.2%* in sterling terms, but did better than the MSCI Zhong Hua index, which declined by 8.4%*. At the market level, IT was easily the best-performing sector, while materials and energy were the weakest.

The fund's outperformance was largely a result of positive stock selection. The top contributor was CSPC Pharmaceutical. This was mainly due to the company's core pharmaceutical products, which managed to grow at a robust rate during the period. CSPC Pharmaceutical's pipeline of new products is also promising and more and more investors are acknowledging the company's potential for long-term growth. VIPShop is a Chinese online retailer, offering brand-name items at discount rates also did well. It also registered strong growth during the period as e-commerce sales in China continue to be robust. ENN Energy, our long-term play on Chinese gas-pipeline infrastructure and gas distribution, was another positive thanks to the company's solid execution in passing rising wholesale gas costs through to its customers.

On the other side, the stocks that detracted most from the fund's relative performance included Galaxy Entertainment, China National Building Materials, and Sands China. Two out of the three of these stocks were ones we didn't own: Sands China and Galaxy Entertainment. Both companies are involved in the Macau casino business and the city state enjoyed growing gaming revenues driven by increasing numbers of visitors from mainland China. Of the stocks that were owned, China National Building Materials Group fared the worst.

Among the new additions to the fund (not already mentioned above) were the clean-energy supplier Huadian Fuxin Energy, internet television company Youku Tudou, web-services company Baidu, clothing manufacturer Esprit and Phoenix Healthcare. Notable sales included shoe retailer Belle International, property developer China Resources Land, packaging equipment supplier ASM Pacific, steel producer Tiangong and automotive manufacturer Geely.

James Chong

* Source: Lipper for Investment Management. Mid to mid basis with net revenue re-invested for the year to 28 February 2014. These figures do not include initial charges. If these were included, performance figures would be reduced.
Past performance is not a guide to future returns.
† With effect from 1 March 2014, the annual management charge of the 'B' shares reduced to 0.75%.

PERFORMANCE (%)*

The table shows the total return (net revenue reinvested), excluding the initial charge, on a calendar year basis since launch of the fund.

	2014**	2013	2012	2011	2010‡	2009	Since launch†
China Fund 'A' share class	(1.99)	4.38	14.04	(25.78)	13.30	–	(1.89)
China Fund 'B' share class	(1.88)	4.87	14.61	(26.08)	13.90	–	(0.70)
Benchmark	(4.35)	4.29	19.24	(16.93)	6.50	–	5.23

* Source: Lipper for Investment Management. ** To 28 February 2014. † Launch date 10 March 2010. ‡ From 10 March 2010 to 31 December 2010.
Benchmark - MSCI Zhong Hua index. Past performance is not a guide to future returns.

PRICE & REVENUE

The table below shows the highest and lowest prices and the net revenue per share on a calendar year basis, in pence per share, since launch of the fund.

Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2010†	'A'	114.4p	92.92p	0.00p	'B'	115.0p	93.19p	0.00p
2011	'A'	117.4p	77.88p	0.00p	'B'	118.1p	77.89p	0.51p
2012	'A'	96.20p	82.29p	0.32p	'B'	96.78p	82.56p	0.81p
2013	'A'	108.1p	90.45p	0.69p	'B'	108.8p	91.24p	1.12p
2014*	'A'	100.4p	93.00p	0.06p	'B'	101.6p	94.10p	0.53p

† From launch 10 March 2010.
* To 28 February 2014.

TOP TEN HOLDINGS (%)

	28 Feb 2014
Tencent	9.64
AIA	7.06
Industrial & Commercial Bank of China	5.91
China Construction Bank	5.73
Hutchison Whampoa	4.79
China Mobile	4.56
China Life Insurance	4.51
CNOOC	3.85
Cheung Kong	3.77
Sun Hung Kai Properties	3.47

Number of holdings: 34

	28 Feb 2013
Industrial & Commercial Bank of China	6.81
AIA	6.06
China Construction Bank	5.96
CNOOC	4.80
China Mobile	4.59
China Life Insurance	4.04
Hutchison Whampoa	3.88
Cheung Kong	3.73
Sun Hung Kai Properties	3.61
BOC Hong Kong	3.32

Number of holdings: 34

SECTOR ALLOCATION (%)

	28 Feb 2014	28 Feb 2013
Financials	42.88	47.93
Information technology	16.33	7.39
Utilities	10.64	7.28
Industrials	7.15	8.10
Consumer discretionary	5.94	6.81
Energy	5.19	6.39
Healthcare	4.61	2.10
Telecommunication services	4.56	4.59
Consumer staples	2.13	3.53
Materials	1.67	4.45
Cash and net other (liabilities)/assets	(1.10)	1.43

Number of sectors: 10

SUMMARY OF FUND PERFORMANCE

	Share type	Net asset value at 28 Feb 2014*	Net asset value at 28 Feb 2013*	Net asset value % change
'A'	Acc	97.98p	105.6p	(7.22)
'B'	Acc	99.17p	106.3p	(6.71)

* As detailed in the Long Report.

EMERGING MARKETS FUND

FUND PROFILE

Launch date	13 September 1991	
Objective	To produce long-term capital growth by investment in a portfolio of securities worldwide in any economic sector, but it is anticipated that investment will generally be concentrated in what the investment manager considers to be the smaller and developing markets around the world.	
Policy	The portfolio will consist primarily of transferable securities but the investment manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the fund's objective.	
Risk profile	This fund invests in emerging markets which tend to be more volatile than established stock markets. The fund may hold some investments in smaller companies, which may be less liquid than larger companies, meaning that their share price may be more volatile. The fund will also be exposed to changes in currency rates. These factors may affect the performance of the fund.	
Benchmark	MSCI Emerging Markets index	
Fund size	£17 million	
Distribution	XD date	Payment date
	28/29 February	30 April
Annual Management Charge	'A' 1.50% 'B' 1.00%†	
Ongoing Charges Figure	As at 28 February 2014 'A' 2.20% 'B' 1.70%	As at 28 February 2013 'A' 2.14% 'B' 1.65%

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

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 shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

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

1	2	3	4	5	**6**	7

This Fund is ranked at this level because funds of this type have experienced high rises and falls in value in the past.
Please note that even the lowest risk class can lose you money and extreme market circumstances can mean you suffer severe losses.
The indicator does not take into account the following risks of investing in this Fund:
Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your

INVESTMENT MANAGER'S REVIEW

It was a difficult year for emerging-market equities with the MSCI Emerging Markets index falling 14.6%* in sterling terms during the 12 months under review. The main negative driver was speculation about the US Federal Reserve's eventual timetable for withdrawal from quantitative easing. This also caused increased volatility in currencies and bond yields; emerging markets were hit particularly hard, with countries that have rising current-account deficits suffering the most.

The fund underperformed the index, declining by 18.6%*. The portfolio's biggest detractor to relative returns was not holding Chinese IT-investment firm Tencent. Of the stocks that were held, Colombian oil company Pacific Rubiales was the worst performer. The company announced guidance for 2014 which disappointed some market participants from a production-growth perspective. In addition, capital expenditure was higher than our expectations at US$2.5 billion. Indian infrastructure bank IDFC and Korean engineering company Samsung Engineering also fared badly. IDFC suffered from slowing infrastructure investment in India and a negative reaction to the company's application for a banking licence. The Reserve Bank of India's policy-tightening during the summer of 2013 weighed on Indian financials as a whole, dragging IDFC down with it. Samsung Engineering underperformed during the period as a backlog in its order pipeline as well as several project delays, specifically in the Middle East, impacted profitability. With the company experiencing several ongoing contractual problems, we decided to exit the stock.

On the positive side, the top contributor was South African-based multinational Aspen Pharmacare. During the year, the company was buoyed by the release of strong results that confirmed revenue and operating profit growth. Aspen also continued to expand its presence in other emerging markets with a number of acquisitions. Its non-South African operations already account for the majority of group operating profit. Macau casino operator SJM and Russian food retailer Magnit also did well. SJM Holdings performed strongly as the business metrics for the Macau casino industry and for SJM remained robust. In the second quarter of 2013, the company received an additional fillip when it gained approval to move forward with the construction of a new casino on Macau's Cotai Island; completion is expected in mid-2016. Meanwhile, Magnit outperformed during the period due to sustained growth in sales and an upgrading of store openings.

Among the new positions we initiated during the period were Chinese state-owned automobile manufacturer Dongfeng, Turkish mobile phone operator Turkcell, Indian conglomerate ITC, Brazilian wood-panelling manufacturer Duratex and Shin Corp, whose principal asset is Thai mobile-phone operator AIS. Key sales included Brazilian state-owned energy company Petrobras, Thai convenience-store operator CP ALL, India's Tata Steel, Indonesian financial Bank Mandiri, and Thailand's Kasikornbank.

Kim Catechis, Alastair Reynolds and Divya Mathur

* Source: Lipper for Investment Management. Mid to mid basis with net revenue re-invested for the year to 28 February 2014. These figures do not include initial charges. If these were included, performance figures would be reduced.
Past performance is not a guide to future returns.
† With effect from 1 March 2014, the annual management charge of the 'B' shares reduced to 0.75%.

PERFORMANCE (%)*

The table shows the total return (net revenue reinvested), excluding the initial charge, on a calendar year basis, over the last five years.

	2014**	2013	2012	2011	2010	2009	Since launch†
Emerging Markets Fund 'A' share class	(7.34)	(7.79)	14.14	(16.95)	24.30	43.78	306.77
Emerging Markets Fund 'B' share class^	(7.30)	(7.34)	14.73	(16.60)	25.21	45.25	162.41
Benchmark	(4.48)	(4.08)	13.42	(17.57)	22.94	59.39	546.80

* Source: Lipper for Investment Management. ** To 28 February 2014. ^ Launch date of 'B' share class 15 June 2002. † Launch date of unit trust 13 September 1991. Benchmark - MSCI Emerging Markets index. Past performance is not a guide to future returns.

PRICE & REVENUE

The table below shows the highest and lowest prices and the net revenue per share on a calendar year basis, in pence per share, over the last five years.

Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2009	'A'	197.3p	118.8p	0.96p	'B'	209.0p	125.3p	2.23p
2010	'A'	238.7p	177.4p	0.23p	'B'	255.1p	188.4p	1.60p
2011	'A'	240.7p	182.5p	0.00p	'B'	257.3p	195.6p	0.85p
2012	'A'	230.0p	194.9p	0.75p	'B'	247.1p	209.6p	1.94p
2013	'A'	244.3p	195.9p	0.66p	'B'	263.8p	211.8p	1.87p
2014*	'A'	206.4p	190.4p	0.51p	'B'	223.8p	206.5p	1.71p

* To 28 February 2014.

TOP TEN HOLDINGS (%)

	28 Feb 2014
Samsung Electronics	7.29
Taiwan Semiconductor Manufacturing	4.80
Industrial & Commercial Bank of China	3.62
Magnit GDR	3.22
CNOOC	3.04
Aspen Pharmacare	2.84
Cognizant Technology Solutions	2.80
Hyundai Mobis	2.59
Grupo Financiero Banorte	2.56
Genting Malaysia	2.50

Number of holdings: 52

	28 Feb 2013
Samsung Electronics	8.00
Taiwan Semiconductor Manufacturing	5.05
Industrial & Commercial Bank of China	4.10
Credicorp	3.36
Petroleo-Brasileiro	3.11
Hyundai Mobis	3.04
Lenovo	2.98
CNOOC	2.79
Vale	2.75
Banco Itau	2.68

Number of holdings: 46

Stocks shown as GDR's represent Global Depositary Receipts.

COUNTRY ALLOCATION (%)

	28 Feb 2014	28 Feb 2013
South Korea	13.08	16.20
China	12.42	11.58
Taiwan	11.20	7.62
Russia	9.69	6.74
Brazil	8.68	13.68
Mexico	7.46	9.28
India	6.41	5.20
Malaysia	5.50	5.60
South Africa	5.34	4.53
Hong Kong	3.30	1.68
Thailand	2.99	4.10
United States	2.80	1.51
Peru	2.40	4.42
Turkey	2.12	1.47
Chile	1.53	1.51
Indonesia	1.33	1.90
Colombia	1.13	2.30
Cash and net other assets	2.62	0.68

Number of countries: 17

SUMMARY OF FUND PERFORMANCE

	Share type	Net asset value at 28 Feb 2014*	Net asset value at 28 Feb 2013*	Net asset value % change
'A'	Acc	192.8p	237.0p	(18.65)
'B'	Acc	209.2p	255.9p	(18.25)

* As detailed in the Long Report.

EUROPEAN EQUITY INCOME FUND

FUND PROFILE

Launch date	6 May 1985 (on 1 March 2012 the fund mandate changed from that of a European Fund to a European Equity Income Fund)		
Objective	The fund aims to provide an income in excess of the benchmark as well as the potential for capital growth.		
Policy	This fund will invest in equities of companies listed in Continental Europe, but may also invest in companies listed in the UK. The fund may use derivatives for the purposes of risk reduction and efficient portfolio management.		
Risk profile	The fund may hold some investments in smaller companies, which may be less liquid than larger companies, meaning that their share price may be more volatile. The fund will also be exposed to changes in currency rates. These factors may affect the performance of the fund.		
Benchmark	MSCI Europe (ex UK) index		
Fund size	£24 million		
Distribution	XD date	Payment date	
	28/29 February	30 April	
	31 May	31 July	
	31 August	31 October	
	30 November	31 January	

Annual Management Charge

Income	'A'	1.50%
	'B'	0.75%
Accumulation	'A'	1.50%
	'B'	0.75%

Ongoing Charges Figure

	As at 28 February 2014		As at 28 February 2013	
Income	'A'	1.98%	'A'	2.04%
	'B'	1.23%	'B'	1.35%
Accumulation	'A'	1.98%	'A'	2.00%
	'B'	1.23%	'B'	1.26%

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

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 shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

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

1	2	3	4	5	6	7

This Fund is ranked at this level because funds of this type have experienced high rises and falls in value in the past.
Please note that even the lowest risk class can lose you money and extreme market circumstances can mean you suffer severe losses.
The indicator does not take into account the following risks of investing in this Fund:
Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.

INVESTMENT MANAGER'S REVIEW

The European equity market experienced a period of relative calm during the period. Economic output stabilised during the second half of 2013 and the European Central Bank (ECB) maintained its loose monetary policy. Against this backdrop, the MSCI Europe ex UK index rose by 16.3%*.

The fund marginally lagged its benchmark, rising 16.0%*. The top-contributing stock was automotive-manufacturing company Continental, which benefited from a recovery in auto sales as well as being exposed to some of the key areas in autos (CO2 reduction, safety and electronics). This allowed the company to grow 4–5% ahead of auto production. Among the other top performers were Deutsche Post and Swedish investment holding company Kinnevik. The former delivered a solid set of results during the period, although the expectation of increased volumes as a result of economic growth was also one of the main drivers of the share price. Kinnevik's stock benefited from the value attached to its investment in online retailer Zalando. This business is growing exceptionally fast and continues to be the driver of Kinnevik's performance.

On the other side, the biggest detractor was oil-services company Subsea7 which de-rated amid concerns about ongoing risks at its Guara Lula project in Brazil. Additionally, the market became more concerned about the company's capital commitments at a time when oil and gas project activity appeared to be slowing. Other key negatives during the period included Syngenta, a Swiss chemicals company that markets seeds and pesticides, and Atlas Copco, a Swedish company that manufactures industrial tools and equipment.

Among the new positions initiated during the period were banking group Barclays, Italian investment bank Mediobanca, Spanish telecoms provider Telefónica, Swedish automotive industry manufacturer, and French-based satellite provider Eutelsat. Notable sales included German engineering and electronics multinational Siemens, German mass media company ProSiebenSat, Atlas Copco (mentioned above), German sportswear manufacturer Adidas and French-based waste and water utility firm Suez Environment.

Ross Watson and David Forsyth

* Source: Lipper for Investment Management. Mid to mid basis with net revenue re-invested for the year to 28 February 2014. These figures do not include initial charges. If these were included, performance figures would be reduced.
Past performance is not a guide to future returns.

PERFORMANCE (%)*

The table shows the total return (net revenue reinvested), excluding the initial charge, on a calendar year basis, over the last five years or since launch.

	2014**	2013	2012	2011	2010	2009	Since launch†
European Equity Income Fund 'A' Inc share class^^	0.78	28.00	8.14	–	–	–	39.50
European Equity Income Fund 'B' Inc share class^^	0.91	28.95	8.95	–	–	–	41.78
European Equity Income Fund 'A' Acc share class†	0.78	27.93	18.71	(17.18)	8.81	19.26	1,505.52
European Equity Income Fund 'B' Acc share class^	0.93	28.91	19.59	(16.72)	9.66	20.08	146.16
Benchmark	2.36	26.35	17.68	(14.71)	5.75	20.09	n/a

* Source: Lipper for Investment Management. ** To 28 February 2014. ^ Launch date of 'B' Accumulation share class 15 June 2002. ^^ Launch date of the income share class is 1 March 2012. † Launch date of unit trust 6 May 1985. On 1 March 2012, the European Fund was converted to the European Equity Income Fund. Please see the latest Investment Funds Prospectus for more details.
Benchmark – FTSE Europe (ex UK) index prior to 1 March 2012. MSCI Europe (ex UK) index from 1 March 2012. Past performance is not a guide to future returns.

PRICE & REVENUE

The table below shows the highest and lowest prices and the net revenue on a calendar year basis, in pence per share, over the last five years or since launch.

Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2012^	'A' Inc	263.7p	216.6p	8.78p	'B' Inc	284.6p	231.9p	9.38p
2013	'A' Inc	327.4p	264.0p	10.32p	'B' Inc	355.6p	285.0p	11.17p
2014*	'A' Inc	324.4p	305.3p	0.60p	'B' Inc	353.3p	332.4p	0.65p
Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2009	'A' Acc	267.3p	166.0p	3.41p	'B' Acc	281.9p	174.3p	5.35p
2010	'A' Acc	274.7p	222.3p	1.66p	'B' Acc	291.9p	235.5p	3.49p
2011	'A' Acc	297.8p	207.0p	1.10p	'B' Acc	317.7p	221.1p	3.45p
2012	'A' Acc	273.1p	221.9p	10.97p	'B' Acc	294.5p	238.3p	14.24p
2013	'A' Acc	349.4p	273.4p	10.78p	'B' Acc	379.1p	294.8p	11.66p
2014*	'A' Acc	347.6p	327.2p	0.64p	'B' Acc	378.1p	355.7p	0.70p

^ Income shares were launched on 1 March 2012. * To 28 February 2014

TOP TEN HOLDINGS (%)

	28 Feb 2014
Roche	6.24
Total	4.84
Nestlé	4.56
Sanofi	4.02
Daimler	3.93
BNP Paribas	3.58
Continental	3.47
Allianz	3.36
Schneider Electric	3.13
Deutsche Post	3.08

Number of holdings: 41

	28 Feb 2013
Roche	5.28
Nestlé	4.91
DnB (formerly DnB NOR)	4.47
Total	4.16
Sanofi	4.00
Schneider Electric	3.40
Allianz	3.25
Daimler	3.17
ENI	3.08
Deutsche Post	2.70

Number of holdings: 41

COUNTRY ALLOCATION (%)

	28 Feb 2014	28 Feb 2013
France	28.27	25.29
Germany	18.36	22.23
Switzerland	14.53	14.45
Sweden	9.56	9.64
Italy	6.49	5.03
Norway	5.28	7.83
United Kingdom	4.47	4.47
Netherlands	3.50	4.42
Finland	2.63	2.42
Belgium	2.62	1.61
Spain	1.47	–
Cash and net other assets	2.82	2.61

Number of countries: 11

SUMMARY OF FUND PERFORMANCE

	Share type	Net asset value at 28 Feb 2014*	Net asset value at 28 Feb 2013*	Net asset value % change
'A'	Inc	323.8p	288.5p	12.24
'A'	Acc	347.6p	299.7p	15.98
'B'	Inc	352.6p	311.8p	13.09
'B'	Acc	378.0p	323.5p	16.85

* As detailed in the Long Report.

GLOBAL ALPHA FUND

FUND PROFILE

Launch date	2 June 2006	
Objective	Unconstrained by sector or country allocations, the fund's aim is to provide superior long-term returns by investing in a concentrated portfolio of primarily large and medium-sized companies.	
Policy	The portfolio will consist primarily of transferable securities but the investment manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the fund's objective.	
Risk profile	This fund may invest in emerging markets which tend to be more volatile than established stock markets. The fund may hold some investments in smaller companies, which may be less liquid than larger companies, meaning that their share price may be more volatile. The fund will also be exposed to changes in currency rates. These factors may affect the performance of the fund.	
Benchmark	Unconstrained (for performance comparison purposes – MSCI World index)	
Fund size	£75 million	
Distribution	XD date	Payment date
	28/29 February	30 April
Annual Management Charge	'A' 1.50% 'B' 0.75%	
Ongoing Charges Figure	As at 28 February 2014 'A' 1.70% 'B' 0.95%	As at 28 February 2013 'A' 1.71% 'B' 0.96%

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

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 shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

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

1	2	3	4	5	**6**	7

This Fund is ranked at this level because funds of this type have experienced high rises and falls in value in the past.
Please note that even the lowest risk class can lose you money and extreme market circumstances can mean you suffer severe losses.
The indicator does not take into account the following risks of investing in this Fund:

INVESTMENT MANAGER'S REVIEW

Global market sentiment during the year was yet again dominated by political and macroeconomic events. Despite the resulting macro-factor uncertainty, global equities performed reasonably well, with the MSCI World index up by 7.6%*.

The fund also increased, up by 4.7%* in absolute terms, but lagged the market's gains. Two of the portfolio's biggest detractors were tobacco firms: Philip Morris and Japan Tobacco. The Japanese car-maker Nissan and Chinese oil and gas producer CNOOC also fared badly. Nissan surprised the market with weak second-quarter results and downgraded guidance for 2013 profits. Pricing difficulties in some key markets, along with higher incentive payments and higher selling expenses, have been significant near-term headwinds. Despite a positive start to the period under review, CNOOC was later dragged down by concern about 2014 production, as a number of scheduled 2013 projects had failed to come on line by the end of quarter three.

On the other side, the two top contributors were German mobile-communications company Freenet, and French aerospace firm Safran. During the period, the market clearly became more enthusiastic about the robustness of Freenet's business model, with all key metrics suggesting that profits (and therefore dividends – as the payout ratio is very high) are increasingly stable. Safran continued to deliver very strong results, with specific strength in aftermarket sales where growth accelerated through the year. We remain confident of double-digit growth in aerospace propulsion through to 2016 and continue to be impressed by the well-above-average visibility around future results. We also believe the transition to the new generation 'Leap-X' aircraft engines will strongly support future results. Japanese car manufacturer Toyota also did well. Results for the company in 2013 were sparkling, with a huge recovery in the company's operating profits.

In terms of portfolio activity during the period, notable purchases included Japan Tobacco, and Australia's largest rail freight operator Aurizon, as well as US consumer goods multinational Procter & Gamble, US pharmaceutical firm AbbVie, and US media giant Twenty-First Century Fox. Among the key sales were US pharmaceutical firm Pfizer, Toyota (mentioned above), US technology company Apple, Swiss food and beverage producer Nestlé and US mass media corporation CBS.

Paul Sloane and Chris Connor

* Source: Lipper for Investment Management. Mid to mid basis with net revenue re-invested for the year to 28 February 2014. These figures do not include initial charges. If theses were included performance figures would be reduced.
Past performance is not a guide to future returns.

PERFORMANCE (%)*

The table shows the total return (net revenue reinvested), excluding the initial charge, on a calendar year basis, over the last 5 years.

	2014**	2013	2012	2011	2010	2009	Since launch†
Global Alpha Fund 'A' share class	(2.72)	21.12	13.92	(14.54)	13.01	15.04	21.60
Global Alpha Fund 'B' share class	(2.64)	22.10	14.77	(13.83)	13.71	16.00	29.10
Benchmark#	(0.47)	21.15	11.67	(6.17)	16.77	20.56	65.84

* Source: Lipper for Investment Management. ** To 28 February 2014. † Launch date 2 June 2006.
# This fund is unconstrained. MSCI World index prior to 30 September 2011 and MSCI AC World Index thereafter are used for comparative purposes only. Past performance is not a guide to future returns.

PRICE & REVENUE

The table below show the highest and lowest prices and the net revenue on a calendar year basis in pence per share over the last five years.

Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2009	'A'	95.70p	67.16p	0.48p	'B'	98.45p	68.66p	1.42p
2010	'A'	106.3p	87.59p	0.22p	'B'	110.10p	90.24p	0.90p
2011	'A'	108.5p	80.60p	0.00p	'B'	112.60p	84.03p	0.00p
2012	'A'	104.1p	90.75p	0.43p	'B'	109.50p	94.79p	1.20p
2013	'A'	126.80p	104.2p	0.29p	'B'	134.00p	109.70p	1.10p
2014*	'A'	125.40p	116.40p	0.45p	'B'	133.10p	123.50p	1.43p

* To 28 February 2014

TOP TEN HOLDINGS (%)

	28 Feb 2014
AbbVie	2.55
Roche	2.51
Procter & Gamble	2.39
eBay	2.28
Danaher	2.23
HSBC	2.22
JPMorgan Chase	2.20
Twenty-First Century Fox	2.15
Philip Morris International	2.12
Chevron	2.12

Number of holdings: 58

	28 Feb 2013
HSBC	2.69
Pfizer	2.64
Apple	2.61
Philip Morris International	2.49
Chevron	2.45
Toyota Motor	2.35
Nestlé	2.31
IBM	2.18
Roche	2.13
AIA	1.98

Number of holdings: 60

COUNTRY ALLOCATION (%)

	28 Feb 2014	28 Feb 2013
United States	48.62	49.20
United Kingdom	8.82	11.20
France	7.72	4.81
Japan	6.12	6.94
Switzerland	5.42	7.69
Hong Kong	2.65	2.96
Russia	2.38	1.06
Australia	2.10	-
Germany	2.02	1.26
Spain	1.83	-
Norway	1.62	1.80
Israel	1.62	1.43
Italy	1.37	-
China	1.23	3.52
Mexico	1.18	1.15
Taiwan	1.14	1.65
Thailand	1.09	-
Sweden	1.03	1.34
South Korea	-	1.79
Cash and net other assets	2.04	2.20

Number of countries: 18

SUMMARY OF FUND PERFORMANCE

	Share type	Net asset value at 28 Feb 2014*	Net asset value at 28 Feb 2013*	Net asset value % change
'A'	Acc	121.5p	116.1p	4.65
'B'	Acc	129.0p	122.3p	5.48

* As detailed in the Long Report.

GLOBAL EQUITY INCOME FUND

FUND PROFILE

Launch date	1 September 1983 (on 1 November 2010 the fund mandate was changed from that of a UK Equity Income Fund to a Global Equity Income Fund).
Objective	To provide an income return with some potential for capital appreciation. The portfolio will seek to provide an income in excess of the prospective dividend yield of the MSCI World index.
Policy	The portfolio will consist primarily of transferable securities although the investment manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the fund's objective.
Risk profile	The fund may hold some investments in smaller companies, which may be less liquid than larger companies, meaning that their share price may be more volatile. The fund may also be exposed to changes in currency rates. Some charges are deducted from the capital of the fund, which will affect its growth. These factors may affect the performance of the fund.
Benchmark	Unconstrained (for performance comparison purposes - MSCI World index)
Fund size	£106 million

Distribution

XD date	Payment date
28/29 February	30 April
31 May	31 July
31 August	31 October
30 November	31 January

Annual Management Charge

Income		Accumulation	
'A'	1.50%	'A'	1.50%
'B'	0.75%	'B'	0.75%

Ongoing Charges Figure

As at 28 February 2014				As at 28 February 2013			
Income		Accumulation		Income		Accumulation	
'A'	1.78%	'A'	1.78%	'A'	1.81%	'A'	1.75%
'B'	1.02%	'B'	1.02%	'B'	1.03%	'B'	1.02%

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

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 shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

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

1	2	3	4	5	**6**	7

This Fund is ranked at this level because funds of this type have experienced high rises and falls in value in the past.
Please note that even the lowest risk class can lose you money and extreme market circumstances can mean you suffer severe losses.
The indicator does not take into account the following risks of investing in this Fund:
Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
The level of income is not guaranteed.

INVESTMENT MANAGER'S REVIEW

Global market sentiment during the year was yet again dominated by political and macroeconomic events. Despite the resulting macro-factor uncertainty, global equities performed reasonably well during the period, with the MSCI World High Dividend Yield index rising by 7.0%*.

The fund also increased, up by 2.6%* in absolute terms, but lagged the market's gains. The key detractor to relative performance was from not owning telecoms firm Vodafone after the company's shares soared following the sale of its stake in US group Verizon. Of the stocks that were held, WorleyParsons, the Australian engineering consultancy, was the worst performer. During the year the company suffered from delayed and deferred projects and a general slowdown in activity. After revisiting the investment case and speaking to management we sold our position. The US pipeline operator Kinder Morgan also fared badly, partly affected by an old accounting debate that resurfaced. However, we believe that the company has an attractive range of growth options in the North American energy infrastructure industry and we maintain a position in the stock.

The top contributor was US defence firm Lockheed Martin. The company released strong second-quarter numbers, with cashflow and margins doing better than expected. Nevertheless, we exited the stock, concerned about valuation after strong outperformance and the negative outlook for US defence spending in 2014. French aerospace company Safran and US pharmaceutical firm AbbVie also did well. The former posted excellent sales results during the year, driven by aftermarket growth in its civil-aviation-engines business. AbbVie performed very well in 2013. The company is also generating a huge amount of free cashflow each year. This is enabling reinvestment for future growth, share buybacks and a dividend which is rising more strongly than its peers.

Key transactions not mentioned above included our purchases of US consumer goods multinational Procter & Gamble, Spanish telecoms provider Telefónica, French-based satellite provider Eutelsat, British utility company SSE, and Aurizon, Australia's largest rail freight operator. Meanwhile, notable outright sales included Swiss companies Novartis (pharmaceutical) and Nestlé (food and beverage), as well as British defence multinational BAE, Canadian Imperial Bank of Commerce and Safran (mentioned above).

Alan Porter

* Source: Lipper for Investment Management. Mid to mid basis with net revenue re-invested for the year to 28 February 2014. These figures do not include initial charges. If these were included, performance figures would be reduced.
Past performance is not a guide to future returns.

PERFORMANCE (%)*

The table shows the total return (net revenue reinvested), excluding the initial charge, on a calendar year basis, over the last five years.

	2014**	2013	2012	2011	2010◆	2010❖	2009	Since conversion^	Inception to conversion
Global Equity Income Fund 'A' Inc share class	(1.32)	16.99	8.94	0.73	4.90	6.79	26.21	32.89	(4.23)†
Global Equity Income Fund 'B' Inc share class	(1.29)	17.95	9.74	1.51	5.04	6.66	26.99	36.23	943.12†
Global Equity Income Fund 'A' Acc share class	(1.39)	16.98	8.96	0.79	4.86	7.36	25.92	32.84	(1.07)‡
Global Equity Income Fund 'B' Acc share class	(1.31)	17.90	9.73	1.53	5.04	7.21	26.65	36.15	1,002.23‡
Benchmark#	0.01	25.00	11.42	(4.31)	7.63	7.65	16.45	43.45	n/a

* Source: Lipper for Investment Management. ** To 28 February 2014. ◆ 1 November 2010 to 31 December 2010. ❖ 1 January 2010 to 31 October 2010. ^ Conversion to Martin Currie Global Equity Income Fund on 1 November 2010. † Launch date of unit trust 1 September 1983. ‡ Period from 16 January 2006 to 31 October 2010. Launch date of Accumulation share classes 16 January 2006.
# This fund is unconstrained. FTSE All Share Index prior to 1 November 2010 and MSCI World index thereafter are used for comparative purposes only. Past performance is not a guide to future returns.

PRICE & REVENUE

The table below shows the highest and lowest prices and the net revenue per share on a calendar year basis, in pence per share, over the last five years.

Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2009	'A' Inc	87.82p	58.34p	4.30p	'B' Inc	92.90p	61.38p	4.43p
2010	'A' Inc	94.34p	79.34p	3.94p	'B' Inc	100.40p	84.20p	4.20p
2011	'A' Inc	97.90p	81.46p	3.61p	'B' Inc	104.70p	87.24p	3.82p
2012	'A' Inc	97.78p	88.48p	4.40p	'B' Inc	105.50p	95.26p	4.72p
2013	'A' Inc	114.00p	94.98p	3.81p	'B' Inc	123.60p	102.70p	4.13p
2014*	'A' Inc	106.30p	101.00p	0.48p	'B' Inc	115.90p	110.20p	0.52p
Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2009	'A' Acc	90.09p	58.01p	4.24p	'B' Acc	92.57p	59.27p	4.36p
2010	'A' Acc	101.50p	83.02p	4.09p	'B' Acc	105.00p	85.59p	4.20p
2011	'A' Acc	106.50p	90.00p	3.91p	'B' Acc	110.60p	93.55p	4.06p
2012	'A' Acc	112.30p	100.70p	5.01p	'B' Acc	117.70p	105.20p	5.22p
2013	'A' Acc	134.60p	111.50p	4.52p	'B' Acc	142.70p	117.10p	4.77p
2014*	'A' Acc	129.30p	122.90p	0.59p	'B' Acc	136.80p	130.10p	0.62p

* To 28 February 2014.

TOP TEN HOLDINGS (%)

	28 Feb 2014
Roche	6.55
Pfizer	5.80
Chevron	4.66
Total	4.38
AT&T	4.08
Sanofi	3.71
Royal Dutch Shell	3.50
AbbVie	3.47
BHP Billiton	3.04
HSBC	2.88

Number of holdings: 41

	29 Feb 2013
AT&T	5.48
Pfizer	5.07
Chevron	4.35
Nestlé	4.13
Novartis	3.97
Royal Dutch Shell 'B'	3.86
Sanofi	3.72
Total	3.72
Philip Morris International	3.52
Roche	3.27

Number of holdings: 47

COUNTRY ALLOCATION (%)

	28 Feb 2014	28 Feb 2013
United States	37.59	36.34
United Kingdom	17.88	15.45
France	14.00	12.27
Switzerland	6.55	11.37
Germany	4.80	5.25
Australia	3.37	3.46
Sweden	3.26	2.84
Japan	2.56	3.14
Canada	2.14	4.14
Spain	2.05	–
Thailand	1.46	–
Hong Kong	1.45	1.13
Singapore	1.32	1.38
China	–	1.23
Taiwan	–	0.97
Cash and net other assets	1.57	1.03

Number of countries: 13

SUMMARY OF FUND PERFORMANCE

	Share type	Net asset value at 28 Feb 2014*	Net asset value at 28 Feb 2013*	Net asset value % change
'A'	Inc	104.4p	105.4p	(0.95)
'A'	Acc	127.6p	124.5p	2.49
'B'	Inc	114.0p	114.1p	(0.09)
'B'	Acc	135.2p	130.9p	3.28

* As detailed in the Long Report.

JAPAN FUND

FUND PROFILE

Launch date	14 September 1989	
Objective	To produce capital growth by investment in Japan in any economic sector. (Please note that on 28 February 2014, the Japan Fund merged into the Japan Alpha Fund and the ACD has commenced the termination of the Japan Fund).	
Policy	The portfolio will consist primarily of transferable securities but the investment manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the fund's objective.	
Risk profile	This is a single country fund, and therefore has a concentrated portfolio, which limits the room for risk diversification within the fund. The fund may hold some investments in smaller companies, which may be less liquid than larger companies, meaning that their share price may be more volatile. The fund will also be exposed to changes in currency rates. These factors may affect the performance of the fund.	
Benchmark	Topix	
Fund size	£0 million* *Fund merged into Japan Alpha Fund on 28 February 2014. All shareholder assets were transferred at this date.	
Distribution	XD date	Payment date
	28/29 February, 31 August	30 April, 31 October
Annual Management Charge	'A' 1.50% 'B' 0.75%	
Ongoing Charges Figure	As at 28 February 2014	As at 28 February 2013
	'A' 1.88%	'A' 1.80%
	'B' 1.12%	'B' 1.03%
	'H' 1.17%	'H' 1.11%

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

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 shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

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

1	2	3	4	5	6	7

This Fund is ranked at this level because funds of this type have experienced high rises and falls in value in the past.
Please note that even the lowest risk class can lose you money and extreme market circumstances can mean you suffer severe losses.
The indicator does not take into account the following risks of investing in this Fund:
Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.

INVESTMENT MANAGER'S REVIEW

In contrast to other global markets, volatility in Japan was relatively high throughout the year – this created both opportunities and risks for our stock selection. At the sector level, telecommunications was the standout performer, with IT also doing well; by contrast, energy was by far the weakest.

The fund lagged the benchmark for the twelve months, up by 2.3%*, compared with the 3.7%* rise in the Topix. The biggest detractor to relative performance over the year was not holding Japanese telecoms and technology firm Softbank. Among the stocks that were held, car-maker Nissan and energy supplier Tohoku Electric Power also fared badly. The former underperformed after announcing poor first-half earnings and lowering its forecasts for the 2013/14 fiscal year. Tohoku Electric Power, a relatively defensive stock, underperformed in the rising market.

On the other side, the portfolio's top contributor was Nidec, a manufacturer of electric motors found in hard-disk drives, household appliances and manufacturing equipment. Having taken large restructuring charges last year, the company enjoyed a rise in volumes in its core business, namely HDD spindle motors; profitability on both these and the company's small precision non-HDD motors rose substantially. Another notable positive was Ebara, a leading pump maker. The company's North American joint venture is benefiting from investment in shale gas, while the profitability of fluid machinery is also rising.

Among the new positions we initiated were Japan Tobacco, financial services group Mizuho, precision engineering firm Nabtesco, telecoms company Softbank, and house builder Daiwa House. Notable sales included financial holding company Nomura Holdings, East Japan Railway, optical product manufacturer Canon, insurance holding company Tokio Marine, and Sekisui Chemical.

The fund merged into the Japan Alpha Fund on 28 February 2014.

John Millar

* Source: Lipper for Investment Management. Mid to mid basis with net revenue re-invested for the year to 28 February 2014. These figures do not include initial charges. If these were included, performance figures would be reduced.
Past performance is not a guide to future returns.

PERFORMANCE (%)*

The table shows the total return (net revenue reinvested), excluding the initial charge, on a calendar year basis, over the last five years, or since launch on the fund.

	2014**	2013	2012	2011	2010	2009^	Since launch†
Japan Fund 'A' share class	(6.29)	22.91	2.04	(14.72)	21.31	(4.40)	59.89
Japan Fund 'B' share class‡	(6.16)	23.79	2.78	(14.06)	22.23	(3.67)	36.15
Japan Fund 'H' share class^	(8.13)	52.28	18.96	(18.44)	2.16	1.90	41.30
Benchmark	(5.28)	24.67	2.82	(11.85)	19.53	(6.70)	(16.85)

* Source: Lipper for Investment Management. ** To 28 February 2014. ‡ Launch date of 'B' share class 22 March 1999. ^ Launch date of 'H' share class 14 December 2009.
† Launch date of unit trust 14 September 1989.
Benchmark - Topix. Past performance is not a guide to future returns.

PRICE & REVENUE

The table below shows the highest and lowest prices and the net revenue per share on a calendar year basis, in pence per share, over the last five years.

Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2009^	'A'	112.90p	85.01p	0.28p	'B'	122.10p	91.52p	1.12p	'H'	102.70p	99.49p	0.00p
2010	'A'	127.60p	104.20p	0.32p	'B'	139.30p	112.90p	1.14p	'H'	115.80p	92.90p	0.68p
2011	'A'	128.20p	103.80p	0.34p	'B'	140.10p	113.90p	1.29p	'H'	112.70p	82.06p	0.92p
2012	'A'	119.20p	102.90p	0.71p	'B'	131.30p	113.50p	1.70p	'H'	103.40p	82.49p	1.24p
2013	'A'	146.00p	107.90p	0.16p	'B'	162.30p	119.60p	1.17p	'H'	153.80p	100.90p	0.86p
2014*	'A'	137.50p	123.40p	0.00p	'B'	153.50p	137.80p	0.20p	'H'	154.70p	133.80p	0.12p

^ Share class 'H' was launched on 14 December 2009.
* To 28 February 2014.

SUMMARY OF FUND PERFORMANCE

	Share type	Net asset value at 28 Feb 2014*‡	Net asset value at 28 Feb 2013*	Net asset value % change
'A'	Acc	126.7p	123.7p	2.43
'B'	Acc	141.6p	137.2p	3.21
'H'	Acc	141.3p	114.1p	23.84

* As detailed in the Long Report.
‡ Last published price quoted before merger.

The fund merged into Japan Alpha on 28 February 2014.

JAPAN ALPHA FUND

FUND PROFILE

Launch date	16 February 2006	
Objective	Unconstrained by any benchmark, the fund's aim is to provide capital growth by investment primarily in large and medium-sized Japanese companies.	
Policy	The portfolio will consist primarily of transferable securities but the investment manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the fund's objective.	
Risk profile	This is a single country fund, and therefore has a concentrated portfolio, which limits the room for risk diversification within the fund. The fund may hold some investments in smaller companies, which may be less liquid than larger companies, meaning that their share price may be more volatile. The fund will also be exposed to changes in currency rates. These factors may affect the performance of the fund.	
Benchmark	Unconstrained (for performance comparison purposes – Topix)	
Fund size	£105 million	
Distribution	XD date	Payment date
	28/29 February, 31 August	30 April, 31 October
Annual Management Charge	'A' 1.50% 'B' 0.75% 'H' 0.80%	
Ongoing Charges Figure	As at 28 February 2014	As at 28 February 2013
	'A' 1.74%	'A' 1.74%
	'B' 0.99%	'B' 1.00%
	'H' 1.04%	'H' 1.05%

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

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 shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

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

1	2	3	4	5	6	7

This Fund is ranked at this level because funds of this type have experienced high rises and falls in value in the past.
Please note that even the lowest risk class can lose you money and extreme market circumstances can mean you suffer severe losses.
The indicator does not take into account the following risks of investing in this Fund:
Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
This Fund holds a limited number of investments. If one of these investments falls in value this can have a greater impact on the Fund's value than if it held a large number of investments.

INVESTMENT MANAGER'S REVIEW

In contrast to other global markets, volatility in Japan was relatively high throughout the year – this created both opportunities and risks for our stock selection. The fund was up by 5.3%* for the twelve months under review, compared with the 3.7%* rise in the Topix. At the sector level within the market, telecommunications was the standout performer, with IT also doing well; by contrast, energy was by far the weakest.

The portfolio's top contributor was Nidec, a manufacturer of electric motors found in hard-disk drives, household appliances and manufacturing equipment. Having taken large restructuring charges last year, the company enjoyed a rise in volumes in its core business, namely HDD spindle motors; profitability on both these and the company's small precision non-HDD motors rose substantially. Another notable positive was Ebara, a leading pump maker. The company's North American joint venture is benefiting from investment in shale gas, while the profitability of fluid machinery is also rising.

On the other side, the biggest detractor to relative performance over the year was not holding Japanese telecoms and technology firm Softbank. Among the stocks that were held, car-maker Nissan and energy supplier Tohoku Electric Power also fared badly. The former underperformed after announcing poor first-half earnings and lowering its forecasts for the 2013/14 fiscal year. Tohoku Electric Power, a relatively defensive stock, underperformed in the rising market.

Among the new positions we initiated during the period were Japan Tobacco, financial services group Mizuho and vehicle manufacturer Honda. Notable sales included car-maker Nissan, financial holding company Nomura Holdings, real estate company Tokyo Tatemono, and insurance holding company Tokio Marine.

On 28 February 2014, the Japan Fund merged into the Japan Alpha Fund.

John-Paul Temperley and Claire Marwick

* Source: Lipper for Investment Management. Mid to mid basis with net revenue re-invested for the year to 28 February 2014. These figures do not include initial charges. If these were included, performance figures would be reduced.
Past performance is not a guide to future returns.

PERFORMANCE (%)*

The table shows the total return (net revenue re-invested), excluding the initial charge, on a calendar year basis, over the last five years or since launch on the fund.

	2014**	2013	2012	2011	2010	2009	Since launch†
Japan Alpha Fund 'A' share class	(6.34)	26.85	2.83	(12.10)	25.00	1.77	1.90
Japan Alpha Fund 'B' share class	(6.21)	27.81	3.60	(11.46)	25.78	2.36	7.20
Japan Alpha Fund 'H' share class^	(8.15)	56.42	19.68	(15.68)	5.89	3.50	58.90
Benchmark#	(5.28)	24.67	2.82	(11.85)	19.53	(6.70)	(0.09)

* Source: Lipper for Investment Management. ** To 28 February 2014. ^ Launch date of 'H' share class 14 December 2009. † Launch date 16 January 2006.
‡ From 1 November 2010 to 31 December 2010.
# This fund is unconstrained. Topix is used for comparative purposes only. Past performance is not a guide to future returns.

PRICE & REVENUE

The table below shows the highest and lowest prices and the net revenue on a calendar year basis, in pence per share, over the last five years.

Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2009^	'A'	85.30p	56.80p	0.42p	'B'	86.96p	57.72p	0.84p	'H'	104.30p	99.47p	0.00p
2010	'A'	95.93p	75.83p	0.05p	'B'	98.41p	77.43p	0.41p	'H'	124.30p	97.00p	0.47p
2011	'A'	96.83p	80.34p	0.21p	'B'	99.59p	82.65p	0.73p	'H'	119.50p	89.40p	0.82p
2012	'A'	90.71p	79.45p	0.36p	'B'	94.05p	82.55p	1.02p	'H'	110.60p	89.60p	1.12p
2013	'A'	118.20p	84.16p	0.08p	'B'	123.60p	87.77p	0.40p	'H'	173.10p	109.70p	0.41p
2014*	'A'	110.50p	98.76p	0.00p	'B'	116.10p	103.80p	0.03p	'H'	173.90p	149.60p	0.00p

^ Share class 'H' was launched on 14 December 2009.
* To 28 February 2014.

TOP TEN HOLDINGS (%)

	28 Feb 2014
Mizuho Financial	3.54
Toyota Motor	3.08
Nippon Telegraph & Telephone	3.01
Mitsubishi UFJ Financial	2.92
Sumitomo Mitsui Trust	2.91
Honda Motor	2.85
Nabtesco	2.83
Komatsu	2.62
SoftBank	2.55
Hitachi	2.46

Number of holdings: 78

	29 Feb 2013
Mitsubishi UFJ Financial	6.57
Sumitomo Mitsui Financial	6.00
ORIX	4.15
Toyota Motor	3.94
Nissan Motor	3.80
Mitsubishi Estate	3.31
Nippon Yusen KK	3.22
Tokio Marine	3.09
Tokyo Tatemono	3.00
Mitsui	2.98

Number of holdings: 52

SECTOR ALLOCATION (%)

	28 Feb 2014	29 Feb 2013
Manufacturing	52.39	47.17
Finance & insurance	16.77	24.90
Transport & communications	9.93	7.93
Commerce	7.32	5.28
Construction	4.63	1.55
Real Estate	4.37	10.09
Services	3.36	–
Electric power & gas	0.85	1.04
Forward currency contracts	0.02	(0.69)
Mining	–	2.09
Cash and net other assets	0.36	0.64

Number of sectors: 8

SUMMARY OF FUND PERFORMANCE

	Share type	Net asset value at 28 Feb 2014*	Net asset value at 28 Feb 2013*	Net asset value % change
'A'	Acc	101.9p	96.64p	5.44
'B'	Acc	107.1p	100.9p	6.14
'H'	Acc	158.6p	124.8p	27.08

* As detailed in the Long Report.

LATIN AMERICA FUND

FUND PROFILE

Launch date	1 November 2010	
Objective	To provide long term capital growth by investing directly or indirectly, primarily in equities of companies based in Latin America or carrying out significant business activities in the region.	
Policy	The portfolio will consist primarily of transferable securities. The investment manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the fund's objective.	
Risk profile	This fund may invest in emerging markets which tend to be more volatile than established stock markets. The fund may hold some investments in smaller companies, which may be less liquid than larger companies, meaning that their share price may be more volatile. The fund will also be exposed to changes in currency rates. These factors may affect the performance of the fund.	
Benchmark	Unconstrained (for performance comparison purposes – MSCI EM Latin America 10/40 index)	
Fund size	£3 million	
Distribution	XD date	Payment date
	28/29 February	30 April
Annual Management Charge	'A' 1.50% 'B' 1.00%	
Ongoing Charges Figure	As at 28 February 2014 'A' 2.29% 'B' 1.79%	As at 28 February 2013 'A' 2.17% 'B' 1.66%

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

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 shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

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

This Fund is ranked at this level because funds of this type have experienced high rises and falls in value in the past.
Please note that even the lowest risk class can lose you money and extreme market circumstances can mean you suffer severe losses.
The indicator does not take into account the following risks of investing in this Fund:
Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.
Emerging markets or less developed countries may face more political, economic or structural challenges than developed countries. This means your money is at greater risk.

INVESTMENT MANAGER'S REVIEW

Latin American markets endured a very challenging 12 months, with the index falling 28.1%* in sterling terms. At the regional level, Brazil was the best performer, Chile the worst, but all countries finished the period with significantly negative numbers.

Against this background, the fund fell 30.7%*. The biggest detractor was Brazilian wood-panelling manufacturer Duratex. Among other poor performers were Colombian-focused oil company Pacific Rubiales and Brazilian security printing firm Valid. The former announced guidance for 2014 which disappointed some market participants from a production-growth perspective. In addition, capital expenditure was higher than our expectations at US$2.5 billion. Meanwhile, Valid released lacklustre second-quarter results that highlighted ongoing challenges in the domestic financial sector. The company's restructuring plans also resulted in a one-off charge during the period, which reduced full-year earnings expectations. Although this news was disappointing, we have had a number of conversations with management and we remain comfortable with our medium-term investment thesis.

On the positive side, the top performers were two Mexican companies: mobile telecommunications provider America Movil and mass-media company Grupo Televisa. The strength in both holdings came despite the new Mexican telecoms regulator stating that the two companies were the leaders in their respective industries. While this announcement did not provide a meaningful amount of detail, future challenges for the companies and regulator look likely. Also in Mexico, we had a strong contribution during the period from Banorte – our exposure to the Mexican banking system should benefit from President Enrique Peña Nieto's structural reforms, as they enhance the growth potential of the overall economy.

New positions we initiated during the period included Brazilian petrochemical company Braskem, Brazilian shipping firm Wilson Sons and Mexican building materials suppliers and cement producers Cemex. Sales included Peruvian goldminer Buenaventura, Brazilian power generator AES Tietê, and Brazilian bank Banrisul.

Jeff Casson

* Source: Lipper for Investment Management. Mid to mid basis with net revenue re-invested for the year to 28 February 2014. These figures do not include initial charges. If these were included, performance figures would be reduced.
Past performance is not a guide to future returns.

PERFORMANCE (%)*

The table shows the total return (net revenue re-invested), excluding the initial charge, on a calendar year basis, since launch of the fund.

	2014**	2013	2012	2011	2010‡	2009	Since launch†
Latin America Fund 'A' share class	(9.97)	(16.34)	7.25	(21.21)	3.15	–	(34.35)
Latin America Fund 'B' share class	(9.90)	(15.89)	7.77	(20.80)	3.15	–	(33.28)
Benchmark#	(8.84)	(14.77)	5.00	(17.77)	4.38	–	(29.98)

* Source: Lipper for Investment Management. ** To 28 February 2014. ‡ From 1 November 2010 to 31 December 2010. † Launch date 1 November 2010.
# This fund is unconstrained. MSCI EM Latin America 10/40 index is used for comparative purposes only. Past performance is not a guide to future returns.

PRICE & REVENUE

The table below shows the highest and lowest prices and the net revenue on a calendar year basis, in pence per share, since launch of the fund.

Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2010#	'A'	102.90p	95.62p	0.00p	'B'	102.90p	95.62p	0.00p
2011	'A'	104.40p	73.35p	0.00p	'B'	104.40p	73.81p	0.07p
2012	'A'	93.99p	76.07p	0.93p	'B'	94.58p	76.61p	1.37p
2013	'A'	97.84p	71.11p	0.68p	'B'	98.93p	72.02p	1.12p
2014*	'A'	72.05p	65.16p	0.63p	'B'	73.17p	66.20p	1.04p

From launch 1 November 2010.
* To 28 February 2014.

TOP TEN HOLDINGS (%)

	28 Feb 2014
Itau Unibanco	7.64
Ambev	6.75
Vale	6.01
America Movil	5.85
Petroleo Brasileiro	5.12
Grupo Televisa	4.54
Grupo Financiero Banorte	4.35
Credicorp	3.77
Grupo Pao de Acucar	3.20
iShares Latin America 40 ETF	2.94

Number of holdings: 36

Stocks shown as ETF's represent Exchange Traded Funds.

	28 Feb 2013
Banco Itau	7.24
Vale	6.76
America Movil	6.72
Cia de Bebidas das Americas	6.36
Petroleo-Brasileiro	5.56
Grupo Financiero Banorte	4.92
Grupo Televisa	3.80
Mexichem	3.44
CCR	3.26
Credicorp	3.07

Number of holdings: 36

COUNTRY ALLOCATION (%)

	28 Feb 2014	28 Feb 2013
Brazil	56.23	60.55
Mexico	26.79	25.15
Chile	4.32	4.15
Peru	3.77	4.28
Colombia	3.71	4.07
Exchange traded fund	2.94	–
Cash and net other assets	2.24	1.80

Number of countries: 5

SUMMARY OF FUND PERFORMANCE

	Share type	Net asset value at 28 Feb 2014*	Net asset value at 28 Feb 2013*	Net asset value % change
'A'	Acc	66.22p	93.12p	(28.89)
'B'	Acc	67.30p	94.15p	(28.52)

* As detailed in the Long Report.

NORTH AMERICAN FUND

FUND PROFILE

Launch date	1 September 1983	
Objective	To produce capital growth by investment in the United States of America and Canada.	
Policy	The portfolio will consist primarily of transferable securities but the investment manager may also invest in units in collective investment schemes, money-market instruments, derivatives and forward transactions, deposits, nil and partly paid securities, bonds, convertible bonds, cash and near cash as deemed economically appropriate to meet the fund's objective.	
Risk profile	This fund invests predominantly in a single country, and therefore has a concentrated portfolio, which limits the room for risk diversification within the fund. The fund may hold some investments in smaller companies, which may be less liquid than larger companies, meaning that their share price may be more volatile. The fund will also be exposed to changes in currency rates. These factors may affect the performance of the fund.	
Benchmark	MSCI North America index.	
Fund size	£184 million	
Distribution	XD date	Payment date
	28/29 February	30 April
Annual Management Charge	'A' 1.50% 'B' 0.75% 'H' 0.80%	
Ongoing Charges Figure	As at 28 February 2014	As at 28 February 2013
	'A' 1.70%	'A' 1.67%
	'B' 0.95%	'B' 0.92%
	'H' 1.00%	'H' 0.98%

The Ongoing Charges Figure (OCF) is the total expenses paid by each share class in the year against its average net asset value. The OCF can fluctuate as underlying costs change.

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 shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

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

1	2	3	4	5	6	7

This Fund is ranked at this level because funds of this type have experienced high rises and falls in value in the past.
Please note that even the lowest risk class can lose you money and extreme market circumstances can mean you suffer severe losses.
The indicator does not take into account the following risks of investing in this Fund:
Investing overseas can bring additional returns and spread risk to different markets. There are risks, however, that changes in currency rates will reduce the value of your investment.

INVESTMENT MANAGER'S REVIEW

North American markets were strong in the period under review. The MSCI North America index was up by 12.5%*, driven largely by a re-rating of equities and supported by the strengthening US economy. The fund lagged the benchmark, rising by 11.8%*.

The fund's biggest detractors were international tobacco company Phillip Morris and pipeline operator Kinder Morgan. Phillip Morris faced a number of challenges during the period. In particular, these related to exchange rates and a tough trading environment, which resulted in estimate downgrades. We remain positive about the earnings outlook for the company given favourable pricing and mix, cost savings and share buybacks. Shares in Kinder Morgan struggled over the twelve months. High-dividend-yielding stocks have been out of favour, but there was also some specific concern raised around the company's accounting practices. We spoke to the company and were satisfied with the approach that it has taken. We still regard Kinder Morgan as one of the premier North American energy-infrastructure companies given its asset profile, proven management team, deep inventory of expansion opportunities and strong balance sheet. Elsewhere, energy company Chevron and telecoms multinational AT&T also fared badly.

The portfolio's top contributor was Pentair, a diversified industrial company. The business continues to benefit from significant and upwardly revised cost savings as well as synergies resulting from its merger with Tyco's flow-control business. The ongoing savings should help power Pentair's earnings growth over the next several years. The US chemicals multinational LyondellBasell was another strong performer. The company is very well positioned to exploit cheap natural gas in North America for use as a feedstock and we expect this cost advantage to have longevity. Additionally, the company's commitment to disciplined capital spending and returning cash to shareholders looks set to continue to differentiate it from its peers. Managed-care provider WellPoint also did well. Reported results for the year were ahead of expectations and the company's own internal projections, with weak hospital admissions resulting in a lower-than-expected medical-cost ratio.

Notable purchases for the year included consumer goods multinational Procter & Gamble, pharmaceutical firm AbbVie, online retailer eBay, media giant Twenty-First Century Fox and power management company Eaton. Among the key sales were fast-food chain McDonald's, mass media firm CBS Corp, defence company Lockheed Martin, food and beverage multinational Mondelez and Emerson Electric, which manufactures electronic and electrical equipment.

Penny Kyle

*Source: Lipper for Investment Management. Mid to mid basis with net revenue re-invested for the year to 28 February 2014. These figures do not include initial charges. If theses were included performance figures would be reduced.
Past performance is not a guide to future returns.

PERFORMANCE (%)*

The table shows the total return (net revenue re-invested), excluding the initial charge, on a calendar year basis, over the last five years, or since launch on the fund.

	2014**	2013	2012	2011	2010	2009	Since launch†
North American Fund 'A' share class	(0.70)	29.61	7.91	(7.27)	18.01	13.89	854.94
North American Fund 'B' share class^	(0.59)	30.56	7.51	(5.41)	18.91	14.69	103.48
North American Fund 'H' share class^^	0.62	33.86	11.86	(6.05)	13.67	9.51	76.21
Benchmark	(0.10)	27.97	10.49	1.30	19.63	15.16	1,992.40

* Source: Lipper for Investment Management. ** To 28 February 2014. ^ Launch date of 'B' share class 15 June 2002. ^^ Launch date of 'H' share class 3 September 2009.
† Launch date of unit trust 1 September 1983.
Benchmark – MSCI North America index. Past performance is not a guide to future returns.

PRICE & REVENUE

The table below shows the highest and lowest prices and the net revenue on a calendar year basis, in pence per share, over the last five years.

Year		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share		Highest price	Lowest price	Net revenue per share
2009^	'A'	143.90p	103.20p	0.00p	'B'	152.20p	108.50p	0.96p	'H'	110.70p	87.39p	0.00p
2010	'A'	167.60p	135.60p	0.00p	'B'	178.60p	143.50p	0.36p	'H'	125.60p	101.50p	0.08p
2011	'A'	173.50p	135.10p	0.00p	'B'	185.70p	144.80p	0.53p	'H'	135.90p	105.70p	0.28p
2012	'A'	174.10p	153.70p	0.00p	'B'	188.10p	165.60p	1.01p	'H'	137.10p	117.80p	0.68p
2013	'A'	216.80p	168.00p	0.21p	'B'	236.40p	181.90p	1.68p	'H'	176.90p	134.00p	1.24p
2014*	'A'	217.70p	205.90p	0.00p	'B'	237.50p	224.70p	1.64p	'H'	177.60p	166.70p	1.10p

^ Share class 'H' was launched on 3 September 2009.
* To 28 February 2014.

TOP TEN HOLDINGS (%)

	28 Feb 2014
Apple	4.69
Google	4.37
Pfizer	3.73
Procter & Gamble	3.63
CVS Caremark	3.22
JPMorgan Chase	3.19
United Technologies	3.17
Microsoft	3.09
AbbVie	3.08
American International	2.99

Number of holdings: 38

	28 Feb 2013
Apple	4.25
Chevron	3.45
Pfizer	3.41
Google 'A'	3.33
Philip Morris International	3.32
Oracle	3.19
United Technologies	3.11
JPMorgan Chase	3.00
Praxair	2.99
IBM	2.96

Number of holdings: 40

SECTOR ALLOCATION (%)

	28 Feb 2014	28 Feb 2013
Information technology	22.25	21.19
Financials	16.04	15.28
Industrials	12.61	13.82
Energy	11.85	11.24
Healthcare	10.95	8.11
Consumer staples	9.26	8.28
Consumer discretionary	7.13	10.24
Materials	5.35	6.83
Utilities	2.22	1.89
Telecommunication services	1.89	2.57
Forward currency contracts	0.01	(0.01)
Cash and net other assets	0.44	0.56

Number of sectors: 10

SUMMARY OF FUND PERFORMANCE

	Share type	Net asset value at 28 Feb 2014*	Net asset value at 28 Feb 2013*	Net asset value % change
'A'	Acc	213.8p	189.3p	12.94
'B'	Acc	233.7p	205.2p	13.89
'H'	Acc	177.1p	141.5p	25.16

* As detailed in the Long Report.

DIRECTORY

THE COMPANY

Martin Currie Investment Funds ICVC
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ES

Authorised by the Financial Conduct Authority as a collective investment scheme

AUTHORISED CORPORATE DIRECTOR

Martin Currie Unit Trusts Limited
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ES

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

The Authorised Corporate Director of the Martin Currie Investment Funds ICVC ("ACD") has received conditional consent from the Financial Conduct Authority ("FCA") to change its company name from Martin Currie Unit Trusts Limited (FRN 119358) to Martin Currie Fund Management Limited. This consent is conditional upon the completion of the ACD's application being approved by the FCA to become AIFM of the Martin Currie Pacific Trust plc and the Securities Trust of Scotland plc. The name change of the ACD will be registered at Companies House and will become effective as soon as practicable after the AIFM application is approved by the FCA.

DIRECTORS OF THE AUTHORISED CORPORATE DIRECTOR

T C Hogbin (Chairman)
A Burnett (Appointed 5 March 2013 resigned 7 June 2013)
J Hill (Appointed 6 March 2013)
P Hughes
G Logan (Resigned 30 September 2013)
J P Pickard
K A Ritchie (Appointed 9 October 2013)
A Sowerby
G Spence (Resigned 31 March 2013)
D J Townsend (Appointed 23 October 2013)

DEPOSITARY

State Street Trustees Limited
525 Ferry Road
Edinburgh EH5 2AW

Authorised and regulated by the Financial Conduct Authority

INVESTMENT MANAGER

Martin Currie Investment Management Limited
Saltire Court
20 Castle Terrace
Edinburgh EH1 2ES

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

REGISTRAR AND ADMINISTRATOR

International Financial Data Services UK Ltd
IFDS House
St Nicolas Lane
Basildon, Essex SS15 5FS

Authorised and regulated by the Financial Conduct Authority

AUDITORS

Deloitte LLP
Lomond House
9 George Square
Glasgow G2 1QQ

How to contact us

Helpline **0808 100 2125**

Dealing **0845 602 5016**

Fax **0870 888 3035**

www.martincurrie.com

Martin Currie Unit Trusts Ltd
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2ES

Please note that calls to the above number will be recorded